



OROVILLE CITY COUNCIL

Council Chambers
1735 Montgomery Street
Oroville, CA. 95965

MARCH 6, 2018
REGULAR MEETING
CLOSED SESSION 4:30 P.M.
OPEN SESSION 6:30 P.M.
AGENDA

CLOSED SESSION (4:30 P.M.)

ROLL CALL

Council Members Berry, Del Rosario, Draper, Hatley, Thomson, Vice Mayor Goodson, Mayor Dahlmeier

CONVENE TO CLOSED SESSION (ITEMS LISTED ON PAGE NO. 4)

RECONVENE TO OPEN SESSION

OPEN SESSION (6:30 P.M.)

PLEDGE OF ALLEGIANCE

PROCLAMATION / PRESENTATION

Proclamation recognizing **Arbor Day** in the City of Oroville

Presentation provided by Donovan Hill, 4-H Member – **Voter Registration**

CONSENT CALENDAR

1. **APPROVAL OF THE FEBRUARY 20, 2018 REGULAR MEETING MINUTES AND MARCH 1, 2018 SPECIAL MEETING MINUTES OF THE OROVILLE CITY COUNCIL** – minutes attached

Administration

2. **MAYOR, COUNCIL AND TREASURER STIPEND REDUCTION** – staff report

The Council may consider formalizing the 10% reduction in the Mayor, Council and Treasurer's stipend

that was agreed to in October 2017, pursuant to the California Public Employee's Retirement Law. **(Elizabeth Ehrenstrom, Human Resources Manager).**

Council action requested: **Approve the attached Stipend Schedule for the Mayor, Council and Treasurer.**

3. APPOINTMENT TO THE OROVILLE PARK COMMISSION – staff report

The Council may consider appointing Joseph Whitley, a qualified City resident, to serve on the Oroville Park Commission for the remainder of a vacant seats term, ending June 30, 2022. **(Dawn Nevers, Interim Assistant City Clerk).**

Council action requested: **Appoint Joseph Whitley to serve on the Oroville Park Commission for the remainder of a vacant seats term, ending June 30, 2022.**

Public Safety

4. RESOLUTION OF SUPPORT FOR THE CITY OF OROVILLE SUPPORTING THE REDUCING CRIME AND KEEPING CALIFORNIA SAFE ACT OF 2018 – staff report

The Council will consider authorizing a resolution of support for The Reducing Crime and Keeping California Safe Act of 2018. **(Bill LaGrone, Director of Public Safety)**

Council action requested: **Adopt Resolution 8687 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OROVILLE SUPPORTING THE REDUCING CRIME AND KEEPING CALIFORNIA SAFE ACT OF 2018.**

PUBLIC HEARINGS

Administration

5. SUPPORT OF PROPOSED ISSUANCE OF BONDS FOR OROVILLE HOSPITAL – staff report

The Council will conduct a public hearing and consider the issuance of revenue bonds for Oroville Hospital. **(Scott E. Huber, City Attorney & Ruth Wright, Finance Director).**

Council action requested:

- 1. Adopt Resolution No. 8688 – A RESOLUTION OF THE OROVILLE CITY COUNCIL APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF ITS VARIABLE RATE DEMAND REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$21,000,000 FOR THE BENEFIT OF OROVILLE HOSPITAL AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO.**
- 2. Adopt Resolution No. 8689 – A RESOLUTION OF THE OROVILLE CITY COUNCIL, REQUIRED BY SECTION 147(f) OF THE INTERNAL REVENUE CODE, APPROVING ISSUANCE BY THE CITY OF OROVILLE OF VARIABLE RATE DEMAND REVENUE BONDS (OROVILLE HOSPITAL), 2018 SERIES A, IN A AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$21,000,000.**

REGULAR BUSINESS

Public Works Department

6. FOGG AVENUE DRAINAGE REHABILITATION PROJECT – staff report

The Council may provide direction to the Contract City Engineer, based on the options and exhibits

presented as part of this Staff Report, on how to proceed with a proposed drainage rehabilitation project on Fogg Avenue. **(Mike Massaro, Contract City Engineer).**

Council action requested:

- A. **Installing drainage inlets and storm drain pipe (see Attachment A, Exhibit A)**
 - B. **Drainage inlets, storm drain pipe, and curb, gutter, and sidewalk with some regrading and re-paving on Fogg Avenue (see Attachment B, Exhibit B).**
- or,
- C. **Provide direction, as necessary.**

Community Development Department

7. **REQUEST FROM STREAM CHARTER SCHOOL FOR A FEE WAIVER FOR THE USE OF THE MUNICIPAL AUDITORIUM FOR A NINJA WARRIOR EVENT - staff report**

The Council may consider a request from STREAM Charter School for a fee waiver for the use of the Municipal Auditorium for the purposes of holding a three-day community event promoting healthy activities. **(Donald Rust, Director of Community Development)**

Council action requested: **Authorize the 50% waiver request in the amount of \$1,460.00 that meets the City's Facility/Park Fee Waiver policy.**

8. **ART REQUIREMENT (ORDINANCE NO. 1798) – 2790 FEATHER RIVER BOULEVARD – staff report**

The Council may review the public art installed at 2790 Feather River Boulevard. **(Donald Rust, Director of Community Development)**

Council action requested:

Arts Commission recommendation: **approve the ornamental weathervane and chicken cutouts as artwork totaling \$1,047.90, excluding the fence, requesting the applicant pay the difference of the 1% minimum in the amount of \$766.82.**

Or;

Staff recommendation: **approve the ornamental iron fencing, chicken cutouts and rooster weathervane as exceeding the 1% Art in Public Places / Oroville Beautification policy requirements.**

9. **CONSIDER A PROFESSIONAL SERVICES AGREEMENT WITH WILLIAM BERRY CAMPAIGNS (WBC) TO CONDUCT AN OPINION SURVEY REGARDING A SPECIAL OR GENERAL SALES TAX INITIATIVE – staff report**

The Council may review and consider entering into a Professional Services Agreement with William Berry Campaigns to conduct an opinion survey regarding a special/general sales tax initiative. **(Donald Rust, Director of Community Development).**

Council action requested:

- 1. **Direct staff to prepare a contract with WBC to conduct an opinion survey regarding a potential special or general sales tax initiative for the November 2018 General Election;**

Or;

- 2 **Provide other direction.**

COUNCIL ANNOUNCEMENTS/COMMITTEE REPORTS (A verbal report may be given regarding any committee meetings attended)

CITY ADMINISTRATOR/ ADMINISTRATION REPORTS

CORRESPONDENCE

- Christine Crispin, Hearthstone School, RE: *Request to partner with the City on a “Safe Routes to School” grant.*
- Colleen Cecil, Butte County Farm Bureau, RE: *Request for City to oppose commercial cannabis regulations.*

HEARING OF INDIVIDUALS ON NON-AGENDA ITEMS

This is the time the Mayor will invite anyone in the audience wishing to address the Council on a matter not listed on the agenda to step to the podium, state your name for the record and make your presentation. **Presentations are limited to 3 minutes.** Under Government Code Section 54954.2, The Council is prohibited from taking action except for a brief response by the Council or staff to a statement or question relating to a non-agenda item.

CLOSED SESSION

The Council will hold a Closed Session on the following:

1. Pursuant to Government Code Section 54957(b), the Council will meet with the Acting City Administrator, City Attorney, Director of Finance and Director of Public Safety/Personnel Officer and Human Resource Manager, to consider the appointment and/or employment related to the following positions: City Administrator, Deputy City Clerk, and Community Development Director.
2. Pursuant to Government Code section 54957.6, the Council will meet with Labor Negotiators and City Attorney to discuss labor negotiations for the following represented groups: Oroville City Employees Association, Oroville Police Officers’ Association – Sworn and Non-Sworn, Oroville Firefighters’ Association, Oroville Public Safety Mid-Mangers Association, and Oroville Management and Confidential Association.
3. Pursuant to Government Code section 54956.9(a), the Council will meet with the Acting City Administrator, and the City Attorney relating to existing litigation: City of Oroville v. Department of Water Resources, Butte County Superior Court, Case No. 18-CV-00163.
4. Pursuant to Government Code section 54956.9(d)(2), the Council will meet with the Acting City Administrator and City Attorney regarding potential exposure to litigation – one case.

ADJOURNMENT

The meeting will be adjourned. A regular meeting of the Oroville City Council will be held on Tuesday, March 20, 2018, at 5:30 p.m.

Accommodating Those Individuals with Special Needs – In compliance with the Americans with Disabilities Act, the City of Oroville encourages those with disabilities to participate fully in the public meeting process. If you have a special need in order to allow you to attend or participate in our public meetings, please contact the City Clerk at (530) 538-2535, well in advance of the regular meeting you wish to attend, so that we may make every reasonable effort to accommodate you. Documents distributed for public session items, less than 72 hours prior to meeting, are available for public inspection at City Hall, 1735 Montgomery Street, Oroville, California.



**CITY COUNCIL MEETING MINUTES
FEBRUARY 20, 2018 – 5:30 P.M.**

The amended agenda for the February 20, 2018, regular meeting of the Oroville City Council was posted on the bulletin board at the front of City Hall and on the City of Oroville's website located at www.cityoforoville.org on Thursday, February 15, 2018, at 4:31 p.m.

Note: The following minutes are action minutes and provide a succinct recap of actions taken at the meeting. A complete audio recording is available by contacting the City Clerk at (530) 538-2401. You may also watch live meetings or past meetings via the internet by going to www.cityoforoville.org and clicking on the City Council Agendas & Minutes page and click WATCH LIVE MEETINGS.

The February 20, 2018 regular meeting of the Oroville City Council was called to order by Mayor Dahlmeier at 5:31 p.m.

ROLL CALL

Present: Council Members Berry, Del Rosario, Draper, Hatley, Thomson, Vice Mayor Goodson, Mayor Dahlmeier
Absent: None

Staff Present:

Donald Rust, Assistant City Administrator	Bill LaGrone, Director of Public Safety
Scott Huber, City Attorney	Ruth Wright, Director of Finance
Karolyn Fairbanks, Treasurer	Dawn Nevers, SBF Program Specialist
Elizabeth Ehrenstrom, Human Resources Manager	Tyson Pardee, IT Manager

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Linda Dahlmeier.

RECOGNITION OF INDIVIDUALS WHO WISH TO SPEAK ON AGENDA ITEMS

Bill Speer – Item No. 1, 5, & 7	Cheri Bunker – Item No. 5, 6 & 7
Bobby O'Reiley – Item No. 5, 6 & 7	Mary Barr – Item No. 5 & 6
Kay Saavedra – Item No. 5	Tasha Levinson – Item No. 6 & 7
Joshua Durham – Item No. 5	Jeff Ballard – Item No. 5, 6 & 7
Kent Fowler – Item No. 5	Bryan Brown – Item No. 5, 6 & 7
Jessica MacKenzie – Item No. 5	William Bynum – Item No. 5 & 6
Gary Cecchi – Item No. 1 & 5	Jeanne Cecchi – Item No. 5
Larry Wahl, Supervisor – Item No. 5	Khris-Tina Kelley – Item No. 5 & 7
Samuel Monteon – Item No. 5	Dorinda Scofield – Item No. 5
Charles Colombo – Item No. 5	Michael K. Lewis – Item No. 5
Jason Bonham – Item No. 5	Michael Burchard – Item No. 5
Jackie Glover – Item No. 5	Fred Berry – Item No. 5, 6 & 7
Victoria Smith – Item No. 5	John Miller-George – Item No. 5 & 6
David Pittman – Item No. 5, 6 & 7	Canute – Item No. 5

Chelsey – Item No. 5
Laura Page – Item No. 5
Alberta Tracy – Item No. 5
Kenneth J. Paul Sr. – Item No. 5
Korie Rutenschoer – Item No. 5 & 7
Rick Lightbody – Item No. 5
Doug LaMalfa, Congressman – Item No. 5

Deborah Sage – Item No. 5
Eric Smith – Item No. 5 & 7
John Mitchell – Item No. 5, 6 & 7
Penny Derosier – Item No. 5
Misty Kimerer – Item No. 5
Dale Johnson – Item No. 5

PROCLAMATION / PRESENTATION

Cindy Hawthorne of Catalyst received a Proclamation from the City Council identifying February as *Teen Dating Violence Awareness Month*

CONSENT CALENDAR

1. **THIS ITEM WAS REMOVED FROM THE CONSENT CALENDAR (SEE BELOW)**

Community Development Department

2. **CALIFORNIA STATE OLD TIME FIDDLERS USE OF MUNICIPAL AUDITORIUM PARKING LOT** – staff report

The Council received information regarding the annual use of the Municipal Auditorium parking lot for overnight parking of approximately fifty RVs from March 12 – 19, 2018, in the areas shown on the attached maps (Attachment A), for the 52nd Annual California State Old Time Fiddle and Picking Championships. (**Donald Rust, Director of Community Development**).

Council action: **For informational purposes only.**

3. **DECLARATION AND DISPOSAL/DONATION OF SURPLUS PROPERTY** – staff report
The Council considered the declaration and disposal/donation of items listed on the Surplus Property List. (**Tyson Pardee, IT Manager & Donald Rust, Acting City Administrator**).

Council action: **Declare the items listed as surplus and authorize that the items be added to the Surplus Property List and donated or disposed of.**

ITEMS REMOVED FROM THE CONSENT CALENDAR

1. **APPROVAL OF THE FEBRUARY 6, 2018 REGULAR MEETING MINUTES OF THE OROVILLE CITY COUNCIL** – minutes attached

Bill Speer and Gary Cecchi provided comments to the Council regarding the minutes.

Following discussion, a motion was made by Vice Mayor Goodson, seconded by Council Member Draper, to:

Approve Agenda Items No. 1, 2 and 3.

The motion was passed by the following vote:

Ayes: Council Members Berry, Del Rosario, Draper, Hatley, Thomson, Vice Mayor Goodson, Mayor Dahlmeier
Noes: None
Abstain: None
Absent: None

PUBLIC HEARINGS – None

Administration

4. RESOLUTION OF INTENT AND ORDINANCE TO AMEND THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AGREEMENT REGARDING EMPLOYEES SHARING ADDITIONAL COST – staff report

The Council conducted a public hearing and considered a Resolution of Intent and Ordinance to amend the California Public Employees Retirement System (CalPERS) Agreement for employees sharing additional cost. **(Liz Ehrenstrom, Human Resources Manager)**.

The Mayor opened the public hearing.

Mary Barr asked the Council a question regarding the item.

Hearing no further comments, the Mayor closed the public hearing.

A motion was then made by Vice Mayor Goodson, seconded by Council Member Berry, to:

- 1. Adopt Resolution No. 8685 – A RESOLUTION OF INTENTION BY THE CITY COUNCIL OF THE CITY OF OROVILLE, CALIFORNIA, TO APPROVE AN AMENDMENT TO THE AGREEMENT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL OF THE CITY OF OROVILLE RELATING TO EMPLOYEES SHARING ADDITIONAL COSTS.**
- 2. Waive the first reading, and introduce by title only, Ordinance No. 1827 – AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OROVILLE, CALIFORNIA, AUTHORIZING AN AMENDMENT TO THE AGREEMENT BETWEEN THE OROVILLE CITY COUNCIL OF THE CITY OF OROVILLE, CALIFORNIA, AND THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM.**

The motion was passed by the following vote:

Ayes: Council Members Berry, Del Rosario, Draper, Hatley, Thomson, Vice Mayor Goodson, Mayor Dahlmeier
Noes: None
Abstain: None
Absent: None

REGULAR BUSINESS

Community Development Department

5. POTENTIAL FOR COMPREHENSIVE COMMERCIAL CANNABIS REGULATIONS TO BE A BALLOT INITIATIVE FOR DECISION OF CITY RESIDENTS – staff report

The Council reviewed and considered if approval/denial of comprehensive commercial cannabis regulations in the City of Oroville should be a decision made by a vote of the City residents. **(Donald Rust, Director of Community Development & Scott Huber, City Attorney).**

Bill Speer, Cheri Bunker, Bobby O'Reiley, Mary Barr, Kay Saavedra, Joshua Durham, Jeff Ballard, Kent Fowler, Bryan Brown, Jessica MacKenzie, William Bynum, Gary Cecchi, Jeanne Cecchi, Larry Wahl, Supervisor, Khristina Kelley, Samuel Monteon, Dorinda Scofield, Charles Colombo, Michael K. Lewis, Jason Bonham, Michael Burchard, Jackie Glover, Fred Berry, Victoria Smith, John Miller-George, David Pittman, Canute, Chelsey, Deborah Sage, Laura Page, Eric Smith, Alberta Tracy, John Mitchell, Kenneth J. Paul Sr., Penny Derosier, Korie Rutenschoer, Misty Kimerer, Rick Lightbody, Dale Johnson, Doug LaMalfa, Congressman provided comments to the council regarding the item.

Following discussion, a motion was made by Council Member Thomson, seconded by Mayor Dahlmeier, to:

Direct staff to move forward with placing an initiative and ordinance on the ballot for voters of the City to determine whether comprehensive commercial cannabis should be allowed in the City.

The motion failed by the following vote:

Ayes:	Council Member Thomson, Mayor Dahlmeier
Noes:	Council Members Berry, Del Rosario, Draper, Hatley, Vice Mayor Goodson
Abstain:	None
Absent:	None

The Council convened to recess at 8:20 p.m.

The Council reconvened from recess at 8:33 p.m.

6. CONSIDERATION OF A SPECIAL OR GENERAL SALES TAX INITIATIVE TO BE PLACED ON NOVEMBER 6, 2018 GENERAL MUNICIPAL ELECTION – staff report

The Council considered preparing a special or general sales tax initiative to be placed on the 2018 General Municipal Election. **(Scott Huber, City Attorney)**

Bobby O'Reiley, Jeff Ballard, Bryan Brown, William Bynum, Fred Berry, John Miller-George, Cheri Bunker, David Pittman, John Mitchell, Dave Rutenschroer, Tasha Levinson, Mary Barr provided comments to the Council regarding the item.

Following discussion, a motion was made by Council Member Thomson, seconded by Vice Mayor Goodson, to:

Develop a Mayor directed ad hoc committee to include public and private agencies to bring forward an initiative for the 2018 General Election.

The motion was passed by the following vote:

Ayes: Council Members Berry, Del Rosario, Draper, Hatley, Thomson, Vice Mayor Goodson, Mayor Dahlmeier
Noes: None
Abstain: None
Absent: None

7. PROFESSIONAL SERVICES AGREEMENT WITH SCI CONSULTING GROUP FOR COMMERCIAL CANNABIS RELATED CONSULTING SERVICES – staff report

The Council reviewed and considered entering into a Professional Services Agreement with SCI Consulting Group for commercial cannabis related consulting services. **(Donald Rust, Director of Community Development).**

Bobby O'Reiley, Tasha Levinson, Bryan Brown, Khris-Tina Kelley, Bill Speer, Cheri Bunker, David Pittman, Eric Smith, Fred Berry, Joshua Durham, John Mitchell, Jeff Ballard, Korie Rutenschroer, Anthony N/A, Congressman Doug LaMalfa provided comments to the Council regarding the item.

Following discussion, a motion was made by Council Member Berry, seconded by Council Member Del Rosario, to:

Adopt Resolution No. 8686 - A RESOLUTION OF THE OROVILLE CITY COUNCIL AUTHORIZING AND DIRECTING THE MAYOR TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH SCI CONSULTING GROUP FOR COMMERCIAL CANNABIS RELATED CONSULTING SERVICES (Agreement No. 3245).

The motion was passed by the following vote:

Ayes: Council Members Berry, Del Rosario, Draper, Hatley, Thomson, Vice Mayor Goodson, Mayor Dahlmeier
Noes: Council Member Thomson, Mayor Dahlmeier
Abstain: None
Absent: None

COUNCIL ANNOUNCEMENTS/COMMITTEE REPORTS

Council Member Del Rosario reported on the following:

- Attended the ballet performance at the Crest Theater.

CITY ADMINISTRATOR/ ADMINISTRATION REPORTS - None

CORRESPONDENCE

(All correspondence was provided by public speakers during the meeting)

- Laura Page, Senior District Coordinator for congressman Doug LaMalfa, RE: The Legalization of Marijuana in Colorado: The Impact (Executive Summary).
- Cheri Bunker, RE: Outdoor Recreation Creates Healthy Economies
- Samuel Monteon, RE: California Model Cannabis Ordinance

HEARING OF INDIVIDUALS ON NON-AGENDA ITEMS

Bobby O'Reiley provided comment regarding the community watching the council meetings and the conduct of the Council and requested respect for everyone.

John Miller-George provided comments regarding the personal beliefs versus the benefit of the good of the community.

Bill Speer provided comments to the Council regarding the community and prayed for the City and State.

Roy Fisher offered an apology to the Council for the comments received from the public speakers and thanked the Council for a job well done.

John Mitchell expressed that all values and beliefs matter and the members of the community should be heard.

An unidentified citizen asked why those who are pro cannabis are not the party funding the implementation of the initiative.

CLOSED SESSION

The Council held a Closed Session on the following:

1. Pursuant to Government Code section 54957.6, the Council will meet with Labor Negotiators and City Attorney to discuss labor negotiations for the following represented groups: Oroville Firefighters' Association, Oroville Police Officers Association (Sworn and Non-Sworn), Oroville Public Safety Mid-Managers Association, Oroville Management and Confidential Association, and Oroville City Employees Association.
2. Pursuant to Government Code section 54956.9(a), the Council will meet with the Acting City Administrator, and the City Attorney relating to existing litigation: City of Oroville v. Department of Water Resources, Butte County Superior Court, Case No. 18-CV-00163.
3. Pursuant to Government Code section 54956.9(d)(2), the Council will meet with the Acting City Administrator and City Attorney regarding potential exposure to litigation – one case.
4. Pursuant to Government Code Section 54957(b), the Council will meet with Acting City Administrator, Personnel Officer, and City Attorney to consider the employment related to the following positions: Deputy City Clerk and City Administrator.

Following Closed Session, Mayor Dahlmeier reported that direction had been given and no action taken.

ADJOURNMENT

The meeting was adjourned at 12:04 a.m. A regular meeting of the Oroville City Council will be held on Tuesday, March 6, 2018, at 5:30 p.m.

Donald Rust, Acting City Clerk

Linda L. Dahlmeier, Mayor

**OROVILLE CITY COUNCIL SPECIAL MEETING MINUTES
MARCH 1, 2018 – 8:30 A.M.**

*This meeting may be broadcast remotely via audio and/or video conference at the following addresses:
Cota Cole & Huber, LLP, 3401 Centrelake Dr., Suite 670, Ontario, CA 91761 (909) 230-4209*

The agenda for the March 1, 2018 special meeting of the Oroville City Council was posted on the bulletin board at the front of City Hall, and on the City of Oroville's website located at www.cityoforoville.org on Monday, February 26, 2018, at 9:40 a.m.

The March 1, 2018 special meeting of the Oroville City Council was called to order by Mayor Dahlmeier at 8:33 a.m.

ROLL CALL

Present: Council Members Berry, Del Rosario, Draper, Hatley, Thomson, Vice Mayor Goodson, Mayor Dahlmeier

Absent: None

SPECIAL BUSINESS – CLOSED SESSION

1. Pursuant to Government Code Section 54957(b), the Council will meet with the Acting City Administrator, City Attorney, Director of Finance and Director of Public Safety/Personnel Officer and Human Resource Manager, to consider the appointment and/or employment related to the following positions: City Administrator, Deputy City Clerk, and Community Development Director.
2. Pursuant to Government Code section 54957.6, the Council will meet with Labor Negotiators and City Attorney to discuss labor negotiations for the following represented groups: Oroville City Employees Association, Oroville Police Officers' Association – Sworn and Non-Sworn, Oroville Firefighters' Association, Oroville Public Safety Mid-Mangers Association, and Oroville Management and Confidential Association.

Mayor Dahlmeier announced that there were no reportable actions taken in Closed Session and direction had been given to staff.

ADJOURNMENT

The meeting was adjourned at 11:49 a.m. to a regular meeting of the Oroville City Council to be held on Tuesday, March 6, at 4:30 p.m.

Donald Rust, Acting City Clerk

Linda L. Dahlmeier, Mayor

OROVILLE CITY COUNCIL

TO: MAYOR AND COUNCIL MEMBERS

FROM: LIZ EHRENSTROM, HUMAN RESOURCE MANAGER

SUBJECT: MAYOR, COUNCIL AND TREASURER STIPEND REDUCTION

DATE: MARCH 6, 2018

SUMMARY

The Council may consider formalizing the 10% reduction in the Mayor, Council and Treasurer's stipend that was agreed to in October 2017, pursuant to the California Public Employee's Retirement Law.

DISCUSSION

As you may remember, the Mayor, City Council and Treasurer agreed to a 10% reduction in their Stipends last October, to be effective November 1, 2017. During that time, employee bargaining units were asked to give a 10% salary reduction to help the City combat the rising CalPERS retirement contributions and unfunded liabilities. In a show of good faith, the Council also agreed to take a 10% reduction in their monthly stipends. The Mayor, Council and Treasurer saw the reduction in their stipends with November 2017 payroll.

The City recently went through a CalPERS Rate Audit on February 20, 2018. The CalPERS representative reviewed two employee files for rate changes and the documents supporting the rate change that included council minutes approving the salary range and respective Memorandum of Understandings and minutes of the meeting. Upon completion, the representative informed the City that every employee of the City must have a salary schedule that has been approved by the City Council. This also includes a stipend schedule for the Council. To be in compliance with the California Public Employee's Retirement Law, the City Council must approve the attached stipend schedule.

FISCAL IMPACT

The savings for fiscal year 17/18 is \$720.

Council Action Requested:

Approve the attached Stipend Schedule for the Mayor, Council and Treasurer.

ATTACHMENTS:

Stipend Schedule

CITY OF OROVILLE

Classifications & Compensation for the Mayor, City Council Members and Treasurer

10% Reduction of Stipend Based on Citywide 10% Reduction

Table 17/Effective: 11/22/17

Stipend Schedule

Approved by Council: 03/06/18

Mayor	\$450	Monthly
Council Members	\$360	Monthly
Treasurer	\$360	Monthly

**CITY OF OROVILLE
STAFF REPORT**

TO: MAYOR DAHLMEIER AND COUNCIL MEMBERS

**FROM: DAWN NEVERS, INTERIM ASSISTANT CITY CLERK
ADMINISTRATION DEPARTMENT**

RE: APPOINTMENT TO THE OROVILLE PARK COMMISSION

DATE: MARCH 6, 2018

SUMMARY

The Council may consider appointing Joseph Whitley, a qualified City resident, to serve on the Oroville Park Commission for the remainder of a vacant seat's term, ending June 30, 2022.

DISCUSSION

The Oroville Park Commission is responsible for oversight and advising the City Council regarding the management, maintenance and operations of the City-owned parks, museums and cultural facilities as well as the general maintenance and management of City trees, plants and lawns within the City limits.

Article X of the City Charter allows for five (5) appointments to the City's Park Commission. Applicants must reside within the City limits.

The Park Commission currently has one vacancy. Staff is currently advertising on our Facebook page and at City Hall for qualified applicants to apply for these vacant seats on the Commission due to the resignation of former Commissioner Prouty. To date, Mr. Whitley is the only applicant to have applied to serve on the Park Commission.

FISCAL IMPACT

None.

RECOMMENDATION

Appoint Joseph Whitley to serve on the Oroville Park Commission for the remainder of a vacant seats term, ending June 30, 2022.

ATTACHMENTS

A – Request for Appointment



CITY OF OROVILLE
APPLICATION FOR APPOINTMENT TO CITY COMMITTEE OR COMMISSION
(Please Read Instructions)

RETURN TO: CITY CLERK'S OFFICE, 1735 MONTGOMERY STREET, OROVILLE, CA 95965
 Completed applications are considered public records per Government Code §6252.

Name of committee/commission you are applying for:

Park Commission

Note: If you are applying for more than one committee/commission, number in order of preference.

- | | |
|---|--|
| <input type="checkbox"/> Planning Commission | <input type="checkbox"/> Arts Commission |
| <input type="checkbox"/> Housing Loan Advisory Committee | <input type="checkbox"/> Economic Development Loan Advisory Committee |
| <input type="checkbox"/> Park Commission | <input type="checkbox"/> Southside Community Center Advisory Committee |
| <input type="checkbox"/> Arts, Cultural Entertainment District Advisory Committee | |
| <input type="checkbox"/> Mosquito Abatement District Committee | <input type="checkbox"/> Other: _____ |

APPLICANT INFORMATION

Name (print): Joseph Whitley

Residence Address: _____

Mailing Address (if different): _____

Telephone: _____ E-Mail Address: jppwhitley@gmail.com

Are you a qualified elector** of the City? Yes No

EMPLOYMENT INFORMATION

Occupation: Home Inspector

Current Employer: 530 Home Inspections

Current Employer Address: _____

Telephone: _____

EXPERIENCE/BACKGROUND

(Additional information/resume may be provided on page 2 of this application)

Education: Some College

Memberships of Organizations: _____

Have you served on any committee/commission in the past? Yes No

If yes, list committee/commission and dates served: _____

How did you hear about this recruitment? (Optional)

VERIFICATION

By signing this application, I certify that I am a registered voter in the City of Oroville

Date: _____ Signature _____

Please use this space for any other additional information that you would like to provide in support of your application.



BASIC SUPPLEMENTAL INFORMATION QUESTIONNAIRE

This supplemental questionnaire is a required part of your application package and must be returned along with your "Application for Appointment" to the City Clerk's Office. If you have any questions, please call the City Clerk's Office at 538-2535.

1. Why would you want to serve on the Committee/Commission?

I would like to take part in serving my community.

2. What unique qualifications and/or skills would you bring to the Committee/Commission?

I live in this community & use the parks.

3. Do you have any conflicts or potential conflicts that would make you ineligible to vote on any items? How often do you think these conflicts might arise?

NONE.

Date: 11/15/2017

Signature: _____

**OROVILLE CITY COUNCIL
STAFF REPORT**

TO: MAYOR AND CITY COUNCIL MEMBERS

FROM: BILL LAGRONE, DIRECTOR OF PUBLIC SAFETY

**RE: RESOLUTION OF SUPPORT FOR THE CITY OF OROVILLE
SUPPORTING THE REDUCING CRIME AND KEEPING
CALIFORNIA SAFE ACT OF 2018**

DATE: MARCH 6, 2018

SUMMARY

The Council will consider authorizing a resolution of support for The Reducing Crime and Keeping California Safe Act of 2018.

DISCUSSION

Over the past several years a number of well-intentioned ballot measures and legislative actions have been implemented surrounding criminal justice reform and designed to focus on the overall intent of increasing opportunities for rehabilitation while lowering recidivism and incarceration rates. Those are worthy goals, but there has, however, been an unintended cumulative effect that has created impacts to our communities that we cannot ignore.

The California Police Chiefs Association (CPCA) represents more than 330 active police chiefs, who are directly responsible for the safety of roughly 26 million Californians. Over the past several legislative sessions and election cycles, the CPCA and law enforcement partners have tried our best to integrate a series of major reforms into our criminal justice system. It is important to note that in addressing these consequences, we are not proposing to do away with all of the recent changes, and in no way, are we advocating for a system of mass incarceration.

What is clear is that changes meant to keep someone who steals a magazine out of jail, are now allowing individuals to steal up to \$950 repeatedly from stores and businesses. Additionally, reform intended to lower penalties on personal drug use and theft have diminished the amount of evidence law enforcement can collect to help solve cold case murders, rapes, and robberies.

Further, modification to our parole system designed to apply to non-violent offenders are set to potentially provide early release to serious domestic abusers, child sex traffickers, and subjects that have committed assaults on peace officers.

This initiative will help crack down on repeat offenders and protect our most vulnerable victims from dangerous individuals who take advantage of our laws, our businesses, and our communities.

The initiative is designed to do the following:

- Expands the list of violent crimes for which early release is not an option under current law, rape of an unconscious person, trafficking a child for sex, assault of a peace officer, felony domestic violence and other similar crimes are not classified as "violent felonies" - making criminals convicted of these crimes eligible for early release.
- Reinstates DNA collection for certain crimes that were reduced to misdemeanors as part of Proposition 47 multiple studies have shown that DNA collected from theft and drug crimes has helped solve other violent crimes, including robbery, rape and murder. Since passage of Proposition 47, cold case hits have dropped over 2,000, with more than 450 of those hits connected to violent crimes.
- Requires the Board of Parole Hearings to consider an inmate's entire criminal history when deciding parole, not just his/her most recent commitment offense; and requires a mandatory hearing to determine whether parole should be revoked for any parolee who violates the terms of their parole for the third time. AB 109 bases parole solely on an offender's commitment offense, resulting in the release of inmates with serious and violent criminal histories. Moreover, parolees who repeatedly violate the terms of their parole currently face consequences, allowing them to remain on the street.

Proponents of the initiative are currently collecting signatures to place the Reducing Crime and Keeping California Safe Act of 2018 on the November 2018 ballot. The California Police Chiefs Association is now urging local elected officials to pass resolutions formally supporting the statewide ballot initiative.

The California District Attorneys' Association and the Peace Officers Research Association of California have each publicly declared their support for the initiative. This item has been reviewed by the Police Department and is supported by staff.

RECOMMENDATION

Adopt Resolution No. 8687 - **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OROVILLE SUPPORTING THE REDUCING CRIME AND KEEPING CALIFORNIA SAFE ACT OF 2018**

FISCAL IMPACT

NONE

ATTACHMENTS

1. Resolution No. 8687
2. Reducing Crime and Keeping California Safe Act of 2018 Initiative Measure #17-0044

**CITY OF OROVILLE
RESOLUTION NO. 8687**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OROVILLE
SUPPORTING THE REDUCING CRIME AND KEEPING CALIFORNIA SAFE ACT
OF 2018**

NOW THEREFORE, be it hereby resolved by the Oroville City Council as follows:

WHEREAS, protecting every person in our state, including our most vulnerable children, from violent crime is of the utmost importance. Murderers, rapists, child molesters and other violent criminals should not be released early from prison; and

WHEREAS, since 2014, California has had a larger increase in violent crime than the rest of the United States. Since 2016, violent crime in Los Angeles has increased 69.5%. Violent crime in Sacramento rose faster during the first six months of 2015 than in any of the 25 largest U.S. cities tracked by the FBI; and

WHEREAS, the FBI Preliminary Semi-annual Uniform Crime Report for 2017, which tracks crimes committed during the first six months of the past year in U.S. cities with populations over 100,000 indicates that last year violent crime increased again in most of California's largest cities.

WHEREAS, recent changes to parole laws allowed the early release of dangerous criminals by the law's failure to define certain crimes as "violent". These changes allowed individuals convicted of sex trafficking of children, rape of an unconscious person, felony assault with a deadly weapon, battery on a police officer, firefighter, and felony domestic violence to be considered "nonviolent offenders"; and

WHEREAS, as a result, these so-called "non-violent" offenders are eligible for early release from prison after serving only a fraction of the sentence ordered by a judge; and

WHEREAS, violent offenders are also being allowed to remain free in our communities even when they commit new crimes and violate the terms of their post release community supervision, like the gang member charged with the murder of Whittier Police Officer, Keith Boyer; and

WHEREAS, this measure reforms the law so felons who violate the terms of their release can be brought back to court and held accountable for such violations; and

WHEREAS, nothing in this act is intended to create additional "strike" offenses which would increase the state prison population, nor is it intended to affect the ability of the California Department of Corrections and Rehabilitation to award educational and merit credits; and

WHEREAS, recent changes to California law allow individuals who steal repeatedly to face consequences, regardless of their criminal record or how many times they steal; and

WHEREAS, as a result, between 2014 and 2016, California had the second highest increase in theft and property crimes in the United States, while most states have seen a steady decline. According to the California Department of Justice, the value of property stolen in 2015 was \$2.5 billion with an increase of 13 percent since 2014, the largest single-year increase in at least ten years; and

WHEREAS, grocery store operators around the state have seen unprecedented increases in the amount of losses associated with shoplifting in their stores, with some reporting up to 150% increases in these losses from 2012 to present, with the largest jumps occurring since 2014; and

WHEREAS, shoplifting incidents have started to escalate in such a manner that have endangered innocent customers and employees; and

WHEREAS, individuals who repeatedly steal often do so to support their drug habit. Recent changes to California law have reduced judges' ability to order individuals convicted of repeated theft crimes into effective drug treatment programs; and

WHEREAS, California needs stronger laws for those who are repeatedly convicted of theft related crimes, which will encourage those who repeatedly steal to support their drug problem to enter into existing drug treatment programs. This measure enacts such reforms; and

WHEREAS, collecting DNA from criminals is essential to solving violent crimes. Over 450 violent crimes including murder, rape and robbery have gone unsolved because DNA is being collected from fewer criminals; and

WHEREAS, DNA collected in 2015 from a convicted child molester solved the rape-murders of two six-year-old boys that occurred three decades ago in Los Angeles County. DNA collected in 2016 from an individual caught driving a stolen car solved the 2012 San Francisco Bay Area rape/murder of an 83-year-old woman, and

WHEREAS, recent changes to California law intentionally eliminated DNA collection for theft and drug crimes. This measure restores DNA collection from persons convicted for such offenses; and

WHEREAS, permitting the collection of more DNA samples will help identify suspects, clear the innocent and free the wrongly convicted; and

WHEREAS, this measure does not affect existing legal safeguards that protect the privacy of individuals by allowing the removal of their DNA profile if they are not charged with a crime, are acquitted or found innocent.

NOW, THEREFORE, it is hereby resolved by the City Council of the City of Oroville herby supports the Reducing Crime and Keeping California Safe Act of 2018.

PASSED AND ADOPTED by the Oroville City Council at a regular meeting on March 6, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Linda Dahlmeier, Mayor

APPROVED TO AS FORM:

ATTEST:

Scott E. Huber, City Attorney

Donald Rust, Acting City Clerk

Date: 11/14/2017

RECEIVED

NOV 28 2017

**INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE**

Initiative Coordinator
Office of the Attorney General
State of California
PO Box 994255
Sacramento, CA 94244-25550

Re: Initiative No. 17-0044 -- Amendment # 1

Dear Initiative Coordinator:

Pursuant to subdivision (b) of Section 9002 of the Elections Code, enclosed please find Amendment # 1 to Initiative No. 17-0044. The amendments are reasonably germane to the theme, purpose or subject of the initiative measure as originally proposed.

I am the proponent of the measure and request that the Attorney General prepare a circulating title and summary of the measure as provided by law, using the amended language.

For purposes of inquiries from the public and the media, please direct them as follows:

Charles H. Bell, Jr.
455 Capitol Mall, Suite 600
Sacramento, CA 95814
cbell@brmhlaw.com
(916) 442-7757

Thank you for your time and attention processing my request.

Sincerely,

Nina Salzano Besselman

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO VOTERS

SEC. 1. TITLE

This act shall be known and may be cited as the Reducing Crime and Keeping California Safe Act of 2018.

SEC. 2. PURPOSES

This measure will fix three related problems created by recent laws that have threatened the public safety of Californians and their children from violent criminals. This measure will:

- A. Reform the parole system so violent felons are not released early from prison, strengthen oversight of post release community supervision and tighten penalties for violations of terms of post release community supervision;
- B. Reform theft laws to restore accountability for serial thieves and organized theft rings; and
- C. Expand DNA collection from persons convicted of drug, theft and domestic violence related crimes to help solve violent crimes and exonerate the innocent.

SEC. 3. FINDINGS AND DECLARATIONS

A. Prevent Early Release of Violent Felons

1. Protecting every person in our state, including our most vulnerable children, from violent crime is of the utmost importance. Murderers, rapists, child molesters and other violent criminals should not be released early from prison.
2. Since 2014, California has had a larger increase in violent crime than the rest of the United States. Since 2013, violent crime in Los Angeles has increased 69.5%. Violent crime in Sacramento rose faster during the first six months of 2015 than in any of the 25 largest U.S. cities tracked by the FBI.
3. Recent changes to parole laws allowed the early release of dangerous criminals by the law's failure to define certain crimes as "violent." These changes allowed individuals convicted of sex trafficking of children, rape of an unconscious person, felony assault with a deadly weapon, battery on a police officer or firefighter, and felony domestic violence to be considered "non-violent offenders."
4. As a result, these so-called "non-violent" offenders are eligible for early release from prison after serving only a fraction of the sentence ordered by a judge.
5. Violent offenders are also being allowed to remain free in our communities even when they commit new crimes and violate the terms of their post release community supervision, like the gang member charged with the murder of Whittier Police Officer, Keith Boyer.
6. Californians need better protection from such violent criminals.
7. Californians need better protection from felons who repeatedly violate the terms of their post release community supervision.
8. This measure reforms the law so felons who violate the terms of their release can be brought back to court and held accountable for such violations.
9. Californians need better protection from such violent criminals. This measure reforms the law to define such crimes as "violent felonies" for purposes of early release.

10. Nothing in this act is intended to create additional “strike” offenses which would increase the state prison population.

11. Nothing in this act is intended to affect the ability of the California Department of Corrections and Rehabilitation to award educational and merit credits.

B. Restore Accountability for Serial Theft and Organized Theft Rings

1. Recent changes to California law allow individuals who steal repeatedly to face few consequences, regardless of their criminal record or how many times they steal.

2. As a result, between 2014 and 2016, California had the 2nd highest increase in theft and property crimes in the United States, while most states have seen a steady decline. According to the California Department of Justice, the value of property stolen in 2015 was \$2.5 billion with an increase of 13 percent since 2014, the largest single-year increase in at least ten years.

3. Individuals who repeatedly steal often do so to support their drug habit. Recent changes to California law have reduced judges’ ability to order individuals convicted of repeated theft crimes into effective drug treatment programs.

4. California needs stronger laws for those who are repeatedly convicted of theft related crimes, which will encourage those who repeatedly steal to support their drug problem to enter into existing drug treatment programs. This measure enacts such reforms.

C. Restore DNA Collection to Solve Violent Crime

1. Collecting DNA from criminals is essential to solving violent crimes. Over 450 violent crimes including murder, rape and robbery have gone unsolved because DNA is being collected from fewer criminals.

2. DNA collected in 2015 from a convicted child molester solved the rape-murders of two six-year-old boys that occurred three decades ago in Los Angeles County. DNA collected in 2016 from an individual caught driving a stolen car solved the 2012 San Francisco Bay Area rape-murder of an 83-year-old woman.

3. Recent changes to California law unintentionally eliminated DNA collection for theft and drug crimes. This measure restores DNA collection from persons convicted for such offenses.

4. Permitting collection of more DNA samples will help identify suspects, clear the innocent and free the wrongly convicted.

5. This measure does not affect existing legal safeguards that protect the privacy of individuals by allowing for the removal of their DNA profile if they are not charged with a crime, are acquitted or are found innocent.

SEC. 4. PAROLE CONSIDERATION

Section 3003 of the Penal Code is amended to read:

[language added to an existing section of law is designated in underlined type and language deleted is designated in ~~strikeout~~ type]

(a) Except as otherwise provided in this section, an inmate who is released on parole or postrelease supervision as provided by Title 2.05 (commencing with Section 3450) shall be returned to the county that was the last legal residence of the inmate prior to his or her incarceration. For purposes of this subdivision, “last legal residence” shall not be construed to mean the county wherein the inmate committed an offense while confined in a state prison or local jail facility or while confined for treatment in a state hospital.

(b) Notwithstanding subdivision (a), an inmate may be returned to another county if that would be in the best interests of the public. If the Board of Parole Hearings setting the conditions of

parole for inmates sentenced pursuant to subdivision (b) of Section 1168, as determined by the parole consideration panel, or the Department of Corrections and Rehabilitation setting the conditions of parole for inmates sentenced pursuant to Section 1170, decides on a return to another county, it shall place its reasons in writing in the parolee's permanent record and include these reasons in the notice to the sheriff or chief of police pursuant to Section 3058.6. In making its decision, the paroling authority shall consider, among others, the following factors, giving the greatest weight to the protection of the victim and the safety of the community:

(1) The need to protect the life or safety of a victim, the parolee, a witness, or any other person.
 (2) Public concern that would reduce the chance that the inmate's parole would be successfully completed.

(3) The verified existence of a work offer, or an educational or vocational training program.

(4) The existence of family in another county with whom the inmate has maintained strong ties and whose support would increase the chance that the inmate's parole would be successfully completed.

(5) The lack of necessary outpatient treatment programs for parolees receiving treatment pursuant to Section 2960.

(c) The Department of Corrections and Rehabilitation, in determining an out-of-county commitment, shall give priority to the safety of the community and any witnesses and victims.

(d) In making its decision about an inmate who participated in a joint venture program pursuant to Article 1.5 (commencing with Section 2717.1) of Chapter 5, the paroling authority shall give serious consideration to releasing him or her to the county where the joint venture program employer is located if that employer states to the paroling authority that he or she intends to employ the inmate upon release.

(e)(1) The following information, if available, shall be released by the Department of Corrections and Rehabilitation to local law enforcement agencies regarding a paroled inmate or inmate placed on postrelease community supervision pursuant to Title 2.05 (commencing with Section 3450) who is released in their jurisdictions:

(A) Last, first, and middle names.

(B) Birth date.

(C) Sex, race, height, weight, and hair and eye color.

(D) Date of parole or placement on postrelease community supervision and discharge.

(E) Registration status, if the inmate is required to register as a result of a controlled substance, sex, or arson offense.

(F) California Criminal Information Number, FBI number, social security number, and driver's license number.

(G) County of commitment.

(H) A description of scars, marks, and tattoos on the inmate.

(I) Offense or offenses for which the inmate was convicted that resulted in parole or postrelease community supervision in this instance.

(J) Address, including all of the following information:

(i) Street name and number. Post office box numbers are not acceptable for purposes of this subparagraph.

(ii) City and ZIP Code.

(iii) Date that the address provided pursuant to this subparagraph was proposed to be effective.

(K) Contact officer and unit, including all of the following information:

(i) Name and telephone number of each contact officer.

(ii) Contact unit type of each contact officer such as units responsible for parole, registration, or county probation.

(L) A digitized image of the photograph and at least a single digit fingerprint of the parolee.

(M) A geographic coordinate for the inmate's residence location for use with a Geographical Information System (GIS) or comparable computer program.

(N) Copies of the record of supervision during any prior period of parole.

(2) Unless the information is unavailable, the Department of Corrections and Rehabilitation shall electronically transmit to the county agency identified in subdivision (a) of Section 3451 the inmate's tuberculosis status, specific medical, mental health, and outpatient clinic needs, and any medical concerns or disabilities for the county to consider as the offender transitions onto postrelease community supervision pursuant to Section 3450, for the purpose of identifying the medical and mental health needs of the individual. All transmissions to the county agency shall be in compliance with applicable provisions of the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) (Public Law 104-191), the federal Health Information Technology for Clinical Health Act (HITECH) (Public Law 111-005), and the implementing of privacy and security regulations in Parts 160 and 164 of Title 45 of the Code of Federal Regulations. This paragraph shall not take effect until the Secretary of the United States Department of Health and Human Services, or his or her designee, determines that this provision is not preempted by HIPAA.

(3) Except for the information required by paragraph (2), the information required by this subdivision shall come from the statewide parolee database. The information obtained from each source shall be based on the same timeframe.

(4) All of the information required by this subdivision shall be provided utilizing a computer-to-computer transfer in a format usable by a desktop computer system. The transfer of this information shall be continually available to local law enforcement agencies upon request.

(5) The unauthorized release or receipt of the information described in this subdivision is a violation of Section 11143.

~~(f) Notwithstanding any other law, an inmate who is released on parole shall not be returned to a location within 35 miles of the actual residence of a victim of, or a witness to, a violent felony as defined in paragraphs (1) to (7), inclusive, and paragraph (16) of subdivision (c) of Section 667.5 or a felony in which the defendant inflicts great bodily injury on a person other than an accomplice that has been charged and proved as provided for in Section 12022.53, 12022.7, or 12022.9, if the victim or witness has requested additional distance in the placement of the inmate on parole, and if the Board of Parole Hearings or the Department of Corrections and Rehabilitation finds that there is a need to protect the life, safety, or well-being of a victim or witness.~~ the victim or witness, an inmate who is released on parole shall not be returned to a location within 35 miles of the actual residence of a victim of, or a witness to, any of the following crimes:

(1) A violent felony as defined subdivision (c) of Section 667.5 or subdivision (a) of Section 3040.1.

(2) A felony in which the defendant inflicts great bodily injury on a person, other than an accomplice, that has been charged and proved as provided for in Section 12022.53, 12022.7, or 12022.9.

(g) Notwithstanding any other law, an inmate who is released on parole for a violation of Section 288 or 288.5 whom the Department of Corrections and Rehabilitation determines poses a high risk to the public shall not be placed or reside, for the duration of his or her parole, within one-

half mile of a public or private school including any or all of kindergarten and grades 1 to 12, inclusive.

(h) Notwithstanding any other law, an inmate who is released on parole or postrelease community supervision for a stalking offense shall not be returned to a location within 35 miles of the victim's or witness' actual residence or place of employment if the victim or witness has requested additional distance in the placement of the inmate on parole or postrelease community supervision, and if the Board of Parole Hearings or the Department of Corrections and Rehabilitation, or the supervising county agency, as applicable, finds that there is a need to protect the life, safety, or well-being of the victim. If an inmate who is released on postrelease community supervision cannot be placed in his or her county of last legal residence in compliance with this subdivision, the supervising county agency may transfer the inmate to another county upon approval of the receiving county.

(i) The authority shall give consideration to the equitable distribution of parolees and the proportion of out-of-county commitments from a county compared to the number of commitments from that county when making parole decisions.

(j) An inmate may be paroled to another state pursuant to any other law. The Department of Corrections and Rehabilitation shall coordinate with local entities regarding the placement of inmates placed out of state on postrelease community supervision pursuant to Title 2.05 (commencing with Section 3450).

(k)(1) Except as provided in paragraph (2), the Department of Corrections and Rehabilitation shall be the agency primarily responsible for, and shall have control over, the program, resources, and staff implementing the Law Enforcement Automated Data System (LEADS) in conformance with subdivision (e). County agencies supervising inmates released to postrelease community supervision pursuant to Title 2.05 (commencing with Section 3450) shall provide any information requested by the department to ensure the availability of accurate information regarding inmates released from state prison. This information may include all records of supervision, the issuance of warrants, revocations, or the termination of postrelease community supervision. On or before August 1, 2011, county agencies designated to supervise inmates released to postrelease community supervision shall notify the department that the county agencies have been designated as the local entity responsible for providing that supervision.

(2) Notwithstanding paragraph (1), the Department of Justice shall be the agency primarily responsible for the proper release of information under LEADS that relates to fingerprint cards.

(l) In addition to the requirements under subdivision (k), the Department of Corrections and Rehabilitation shall submit to the Department of Justice data to be included in the supervised release file of the California Law Enforcement Telecommunications System (CLETS) so that law enforcement can be advised through CLETS of all persons on postrelease community supervision and the county agency designated to provide supervision. The data required by this subdivision shall be provided via electronic transfer.

Section 3040.1 is added to the Penal Code to read:

(a) For purposes of early release or parole consideration under the authority of Section 32 of Article I of the Constitution, Sections 12838.4 and 12838.5 of the Government Code, Sections 3000.1, 3041.5, 3041.7, 3052, 5000, 5054, 5055, 5076.2 of this Code and the rulemaking authority granted by Section 5058 of this Code, the following shall be defined as "violent felony offenses":

(1) Murder or voluntary manslaughter;

- (2) Mayhem;
- (3) Rape as defined in paragraph (2) or (6) of subdivision (a) of Section 261 or paragraph (1) or (4) of subdivision (a) of Section 262;
- (4) Sodomy as defined in subdivision (c) or (d) of Section 286;
- (5) Oral copulation as defined in subdivision (c) or (d) of Section 288a;
- (6) Lewd or lascivious act as defined in subdivision (a) or (b) of Section 288;
- (7) Any felony punishable by death or imprisonment in the state prison for life;
- (8) Any felony in which the defendant inflicts great bodily injury on any person other than an accomplice which has been charged and proved as provided for in Section 12022.7, 12022.8, or 12022.9 on or after July 1, 1977, or as specified prior to July 1, 1977, in Sections 213, 264, and 461, or any felony in which the defendant uses a firearm which use has been charged and proved as provided in subdivision (a) of Section 12022.3, or Section 12022.5 or 12022.55;
- (9) Any robbery;
- (10) Arson, in violation of subdivision (a) or (b) of Section 451;
- (11) Sexual penetration as defined in subdivision (a) or (j) of Section 289;
- (12) Attempted murder;
- (13) A violation of Section 18745, 18750, or 18755;
- (14) Kidnapping;
- (15) Assault with the intent to commit a specified felony, in violation of Section 220;
- (16) Continuous sexual abuse of a child, in violation of Section 288.5;
- (17) Carjacking, as defined in subdivision (a) of Section 215;
- (18) Rape, spousal rape, or sexual penetration, in concert, in violation of Section 264.1;
- (19) Extortion, as defined in Section 518, which would constitute a felony violation of Section 186.22;
- (20) Threats to victims or witnesses, as defined in subdivision (c) of Section 136.1;
- (21) Any burglary of the first degree, as defined in subdivision (a) of Section 460, wherein it is charged and proved that another person, other than an accomplice, was present in the residence during the commission of the burglary;
- (22) Any violation of Section 12022.53;
- (23) A violation of subdivision (b) or (c) of Section 11418;
- (24) Solicitation to commit murder;
- (25) Felony assault with a firearm in violation of subsections (a)(2) and (b) of Section 245;
- (26) Felony assault with a deadly weapon in violation of paragraph (1) of subdivision (a) of Section 245;
- (27) Felony assault with a deadly weapon upon the person of a peace officer or firefighter in violation of subdivisions (c) and (d) of Section 245;
- (28) Felony assault by means of force likely to produce great bodily injury in violation of paragraph (4) of subdivision (a) of Section 245;
- (29) Assault with caustic chemicals in violation of Section 244;
- (30) False imprisonment in violation of Section 210.5;
- (31) Felony discharging a firearm in violation of Section 246;
- (32) Discharge of a firearm from a motor vehicle in violation of subsection (c) of Section 26100;
- (33) Felony domestic violence resulting in a traumatic condition in violation of Section 273.5;
- (34) Felony use of force or threats against a witness or victim of a crime in violation of Section 140;

- (35) Felony resisting a peace officer and causing death or serious injury in violation of Section 148.10;
 - (36) A felony hate crime punishable pursuant to Section 422.7;
 - (37) Felony elder or dependent adult abuse in violation of subdivision (b) of Section 368;
 - (38) Rape in violation of paragraphs (1), (3), or (4) of subdivision (a) of Section 261;
 - (39) Rape in violation of Section 262;
 - (40) Sexual penetration in violation of subdivision (b), (d) or (e) of Section 289;
 - (41) Sodomy in violation of subdivision (f), (g), or (i) of Section 286;
 - (42) Oral copulation in violation of subdivision (f), (g), or (i) of Section 288a;
 - (43) Abduction of a minor for purposes of prostitution in violation of Section 267;
 - (44) Human trafficking in violation of subdivision (a), (b), or (c) of Section 236.1;
 - (45) Child abuse in violation of Section 273ab;
 - (46) Possessing, exploding, or igniting a destructive device in violation of Section 18740;
 - (47) Two or more violations of subsection (c) of Section 451;
 - (48) Any attempt to commit an offense described in this subdivision;
 - (49) Any felony in which it is pled and proven that the Defendant personally used a dangerous or deadly weapon;
 - (50) Any offense resulting in lifetime sex offender registration pursuant to Sections 290 through 290.009.
 - (51) Any conspiracy to commit an offense described in this Section.
- (b) The provisions of this section shall apply to any inmate serving a custodial prison sentence on or after the effective date of this section, regardless of when the sentence was imposed.

Section 3040.2 is added to the Penal Code to read:

- (a) Upon conducting a nonviolent offender parole consideration review, the hearing officer for the Board of Parole Hearings shall consider all relevant, reliable information about the inmate.
- (b) The standard of review shall be whether the inmate will pose an unreasonable risk of creating victims as a result of felonious conduct if released from prison.
- (c) In reaching this determination, the hearing officer shall consider the following factors:
 - (1) Circumstances surrounding the current conviction;
 - (2) The inmate's criminal history, including involvement in other criminal conduct, both juvenile and adult, which is reliably documented;
 - (3) The inmate's institutional behavior including both rehabilitative programming and institutional misconduct;
 - (4) Any input from the inmate, any victim, whether registered or not at the time of the referral, and the prosecuting agency or agencies;
 - (5) The inmate's past and present mental condition as documented in records in the possession of the Department of Corrections and Rehabilitation;
 - (6) The inmate's past and present attitude about the crime;
 - (7) Any other information which bears on the inmate's suitability for release.
- (d) The following circumstances shall be considered by the hearing officer in determining whether the inmate is unsuitable for release:
 - (1) Multiple victims involved in the current commitment offense;
 - (2) A victim was particularly vulnerable due to age or physical or mental condition;
 - (3) The inmate took advantage of a position of trust in the commission of the crime;

- (4) The inmate was armed with or used a firearm or other deadly weapon in the commission of the crime;
 - (5) A victim suffered great bodily injury during the commission of the crime;
 - (6) The inmate committed the crime in association with a criminal street gang;
 - (7) The inmate occupied a position of leadership or dominance over other participants in the commission of the crime, or the inmate induced others to participate in the commission of the crime;
 - (8) During the commission of the crime, the inmate had a clear opportunity to cease but instead continued;
 - (9) The inmate has engaged in other reliably documented criminal conduct which was an integral part of the crime for which the inmate is currently committed to prison;
 - (10) The manner in which the crime was committed created a potential for serious injury to persons other than the victim of the crime;
 - (11) The inmate was on probation, parole, post release community supervision, mandatory supervision or was in custody or had escaped from custody at the time of the commitment offense;
 - (12) The inmate was on any form of pre- or post-conviction release at the time of the commitment offense;
 - (13) The inmate's prior history of violence, whether as a juvenile or adult;
 - (14) The inmate has engaged in misconduct in prison or jail;
 - (15) The inmate is incarcerated for multiple cases from the same or different counties or jurisdictions.
- (e) The following circumstances shall be considered by the hearing officer in determining whether the inmate is suitable for release:
- (1) The inmate does not have a juvenile record of assaulting others or committing crimes with a potential of harm to victims;
 - (2) The inmate lacks any history of violent crime;
 - (3) The inmate has demonstrated remorse;
 - (4) The inmate's present age reduces the risk of recidivism;
 - (5) The inmate has made realistic plans if released or has developed marketable skills that can be put to use upon release;
 - (6) The inmate's institutional activities demonstrate an enhanced ability to function within the law upon release;
 - (7) The inmate participated in the crime under partially excusable circumstances which do not amount to a legal defense;
 - (8) The inmate had no apparent predisposition to commit the crime but was induced by others to participate in its commission;
 - (9) The inmate has a minimal or no criminal history;
 - (10) The inmate was a passive participant or played a minor role in the commission of the crime;
 - (11) The crime was committed during or due to an unusual situation unlikely to reoccur.

Section 3040.3 is added to the Penal Code to read:

- (a) An inmate whose current commitment includes a concurrent, consecutive or stayed sentence for an offense or allegation defined as violent by subdivision (c) of Section 667.5 or 3040.1 shall be deemed a violent offender for purposes of Section 32 of Article I of the Constitution.

(b) An inmate whose current commitment includes an indeterminate sentence shall be deemed a violent offender for purposes of Section 32 of Article I of the Constitution.

(c) An inmate whose current commitment includes any enhancement which makes the underlying offense violent pursuant to subdivision (c) of Section 667.5 shall be deemed a violent offender for purposes of Section 32 of Article I of the Constitution.

(d) For purposes of Section 32 of Article I of the Constitution, the "full term" of the "primary offense" shall be calculated based only on actual days served on the commitment offense.

Section 3040.4 is added to the Penal Code to read:

Pursuant to subsection (b) of Section 28 of Article I of the Constitution, the Department shall give reasonable notice to victims of crime prior to an inmate being reviewed for early parole and release. The Department shall provide victims with the right to be heard regarding early parole consideration and to participate in the review process. The Department shall consider the safety of the victims, the victims' family, and the general public when making a determination on early release.

(a) Prior to conducting a review for early parole, the Department shall provide notice to the prosecuting agency or agencies and to registered victims, and shall make reasonable efforts to locate and notify victims who are not registered.

(b) The prosecuting agency shall have the right to review all information available to the hearing officer including, but not limited to the inmate's central file, documented adult and juvenile criminal history, institutional behavior including both rehabilitative programming and institutional misconduct, any input from any person or organization advocating on behalf of the inmate, and any information submitted by the public.

(c) A victim shall have a right to submit a statement for purposes of early parole consideration, including a confidential statement.

(d) All prosecuting agencies, any involved law enforcement agency, and all victims, whether or not registered, shall have the right to respond to the board in writing.

(e) Responses to the Board by prosecuting agencies, law enforcement agencies, and victims must be made within 90 days of the date of notification of the inmate's eligibility for early parole review or consideration.

(f) The Board shall notify the prosecuting agencies, law enforcement agencies, and the victims of the Nonviolent Offender Parole decision within 10 days of the decision being made.

(g) Within 30 days of the notice of the final decision concerning Nonviolent Offender Parole Consideration, the inmate and the prosecuting agencies may request review of the decision.

(h) If an inmate is denied early release under the Nonviolent Offender Parole provisions of Section 32 of Article I of the Constitution, the inmate shall not be eligible for early Nonviolent Offender parole consideration for two (2) calendar years from the date of the final decision of the previous denial.

Section 3041 of the Penal Code is amended to read:

[language added to an existing section of law is designated in underlined type and language deleted is designated in ~~strikeout~~ type]

(a)(1) In the case of any inmate sentenced pursuant to any law, other than Chapter 4.5 (commencing with Section 1170) of Title 7 of Part 2, the Board of Parole Hearings shall meet with each inmate during the sixth year before the inmate's minimum eligible parole date for the purposes of reviewing and documenting the inmate's activities and conduct pertinent to parole

eligibility. During this consultation, the board shall provide the inmate information about the parole hearing process, legal factors relevant to his or her suitability or unsuitability for parole, and individualized recommendations for the inmate regarding his or her work assignments, rehabilitative programs, and institutional behavior. Within 30 days following the consultation, the board shall issue its positive and negative findings and recommendations to the inmate in writing.

(2) One year before the inmate's minimum eligible parole date a panel of two or more commissioners or deputy commissioners shall again meet with the inmate and shall normally grant parole as provided in Section 3041.5. No more than one member of the panel shall be a deputy commissioner.

(3) In the event of a tie vote, the matter shall be referred for an en banc review of the record that was before the panel that rendered the tie vote. Upon en banc review, the board shall vote to either grant or deny parole and render a statement of decision. The en banc review shall be conducted pursuant to subdivision (e).

(4) Upon a grant of parole, the inmate shall be released subject to all applicable review periods. However, an inmate shall not be released before reaching his or her minimum eligible parole date as set pursuant to Section 3046 unless the inmate is eligible for earlier release pursuant to his or her youth offender parole eligibility date or elderly parole eligibility date.

(5) At least one commissioner of the panel shall have been present at the last preceding meeting, unless it is not feasible to do so or where the last preceding meeting was the initial meeting. Any person on the hearing panel may request review of any decision regarding parole for an en banc hearing by the board. In case of a review, a majority vote in favor of parole by the board members participating in an en banc review is required to grant parole to any inmate.

(b)(1) The panel or the board, sitting en banc, shall grant parole to an inmate unless it determines that the gravity of the current convicted offense or offenses, or the timing and gravity of current or past convicted offense or offenses, is such that consideration of the public safety requires a more lengthy period of incarceration for this individual. The panel or the board, sitting en banc, shall consider the entire criminal history of the inmate, including all current or past convicted offenses, in making this determination.

(2) After July 30, 2001, any decision of the parole panel finding an inmate suitable for parole shall become final within 120 days of the date of the hearing. During that period, the board may review the panel's decision. The panel's decision shall become final pursuant to this subdivision unless the board finds that the panel made an error of law, or that the panel's decision was based on an error of fact, or that new information should be presented to the board, any of which when corrected or considered by the board has a substantial likelihood of resulting in a substantially different decision upon a rehearing. In making this determination, the board shall consult with the commissioners who conducted the parole consideration hearing.

(3) A decision of a panel shall not be disapproved and referred for rehearing except by a majority vote of the board, sitting en banc, following a public meeting.

(c) For the purpose of reviewing the suitability for parole of those inmates eligible for parole under prior law at a date earlier than that calculated under Section 1170.2, the board shall appoint panels of at least two persons to meet annually with each inmate until the time the person is released pursuant to proceedings or reaches the expiration of his or her term as calculated under Section 1170.2.

(d) It is the intent of the Legislature that, during times when there is no backlog of inmates awaiting parole hearings, life parole consideration hearings, or life rescission hearings, hearings

will be conducted by a panel of three or more members, the majority of whom shall be commissioners. The board shall report monthly on the number of cases where an inmate has not received a completed initial or subsequent parole consideration hearing within 30 days of the hearing date required by subdivision (a) of Section 3041.5 or paragraph (2) of subdivision (b) of Section 3041.5, unless the inmate has waived the right to those timeframes. That report shall be considered the backlog of cases for purposes of this section, and shall include information on the progress toward eliminating the backlog, and on the number of inmates who have waived their right to the above timeframes. The report shall be made public at a regularly scheduled meeting of the board and a written report shall be made available to the public and transmitted to the Legislature quarterly.

(e) For purposes of this section, an en banc review by the board means a review conducted by a majority of commissioners holding office on the date the matter is heard by the board. An en banc review shall be conducted in compliance with the following:

- (1) The commissioners conducting the review shall consider the entire record of the hearing that resulted in the tie vote.
- (2) The review shall be limited to the record of the hearing. The record shall consist of the transcript or audiotape of the hearing, written or electronically recorded statements actually considered by the panel that produced the tie vote, and any other material actually considered by the panel. New evidence or comments shall not be considered in the en banc proceeding.
- (3) The board shall separately state reasons for its decision to grant or deny parole.
- (4) A commissioner who was involved in the tie vote shall be recused from consideration of the matter in the en banc review.

Section 3454 of the Penal Code is amended to read:

[language added to an existing section of law is designated in underlined type and language deleted is designated in ~~strikeout~~ type]

(a) Each supervising county agency, as established by the county board of supervisors pursuant to subdivision (a) of Section 3451, shall establish a review process for assessing and refining a person's program of postrelease supervision. Any additional postrelease supervision conditions shall be reasonably related to the underlying offense for which the offender spent time in prison, or to the offender's risk of recidivism, and the offender's criminal history, and be otherwise consistent with law.

(b) Each county agency responsible for postrelease supervision, as established by the county board of supervisors pursuant to subdivision (a) of Section 3451, may determine additional appropriate conditions of supervision listed in Section 3453 consistent with public safety, including the use of continuous electronic monitoring as defined in Section 1210.7, order the provision of appropriate rehabilitation and treatment services, determine appropriate incentives, and determine and order appropriate responses to alleged violations, which can include, but shall not be limited to, immediate, structured, and intermediate sanctions up to and including referral to a reentry court pursuant to Section 3015, or flash incarceration in a city or county jail. Periods of flash incarceration are encouraged as one method of punishment for violations of an offender's condition of postrelease supervision.

(c) As used in this title, "flash incarceration" is a period of detention in a city or county jail due to a violation of an offender's conditions of postrelease supervision. The length of the detention period can range between one and 10 consecutive days. Flash incarceration is a tool that may be used by each county agency responsible for postrelease supervision. Shorter, but if necessary

more frequent, periods of detention for violations of an offender's postrelease supervision conditions shall appropriately punish an offender while preventing the disruption in a work or home establishment that typically arises from longer term revocations.

(d) Upon a decision to impose a period of flash incarceration, the probation department shall notify the court, public defender, district attorney, and sheriff of each imposition of flash incarceration.

Section 3455 of the Penal Code is amended to read:

[language added to an existing section of law is designated in underlined type and language deleted is designated in ~~strikeout~~ type]

(a) If the supervising county agency has determined, following application of its assessment processes, that intermediate sanctions as authorized in subdivision (b) of Section 3454 are not appropriate, or if the supervised person has violated the terms of his or her release for a third time, the supervising county agency shall petition the court pursuant to Section 1203.2 to revoke, modify, or terminate postrelease community supervision. At any point during the process initiated pursuant to this section, a person may waive, in writing, his or her right to counsel, admit the violation of his or her postrelease community supervision, waive a court hearing, and accept the proposed modification of his or her postrelease community supervision. The petition shall include a written report that contains additional information regarding the petition, including the relevant terms and conditions of postrelease community supervision, the circumstances of the alleged underlying violation, the history and background of the violator, and any recommendations. The Judicial Council shall adopt forms and rules of court to establish uniform statewide procedures to implement this subdivision, including the minimum contents of supervision agency reports. Upon a finding that the person has violated the conditions of postrelease community supervision, the revocation hearing officer shall have authority to do all of the following:

- (1) Return the person to postrelease community supervision with modifications of conditions, if appropriate, including a period of incarceration in a county jail.
- (2) Revoke and terminate postrelease community supervision and order the person to confinement in a county jail.
- (3) Refer the person to a reentry court pursuant to Section 3015 or other evidence-based program in the court's discretion.

(b) (1) At any time during the period of postrelease community supervision, if a peace officer, including a probation officer, has probable cause to believe a person subject to postrelease community supervision is violating any term or condition of his or her release, or has failed to appear at a hearing pursuant to Section 1203.2 to revoke, modify, or terminate postrelease community supervision, the officer may, without a warrant or other process, arrest the person and bring him or her before the supervising county agency established by the county board of supervisors pursuant to subdivision (a) of Section 3451. Additionally, an officer employed by the supervising county agency may seek a warrant and a court or its designated hearing officer appointed pursuant to Section 71622.5 of the Government Code shall have the authority to issue a warrant for that person's arrest.

(2) The court or its designated hearing officer shall have the authority to issue a warrant for a person who is the subject of a petition filed under this section who has failed to appear for a hearing on the petition or for any reason in the interests of justice, or to remand to custody a person who does appear at a hearing on the petition for any reason in the interests of justice.

(3) Unless a person subject to postrelease community supervision is otherwise serving a period of flash incarceration, whenever a person who is subject to this section is arrested, with or without a warrant or the filing of a petition for revocation, the court may order the release of the person under supervision from custody under any terms and conditions the court deems appropriate.

(c) The revocation hearing shall be held within a reasonable time after the filing of the revocation petition. Except as provided in paragraph (3) of subdivision (b), based upon a showing of a preponderance of the evidence that a person under supervision poses an unreasonable risk to public safety, or that the person may not appear if released from custody, or for any reason in the interests of justice, the supervising county agency shall have the authority to make a determination whether the person should remain in custody pending the first court appearance on a petition to revoke postrelease community supervision, and upon that determination, may order the person confined pending his or her first court appearance.

(d) Confinement pursuant to paragraphs (1) and (2) of subdivision (a) shall not exceed a period of 180 days in a county jail for each custodial sanction.

(e) A person shall not remain under supervision or in custody pursuant to this title on or after three years from the date of the person's initial entry onto postrelease community supervision, except when his or her supervision is tolled pursuant to Section 1203.2 or subdivision (b) of Section 3456.

SEC. 5. DNA COLLECTION

Section 296 of the Penal Code is amended to read:

[language added to an existing section of law is designated in underlined type and language deleted is designated in ~~strikeout~~ type]

(a) The following persons shall provide buccal swab samples, right thumbprints, and a full palm print impression of each hand, and any blood specimens or other biological samples required pursuant to this chapter for law enforcement identification analysis:

(1) Any person, including any juvenile, who is convicted of or pleads guilty or no contest to any felony offense, or is found not guilty by reason of insanity of any felony offense, or any juvenile who is adjudicated under Section 602 of the Welfare and Institutions Code for committing any felony offense.

(2) Any adult person who is arrested for or charged with any of the following felony offenses:

(A) Any felony offense specified in Section 290 or attempt to commit any felony offense described in Section 290, or any felony offense that imposes upon a person the duty to register in California as a sex offender under Section 290.

(B) Murder or voluntary manslaughter or any attempt to commit murder or voluntary manslaughter.

(C) Commencing on January 1, 2009, any adult person arrested or charged with any felony offense.

(3) Any person, including any juvenile, who is required to register under Section 290 through 290.009 or 457.1 because of the commission of, or the attempt to commit, a felony or misdemeanor offense, or any person, including any juvenile, who is housed in a mental health facility or sex offender treatment program after referral to such facility or program by a court after being charged with any felony offense.

(4) Any person, excluding a juvenile, who is convicted of, or pleads guilty or no contest to, any of the following offenses:

(A) A misdemeanor violation of Section 459.5;

(B) A violation of subdivision (a) of Section 473 that is punishable as a misdemeanor pursuant to subdivision (b) of Section 473;

(C) A violation of subdivision (a) of Section 476a that is punishable as a misdemeanor pursuant to subdivision (b) of Section 476a;

(D) A violation of Section 487 that is punishable as a misdemeanor pursuant to Section 490.2;

(E) A violation of Section 496 that is punishable as a misdemeanor;

(F) A misdemeanor violation of subdivision (a) of Section 11350 of the Health and Safety Code;

(G) A misdemeanor violation of subdivision (a) of Section 11377 of the Health and Safety Code;

(H) A misdemeanor violation of paragraph (1) of subdivision (e) of Section 243;

(I) A misdemeanor violation of Section 273.5;

(J) A misdemeanor violation of paragraph (1) of subdivision (b) of Section 368;

(K) Any misdemeanor violation where the victim is defined as set forth in Section 6211 of the Family Code;

(L) A misdemeanor violation of paragraph (3) of subdivision (b) of Section 647.

~~(4)~~⁽⁵⁾ The term "felony" as used in this subdivision includes an attempt to commit the offense.

~~(5)~~⁽⁶⁾ Nothing in this chapter shall be construed as prohibiting collection and analysis of specimens, samples, or print impressions as a condition of a plea for a non-qualifying offense.

(b) The provisions of this chapter and its requirements for submission of specimens, samples and print impressions as soon as administratively practicable shall apply to all qualifying persons regardless of sentence imposed, including any sentence of death, life without the possibility of parole, or any life or indeterminate term, or any other disposition rendered in the case of an adult or juvenile tried as an adult, or whether the person is diverted, fined, or referred for evaluation, and regardless of disposition rendered or placement made in the case of juvenile who is found to have committed any felony offense or is adjudicated under Section 602 of the Welfare and Institutions Code.

(c) The provisions of this chapter and its requirements for submission of specimens, samples, and print impressions as soon as administratively practicable by qualified persons as described in subdivision (a) shall apply regardless of placement or confinement in any mental hospital or other public or private treatment facility, and shall include, but not be limited to, the following persons, including juveniles:

(1) Any person committed to a state hospital or other treatment facility as a mentally disordered sex offender under Article 1 (commencing with Section 6300) of Chapter 2 of Part 2 of Division 6 of the Welfare and Institutions Code.

(2) Any person who has a severe mental disorder as set forth within the provisions of Article 4 (commencing with Section 2960) of Chapter 7 of Title 1 of Part 3 of the Penal Code.

(3) Any person found to be a sexually violent predator pursuant to Article 4 (commencing with Section 6600) of Chapter 2 of Part 2 of Division 6 of the Welfare and Institutions Code.

(d) The provisions of this chapter are mandatory and apply whether or not the court advises a person, including any juvenile, that he or she must provide the data bank and database specimens, samples, and print impressions as a condition of probation, parole, or any plea of guilty, no contest, or not guilty by reason of insanity, or any admission to any of the offenses described in subdivision (a).

(e) If at any stage of court proceedings the prosecuting attorney determines that specimens, samples, and print impressions required by this chapter have not already been taken from any person, as defined under subdivision (a) of Section 296, the prosecuting attorney shall notify the court orally on the record, or in writing, and request that the court order collection of the specimens, samples, and print impressions required by law. However, a failure by the prosecuting attorney or any other law enforcement agency to notify the court shall not relieve a person of the obligation to provide specimens, samples, and print impressions pursuant to this chapter.

(f) Prior to final disposition or sentencing in the case the court shall inquire and verify that the specimens, samples, and print impressions required by this chapter have been obtained and that this fact is included in the abstract of judgment or dispositional order in the case of a juvenile. The abstract of judgment issued by the court shall indicate that the court has ordered the person to comply with the requirements of this chapter and that the person shall be included in the state's DNA and Forensic Identification Data Base and Data Bank program and be subject to this chapter.

However, failure by the court to verify specimen, sample, and print impression collection or enter these facts in the abstract of judgment or dispositional order in the case of a juvenile shall not invalidate an arrest, plea, conviction, or disposition, or otherwise relieve a person from the requirements of this chapter.

SEC. 6. SHOPLIFTING

Section 459.5 of the Penal Code is amended to read:

[language added to an existing section of law is designated in underlined type and language deleted is designated in ~~strikeout~~ type]

(a) Notwithstanding Section 459, shoplifting is defined as entering a commercial establishment with intent to ~~commit larceny~~ steal retail property or merchandise while that establishment is open during regular business hours, where the value of the property that is taken or intended to be taken does not exceed nine hundred fifty dollars (\$950). Any other entry into a commercial establishment with intent to commit larceny is burglary. Shoplifting shall be punished as a misdemeanor, except that a person with one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 or for an offense requiring registration pursuant to subdivision (c) of Section 290 may be punished pursuant to subdivision (h) of Section 1170.

(b) Any act of shoplifting as defined in subdivision (a) shall be charged as shoplifting. No person who is charged with shoplifting may also be charged with burglary or theft of the same property.

(c) "Retail property or merchandise" means any article, product, commodity, item or component intended to be sold in retail commerce.

(d) "Value" means the retail value of an item as advertised by the affected retail establishment, including applicable taxes.

(e) This section shall not apply to theft of a firearm, forgery, the unlawful sale, transfer, or conveyance of an access card pursuant to Section 484e, forgery of an access card pursuant to Section 484f, the unlawful use of an access card pursuant to Section 484g, theft from an elder pursuant to subdivision (e) of Section 368, receiving stolen property, embezzlement, or identity theft pursuant to Section 530.5, or the theft or unauthorized use of a vehicle pursuant to Section 10851 of the Vehicle Code.

Section 490.2 of the Penal Code is amended to read:

[language added to an existing section of law is designated in underlined type and language deleted is designated in ~~strikeout~~ type]

(a) Notwithstanding Section 487 or any other provision of law defining grand theft, obtaining any property by theft where the value of the money, labor, real or personal property taken does not exceed nine hundred fifty dollars (\$950) shall be considered petty theft and shall be punished as a misdemeanor, except that such person may instead be punished pursuant to subdivision (h) of Section 1170 if that person has one or more prior convictions for an offense specified in clause (iv) of subparagraph (C) of paragraph (2) of subdivision (e) of Section 667 or for an offense requiring registration pursuant to subdivision (c) of Section 290.

(b) This section shall not be applicable to any theft that may be charged as an infraction pursuant to any other provision of law.

(c) This section shall not apply to theft of a firearm, forgery, the unlawful sale, transfer, or conveyance of an access card pursuant to Section 484e, forgery of an access card pursuant to Section 484f, the unlawful use of an access card pursuant to Section 484g, theft from an elder pursuant to subdivision (e) of Section 368, receiving stolen property, embezzlement, or identity theft pursuant to Section 530.5, or the theft or unauthorized use of a vehicle pursuant to Section 10851 of the Vehicle Code.

SEC. 7. SERIAL THEFT**Section 490.3 is added to the Penal Code to read:**

(a) This section applies to the following crimes:

- (1) petty theft;
- (2) shoplifting;
- (3) grand theft;
- (4) burglary;
- (5) carjacking;
- (6) robbery;
- (7) a crime against an elder or dependent adult within the meaning of subdivision (d) or (e) of Section 368;
- (8) any violation of Section 496;
- (9) unlawful taking or driving of a vehicle within the meaning of Section 10851 of the Vehicle Code.
- (10) Forgery.
- (11) The unlawful sale, transfer, or conveyance of an access card pursuant to Section 484e.
- (12) Forgery of an access card pursuant to Section 484f.
- (13) The unlawful use of an access card pursuant to Section 484g.
- (14) Identity theft pursuant to Section 530.5.
- (15) The theft or unauthorized use of a vehicle pursuant to Section 10851 of the Vehicle Code.

(b) Notwithstanding subsection (3) of subdivision (h) of Section 1170, subsections (2) and (4) of subdivision (a) of Section 1170.12, subsections (2) and (4) of subdivision (c) of Section 667, any person who, having been previously convicted of two or more of the offenses specified in subdivision (a), which offenses were committed on separate occasions, and who is subsequently convicted of petty theft or shoplifting where the value of the money, labor, or real or personal

property taken exceeds two hundred fifty dollars (\$250) shall be punished by imprisonment in the county jail not exceeding one year, or imprisonment pursuant to subdivision (h) of Section 1170.

(c) This section does not prohibit a person or persons from being charged with any violation of law arising out of the same criminal transaction that violates this section.

SEC. 8. ORGANIZED RETAIL THEFT

Section 490.4 is added to the Penal Code to read:

(a) "Retail property or merchandise" means any article, product, commodity, item or component intended to be sold in retail commerce.

(b) "Value" means the retail value of an item as advertised by the affected retail establishment, including applicable taxes.

(c) Any person, who, acting in concert with one or more other persons, commits two (2) or more thefts pursuant to Sections 459.5 or 490.2 of retail property or merchandise having an aggregate value exceeding two hundred fifty dollars (\$250) and unlawfully takes such property during a period of one hundred eighty days (180) is guilty of organized retail theft.

(d) Notwithstanding subsection (3) of subdivision (h) of Section 1170, subsections (2) and (4) of subdivision (a) of Section 1170.12, subsections (2) and (4) of subdivision (c) of Section 667, organized retail theft shall be punished by imprisonment in the county jail not exceeding one year, or imprisonment pursuant to subdivision (h) of Section 1170.

(e) For purposes of this section, the value of retail property stolen by persons acting in concert may be aggregated into a single count or charge, with the sum of the value of all of the retail merchandise being the values considered in determining the degree of theft.

(f) An offense under this section may be prosecuted in any county in which an underlying theft could have been prosecuted as a separate offense.

(g) This section does not prohibit a person or persons from being charged with any violation of law arising out of the same criminal transaction that violates this section.

SEC. 9. AMENDMENTS

This act shall not be amended by the Legislature except by a statute that furthers the purposes, findings and declarations of the Act and is passed in each house by roll call vote entered in the journal, three-fourths of the membership of each house concurring, or by a statute that becomes effective only when approved by the voters.

SEC. 10. SEVERABILITY

If any provision of this Act, or any part of any provision, or its application to any person or circumstance is for any reason held to be invalid or unconstitutional, the remaining provisions and applications which can be given effect without the invalid or unconstitutional provision or application shall not be affected, but shall remain in full force and effect, and to this end the provisions of this Act are severable.

SEC. 11. CONFLICTING INITIATIVES

(a) In the event that this measure and another measure addressing parole consideration pursuant to Section 32 of Article I of the Constitution, revocation of parole and post release community supervision, DNA collection, or theft offenses shall appear on the same statewide ballot, the

provisions of the other measure or measures shall be deemed to be in conflict with this measure. In the event that this measure receives a greater number of affirmative votes than a measure deemed to be in conflict with it, the provisions of this measure shall prevail in their entirety, and the other measure or measures shall be null and void.

(b) If this measure is approved by voters but superseded by law by any other conflicting measure approved by voters at the same election, and the conflicting ballot measure is later held invalid, this measure shall be self-executing and given full force and effect.

**OROVILLE CITY COUNCIL
STAFF REPORT**

TO: MAYOR AND CITY COUNCIL MEMBERS

**FROM: SCOTT E. HUBER, CITY ATTORNEY
RUTH WRIGHT, FINANCE DIRECTOR**

**RE: SUPPORT OF PROPOSED ISSUANCE OF BONDS FOR OROVILLE
HOSPITAL**

DATE: MARCH 6, 2018

SUMMARY

The Council will conduct a public hearing and consider the issuance of revenue bonds for Oroville Hospital.

BACKGROUND

The City of Oroville is the conduit for bond financing for Health Facilities pursuant to Chapter 11B (presently Chapter 3.36) of the Code of the City of Oroville.

DISCUSSION

On August 5, 1985, the City Council adopted Ordinance No. 1468, which was codified as Chapter 11B (presently Chapter 3.36) of the Code of the City of Oroville entitled Health Facilities Financing Law. The Council declared that it is necessary, essential, a public purpose, and a municipal affair for the City provide financing to health facilities that provide essential services to residents of the city in order to aid such health facilities to establish lower rates and charges than would otherwise prevail.

The Health Facilities Financing Law establishes a program and procedures for the authorization, sale and issuance of bond financing by the City for the purpose of making loans to health institutions to finance or refinance health facility expenditures.

Oroville Hospital, a nonprofit public benefit corporation duly organized under the laws of the State of California owns, maintains and operates a general acute care hospital within the City, and has agreed to terms for the issuance of hospital revenue bonds. The aggregate principal of bond financing will not exceed twenty-one million (\$21,000,000), which will be expended for the purpose of refunding the City's 1997 Series A Insured Hospital Bonds, to refinance leases, allow the Oroville Hospital to purchase equipment and software, and to expand its facilities.

The issuance of a new revenue bond will allow Oroville Hospital to refund their existing bonds, which will allow them to save a considerable amount of money. The Oroville Hospital is not taking on any new debt, and **the City is not taking on any additional risk or liability associated with the issuance of these bonds.**

The Hospital agrees to pay all costs involved in the issuance, the cost of preparation of any studies, reports or other documents necessary to be prepared by or for the City to comply with the California Environmental Quality Act, and all costs incurred by the City in connection with any legal action challenging the issuance or validity of the Bonds or use of the proceeds thereof.

FISCAL IMPACT

None. In addition, any of the City's administrative costs related to the issuance of bonds will be reimbursed in full.

RECOMMENDATION

1. Adopt Resolution No. 8688 – **A RESOLUTION OF THE OROVILLE CITY COUNCIL APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF ITS VARIABLE RATE DEMAND REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$21,000,000 FOR THE BENEFIT OF OROVILLE HOSPITAL AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO.**
2. Adopt Resolution No. 8689 – **A RESOLUTION OF THE OROVILLE CITY COUNCIL, REQUIRED BY SECTION 147(f) OF THE INTERNAL REVENUE CODE, APPROVING ISSUANCE BY THE CITY OF OROVILLE OF VARIABLE RATE DEMAND REVENUE BONDS (OROVILLE HOSPITAL), 2018 SERIES A, IN A AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$21,000,000.**

ATTACHMENTS

- A - Resolution No. 8688
- B - Resolution No. 8689
- C - Bond Purchase Agreement
- D - Loan Agreement
- E - Indenture of Trust
- F – TEFRA Notice of Public Hearing

CITY OF OROVILLE

RESOLUTION NO. 8688

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OROVILLE APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF ITS REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$21,000,000 FOR THE BENEFIT OF OROVILLE HOSPITAL AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO.

RESOLVED, by the City Council (the "Council") of the City of Oroville, California (the "City"), as follows:

WHEREAS, the City is a municipal corporation and charter city duly organized and existing under a freeholders' charter pursuant to which the City has the right and power to make and enforce all laws and regulations in respect to municipal affairs and certain other matters in accordance with and as more particularly provided in sections 3, 5 and 7 of article XI of the Constitution of the State of California and the charter of the City (the "Charter");

WHEREAS, the City Council of the City, acting under and pursuant to the powers reserved to the City under sections 3, 5 and 7 of article XI of the Constitution of the State of California and section 2 of article XXX of the Charter, has adopted the City of Oroville Health Facilities Financing Law (the "Law"), establishing a program and procedure for the authorization, sale and issuance of revenue bonds by the City for the purpose, *inter alia*, of providing financing or refinancing for health facilities;

WHEREAS, the City has heretofore assisted Oroville Hospital (the "Corporation") in the financing and refinancing of certain health facilities through the issuance of its bonds, most recently its Variable Rate Demand Hospital Revenue Bonds (Oroville Hospital), 2012 Series A, in the aggregate amount of \$15,000,000, of which \$10,310,000 is currently outstanding (the "2012 Bonds"), for the purpose of refunding certain prior bonds issued by the City for the benefit of the Corporation and financing certain improvements to the hospital facilities of the Corporation located at 2767 Olive Highway, Oroville, California (the "Hospital");

WHEREAS, Corporation has requested the financial assistance of the City in the financing and refinancing of improvements to the Hospital, including (a) the refunding of the 2012 Bonds, and (b) the expansion of the Hospital's dietary, pharmacy and surgical departments (the "2018 Project"), and, after due investigation and deliberation, the City has approved said request and authorized the Series 2018 Series A (the "2018 Bonds"), in the aggregate principal amount of not to exceed \$21,000,000 to provide such assistance to the Corporation in accordance with the Law and in order to refund the 2012 Bonds and finance the 2018 Project;

WHEREAS, pursuant to an indenture (the "Indenture"), between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), the City will issue the 2018 Bonds;

WHEREAS, pursuant to a loan agreement (the "Loan Agreement"), between the City and the Corporation, the City will loan the proceeds of the 2018 Bonds to the Corporation; and

WHEREAS, it is in the public interest and for the public benefit and the benefit of the Corporation that the City authorize and direct execution of certain financing documents in connection therewith;

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

Section 1. The Council hereby approves the issuance of the 2018 Bonds.

Section 2. The below-enumerated documents, in the forms on file with the City Clerk, are hereby approved and the Mayor or the City Administrator or the Finance Director is hereby authorized and directed to execute said agreements, with such changes, insertions and omissions as may be approved by any such official, after approval by legal counsel, and the City Clerk is hereby authorized and directed to attest to such official's signature:

(a) the Indenture; and

(b) the Loan Agreement; and

(c) a bond purchase agreement (the "Bond Purchase Agreement"), by and among the City, the Corporation and an institutional investor (the "Purchaser"), determined pursuant to a competitive process administered by and Wulff, Hansen & Co., as placement agent, so long as the aggregate principal amount of 2018 Bonds sold to the Purchaser under the Bond Purchase Agreement does not exceed \$21,000,000.

Section 3. The adoption of this Resolution shall not obligate the City or any department thereof to (a) provide any financing for the 2018 Project; (b) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary for the 2018 Project; or (c) make any contribution or advance any funds whatsoever to the Corporation.

Section 4. The Mayor, the City Administrator, the Finance Director and other appropriate officers of the City are hereby authorized and directed to prepare and execute such other documents and 2018 Bonds as may be necessary to effect the purposes of this resolution and the financing herein described.

Section 5. This resolution shall take effect immediately upon its adoption.

* * * * *

PASSED, APPROVED AND ADOPTED this 6th day of March, 2018.

Mayor of the City of Oroville

ATTEST:

City Clerk of the City of Oroville

CITY OF OROVILLE

RESOLUTION NO. 8689

RESOLUTION, REQUIRED BY THE SECTION 147(f) OF THE INTERNAL REVENUE CODE, APPROVING ISSUANCE BY THE CITY OF OROVILLE OF REVENUE BONDS FOR THE BENEFIT OF OROVILLE HOSPITAL IN A AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$21,000,000

RESOLVED, by the City Council (the "Council") of the City of Oroville, California (the "City"), as follows:

WHEREAS, the City is a municipal corporation and charter city duly organized and existing under a freeholders' charter pursuant to which the City has the right and power to make and enforce all laws and regulations in respect to municipal affairs and certain other matters in accordance with and as more particularly provided in sections 3, 5 and 7 of article XI of the Constitution of the State of California and the charter of the City (the "Charter");

WHEREAS, the City Council of the City, acting under and pursuant to the powers reserved to the City under sections 3, 5 and 7 of article XI of the Constitution of the State of California and section 2 of article XXX of the Charter, has adopted the City of Oroville Health Facilities Financing Law (the "Law"), establishing a program and procedure for the authorization, sale and issuance of revenue bonds by the City for the purpose, *inter alia*, of providing financing or refinancing for health facilities;

WHEREAS, the City has heretofore assisted Oroville Hospital (the "Corporation") in the financing and refinancing of certain health facilities through the issuance of its bonds, most recently its Variable Rate Demand Hospital Revenue Bonds (Oroville Hospital), 2012 Series A, in the aggregate amount of \$15,000,000, of which \$10,310,000 is currently outstanding (the "2012 Bonds"), for the purpose of refunding certain prior bonds issued by the City for the benefit of the Corporation and financing certain improvements to the hospital facilities of the Corporation located at 2767 Olive Highway, Oroville, California, and specifically (the "Hospital");

WHEREAS, Corporation has requested the financial assistance of the City in the financing and refinancing of improvements to the Hospital, including (a) the refunding of the 2012 Bonds, and (b) the expansion of the Hospital's dietary, pharmacy and surgical departments (the "2018 Project"), and, after due investigation and deliberation, the City has approved said request and authorized the issuance of its City of Oroville, California, Hospital Revenue Bonds (Oroville Hospital), Series 2018 (the "2018 Bonds"), in the aggregate principal amount of not to exceed \$21,000,000 to provide such assistance to the Corporation in accordance with the Law and in order to refund the 2012 Bonds and finance the 2018 Project;

WHEREAS, section 147(f) of the Internal Revenue Code of 1986, requires the Council, as the elected representative of the City, the host jurisdiction of such facilities, to approve the issuance of the 2018 Bonds after a public hearing following reasonable notice;

WHEREAS, a public hearing was held by the Council on Tuesday, March 6, 2018, at the hour of 7:00 P.M., in the City Council Chambers, at 1735 Montgomery Street, Oroville, California, following duly published notice thereof, and all persons desiring to be heard have been heard; and

WHEREAS, it is in the public interest and for the public benefit that the Council, as the elected representative of the City, the host jurisdiction of such facilities, approve the issuance of the 2018 Bonds;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Oroville, as follows:

Section 1. The City Council of the City of Oroville, California, hereby finds, determines and declares that issuance by the City of the 2018 Bonds, in the maximum principal amount of \$21,000,000, for the purposes described above, is hereby approved.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby.

Section 4. This Resolution shall take effect immediately upon its adoption.

* * * * *

PASSED, APPROVED AND ADOPTED this 6th day of March, 2018.

Mayor of the City of Oroville

ATTEST:

City Clerk of the City of Oroville

§ _____
CITY OF OROVILLE
Hospital Revenue Bonds
(Oroville Hospital), Series 2018

BOND PURCHASE AGREEMENT

April 9, 2018

City of Oroville
1735 Montgomery Street
Oroville, California 95965

Oroville Hospital
2767 Olive Highway
Oroville, CA 95966-6185

Ladies and Gentlemen:

The undersigned, of _____, as purchaser (including its successors and assigns, the "Purchaser"), offers to enter into this Bond Purchase Agreement (this Bond Purchase Agreement, as amended and supplemented from time to time, being herein called the "Bond Purchase Agreement") with the City of Oroville (including its successors and assigns, the "City") and Oroville Hospital (including its successors and assigns, the "Corporation"), a California nonprofit public benefit corporation (the "Corporation"), which, upon acceptance, will be binding upon the City, the Corporation and the Purchaser. This offer is made subject to the Corporation's and the City's acceptance on or before 11:59 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Purchaser upon written notice delivered to the City and the Corporation at any time prior to such acceptance.

The City, the Corporation and the Purchaser acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length, commercial transaction between the City and the Purchaser, and approved by the Corporation, in which the Purchaser is acting solely as a principal and is not acting as an agent, advisor or fiduciary of the City or the Corporation, (ii) the Purchaser has not assumed any advisory or fiduciary responsibility to the City or the Corporation with respect to the transactions contemplated in this Bond Purchase Agreement and the discussions leading thereto (irrespective of whether the Purchaser, or any affiliate of the Purchaser, has provided other services or is currently providing other services to the City or the Corporation on other matters), (iii) the only contractual obligations the Purchaser has to the City or the Corporation with respect to the transactions contemplated hereby are those set forth in this Bond Purchase Agreement, (iv) the Purchaser has financial and other interests that differ from those of the City and the Corporation and (v) the City and the Corporation has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and covenants set forth herein, the Purchaser hereby agrees to purchase, and the City hereby agrees to sell to the Purchaser, \$_____ aggregate principal amount of City of Oroville Hospital Revenue Bonds (Oroville Hospital), Series 2018 (the "Bonds"), dated as of their date of delivery, bearing interest at the rate of _____%, maturing on April 1, 2036, and subject to redemption, as set forth in Exhibit A attached hereto and incorporated herein by this reference.

The purchase price for the Bonds shall be \$_____, representing the par amount of the Bonds, and shall be paid on the Closing Date (as defined herein).

The Bonds are being issued to (a) refund the outstanding City of Oroville Variable Rate Demand Hospital Revenue Bonds (Oroville Hospital), 2012 Series A (the "Refunded Bonds"), issued to refund certain bonds issued in 1997 to finance the acquisition and construction of certain improvements to the Corporation's hospital facilities located at 2767 Olive Highway, Oroville, California (the "Hospital"), and finance the acquisition and construction of improvements to the Hospital, (b) finance the acquisition and construction of certain additional improvements to Hospital, and (c) pay the cost of issuance of the Bonds.

(b) The Bonds shall be substantially in the form described in, shall be executed, delivered and secured under the provisions of, and shall be payable as provided in, that certain Indenture, dated as of May 1, 2018 (as amended and supplemented from time to time, the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The obligation of the City to make payments of principal (or redemption price) of and interest on the Bonds is limited exclusively to revenues, payments and moneys and other assets received by the Trustee on behalf of the City pursuant to that certain Loan Agreement, dated as of May 1, 2018 (as amended and supplemented from time to time, the "Loan Agreement") between the City and the Corporation.

(c) Pursuant to a Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, dated as of May 1, 2018 (as amended and supplemented from time to time the "Deed of Trust"), the Corporation will grant Stewart Title Guaranty Company as trustee under the Deed of Trust (the "Deed of Trust Trustee"), a first lien on, and security interest in, the Pledged Property (as defined in the Indenture), subject to Permitted Encumbrances (as defined in the Indenture), as security for, among other things, the Loan Payments (as defined in the Loan Agreement) required to be made by the Corporation pursuant to the Loan Agreement. The Bonds will be further secured by an assignment to the Trustee, on behalf of the Purchaser as Owner of the Bonds thereof, of the right, title and interest of the City in the Loan Agreement to the Trustee to the extent and as more particularly described in the Indenture. All capitalized terms used herein and not otherwise defined shall have the meaning specified in the Indenture or the Loan Agreement.

(d) At 8:00 A.M., California time, on May 1, 2018, or at such earlier or later time or date as shall be agreed by the City, the Purchaser and the Corporation (such time and date being herein referred to as the "Closing Date"), the Trustee will deliver to the Purchaser, the Bonds in the form of a separate single fully registered Bond (which may be typewritten) duly executed by the City and authenticated by the Trustee, and in Larkspur, California, the other documents herein mentioned; and the Purchaser will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a) of this Section 1 by wire transfer of immediately available funds to the Trustee (such delivery and payment being herein referred to as the "Closing").

2. Private Placement. The Purchaser represents and warrants to the City and the Corporation that:

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

(b) The Purchaser is acquiring the Bonds for its own account and not with a present intent to, or for sale in connection with, any distribution of the Bonds or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of the Bonds; *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the Bonds in accordance with the Indenture. The Purchaser is not acting in a broker-dealer capacity in connection with its purchase of the Bonds. The Purchaser intends to book and hold the Bonds as a loan in its loan portfolio and, therefore, the Purchaser, as a condition to purchasing the Bonds, has required that Section 2.02(c) be added to the Indenture.

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

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

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

(f) The Purchaser acknowledges that the Bonds are transferable with certain requirements, as described in the Indenture.

(g) The Purchaser has been informed that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Corporation has not undertaken to provide any continuing disclosure with respect to the Bonds; *provided, however*, that the Corporation has agreed and will agree to provide certain ongoing information directly to the Purchaser as set forth in the Indenture and in the Loan Agreement.

(h) The Purchaser is an Approved Buyer, as defined in the Indenture. The Bonds have been privately proposed to the Purchaser without the use of general solicitation or advertising.

3. Representations and Agreements of the City. The City represents to and agrees with the Purchaser and the Corporation that:

(a) The City is duly organized and existing under its charter and the laws of the State of California and has full power and authority to adopt its Resolution No. _____ (the "Resolution"), and to enter into and to perform its obligations under the Indenture, the Loan Agreement and this Bond Purchase Agreement (collectively, the "City Documents"). The City has taken all necessary action and has complied with all provisions of the Act required to make the City Documents, when executed and delivered by the respective parties thereto, the legal, valid and binding obligations of the City enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights generally or affecting remedies against agencies such as the City, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases;

(b) By official action of the City prior to or concurrently with the acceptance hereof, the City has authorized and approved the execution and delivery of the City Documents and the consummation by the City of the transactions contemplated thereby;

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the City seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the City taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the City Documents or the existence or powers of the City relating to the sale of the Bonds;

(d) The execution and delivery by the City of the City Documents and compliance with the provisions on the City's part contained therein will not conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the City under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the City Documents;

(e) The execution and delivery of this Bond Purchase Agreement by the City shall constitute a representation by the City to the Purchaser that the representations and agreements contained in this Section 2 are true as of the date hereof; *provided, however*, that as to information furnished by the Corporation, the City is relying solely on such information in making the City's representations and agreements, and as to all matters of law the City is relying on the advice of bond counsel or other counsel to the City; and provided further, that no member, officer, agent or employee of the governing body of the City shall be individually liable for the breach of any representation, warranty or agreement contained herein.

4. Representations and Agreements of the Corporation. The Corporation represents to and agrees with the Purchaser and the City that:

(a) The Corporation is a nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State of California, has full legal right, power and authority to enter into the Loan Agreement and the Deed of Trust, to agree to and accept this Bond Purchase Agreement (all such documents being collectively referred to herein as the

“Corporation Documents”) and to carry out and consummate all transactions contemplated by the Corporation Documents and by proper corporate action has duly authorized the execution and delivery of the Corporation Documents.

(b) The officer(s) of the Corporation executing the Loan Agreement and the Deed of Trust and accepting and agreeing to this Bond Purchase Agreement is duly and properly authorized to execute the same on behalf of the Corporation.

(c) This Bond Purchase Agreement has been duly accepted and agreed to by the Corporation and this Bond Purchase Agreement constitute or will constitute, as applicable, and at Closing, the Loan Agreement and the Deed of Trust will, to the extent of the Corporation’s knowledge, constitute the legal, valid and binding agreements of the Corporation enforceable against the Corporation in accordance with their respective terms (assuming due execution and delivery by the other parties thereto, as applicable); except as enforcement of each of the above-named documents may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors’ rights generally, including without limitation, self-help remedies and applicable foreclosure procedures, and by the application of equitable principles and judicial discretion, and except as the enforcement of the indemnification provisions contained herein and therein may be limited by applicable securities laws or held to be against public policy.

(d) Other than as previously disclosed to the Purchaser in writing with respect to the bond insurer of the Refunded Bonds, the Corporation is not in any material way in breach of or default under any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Corporation is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument, which default would materially adversely affect the financial position or operations of the Corporation taken as a whole.

(e) The approval of this Bond Purchase Agreement, and at the Closing, the execution and delivery of the Loan Agreement and the Deed of Trust, and the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Corporation, any of its respective bylaws or any applicable law or administrative rule or regulation, or, to the knowledge of the Corporation, any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which any of them or any of its their properties are is otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance that would materially and adversely affect the consummation of the transactions contemplated by this Bond Purchase Agreement, the Loan Agreement, the Deed of Trust or the Indenture or would materially adversely affect the financial condition, assets, properties or operations of the Corporation.

(f) No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except in connection with Blue Sky proceedings, as to which no representation is made) is necessary in connection with the execution and delivery of the Loan Agreement, the Deed of Trust, the approval of this Bond Purchase Agreement; or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect (or, in the case of the Loan

Agreement, the Deed of Trust and the Indenture), will be in full force and effect at the Closing).

(g) There is no action, suit, proceeding, inquiry or investigation before or by any court of federal, state, municipal or other government authority pending or, to the knowledge of the Corporation, threatened against or affecting any of its assets, properties or operations, including, but not limited to, the Facilities, which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Bond Purchase Agreement, the Loan Agreement or the Deed of Trust or would have a material and adverse effect upon the financial condition, assets, properties or operations of the Corporation and the Corporation is not in breach of or default with respect to (a) any applicable law or administrative regulation of the State of California or the United States of America or (b) any applicable judgment, order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default would materially and adversely affect the consummation of the transactions contemplated by the Loan Agreement, the Deed of Trust or the Indenture or the financial condition, assets, properties or operations of the Corporation.

(h) The Corporation is an organization described in Section 501(c)(3) of the Internal Revenue of 1986, as amended (the "Code"), is not a private foundation as described in Section 509(a) of the Code, or corresponding provisions of prior law, and is exempt from federal income taxes under Section 501(a) of the Code, except for unrelated business income subject to taxation under Section 511 of the Code.

(i) The Corporation is a corporation organized and operated exclusively for charitable purposes, not for pecuniary profit, no part of the net earnings of which inures to the benefit of any private share-holder or individual.

(j) The Corporation has all necessary corporate power and authority to conduct all business now being conducted by it.

(k) The Corporation has good and marketable title to the Facilities free and clear from all encumbrances, other than Permitted Encumbrances.

(l) The Corporation is solvent, and since _____, 2017, the Corporation has not incurred any material liability, direct or contingent, except in the ordinary course of business, nor has there been any material adverse change in the financial position, results of operation or condition, financial or otherwise, of the Corporation since _____, 2017, whether or not arising from transactions in the ordinary course of business.

(m) Between the date hereof and the Closing Date, the Corporation will not, without the prior written consent of the Purchaser, incur any material liabilities, direct or contingent, other than in the ordinary course of business.

(n) The Corporation shall pay the reasonable expenses described in Section 7 of this Bond Purchase Agreement

(o) The proceeds of the Bonds will not be used by an "exempt person" in an "unrelated trade or business" within the meaning of Section 513(a) of the Code, in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of interest with respect to any of the Bonds under Section 103 of said Code.

(p) The Corporation has such permits, licenses, franchises, certificates and other approvals or authorizations of governmental or regulatory authorities as are necessary under

applicable law to own the Facilities and to conduct its business (including without limitation such permits as are required under such federal, state and other health care laws, and under licensure laws and such insurance laws and regulations, as are applicable thereto), and with respect to those Facilities and other businesses that participate in Medicare and/or Medi-Cal, to receive reimbursement under Medicare and Medi-Cal.

(q) The representations, warranties and covenants of the Corporation contained in the other Corporation Documents to which the Corporation is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference herein as if each and every such representation, warranty, covenant and definition were set forth herein in its entirety, and the representations and warranties made by the Corporation in such Sections are hereby made for the benefit of the Purchaser. No amendment to or waiver of such representations and warranties or covenants or definitions made pursuant to the relevant Corporation Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Purchaser.

(r) The Corporation is not (a) an "investment company" or a Person "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940 nor (b) a "holding company" as defined in, or subject to regulation under the Public Utility Holding Company Act of 1935.

(s) There is no amendment, or to the knowledge of the Corporation, proposed amendment to the Constitution of the State of California or any State of California law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which will materially adversely affect the issuance of the Bonds, the security for the Bonds, the creation, organization, or existence of the Corporation or the titles to office of any officers executing any Corporation Document or the Corporation's ability to repay the Bonds.

(t) The Corporation has no subsidiaries or affiliates.

(u) Neither the Corporation's business nor any Facility is currently affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which would have a material adverse effect.

(v) The Corporation is in compliance in all material respects with all federal, state and local laws, regulations, quality and safety standards, accreditation standards and requirements of all federal, state or local governmental authorities including, without limitation, Medicare and Medi-Cal laws and regulations and those relating to the quality and adequacy of medical care, distribution of pharmaceuticals, rate setting, equipment, personnel, operating policies, additions to facilities and services and fee splitting. Without limiting the generality of any other representation or warranty made herein, the Corporation and each of the Facilities and, to any to the best of its knowledge, its licensed employees and contractors (other than contracted agencies) in the exercise of their respective duties on behalf of the Corporation or and each of the Facilities, is in compliance in all material respects with all applicable statutes, laws, ordinances, rules and regulations of any federal, state or local governmental authority with respect to regulatory matters primarily relating to patient healthcare (including without limitation Section 1128B(b) of the Social Security Act, as amended, 42 U.S.C. Section 1320a 7(b) (Criminal Penalties Involving Medicare or State Health Care Programs), commonly referred to as the "Federal Anti Kickback Statute," and the Social Security Act, as amended, Section 1877, 42 U.S.C. Section 1395 (Prohibition Against Certain

Referrals), commonly referred to as the "Stark Statute" (collectively, "Healthcare Laws")). The Corporation has maintained in all material respects all records required to be maintained by The Joint Commission, the Food and Drug Administration, Drug Enforcement Agency and State Boards of Pharmacy and the federal and state Medicare and Medi-Cal programs as required by the Healthcare Laws and, to the knowledge of the Corporation, there are no presently existing circumstances which would result or likely would result in material violations of the Healthcare Laws. To the knowledge of the Corporation, there currently exist no material restrictions, deficiencies, required plans of correction actions or other such remedial measures with respect to federal and state Medicare and Medi-Cal certifications or licensure surveys. Each Facility is in compliance in all material respects with all requirements for participation in Medicare and Medi-Cal, including, without limitation, the Medicare and Medicaid Patient Protection Act of 1987; each Facility is in conformance in all material respects in with all insurance, reimbursement and cost reporting requirements, and has a current provider agreement which is in full force and effect under Medicare and Medi-Cal, to the extent that the failure to comply would not result in a material adverse effect on the Corporation.

(w) The Indenture creates an irrevocable first lien on amounts pledged under Section 5.01 of the Indenture.

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

(a) At the Closing Date, the Indenture, the Loan Agreement and the Deed of Trust shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Purchaser, with only such changes as shall have been agreed to in writing by the Purchaser and said agreements shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Purchaser and there shall have been taken in connection therewith, with the execution and delivery of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as, in the opinion of Quint & Thimmig LLP, bond counsel ("Bond Counsel"), shall be necessary and appropriate;

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

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

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

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

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

(v) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that (A) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or (B) the execution and delivery of obligations of the general character of the Bonds, or the execution and delivery of the Bonds, including any or all underlying obligations, as contemplated hereby, is or would be in violation of the federal securities laws as amended and then in effect; or

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

(c) At or prior to the Closing Date, the Purchaser shall have received the following documents, in each case satisfactory in form and substance to the Purchaser and its counsel
-----:

(i) The Indenture, the Loan Agreement and the Deed of Trust duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to in writing by the Purchaser;

(ii) An approving opinion, dated the Closing Date and addressed to the City, of Bond Counsel, together with a reliance letter addressed to the Purchaser and a supplemental opinion, dated the Closing Date and addressed to the City and the Purchaser, to the effect that:

(A) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(B) this Bond Purchase Agreement has been duly executed and delivered by the City and, assuming due authorization, execution and delivery by and

validity against the Purchaser and the Corporation, is valid and binding upon the City, subject to bankruptcy, insolvency, moratorium and other laws affecting the enforcement of creditors' rights generally, and to the application of such principles of equity as the court having jurisdiction may impose, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(iii) An opinion of the City Attorney, addressed to the City and the Purchaser, in substantially in the form attached hereto as Exhibit D.

(iv) An opinion, dated the Closing Date and addressed to the City and to the Purchaser, of the Wilson Law Group, as counsel to the Corporation, in substantially the form attached hereto as Exhibit C;

(v) A certificate, dated the Closing Date and signed by an authorized official of the City, to the effect that:

(A) the City has fulfilled or performed each of its obligations contained in the Indenture, the Loan Agreement and this Bond Purchase Agreement required to be fulfilled or performed by it as of the Closing Date and

(B) the representations and agreements made by the City in the Bond Purchase Agreement are true and correct in all material respects on the Closing Date, with the same effect as to the facts as of the Closing Date.

(vi) A certificate of the Chief Executive Officer of the Corporation, or such other officer as is acceptable to the Purchaser, dated the Closing Date, to the effect that:

(A) no litigation is pending or, to the knowledge of such officer, threatened (1) to restrain or enjoin the execution or delivery of any of the Bonds or the collection of Revenues pledged under the Indenture or the payment of Loan Payments, (2) in any way contesting or affecting the authority for the execution and delivery of the Bonds by the Trustee or the validity of the Bonds, the Indenture, the Loan Agreement, the Deed of Trust or this Bond Purchase Agreement, or (3) in any way contesting the corporate existence or powers of the Corporation in connection with the transactions contemplated by the Bond Purchase Agreement;

(B) no proceedings are pending or, to the knowledge of such officer, threatened in any way contesting or affecting the Corporation's status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), or which would subject any income of the Corporation (other than unrelated business income pursuant to Section 511 of the Code) to federal income taxation;

(C) the representations and warranties made by the Corporation in the Loan Agreement and herein are true and correct as of the date hereof; and

(D) all resolutions necessary in connection with the transactions contemplated by this Bond Purchase Agreement, the Indenture, the Loan Agreement and the Deed of Trust have been adopted, have not been amended, modified or rescinded, and are effective as of the Closing Date;

(vii) A certified copy of the resolution of the City authorizing the execution and delivery of the Bonds, the Indenture, the Loan Agreement and this Bond Purchase Agreement;

(viii) Certified copies of the articles of incorporation and good standing certificate of recent date, each certified by the Secretary of State of the State of California, for the Corporation;

(ix) A good standing certificate of recent date for the Corporation certified by the Franchise Tax Board of the State of California;

(x) Evidence that the Corporation is an organization described in Section 501(c)(3) of the Code and is exempt from California income tax;

(xi) Certified copies of the Corporation's bylaws and resolutions of its board of directors authorizing the execution and delivery of the Indenture, the Loan Agreement, the Deed of Trust and this Bond Purchase Agreement;

(xii) A tax certificate in form satisfactory to Bond Counsel and the Purchaser;

(xiii) An opinion of counsel to the Trustee, addressed to the City, in form and substance acceptable to Bond Counsel and to the Purchaser;

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

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

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

(C) The Bonds have been duly authenticated and delivered by the Trustee;

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

(E) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, served upon or, to the best of the Trustee's knowledge, threatened against the Trustee, affecting the existence of the Trustee, or the entitlement of its officers to their respective offices or seeking to prohibit, restrain or enjoin the execution and delivery of the Bonds or the collection of revenues pledged or to be pledged to pay the principal, redemption premium, if any, and interest represented by the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture or the Bonds; or contesting the power or authority

of the Trustee to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture or the Bonds;

(xv) Copies of such permits or licenses as are requested by the Purchaser or the City and which the Corporation is required to have in order to operate its Facilities;

(xvi) A policy of title insurance in form and substance reasonably acceptable to the Purchaser and to Bond Counsel;

(xvii) Certificates of insurance as required by the Purchaser;

(xviii) A copy of the completed Form 8038 of the Internal Revenue Service, executed by the City; and

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

If the Trustee, the City or the Corporation shall be unable to satisfy the conditions to the Purchaser' obligations contained in this Bond Purchase Agreement or if the Purchaser' obligations shall be terminated for any reason permitted herein, this Bond Purchase Agreement shall terminate and neither the Purchaser, the Trustee, the City, nor the Corporation, shall have any further obligation hereunder except as provided in Section hereof.

6. Conditions to the Obligations of the City. The obligations of the City under the Indenture to prepare, execute and deliver the Bonds on the Closing Date shall be subject to the performance by the Purchaser and the Corporation of their respective obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) The Indenture, the Loan Agreement, the Deed of Trust and this Bond Purchase Agreement, respectively, shall have been executed by the respective parties thereto;

(b) No order, decree, injunction, ruling or regulation of any court, regulatory agency, public board or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly, of prohibiting the offering, sale or execution and delivery of the Bonds as contemplated hereby;

(c) The documents contemplated by Sections 4(c)[(i), (ii), (iv), (xi), (xii), (xiv), (xvi) and (xxii) shall have been delivered substantially in the forms set forth herein to the City in form and substance satisfactory to Bond Counsel and counsel to the City.

7. Expenses. All reasonable expenses and costs of the City (and its counsel) incident to the performance of its obligations in connection with the authorization and sale of the Bonds to the Purchaser, fees and expenses of consultants, California Debt Investment and Advisory Commission fees, reasonable fees and expenses of Bond Counsel, reasonable fees and expenses of counsel to the Purchaser, and reasonable fees and expenses of counsel for the Corporation, and all fees and expenses of the Trustee and the City (and its counsel) shall be paid by the Corporation. All fees and expenses to be paid by the Corporation pursuant to this Bond Purchase Agreement may be paid from Bond proceeds to the extent permitted by the

Indenture. All out-of-pocket expenses of the Purchaser, including travel and other expenses shall be paid by the Purchaser, except as otherwise agreed between the Purchaser and the Corporation.

8. Limitation of Liability of City. The City shall not be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damages, claims or actions of any conceivable kind under any conceivable theory under this Bond Purchase Agreement or any document or instrument referred to herein or by reason of or in connection with this Bond Purchase Agreement or other document or instrument except to the extent it receives amounts from the Corporation available for such purpose.

9. Notices. Any notice or other communication to be given under this Bond Purchase Agreement may be given by delivering the same in writing to (a) the City at the City's address, set forth above, (b) the Corporation at the Corporation's address, set forth above and (c) the Purchaser, _____, Attention: _____. The approval of the Purchaser when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by the Purchaser and delivered to you.

10. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts (including counterparts represented by facsimile copies and/or containing facsimile signatures) and each of such counterparts shall for all purposes be deemed an original, and all shall constitute but one and the same instrument.

11. Parties; Governing Law; Venue. This Bond Purchase Agreement is made solely for the benefit of the City, the Corporation and the Purchaser (including the successors or assigns of any of the Purchaser) and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. This Bond Purchase Agreement shall be governed by the laws of the State of California and any action arising out of this Bond Purchase Agreement shall be filed and maintained in Butte County, unless the City expressly waives this requirement.

By _____, *as Purchaser*

By _____
Authorized Signatory

Accepted and Agreed to:

CITY OF OROVILLE

By _____
Authorized Signatory

Approved:

OROVILLE HOSPITAL

By _____
Authorized Signatory

Signature Page to Bond Purchase Agreement -
City of Oroville
Hospital Revenue Bonds
(Oroville Hospital)
Series 2018

LIST OF EXHIBITS TO BOND PURCHASE AGREEMENT

Exhibit A	Redemption Provisions with respect to the Bonds
Exhibit B	Form of Opinion of Counsel to the Corporation
Exhibit C	Form of Opinion of Counsel to the City

EXHIBIT A

REDEMPTION PROVISIONS WITH RESPECT TO THE BONDS

Optional Redemption. Except as described below, the Bonds are not subject to optional redemption prior to April 1, _____. The Bonds are subject to optional redemption prior to their stated maturity, on or after April 1, _____, at the option of the City (which option shall be exercised as directed by the Corporation), in whole or in part by lot on any date, upon at least forty-five (45) days prior written notice to the Trustee from the Corporation, from any source of available moneys, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Bonds are subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Sinking on the first day of each month, commencing June 1, 2018, to and including April 1, 2036, in the following principal amounts together with interest accrued thereon to the date fixed for redemption, without premium:

Redemption Date	Mandatory Sinking Fund Payment	Redemption Date	Mandatory Sinking Fund Payment	Redemption Date	Mandatory Sinking Fund Payment	Redemption Date	Mandatory Sinking Fund Payment
6/1/18		12/1/22		5/1/27		11/1/31	
7/1/18		1/1/23		6/1/27		12/1/31	
8/1/18		2/1/23		7/1/27		1/1/32	
9/1/18		3/1/23		8/1/27		2/1/32	
10/1/18		4/1/23		9/1/27		3/1/32	
11/1/18		5/1/23		10/1/27		4/1/32	
12/1/18		6/1/23		11/1/27		5/1/32	
1/1/19		7/1/23		12/1/27		6/1/32	
2/1/19		8/1/23		1/1/28		7/1/32	
3/1/19		9/1/23		2/1/28		8/1/32	
4/1/19		10/1/23		3/1/28		9/1/32	
5/1/19		11/1/23		4/1/28		10/1/32	
6/1/19		12/1/23		5/1/28		11/1/32	
7/1/19		1/1/24		6/1/28		12/1/32	
8/1/19		2/1/24		7/1/28		1/1/33	
9/1/19		3/1/24		8/1/28		2/1/33	
10/1/19		4/1/24		9/1/28		3/1/33	
11/1/19		5/1/24		10/1/28		4/1/33	
12/1/19		6/1/24		11/1/28		5/1/33	
1/1/20		7/1/24		12/1/28		6/1/33	
2/1/20		8/1/24		1/1/29		7/1/33	
3/1/20		9/1/24		2/1/29		8/1/33	
4/1/20		10/1/24		3/1/29		9/1/33	
5/1/20		11/1/24		4/1/29		10/1/33	
6/1/20		12/1/24		5/1/29		11/1/33	
7/1/20		1/1/25		6/1/29		12/1/33	
8/1/20		2/1/25		7/1/29		1/1/34	
9/1/20		3/1/25		8/1/29		2/1/34	
10/1/20		4/1/25		9/1/29		3/1/34	
11/1/20		5/1/25		10/1/29		4/1/34	
12/1/20		6/1/25		11/1/29		5/1/34	
1/1/21		7/1/25		12/1/29		6/1/34	
2/1/21		8/1/25		1/1/30		7/1/34	
3/1/21		9/1/25		2/1/30		8/1/34	
4/1/21		10/1/25		3/1/30		9/1/34	
5/1/21		11/1/25		4/1/30		10/1/34	
6/1/21		12/1/25		5/1/30		11/1/34	
7/1/21		1/1/26		6/1/30		12/1/34	
8/1/21		2/1/26		7/1/30		1/1/35	
9/1/21		3/1/26		8/1/30		2/1/35	
10/1/21		4/1/26		9/1/30		3/1/35	
11/1/21		5/1/26		10/1/30		4/1/35	
12/1/21		6/1/26		11/1/30		5/1/35	
1/1/22		7/1/26		12/1/30		6/1/35	
2/1/22		8/1/26		1/1/31		7/1/35	
3/1/22		9/1/26		2/1/31		8/1/35	
4/1/22		10/1/26		3/1/31		9/1/35	
5/1/22		11/1/26		4/1/31		10/1/35	
6/1/22		12/1/26		5/1/31		11/1/35	
7/1/22		1/1/27		6/1/31		12/1/35	
8/1/22		2/1/27		7/1/31		1/1/36	
9/1/22		3/1/27		8/1/31		2/1/36	
10/1/22		4/1/27		9/1/31		3/1/36	
11/1/22				10/1/31		4/1/36	

EXHIBIT B

FORM OF OPINION OF CORPORATION COUNSEL

[Closing Date]

City of Oroville
1735 Montgomery Street
Oroville, California 95965

Oroville Hospital
2767 Olive Highway
Oroville, CA 95966-6185

Re: \$_____ City of Oroville Hospital Revenue Bonds (Oroville Hospital) Series 2018

Ladies and Gentlemen:

I have acted as special counsel to Oroville Hospital (the "Corporation"), a California nonprofit public benefit corporation, in connection with the issuance and delivery by City of Oroville (the "City") of its \$_____ Hospital Revenue Bonds (Oroville Hospital) Series 2018 (the "Bonds"). The Bonds are being sold pursuant to the Bond Purchase Agreement, dated April __, 2018 (the "Bond Purchase Agreement"), by and among the City, _____ (the "Purchaser") and the Corporation. Capitalized terms used herein, unless otherwise defined, shall have the meanings set forth in the Bond Purchase Agreement.

In connection with this opinion, I have assumed the authenticity of all records, documents, and instruments submitted to us as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all records, documents, and instruments submitted to us as copies. I also have assumed that there are no facts or circumstances relating to any other parties that might prevent the other parties from enforcing any of the rights to which our opinion relates (for example, lack of due incorporation, regulatory prohibitions, or failure to qualify to do business in the State of California). I have based our opinion upon our review of the following records, documents and instruments:

- (a) An executed counterpart of the Bond Purchase Agreement.
- (b) An executed counterpart of the Indenture.
- (c) An executed counterpart of the Loan Agreement.
- (d) An executed counterpart of the Deed of Trust.
- (e) The UCC-1 Financing Statement.
- (f) Executed counterparts of the various closing certificates of the Corporation, including the Corporation's Officer's Certificate, delivered at Closing.

(g) The Articles of Incorporation and the Bylaws of the Corporation, each as amended to date, and certified by the Secretary of the State of California and by an officer of the Corporation, respectively.

(h) Resolution adopted by the City authorizing the execution and delivery of the Bonds.

(i) Resolutions (the "Corporation's Resolutions") relating to the transactions herein referred to, adopted by the Board of Directors of the Corporation.

(j) Letter from the Internal Revenue Service (the "IRS"), dated _____, confirming that the Corporation is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), as an organization described in Code Section 501(c)(3), and determining that the Corporation is not a private foundation within the meaning of Code Section 509(a).

The documents and instruments listed in items (a) through (e) above are collectively referred to herein as the "Transaction Documents."

Where our opinion relates to our "knowledge," such knowledge is based upon our examination of the records, documents, instruments, and certificates enumerated or described above and the actual knowledge of attorneys in this firm who are currently involved in substantive legal representation of the Corporation. With your consent, I have not examined any records of any court, administrative tribunal or other similar entity in connection with our opinion expressed in paragraphs 5 and 7 below. Except as described herein, I have undertaken no investigation or verification of such matters and any limited inquiry undertaken by us during the preparation of this opinion letter should not be regarded as such an investigation.

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

1. The Corporation (a) is a nonprofit public benefit corporation duly incorporated and validly existing under the laws of the State of California, (b) has all requisite corporate power and authority to conduct the business that is now being conducted by it and as contemplated by the Transaction Documents, and (c) has all requisite corporate authority to execute and deliver the other Transaction Documents, and to carry out and consummate all transactions contemplated therein.

2. The Corporation's Resolutions authorizing the Transaction Documents were duly adopted at meetings of the Corporation's Board of Directors with all notice required by law and under its bylaws at each such meeting a quorum was present and continuous throughout and have not been amended or rescinded.

3. The Transaction Documents have each been duly authorized by all necessary corporate action and duly executed and delivered on behalf of the Corporation, and, assuming due authorization, execution and delivery by the other parties thereto, the Transaction Documents will constitute the valid and binding agreements of the Corporation enforceable against the Corporation in accordance with their respective terms.

4. Neither (a) the execution and delivery by the Corporation of the Transaction Documents, nor (b) the consummation of the transactions therein contemplated and the fulfillment of or compliance by the Corporation with the terms and conditions thereof, will in any material respect (i) conflict with or constitute a violation or breach of or a default (with the

giving of notice or the passage of time or both) under the Articles of Incorporation or Bylaws of the Corporation, or, to our knowledge, any applicable corporate law or administrative rule or regulation (except for state or federal blue sky or securities laws, as to which I express no opinion), or, to our knowledge, any applicable court or administrative decree or order or any material contract, agreement or instrument to which any Corporation is a party or by which it or its properties are otherwise subject or bound and of which I am aware, or (ii) to our knowledge, result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation, except for the liens created under the Transaction Documents, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Transaction Documents.

5. To our knowledge, no consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery by the Corporation of the other Transaction Documents, or the consummation by the Corporation of any transaction therein contemplated, except as have been obtained or made and as are in force and effect. I express no opinion as to any approvals, obligations or consents as may be required under any state or federal blue sky or securities laws.

6. To our knowledge, (a) there is no action, suit, proceeding, inquiry or investigation pending before or threatened by any court or federal, state, municipal or other governmental authority against the Corporation or the assets, properties or operations of such entity, which, if determined adversely to its interests, would have a material and adverse effect upon (i) the consummation of the transactions contemplated by, or the validity of, the Transaction Documents, (ii) the consummation of the transactions contemplated by the Bonds, (iii) the financial condition, assets, properties or operations of the Corporation, or (iv) the security for payment of the Bonds, and (b) the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Transaction Documents.

7. The Corporation has been determined by the Internal Revenue Service to be an organization described in section 501(c)(3) of the Code and as such is exempt from federal income taxation under section 501(a) of the Code, with the exception of taxation of any income deemed to be unrelated business taxable income subject to taxation under Section 511 of the Code. The Corporation has received a letter from the Internal Revenue Service confirming that it is an organization described in Section 501(c)(3) of the Code, which letter, to our knowledge, has not been modified, limited, or revoked.

8. Pursuant to the Loan Agreement, the Corporation has granted a security interest in the Gross Revenues (as defined in the Indenture) to secure payment of the Loan Payments (as defined in the Indenture) and entered into a UCC-1 Financing Statement related to the Gross Revenues.

9. The Deed of Trust is in the proper form for recording in the real estate records of the Kern County, California, Assessor-Recorder, the only office in which it is required to be recorded. Upon recording, the Deed of Trust will create a valid lien on the real property as described therein as security for the payment of Obligations of the Corporation as defined therein.

10. The loan evidenced and secured by the Transaction Documents is not usurious under the laws of the State of California.

11. The Resolution of the Corporation authorizing the Transaction Documents was duly adopted at a meeting of the Corporation's Board of Trustees with all notice required by law and under its bylaws at which a quorum was present and continuous throughout.

12. The notice of an event of default, dated February 17, 2018, from ACA Financial Guaranty Corporation, relating to the Refunded Bonds, will not impact the Corporation's ability to refinance the Refunded Bonds or to comply with all covenants and conditions of, and make debt service payments on, the Bonds.

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

In connection with this opinion, I advise you that:

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

B. The enforceability of the Transaction Documents is further subject to the effect of general principles of equity. These principles include, without limitation, concepts of commercial reasonableness, materiality, good faith and fair dealing. These principles require the parties to act reasonably, in good faith and in a manner that is not arbitrary or capricious in the administration and enforcement of the Transaction Documents and will preclude them from invoking penalties for defaults that bear no reasonable relation to the damage suffered or that would otherwise work a forfeiture.

C. The enforceability of any Transaction Documents is also subject to the effects of (i) Section 1301 of the California Uniform Commercial Code (the "UCC"), which provides that obligations of good faith, diligence, reasonableness and care prescribed by the UCC may not be disclaimed by agreement, although the parties may by agreement determine the standards by which the performance of such obligations is to be measured if those standards are not manifestly unreasonable, (ii) Section 1304 of the UCC, which imposes an obligation of good faith in the performance or enforcement of a contract and (iii) California Civil Code Section 1670.5, which provides that a court may refuse to enforce, or may limit the enforcement of, a contract or any clause of a contract that a court finds as a matter of law to have been unconscionable at the time it was made.

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

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

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

G. Any security interest granted by the Corporation under the UCC shall be limited to the collateral described in the Transaction Documents in which a security interest may attach under Division 9 of the UCC.

H. Perfection of a security interest in proceeds of any collateral may be limited as provided in Section 9306 of the UCC and a security interest in collateral acquired after the respective dates of the applicable security documents will not be perfected unless the security interest attaches to such collateral and (ii) a deposit account may be limited under Section 9314 of the UCC.

I. The continued perfection of the security interests created by the Transaction Documents and perfected by the filing of the UCC-1 Financing Statement will depend upon the filing of periodic continuation statements relating to the UCC-1 Financing Statement in accordance with the UCC and may depend upon (i) the continued location of the collateral in the State of California; (ii) the continuation of the Corporation's present corporate name, identity and corporate structure; and (iii) the continued location of the Corporation in the State of California within the meaning of the UCC.

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

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

L. In rendering our opinion, I have relied upon representations that the Corporation has complied with and will at all times continue to comply with the requirements of Code Section 501(c)(3), and that the activities of the Corporation have been and will continue to be conducted strictly in accordance with such Corporation's Articles of Incorporation and Bylaws and the provisions of California nonprofit corporation laws. I have further relied on certain representations, warranties and covenants of the Corporation in the Transaction Documents and given at Closing. Any variations may affect the opinions I am giving.

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

I express no opinion as to: (a) the priority of any lien or security interest created, or purported to be created, by any of the Transaction Documents; (b) any securities, tax (except as provided in paragraph 7 above), anti-trust, land use, export, safety, environmental, hazardous materials, choice of law, insurance company or banking laws, rules or regulations; (c) applicable interest rate limitations of California law for loans or forbearances; or (d) the effect on the Corporation's obligations, and any other party's rights, under the Transaction Documents of laws relating to fraudulent transfers and fraudulent obligations set forth in Sections 544 and 548 of the federal Bankruptcy Code and Sections 3439 et seq. of the California Civil Code.

In rendering our opinion, I am expressing no opinion on the validity of the Bonds.

I furnish this opinion as counsel to the Corporation and only the addressees and Quint & Thimmig LLP may rely upon it. This letter shall not be used, quoted, distributed, circulated or relied upon by any other person or entity for any purpose, without our prior written consent.

Respectfully submitted,

EXHIBIT C TO
FORM OF OPINION OF CITY ATTORNEY

Oroville Hospital
2767 Olive Highway
Oroville, CA 95966-6185

[PURCHASER]

Re: \$_____ City of Oroville Hospital Revenue Bonds (Oroville Hospital) Series 2018

Ladies and Gentlemen:

I am City Attorney to the City of Oroville (the "City") in connection with the issuance and delivery of the above-referenced Bonds (the "Bonds"). In such connection, I have reviewed the resolution adopted by the City on _____, 2018 (the "Resolution"), with respect to, among other things, the Bonds, certificates of the City and others as to certain factual matters, and such other documents and matters to the extent I deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. I have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. With the delivery of this letter, my engagement with respect to the Bonds has concluded, and I disclaim any obligation to update this letter. I have assumed the genuineness of all documents and signatures presented to me (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, all parties thereto. I have assumed, without undertaking to verify independently, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the first paragraph hereof. My engagement with respect to the Bonds was limited to the matters expressly covered by the opinions set out below. I express no opinion as to the validity or enforceability of the Bonds or any of the documents or actions authorized by the Resolution or as to the tax status of interest on the Bonds. Finally, I undertake no responsibility for any offering materials that may be prepared with respect to the Bonds.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, I am of the following opinions:

1. The City is a municipal corporation and chartered city duly organized and validly existing under the laws of the State of California.
2. The Resolution was duly adopted at a meeting of the City Council of the City. The Resolution is in full force and effect and has not been amended, modified or superseded.

This letter is furnished by me as City Attorney to the City. No attorney-client relationship has existed or exists between our firm and any other party by virtue of this letter (other than the City). This letter is solely for the benefit of the addressee hereof, and is not to be

used, circulated, quoted or otherwise referred to or relied upon for any other purposes. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Respectfully submitted,

LOAN AGREEMENT

Dated as of May 1, 2018

by and between the

CITY OF OROVILLE

and

OROVILLE HOSPITAL

Relating to
\$ _____
City of Oroville
Hospital Revenue Bonds
(Oroville Hospital)
Series 2018

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
DEFINITIONS; INTERPRETATION	
Section 1.1. Definitions.....	2
Section 1.2 Number, Gender and Variant.....	2
Section 1.3. Articles, Sections, Etc.....	2
ARTICLE II	
REPRESENTATIONS AND COVENANTS	
Section 2.1 Representations and Warranties of the City.....	3
Section 2.2 Representations and Warranties of the Corporation.....	3
ARTICLE III	
ISSUANCE OF THE BONDS; APPLICATION OF PROCEEDS	
Section 3.1 Agreement to Issue Bonds; Application of Bond Proceeds	8
Section 3.2 Investment of Moneys in Funds	8
ARTICLE IV	
LOAN TO CORPORATION; REPAYMENT PROVISIONS	
Section 4.1 Loan to Corporation.....	9
Section 4.2 Loan Payments and Other Amounts Payable.....	9
Section 4.3 Unconditional Obligation	11
Section 4.4 Assignment of City's Rights	11
Section 4.5 Amounts Remaining in Funds.....	12
Section 4.6 Deed of Trust	12
ARTICLE V	
SPECIAL COVENANTS AND AGREEMENTS	
Section 5.1 Right of Access to the Facilities	13
Section 5.2 Corporation's Maintenance of Its Existence; Consolidation, Merger, Sale or Transfer Under Certain Conditions	13
Section 5.3 Records and Financial Statements of Corporation and Reporting of Other Information....	14
Section 5.4 Maintenance and Repair; Taxes, Utility and Other Charges	15
Section 5.5 Qualification in California	15
Section 5.6 Tax-Exempt Status of Interest on Bonds	15
Section 5.7 Deposit Relationship	16
Section 5.8 Insurance.....	16
Section 5.9 Investments.....	19
Section 5.10 Compliance with Laws.....	19
Section 5.11 Prohibited Uses.....	19
Section 5.12 ERISA	19
Section 5.13 Rates and Charges; Debt Service Coverage	20
Section 5.14 Limitation on Indebtedness	21
Section 5.15 Gross Revenue Pledge.....	22
Section 5.16 Limitation on Encumbrances.....	23
Section 5.17 Environmental Indemnity.....	23
Section 5.18 Nondiscrimination.....	24
Section 5.19 Limitation on Disposition of Assets	24

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION; CONTINUATION OF PAYMENTS

Section 6.1 Obligation to Continue Payments26
Section 6.2 Disposition of Insurance and Condemnation Proceeds.....26

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default27
Section 7.2 Remedies on Default28
Section 7.3 Agreement to Pay Attorneys' Fees and Expenses28
Section 7.4 No Remedy Exclusive28
Section 7.5 No Additional Waiver Implied by One Waiver28

ARTICLE VIII

PREPAYMENT

Section 8.1 Option to Prepay Loan Payments.....29
Section 8.2 Amount of Prepayment.....29
Section 8.3 Notice and Date of Prepayment29

ARTICLE IX

NONLIABILITY OF CITY; EXPENSES; INDEMNIFICATION

Section 9.1 Nonliability of City.....30
Section 9.2 Expenses.....30
Section 9.3 Indemnification.....30
Section 9.4 Waiver of Personal Liability32

ARTICLE X

MISCELLANEOUS

Section 10.1 Notices.....33
Section 10.2 Limitation of Rights.....33
Section 10.3 Severability.....33
Section 10.4 Execution of Counterparts33
Section 10.5 Agreement Represents Complete Agreement; Amendments.....33
Section 10.6 Governing Law; Venue33
Section 10.7 Authorized Corporation Representative.....33
Section 10.8 Term of Loan Agreement34
Section 10.9 Binding Effect.....34
Section 10.10 Indenture.....34
Section 10.11 Waiver of Personal Liability.....34
Section 10.12 Third Party Beneficiaries34
Section 10.13 Holidays34

EXHIBIT A: LOAN REPAYMENT SCHEDULE

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of May 1, 2018, between the CITY OF OROVILLE, a municipal corporation and charter city duly organized and existing under the laws of the State of California (herein called the "City"), and OROVILLE HOSPITAL, a nonprofit, public benefit corporation duly organized and existing under the laws of the State of California (herein called the "Corporation"),

WITNESSETH:

WHEREAS, the City is a municipal corporation and charter city duly organized and existing under a freeholders' charter pursuant to which the City has the right and power to make and enforce all laws and regulations in respect to municipal affairs and certain other matters in accordance with and as more particularly provided in sections 3, 5 and 7 of article XI of the Constitution of the State of California and the charter of the City (the "Charter");

WHEREAS, the City Council of the City, acting under and pursuant to the powers reserved to the City under sections 3, 5 and 7 of article XI of the Constitution of the State of California and section 2 of article XXX of the Charter, has adopted the City of Oroville Health Facilities Financing Law (the "Law"), establishing a program and procedure for the authorization, sale and issuance of revenue bonds by the City for the purpose, inter alia, of providing financing or refinancing for health facilities;

WHEREAS, the Corporation has applied for the financial assistance of the City to (a) refund the outstanding City of Oroville Variable Rate Demand Hospital Revenue Bonds (Oroville Hospital), 2012 Series A, of which \$10,310,000 is currently outstanding (the "2012 Bonds"), issued to refund certain prior bonds issued by the City for the benefit of the Corporation and financing certain improvements to the hospital facilities of the Corporation located at 2767 Olive Highway, Oroville, California (the "Hospital"), and (b) finance the expansion of the Hospital's dietary, pharmacy and surgical departments (the "2018 Project");

WHEREAS, the City has authorized the issuance of its City of Oroville Hospital Revenue Bonds (Oroville Hospital) Series 2018, in the aggregate original principal amount of \$_____ (the "Bonds"), to refund the 2012 Bonds and to finance the 2018 Project;

WHEREAS, the City proposes to loan the proceeds of the Bonds to the Corporation, and the Corporation desires to borrow the proceeds of the Bonds upon the terms and conditions set forth herein;

WHEREAS, for and in consideration of such loan, the Corporation agrees, inter alia, to make loan payments sufficient to pay the principal of, premium, if any, and interest on, the Bonds;

WHEREAS, the City and the Corporation have each duly authorized the execution, delivery and performance of this Loan Agreement;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.1. Definitions. Unless the context otherwise requires, the terms used in this Loan Agreement shall have the meanings specified in Section 1.01 of the Indenture.

Section 1.2 Number, Gender and Variant. The singular form of any word used herein, including the terms defined in Section 1.01 of the Indenture, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders. The terms defined for purposes of this Loan Agreement shall include all variants of such terms.

Section 1.3. Articles, Sections, Etc.. Unless otherwise specified, references to Articles, Sections and other subdivisions in this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement. The words "hereof," "herein," "hereunder" and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1 Representations and Warranties of the City. The City makes the following representations and warranties:

(a) The City is a municipal corporation and chartered city duly organized and existing under the laws of the State and is duly authorized to issue the Bonds and to perform its obligations under the Indenture and this Loan Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of the Indenture and this Loan Agreement. The City has taken all necessary action and has complied with all provisions of the law required to make this Loan Agreement a valid and binding limited obligation of the City, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) The Bonds have been duly authorized, executed and delivered by the City. Nothing in this Loan Agreement shall be construed as requiring the City to provide any financing or refinancing other than the proceeds of the Bonds to refund the 2012 Bonds, prepay the Wells Fargo Loan and pay the Costs of Issuance.

(d) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the City that (i) affects or seeks to prohibit, restrain or enjoin the issuance, execution or delivery of the Bonds, the origination of the loan or the lending of the proceeds of the Bonds to the Corporation, or the execution and delivery of the Financing Documents, (ii) affects or questions the validity or enforceability of the Bonds or the Financing Documents or (iii) questions the Tax-Exempt status of interest on the Bonds.

Section 2.2 Representations and Warranties of the Corporation. The Corporation represents and warrants to the City and the Original Purchaser that, as of the date of execution of this Loan Agreement and as of the date of delivery of the Bonds to the Original Purchaser thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Bonds or any investigations by or on behalf of the City or the results thereof):

(a) *Organization/Authority*. The Corporation is a nonprofit, public benefit corporation duly organized and in good standing under the laws of the State and has full legal right, power and authority to enter into the Financing Documents and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents and by proper corporate action has duly authorized the execution, delivery and performance of the Financing Documents.

(b) *Execution/Delivery*. The Financing Documents have been duly authorized, executed and delivered by the Corporation.

(c) *Enforceability*. This Loan Agreement when assigned to the Trustee pursuant to the Indenture and the other Financing Documents will constitute the legal, valid and binding agreements of the Corporation enforceable against the Corporation by the Trustee in accordance with their terms for the benefit of the Owners of the Bonds, and any rights of the City and

obligations of the Corporation not so assigned to the Trustee constitute the legal, valid, and binding agreements of the Corporation enforceable against the Corporation by the City in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(d) *No Conflicts.* The execution and delivery of the Financing Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation, bylaws, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents, or the financial condition, assets, properties or operations of the Corporation.

(e) *No Other Consents.* No consent or approval of any trustee or holder of any indebtedness of the Corporation or any guarantor of indebtedness of or other provider of credit or liquidity to the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Financing Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Corporation, after reasonable investigation, threatened, against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by or the validity of the Financing Documents, or upon the financial condition, assets, properties or operations of the Corporation.

(g) *Disclosures Accurate.* No written information, exhibit or report furnished to the City and the Original Purchaser by the Corporation in connection with the negotiation of the Financing Documents, and no official statement or other offering document in connection with the issuance of the Bonds, if any, as of its date or as of the date hereof, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(h) *Financial Condition.* All financial statements and information heretofore delivered to the City and the Original Purchaser by the Corporation, including without limitation, information relating to the financial condition of the Corporation, the Project, the partners, joint venturers or members of the Corporation, and/or any guarantor, fairly and accurately present the financial position thereof and have been prepared (except where specifically noted therein) in accordance with generally accepted accounting principles consistently applied. Since the date of such statements, there has been no material adverse change in the financial condition or

results of operations of the Corporation or the other subjects of such statements.

(i) *Title to Facilities.* The Corporation has good and marketable title to the Facilities free and clear from all encumbrances other than Permitted Encumbrances.

(j) *No Defaults.* Other than as disclosed in writing to the Original Purchaser with respect to the bond insurer of the 2012 Bonds, the Corporation is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) (1) under the Financing Documents, or (2) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default could reasonably be expected to have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the Indenture, or the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in material default (and no event has occurred and is continuing which, with the giving of notice or the passage of time or both, could constitute a material default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Documents or the Indenture or the financial condition, assets, properties or operations of the Corporation or its properties. All tax returns (federal, state and local) required to be filed by or on behalf of the Corporation have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Corporation in good faith, have been paid or adequate reserves have been made for the payment thereof, which reserves, if any, are reflected in the financial statements described in subsection (i) of this Section. As of the date of initial authentication and delivery of the Bonds, the Corporation will have good and marketable title to the Facilities, free and clear from all encumbrances other than Permitted Encumbrances.

(k) *No Reliance on Authority for Advice.* The Corporation acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the refinancing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which the Corporation is a party or of which it is a beneficiary, including the Indenture; that it understands the risks inherent in such transactions; and that it has not relied on the City for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Financing Documents and the Indenture or otherwise relied on the City for any advice.

(l) *No Use by Nonexempt Person.* No portion of the proceeds of the Bonds is or at any time will be used by any person that is not an "exempt person" within the meaning of the Code and the regulations proposed and promulgated thereunder, or by a governmental unit or a 501(c)(3) organization (including the Corporation) in an "unrelated trade or business" within the meaning of Section 513(a) of the Code and the regulations proposed and promulgated thereunder, in such manner or to such extent as would result in loss of exclusion from gross income for federal tax purposes of interest on any of the Bonds under Section 103 of the Code.

(m) *Nonprofit Status of Corporation.* The Corporation is an organization described in Section 501(c)(3) of the Code, does not constitute a private foundation under Section 509(a) of the Code, and the income of the Corporation is exempt from federal taxation under Section 501(a) of the Code. The Corporation has received a determination from the Internal Revenue Service to the foregoing effect, and none of the bases for such determination have changed since the date thereof.

(n) *Anti-Terrorism Laws.* The Corporation is not in violation of any laws relating to

terrorism or money laundering (“Anti Terrorism Laws”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “Executive Order”), and the Patriot Act:

- (i) The Corporation is not any of the following:
 - (A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
 - (B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
 - (C) a Person with which the Purchaser is prohibited from dealing or otherwise engaging in any transaction by any Anti Terrorism Law;
- (ii) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or
 - (A) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“OFAC”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

The Corporation does not (x) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (i)(B) above, (y) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (z) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.”

(o) *ERISA*. Each ERISA Plan has been established and heretofore maintained by the Corporation in compliance in all material respects with the applicable provisions of ERISA and the Code. To the knowledge of the Corporation, no ERISA Plan has engaged in a prohibited transaction, and compliance by the Corporation with the provisions of this Loan Agreement will not involve any prohibited transaction that would subject the Corporation to a tax or penalty on prohibited transactions. No ERISA Plan that is subject to Part 3 of Subtitle B of Title I of ERISA or Section 412 of the Code has had an accumulated funding deficiency, whether or not waived as of the last day of the most recent plan year of such ERISA Plan ended prior to the date hereof. No liability to the PBGC has been, or is expected by the Corporation to be, incurred by the Corporation with respect to any ERISA Plan subject to Title IV of ERISA, other than for premium payments. There has been no material Reportable Event with respect to any ERISA Plan subject to Section 4043 of ERISA since the effective date of said Section 4043, and since such date no event or condition has occurred that presents a material risk of termination of any such ERISA Plan by the PBGC. As of the most recent valuation date, the present value of all vested accrued benefits under each ERISA Plan subject to Title IV of ERISA as determined by each ERISA Plan’s enrolled actuary within the meaning of Section 103 of ERISA under actuarial assumptions used in connection with the actuarial valuation of each such ERISA Plan did not exceed the value of such ERISA Plan’s assets (less all liabilities other than those attributable to accrued benefits), as determined by each such enrolled actuary, allocable to such vested accrued

benefits by more than \$1,000,000. Neither the Corporation nor any Common Control Entity has incurred any withdrawal liability in connection with a Multiemployer Plan which has not yet been paid. As used in this paragraph, the terms PBGC, "Common Control Entity" and "Multiemployer Plan" shall have the respective meanings ascribed thereto in Section 5.12(d) of this Loan Agreement.

ARTICLE III

ISSUANCE OF THE BONDS; APPLICATION OF PROCEEDS

Section 3.1 Agreement to Issue Bonds; Application of Bond Proceeds. To provide funds to refund the 2012 Bonds, to finance the 2018 Project and to pay the Costs of Issuance, the City agrees that it will issue the Bonds pursuant to the terms and conditions contained in the Indenture. The City will thereupon direct the Trustee to apply the proceeds received from the sale of the Bonds as provided in the Indenture.

Section 3.2. Disbursements From the Project Fund. Pursuant to and upon the conditions set forth in the Indenture, the Trustee shall disburse the funds in the Project Fund to fund the Loan to provide for the acquisition and rehabilitation of the 2018 Project. The Trustee shall disburse the funds in the Project Fund in accordance with and subject to the conditions set forth in Section 5.04 of the Indenture.

Section 3.3 Investment of Moneys in Funds. Subject to the provisions of Section 5.6(b), any moneys in any fund held by the Trustee shall, to the extent permitted under the Indenture, at the written request of an Authorized Corporation Representative, be invested or reinvested by the Trustee as provided in the Indenture. Such investments shall be deemed at all times to be a part of the fund from which such investments were made, and the interest accruing thereon and any profit or loss realized therefrom shall, except as otherwise provided in the Indenture, be credited or charged to such fund.

The Corporation acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City or the Corporation the right to receive brokerage confirmations of security transactions as they occur, the City and the Corporation specifically waive receipt of such confirmations to the extent permitted by law.

ARTICLE IV

LOAN TO CORPORATION; REPAYMENT PROVISIONS

Section 4.1 Loan to Corporation. The City covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a loan to the Corporation for the purposes set forth in Section 3.1. Pursuant to said covenant and agreement, the City will use its best efforts to issue the Bonds upon the terms and conditions contained in this Loan Agreement and the Indenture. The City and the Corporation agree that the application of the proceeds of the Bonds as provided in the Indenture will be deemed to be and treated for all purposes as a loan to the Corporation of an amount equal to the aggregate principal amount of the Bonds.

Section 4.2 Loan Payments and Other Amounts Payable.

(a) With respect to the Bonds, the Corporation covenants and agrees to pay to the Trustee as a Loan Payment, on the Business Day next preceding each Interest Payment Date (whether at maturity or upon prior redemption) for the Bonds, and continuing until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with Article X of the Indenture, in immediately available funds, for deposit in the Bond Fund, a sum equal to the amount then payable as principal (whether at maturity or upon redemption or acceleration) and interest on the Bonds as provided in the Indenture. Notwithstanding the foregoing, so long as the Bonds are held by the Original Purchaser, and notwithstanding any provision in the Indenture or this Loan Agreement to the contrary, all payments of principal of and any interest on any Bond registered in the name of the Original Purchaser shall be made to the Original Purchaser directly by the Corporation by electronic wire transfer in immediately available funds directly for credit to the ABA routing number and account number filed by the Original Purchaser with the Trustee and the Corporation on the Closing Date, and without payment by the Corporation to the Trustee (without any presentment of such Bond, except upon payment of the final installment of principal, and without any notation of such payment being made thereon).

Each payment made by the Corporation pursuant to this Section 4.2(a) shall at all times be sufficient to pay the total amount of interest, premium, if any, and principal (whether at maturity or upon redemption or acceleration) then payable on the Bonds; provided that any amount held by the Trustee in the Bond Fund on any due date for a Loan Payment hereunder or any amounts paid directly to the Original Purchaser pursuant to this Section 4.2 and Section 3.01(b) of the Indenture shall be credited against the Loan Payment due on such date, to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the available amounts held by the Trustee in the Bond Fund (or having then been paid by the Corporation to the Original Purchaser (so long as such Person is the Owner) in an amount sufficient for the payment of Loan Payments) are sufficient to pay all of the principal of and interest and premium, if any, on the Outstanding Bonds as such payments become due, the Corporation and the Trustee shall be relieved of any obligation to make any further payments with respect to the Bonds under the provisions of this Section 4.2(a). Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Bond Fund (or having then been paid by the Corporation to the Original Purchaser (so long as such Person is the Owner) in an amount sufficient for the payment of Loan Payments) is insufficient to make any required payments of principal of (whether at maturity or upon redemption or acceleration) and interest on the Bonds as such payments become due, (i) the Corporation shall forthwith pay such deficiency as a Loan Payment hereunder.

(b) Without limiting the generality of the obligations of the Corporation under subsection (a) of this Section 4.2, to ensure that the moneys available in the Bond Fund or paid

directly to the Original Purchaser pursuant to Section 3.01(b) of the Indenture are sufficient to pay when due the principal of and interest on the Outstanding Bonds, but without duplication, the Corporation shall make the deposits with the Trustee of the amounts described in (i) and (ii) below.

(i) *Interest Deposits.* The Corporation hereby agrees that it will deposit or cause to be deposited with the Trustee or otherwise with the Original Purchaser (for as long as the Original Purchaser is the Owner) on the Business Day preceding each Interest Payment Date an amount equal to the amount of the interest payable on the Bonds on such Interest Payment Date less any amounts then on deposit in the Bond Fund available to pay the interest on the Bonds payable on such Interest Payment Date.

(ii) *Principal Deposits.* The Corporation hereby agrees that it will deposit or cause to be deposited with the Trustee or otherwise with the Original Purchaser (for as long as the Original Purchaser is the Owner) on the Business Day preceding each Principal Installment Date an amount equal to the amount of the Principal Installment payable on the Bonds on such Principal Payment Date less any amounts then on deposit in the Bond Fund available to pay such Principal Installments on such Principal Installment Date.

(iii) *Payment to Original Purchaser.* Payments required by subparagraphs (i) and (ii) of this Subsection (b), shall be fully satisfied to the extent such payments are paid directly to the Original Purchaser pursuant to Section 4.2(a) hereof and Section 3.01(b) of the Indenture.

(c) The Corporation agrees to pay to the party entitled thereto, to the extent not previously paid from Bond proceeds, each of the following as an "Additional Payment":

(i) All taxes and assessments of any type or character charged to the City, to the Trustee or to the Original Purchaser affecting the amount available to the City or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the City or the Trustee, at the Corporation's expense, to protest and contest any such taxes or assessments levied upon them and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the City, the Trustee or the Original Purchaser;

(ii) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture and all amounts referred to in Section 8.06 of the Indenture, as and when the same become due and payable;

(iii) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the City, the Trustee or the Original Purchaser to prepare audits, financial statements, reports, opinions or provide such other services required under the Financing Documents or the Indenture; and

(iv) The City Issuance Fee, the City Annual Fee and the reasonable fees and

expenses of the City or any agent or attorney selected by the City to act on its behalf in connection with the Financing Documents, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation or other proceeding which may at any time be instituted involving this Loan Agreement, the Financing Documents, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, the Facilities, its other properties, assets or operations or otherwise in connection with the administration of the Financing Documents.

(v) Any amounts due and payable by the Corporation as arbitrage rebate under Section 148 of the Code, pursuant to Corporation's covenants and agreements with respect thereto in the Loan Agreement or the Tax Compliance Certificate.

Such Additional Payments shall be billed to the Corporation by the City or the Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the City or the Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Corporation within thirty (30) days after the date of invoice. Notwithstanding the foregoing, the City shall not be required to submit a bill to the Corporation for payment of the City Annual Fee or any amounts due with respect to arbitrage rebate under Section 148 of the Code, the calculation and payment for which is the responsibility of the Corporation.

Section 4.3 Unconditional Obligation. The obligations of the Corporation to make the payments required by Section 4.2 and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the City or any other Person, and the Corporation shall pay absolutely net the payments to be made on account of the loan as prescribed in Section 4.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or setoff. Until such time as the principal of and interest on the Bonds shall have been fully paid, or provision for the payment thereof shall have been made as required by Article X of the Indenture, and all other amounts payable by the Corporation to the City and the Trustee hereunder have been paid in full, the Corporation (i) will not suspend or discontinue any payments provided for in Section 4.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement and in the Bond Purchase and Covenant Agreement; and (iii) except as provided in Article VIII hereof, will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to, or taking or condemnation of, all or any part of the Facilities, termination of any lease relating to the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either of these, or any failure of the City or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Indenture.

Section 4.4 Assignment of City's Rights. As security for the payment of the Bonds, the City will assign to the Trustee, on behalf of the Owners, the City's rights, other than the Reserved Rights, but not its obligations, under this Loan Agreement, including the right to receive Loan Payments hereunder and the City hereby directs the Corporation to make the Loan Payments directly to the Trustee. The Corporation hereby assents to such assignment and agrees to make the Loan Payments directly to the Trustee or the Original Purchaser without defense or setoff by reason of any dispute between the Corporation and the City or the Trustee.

Section 4.5 Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in any fund held by the Trustee under the Indenture after payment in full of (i) the Bonds, or after provision for such payment shall have been made as provided in Article X of the Indenture, (ii) the fees, charges and expenses of the Trustee due and owing in accordance with this Loan Agreement and the Indenture and (iii) all other amounts required to be paid under this Loan Agreement and the Indenture, including the Rebate Requirement, shall be applied as provided in Section 6.06 of the Indenture.

Section 4.6 Deed of Trust.

(a) In order to further secure the payment and performance of all obligations of the Corporation under this Loan Agreement, the Corporation agrees to execute and deliver the Deed of Trust and such other deed of trust as may be necessary from time to time to grant the Trustee a first priority lien upon the Pledged Property. The Corporation hereby covenants and agrees to grant, concurrently with the delivery of the Bonds, a lien on the Pledged Property pursuant to the Deed of Trust; provided that the lien of such Deed of Trust will be subject to Permitted Encumbrances. The Corporation hereby covenants and agrees that, simultaneously with the delivery of the Bonds, the Corporation will deliver to the Trustee a mortgagee title insurance policy on the Pledged Property in an amount equal to the aggregate outstanding principal amount of the Bonds.

(b) The Corporation hereby represents and warrants that (i) each portion of the Pledged Property is an essential asset of the Corporation, and (ii) if any portion of the Pledged Property is vacated in compliance with Section 5.19 hereof, the Corporation shall replace such portion of the Pledged Property with a similar property of equal or greater value as portion of the Pledged Property and shall be responsible for all costs related to such substitution, including, but not limited to, reasonable attorney fees of the Original Purchaser.

ARTICLE V

SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Right of Access to the Facilities. The Corporation agrees that during the term of this Loan Agreement the City, the Trustee and the Original Purchaser and the duly authorized agents of any of them, shall have the right (but not the duty) at all reasonable times during normal business hours to enter the Corporation to examine and inspect the Facilities. The rights of access hereby reserved to the City, the Trustee and the Original Purchaser and their respective authorized agents may be exercised only after the party seeking such access shall have given reasonable advance notice and executed release of liability (which release shall not limit any of the Corporation's obligations hereunder) agreements if requested by the Corporation in the form then currently used by the Corporation.

Section 5.2 Corporation's Maintenance of Its Existence; Consolidation, Merger, Sale or Transfer Under Certain Conditions.

(a) The Corporation agrees that during the term of this Loan Agreement and so long as any Bond is Outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it; provided, that the Corporation may, without violating the agreements contained in this Section 5.2, consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation or an agency of the State all or substantially all of its assets as an entirety and thereafter dissolve, so long as, following such consolidation or merger, based upon the most recent audited financial statements of the Corporation and such other entity, combined Net Revenues Available for Debt Service shall be at least 1.50 times combined Annual Debt Service (including any debt service that has been incurred since the date of the audited financial statements and any debt service related to the consolidation or merger) and combined Days Cash on Hand shall be at least 70 or such lesser coverage ratio or Days Cash on Hand with the prior written consent of the Original Purchaser; provided, that in the event the Corporation is not the surviving, resulting or transferee corporation, as the case may be, that the surviving, resulting corporation, or the transferee of all or substantially all of the Corporation's assets (i) is a corporation (1) organized under the laws of the United States or any state, district or territory thereof; (2) is qualified to do business in the State; and (3) is an organization described in Section 501(c)(3) of the Code, or a corresponding provision of the federal income tax laws then in effect; and (ii) assumes in writing all of the obligations of the Corporation under this Loan Agreement. Notwithstanding the foregoing, as a condition precedent to any consolidation, merger, sale or other transfer, the Trustee, the City and the Original Purchaser shall receive (A) an Opinion of Bond Counsel to the effect that such merger, consolidation, sale or other transfer will not in and of itself affect the Tax-Exempt status of interest on the Bonds and (B) an Opinion of Counsel reasonably acceptable to the City to the effect that after such merger, consolidation, sale or other transfer, this Loan Agreement is a valid and binding obligation of the surviving, resulting or transferee corporation, enforceable according to its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, or by the application of equitable principles if equitable remedies are sought, and the security interest created in this Loan Agreement will not be adversely affected by such sale or other transfer.

Notwithstanding any other provision of this Section 5.2(a), the Corporation need not comply with any of the provisions of the first paragraph of this Section 5.2(a) if, at the time of any transaction not satisfying the terms of the first paragraph of this Section 5.2(a), provision for

the payment of all Outstanding Bonds will be made as provided in Article X of the Indenture.

(b) If a merger, consolidation, sale or other transfer is effected, as provided in this Section 5.2, the provisions of this Section 5.2 shall continue in full force and effect and no further merger, consolidation, sale or transfer shall be effected except in accordance with the provisions of this Section 5.2.

(c) Another entity may also agree to become a co-obligor and jointly and severally liable with the Corporation (without the necessity of merger, consolidation or transfer of assets) under this Loan Agreement if the foregoing provisions are satisfied. In such event, references in this Loan Agreement to indebtedness of the Corporation shall apply to the combined indebtedness of the Corporation and such other entity, references to the financial condition or results of operation of the Corporation shall apply to the combined financial condition and results of operation of the Corporation and such other entity, and the Corporation and such other entity shall be considered to be the Corporation for all purposes of this Loan Agreement.

Section 5.3 Records and Financial Statements of Corporation and Reporting of Other Information. The Corporation will furnish the following to the City, the Original Purchaser and the Trustee, as specified below, so long as any Bonds remain Outstanding:

(a) its audited financial statements certified by an independent public accountant selected by the Corporation as of the end of each of its fiscal years, as soon as accepted by its Board, or the Finance or Executive Committee, or equivalent, thereof, but in any event within 150 days after the end thereof, together with a certificate of the Corporation that no Event of Default is then existing and that the representations and warranties of the Corporation set forth in the Financing Documents are then true and correct;

(b) as soon as possible and in any event within thirty (30) days after the Corporation knows or has reason to know that any event, which would constitute a Reportable Event (as defined in ERISA) with respect to any ERISA Plan, has occurred, or that the PBGC (as that term is defined in Section 15(c) of ERISA) or the Corporation has instituted or will institute proceedings under Title IV of ERISA to terminate any ERISA Plan, a certificate of the chief financial officer of the Corporation setting forth details as to such Reportable Event and the action which the Corporation proposes to take with respect thereto, together with a copy of any notice of such Reportable Event which may be required to be filed with the PBGC, or any notice delivered by the PBGC evidencing its intent to institute such proceedings or any notice to the PBGC that any ERISA Plan is to be terminated, as the case may be. For all purposes of this covenant, the Corporation will be deemed to have all knowledge or knowledge of all facts attributable to the ERISA Plan administrator. The Corporation will furnish the City and the Trustee (or cause the ERISA Plan administrator to furnish the City and the Trustee) with the annual report for each ERISA Plan covered by Title IV and filed with the Internal Revenue Service not later than ten (10) days after such report has been filed with the PBGC;

(c) unaudited interim financial statements as available, but at least quarterly, within 30 days of their availability;

(d) the Corporation' annual budget within 45 days of adoption;

(e) immediate notice of any event occurring that materially impacts the Corporation's financial position, including, but not limited to, notice of any threatened termination of any accreditation material to the activities of the Corporation or the commencement of any litigation or other governmental or judicial proceeding in which an outcome adverse to the Corporation could result in a judgment in excess of available insurance coverage or otherwise have a

material adverse effect on the operations or financial condition of the Corporation, and any other event which reasonably could be expected to have a material adverse effect on the operations or financial condition of the Corporation, within five (5) Business Days after the Corporation has knowledge of such threatened termination, the commencement of such litigation or proceeding or the occurrence of such other event;

(f) Fifteen days prior written notice of new Indebtedness with calculations and certifications, including certifications of covenant compliance or an estimate if actual data is not yet available; and

(g) Upon the request of the City, the Original Purchaser or the Trustee, the Corporation shall promptly furnish such other information regarding the financial position, results of operations, business or prospects of the Corporation as such party may reasonably request from time to time.

Section 5.4 Maintenance and Repair; Taxes, Utility and Other Charges. The Corporation agrees to maintain, or cause to be maintained, the Facilities (i) in as reasonably safe condition as its operations shall permit and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

The Corporation agrees that as between the City and the Corporation, the Corporation will pay or cause to be paid all taxes and governmental charges of any kind lawfully assessed or levied upon the Facilities or any part thereof, all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities and all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Facilities, provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Corporation, to the extent described above, shall be obligated to pay or cause to be paid only such installments as are required to be paid during the term of this Loan Agreement. The Corporation may, at the Corporation's expense and in the Corporation's name, in good faith, contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during that period of such contest and any appeal therefrom unless by such nonpayment the Facilities or any part thereof will be subject to loss or forfeiture.

Section 5.5 Qualification in California. The Corporation agrees that throughout the term of this Loan Agreement it, or any successor or assignee as permitted by Section 5.2, will be qualified to do business in the State.

Section 5.6 Tax-Exempt Status of Interest on the Bonds.

(a) It is the intention of the parties hereto that interest on the Bonds shall be and remain Tax-Exempt, and to that end the covenants and agreements of the City and the Corporation in this Section and the Tax Agreement are for the benefit of the Trustee and each and every Person who at any time will be an Owner of Bonds.

(b) Each of the Corporation and the City covenants and agrees that it will not directly or indirectly use or permit the use of any proceeds of the Bonds or other funds, or take or omit to take any action that will cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code. Each of the Corporation and the City further covenants and agrees that it will not direct the Trustee to invest any funds held by it under the Indenture or this Loan Agreement, in such manner as would, or enter into or allow any related person to enter into any

arrangement (formal or informal) that would, cause any Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code. To such ends with respect to the Bonds, the City and the Corporation will comply with all requirements of Section 148 of the Code to the extent applicable to the Bonds. In the event that at any time the City or the Corporation is of the opinion that for purposes of this Section 5.6(b) it is necessary to restrict or limit the yield on the investment of any moneys held by the Trustee under this Loan Agreement or the Indenture, the City or the Corporation shall so instruct the Trustee in writing and the Trustee shall comply with such written instructions.

Without limiting the generality of the foregoing, the Corporation and the City agree that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any applicable Treasury Regulations. This covenant shall survive payment in full of the Bonds or provision for the payment of the Bonds in accordance with the Indenture. The Corporation specifically covenants to calculate or cause to be calculated and to pay or cause to be paid for and on behalf of the City to the United States of America at the times and in the amounts determined under Section 6.06 of the Indenture the Rebate Requirement as described in the Tax Agreement, and under no circumstance shall payment of the Rebate Requirement be the obligation of the City.

(c) The City certifies, represents and agrees that it has not taken, and will not take, any action which will cause interest paid on the Bonds to become includable in gross income of the Owners of the Bonds for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Code; and the Corporation certifies and represents that it has not taken or, to the extent within its control, permitted to be taken, and the Corporation covenants and agrees that it will not take or, to the extent within its control, permit to be taken any action which will cause the interest on the Bonds to become includable in gross income of the Owners of the Bonds for federal income tax purposes pursuant to such provisions of the Code. The Corporation acknowledges having read Section 6.06 of the Indenture and agrees to perform all duties imposed on it by such Section, by this Section and by the Tax Agreement. Insofar as Section 6.06 of the Indenture and the Tax Agreement impose duties and responsibilities on the Corporation, they are specifically incorporated herein by reference.

(d) Notwithstanding any provision of this Section 5.6, Section 6.06 of the Indenture or any provision of the Tax Agreement, if the Corporation shall provide to the City and the Trustee an Opinion of Bond Counsel that any specified action required under this Section 5.6, Section 6.06 of the Indenture or any provision of the Tax Agreement is no longer required or that some further or different action is required to maintain the Tax-Exempt status of interest on the Bonds, the Corporation, the Trustee, the Original Purchaser and the City may conclusively rely on such opinion in complying with the requirements of this Section, Section 6.06 of the Indenture and the provisions of the Tax Agreement; and the covenants contained in this Section, Section 6.06 of the Indenture and the Tax Agreement shall be deemed to be modified to that extent.

Section 5.7 Insurance. So long as any Bonds remain Outstanding:

(a) The Corporation covenants and agrees that it will keep (or cause to be kept) insurance against any casualty loss or damage to any structure constituting any part of the Facilities, including losses caused by fire and lightning with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by terrorism, explosion, windstorm, riot, terrorism, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. All insurance provided pursuant to this subsection shall be in an amount equal to the greater of: (i) one hundred percent (100%) of the replacement cost (without deduction for depreciation) of all

buildings, structures and fixtures constituting any part of the Facilities, or (ii) the principal amount of the Bonds then remaining unpaid (except that casualty insurance may be subject to deductible clauses of not to exceed \$100,000). Each requirement of this Section 5.8 shall apply to the extent that the requisite coverage actually exists in the marketplace.

(b) The Corporation covenants and agrees to procure and maintain at all times such other insurance on the Facilities and all operations thereon (including, without limitation, liability insurance, business interruption insurance, professional liability insurance, and Director's and Officers' omissions coverage of the types and in the amounts reviewed and recommended by the independent insurance consultant described below and acceptable to the Original Purchaser; provided, however, the Corporation shall not be required to obtain earthquake insurance with respect to the Facilities if such insurance cannot be obtained at commercially reasonable rates. The amount of business interruption insurance shall be based on the Corporation's budgeted revenues and debt service requirements.

(c) Self-insurance may be maintained by the Corporation in lieu of purchasing an insurance policy for liability if:

(i) The Corporation is required under the self-insurance program to deposit and maintain in a separate trust account, established for such purpose with a financial institution having trust powers, money in an amount sufficient, in the opinion of an independent consulting actuary, to pay claims up to the amount of the Corporation's retained liability and to pay anticipated claims expense; and

(ii) The self-insurance plan is reviewed at least annually by an independent consulting actuary to determine the required amount of additional deposits into the trust or those amounts which the Corporation may withdraw from the trust and that a copy of the consulting actuary's annual review shall be filed with the City (if requested by the City) and the Trustee; and

(iii) The Corporation has received a report from its consulting actuary concerning the program, including the Corporation's obligation to deposit money into the trust as required and such report has been filed with the City (if requested by the City) and the Trustee; the actuary must be a fellow in the Society of Actuaries; and

(iv) The program provides for the administration and payment of claims to the extent of the Corporation's retained liability; and

(v) The program requires that the Corporation purchase and maintain in effect excess coverage sufficient in amount so that the Corporation's retained liability and other excess coverage equals the minimum amount of coverage required hereof for the type of coverage as to which the Corporation intends to act or is acting as a self-insurer.

(d) The Corporation shall review the insurance requirements of the Corporation with respect to the Facilities from time to time (but not less frequently than once every year). If such review indicates that the Corporation should increase any of the coverage required by this Section 5.8, the Corporation shall review such recommendation with the governing body of the Corporation and shall, increase such coverage; provided, however, that such coverage is available from reputable insurance companies.

(e) The Corporation covenants that it will use its best efforts to apply for any grants, loans or other relief available from the State or federal government to obtain amounts necessary

to rebuild any portion of the Facilities destroyed or damaged in connection with an uninsured or underinsured calamity causing destruction or damage; provided, however, that the Corporation shall not be required to accept such amounts if doing so would jeopardize the integrity of the Corporation's programs.

(f) All insurance shall be reviewed and recommended, by an independent insurance consultant at least once every other year, to confirm amounts and coverage of risks as is customarily maintained by other corporations in connection with the ownership and operation of facilities of similar character and size of the Facilities. The independent consultant shall prepare a report, addressed to the Original Purchaser and the Trustee summarizing its conclusions with respect to insurance required hereunder.

(g) To the extent that the Corporation obtains insurance coverage in the form of insurance policies issued by insurance companies, each such insurance policy maintained by the Corporation shall be carried by stock, reciprocal or mutual insurance companies authorized to do business (or subject to service of process) in the State which are financially responsible and capable of fulfilling the requirements of such policies; provided, however, such policies shall be provided by carriers rated at least "A" by S&P or "Excellent (A or A-)" (by A.M. Best Company, Inc. (or, to the extent approved by the Original Purchaser, an equivalent rating by a recognized equivalent rating service if A.M. Best Company, Inc. is no longer issuing such report)); and the Original Purchaser agrees to accept the Corporation's current insurance carriers meeting such ratings.

(h) All such policies with respect to the Pledged Property shall name the Corporation, the Trustee and the Original Purchaser as insured parties, beneficiaries or loss payees as their interests may appear. Each policy shall be in such form and contain such provisions as are generally considered standard for the type of insurance involved and shall contain a provision to the effect that the insurer shall not cancel or substantially modify the policy provisions without first giving thirty days' prior written notice thereof to the Corporation, the Trustee and the Original Purchaser. In lieu of separate policies, the Corporation may maintain blanket policies which cover any one or more risks required to be insured against so long as the minimum coverage required herein are met. The general liability insurance policies shall be endorsed to show the Original Purchaser as additional insured.

(i) Annually within one hundred fifty (150) days after the end of each Fiscal Year, the Corporation shall file with the Trustee and the Original Purchaser a Statement setting forth the policies of insurance maintained pursuant to this Loan Agreement, the names of the insurers and insured parties, the amounts of such insurance and applicable deductibles, the risks covered thereby and the expiration dates thereof and that the insurance requirements of Article VI have been complied with. The Trustee may conclusively reply upon such certification. All insurance policies required by this Loan Agreement, or ACORD 25 certificates of the insurers (or equivalent) that such insurance is in full force and effect, shall be deposited with the Trustee and the Original Purchaser (together with receipts indicating that premiums are being paid on an annual or more frequent basis in accordance with the terms of each such policy) and, prior to expiration of any such policy, the Corporation shall furnish to the Original Purchaser satisfactory evidence that such policy has been renewed or replaced or is no longer required by the financing documents. All policies evidencing such required insurance shall provide for prior written notice to the Corporation, the Trustee and the Original Purchaser of any cancellation, reduction in amount or material change in coverage.

(j) The Corporation shall at all times also maintain worker's compensation coverage as required by the laws of the State.

Section 5.8 Investments. The Corporation, by written request, may direct the investment by the Trustee of moneys in the funds and accounts established pursuant to the Indenture, subject to the limitations set forth in Section 5.07 and Section 6.06 of the Indenture. The Corporation covenants that it will not direct the Trustee to make any investments and itself will not make any investments of the proceeds of the Bonds, or any other funds in any way pledged to the security of or reasonably expected to be used to pay the Bonds, which would cause any of the Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 103(b)(2) of the Code. The Corporation shall not purchase any obligations of the City, pursuant to an arrangement, formal or informal, in an amount related to the amount of the loans made to the Corporation under this Loan Agreement. Nothing in this Section shall prohibit the Corporation from receiving Bonds by gift, bequest or devise or from purchasing Bonds in the secondary market other than pursuant to an arrangement related to the loan made hereby.

Section 5.9 Compliance with Laws. The Corporation will comply in all material respects with all laws, statutes, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Corporation or its operations, and it will not commit, suffer or permit any act to be done in violation of any law, ordinance or regulation, except, in each case, where such noncompliance or act would not have a material adverse effect upon the Corporation's assets, operations or financial condition or upon the Bonds.

Section 5.10 Prohibited Uses. No portion of the proceeds of the Bonds shall be used to finance or refinance any facility, place or building to be used (1) for sectarian instruction or study or as a place for devotional activities or religious worship for the useful life of the Facilities or (2) by a person that is not an organization described in Section 501(c)(3) of the Code or a Governmental Unit or by an organization described in Section 501(c)(3) of the Code (including the Corporation) in an "unrelated trade or business" (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code.

Section 5.11 ERISA. The Corporation will not, so long as any Bonds are Outstanding, with respect to any ERISA Plan:

(a) incur any "accumulated funding deficiency," as such term is defined in Section 412 of the Code, whether or not waived, if the amount of such accumulated funding deficiency, plus any accumulated funding deficiencies previously incurred with respect to such ERISA Plan and not eliminated, would aggregate more than \$100,000; provided that the incurring of such an accumulated funding deficiency will not be an "event of default" under Section 7.1 hereof if it is reduced below \$100,000 or eliminated within ninety (90) days after the date upon which the Corporation becomes aware of such accumulated funding deficiency; or

(b) terminate any such ERISA Plan in a manner which could result in the imposition of a material lien on the property of the Corporation pursuant to Section 4068 of ERISA and which could materially adversely affect the business, earnings, properties or financial condition of the Corporation; or

(c) withdraw from a Multiemployer Pension Plan in a "complete withdrawal," or a "partial withdrawal" as defined in Sections 4203(a) and 4205(a), respectively, of ERISA, if such withdrawal could materially adversely affect the Corporation's ability to comply at any time with any of the provisions of this Loan Agreement.

(d) The Corporation will:

(i) fund all current and past service pension liabilities under the provisions of all ERISA Plans such that if all such ERISA Plans were terminated at the same time by the Corporation any liens imposed on the Corporation under Section 4068 of ERISA would not be in an amount in the aggregate which would materially affect the Corporation's ability to, comply at any time with any of the provisions of this Loan Agreement; and

(ii) otherwise comply in all material respects with the provisions applicable to its ERISA Plans contained in ERISA, the Code and the regulations published thereunder; and

(iii) notify the City promptly in writing after the Corporation knows or has reason to know (i) of the happening of any material Reportable Event with respect to any ERISA Plan and, in any event, at least five (5) days prior to any notification of such material Reportable Event given to the PBGC pursuant to the terms of Section 4043 or (ii) of an assessment against the Corporation or any Common Control Entity of any withdrawal liability to a Multiemployer Pension Plan. Notwithstanding anything herein to the contrary, the Corporation need not notify the Trustee or the City of such material Reportable Event or withdrawal liability unless it might materially adversely affect the business, prospects, earnings, properties or condition (financial or otherwise) of the Corporation.

(iv) For purposes of this paragraph and representations and warranties of the Corporation contained in paragraph (t) of Section 2.2, the following terms shall have the following meanings. The term "Multiemployer Plan" has the meaning set forth in Section 4001(a)(3) of ERISA and all rules and regulations promulgated from time to time thereunder. The term "Common Control Entity" means any entity which is a member of a "controlled group of corporations" with, or is under "common control" with, the Corporation as defined in Section 4144(b) or (c) of the Code. The term "PBGC" means the Pension Benefit Guaranty Corporation.

Section 5.12 Rates and Charges; Debt Service Coverage; Days Cash on Hand. The Corporation covenants and agrees to comply with the requirements of Subsection (a) and (b) of this Section 5.13.

(a) (i) The Corporation covenants and agrees to operate the Facilities such that its operations are reasonably projected in each Fiscal Year to provide Net Revenues Available for Debt Service at least equal to 1.____ times Annual Debt Service.

(ii) Within 150 days after the end of each Fiscal Year, the Corporation shall compute, or cause to be computed, Net Revenues Available for Debt Service, Annual Debt Service and the ratio thereof for such Fiscal Year and promptly furnish to the Trustee and the Original Purchaser a Certificate setting forth the results of such computations.

(b) The Corporation shall maintain, as of the end of each Fiscal Year, beginning with the Fiscal Year ending _____, at least _____ (____) Days Cash on Hand, as shown on the Corporation's audited financial statements for such Fiscal Year. For purposes of this requirement, "Days Cash on Hand" shall mean, for any Fiscal Year, the quotient obtained by dividing (1) the Corporation's cash and cash equivalents (including board designated funds and funded depreciation, but excluding proceeds of Short-Term Indebtedness) as of the end of such Fiscal Year by (2) the quotient of dividing (a) the Corporation's operating expenses (excluding

depreciation, amortization, allowance for bad debts, and any other noncash expenses) for such Fiscal Year by (b) the number of days in such Fiscal Year.

The Corporation further covenants and agrees that if, at the end of such Fiscal Year, (i) Net Revenues Available for Debt Service shall be less than 1.20 times Annual Debt Service for such Fiscal Year, or (ii) the Days Cash on Hand shall have been less than 65, it will promptly employ a Consultant to make recommendations as to a revision of the methods of operation of the Corporation which will result in producing (x) Net Revenues Available for Debt Service at least equal to 1.0 times Annual Debt Service in the current Fiscal Year, and (y) at least 60 Days Cash on Hand in the current Fiscal Year. Copies of the recommendations of the Consultant shall be filed with the City, the Trustee and the Original Purchaser. The Corporation shall, to the extent feasible, promptly upon its receipt of such recommendations, subject to applicable requirements or restrictions imposed by law, revise its methods of operation or collections and shall take such other action as shall be in conformity with such recommendations.

If the Corporation complies in all material respects with the reasonable recommendations of the Consultant in respect to said rates, fees, charges and methods of operation or collection for two consecutive years, the Corporation will be deemed to have complied with the covenants contained in this 5.13 for such Fiscal Year, notwithstanding that Net Revenues Available for Debt Service shall be less than 1.0 times Annual Debt Service or the Days Cash on Hand shall be less than 60; provided, that (1) this sentence shall not be construed as in any way excusing the Corporation from taking any action or performing any duty required under this Loan Agreement or be construed as constituting a waiver of any other event of default under this Loan Agreement and (2) Net Revenues Available for Debt Service shall be at least equal to 1.0 times Annual Debt Service for such Fiscal Year.

Section 5.13 Limitation on Indebtedness. The Corporation covenants and agrees that it will not incur any additional Indebtedness; provided, however, the Corporation may incur:

(a) Parity Debt, provided that (i) for the most recent fiscal year for which an audit is available, as evidenced by a certificate of an independent certified public accountant, the Corporation had Net Revenues Available for Debt Service at least equal to 1.0 times Maximum Annual Debt Service on all outstanding and proposed debt, (ii) the trustee for such Parity Debt is the Trustee, (iii) such Parity Debt shall have the same principal and interest payment dates as the Bonds or payments shall be made to the Trustee on the same dates as principal and interest payment dates as the Bonds, and (iv) no default shall have occurred and be continuing under this Loan Agreement or under any agreement providing for the issuance of Parity Debt.

(b) Parity Debt which does not meet the requirements of clause (i) of subsection (a) of this Section 5.14 incurred for the purpose of refunding any Outstanding Parity Debt so as to render it no longer Outstanding provided that Maximum Annual Debt Service on such refunding Indebtedness, does not exceed Maximum Annual Debt Service on the refunded Indebtedness.

(c) Completion Indebtedness, with the consent of the Original Purchaser, in an amount not greater than 15% of the Indebtedness incurred to finance the project to be completed otherwise not requiring the compliance with any specific other incurrence test.

(d) Short-Term Indebtedness (i) incurred pursuant to subsection (a) of this Section 5.14 or (ii) there is delivered to the Trustee a Certificate of the Corporation certifying that (A) the total amount of such Short-Term Indebtedness does not exceed 20% of Total Revenues of the Corporation for the most recent Fiscal Year for which audited financial statements are available; and (B) in every Fiscal Year, there shall be at least a thirty (30) day period when the balance of

such Short-Term Indebtedness is reduced to zero.

(e) Liabilities (other than for borrowed money, rents payable under lease agreements and operating leases) incurred in the regular course of operations of the Corporation.

(f) Reimbursement and other obligations arising under reimbursement agreements relating to letters of credit or similar credit facilities used to secure Indebtedness.

(g) Subordinate Indebtedness and purchase money security indebtedness, without limitation, except as set forth in subsections (a)(i) and (a)(ii) above.

(h) Personal property/equipment financing as stated in paragraph (xii) of the definition of Permitted Encumbrances.

(i) Other Indebtedness approved in writing by the Original Purchaser.

Section 5.14 Gross Revenue Pledge. In consideration of the issuance of the Bonds by the City and the loan of the proceeds thereof to the Corporation and to secure the payment of the Loan Payments and Additional Payments and the performance of the other obligations of the Corporation hereunder, the Corporation does hereby pledge and grant a security interest, to the extent permitted by law, to the City in all Gross Revenues and the proceeds thereof, to secure the obligations of the Corporation under this Loan Agreement. The Corporation agrees that, as long as any of the Bonds remain Outstanding or any Additional Payments remain unpaid, all of the Gross Revenues shall be deposited as soon as practicable upon receipt in a fund designated as the "Gross Revenue Fund" in an account or accounts at such banking institution or institutions as the Corporation shall from time to time designate in writing to the Trustee for such purpose (herein called the "Depository Bank(s)"). Subject to the provisions of this Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Corporation hereby pledges, and to the extent permitted by law grants a security interest to the Original Purchaser and the Trustee, as assignee of the City (for the benefit of the Owners and the holders of any Parity Debt, as and to the extent set forth in this Section), in the Gross Revenue Fund and all of the Gross Revenues to secure the payment of the Loan Payments and Additional Payments and the performance by the Corporation of its other obligations under this Loan Agreement and the payment and performance of all obligations of the Corporation under any Parity Debt agreements. The Corporation agrees to execute and deliver such control agreements and other documents and instruments, and to take any other action as may be necessary or reasonably requested by the Trustee or the City in order to perfect or maintain as perfected such security interest or give public notice thereof. If at any time when there are Bonds Outstanding, the Corporation shall establish a new depository account with a Depository Bank constituting a part of the Gross Revenue Fund, the Corporation covenants and agrees to notify the Trustee and the Original Purchaser thereof and to cooperate with the Trustee in effecting a first lien on such agreements and other documents and instruments and by taking any other action, as may be necessary or reasonably required by the Trustee or the City in order to perfect or maintain as perfected such security interest or give public notice thereof.

(b) Amounts in the Gross Revenue Fund may be used and withdrawn by the Corporation at any time for any lawful purpose, except as hereinafter provided. In the event that the Corporation is delinquent for more than one Business Day in the payment or required prepayment of any Loan Payment or any payment with respect to Parity Debt, the Trustee shall notify the City, the Corporation, the Original Purchaser and the Depository Bank(s) of such delinquency, and, unless such Loan Payment or payment with respect to Parity Debt is paid within five (5) days after receipt of such notice, the Corporation shall cause the Depository

Bank(s) to transfer the Gross Revenue Fund to the name and credit of the Trustee, as assignee of the City. The Gross Revenue Fund shall remain in the name and to the credit of the Trustee until the amounts on deposit in said fund are sufficient to pay in full (or have been used to pay in full) all Loan Payments in default and payments required with respect to Parity Debt in default and until all other Loan Agreement Defaults and events of default with respect to Parity Debt known to the Trustee shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, whereupon the Gross Revenue Fund (except for the Gross Revenues required to make such payments or cure such defaults) shall be transferred by the Depository Bank(s) automatically back to the name and credit of the Corporation. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Trustee shall use and withdraw from time to time amounts in said fund to make Loan Payments, Additional Payments and the other payments required of the Corporation under this Loan Agreement or with respect to any Parity Debt as such payments become due (whether by maturity, prepayment, acceleration or otherwise), and, if such amounts shall not be sufficient to pay in full all such payments due on any date, then, first, to the payment of Loan Payments and debt service with respect to Parity Debt, ratably, according to the amounts due respectively for Loan Payments and such Parity Debt debt service, without discrimination or preference, and then to such other payments in the order which the Trustee, in its sole discretion, shall determine to be in the best interests of the holders of the Bonds and such Parity Debt, without discrimination or preference. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Corporation shall not be entitled to use or withdraw any of the Gross Revenues unless (and then only to the extent that) the Trustee, in its sole discretion, so directs for the payment of current or past due operating expenses of the Corporation pursuant to a budget prepared by the Corporation; provided, however, that the Corporation shall be entitled to use or withdraw any amounts in the Gross Revenue Fund which do not constitute Gross Revenues. The Corporation shall execute and deliver all instruments as may be required to implement this Section. The Corporation further agrees that a failure to comply with the terms of this Section shall cause irreparable harm to the Owners from time to time of the Bonds and the holders from time to time of Parity Debt, and shall entitle the Trustee, as assignee of the City, with or without notice to the Corporation, to take immediate action to compel the specific performance of the obligations of the Corporation as provided in this Section.

Section 5.15 Limitation on Encumbrances. The Corporation covenants and agrees that it will not create, assume or suffer to exist any mortgage, deed of trust, pledge, security interest, encumbrance, lien or charge of any kind (including any charge upon property purchased under conditional sales or other title retention agreements) upon the Corporation or the Pledged Property, whether now owned or hereafter acquired ; provided, however, that notwithstanding the foregoing, the Corporation may create, assume or suffer to exist Permitted Encumbrances.

Section 5.16 Environmental Indemnity.

(a) The Corporation shall not cause or permit the Facilities or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance with all applicable Federal, state and local laws or regulations, nor shall the Corporation cause or permit, as a result of any intentional or unintentional act or omission on the part of the Corporation or any tenant or subtenant, a release of Hazardous Substances onto the Facilities. The Corporation shall comply with and ensure compliance by all tenants and subtenants with all applicable Federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder.

(b) The Corporation shall (i) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Substances, on, from, or affecting the Facilities (A) in accordance with all applicable Federal, state and local laws, ordinances, rules, regulations, and policies, (B) to the satisfaction of the Trustee, and (C) in accordance with the orders and directives of all Federal, state and local governmental authorities, and (ii) defend, indemnify, and hold harmless the City, the Original Purchaser and the Trustee from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (A) the presence, disposal, release, or threatened release of any Hazardous Substances which are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (B) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances, and/ or (C) any violation of laws, orders, regulations, requirements or demands of government authorities, or any policies or requirements of the mortgage trustee, which are based upon or in any way related to such Hazardous Substances including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses.

(c) In the event that the Trustee elects to control, operate, sell or otherwise claim property rights in the Facilities, the Corporation shall deliver the Facilities free of any and all Hazardous Substances so that the conditions of the Facilities shall conform with all applicable Federal, state and local laws, ordinances, rules or regulations affecting the Facilities. Prior to any such delivery of the Facilities, the Corporation shall pay the Trustee, from its own funds, any amounts then required to be paid under subsection (ii) above.

(d) The provisions of this Section 5.17 shall survive any termination of this Loan Agreement prior to payment in full of the Bonds.

Section 5.17 Nondiscrimination. The Corporation herein covenants that this Loan Agreement is made and accepted upon and subject to the conditions that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the Facilities nor shall the Corporation establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the Facilities.

Section 5.18 Limitation on Disposition of Assets.

(a) The Corporation shall not sell, lease or otherwise dispose of any part of the Facilities, including any facilities or equipment thereon (other than as part of a disposition of assets as permitted by Section 5.2 hereof) unless:

(i) such assets shall have become inadequate, obsolete, worn out, unsuitable, undesirable, unprofitable or unnecessary to the Corporation, and the sale, lease, removal or other disposition thereof will not, in the opinion of the Corporation, materially impair the structural soundness, efficiency, economic value or revenue generating capacity of the Corporation;

(ii) the proceeds from such sale or other disposition are equal to at least the fair market value of the assets sold or otherwise disposed of and the Corporation either pays the net proceeds of such sale or other disposition to the Trustee for deposit in the optional redemption account to be created in the Bond Fund or utilizes the net proceeds

of such sale or other disposition to acquire property that will thereafter constitute Facilities;

(iii) the aggregate market value of the portions of the Facilities disposed of in any Fiscal Year does not exceed five percent (5%) of the value of the tangible Facilities reflected on the balance sheet of the Corporation, reduced by accumulated depreciation and amortization with respect to such Facilities retained by the Corporation; or

(iv) with respect to a lease of any part of the Pledged Property, the Corporation obtains the consent of the Original Purchaser (unless such lease is equal to or less than 25% in square footage of such part of the Pledged Property in which case such consent shall not be required), an Opinion of Bond Counsel, to the effect that such lease will not affect the Tax-Exempt status of the Bonds and subordination and non-disturbance agreements from such lessees.

(b) Before any disposition of any part of the Facilities in any Fiscal Year in accordance with subsection (a) above, the Corporation shall furnish to the Trustee and the Original Purchaser (A) a certificate of the Corporation stating that such disposition is for a purpose specified in clauses (i), (ii) or (iii) of subsection (a) of this Section, as appropriate, that no Event of Default under the Indenture or the Loan Agreement or default under the Deed of Trust has occurred and is continuing and stating the amount of the net proceeds or other consideration received, if any, from such sale or other disposition, and (B) if applicable, an appraisal of the property to be acquired with the net proceeds or other consideration received from such sale or other disposition, showing that such property is to be acquired at a price not more than its fair market value. Upon receipt of such certificate, appraisal(s) and report, the Trustee shall execute and deliver any releases or other documents reasonably requested by the Corporation in connection with such sale or other disposition.

(c) The Trustee shall also execute and deliver any documents reasonably requested by the Corporation in connection with the sale or other disposition of any part of the Facilities in any Fiscal Year upon receipt of a Statement of the Trustee and the Original Purchaser stating that the parts of the Facilities so sold or disposed of and all other parts of the Facilities sold or otherwise disposed of during the same Fiscal Year do not in the aggregate exceed the limitations set forth in this Section.

Notwithstanding the foregoing, the Corporation may replace any portion of the Facilities that constitutes fixtures if the Corporation substitutes fixtures of equivalent utility and not less than equivalent value and such substituted fixtures are free of any liens or encumbrances including, without limitation, purchase money security interests.

(d) In addition to the foregoing limitations, the Corporation may not sell, lease or otherwise dispose of any of the Pledged Property unless it shall be established to the satisfaction of the Trustee and the Original Purchaser that (i) all consents and approvals of governmental entities, board and other bodies required in connection therewith have been obtained, (ii) the security of the Deed of Trust and the ability of the trustee thereunder to foreclose upon the remaining Pledged Property will not be impaired as a result of the disposition of such property and (iii) the Corporation shall have conveyed to the trustee under the Deed of Trust such rights-of-way, easements and other rights in land as are required for ingress to and egress from the remaining Pledged Property, for the utilization of the facilities located thereon and for utilities required to serve such facilities.

ARTICLE VI

DAMAGE, DESTRUCTION AND CONDEMNATION; CONTINUATION OF PAYMENTS

Section 6.1 Obligation to Continue Payments. So long as any Bonds are Outstanding, if (i) the Facilities or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty, or (ii) the temporary use of the Facilities or any portion thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Corporation shall nevertheless be obligated to continue to pay the amounts specified in Article IV hereof, to the extent not prepaid in accordance with Article VIII hereof.

Section 6.2 Disposition of Insurance and Condemnation Proceeds.

(a) All proceeds of the insurance carried pursuant to Section 5.8(a) hereof (except proceeds of the liability portion, if any, of such insurance), and proceeds of any condemnation awards with respect to the Facilities in excess of \$100,000 shall be paid immediately upon receipt by the Corporation. In the event that the proceeds of any loss or damage to or condemnation of the Facilities shall be less than or equal to \$100,000 the Corporation may retain such proceeds without any formality whatsoever. If the Corporation elects to repair or replace such property, the Corporation shall proceed reasonably promptly to repair or replace such property.

(b) In the event the Corporation shall elect to apply the proceeds to the prepayment of the Loan Payments (and the consequent redemption of Bonds), and not to the repair or replacement of the property damaged, destroyed or taken as provided in subsection (a) of this Section 6.2, the Corporation shall apply such amounts to prepay the Loan Payments (and thereby the Bonds).

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. Any one of the following which occurs shall constitute an Event of Default under this Loan Agreement:

(a) failure by the Corporation to pay or cause to be paid any amounts required to be paid under Section 4.2(a) hereof when due; or

(b) failure of the Corporation to observe and perform any covenant, condition or agreement on its part required to be observed or performed under this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of thirty (30) days after written notice from the Trustee or the City, which notice shall specify such failure and request that it be remedied, unless the City and the Trustee shall agree in writing to an extension of such time period; provided, however, that if the failure stated in the notice cannot be corrected within such period, the City and the Trustee will not unreasonably withhold their consent to an extension of such time period if corrective action is instituted within such period and diligently pursued until the default is corrected; provided, however, that such failure or breach shall be cured within 120 days of such notice; or

(c) any of the representations or warranties of the Corporation made herein or in the application filed with the City in connection with the Bonds was false or incorrect in any material respect when made; or

(d) an Act of Bankruptcy occurs with respect to the Corporation; or

(e) the occurrence of an Event of Default under the Indenture.

(f) any reportable event (as defined in ERISA) which the Original Purchaser determines in good faith constitutes grounds for the termination of any Plan of the Corporation or for the appointment by the appropriate United States District Court of a trustee to administer or liquidate any such Plan, shall have occurred and be continuing thirty (30) days after written notice to such effect shall have been given to the Corporation by the Purchaser; or any such Plan shall be terminated; or a trustee shall be appointed by the appropriate United States District Court to administer any such Plan; or the PBGC shall institute proceedings to administer or terminate any such Plan; and in the case of any such event the aggregate amount of vested unfunded liabilities under such Plan shall exceed (either singly or in the aggregate in the case of any such liability arising under more than one such Plan) five percent (5%) of the total assets of the Corporation;

(g) the liens provided under the Deed of Trust shall cease at any time to be in effect and fully perfected as to any material part of the Pledged Property;

(h) any final judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes the operation or result of which, individually or in the aggregate, equals or exceed \$250,000, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Original Purchaser shall be entered or filed against the Corporation or against any of its Facilities and remain unpaid, unvacated, unbonded or unstayed for a period of sixty (60) days; or

(i) the Corporation fails to provide the Original Purchaser with any financial information

required by Section 5.3(a) or (c) for a period of sixty (60) days within the dates required thereof.

Section 7.2 Remedies on Default. (a) Whenever any Event of Default hereunder shall have occurred and shall continue, the City, the Trustee or the Original Purchaser may take whatever action or institute any proceeding, at law or in equity, as may be necessary or desirable for the collection of the payments and other amounts then due, including Loan Payments, and thereafter to become due hereunder or the enforcement of the performance and observance of any obligation, agreement or covenant of the Corporation under this Loan Agreement, including but not limited to: (i) instituting and prosecuting to judgment or final decree and enforcing any such judgment or decree against the Corporation and collect in the manner provided by law moneys decreed to be payable; (ii) by injunctive and other equitable relief, to require the Corporation to perform each of its obligations hereunder and to otherwise protect the City's and the Original Purchaser's rights hereunder, and (iii) institute foreclosure proceedings under the Deed of Trust if permitted under the terms thereof.

(b) If, at any time after all of the Outstanding Bonds shall have been declared due and payable pursuant to Section 7.01 of the Indenture but such declaration has been rescinded in accordance with said Section 7.01, no amount shall be payable by the Corporation pursuant to Section 4.2(a) with respect to the principal of Bonds as to which the acceleration of maturity has been rescinded.

(c) In case the Trustee or the City shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the City, then, and in every such case, the Corporation, the Trustee and the City shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Corporation, the Trustee and the City shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the City, the Trustee or the Corporation shall not be disturbed by reason of this provision).

Section 7.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Corporation should default under any of the provisions of this Loan Agreement and the City, the Original Purchaser or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees to pay to the City, the Original Purchaser or the Trustee the reasonable fees and expenses of such attorneys, such other reasonable expenses so incurred by the Trustee, the Original Purchaser or the City.

Section 7.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.5 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Corporation and thereafter waived by the City or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VIII

PREPAYMENT

Section 8.1 Option to Prepay Loan Payments. So long as no Event of Default shall have occurred and be continuing hereunder, the Corporation shall have the option to prepay all or any portion of the Loan Payments by paying the applicable amount set forth in Section 8.2 hereof. By virtue of the assignment hereunder to the Trustee of certain rights of the City, the Corporation shall pay any prepayment of Loan Payments directly to the Trustee. Such prepayments of Loan Payments shall be applied to provide for the payment of Outstanding Bonds (or portions thereof in Authorized Denominations) as specified in the notice of prepayment in accordance with Article X of the Indenture and the related expenses and other costs specified in Section 8.2.

Notwithstanding any partial prepayment of Loan Payments, this Loan Agreement shall not be terminated until no Bonds remain Outstanding under the Indenture and all amounts payable by the Corporation hereunder have been paid.

Section 8.2 Amount of Prepayment. (a) In the case of a prepayment of the entire amount of the Loan Payments remaining due hereunder, the amount to be paid shall be a sum sufficient, together with other funds and the principal of and interest on any United States Government Securities then on deposit with the Trustee and available for such purpose to provide for the payment of all then Outstanding Bonds, and the satisfaction and discharge of the Indenture, in accordance with Article X of the Indenture.

(b) In the case of the prepayment of a portion of the Loan Payments remaining due hereunder, the amount payable shall be a sum sufficient: (i) to provide for the payment of the Outstanding Bonds (or portions thereof) in Authorized Denominations of the maturities specified in the notice of prepayment in accordance with Article X of the Indenture; and (ii) to pay all reasonable and necessary fees and expenses of the City and the Trustee in connection with the receipt and application of such prepayment, including the establishment of an escrow to provide for the payment of such Bonds.

Section 8.3 Notice and Date of Prepayment. The Corporation shall give written notice of any prepayment of Loan Payments to the City, the Trustee and the Original Purchaser at least fifteen (15) days prior to the last day by which the Trustee is permitted to give notice of redemption pursuant to Section 4.03 of the Indenture, of any Bonds specified for redemption by the Corporation with such prepayment; provided that the City and the Trustee may agree to waive their respective rights to receive such notice or may agree to a shorter notice period. Such notice shall specify the principal amount of each maturity to be paid or redeemed with such prepayment, the date or dates of redemption or payment of such Bonds, and the date upon which such prepayment will be made. Notwithstanding anything to the contrary in this Loan Agreement, each notice of the prepayment of Loan Payments shall state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed date of prepayment of an amount sufficient to effect such prepayment and such notice shall be of no force and effect and the prepayment need not be made and the Loan Payments will not become due and payable on the proposed prepayment date unless such an amount is so received on or prior to the proposed prepayment date.

ARTICLE IX

NONLIABILITY OF CITY; EXPENSES; INDEMNIFICATION

Section 9.1 Nonliability of City. The City shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to this Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the City or any member is pledged to the payment of the principal (or redemption price) or interest on the Bonds. Neither the City nor its members, officers, directors, agents or employees or their successors and assigns shall be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under, by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under this Loan Agreement.

The Corporation hereby acknowledges that the City's sole source of moneys to repay the Bonds will be provided by the payments made by the Corporation to the Trustee pursuant to this Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Corporation shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Corporation, the City or any third party, subject to any right of reimbursement from the Trustee, the City or any such third party, as the case may be, therefor but solely, in the case of the City, from the Revenues, other than with respect to any deficiency caused by the willful misconduct of the City.

Section 9.2 Expenses. The Corporation shall pay and indemnify the City and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with this Loan Agreement, the other Financing Documents, the Bonds or the Indenture. These obligations and those in Section 9.3 shall remain valid and in effect notwithstanding repayment of the loan hereunder or the Bonds or termination of this Loan Agreement or the Indenture.

Section 9.3 Indemnification.

(a) To the fullest extent permitted by law, the Corporation agrees to indemnify, hold harmless and defend the City, the Trustee, the Original Purchaser and each of its respective past, present and future officers, members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Indenture, the Loan Agreement, the Tax Agreement or the other Financing Documents or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Corporation or any of its agents, contractors, servants, employees, tenants or licensees in connection with the Facilities, the operation of the Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Facilities or any part thereof;

(iii) any lien or charge upon payments by the Corporation to the City and the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the City or the Trustee in respect of any portion of the Facilities;

(iv) the defeasance and /or redemption, in whole or in part, of the Bonds;

(v) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vi) any violation of any Environmental Regulation with respect to, or the release of any Hazardous Substance from, the Pledged Property or any part thereof;

(vii) any declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest on the Bonds is taxable;

(viii) the Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the City or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Corporation, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Corporation shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Corporation if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 4.2, this Section and Section 9.2 shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement and the redemption or other payment in full of the Bonds.

Section 9.4 Waiver of Personal Liability. No director, member, officer, agent or employee of the City or any director, officer, agent or employee of the Corporation shall be individually or personally liable for the payment of any principal (or Redemption Price) or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement, but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given upon actual receipt thereof when the same have been mailed by first class mail or by overnight mail, postage prepaid, addressed to the City, the Corporation, the Original Purchaser or the Trustee, as the case may be, at the addresses set forth in, or changed pursuant to, Section 12.05 of the Indenture. A duplicate copy of each notice, certificate or other communication given hereunder by either the City or the Corporation to the other shall also be given to the Trustee. Unless otherwise requested by the City, the Trustee, the Original Purchaser or the Corporation, any notice required to be given hereunder in writing may be given by any form of Electronic notice capable of making a written record. Each such party shall file with the Trustee information appropriate to receiving such form of Electronic notice. The City, the Corporation, the Original Purchaser and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Limitation of Rights. Nothing in this Loan Agreement expressed or implied is intended or shall be construed to give to any Person other than the City, the Trustee, the Corporation and the Owners of the Outstanding Bonds any legal or equitable right, remedy or claim under or in respect of this Loan Agreement or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Trustee, the Corporation, and the Owners of the Outstanding Bonds.

Section 10.3 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.4 Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; provided, however, that for purposes of perfecting a security interest in this Loan Agreement, only the counterpart delivered, pledged, and assigned to the Trustee shall be deemed the original.

Section 10.5 Agreement Represents Complete Agreement; Amendments. This Loan Agreement and the Tax Agreement incorporated herein by reference represent the entire contract between the City and the Corporation with respect to the Bonds, the loan of the proceeds thereof to the Corporation and related matters. Except as otherwise provided in this Loan Agreement or the Indenture, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with Article IX of the Indenture.

Section 10.6 Governing Law; Venue. This Loan Agreement is a contract made under the laws of the State of California and shall be governed by and construed in accordance with the Constitution and laws applicable to contracts made and performed in the State of California. This Agreement shall be enforceable in the State of California, and any action arising out of this Loan Agreement shall be filed and maintained in San Diego County, California, unless the City waives this requirement in writing.

Section 10.7 Authorized Corporation Representative. Whenever the provisions of this Loan Agreement require the approval of the Corporation, or the City is required to take some

action under the Indenture at the request of the Corporation, such approval or such request shall be given on behalf of the Corporation by an Authorized Corporation Representative, and the City and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.8 Term of Loan Agreement. This Loan Agreement shall be in full force and effect with respect to the Bonds from the Issue Date and shall continue in effect as long as any of the Bonds are Outstanding or the Trustee holds any moneys under the Indenture, whichever is later. All representations and certifications by the Corporation as to all matters affecting the Tax-Exempt status of interest on the Bonds shall survive the termination of this Loan Agreement.

Section 10.9 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City, the Corporation and their respective successors and assigns; subject, however, to the limitations contained in Section 5.2 hereof.

Section 10.10 Indenture. The Corporation acknowledges having read the Indenture and agrees to perform all duties imposed on it by the Indenture. The Corporation further agrees that Bond proceeds shall be applied as set forth in the Indenture. Insofar as any section of the Indenture imposes duties and responsibilities on the Corporation it is specifically incorporated herein by reference.

Section 10.11 Waiver of Personal Liability. No director, member, officer, agent or employee of the City or any director, officer, agent or employee of the Corporation shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement, but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 10.12 Third Party Beneficiaries. Such rights and remedies as are given the City hereunder shall also extend to the Trustee and the Original Purchaser, and the Trustee, the Owners of the Bonds and the Original Purchaser shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 10.13 Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture or this Loan Agreement, and, unless otherwise specifically provided, no interest shall accrue for the period from and after such nominal date.

IN WITNESS WHEREOF, the City and the Corporation have caused this Loan Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

CITY OF OROVILLE

By _____
Authorized Signatory

OROVILLE HOSPITAL

By _____
Authorized Signatory

[Signature Page – Loan Agreement
City of Oroville Hospital Revenue Bonds (Oroville Hospital), Series 2018]

EXHIBIT A

LOAN REPAYMENT SCHEDULE

Interest Payment Date	Principal Amount	Interest	Total
-----------------------------	---------------------	----------	-------

INDENTURE

Dated as of May 1, 2018

by and between the

CITY OF OROVILLE

and

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

**\$ _____
City of Oroville
Hospital Revenue Bonds
(Oroville Hospital)
Series 2018**

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS

Section 1.01. <u>Definitions</u>	3
Section 1.02. Number, Gender and Variants	17
Section 1.03. Articles, Sections, Etc.....	17
Section 1.04. Content of Certificates and Opinions.....	17

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds.....	19
Section 2.02. General Terms.....	19
Section 2.03. Terms of Redemption.....	20
Section 2.04. Authentication and Delivery of Bonds.....	20
Section 2.05. Application of Proceeds of Bonds.....	20

ARTICLE III

GENERAL PROVISIONS OF THE BONDS

Section 3.01. Payment of Bonds.....	22
Section 3.02. Accrual of Interest.....	22
Section 3.03. Form of Bonds.....	23
Section 3.04. Execution of Bonds.....	23
Section 3.05. Transfer and Exchange of Bonds.....	23
Section 3.06. Bond Register.....	24
Section 3.07. Bonds Mutilated, Lost, Destroyed or Stolen.....	24
Section 3.08. Disposition of Cancelled Bonds.....	25
Section 3.09. Validity of Bonds.....	25

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Redemption of Bonds.....	26
Section 4.02. Selection of Bonds for Redemption.....	26
Section 4.03. Notice of Redemption.....	26
Section 4.04. Partial Redemption of Bonds.....	26
Section 4.05. Effect of Redemption.....	27

ARTICLE V

REVENUES AND FUNDS

Section 5.01. Pledge of Revenues and Other Security for the Bonds.....	28
Section 5.02. Bond Fund.....	29
Section 5.03. Additional Payments.....	29
Section 5.04. Project Fund.....	29
Section 5.05. Costs of Issuance Fund.....	31
Section 5.06. Trustee Authorized to Take Actions Under the Loan Agreement.....	31
Section 5.07. Investment of Moneys.....	31
Section 5.08. Amounts Remaining in Funds.....	31

ARTICLE VI

COVENANTS OF THE CITY

Section 6.01. Payment of Principal and Interest.....	33
--	----

Section 6.02. Power to Issue Bonds and make Pledge and Assignment	33
Section 6.03. Extension or Funding of Claims for Interest.....	33
Section 6.04. Preservation of Revenues.....	33
Section 6.05. Compliance with Indenture	33
Section 6.06. Arbitrage Covenants; Rebate Fund	33
Section 6.07. Other Liens.....	34
Section 6.08. Further Assurances.....	35

ARTICLE VII

DEFAULT

Section 7.01. Events of Default; Acceleration; Waiver of Default.....	36
Section 7.02. Institution of Legal Proceedings by Trustee	37
Section 7.03. Application of Moneys Collected by Trustee.....	37
Section 7.04. Effect of Delay or Omission to Pursue Remedy.....	38
Section 7.05. Remedies Cumulative	38
Section 7.06. Trustee Appointed Agent for Owners.....	38
Section 7.07. Power of Trustee to Control Proceedings	38
Section 7.08. Owners' Direction of Proceedings.....	38
Section 7.09. Limitation on Owners' Right to Sue	39

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.....	40
Section 8.02. Right of Trustee to Rely upon Financing Documents, Etc.	41
Section 8.03. Trustee Not Responsible for Recitals.....	41
Section 8.04. Right of Trustee to Acquire Bonds	42
Section 8.05. Moneys Received by Trustee to Be Held in Trust.....	42
Section 8.06. Compensation and Indemnification of Trustee	42
Section 8.07. Qualifications of Trustee	43
Section 8.08. Resignation and Removal of Trustee and Appointment of Successor Trustee.....	43
Section 8.09. Acceptance of Trust by Successor Trustee	44
Section 8.10. Merger or Consolidation of Trustee	44
Section 8.11. Accounting Records and Reports; Financing Statements	44
Section 8.12. Tax Agreement.....	45
Section 8.13. Appointment of Co-Trustee.....	45

ARTICLE IX

MODIFICATION OF INDENTURE, DOCUMENTS

Section 9.01. Modification without Consent of Owners	46
Section 9.02. Modification with Consent of Owners.....	47
Section 9.03. Effect of Supplemental Indenture or Amendment	47
Section 9.04. Required and Permitted Opinions of Counsel.....	48
Section 9.05. Notation of Modification on Bonds; Preparation of New Bonds.....	48

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture.....	49
Section 10.02. Discharge of Liability on Particular Bonds	49
Section 10.03. Deposit of Money or Securities with Trustee.....	50

ARTICLE XI
MISCELLANEOUS

Section 11.01. Successors and Assigns of City	51
Section 11.02. Limitation of Rights	51
Section 11.03. Waiver of Notice	51
Section 11.04. Separability of Invalid Provisions.....	51
Section 11.05. Notices	51
Section 11.06. Evidence of Rights of Owners.....	52
Section 11.07. Waiver of Personal Liability.....	53
Section 11.08. Governing Law; Venue.....	53
Section 11.09. Execution in Several Counterparts	53
Section 11.10. Unclaimed Moneys	53
Section 11.11. Monies Held for Particular Bonds	54
Section 11.12. Non-Liability of City.....	54
Section 11.13. Notification to City Regarding Amount of Outstanding Bonds.....	54
Section 11.14. Holidays	54
Section 11.15. Rights of Original Purchaser.....	54

- EXHIBIT A: MANDATORY SINKING FUND INSTALLMENTS
- EXHIBIT B: FORM OF BOND
- EXHIBIT C: FORM OF INVESTOR LETTER

INDENTURE

This INDENTURE OF TRUST, is made and entered into and dated as of May 1, 2018 (the "Indenture"), by and between the CITY OF OROVILLE, a municipal corporation and chartered city organized and existing under its charter and the laws of the State of California, (the "City"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized under the laws of the United States of America, being qualified to accept and administer the trusts hereby created (the "Trustee"),

WITNESSETH:

WHEREAS, the City is a municipal corporation and charter city duly organized and existing under a freeholders' charter pursuant to which the City has the right and power to make and enforce all laws and regulations in respect to municipal affairs and certain other matters in accordance with and as more particularly provided in sections 3, 5 and 7 of article XI of the Constitution of the State of California and the charter of the City (the "Charter");

WHEREAS, the City Council of the City, acting under and pursuant to the powers reserved to the City under sections 3, 5 and 7 of article XI of the Constitution of the State of California and section 2 of article XXX of the Charter, has adopted the City of Oroville Health Facilities Financing Law (the "Law"), establishing a program and procedure for the authorization, sale and issuance of revenue bonds by the City for the purpose, inter alia, of providing financing or refinancing for health facilities,;

WHEREAS, Oroville Hospital, a nonprofit, public benefit corporation organized and existing under the laws of the State of California (the "Corporation") and an organization described in Section 501(c)(3) of the Code, has applied for the financial assistance of the City to (a) refund the outstanding City of Oroville Variable Rate Demand Hospital Revenue Bonds (Oroville Hospital), 2012 Series A, of which \$10,310,000 is currently outstanding (the "2012 Bonds"), issued to refund certain prior bonds issued by the City for the benefit of the Corporation and financing certain improvements to the hospital facilities of the Corporation located at 2767 Olive Highway, Oroville, California (the "Hospital"), and (b) finance the expansion of the Hospital's dietary, pharmacy and surgical departments (the "2018 Project");

WHEREAS, the City has authorized the issuance of its City of Oroville Hospital Revenue Bonds (Oroville Hospital) Series 2018, in the aggregate original principal amount of \$_____ (the "Bonds"), to refund the 2012 Bonds and to finance the 2018 Project;

WHEREAS, the City has duly entered into a loan agreement, dated as of May 1, 2018, with the Corporation specifying the terms and conditions of a loan by the City to the Corporation of the proceeds of the Bonds to provide for the refunding of the 2012 Bonds, the financing of the 2018 Project and the payment of the costs of issuing the Bonds;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal (or redemption price) thereof and interest thereon, the City has authorized the execution and delivery of this Indenture;

WHEREAS, the Bonds, and the Trustee's certificate of authentication and assignment to appear thereon, shall be in substantially the form attached hereto as Exhibit B, and incorporated into this Indenture by this reference, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the City, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the City, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH, that in order to secure the payment of the principal (or redemption price) of, and the interest on, all Bonds issued and Outstanding under this Indenture, according to their tenor and further to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt thereof is hereby acknowledged, the City covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of the Loan Agreement and of any Supplemental Indenture, have the meanings herein specified, as follows:

“Accountant’s Report” means a written report or certificate signed by an independent certified public accountant of recognized national standing, or a firm of independent certified public accountants of recognized national standing, selected by the Corporation.

“Act of Bankruptcy” means any of the following with respect to any Person: (a) the commencement by or against such Person of a voluntary case under the Bankruptcy Code, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar laws; (b) failure by such Person to timely controvert the filing of a petition with a court having jurisdiction over such Person to commence an involuntary case against such Person under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar laws; (c) such Person shall admit in writing its inability to pay its debts generally as they become due; (d) a receiver, trustee, custodian or liquidator of such Person or such Person’s assets shall be appointed in any proceeding brought against the Person or such Person’s assets; (e) assignment by such Person for the benefit of its creditors; (f) the entry by such Person into an agreement of composition with its creditors, or (g) becoming insolvent within the meaning of section 101(32) of the Bankruptcy Code.

“Additional Payments” means the amounts payable to the City, the Trustee or other Persons pursuant to Section 4.2(c) of the Loan Agreement.

“Amendment” means any amendment or modification of any of the Financing Documents.

“Annual Debt Service” means, for each Fiscal Year, the aggregate amount (without duplication) of principal and interest scheduled to become due (either by maturity or by mandatory redemption) and sinking fund payments required to be paid in that Fiscal Year on all Long-Term Indebtedness.

“Approved Buyer” means (1) a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”); (2) an “accredited investor” as defined in paragraphs (1) through (3) of subsection (a) of Section 501 (“Section 501”) of Regulation D promulgated under the Securities Act; (3) an entity that is directly or indirectly wholly owned or controlled by the purchaser/bondholder representative (being a financial institution described in (1) above; (4) an “accredited investor” as defined in paragraph (5) of subsection (a) of said Section 501, provided that the minimum net worth shall be \$5,000,000; (5) an “accredited investor” as defined in paragraph (6) of subsection (a) of said Section 501, provided that the minimum income (individual or joint) shall be \$1,000,000; (6) an entity all of the investors in which are described in (1), (2) or (3) above; or (7) a custodian or trustee for a party described in (1), (2), (3), (4) or (5) above.

“Authorized Denomination” means \$100,000 or any multiple of \$1,000 above that amount except a Bond may be in any amount as a result of sinking fund redemption.

“Authorized Corporation Representative” means any person who at the time and from time

to time may be designated, by written certificate furnished to the City and the Trustee, as a person authorized to act on behalf of the Corporation. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of the Corporation by any officer of the Corporation and may designate an alternate or alternates.

“Balloon Indebtedness” means Long-Term Indebtedness 25% or more of the principal of which becomes due (either by maturity or mandatory redemption) or may be tendered for purchase or payment at the option of the holder during any period of 12 consecutive months, which portion of the principal is not required by the documents governing such Indebtedness to be amortized by redemption prior to such date.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

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

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the validity of, and exclusion from gross income for federal tax purposes of interest on, bonds issued by states and political subdivisions and duly admitted to practice law before the highest court of any state of the United States and acceptable to the City.

“Bond Debt Service” means, for any period of time, the sum of (a) the interest payable during such period on all Outstanding Bonds, assuming that all Outstanding Bonds are redeemed or paid from Mandatory Sinking Fund Installments as scheduled, and (b) that portion of the principal amount of all Outstanding Bonds required to be redeemed or paid from Mandatory Sinking Fund Installments during such period.

“Bond Fund” means the Bond Fund established pursuant to Section 5.02.

“Bond Register” means the registration books for the ownership of Bonds maintained by the Trustee pursuant to Section 3.06.

“Bonds” means the \$_____ original aggregate principal amount of City of Oroville Hospital Revenue Bonds (Oroville Hospital) Series 2018, issued hereunder.

“Business Day” means a day which is not a Saturday, a Sunday, a day on which banks located in the city in which the Principal Corporate Trust Office of the Trustee is located are required or authorized to be closed or a day on which the New York Stock Exchange is not closed.

“Certificate of the Corporation” means a certificate signed by an Authorized Corporation Representative. If and to the extent required by the provisions of Section 1.04, each Certificate of the Corporation shall include the statements provided for in Section 1.04.

“Certificate of the City” means a certificate signed by a City Representative. If and to the extent required by the provisions of Section 1.04 hereof, each Certificate of the City shall include the statements provided for in Section 1.04.

“Certified Resolution” means a copy of a resolution of the City certified by a City Representative to have been duly adopted by the City and to be in full force and effect on the date of such certification.

“City” means the City of Oroville, a municipal corporation and charter city, duly

organized and existing under the Constitution and the laws of the State.

“City Representative” means any member of the City Council of the City or the City Manager of the City or any other person designated as a City Representative by a certificate signed by a member of the City Council of the City or the City Manager of the City and filed with the Trustee.

“Closing Date” means the date of delivery of the Bonds to the Original Purchaser.

“Code” shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time and the regulations thereunder, or any successor to the Internal Revenue Code of 1986. Reference to any particular Code section shall, in the event of such successor Code, be deemed to be reference to the successor to such Code section. Each reference to a section of the Code shall be deemed to include the United States Treasury Regulations in effect or proposed from time to time with respect thereto and applicable to the 2018 Project or the Bonds or the use of the proceeds thereof.

“Completion Indebtedness” means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness has theretofore been incurred in accordance with the provisions of the Loan Agreement, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness was incurred, and in accordance with the general plans and specifications for such facility as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the provisions of the documents pursuant to which the related financing was undertaken.

“Consultant” means a person, firm, association or corporation who or which is appointed by the Corporation and, so long as the Original Purchaser owns the Bonds, acceptable to the Original Purchaser, for the purpose of passing on questions relating to the financial affairs, management or operations of the Corporation and, in the good faith opinion of the Corporation, has a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors.

“Corporation” means (i) Oroville Hospital, formerly known as National Health Services, Inc., a California nonprofit public benefit corporation, and its successors and assigns; and (ii) any surviving, resulting or transferee corporation as provided in Section 5.2 of the Loan Agreement.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City or the Corporation and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee, Original Purchaser fees, including closing wire processing fees, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds which constitutes a “cost of issuance” within the meaning of Section 147(g) of the Code.

“Costs of Issuance Fund” means the fund which is established pursuant to Section 5.05 hereof.

“Cost of the 2018 Project” shall mean the sum of the items, or any such item, authorized to be paid from the Project Fund to finance the 2018 Project pursuant to the provisions of Section

3.03 hereof.

“Days Cash on Hand” means, for any Fiscal Year, the quotient of (unrestricted cash, cash equivalents and marketable securities, but specifically excluding and exclusive of: (1) all-trustee held fund; (2) borrowed moneys payable in one year or less, unless there exists a firm refinancing commitment from a qualified financial institution rated in the “A+” or “A1” or higher rating category; (3) moneys borrowed pursuant to any demand or tender obligation(s), unless a liquidity facility with term-out provisions providing for repayment over no fewer than five years exists from a qualified financial institution rated in the “A+” or “A1” or higher rating category; and (4) borrowed funds that are entrusted with a lender, as of the end of such Fiscal Year), divided by the Corporation’s operating expenses, less depreciation and amortization expense, for such Fiscal Year divided by the number of calendar days in such Fiscal Year.

“Deed of Trust” means that Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, dated as of May 1, 2018, from the Corporation for the benefit of the Trustee, as the same may be amended and supplemented in accordance with the Loan Agreement and the terms thereof, creating a lien on certain real property of the Corporation for the equal and ratable benefit of the Owners of the Bonds and any Parity Debt.

“Default Rate” means the current rate plus 5%.

“Determination of Taxability” means, and shall be deemed to have occurred on the first to occur of, the following:

(i) on the date when the Corporation or the City files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Owner or any former Owner notifies the City and the Corporation that it has received a written opinion by a nationally recognized attorney or firm of attorneys of substantial expertise on the subject of Tax-Exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the Corporation of such notification from the Owner or any former Owner, the Corporation shall deliver to the Owner and any former Owner (a) absent any occurrence described in clauses (i), (iii) or (iv) of this definition of “Determination of Taxability, an opinion of a nationally recognized attorney or firm of attorneys of substantial experience on the subject of Tax-Exempt municipal finance reasonably acceptable to the Owner stating that an Event of Taxability has not occurred or (b) a ruling or determination letter issued to or on behalf of the City or the Corporation by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the City or the Corporation shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Corporation, or upon any review or audit of the Corporation or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the Corporation or the City shall receive notice from the

Owner or any former Owner that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Owner or such former Owner the interest on the Bonds due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Corporation or the City has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Owner or former Owner, the City shall promptly reimburse, but solely from payments made by the Corporation, such Owner or former Owner for any payments, including any taxes, interest, penalties or other charges, such Owner (or former Owner) shall be obligated to make as a result of the Determination of Taxability.

“Electronic Notice” means notice given through means of telecopy, telegraph, telegram, telex, facsimile transmission, e-mail or other similar electronic means of communication confirmed by writing or written transmission.

“Environmental Regulations” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

“Event of Default” as used with respect to this Indenture has the meaning specified in Section 7.01, and as used with respect to the Loan Agreement has the meaning specified in Section 7.1 thereof.

“Event of Taxability” means (i) the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Corporation or the City, or the failure to take any action by the Corporation or the City, or the making by the Corporation or the City of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Owner or any former Owner for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Owner or any former Owner for federal income tax purposes with respect to the Bonds.

“Facilities” means collectively (a) all buildings, structures and other improvements situated, placed or constructed on the real property owned by the Corporation, including, but not limited to, the Pledged Property; and (b) all materials, supplies, equipment, apparatus and other items of personal property owned by the Corporation and attached to, installed in or used in connection with the Facilities, including (without limitation) water, gas, electrical, storm and sanitary sewer facilities and all other utilities whether or not situated in easements.

“Financing Documents” means, collectively, this Indenture, the Loan Agreement, the Bond Purchase and Covenant Agreement and the Deed of Trust.

“Fiscal Year” means the period beginning on April 1 of each year and ending on the next succeeding March 31, or any other twelve-month period selected and designated as the official Fiscal Year of the Corporation.

“Fitch” means Fitch Ratings, Inc., a corporation organized and existing under the laws of the state of Delaware, its successors and their assigns.

“501(c)(3) Organization” means an organization described in Section 501(c)(3) of the Code.

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

“Government Obligations” means any of the following:

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation); and
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America, or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America including:
 - United States of America treasury obligations;
 - All direct or fully guaranteed obligations;
 - Farmers Home Administration;
 - General Services Administration;
 - Guaranteed Title XI financing;
 - Government National Mortgage Association (GNMA); and
 - State and Local Government Series.

“Governmental Unit” shall have the meaning set forth in Section 150 of the Code.

“Gross Revenues” means all revenues, income, receipts and money received in any period by the Corporation (other than donor-restricted gifts, grants, bequests, donations and contributions), including, but without limiting the generality of the foregoing: (a) gross revenues derived from the operation and possession of and pertaining to its Facilities, (b) proceeds with respect to, arising from, or relating to its Facilities and derived from (1) insurance (including business interruption insurance) or condemnation proceeds (except to the extent such proceeds are required by the terms of the Loan Agreement or other agreements with respect to the Indebtedness which the Corporation is permitted to incur pursuant to the terms of the Loan Agreement to be used for purposes inconsistent with their use for the payment of Loan Payments, Additional Payments or similar payments with respect to Parity Debt), (2) accounts, including but not limited to, accounts receivable, (3) securities and other investments, (4) inventory and intangible property, (5) payment/reimbursement programs and agreements, and (6) contract rights, accounts, instruments, claims for the payment of moneys and other rights and assets now or hereafter owned, held or possessed by or on behalf of the Corporation, and (c) rentals received from the lease of the Facilities, including, but not limited to, future interest on any and all revenues or income of any nature or kind which accrue to the Corporation.

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

and is acceptable to the Original Purchaser.

“Hazardous Substances” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Facilities or to Persons on or about the Facilities or (ii) cause the Facilities to be in violation of any Environmental Regulations; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulations including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Environmental Quality Act (“CEQA”), Cal. Public Resources Code § 21000 et seq.; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety Code §§ 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety Code §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Facilities or the owners and/or occupants of property adjacent to or surrounding the Facilities, or any other Person coming upon the Facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“Hospital” means the acute care hospital owned and operated by the Corporation located at 2767 Olive Highway, Oroville, California.

“Indebtedness” means any Guaranty and any indebtedness or obligations for borrowed money of the Corporation (other than accounts payable and accruals), as determined in accordance with GAAP, including obligations under conditional sales contracts or other title retention contracts and rental obligations under leases which are considered capital leases under GAAP.

“Indenture” means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture entered into pursuant to the provisions hereof.

“Interest Payment Date” means the first Business Day of each month, commencing September 1, 2018.

“Investor Letter” means a letter in the form of Exhibit C attached hereto executed by the Owner.

“Law” means the City of Oroville Health Facility Financing Law, constituting Chapter 11-B of Part II of the Oroville Municipal Code, as now in effect.

“Loan Agreement” means the Loan Agreement, dated as of May 1, 2018, between the City and the Corporation and relating to the loan of the proceeds of the Bonds, as originally executed

or as it may from time to time be supplemented or amended.

“Loan Payment” means any amount that the Corporation is required to pay to the Trustee or the Original Purchaser pursuant to Section 4.2(a) of the Loan Agreement as a repayment of the loan of the Bond proceeds made by the City under the Loan Agreement.

“Long-Term Indebtedness” means Indebtedness having an original maturity greater than one year or renewable at the option of the Corporation for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Indebtedness, no Indebtedness is permitted to be outstanding thereunder for a period of at least 30 consecutive days during each calendar year.

“Mandatory Sinking Fund Installments” means the amounts set forth in Section 2.03(b), subject to the credits provided in such Section.

“Maximum Annual Debt Service” means the greatest amount of Annual Debt Service becoming due and payable in any Fiscal Year including the Fiscal Year in which the calculation by the Corporation is made or any subsequent Fiscal Year; provided, however, that for the purposes of computing Maximum Annual Debt Service:

(a) there shall be included in the Indebtedness of the Corporation 100% of any Guaranty.

(b) for any Indebtedness for which a binding commitment, letter of credit or other credit arrangement providing for the extension of such Indebtedness beyond its original maturity date exists, the computation of Maximum Annual Debt Service shall, at the option of the Corporation, be made on the assumption that such Indebtedness will be amortized in accordance with such credit arrangement;

(c) for any Balloon Indebtedness, the computation of Maximum Annual Debt Service shall, at the option of the Corporation, assume that such Indebtedness is to be amortized over a period of years to be specified by the Corporation up to a 25-year period, beginning on the date of maturity of such Indebtedness or such earlier date as may be specified by the Corporation, assuming level debt service and a rate of interest (determined as of the time of calculation of Maximum Annual Debt Service) equal to the average rate, certified in a Certificate of the Corporation (which shall be accompanied by and based on an opinion of a banking or investment banking firm, which shall be knowledgeable in such matters) delivered to the Trustee, at which the Corporation could reasonably expect to borrow with such specified term;

(d) if interest on Long-Term Indebtedness is payable pursuant to a variable interest rate formula, the interest rate on such Long-Term Indebtedness for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to the average interest rate calculated pursuant to the provisions of the agreement pursuant to which such Long-Term Indebtedness was incurred during the one calendar year prior to the date of calculation or the interest rate that would have been the average interest rate calculated during the one year prior to the date of calculation had such Long-Term Indebtedness been outstanding for the previous year;

(e) debt service on Long-Term Indebtedness incurred to finance capital improvements shall be included in the calculation of Maximum Annual Debt Service only in proportion to the amount of interest on such Long-Term Indebtedness which is payable in the Fiscal Year after such improvement is placed in service from sources other than the proceeds of such Long-Term Indebtedness; and

(f) if moneys or Investment Securities described in clauses (a), (b), (d) or (e) of the definition hereof have been deposited with a trustee in an amount, together with earnings thereon sufficient to pay the principal of or interest on Long-Term Indebtedness as it comes due, such principal or interest, as the case may be, shall be excluded from the calculation of Maximum Annual Debt Service.

“Moody’s” means Moody’s Investor’s Service, Inc., a corporation organized and existing under the laws of the state of New York, its successors and their assigns.

“Net Proceeds” means the proceeds from insurance or from actual or threatened condemnation or eminent domain actions with respect to the Facilities or any part thereof, less any costs reasonably expended by the Corporation to receive such proceeds.

“Net Revenues Available for Debt Service” means, with respect to the Corporation, as to any period of time, the excess of Gross Revenues over expenses of the Corporation for such period, to which shall be added depreciation, amortization and interest, all as determined in accordance with Generally Accepted Accounting Principles; provided that no such determination shall include any gain or loss resulting from either the extinguishment of Indebtedness, any disposition of capital assets not made in the ordinary course of business, or any non-operating revenues and expenses.

“Nonrecourse Indebtedness” means any Indebtedness secured by a lien, which is not a general obligation of the Corporation and liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other property.

“Notice by Mail” or *“notice”* of any action or condition *“by Mail”* shall mean a written notice meeting the requirements of this Indenture mailed by first class mail, postage prepaid, to the Owners of specified Bonds, at the addresses shown on the Bond Register.

“Opinion of Bond Counsel” means an Opinion of Counsel from a Bond Counsel.

“Opinion of Counsel” means a written opinion of counsel (who may be counsel for the Corporation) acceptable to the City and the Corporation. If and to the extent required by the provisions of Section 1.04, each Opinion of Counsel shall include the statements provided for in Section 1.04.

“Original Purchaser” means, initially, Umpqua Bank, the first purchaser of the Bonds from the Corporation on the Closing Date, and its successor and assigns.

“Outstanding,” when used as of any particular time with reference to the Bonds (subject to the provisions of Section 11.06(e)), means all such Bonds theretofore authenticated and delivered by the Trustee under this Indenture, including Bonds deemed Outstanding pursuant to Section 11.06(e), except:

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture; and

(c) Bonds with respect to which the liability of the City and the Corporation have been discharged to the extent provided in, and pursuant to the requirements of, Section 10.02.

“Owner” means, as of any time, the registered owner of any Bond as set forth in the Bond Register.

“Parity Debt” means Indebtedness (a) incurred by the Corporation in accordance with Section 5.14 of the Loan Agreement and (b) secured by a lien on or security interest in Gross Revenues in the Gross Revenue Fund or other collateral equally and ratably with the obligations of the Corporation under the Loan Agreement. The terms of such indebtedness described in clauses (a) and (b) above shall require that (i) the trustee, if any, for such Indebtedness be the Trustee, and (ii) an event of default for such indebtedness shall include an Event of Default; provided, however, that no Parity Debt shall be secured by the same Pledged Property set forth in the Deed of Trust.

“Person” means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

“Permitted Encumbrances” means and includes: (i) liens for taxes, assessments and other governmental charges due but not yet payable unless contested to in good faith by appropriate proceedings which are being diligently pursued; (ii) landlord’s, warehouseman’s, carrier’s, worker’s, vendor’s, mechanic’s and materialmen’s liens and similar liens incurred in the ordinary course of business remaining undischarged for not longer than 60 days from the filing thereof unless contested to in good faith by appropriate proceedings which are being diligently pursued; (iii) attachments remaining undischarged for not longer than 60 days from the making thereof unless contested to in good faith by appropriate proceedings which are being diligently pursued; (iv) liens in respect of pledges or deposits under workers’ compensation laws, unemployment insurance or similar legislation and in respect of pledges or deposits to secure bids, tenders, contracts (other than contracts for the payment of money), leases or statutory obligations, or in connection with surety, appeal and similar bonds incidental to the conduct of litigation; (v) all leases which have been or should be capitalized in accordance with Generally Accepted Accounting Principles with respect to property (A) not previously owned by the Corporation or an affiliate and (B) not otherwise acquired in whole or in part with proceeds of the Bonds; (vi) purchase money security interests in property of the Corporation which property was not acquired in whole or in part with the proceeds of the Bonds; (vii) the rights of the City and the Trustee under the Loan Agreement; (viii) liens on any property or assets owned by the Corporation existing on the date of this Indenture; (ix) liens created by this Indenture and the Loan Agreement; (x) liens on property received by the Corporation through gifts, grants or bequests, (xi) any lien arising by reason of an escrow established to pay debt service on the Bonds, (xii) security interests and other encumbrances placed upon personal property being acquired by the Corporation to secure a portion of the purchase price thereof, or lessor or vendor interests in leases required to be capitalized in accordance with GAAP in a principal amount not exceeding in the aggregate \$2,000,000 per Fiscal Year, but only to the extent the principal amounts secured by any such interests or encumbrances do not exceed the lesser of the cost or fair market value of the property so acquired as determined in good faith by the Corporation, (xiii) liens (e.g., deeds of trust) securing any Indebtedness of the Corporation, including Parity Debt, provided that no additional Indebtedness shall be secured by the same Pledged Property set forth in the Deed of Trust (xiv) security interests and other encumbrances existing on any property prior to the time of its acquisition by the Corporation through purchase, merger, consolidation or otherwise, whether or not assumed by the Corporation, but only to the extent the principal amounts secured by any such encumbrances do not exceed the lesser of the cost or fair market value of the property so acquired as determined in good faith by the Corporation, (xv) accounts receivable of the Corporation to secure Short-Term Indebtedness pursuant to Section 5.14(d) of the Loan Agreement, and (xvi) any Lien permitted by the Original

Purchaser.

“Permitted Investments” means Government Obligations and any of the following:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank;
- Rural Economic Community Development Administration;
- U.S. Maritime Administration;
- Small Business Administration;
- U.S. Department of Housing & Urban Development (PHAs);
- Federal Housing Administration; and
- Federal Financing Bank.

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System.

(3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by Standard & Poor's and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by Standard & Poor's and which matures not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's;

(6) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or Standard & Poor's or any successors thereto; or

(B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in subsection (2) of the definition of Government Obligations above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on

the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and Standard & Poor's.

(8) Investment agreements with providers (or guarantors) rated at least "Aa3" by Moody's or "AA-" by Standard & Poor's (supported by appropriate opinions of counsel); and

(9) Other forms of investments (including repurchase agreements) with financial institutions, the long-term debt of which is rated at least "A3" by Moody's and "A-" by Standard & Poor's, provided that the market value of the collateral is maintained at 102% for United States Treasury obligations and 104% for United States Agency obligations.

The value of the above investments shall be determined as follows:

(1) For the purpose of determining the amount in any fund, all Eligible Securities credited to such fund shall be valued at fair market value based on accepted industry standards and from accepted industry providers including, but not limited to pricing services provided by Financial Times Interactive Data Corporation, Merrill Lynch, Citigroup Global Markets Inc., Bear Stearns or Lehman Brothers; and

(2) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon;

"Pledged Property" means the property of the Corporation described in Exhibit A to the Deed of Trust.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee as designated in Section 11.05 or such other office designated by the Trustee from time to time.

"Principal Installment" means, with respect to any Principal Installment Date, the sum of (a) the aggregate amount of principal due with respect to Bonds that mature on such Principal Installment Date, plus (b) the aggregate amount of Mandatory Sinking Fund Installments due on such Principal Installment Date.

"Principal Installment Date" means any date on which any Bonds mature or any date on which any of the Bonds are subject to redemption from Mandatory Sinking Fund Installments.

"Project Fund" means the fund which is established pursuant to Section 5.04 hereof.

"Rebate Fund" means the Rebate Fund which is established in accordance with Section 6.06.

"Rebate Requirement" means the amounts required to be rebated to the United States Treasury determined in accordance with the Tax Agreement.

“Record Date” means, with respect to each Interest Payment Date, the fifteenth day (whether or not a Business Day) of the month preceding such Interest Payment Date.

“Reserved Rights” means the City’s rights under the Loan Agreement to Additional Payments, and to notices, indemnities, expense reimbursement, enforcement of venue provisions, consultations, approvals, consents and opinions.

“Responsible Officer” of the Trustee means and includes the chairman of the Board Of Directors, the president, every vice president, every assistant vice president, every trust officer, and every officer and assistant officer of the Trustee other than those specifically above mentioned, to whom any corporate trust matter is referred because of his or her knowledge of, and familiarity with, a particular subject.

“Revenues” means all Loan Payments, receipts, installment payments and other income derived by the City or the Trustee under the Loan Agreement or otherwise in respect of the financing of the Project as contemplated by the Loan Agreement, and any income or revenue derived from the investment of any money in any fund or account established pursuant to this Indenture (other than the Rebate Fund and any account therein), including all Loan Payments and any other payments made by the Corporation with respect to the principal of and interest on the Bonds pursuant to the Loan Agreement.

“Short-Term Indebtedness” means indebtedness of the Corporation which (a) has a final maturity not more than 365 days after the date of creation thereof, and (b) is not, pursuant to the terms of a revolving credit or similar agreement or otherwise, renewable or extendible at the option of the Corporation to a date or for a period or periods ending more than 365 days after the date of creation thereof, unless, by the terms of such agreement, no indebtedness is permitted to be outstanding thereunder for a period of at least thirty (30) consecutive days during each period of twelve (12) consecutive months beginning with the effective date of such agreement.

“Standard & Poor’s” or *“S&P”* means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors.

“State” means the State of California.

“Subordinate Indebtedness” means Indebtedness, and any renewals thereof, which by its terms is specifically subordinated with respect to any security therefor and with respect to right of payment to all Outstanding Bonds and Parity Debt. Subordinate Indebtedness shall also be subject to the following:

(a) The Subordinate Indebtedness shall at all times be wholly subordinate and junior in right of payment to any and all indebtedness of the Corporation under the Loan Agreement (herein called *“Superior Indebtedness”*), in the manner and with the force and effect hereafter set forth:

(b) In the event of any liquidation, dissolution or winding up of the Corporation, or of any execution, sale, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization, or other similar proceeding relative to the Corporation or its property, all principal and interest owing on all Superior Indebtedness shall first be paid in full before any payment is made upon the Subordinated Indebtedness, provided, however, that, except for Gross Revenues, this sentence shall not apply to payments made on such Subordinated Indebtedness from the proceeds of collateral specifically securing such Subordinated

Indebtedness; and in any such event any payment or distribution of any kind or character from sources other than the proceeds of collateral specifically securing the Subordinated Indebtedness, except for Gross Revenues, whether in cash, property or securities (other than in securities, including equity securities, or other evidences of indebtedness, the payment of which is subordinated to the payment of all Superior Indebtedness which may at the time be outstanding) which shall be made upon or in respect of the Subordinated Indebtedness shall be paid over to the holders of such Superior Indebtedness, pro rata, for application in payment thereof unless and until such Superior Indebtedness shall have been paid or satisfied in full.

(c) In the event that the Subordinated Indebtedness is declared or become due and payable because of the occurrence of any event of default under the Loan Agreement (or under this Indenture, as appropriate) or otherwise than at the option of the Corporation, under circumstances when the foregoing subparagraph (i) shall not be applicable, the holders of the Subordinated Indebtedness shall be entitled to payments only after there shall first have been paid in full all Superior Indebtedness outstanding at the time the Subordinated Indebtedness so become due and payable because of any such event, or payment shall have been provided for in a manner satisfactory to the holders of such Superior Indebtedness, provided, however, that, except for Gross Revenues, this sentence shall not apply to payments made on such Subordinated Indebtedness from the proceeds of collateral specifically securing such Subordinated Indebtedness.

(d) The Corporation agrees, for the benefit of the holders of Superior Indebtedness, that in the event that any Subordinated Indebtedness is declared due and payable before its expressed maturity because of the occurrence of a default under the Loan Agreement, (i) the Corporation will give prompt notice in writing of such happening to the holders of Superior Indebtedness and (ii) all Superior Indebtedness shall forthwith become immediately due and payable upon demand, regardless of the expressed maturity thereof.

(e) Any default in the covenants contained above shall be an immediate "Event of Default" without regard to any "grace period" otherwise contained in the Loan Agreement.

(f) If the holder of the Subordinated Indebtedness is a commercial bank, savings bank, savings and loan association or other financial institution which is authorized by law to accept and hold deposits of money or issue certificates of deposit, such holder must agree to waive any common law or statutory right of setoff with respect to any deposits of the Corporation maintained with or held by such holder.

Notwithstanding the foregoing, no Subordinate Indebtedness shall be secured by the same Pledged Property set forth in the Deed of Trust.

"Supplemental Indenture" means any indenture amendatory hereof or supplemental hereto duly authorized and entered into between the City and the Trustee in accordance with the provisions of this Indenture.

"Tax Agreement" means the Tax Certificate and Agreement related to the Bonds, dated as of the Closing Date, by and between the City and the Corporation, as the same may be amended from time to time.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from the gross income of the owners thereof (other than any owner who is a "substantial user" of facilities financed with such obligations or a "related person" within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax

preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Taxable Date" means the date on which interest on the Bonds is first includable in gross income of the Owner (including, without limitation, any previous Owner) thereof as a result of an Event of Taxability as such a date is established pursuant to either (i) the Determination of Taxability or (ii) an opinion by an attorney or firm of attorneys of nationally recognized standing on the subject of Tax-Exempt municipal finance; provided, however, that, for the avoidance of doubt, the Taxable Date shall not be earlier than the beginning of the period for which interest on the Bonds is included (taking into account the applicable statute of limitations) in the gross income of the Owner.

"Taxable Period" has the meaning set forth in Section 2.02(b) hereof.

"Taxable Rate" means, with respect to a Taxable Period, the original interest rate on the Bonds multiplied by 1.54 during such period.

"Total Revenues" means the sum of total net operating revenues, plus net non-operating revenues, as shown on the financial statements of the Corporation, determined in accordance with GAAP, plus any investment income which is offset against interest expense in accordance with GAAP and as a result is not included in total operating revenues or non-operating revenues.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States of America, and its successors and assigns or any successor Trustee appointed pursuant to Section 8.08 hereof.

"2012 Bonds" means the \$15,000,000 City of Oroville, California, Variable Rate Demand Hospital Revenue Bonds (Oroville Hospital), 2012 Series A, of which \$_____ aggregate principal amount was outstanding as of the Closing Date.

"2012 LOC" means _____.

"2018 Project" means the expansion of the Hospital's dietary, pharmacy and surgical departments.

"Written Order of the City" and *"Written Request of the City"* mean, respectively, a written order or request signed by or on behalf of the City by an Authorized Signatory.

Section 1.02. Number, Gender and Variants. The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders. The terms defined in Section 1.01 shall include all variants of the defined terms.

Section 1.03. Articles, Sections, Etc. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

Section 1.04. Content of Certificates and Opinions. Every certificate or opinion with

respect to compliance with a condition or covenant provided for in this Indenture or the Loan Agreement (except for the certificate of cancelled Bonds provided for in Section 3.08, Section 4.05 and Section 6.01 hereof) shall include (a) a statement that the person or persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by the City or the Corporation may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless the person executing such certificate or opinion knows that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion made or given by counsel may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the City or the Corporation), upon the certificate or opinion of or representations by an official of the City or the Corporation, as applicable, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his or her opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds. The Bonds consist of: the Bonds designated as “City of Oroville Hospital Revenue Bonds (Oroville Hospital) Series 2018” which may be issued under this Indenture in the aggregate principal amount of \$_____. Additional indebtedness, which may constitute Parity Debt, may be issued under this Indenture in accordance with the provisions hereof and of the Loan Agreement.

Section 2.02. General Terms. The Bonds shall be issued as fully registered bonds, without coupons, in Authorized Denominations and shall all be dated as of the Closing Date. The Bonds shall bear the letter prefix “RA-” with appropriate series designation and be numbered consecutively from 1 upward.

(a) The Bonds shall be evidenced by one Bond in the principal amount of \$_____, and shall be owned by and registered in the name of one single Owner, initially in the name of Umpqua Bank, shall mature on April 1, 2036, and shall bear interest at the rate of ____% per annum (except during any period during which the Bonds may bear interest at the Taxable Rate) and pay interest on the Interest Payment Date.

(b) (i) In the event a Determination of Taxability occurs, to the extent not payable to each Owner (or to the Original Purchaser for the period that it was the Owner of any of the Bonds) under the terms of this Indenture and the Bonds, the Corporation hereby agrees to pay to each Owner (or, if applicable, the Original Purchaser) on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to such Owner (or, if applicable, the Original Purchaser) on the Bonds during the period for which interest on the Bonds is included in the gross income of such Owner (or, if applicable, the Original Purchaser) if the Bonds had borne interest at the Taxable Rate, beginning on the Taxable Date (the “Taxable Period”), and (B) the amount of interest actually paid to the Owner (or, if applicable, the Original Purchaser) during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by such Owner (or, if applicable, the Original Purchaser) as a result of interest on the Bonds becoming included in the gross income of such Owner (or, if applicable, the Original Purchaser), together with any and all external attorneys’ fees, court costs, or other reasonable out-of-pocket costs incurred by such Owner (or, if applicable, the Original Purchaser) in connection therewith.

(ii) Subject to the provisions of clauses (iii) and (iv) below, such Owner (or, if applicable, the Original Purchaser) shall afford the Corporation or the City the opportunity, at the Corporation’s sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on the Bonds to be included in the gross income of such Owner (or, if applicable, the Original Purchaser) or (2) any challenge to the validity of the tax exemption with respect to the interest on the Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(iii) As a condition precedent to the exercise by the Corporation or the City of its right to contest set forth in clause (ii) above, the Corporation shall, within thirty (30) days of the written demand therefor, reimburse such Owner for any and all expenses (including attorneys’ fees for services that may be required or desirable, as determined by such Owner (or, if applicable, the Original Purchaser) in its sole discretion) that may be incurred by the Original Purchaser in connection with any such contest, and shall, on

demand, immediately reimburse the Original Purchaser for any and all penalties or other charges payable by such Owner (or, if applicable, the Original Purchaser) for failure to include such interest in its gross income; and

(iv) The obligations of the Corporation and the City under this Section 2.02(b) shall survive the termination of this Indenture, and the redemption or other payment in full of the Bonds.

(c) So long as the Bonds are held by the Original Purchaser, the Bonds shall not be (i) assigned a rating by any rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement, or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service Bureau,

Section 2.03. Terms of Redemption.

(a) *Optional Redemption.* Except as described below, the Bonds are not subject to optional redemption prior to April 1, _____. The Bonds are subject to optional redemption prior to their stated maturity, on or after April 1, _____, at the option of the City (which option shall be exercised as directed by the Corporation), in whole or in part by lot on any date, upon at least forty-five (45) days prior written notice to the Trustee and the Original Purchaser from the Corporation, from any source of available moneys, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

(b) *Mandatory Redemption from Mandatory Sinking Fund Installments.* The Bonds are subject to redemption, in part, by lot, from Mandatory Sinking Fund Installments deposited in the Bond Fund on the first Business Day of each month, from and after April 1, 2019, at the principal amount of the Bonds to be redeemed, without premium, on the following dates and in the following amounts set forth in Exhibit A attached hereto.

In the event that Bonds have been redeemed pursuant to the provisions of subsection (a) of this Section, the remaining Mandatory Sinking Fund Installments shall be reduced, in an aggregate amount equal to the principal amount of such Bonds so redeemed, as directed in writing by an Authorized Corporation Representative, and in the absence of such direction, as proportionately as possible.

Section 2.04. Authentication and Delivery of Bonds. Forthwith upon the execution and delivery of this Indenture, upon the execution of the Bonds by the City and delivery thereof to the Trustee, as hereinabove provided, without any further action on the part of the City, the Trustee shall authenticate the Bonds in the aggregate principal amounts as stated in Section 2.01 and shall deliver such Bonds to or upon the Written Order of the City.

Section 2.05. Application of Proceeds of Bonds.

(a) Upon receipt by the Trustee of the net proceeds of the Bonds in the amount of \$_____ from the Original Purchaser, the Trustee shall set deposit or transfer, as applicable, such proceeds as follows:

(i) \$_____ shall be deposited in the Project Fund;

(ii) \$_____ shall be deposited in the Costs of Issuance Fund; and

(iii) \$_____ shall be transferred to Comerica Bank to reimburse the draw

made by the Trustee, as trustee for the 2012 Bonds, on the 2012 LOC.

(b) The Trustee may establish a temporary fund or account to record and facilitate such transfer and deposit.

ARTICLE III

GENERAL PROVISIONS OF THE BONDS

Section 3.01. Payment of Bonds.

(a) *General Payment Provisions.* The principal of each Bond is payable in lawful money of the United States of America upon surrender thereof at the Principal Corporate Trust Office of the Trustee. Interest payments on each Bond shall be made by the Trustee to the Person appearing on the Bond Register as the Owner thereof as of the close of business on the Record Date, such interest to be paid by the Trustee to such Owner (A) in immediately available funds (by wire transfer), according to the instructions given by such Owner to the Trustee or (B) in all other cases, by check mailed by first class mail to the Owner at such Owner's address as it appears as of the Record Date on the Bond Register; except, in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Owner in whose name the Bond is registered as of a special record date to be fixed by the Trustee.

(b) *Payments while Bonds held by Original Purchaser.* So long as the Bonds are held by the Original Purchaser, and notwithstanding any provision in this Indenture or the Loan Agreement to the contrary, all payments of principal of and any interest on any Bond registered in the name of the Original Purchaser shall be made to the Original Purchaser directly by the Corporation by electronic wire transfer in immediately available funds directly for credit to the ABA routing number and account number filed by the Original Purchaser with the Trustee and the Corporation on the Closing Date, and without payment by the Corporation to the Trustee (without any presentment of such Bond, except upon payment of the final installment of principal, and without any notation of such payment being made thereon). Any payment made in accordance with the provisions of this paragraph shall be accompanied by sufficient information to identify the source and proper application of such payment. The Corporation shall provide the Trustee with a certification of the date and amount of any payment of principal of or interest on the Bonds made by the Corporation to the Original Purchaser pursuant to this paragraph within two Business Days of the payment (whether made on an Interest Payment Date or any other date on which such payment is made). The Original Purchaser shall promptly notify the Trustee and the City in writing of any failure of the Corporation to make any payment of principal of or interest on the Bonds when due, and the Trustee and the City shall not be deemed to have any notice of such failure unless it has received such notice in writing. If any Bonds are sold or transferred, prior to the transfer date, the Original Purchaser shall notify the Trustee and the Corporation in writing of the name and address of the transferee, and it will, prior to delivery of such Bonds, make a notation on such Bonds of the date to which interest has been paid thereon and of the amount of any prepayments made on account of the principal thereof. So long as payments of principal and interest are being made to the Original Purchaser as the registered owner thereof in accordance with this Section and no event of default has occurred of which the Trustee has been given written notice thereof, the Trustee shall have no obligations as paying agent in respect to such Bonds, nor shall it be obligated to collect Loan Payments, other than Additional Payments, pursuant to the Loan Agreement, to act as Bond Registrar or to take any other action in respect thereof, except at the express written direction of the Corporation or the City. In responding to audit confirmations or inquiries from auditors, to the extent that the Trustee receives such confirmation or inquiries, it will pass the same on to the Corporation and the Original Purchaser for processing.

Section 3.02. Accrual of Interest. Interest on each Bond shall be payable on each Interest Payment Date until the principal sum of such Bond has been paid; provided, however, that if at

the maturity date of any Bond (or if the same is redeemable and shall be duly called for redemption, then at the date fixed for redemption) funds are available for the payment or redemption thereof, in full accordance with the terms of this Indenture, such Bonds shall then cease to bear interest. Interest on each Bond shall be computed from the Interest Payment Date to which interest has been paid (or duly provided for) next preceding the date of authentication thereof, unless (a) such date of authentication shall be prior to the first Interest Payment Date, in which case interest shall be computed from the Closing Date or (b) such date of authentication shall be an Interest Payment Date, in which case interest shall be computed from such date of authentication; provided, that if interest on any Bond shall be in default, the Bond or Bonds issued in exchange for such Bond surrendered for transfer or exchange shall bear interest from the last date to which interest has been paid in full (or duly provided for) on such Bond or, if no interest has been paid (or duly provided for) on such Bond, from the Closing Date. Interest accrued on any Bond shall be paid on each Interest Payment Date for the period from and including the date described in the preceding sentence to and including the day before such Interest Payment Date (whether or not the day before such Interest Payment Date is a Business Day).

The Bonds shall bear interest as provided herein from and including the Closing Date to but excluding the date of payment in full of such Bonds computed on an actual day/360 day basis.

Section 3.03. Form of Bonds. The Bonds may be engraved, printed, lithographed or typewritten, shall be in Authorized Denominations and may contain such references to any of the provisions of this Indenture as may be appropriate. The Bonds and the certificate of authentication to be executed thereon shall be in substantially the form attached hereto as Exhibit B, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture. The Bonds may bear such endorsement or legend relating thereto as may be required to conform to usage or law with respect thereto.

Section 3.04. Execution of Bonds. The Bonds shall be executed on behalf of the City by the facsimile signature of a member of the Board of Directors of the City. The Bonds shall then be delivered to the Trustee for authentication by it. In case any officer of the City or Authorized Signatory who shall have signed any of the Bonds shall cease to be such officer or Authorized Signatory before the Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the City as though those who signed the same had continued to be such officer of the City or Authorized Signatory.

Only such of the Bonds as shall bear thereon a certificate of authentication in the form recited in Exhibit B, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture. Upon authentication of any Bond, the Trustee shall set forth on such Bond the date of such authentication.

Section 3.05. Transfer and Exchange of Bonds. Registration of any Bond may, in accordance with the terms of this Indenture, be transferred, upon the books of the Trustee required to be kept pursuant to the provisions of Section 3.06, by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond shall be surrendered for registration of transfer, the City shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same tenor and in Authorized Denominations. No registration of transfer of Bonds shall be

required to be made during the period after any Record Date and prior to the related Interest Payment Date or during the period of fifteen (15) days next preceding the date on which the Trustee gives any notice of redemption, nor shall any registration of transfer of Bonds called for redemption be required.

Bonds shall be delivered only in Authorized Denominations to an Owner that has executed and delivered to the Trustee an Investor Letter. The Trustee shall not register the transfer of any Bond unless the Trustee receives an Investor Letter from the proposed transferee.

Notwithstanding any other provision hereof, Bonds may not be registered in the name of, or transferred to, any person except an Approved Buyer.

Only the person(s) whose name(s) the Bonds are registered hereunder shall be treated as Owners and shall have the rights of Owners hereunder.

Bonds may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same tenor and in Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there shall be no other charge to any Owners for any such exchange. No exchange of Bonds shall be required to be made during the period after any Record Date and prior to the related Interest Payment Date or during the period of fifteen (15) days next preceding the date on which the Trustee gives notice of redemption, nor shall any exchange of Bonds called for redemption be required.

Section 3.06. Bond Register. The Trustee will keep or cause to be kept at its Principal Corporate Trust Office the Bond Register which shall be sufficient for the registration of ownership and the registration of transfer of ownership of the Bonds. The Bond Register shall at all times, during regular business hours, be open to inspection by the City, the Trustee and the Corporation; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on the Bond Register, of ownership of the Bonds as herein provided.

Section 3.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the City, upon the request and at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and number in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bonds so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed and, upon the written request of the City, a certificate evidencing such destruction shall be delivered to the City, with a copy to the Corporation. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the City, the Corporation and the Trustee, and if such evidence be satisfactory to them and indemnity satisfactory to them shall be given by or on behalf of the Owner of such lost, destroyed or stolen Bond, the City, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured, instead of issuing a substitute Bond the Trustee may pay the same without surrender thereof upon receipt of indemnity satisfactory to it). The City may require payment of a reasonable fee for each new Bond issued under this Section and payment of the expenses which may be incurred by the City and the Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond mutilated or alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the Bond mutilated or so alleged to be lost, destroyed or stolen shall be at any time enforceable

by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

Section 3.08. Disposition of Cancelled Bonds. When and as paid in full, all Bonds shall be delivered to the Trustee, who shall forthwith cancel such Bonds and deliver a certificate evidencing such cancellation to the City and the Corporation. The Trustee may destroy or retain such cancelled Bonds.

Section 3.09. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the City or the Trustee with respect to or in connection with the Loan Agreement. The recital contained in the Bonds that the same are issued pursuant to the Act and the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Redemption of Bonds. The Bonds are subject to redemption as provided in Section 2.03 hereof. The Trustee shall not give notice of any optional redemption unless the Corporation has so directed in accordance with Section 8.3 of the Loan Agreement. The Trustee shall give notice of the redemption of Bonds pursuant to Section 2.03(b) hereof without any requirement for notice or direction from the City or the Corporation.

Section 4.02. Selection of Bonds for Redemption. The principal amount of Bonds to be redeemed with prepayments by the Corporation pursuant to Section 8.2 of the Loan Agreement shall be applied to the latest remaining Mandatory Sinking Fund Installments.

Section 4.03. Notice of Redemption. The Trustee, for and on behalf of the City, shall give notice of any redemption by first class mail, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption to the Owner of such Bond at the address shown on the Bond Register on the date such notice is mailed; provided the time period for providing such notice may be waived by the Owners of all of the Outstanding Bonds proposed to be redeemed. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds to be redeemed, the date fixed for redemption, the redemption price, the place of redemption (including the name and appropriate address of the Trustee), the principal amount and, if less than all of Bonds, the distinctive certificate numbers of the Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that the interest on the Bonds designated for redemption shall cease to accrue from and after such date fixed for redemption and that on said date there will become due and payable on each of said Bonds the principal amount thereof to be redeemed and any unpaid interest accrued thereon to the date fixed for redemption) and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Notwithstanding the foregoing, failure by the Trustee to give notice pursuant to this paragraph or the insufficiency of any such notices shall not affect the sufficiency of the proceedings for redemption.

With respect to any notice of optional redemption of Bonds pursuant to Section 2.03(a), unless upon the giving of such notice such Bonds shall be deemed to have been paid within the meaning of Article X hereof, such notice shall state that such redemption shall be conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of amounts sufficient to pay the redemption price of the Bonds to be redeemed, and that if such amounts shall not have been so received said notice shall be of no force and effect and the City shall not be required to redeem such Bonds. In the event that such notice of redemption contains such a condition and such amounts are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, to the Persons and in the manner in which the notice of redemption was given, that such amounts were not so received.

If upon the expiration of sixty (60) days succeeding any date fixed for redemption, any Bonds called for redemption shall not have been presented to the Trustee for payment, the Trustee shall no later than ninety (90) days following such date fixed for redemption send Notice by Mail to the Owner of each Bond not so presented. Failure to mail the notices required by this paragraph to any Owner, or any defect in any notice so mailed, shall not affect the validity of the proceedings for redemption of any Bonds nor impose any liability on the Trustee.

Section 4.04. Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the Trustee shall exchange the Bond redeemed for a new Bond of like tenor and in an

Authorized Denomination without charge to the Owner in the principal amount of the portion of the Bond not redeemed. The City, the Corporation and the Trustee shall be fully released and discharged from all liability upon, and to the extent of, payment of the redemption price for any partial redemption and upon the taking of all other actions required hereunder in connection with such redemption.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price being held by the Trustee, the Bonds so called for redemption shall, on the date fixed for redemption designated in such notice, become due and payable at the redemption price specified in such notice, interest on the Bonds so called for redemption shall cease to accrue, said Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof (including interest, if any, accrued to the date fixed for redemption), without interest accrued on any funds held after the date fixed for redemption to pay such redemption price.

All Bonds fully redeemed pursuant to the provisions of this Article IV shall upon surrender thereof be cancelled by the Trustee, who shall deliver a certificate evidencing such cancellation to the City and the Corporation. The Trustee shall retain or destroy such Bonds.

ARTICLE V

REVENUES AND FUNDS

Section 5.01. Pledge of Revenues and Other Security for the Bonds.

(a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, all of the Revenues, and all amounts and securities in the funds held by the Trustee under this Indenture (excepting only moneys held in the Rebate Fund, Additional Payments paid by the Corporation pursuant to the Loan Agreement and any amounts paid by the Corporation pursuant to Sections 7.3, 9.2 and 9.3 of the Loan Agreement), are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. In accordance with the Act and relevant provisions of the California Government Code, said pledge shall constitute a first lien on and security interest in the Revenues and the other assets pledged therefor pursuant to this Indenture for the payment of the Bonds in accordance with the terms hereof and shall attach, be perfected and be valid and binding from and after authentication and delivery of the Bonds, without any physical delivery thereof or further act. All Revenues and the other assets pledged hereunder shall be held in trust for the benefit of the Owners from time to time of the Bonds but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in this Article V.

(b) The City hereby transfers, assigns, grants a security interest in and sets over to the Trustee all of the Revenues and any and all rights and privileges, other than the Reserved Rights it has under the Loan Agreement, including, without limitation, the right to collect and receive directly all of the Revenues and the right to hold and enforce any security interest; and any Revenues collected or received by the City shall be deemed to be held, and to have been collected or received by the City as the agent of the Trustee and shall forthwith be paid by the City to the Trustee. No rights of the City under the Tax Agreement, including those referenced in the Loan Agreement, are assigned to the Trustee. The assignment hereunder is to the Trustee solely in its capacity as Trustee hereunder and subject to the provisions of this Indenture and in taking or refraining from taking any action under the Loan Agreement pursuant to such assignment, the Trustee shall be entitled to the protections and limitations from liability afforded it as Trustee under this Indenture. The Trustee also shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment (1) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement and any other security agreement with respect to the Loan Agreement or the Bonds, other than the Tax Agreement, and (2) to assure compliance with all covenants, agreements and conditions on the part of the City contained in this Indenture with respect to the Revenues.

(c) The Corporation may at its sole discretion from time to time deliver to the Trustee such additional or other security which is permitted by this Indenture to secure the payment of the principal of and interest on the Bonds, and any such additional or other security delivered by the Corporation shall be pledged to such payment, provided that there is delivered to the Trustee and the City an Opinion of Bond Counsel to the effect that the delivery of such additional or other security does not, in and of itself, adversely affect the Tax-Exempt status of interest on any of the Bonds.

(d) None of the City, any City Council member or any person executing the Bonds is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the City, payable solely from and secured by the pledge of the Revenues and the other assets pledged for such payment under this Indenture. Neither the City, its members, the State, nor any of its political subdivisions shall be

directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the City, its members, the State or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation. The City has no taxing power.

The City shall not be liable for payment of the principal (or redemption price) of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Corporation under the Loan Agreement.

Notwithstanding anything in this Indenture contained, the City is not required to advance any moneys derived from any source of income of any governmental body or political subdivision of the State or the City other than the Revenues and Additional Payments, for any of the purposes in this Indenture mentioned, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture.

Section 5.02. Bond Fund. Upon the receipt thereof, the Trustee shall deposit all Revenues in the "Oroville Hospital Bond Fund" (the "Bond Fund"), which the Trustee shall establish and maintain and hold in trust, and which shall be disbursed and applied only as hereinafter authorized. Except as provided in this Section 5.02 and Section 10.03, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds as the same shall become due whether at maturity or upon redemption or acceleration.

The Trustee shall deposit in the Bond Fund from time to time, upon receipt thereof, all Loan Payments received by the Trustee from the Corporation for deposit in the Bond Fund, any income received from the investment of moneys on deposit in the Bond Fund and any other Revenues, including any prepayment amounts received under the Loan Agreement from or for the account of the Corporation.

In making payments of principal of and interest on the Bonds, the Trustee shall use any Revenues received by the Trustee.

Except to the extent such moneys are required to be held for the payment of principal of or interest on the Bonds then due and payable or to effect the defeasance of Bonds pursuant to Article X hereof, so long as no Event of Default (or any event which would be an Event of Default hereunder with the passage of time or the giving of notice or both) exists hereunder, on the fifth day after each Interest Payment Date, and unless such amounts are required to make a rebate payment, the Trustee, unless otherwise instructed by the Corporation, shall return to the Corporation (free and clear of the pledge and lien of this Indenture) any moneys then on deposit in the Bond Fund or shall deposit such funds in the Rebate Fund if so instructed by the Corporation.

Section 5.03. Additional Payments. The Trustee shall transfer any Additional Payments to or at the direction of the City when due, to the extent of amounts received from the Corporation therefor.

Section 5.04. Project Fund.

(a) *Establishment of the Project Fund*. There is hereby created and established with the Trustee a separate trust fund which shall be designated the "Project Fund," which shall be

applied only as provided in this Section 5.04.

The Trustee shall deposit in the Project Fund the amount set forth in Section 2.05(a)(i) hereof. Except as otherwise provided in this Section 5.04, no disbursements from the Project Fund shall be made if the Trustee shall have knowledge or notice of an Event of Default existing under the Loan Agreement.

Upon the occurrence of an Event of Default hereunder and acceleration of the Bonds pursuant to Section 7.01 hereof, amounts on deposit in the Project Fund shall be transferred to the Bond Fund.

(b) *Disbursements from the Project Fund.* Pursuant to and upon the conditions set forth herein, the Trustee shall disburse the funds in the Project Fund to fund the 2018 Project. The Trustee shall to disburse to the Corporation moneys in the Project Fund as soon as reasonably practicable after it receives a requisition therefor signed by an Authorized Corporation Representative. Each such Requisition shall request payment only for the costs set forth in the next paragraph and shall comply with the provisions of the Tax Certificate.

Subject to the foregoing requirements of Section 5.04(a) and this Section 5.04(b), amounts on deposit in the Project Fund may be distributed for any of the following purposes (except that any distribution of funds pursuant to subparagraph (6) below shall be transferred to the Bond Fund):

(1) Payment to the Corporation of such amounts, if any, as shall be necessary to reimburse the Corporation in full for all advances and payments made by it, at any time prior to or after the delivery of the Bonds, in connection with (i) the preparation of plans and specifications for the 2018 Project and (ii) the acquisition, construction and installation of the 2018 Project;

(2) Payment for labor, services, materials and supplies used by or furnished to the Corporation for 2018 Project, as provided in the plans, specifications and work orders therefor; payment of the costs of acquiring, constructing, and installing utility services or other related facilities; payment of the costs of acquiring all personal property deemed necessary for the 2018 Project; and payment of the miscellaneous expenses incidental to any of the foregoing items;

(3) Payment of the fees, if any, of architects, engineers, legal counsel and supervisors engaged by the Corporation in connection with the 2018 Project;

(4) Payment of expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the 2018 Project;

(5) Payment of any other costs permitted by the Law and by the provisions of this Section 5.04; and

(6) Redemption of the Bonds.

Without limitation to any other provisions of the Loan Agreement or the Indenture, affording protection to or limiting liability of the Trustee, the Trustee shall be under no obligation to investigate or monitor the purpose for which funds are disbursed from the Project Fund, or the use or application of moneys disbursed in accordance with this Section, and shall incur no liability therefor.

Section 5.05. Costs of Issuance Fund. There is hereby created and established with the Trustee a separate trust fund which shall be designated the "Costs of Issuance Fund," which shall be applied only as provided in this Section 5.05. The moneys in the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of Costs of Issuance of the Bonds, only by means of a requisitions signed by an Authorized Corporation Representative. All payments from the Costs of Issuance Fund shall be reflected in the Trustee's regular accounting statements. Any amounts remaining in an account of the Costs of Issuance Fund three months following the Closing Date shall be transferred to the Bond Fund. Upon such final disbursement, the Trustee shall close the Costs of Issuance Fund.

Section 5.06. Trustee Authorized to Take Actions Under the Loan Agreement. The City hereby authorizes and directs the Trustee, and the Trustee hereby agrees, subject to Section 7.02, to take such actions as the Trustee deems necessary to enforce the Corporation's obligation under the Loan Agreement to make payments at such times and in such amounts as are necessary in order for the Trustee to make timely payment of principal of and interest on the Bonds to the extent that moneys in the Bond Fund are not available for such payment in accordance with the provisions of Section 5.02 hereof.

Section 5.07. Investment of Moneys. Subject to Section 6.06, any moneys in any of the funds and accounts established pursuant to this Indenture shall be invested upon the written direction of the Corporation signed by an Authorized Corporation Representative (such direction to specify the particular investment to be made), by the Trustee, if and to the extent then permitted by law, in Permitted Investments. In the absence of such written direction, the Trustee shall invest solely in units of a money-market fund or portfolio restricted to Government Obligations. Such investments, if registrable, shall be registered in the name of and held by the Trustee or its nominee. Moneys in any fund or account established pursuant to this Indenture shall be invested in Permitted Investments with respect to which payments of principal thereof and interest thereon are scheduled to be paid or are otherwise payable (including Permitted Investments payable at the option of the Owner) not later than the date on which such moneys will be required by the Trustee.

Any interest, profit or loss on any investments of moneys in any fund or account established under this Indenture shall be credited or charged to the respective fund or account from which such investments are made. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation hereunder. Unless otherwise directed by the Corporation, the Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 5.06.

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

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee pursuant to this Section 5.06.

Section 5.08. Amounts Remaining in Funds. The Trustee, unless otherwise instructed by the Corporation, shall transfer to the Corporation (free and clear of the pledge and lien of this

Indenture) all amounts remaining in any fund held by the Trustee under this Indenture after payment in full of (i) the Bonds or any other amounts owing the Original Purchaser, or after provision for such payment shall have been made as provided in Article X, (ii) the fees, charges and expenses of the Trustee due and owing in accordance with this Agreement and this Indenture and (iii) all other amounts required to be paid under the Loan Agreement and this Indenture, including the Rebate Requirement.

ARTICLE VI

COVENANTS OF THE CITY

Section 6.01. Payment of Principal and Interest. The City shall punctually pay, but only out of Revenues and the other assets pledged therefor pursuant to this Indenture, the principal of and interest on every Bond issued hereunder at the times and places and in the manner provided herein and in the Bonds according to the true intent and meaning thereof. All such payments shall be made by the Trustee as provided in Section 5.02. When and as paid in full, all Bonds shall be delivered to the Trustee and shall forthwith be cancelled by the Trustee, who shall deliver a certificate evidencing such cancellation to the Corporation and, if requested, the City. The Trustee may retain or destroy such cancelled Bonds.

Section 6.02. Power to Issue Bonds and make Pledge and Assignment. The City is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purported to be pledged and assigned under this Indenture in the manner and to the extent provided in this Indenture. The City has duly authorized the execution and delivery of the Bonds and this Indenture under the terms and provisions of the Act and a resolution adopted by the Board of Directors and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability against the City of the Bonds and this Indenture. The City has taken all necessary action and has complied with all provisions of the Act required to make the Bonds and this Indenture the valid, legal and binding limited obligations of the City.

Section 6.03. Extension or Funding of Claims for Interest. In order to prevent any accumulation of claims for interest after maturity, the City shall not, directly or indirectly, extend or assent to the extension of the time for the payment of any claim for interest on any of the Bonds, and shall not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such claims or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Section 6.04. Preservation of Revenues. The City shall not waive any provision of the Loan Agreement or take any action to interfere with or impair the pledge and assignment hereunder of Revenues and the assignment to the Trustee of rights under the Loan Agreement assigned to the Trustee hereunder, or the Trustee's enforcement of any such rights thereunder, without the prior written consent of the Trustee. The Trustee may give such written consent, and may itself take any such action, or consent to any Amendment, only in accordance with the provisions of Article IX hereof.

Section 6.05. Compliance with Indenture. The City shall not issue, or permit to be issued, any Bonds secured or payable in any manner out of Revenues or the other assets pledged hereunder in any manner other than in accordance with the provisions of this Indenture and the Loan Agreement, and shall not suffer or permit any default to occur under this Indenture of which it has knowledge, but shall faithfully observe and perform all the covenants, conditions and requirements hereof.

Section 6.06. Arbitrage Covenants; Rebate Fund.

(a) The City covenants with all Persons who hold or at any time held Bonds that the City

will not directly or indirectly use the proceeds of any of the Bonds or any other funds of the City or permit the use of the proceeds of any of the Bonds or any other funds of the City or take or omit to take any other action which will cause any of the Bonds to be “arbitrage bonds” or otherwise subject to federal income taxation by reason of Sections 103 and 141 through 150 of the Code and any applicable regulations promulgated thereunder. To that end the City covenants to comply with all covenants set forth in the Tax Agreement, which is hereby incorporated herein by reference as though fully set forth herein.

(b) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated the “Oroville Hospital Rebate Fund” (herein called the “Rebate Fund”). Within the Rebate Fund, the Trustee shall maintain such accounts as shall be directed by the Corporation as necessary in order for the City and the Corporation to comply with the terms and requirements of the Tax Agreement. Subject to the transfer provisions provided in paragraph (c) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Agreement), for payment to the United States of America, and none of the Corporation, the City nor the Owners shall have any rights in or claim to such moneys. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 6.06, by Section 5.6 of the Loan Agreement and by the Tax Agreement. The Trustee shall conclusively be deemed to have complied with such provisions if it follows the directions of the Corporation, including supplying all necessary information requested by the Corporation and the City in the manner set forth in the Tax Agreement, and shall not be required to take any actions thereunder in the absence of written directions from the Corporation.

(c) Upon receipt of the Corporation’s written instructions, the Trustee shall remit part or all of the balances in the Rebate Fund to the United States of America, as so directed. In addition, if the Corporation so directs, the Trustee will deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as directed by the Corporation’s written directions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement and payment of all other amounts due and owing pursuant to Section 4.2 of the Loan Agreement shall be withdrawn and remitted to the Corporation upon its written request.

(d) Notwithstanding any provision of this Indenture, including in particular Article X hereof, the obligation of the Corporation to pay the Rebate Requirement to the United States of America and to comply with all other requirements of this Section 6.06, Section 5.6 of the Loan Agreement and the Tax Agreement shall survive the defeasance or payment in full of the Bonds.

(e) Notwithstanding any provisions of this Section 6.06 and Section 5.6 of the Loan Agreement, if the Corporation shall provide to the City and the Trustee an Opinion of Bond Counsel that any specified action required under this Section 6.06 or Section 5.6 of the Loan Agreement is no longer required or that some further or different action is required to maintain the Tax-Exempt status of interest on the Bonds, the Corporation, the Trustee and the City may conclusively rely on such opinion in complying with the requirements of this Section; and the covenants hereunder shall be deemed to be modified to that extent.

(f) The covenants of the City in this Section 6.06 are made solely in reliance on the representations and covenants of the Corporation set forth in the Loan Agreement and the Tax Agreement and a default by the Corporation with respect thereto shall not be considered a default of the City hereunder.

Section 6.07. Other Liens. So long as any Bonds are Outstanding, the City shall not create

any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues or the other assets pledged hereunder, other than the lien of this Indenture.

Section 6.08. Further Assurances. Whenever and so often as requested so to do by the Trustee or the Original Purchaser, the City shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

ARTICLE VII

DEFAULT

Section 7.01. Events of Default; Acceleration; Waiver of Default.

(a) Each of the following events shall constitute an “Event of Default” hereunder:

(i) Failure to make payment of any installment of interest upon any Bond or Parity Debt when such payment shall have become due and payable;

(ii) Failure to make due and punctual payment of the principal of any Outstanding Bond or any Parity Debt when such payment shall have become due and payable, whether at the stated maturity thereof, or upon proceedings for the mandatory redemption thereof from Mandatory Sinking Fund Installments or upon the maturity thereof by declaration;

(iii) The occurrence of an “Event of Default” under the Loan Agreement, as specified in Section 7.1 thereof, or the Deed of Trust; or

(iv) Default by the City in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, and the continuance of such default for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the City and the Corporation by the Trustee, or to the City, the Corporation and the Trustee by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding;

No default specified in (iv) above shall constitute an Event of Default unless the City shall have failed to correct such default within the applicable 30-day period; provided, however, that if the default shall be such that it can be corrected, but cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; provided, however, that such failure or breach shall be cured within 120 days of such notice.

(b) Upon the occurrence and continuation of an Event of Default the rate on the Bonds shall be the Default Rate and the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding, shall, by notice in writing delivered to the Corporation, with copies of such notice being sent to the City, declare the principal of all Bonds then Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Notwithstanding the foregoing, the Trustee shall not be required to take any action upon the occurrence and continuation of an Event of Default under Section 7.01(a)(iii) or (a)(iv) above until a Responsible Officer of the Trustee has actual knowledge of such Event of Default. After any declaration of acceleration of the Bonds under this Section 7.01 the Trustee shall immediately declare all indebtedness payable under Section 4.2(a) of the Loan Agreement with respect to the Bonds to be immediately due and payable in accordance with Section 7.2 of the Loan Agreement and may exercise and enforce such rights as exist under the Loan Agreement.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as

hereinafter provided, there shall have been deposited with the Trustee a sum which, together with any other amounts then held in the Bond Fund, is sufficient to pay all the principal of such Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, and the reasonable expenses (including reasonable attorneys' fees) of the Trustee, and any and all other defaults actually known to the Trustee (other than in the payment of principal of and interest on such Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee in its sole discretion or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding (by written notice to the City and to the Trustee) may, on behalf of the Owners of all Bonds, rescind and annul such declaration with respect to the Bonds and its consequences and waive such default; provided that no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 7.02. Institution of Legal Proceedings by Trustee. Subject to the provisions of Section 7.08 and Section 11.02, if one or more of the Events of Default hereunder shall happen and be continuing, the Trustee in its sole discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction in its sole discretion therefor (including with respect to any expenses or liability the Trustee may incur) shall, proceed to protect or enforce its rights or the rights of the Owners under the Act or under this Indenture, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 7.03. Application of Moneys Collected by Trustee. Any moneys collected by the Trustee from the Corporation, and any moneys in the Bond Fund on or after the occurrence of an Event of Default shall be applied in the order following, at the date or dates fixed by the Trustee and, in the case of distribution of such moneys on account of principal or interest, upon presentation of the Bonds, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of costs and expenses of collection, just and reasonable compensation to the Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and for advances made pursuant to the provisions of this Indenture.

Second: In case none of the principal of the Outstanding Bonds shall have become due and remains unpaid, to the payment of interest in default on the Outstanding Bonds in the order of the maturity thereof, such payments to be made ratably and proportionately to the Persons entitled thereto without discrimination or preference.

Third: In case the principal of any of the Outstanding Bonds shall have become due by declaration or otherwise and remains unpaid, first to the payment of interest in default in the order of maturity thereof; and then to the payment of principal of all Outstanding Bonds then due and unpaid; in every instance such payment to be made ratably to the Persons entitled thereto without discrimination or preference.

Fourth: To the payment of fees and costs due and owing to the City and the Trustee, not covered under paragraph "First" of this Section.

Section 7.04. Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee or of any Owner of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by this Article VII to the Trustee or to the Owners may be exercised from time to time and as often as shall be deemed expedient. In case the Trustee shall have proceeded to enforce any right under this Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the City, the Trustee, and the Owners of the Bonds, severally and respectively, shall be restored to their former positions and rights hereunder; and all remedies, rights and powers of the City, the Trustee, and the Owners of the Bonds shall continue as though no such proceedings had been taken.

Section 7.05. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or to any Owner of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.06. Trustee Appointed Agent for Owners. The Trustee is hereby appointed the agent and attorney of the Owners of all Bonds Outstanding hereunder for the purpose of filing any claims relating to the Bonds.

Section 7.07. Power of Trustee to Control Proceedings. Subject to the provisions of Section 7.08 and Section 11.02, in the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of Owners of the Bonds, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Bonds Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name as Trustee of an express trust for the equal and ratable benefit of the Owners, subject to the provisions of this Indenture.

Notwithstanding anything to the contrary in this Indenture, the City shall have no obligation to and instead the Trustee may, without further direction from the City, take any and all steps, actions and proceedings, to enforce any or all rights of the City (other than those specifically retained by the City pursuant to Section 5.01(b) of this Indenture) under this Indenture or the Loan Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Corporation under the Loan Agreement.

Section 7.08. Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Original Purchaser, or the Owner of all of the Bonds

Outstanding, shall have the right, by an instrument executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture. All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name as Trustee of an express trust for the equal and ratable benefit of the Owners, subject to the provisions of this Indenture. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of the Original Purchaser or any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected. In addition, any reorganization or liquidation plan with respect to the Corporation must be acceptable to the Original Purchaser.

Section 7.09. Limitation on Owners' Right to Sue. No Owner shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses (including reasonable attorneys' fees) and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or her or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds, subject to the provisions of this Indenture.

The right of any Owner to receive payment of the principal of and interest on such Bond out of Revenues, as herein and therein provided, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or Section 7.08 or any other provision of this Indenture.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee. The Trustee shall, prior to an Event of Default hereunder, and after the curing or waiver of all Events of Default hereunder which may have occurred, and the Trustee at all times shall, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default hereunder (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as prudent persons would exercise or use under the circumstances in the conduct of their own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act or its own willful misconduct, except that:

(a) Prior to the occurrence of any Event of Default hereunder and after the curing or waiver of all Events of Default which may have occurred, the duties and obligations of the Trustee shall at all times be determined solely by the express provisions of this Indenture; the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture; and no covenants or obligations shall be implied into this Indenture which are adverse to the Trustee; and

(b) At all times, regardless of whether or not any Event of Default shall exist,

(i) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee unless it shall be proved that the Trustee, was negligent in ascertaining the pertinent facts;

(ii) the Trustee shall have the power to negotiate and enter into intercreditor agreements with respect to the common security for the payment of the Bonds and secured additional Indebtedness;

(iii) the Trustee shall not be personally liable with respect to any action taken, permitted or omitted by it in good faith in accordance with the direction of the Owners of not less than a majority, or such other percentage as may be required hereunder, in aggregate principal amount of the Bonds Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture; and

(iv) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee, conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee, shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Indenture.

(c) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers, and shall be entitled to advice of counsel concerning all matters of trust and concerning its duties hereunder and the Trustee shall not be responsible for any misconduct or negligence on the part of any attorney or

agent appointed with due care by it hereunder.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. The permissive right of the Trustee to perform acts enumerated in this Indenture or the Loan Agreement shall not be construed as a duty or obligation hereunder.

Section 8.02. Right of Trustee to Rely upon Financing Documents, Etc. Except as otherwise provided in Section 8.01:

(a) The Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, direction, demand, election or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any notice, request, direction, election, order or demand of the City mentioned herein shall be deemed to be sufficiently evidenced by an instrument signed in the name of the City by an Authorized Signatory, and any resolution of the City shall be evidenced to the Trustee by a Certified Resolution.

(c) The Trustee may consult with counsel of its selection (who may include its own counsel or counsel for the City or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(d) Whenever in the administration of the trusts of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the City; and such Certificate of the City shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee, for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof.

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

(f) The Trustee shall not be deemed to have knowledge of an Event of Default hereunder, under the Loan Agreement or any other document related to the Bonds unless it shall have actual knowledge at its Principal Corporate Trust Office.

(g) Before taking any action under Article VIII hereof the Trustee may require indemnity satisfactory to the Trustee be furnished from any expenses and to protect it against any liability it may incur hereunder.

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

Section 8.03. Trustee Not Responsible for Recitals. The Trustee assumes no responsibility for the correctness of the recitals contained herein except (with respect to the Trustee) for the Certificate of Authentication thereon. The Trustee makes no representations as to the validity or

sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application by the City or the Corporation of any of the Bonds authenticated or delivered hereunder or of the proceeds of such Bonds except to the extent specifically provided in this Indenture.

Section 8.04. Right of Trustee to Acquire Bonds. The Trustee and its officers and directors may acquire and hold, or become the pledgee of, Bonds and otherwise deal with the City in the manner and to the same extent and with like effect as though it were not Trustee hereunder.

Section 8.05. Moneys Received by Trustee to Be Held in Trust. Subject to the provisions of Section 10.03, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided herein.

Section 8.06. Compensation and Indemnification of Trustee. The Trustee shall be entitled to reasonable compensation for all services rendered by the Trustee in the execution of the trusts created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Loan Agreement will require the Corporation to pay or reimburse the Trustee, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee, in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property, other than cash, shall at any time be held by the Trustee, subject to this Indenture, or any Supplemental Indenture, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled (but not required) to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Loan Agreement will also require the Corporation to provide certain indemnification to the Trustee. Notwithstanding the foregoing, prior to seeking indemnity the Trustee shall make timely payments of principal of and interest on the Bonds with moneys on deposit in the Bond Fund as provided herein, and shall accelerate the payment of principal on the Bonds without seeking indemnification from the City, the Corporation, or any Owner. Upon the occurrence and continuance of an Event of Default hereunder, and subject to Section 7.03 hereof, the Trustee shall have a lien prior to the Bonds as to all property and funds held by it for any amount owing to it or any predecessor Trustee pursuant to this Section or the Loan Agreement and the rights of the Trustee to compensation for its services and to payment or reimbursement for its costs, expenses, or advances shall have priority over the Bonds in respect of all property or funds held or collected by the Trustee as such and other funds held in trust by the Trustee for the benefit of the Owners of particular Bonds; provided, however, that neither the Trustee nor any predecessor Trustee shall have any lien or claim against any moneys on deposit in the Rebate Fund for payment of any such compensation, reimbursement or other amounts.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in the Loan Agreement and Section 7.01 hereof, such expenses (including the reasonable charges and expenses of its counsel and agents) and the compensation for such services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law. The provisions of this Section 8.06 shall survive the termination of this Indenture and the resignation or removal of the Trustee.

Section 8.07. Qualifications of Trustee. There shall at all times be a Trustee hereunder which shall be a corporation or banking association organized and doing business under the laws of the United States or of a state thereof, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least seventy-five million dollars (\$75,000,000), subject to supervision or examination by federal or state authority. If such corporation or banking association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such corporation or banking association shall be deemed to be their combined capital and surplus as set forth in their most recent reports of conditions so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.08.

Section 8.08. Resignation and Removal of Trustee and Appointment of Successor Trustee.

(a) The Trustee may at any time resign by giving written notice to the City and the Corporation and by giving Notice by Mail to the Owners of such resignation. Upon receiving such notice of resignation, the City, with the advice of the Corporation, shall promptly appoint a successor Trustee acceptable to the Original Purchaser so long as the Original Purchaser is the sole owner of all of the Bonds by an instrument in writing. If no successor Trustee shall have been so appointed and have accepted appointment within forty-five (45) days after the giving of such notice of resignation by the Trustee, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, or any Owner who has been a bona fide Owner for at least six (6) months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and may prescribe, appoint a successor Trustee.

(b) In case at any time either of the following shall occur:

(i) the Trustee shall cease to be eligible in accordance with the provisions of Section 8.07 and shall fail to resign after written request therefor by the City or by any Owner who has been a bona fide Owner for at least six (6) months, or

(ii) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the City may remove the Trustee, and, with the advice of the Corporation, appoint a successor Trustee by an instrument in writing. Upon any removal of the Trustee, any outstanding fees and expenses of such former Trustee shall be paid in accordance with Section 8.06 hereof.

(c) The City, in the absence of an Event of Default, or the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding may, with the advice of the Corporation, at any time, or, upon the written request of the City shall, remove the Trustee, and, with the advice of the Corporation, appoint a successor Trustee, by an instrument or concurrent instruments in writing signed by the City or such Owners, as the case may be.

(d) Any resignation or removal of the Trustee, and appointment of a successor Trustee,

pursuant to any of the provisions of this Section shall become effective only upon acceptance of appointment by the successor Trustee as provided in Section 8.09.

Section 8.09. Acceptance of Trust by Successor Trustee. Any successor Trustee appointed as provided in Section 8.08 shall execute, acknowledge and deliver to the City, the Corporation and to its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the Written Request of the City or the request of the successor Trustee, the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts herein expressed, all the rights, powers and trusts of the Trustee so ceasing to act. Upon request of any such successor Trustee, the City shall execute any and all instruments in writing necessary or desirable for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and duties. Any Trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such Trustee to secure the amounts due it as compensation, reimbursement, expenses and indemnity afforded to it by Section 8.06.

No successor Trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor Trustee shall be eligible under the provisions of Section 8.07.

Upon acceptance of appointment by a successor Trustee as provided in this Section, the successor Trustee shall give the Owners notice of the succession of such Trustee to the trusts hereunder in the manner prescribed in Section 8.08 for the giving of notice of resignation of the Trustee.

Section 8.10. Merger or Consolidation of Trustee. Any corporation or banking association into which the Trustee may be merged or with which it may be consolidated, or any corporation or banking association resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation or banking association succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor Trustee shall be eligible under the provisions of Section 8.07.

Section 8.11. Accounting Records and Reports; Financing Statements. The Trustee shall keep proper books of record and account in accordance with accounting standards in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the Revenues and the proceeds of the Bonds received by the Trustee. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each Investment Security, (a) its purchase price, (b) its value at maturity or its sale price, as the case may be, (c) the amounts and dates of any payments to be made with respect thereto and (d) such documentation and evidence as is required to be obtained by the Corporation to establish that the requirements of Article VIII of the Tax Agreement have been met. Such records shall be open to inspection by the City, the Corporation and by any Owner at any reasonable time during regular business hours on reasonable notice. The Trustee shall furnish to the Corporation and, upon request, the City, monthly statements of all investments made by the Trustee and all funds and accounts held by the Trustee. The Trustee shall maintain such records for six years following the discharge of all Outstanding Bonds.

The Trustee shall furnish to any Owner who may make written request therefor a copy of the most recent audited financial statements of the Corporation that are in the possession of the Trustee. The Trustee shall have no responsibility or liability with respect to the Corporation's failure to provide such statements, and the Trustee shall not be required to compel the Corporation to provide any such statements.

The Trustee shall not be responsible for the preparation or filing of any UCC financing statements or continuation statements under this Indenture.

Section 8.12. Tax Agreement. The Trustee covenants and agrees that it will comply with all written instructions of the Corporation given in accordance with the Tax Agreement and will take any and all action as may be necessary in accordance with such written instructions. The Trustee acknowledges receipt of the Tax Agreement and acknowledges that the provisions of the Tax Agreement are incorporated herein by reference as provided in Section 6.06 hereof. The Trustee shall not be accountable for the use by the Corporation of the proceeds of the Bonds.

Section 8.13. Appointment of Co-Trustee. In the event the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional institution as a separate co-Trustee. In the absence of an Event of Default under this Indenture, the appointment of any such separate Co-Trustee shall be subject to the approval of the City, following consultation with the Corporation. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an additional institution as a separate Co-Trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, interest or lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such Co-Trustee but only to the extent necessary to enable such Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such Co-Trustee shall run to and be enforceable by either of them. Such Co-Trustee may be removed by the Trustee at any time, with or without cause.

Should any instrument in writing from the City be required by the Co-Trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. In case any Co-Trustee, or a successor, shall become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such Co-Trustee.

ARTICLE IX

MODIFICATION OF INDENTURE, DOCUMENTS

Section 9.01. Modification without Consent of Owners. The City and the Trustee, without the consent of or notice to any Owners, but with notice to the Original Purchaser, from time to time and at any time, but subject to the conditions and restrictions contained in this Indenture, may enter into a Supplemental Indenture or Indentures, which Supplemental Indenture or Indentures thereafter shall form a part hereof; and the Trustee, without the consent of or notice to any Owners, from time to time and at any time, may consent to any Amendment to any Document; in each case for any one or more of the following purposes:

(a) to add to the covenants and agreements of the City contained in this Indenture, or of the Corporation contained in any Document, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for any of the Bonds or any Parity Debt, or to surrender any right or power herein or therein reserved to or conferred upon the City or the Corporation; provided, that no such covenant, agreement, assignment, pledge or surrender shall adversely affect the interests of the Owners of the Bonds;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision contained in this Indenture or any Document, or in regard to matters or questions arising under this Indenture or any Document, as the City may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the Bonds;

(c) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof or thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to this Indenture as therefore supplemented and amended such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, and which shall not adversely affect the interests of the Owners of the Bonds;

(d) to provide for any additional procedures, covenants or agreements necessary to maintain the Tax-Exempt status of interest on the Bonds; provided that such amendment or supplement shall not materially adversely affect the interests of the Owners of the Bonds; or

(g) in connection with any other change which will not adversely affect the security for the Bonds or the Tax-Exempt status of interest on the Bonds or otherwise materially adversely affect the interests of the Owners of the Bonds, such determination to be based upon an Opinion of Bond Counsel provided to the Trustee on behalf of the Owners.

The City and/or the Trustee may execute and deliver such Supplemental Indenture or Amendment, but only after there shall have been delivered to the Trustee an Opinion of Bond Counsel stating that such Supplemental Indenture or Amendment is: (i) authorized or permitted by this Indenture, the Act and other applicable law; (ii) complies with the applicable terms of this Section; (iii) will, upon the execution and delivery thereof be a valid and binding agreement of the City; and (iv) will not adversely affect the Tax-Exempt status of interest on the Bonds.

Notwithstanding the foregoing provisions of this Section, the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture, and the

Trustee shall not enter into any Supplemental Indenture or consent to any Amendment without first obtaining the written consent of the Corporation. Any Supplemental Indenture or Amendment permitted pursuant to this Section may be approved by an Authorized Signatory and need not be approved by resolution or other action of the Commission of the City.

Section 9.02. Modification with Consent of Owners. Subject to the provisions of Section 11.03, with the consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in Section 11.06, (i) the City and the Trustee may from time to time and at any time enter into a Supplemental Indenture or Indentures for the purpose of adding any provisions to or changing in any manner or, eliminating any of the provisions of this Indenture as theretofore supplemented and amended; (ii) the City and the Corporation may enter into any Amendment; and (iii) the Trustee may consent to any Amendment to any Document and any other matters for which its consent is required pursuant to Section 9.01; provided, however, that no such Supplemental Indenture or Amendment will have the effect of extending the time for payment or reducing any amount due and payable by the Corporation pursuant to the Loan Agreement without the consent of the Owners of all Bonds then Outstanding; and that no such Supplemental Indenture shall (1) extend the fixed maturity of any Bond or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, without the consent of the Owner of each Bond so affected, or (2) reduce the aforesaid percentage of Owners whose consent is required for the execution of such Supplemental Indentures or Amendments, or permit the creation of any lien on the Revenues and the other assets pledged as security for Bonds hereunder prior to or on a parity with the lien of this Indenture, except as permitted herein, or permit the creation of any preference of any Owner over any other Owner, except as permitted herein, or deprive the Owners of the Bonds of the lien created by this Indenture upon the Revenues and the other assets pledged to the payment of the Bonds under this Indenture, without the consent of the Owners of all Bonds then Outstanding. Nothing in this paragraph shall be construed as making necessary the approval of any Owner of any Supplemental Indenture or Amendment permitted by the provisions of Section 9.01.

Upon receipt by the Trustee of: (1) a Certified Resolution authorizing the execution of any such Supplemental Indenture or Amendment; (2) an Opinion of Bond Counsel stating that such Supplemental Indenture or Amendment is: (i) authorized or permitted by this Indenture, the Act and other applicable law; (ii) complies with the applicable terms of this Section; (iii) in the case of a Supplemental Indenture, will, upon the execution and delivery thereof, be a valid and binding agreement of the City; and (iv) will not adversely affect the Tax-Exempt status of interest on the Bonds; and (3) evidence of the consent of the Owners, as aforesaid, the Trustee shall join with the City in the execution of such Supplemental Indenture or shall consent to such Amendment; provided, however, that (i) the Trustee shall not be obligated to enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its sole discretion, but shall not be obligated to, enter into such Supplemental Indenture; and (ii) the Trustee shall not enter into such Supplemental Indenture or consent to any Amendment of any Document without first obtaining the Corporation's and the Original Purchaser's written consent thereto.

Promptly after the execution by the parties thereto of any Supplemental Indenture or Amendment as provided in this Section, the Trustee shall mail a notice (prepared by the Corporation) setting forth in general terms the substance of such Supplemental Indenture or such Amendment to each Owner at the address contained in the Bond Register. Any failure of the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture or such Amendment.

Section 9.03. Effect of Supplemental Indenture or Amendment. Upon the execution of

any Supplemental Indenture or any Amendment to the Loan Agreement pursuant to the provisions of this Article IX, this Indenture or the Loan Agreement, as the case may be, shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture and the Loan Agreement of the City, the Trustee, the Corporation and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder and under the Loan Agreement subject in all respects to such Supplemental Indentures and Amendments, and all the terms and conditions of any such Supplemental Indenture or Amendment shall be part of the terms and conditions of this Indenture or the Loan Agreement, as the case may be, for any and all purposes.

Section 9.04. Required and Permitted Opinions of Counsel. Subject to the provisions of Section 9.01, the Trustee is entitled to receive an Opinion of Bond Counsel and rely on such Opinion of Bond Counsel as conclusive evidence that any Supplemental Indenture or Amendment executed pursuant to the provisions of this Article IX complies with the applicable requirements of this Article IX, that the appropriate consents have been obtained and that such Supplemental Indenture or Amendment has been duly authorized by the City.

Section 9.05. Notation of Modification on Bonds; Preparation of New Bonds. Bonds authenticated and delivered after the execution of any Supplemental Indenture pursuant to the provisions of this Article IX may bear a notation, at the Written Request of the City, as to any matter provided for in such Supplemental Indenture, and if such Supplemental Indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Trustee and the City, to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared by the City, authenticated by the Trustee and delivered without cost to the Owners of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

ARTICLE X
DEFEASANCE

Section 10.01. Discharge of Indenture. If all Bonds shall be paid and discharged in any one or more of the following ways:

(a) by the payment of the principal of and interest on all Bonds as and when the same become due and payable; or

(b) by providing for the payment of the principal of and interest on all Bonds as provided in Section 10.02; or

(c) by the delivery to the Trustee, for cancellation by it, of all Bonds;

and if all other sums payable hereunder by the Corporation and the City shall be paid and discharged, then thereupon this Indenture shall be satisfied and discharged and shall cease, terminate and become null and void, and thereupon the Trustee shall, upon Written Request of the City, and upon receipt by the Trustee, the City and the Original Purchaser of an Opinion of Bond Counsel to the effect that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee and the City to charge and be reimbursed by the Corporation for any expenditures which it may thereafter incur in connection herewith.

The City and the Corporation shall surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered which the City or the Corporation lawfully may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.02. Discharge of Liability on Particular Bonds.

(a) Any Bond or a portion thereof shall be deemed to be paid within the meaning of this Indenture when payment of the principal of such Bond or a portion thereof plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption or by declaration as provided herein) shall have been provided for by (i) irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment money and/or non-prepayable, non-callable Government Obligations as provided in Section 10.03; and (ii) if such Bond or portion thereof is to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article V provided or provision satisfactory to the Trustee shall have been made for giving such notice.

(b) In the event of the provision of the payment of less than the full principal amount of a Bond in accordance with subsection (a) of this Section, the principal amount of the Bond as to which such payment is not provided for shall be in an Authorized Denomination and, unless that portion of the Bond as to which payment is provided for in accordance with subsection (a) of this Section is to be paid or redeemed within sixty days of the deposit with the Trustee, such portion will also be in an Authorized Denomination.

(c) Upon the deposit with the Trustee, in trust, at or before maturity or the date fixed for redemption, as applicable, of money and/or nonprepayable, non-callable Government Obligations as provided in Section 10.03 to pay or redeem a Bond or a portion thereof and the satisfaction of the other conditions specified in subsection (a) of this Section, such Bond, or the

applicable portion thereof, shall be deemed to be paid hereunder, shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of any such payment from such money and/or Government Obligations deposited with the Trustee for such purpose, and all liability of the City and the Corporation in respect of such Bond, or the applicable portion thereof, shall cease, terminate and be completely discharged, except that the City and the Corporation shall remain liable for the payment of the principal of and interest on such Bond, or the applicable portion thereof, but only from, and the Owners shall thereafter be entitled only to payment (without interest accrued thereon after such date fixed for redemption or maturity date) out of, the money and/or Government Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 6.06 and Section 10.03.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or Government Obligations in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or non-prepayable, non-callable Government Obligations held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) An amount of money equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount of money to be deposited or held shall be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the date fixed for redemption; or

(b) non-prepayable, non-callable Government Obligations, the principal of and the interest on which when due will provide money at the times and in the amounts sufficient, together with the other moneys held by the Trustee for such purpose (as evidenced by an Accountant's Report) to pay the principal or redemption price of and all unpaid interest to maturity, or to the date fixed for redemption, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice; provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of the City) to apply such money and the payments on such Government Obligations to the payment of such principal or redemption price and interest with respect to such Bonds. The Trustee shall not be responsible for verifying the sufficiency of money and Government Obligations deposited with the Trustee to provide for the payment of the principal of and interest on Bonds pursuant to this Article X but may conclusively rely for all purposes of this Indenture on an Accountant's Report as to such sufficiency.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successors and Assigns of City. All the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of the City, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the City shall hereafter be transferred by any law of the State, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the City, then the body or official of the State who shall succeed to such powers or duties shall act and be obligated in the place and stead of the City as provided in this Indenture.

Section 11.02. Limitation of Rights. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the City, the Trustee, the Corporation and the Owners of the Bonds any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the City, the Trustee, the Corporation and the Owners of the Bonds.

Section 11.03. Waiver of Notice. Whenever in this Indenture the giving of notice to a Person is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.04. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 11.05. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper on the City, the Trustee, the Corporation or the Original Purchaser, if the same shall have been actually received. Notices hereunder sent by mail shall be sent by first class mail or overnight mail, postage prepaid, addressed as follows:

If to the City: City of Oroville
1735 Montgomery Street
Oroville, CA 95965
Attention: _____
(530) 538-_____
(530) 538-2525 (Fax)

If to the Corporation: Oroville Hospital
2767 Olive Highway
Oroville, CA 95966-6185
Attention: Chief Financial Officer
(530) 532-8509
(530) 532-8600 (Fax)

If to the Trustee

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 400
Los Angeles, CA 90071
Attention: Corporate Trust Department
(213) 630-_____
(213) 630-6215 (Fax)

To the Original Purchaser:

Attention: _____
() ____-_____
() ____-____ (Fax)

The City, the Trustee, the Corporation and Original Purchaser may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. A duplicate copy of each notice, certificate or other communication given hereunder by the City or the Trustee to the other shall also be given to the Corporation and the Original Purchaser. Unless otherwise requested by the City, the Trustee, the Corporation or the Original Purchaser, any notice required to be given hereunder in writing may be given by any form of Electronic Notice capable of making a written record. Each such party shall file with the Trustee information appropriate to receiving such form of Notice.

Section 11.06. Evidence of Rights of Owners.

(a) Any request, consent or other instrument required by this Indenture to be signed and executed by Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Owners in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee, the Trustee and the City if made in the manner provided in this Section 11.06.

(b) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him or her the execution thereof. The fact and the date of execution of any request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(c) The ownership of Bonds shall be proved by the Bond Register.

(d) Any request, consent or vote of the Owner shall bind every future Owner of the same Bond and the Owner issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the City in pursuance of such request, consent or vote.

(e) Except as otherwise provided herein, in determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the City, by the Corporation or by any other direct or indirect obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City, the Corporation, or any other direct or indirect obligor on the Bonds, shall be disregarded

and deemed not to be Outstanding for the purpose of any such determination, provided that, for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this subsection (e) if the pledgee shall certify to the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the City, the Corporation or any other direct or indirect obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

(f) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Owners upon such notice and in accordance with such rules and regulations, including the right of the Owners to be represented and vote by proxy, as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

Section 11.07. Waiver of Personal Liability. No member, officer, official, agent or employee of the City shall be individually or personally liable for the payment of the principal of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds; but nothing herein contained shall relieve any such member, officer, official agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.08. Governing Law; Venue. This Indenture and the Bonds are contracts made under the laws of the State and shall be governed by and construed in accordance with the Constitution and laws of the State applicable to contracts made and performed in the State. This Indenture and the Bonds shall be enforceable in the State, and any action arising out of this Indenture or the Bonds shall be filed and maintained in San Diego County, California, unless the City waives this requirement.

Section 11.09. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.10. Unclaimed Moneys. Notwithstanding any provisions of this Indenture to the contrary, and subject to applicable laws of the State, any moneys deposited with the Trustee in trust for the payment of the principal of, or interest on, any Bonds remaining unclaimed for two (2) years after the principal of any or all of the Outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be repaid to the Corporation upon its written request, and the Owners of such Bonds shall thereafter be entitled to look only to the Corporation for payment thereof, and all liability of the City and the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Corporation as aforesaid, the Trustee shall (at the request and cost of the Corporation) first give notice by mail to each affected Owner, which notice shall be in such form as may be deemed appropriate by the Corporation and the Trustee, in respect of the Bonds so payable and not presented and in respect of the provisions relating to the repayment to the Corporation of the moneys held for the payment thereof. In the event of the repayment of any such moneys to the Corporation as aforesaid, the Owners of the Bonds in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Corporation for amounts equivalent to the respective amounts deposited for the payment of such Bonds and so repaid to the Corporation (without interest thereon).

Section 11.11. Monies Held for Particular Bonds. Except as otherwise provided in Section 7.02, the amounts held by the Trustee for the payment of the interest, principal, or redemption price due on any date with respect to particular Bonds which are deemed paid in accordance with Article X shall be set aside on its books and held in trust by it for the Owners entitled thereto.

Section 11.12. Non-Liability of City. The City shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Trustee pursuant to the Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the City is pledged to the payment of the principal (or Redemption Price) or interest on the Bonds. The City shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the Bonds or this Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under the Loan Agreement.

The Trustee hereby acknowledges that the City's sole source of moneys to repay the Bonds will be provided by the payments made by the Corporation to the Trustee pursuant to the Loan Agreement, together with investment income on certain funds and accounts held by the Trustee under this Indenture, and hereby agrees that if the payments to be made under the Loan Agreement shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then the Trustee shall give notice to the Corporation in accordance with Section 7.01 of this Indenture to pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Corporation, the City or any third party, subject to any right of reimbursement from the Trustee, the City or any such third party, as the case may be, therefor.

Section 11.13. Notification to City Regarding Amount of Outstanding Bonds. On or before July 15 of each year the Trustee shall notify the City, via mutually acceptable electronic means or by mail, of the aggregate principal amount of Outstanding Bonds as of June 30 of such year or that no Bonds remain Outstanding.

Section 11.14. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Indenture or this Loan Agreement, and, unless otherwise specifically provided, no interest shall accrue for the period from and after such nominal date.

Section 11.15. Rights of Original Purchaser. Notwithstanding anything in this Indenture to the contrary, the Deed of Trust (except as otherwise set forth therein) may at any time be amended or modified by the written agreement of the Original Purchaser and the Corporation, without the consent of the Trustee or the City, provided that such amendment is promptly filed with the Trustee and that such amendment does not result in a violation of the provisions of the Tax Agreement.

Notwithstanding anything contained herein to the contrary, any required consent of the Original Purchaser with respect to the Bonds as provided herein shall not be effective unless such consent is in writing and is duly signed by the Original Purchaser, and then only to the

extent specifically set forth therein. Furthermore, notwithstanding any other provision in this Indenture to the contrary and for so long as the Original Purchaser is the registered Owner or beneficial Owner of the Bonds, the Purchaser has the right to undertake and enforce its rights and remedies under the Financing Documents without involvement of, but with notice to, the Trustee.

IN WITNESS WHEREOF, the City has caused this Indenture to be signed in its name by an Authorized Signatory of the City, and the Trustee, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its name by its duly authorized signatory, all as of the day and year first above written.

CITY OF OROVILLE

By _____
Authorized Signatory

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

By _____
Authorized Signatory

[Signature Page – Indenture
City of Oroville Hospital Revenue Bonds (Oroville Hospital), Series 2018]

EXHIBIT A

MANDATORY SINKING FUND INSTALLMENTS

Redemption Date	Mandatory Sinking Fund Payment	Redemption Date	Mandatory Sinking Fund Payment	Redemption Date	Mandatory Sinking Fund Payment	Redemption Date	Mandatory Sinking Fund Payment
6/1/18		12/1/22		5/1/27		11/1/31	
7/1/18		1/1/23		6/1/27		12/1/31	
8/1/18		2/1/23		7/1/27		1/1/32	
9/1/18		3/1/23		8/1/27		2/1/32	
10/1/18		4/1/23		9/1/27		3/1/32	
11/1/18		5/1/23		10/1/27		4/1/32	
12/1/18		6/1/23		11/1/27		5/1/32	
1/1/19		7/1/23		12/1/27		6/1/32	
2/1/19		8/1/23		1/1/28		7/1/32	
3/1/19		9/1/23		2/1/28		8/1/32	
4/1/19		10/1/23		3/1/28		9/1/32	
5/1/19		11/1/23		4/1/28		10/1/32	
6/1/19		12/1/23		5/1/28		11/1/32	
7/1/19		1/1/24		6/1/28		12/1/32	
8/1/19		2/1/24		7/1/28		1/1/33	
9/1/19		3/1/24		8/1/28		2/1/33	
10/1/19		4/1/24		9/1/28		3/1/33	
11/1/19		5/1/24		10/1/28		4/1/33	
12/1/19		6/1/24		11/1/28		5/1/33	
1/1/20		7/1/24		12/1/28		6/1/33	
2/1/20		8/1/24		1/1/29		7/1/33	
3/1/20		9/1/24		2/1/29		8/1/33	
4/1/20		10/1/24		3/1/29		9/1/33	
5/1/20		11/1/24		4/1/29		10/1/33	
6/1/20		12/1/24		5/1/29		11/1/33	
7/1/20		1/1/25		6/1/29		12/1/33	
8/1/20		2/1/25		7/1/29		1/1/34	
9/1/20		3/1/25		8/1/29		2/1/34	
10/1/20		4/1/25		9/1/29		3/1/34	
11/1/20		5/1/25		10/1/29		4/1/34	
12/1/20		6/1/25		11/1/29		5/1/34	
1/1/21		7/1/25		12/1/29		6/1/34	
2/1/21		8/1/25		1/1/30		7/1/34	
3/1/21		9/1/25		2/1/30		8/1/34	
4/1/21		10/1/25		3/1/30		9/1/34	
5/1/21		11/1/25		4/1/30		10/1/34	
6/1/21		12/1/25		5/1/30		11/1/34	
7/1/21		1/1/26		6/1/30		12/1/34	
8/1/21		2/1/26		7/1/30		1/1/35	
9/1/21		3/1/26		8/1/30		2/1/35	
10/1/21		4/1/26		9/1/30		3/1/35	
11/1/21		5/1/26		10/1/30		4/1/35	
12/1/21		6/1/26		11/1/30		5/1/35	
1/1/22		7/1/26		12/1/30		6/1/35	
2/1/22		8/1/26		1/1/31		7/1/35	
3/1/22		9/1/26		2/1/31		8/1/35	
4/1/22		10/1/26		3/1/31		9/1/35	
5/1/22		11/1/26		4/1/31		10/1/35	
6/1/22		12/1/26		5/1/31		11/1/35	
7/1/22		1/1/27		6/1/31		12/1/35	
8/1/22		2/1/27		7/1/31		1/1/36	
9/1/22		3/1/27		8/1/31		2/1/36	
10/1/22		4/1/27		9/1/31		3/1/36	
11/1/22				10/1/31		4/1/36	

EXHIBIT C

FORM OF INVESTOR LETTER

City of Oroville
Oroville, California

The Bank of New York Mellon Trust Company, N.A., as Trustee
Los Angeles, California

Re: City of Oroville Hospital Revenue Bonds (Oroville Hospital) Series 2018

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby certifies in connection with its purchase of the City of Oroville (the "City") Hospital Revenue Bonds (Oroville Hospital) Series 2018 in the aggregate principal amount of \$_____ (the "Bonds"), which Bonds were originally issued for the benefit of Oroville Hospital, a California nonprofit public benefit corporation (the "Corporation"), that:

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

2. The Purchaser is an "Approved Buyer" as defined in the Indenture.

3. The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal and other Tax-Exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

4. The Bonds are being acquired by the Purchaser for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Purchaser intends to hold the Bonds for its own account and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds.

5. The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in the Indenture, including the requirement for the delivery to the City and the Trustee of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to deliver such investor's letter shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the Issuer with respect to any claim asserted against the Issuer that arises with respect to any sale, transfer or other disposition of the Bonds by the Purchaser or any transferee thereof in violation of the provisions of the Indenture.

6. The Purchaser understands that the Bonds are not registered under the 1933 Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

7. The Purchaser is familiar with the conditions, financial and otherwise, of the Corporation. The Purchaser acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable

investor would attach significance in making investment decisions, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Corporation and the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make our decision to purchase the Bonds. The Purchaser understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

8. The Purchaser understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City (which has no taxing power), the State of California or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

9. The Purchaser has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Purchaser is aware that the business of the Corporation involves certain economic variables and risks that could adversely affect the security for the Bonds.

10. The Purchaser has made its own independent and satisfactory inquiry of the financial condition of the Corporation, including inquiry into financial statements and other information relating to the financial condition of the Corporation to which a reasonable investor would attach significance in making investment decisions, and of any other matters deemed to be relevant to a reasonably informed decision to purchase the Bonds. The Purchaser has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Indenture and the Loan Agreement.

11. The Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Corporation and the Bonds, all so that as a reasonable investor the Purchaser has been able to make a reasonably informed decision to purchase the Bonds.

12. The Purchaser is presently and primarily purchasing the Bonds for investment purposes only (and not as an "underwriter" or "Participating Underwriter" as defined in Securities and Exchange Commission Rule 15c2-12, as amended, replaced or supplemented) and does not presently intend to transfer, otherwise distribute or sell the Bonds to the general public.

13. In entering into this transaction, the Purchaser has not relied upon any representations or opinions of the City or the Trustee relating to the legal consequences or other aspects of its investment in the Bonds, nor has it looked to, nor expected, the City to undertake or require any credit investigation or due diligence reviews relating to the Corporation, its financial condition or business operations, the Facilities (including the financing or management thereof), or any other matter pertaining to the merits or risks of the transactions contemplated by the Loan Agreement and the Indenture, or the adequacy of the funds pledged to the Trustee to secure repayment of the Bonds.

14. The Purchaser is not now and has never been controlled by, or under common control with, the Corporation. The Corporation has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the Corporation or with any affiliate in connection with the Bonds, other than as disclosed to the City.

15. Neither the Trustee, Bond Counsel, the City, its members, its governing body, or any of its employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Corporation or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the City to the Purchaser with respect to the Bonds. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

16. The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture of Trust, dated as of May 1, 2018, by and between the City and the Trustee.

IN WITNESS WHEREOF, I have hereunto set my hand this ___th day of _____, ____.

_____, a _____, as Purchaser

By _____
Name _____
Title _____

Chico Enterprise-Record

400 E. Park Ave.
Chico, Ca 95928
530-896-7702
erlegal@chicoer.com

3699074

QUINT & THIMMIG
900 LARKSPUR LANDING CIR SUITE 270
LARKSPUR, CA 94939

Legal No. 0006106799

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Tuesday, March 6, 2018, a public hearing will be held as required by section 147(f) of the Internal Revenue Code of 1986 (the "Code") with respect to the proposed issuance by the City of Oroville (the "City") of revenue bonds in an amount not to exceed \$21,000,000 (the "Bonds") for the purpose of assisting the Oroville Hospital, a non-profit public benefit corporation (the "Corporation"). The Bonds will be issued to (a) (i) refund the City's Variable Rate Demand Hospital Revenue Bonds (Oroville Hospital), 2012 Series A, issued to refund certain bonds issued in 1997 to finance the acquisition and construction of certain improvements to the Corporation's hospital facilities located at 2767 Olive Highway, Oroville, California (the "Hospital"), and (ii) finance the acquisition and construction of improvements to the Hospital, of which \$10,310,000 is currently outstanding, and (b) finance the expansion of the Hospital's dietary, pharmacy and surgical departments, all to be owned and operated by the Corporation.

The hearing will commence at 7:00 P.M. or as soon thereafter as the

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, IN AND FOR THE COUNTY OF BUTTE

In The Matter Of
Notice of Public Hearing

AFFIDAVIT OF PUBLICATION

STATE OF CALIFORNIA }
COUNTY OF BUTTE } SS.

The undersigned resident of the county of Butte, State of California, says:

That I am, and at all times herein mentioned was a citizen of the United States and not a party to nor interested in the above entitled matter; that I am the principal clerk of the printer and publisher of

**The Chico Enterprise-Record
The Oroville Mercury-Register**

That said newspaper is one of general circulation as defined by Section 6000 Government Code of the State of California, Case No. 26796 by the Superior Court of the State of California, in and for the County of Butte; that said newspaper at all times herein mentioned was printed and published daily in the City of Chico and County of Butte; that the notice of which the annexed is a true printed copy, was published in said newspaper on the following days:

02/16/2018

Dated February 20, 2018
at Chico, California

(Signature)

hereafter as the matter can be heard, and will be held at City Hall, City Council Chambers, 1735 Montgomery Street, Oroville, California. Interested persons wishing to express their views on the issuance of such bonds or on the nature and location of the facilities proposed to be financed will be given an opportunity to do so at the public hearing or may, prior to the time of the hearing, submit written comments to the City Clerk of the City of Oroville, 1735 Montgomery Street, Oroville, CA 95202.

All proceedings before the City Council are conducted in English. The City of Oroville does not furnish interpreters and, if one is needed, it shall be the responsibility of the person needing one.

If you challenge the proposed action in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City Council at, or prior to, the public hearing.
Publish February 16, 2018

**OROVILLE CITY COUNCIL
STAFF REPORT**

TO: MAYOR AND CITY COUNCIL MEMBERS

**FROM: MIKE MASSARO, PE, CONTRACT CITY ENGINEER
PUBLIC WORKS DEPARTMENT**

RE: FOGG AVENUE DRAINAGE REHABILITATION PROJECT

DATE: MARCH 6, 2018

SUMMARY

The Council may provide direction to the Contract City Engineer, based on the options and exhibits presented as part of this Staff Report, on how to proceed with a proposed drainage rehabilitation project on Fogg Avenue.

DISCUSSION

In January 2018, a resident that lives on Fogg Avenue notified Public Works staff of ponding water and severely deteriorating roadway as a result of lack of adequate drainage from Nelson Avenue south towards Grand Avenue. Photos representative of the issue are included in Attachment F of this Staff Report.

There are two primary options proposed for Fogg Avenue drainage improvements. Option A includes installing drainage inlets and storm drain pipe (see Attachment A, Exhibit A), and Option B includes drainage inlets, storm drain pipe, and curb, gutter, and sidewalk with some regrading and re-paving on Fogg Avenue (see Attachment B, Exhibit B). Option A can either be put out to bid or performed with City Staff, whereas Option B would need to be put out to bid.

Upon direction by City Council, Bennett Engineering Services will prepare design plans for the City, and construction of the designed system will either be performed by Public Works Staff or put out to bid for contractor selection.

FISCAL IMPACT

Fiscal impact is anticipated to be approximately as follows:

1. \$79,951 for Option A shown in Exhibit A with a traditional design-bid-build approach (see Attachments A and C). \$10,000 local Transit Funds 5026-6370, \$38,810 General Fun 3001-6210.

2. \$40,000 for Option A-1 shown in Exhibit A with City Public Works Staff performing the construction work on a Force Account Basis (see Attachments A and D). \$40,000 General Fund 3001-6210. A budget adjustment would need to be made.
3. \$257,659 for Option B shown in Exhibit B with a traditional design-bid-build approach (see Attachments B and E).

RECOMMENDATIONS

Staff recommends Option A-1 utilizing Public Works staff for construction as the least cost option.

- A. Installing drainage inlets and storm drain pipe (see Attachment A, Exhibit A)
- B. Drainage inlets, storm drain pipe, and curb, gutter, and sidewalk with some regrading and re-paving on Fogg Avenue (see Attachment B, Exhibit B).

or,

- C. Provide direction, as necessary.

ATTACHMENTS

Attachment A – Exhibit A: Option A City of Oroville Fogg Avenue Drainage Fix
Attachment B – Exhibit B: Option B City of Oroville Fogg Avenue Drainage Fix
Attachment C – Engineer’s OPCC for Option A (Out to Bid)
Attachment D – Engineer’s OPCC for Option A-1 (City Staff)
Attachment E – Engineer’s OPCC for Option B (Out to Bid)
Attachment F – Photos of Fogg Avenue Drainage Issues



Plot Date: February 02, 2018 - 11:28 am
 File Name: P:\Proj\17601A-Oroville-Special Assignment\10 - Fogg Avenue Drainage\CAD DWGs\17601A-10_Oroville Fogg Ave.dwg

02/02/2018

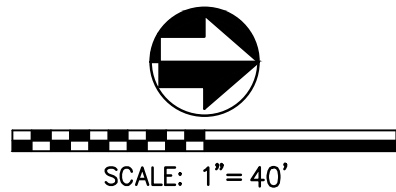


EXHIBIT A CITY OF OROVILLE FOGG AVENUE DRAINAGE FIX

CONCEPTUAL DRAWING
 NOT FOR CONSTRUCTION

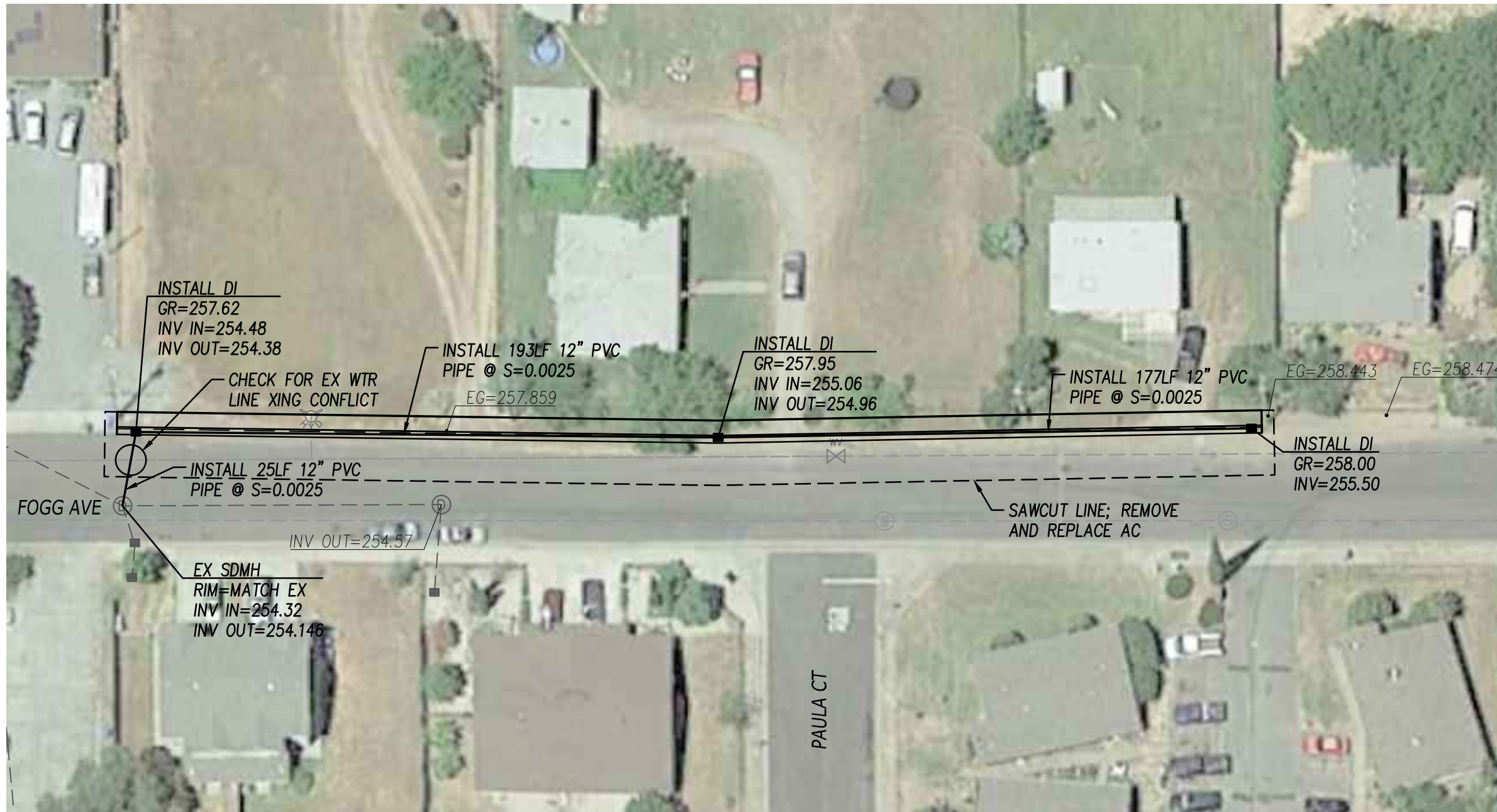
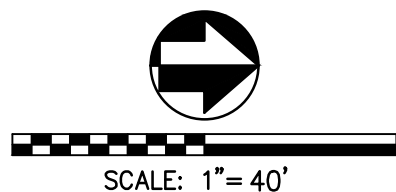


EXHIBIT B
CITY OF OROVILLE
FOGG AVENUE DRAINAGE FIX

CONCEPTUAL DRAWING
 NOT FOR CONSTRUCTION

02/02/2018



Engineer's Opinion of Probable Cost

City of Oroville - Fogg Avenue Drainage (Exhibit A) - City Staff (Option A-1)



Project Name: Fogg Avenue Drainage Fix				Project No: 17601A-10	
Location Fogg Avenue				Contract No:	
				Client Name City of Oroville	
QTY. ORIGINATOR Gabriel Rodriguez	DATE 01/31/18	QTY. CHECKER Mike Massaro	DATE 02/02/18	PRICED BY Gabriel Rodriguez	DATE 02/02/18

Item No.	ITEM DESCRIPTION	Estimated Quantity	Unit	Unit Price (\$/Unit)	Amount (\$)
Items					
1	12" PVC Storm Drain Pipe	271	LF	\$55.00	\$14,905.00
2	Drainage Inlet	2	EA	\$2,250.00	\$4,500.00
3					
4					
5					
6					
7					
8					
SUBTOTAL					\$19,405.00

Design Contingency on OPCC	20% =	\$3,881
Construction Total		\$23,286
Construction Labor (PW)		\$12,000
Engineering and Survey	20% =	\$4,657
Grand Total =		\$40,000

BENNETT ENGINEERING SERVICES ASSUMES NO RESPONSIBILITY FOR DIFFERENCES BETWEEN THESE QUANTITIES AND FINAL PAY QUANTITIES.

Engineer's Opinion of Probable Cost

City of Oroville - Fogg Avenue Drainage (Exhibit A) - Out to Bid (Option A)



Project Name: Fogg Avenue Drainage Fix				Project No: 17601A-10	
Location Fogg Avenue				Contract No:	
				Client Name City of Oroville	
QTY. ORIGINATOR Gabriel Rodriguez	DATE 01/31/18	QTY. CHECKER Mike Massaro	DATE 02/02/18	PRICED BY Gabriel Rodriguez	DATE 02/02/18

Item No.	ITEM DESCRIPTION	Estimated Quantity	Unit	Unit Price (\$/Unit)	Amount (\$)
Items					
1	Mobilization/Demobilization	1	LS	\$10,000.00	\$10,000.00
2	12" PVC Storm Drain Pipe	271	LF	\$110.00	\$29,810.00
3	Drainage Inlet	2	EA	\$4,500.00	\$9,000.00
4					
5					
6					
7					
8					
SUBTOTAL					\$48,810.00

Subtotal =		\$48,810
Contractor Overhead and Profit 5.0% =		\$2,441
Design Contingency on OPCC 20% =		\$9,762
Contractor's Bond 1.0% =		\$488
Construction Total		\$61,501
City Staff & Engineering 15% =		\$9,225
Construction Management 15% =		\$9,225
Grand Total =		\$79,951

BENNETT ENGINEERING SERVICES ASSUMES NO RESPONSIBILITY FOR DIFFERENCES BETWEEN THESE QUANTITIES AND FINAL PAY QUANTITIES.

Engineer's Opinion of Probable Cost

City of Oroville - Fogg Avenue Drainage (Exhibit B) - Out to Bid (Option B)



Project Name: Fogg Avenue Drainage Fix			Project No: 17601A-10		
Location Fogg Avenue			Contract No:		Client Name City of Oroville
QTY. ORIGINATOR Gabriel Rodriguez	DATE 02/01/18	QTY. CHECKER Mike Massaro	DATE 02/02/18	PRICED BY Gabriel Rodriguez	DATE 02/02/18

Item No.	ITEM DESCRIPTION	Estimated Quantity	Unit	Unit Price (\$/Unit)	Amount (\$)
Items					
1	Mobilization/Demobilization	1	LS	\$10,000.00	\$10,000.00
2	Clearing and Grubbing	1	LS	\$2,500.00	\$2,500.00
3	12" PVC Storm Drain Pipe	395	LF	\$110.00	\$43,450.00
4	Drainage Inlet	3	EA	\$4,500.00	\$13,500.00
5	Minor Concrete - Curb and Gutter	379	LF	\$31.00	\$11,749.00
6	Roadway Excavation	290	CY	\$125.00	\$36,250.00
7	Minor Concrete - Sidewalk	1,896	SF	\$12.00	\$22,752.00
8	Hot Mix Asphalt	103	TON	\$100.00	\$10,300.00
9	Class 2 Aggregate Base	85	CY	\$80.00	\$6,800.00
	SUBTOTAL				\$157,301.00

	Subtotal =	\$157,301
Contractor Overhead and Profit	5.0% =	\$7,865
Design Contingency on OPCC	20% =	\$31,460
Contractor's Bond	1.0% =	\$1,573
Construction Total		\$198,199
City Staff & Engineering	15% =	\$29,730
Construction Management	15% =	\$29,730
Grand Total =		\$257,659

BENNETT ENGINEERING SERVICES ASSUMES NO RESPONSIBILITY FOR DIFFERENCES BETWEEN THESE QUANTITIES AND FINAL PAY QUANTITIES.





OROVILLE CITY COUNCIL

TO: MAYOR AND COUNCIL MEMBERS

**FROM: DONALD RUST, DIRECTOR
COMMUNITY DEVELOPMENT DEPARTMENT**

**SUBJECT: REQUEST FROM STREAM CHARTER SCHOOL FOR A FEE WAIVER
FOR THE USE OF THE MUNICIPAL AUDITORIUM FOR A NINJA
WARRIOR EVENT**

DATE: MARCH 6, 2018

SUMMARY

The Council may consider a request from STREAM Charter School for a fee waiver for the use of the Municipal Auditorium for the purposes of holding a three-day community event promoting healthy activities.

DISCUSSION

On February 27, 2018, staff received a facility rental application and fee waiver request from Don Phillips, Director of STREAM Charter School (STREAM), to rent the Municipal Auditorium to hold a Ninja Warrior event. The event is proposed for the week of April 9th through 11th with set-up the evening of the 8th. Students from various schools in the community were challenged to meet the goal of perfect attendance, reading logs turned in on time, and 90 % of homework completed and submitted on time. Those who completed the challenge could participate and the outcome of completed submissions was overwhelming.

Per the City's Facility and Park Fee Waiver Policy as found in Section 17.08.150 of the Oroville Municipal Code, fees, up to 50%, may be waived for approved non-profit groups when the non-profit organization has IRS approved tax-exempt status, the event is of public benefit, the event is open to the public, and the event does not significantly impact City departments, services, operations or activities. However, the policy specifies that requests for fee waivers or reductions must be received at least 90 days prior to the actual date of the event. If the request is received in less than 90 days from the event, the facility/park fee waiver or reduction for the event will not be considered and all fees will apply to the event. Fee waivers do not relieve the applicant from security/damage deposit or other financial obligations associated with the event.

As a 501 C3 non-profit, STREAM is requesting a 50% fee waiver of the facility fees. Due to the short notice of the event, STREAM was unable to submit the facility application and fee waiver request in advance of the 90 day requirement. STREAM is requesting the Council to consider their request to support healthy activities for the youth in our community.

FISCAL IMPACT

Total fees to be collected are \$2,920.00 (use fee) and a \$500 (refundable security deposit) equaling \$3,420.00, without a fee waiver. If the Council approves the 50% requested fee waiver, the City will receive a \$1,460.00 use fee, and the \$500 refundable security deposit. Fiscal impact is contingent upon Council action.

Council Action Requested:

Authorize the 50% fee waiver request, in the amount of 1,460.00, that meets the City's Facility/Park Fee Waiver policy.

ATTACHMENTS:

A – Fee Waiver Application

B – Requestors Application for Use of Municipal Auditorium



DISCOVER GOLD . . . DISCOVER OROVILLE

CITY OF OROVILLE

Parks and Trees Department

1735 MONTGOMERY STREET – OROVILLE, CALIFORNIA 95965
Phone: 530-538-2415 Fax 530-538-2417

FACILITY USE FEE WAIVER APPLICATION

APPLICATION MUST BE RECEIVED AT LEAST 90 DAYS PRIOR TO DATE OF THE EVENT

For Office Use Only

FY _____ APPL# _____ AMT\$ _____ APPROVED _____ DENIED _____

Important: Please complete the entire form, including budget and narrative requirements. Incomplete forms will be returned. Your completed application with supplemental materials must be submitted to the address listed above a minimum of ninety (90) days prior to the event date.

Section A – Applicant Information

STREAM Charter School
Applicant Legal Organization Name DBA (including doing business as...Organization Name)

455E Oro Dam Blvd E
Organization Local Address

Same Oroville 95965
Organization Mailing Address City/State Zip Code

Don Phillips Director
Contact Person Title

(530) 534-1637 (530) 403-3432 _____
Daytime Phone Evening Phone Fax

dphillips@streamcharter.net
Email address

Type of Organization: 501 (c) (Please specify type of 501 status): 501(c)3
_____ Government Entity _____ Other (Explain) _____

Requesting Waiver For (name of event/program) Students Ninja Warrior challenge

Is this activity an annual event or a one time only event? One Time

City Facility Requested Municipal Auditorium

Total Facility Fee Charged \$ 2,290

Total Fee Waiver Requested \$ 1,460

Section B – Budget Information Applicant Name STREAM charter School

The following information is required in order for the City to consider waiving the Facility Use Fee. Only direct event or program fee may be listed.

EVENT OR PROGRAM EXPENSES

EVENT OR PROGRAM INCOME

<p style="text-align: center;">A. Salaries / Fees</p> <p>1. Artists/Performers/Speakers/Contracted Staff \$ _____</p> <p>2. Administrative \$ _____</p> <p>3. Program Staff \$ _____</p> <p>4. Other (Specify) \$ _____</p> <p>A. Total Salaries / Fees \$ _____</p> <p>B. Space Rental (non - City) \$ _____</p> <p style="text-align: center;">C. Remaining Costs (Itemized)</p> <p>1. Equipment rental \$ _____</p> <p>2. Printing \$ _____</p> <p>3. Supplies \$ _____</p> <p>4. Food \$ _____</p> <p>5. Trophies \$ _____</p> <p>6. Travel \$ _____</p> <p>7. Insurance \$ _____</p> <p>8. Other (explain) \$ _____</p> <p>C. Total Remaining Costs \$ _____</p> <p>D. City Facility Use Fees \$ _____</p> <p>Attach additional pages as needed to illustrate details of expenses listed above.</p> <p>TOTAL Event/Program Operating Expenses (A+B+C+D) \$ _____</p>	<p>A. Registration Income \$ _____</p> <p>_____ participants x \$ _____ registration fee</p> <p style="text-align: center;">B. Donations or Sponsorships</p> <p>1. Corporate / Business \$ _____</p> <p>2. Foundations \$ _____</p> <p>3. Clubs / Organizations \$ _____</p> <p>4. Other (specify) \$ _____</p> <p>B. Total Donations/Sponsorship Total \$ _____</p> <p>C. Other Income \$ _____</p> <p>Explain Other Income Source: _____</p> <hr/> <p>TOTAL Event/Program OPERATING INCOME (A+B+C) \$ _____</p>
--	--

SECTION C

Authorized Signatures: The signature below is that of a person authorized to testify as to the accuracy of this application.

Signature _____ Title _____ Date _____

Reviewed by City Administrator/ his/her designee Date _____ Signature: _____

Fee Waiver approved _____

Fee Waiver Denied _____

Program Narratives (attach additional pages if necessary)

1. Explain the event/program:

The American Ninja Warriors are coming to reward the students in our local schools who met a challenge set by the schools. Students who qualify (about 50% of those who heard about the challenge) get to run a Ninja Warrior course with some of TV's American Ninja Warriors. It's private in the mornings for students who met the challenge and for a fee in the afternoons and evenings.

2. Is this the first year for this event/program or has it been offered previously? If it has been offered previously, please list number of years it has been offered.

First

3. What age groups are targeted? K-8th grade students

4. What are the event/program dates? April 9-11

5. Is there an admission/access charge? Yes No Is it open to the public? Yes No

6. What City Facility is needed for this event/program? Municipal Auditorium

7. Have you paid City Facility Use Fees for the event/program before? No - 1st time asked

a. If yes, list amount paid _____

b. If no, who authorized previous fee waiver? _____

7. Describe the public value and benefit to the Oroville community: A reward for students who rose to a challenge. Also - this is the 1st time this event has been held in the US, putting Oroville on the Ninja map.

7. Explain why paying City Facility Use Fee causes a significant financial burden for this event/program.

The mornings are free for students. Local schools would need to pay otherwise.



Application & Agreement for Use Oroville Municipal Auditorium

A City of Oroville Cultural Facility

1200 Myers Street, Oroville, CA 95965

Mail to: 1735 Montgomery St. Oroville, CA 95965

Date Received: _____	
Check List:	
<input type="checkbox"/>	Scheduled
<input type="checkbox"/>	Deposit Paid
<input type="checkbox"/>	ABC License
<input type="checkbox"/>	Alcohol Permit
<input type="checkbox"/>	Insurance
<input type="checkbox"/>	Rental Paid
<input type="checkbox"/>	Business License
<input type="checkbox"/>	Deposit Returned

Date of Event April 9, 10, 11, 2018 Use Time _____

Areas Required Auditorium, Stage, Lobby, Restroom

Rehearsal/Set-up Dates April 8, 2018 Use Time _____

Activity or Event Title School's Ninja Warrior Challenge

Requestor Name Don Phillips Address 455E Oro Dam Blvd East, Oroville

Requestor Phone No. (530) 534-1633

Organization STREAM Charter School Address 455E Oro Dam Blvd E, Oroville 95965

Insurance Company Great American Insurance Cas. Certificate No. _____

Alcohol Permit (if needed) _____ No. of Guests _____ (Separate Application along with an ABC License)

Estimated Event Cost; Minimum per day is \$625 for 8 hours, includes one city staff person for 8 hours. After 8 hours, an additional \$35 per hour fee applies.

Facility Use Fee: \$ 2,920 Hours (Include Setup and Cleanup) _____ No. Days of Use 4 Total: \$ 2,920.00

Additional Personnel: _____ Total: \$ _____

Alcohol Permit: _____ Total: \$ 0

DEPOSIT: \$500.00 Date Received 3/1/2018 Total Use Estimate: \$ 2,920.00

(Deposit is refundable if Auditorium is returned in the condition it was received) (Not Including Deposit)

Deposit Full Refund YES NO (See Attached) By _____

* I understand this estimate is based on the personnel working the hours indicated and may increase or decrease depending on the actual hours worked.

Fee Paid : \$ _____

Applicants Signature: _____

<input checked="" type="checkbox"/> Tables & Chairs	No. Of Tables Needed: <u>2</u>	No. of Chairs Needed: <u>50</u>
<input type="checkbox"/> Lights:	<input type="checkbox"/> Stage Lights	
<input type="checkbox"/> PA System	<input type="checkbox"/> Kitchen Use	
<input type="checkbox"/> Concessions:	<input type="checkbox"/> Alcoholic Beverages	Permit Applied For Date: _____
	Payment Amount \$ _____	Payment Received Date: _____

The City does hereby grant to User, permission to use the above stated facility for the time and purpose specified, and subject to, the conditions and limitations appearing on the attached sheets which are part of this Agreement. The User agrees to indemnify, defend and hold harmless the City of Oroville, its officers, employees, or agents for any claims arising out of the use of the facility and equipment.

IN WITNESS THEREOF the parties hereto, or their duly authorized agents, have caused this agreement to be executed this

1st day of March, 2018. Checks or Purchase Orders made out to City of Oroville

City Authorized agent Dawn Nevers for Don Rust User authorized agent: [Signature]

Oroville Municipal Auditorium Contract Addendum

Page 2 of 2

The City of Oroville grants the privilege and right to use the Oroville Municipal Auditorium under the terms, conditions, and limitations herein specified.

1. Certificate of insurance naming the City of Oroville and their officers, agents, and employees added as additionally insured for the date(s) that the Oroville Municipal Auditorium is being used in the amount of \$1,000,000.00
2. The Oroville Municipal Auditorium is a no smoking facility. It is the responsibility of the user group to enforce this regulation.
3. Your organization has the right to operate concessions during use of the Oroville Municipal Auditorium. If you decide to exercise this right, 20% of the gross shall come to the City of Oroville. This is standard practice for rental facilities that allow concessions due to the additional cleaning and other problems associated with having a concession.
4. Should an alcoholic beverage be served, an Alcoholic Beverage Concession license (ABC License) and City Permit must be submitted and approved by the City prior to serving said alcoholic beverages. Completing the City Permit takes a few days; plan ahead.
5. Under no circumstances shall any aspect of the center or the event being held be subcontracted without the expressed written permission of the City of Oroville.
6. A deposit of \$500 to hold the reservation, and to cover any excessive cleaning/repair cost is required and due upon receipt of the contract. The deposit is not included in the "use fee" and may not be applied to it.
7. The amount due for your use of the Oroville Municipal Auditorium is \$ _____. **This amount is due ten (10) working days prior to the event.** This dollar amount is based on the stated hours of facility use and staff time. This is only an estimate, and the exact dollar amount shall be computed based on the actual use time. It does not include the refundable deposit.

Thank you for your cooperation!


_____ Initial

FACILITY REQUIREMENTS:

HOURS – **BUILDING:** Sunday – Thursday: Function must end by 11:00 pm with clean-up completed by 12:00 pm;
Friday & Saturday: Function must end by 1:00 am with clean-up completed by 2:00 am
GROUND: Daily: Outside activities are limited to the hours between 6:00 am and 10:00 pm

SMOKING – ABSOLUTELY NO SMOKING ALLOWED INSIDE CITY FACILITIES, NOR WITHIN 20 FEET OF A MAIN EXIT, ENTRANCE OR OPERABLE WINDOW. (AB 846)

INSURANCE – CERTIFICATE OF INSURANCE naming the City of Oroville and their officers, agents, and employees added as additionally insured for the date(s) that the Oroville Municipal Auditorium is being used in the amount of \$1,000,000.

ALCOHOLIC BEVERAGES –

1. SECURITY GUARDS may be REQUIRED if selling or serving alcoholic beverages.
2. If required Renter shall provide a copy of the paid SECURITY AGREEMENT prior to event.
3. If required Security guards are required ½-hour prior to event and must remain until the end of the event.
4. All alcoholic beverages served or sold MUST REMAIN ON PREMISES.
5. Alcoholic beverages shall not be served, sold or consumed by anyone UNDER THE AGE OF 21 on the premises.
6. Use of alcoholic beverages on the premises must be IN COMPLIANCE WITH THE REGULATIONS OF THE STATE OF CALIFORNIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL.

APPLICANT GUARANTEES THAT ALL INFORMATION PROVIDED HEREIN IS A TRUE AND CORRECT REPRESENTATION OF THE INTENDED EVENT. FALSIFICATION OF ANY DISCLOSURE FOR THE PURPOSE OF AVOIDING THE HIRING OF SECURITY PERSONNEL, MANIPULATING THE COSTS OF RENTAL FEES OR DEPOSITS OR CIRCUMVENTING ANY OF THE OTHER REQUIREMENTS OF THE RENTAL AGREEMENT SHALL RENDER THIS APPLICATION AND ANY SUBSEQUENT RENTAL AGREEMENT VOID WITH FORFEITURE OF ANY PORTION OF THE SECURITY DEPOSIT AS DEEMED NECESSARY. IN THE EVENT THAT THE SECURITY DEPOSIT IS NOT RECEIVED FROM APPLICANT WITHIN SEVENTY-TWO (72) HOURS OF NOTIFICATION OF APPROVAL TO RENT, APPROVAL MAY BE RESCINDED AND THE PREMISES MAY BE RENTED TO ANOTHER PARTY.

Requested By: Don Phillips - STREAM Charter School DATE: 3/11/18
(Must be 21 years of age or older)

You may fax your application to 530-538- 2417 or e-mail it to info@cityoforoville.org (by clicking on the e-mail button on page 1). The City of Oroville may require an original signature on an application at any point during the process.

OROVILLE MUNICIPAL AUDITORIUM FEE SCHEDULE

Initial here: DA \$625.00 for the first eight (8) hours includes one staff member

Initial here: DA \$35.00 per hour for each hour over eight (8) hours

Initial here: DA \$35.00 per hour for each City staff required over eight (8) hours (minimum of one staff member is required for all events)

Initial here: DA \$500.00 refundable security deposit required

Upon completion submit this application by e-mail, mail, fax, or hand deliver to:

City of Oroville
Parks and Trees Department
1735 Montgomery Street
Oroville, CA 95965

Fax (530) 538-2417
Email: info@cityoforoville.org

SECTION II– to be completed by City of Oroville

The request for use of the Oroville Municipal Auditorium is: approved _____ denied _____

Special conditions for approval:

Reason(s) for denial:

Signature: _____ Date: _____

Applicant notified on: _____ by telephone: _____ email: _____ letter: _____



STREA-2

OP ID: JK

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

01/18/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Sweet & Baker Ins. Brokers Inc 44 Second Street San Francisco, CA 94105-3440 Bill Ryan (415) 512-2106	CONTACT NAME: PHONE (A/C, No, Ext): 415-512-2100 FAX (A/C, No): 415-512-1115 E-MAIL ADDRESS: <table style="width: 100%; border: none;"> <tr> <td style="text-align: center; border: none;">INSURER(S) AFFORDING COVERAGE</td> <td style="text-align: center; border: none;">NAIC #</td> </tr> <tr> <td style="border: none;">INSURER A: Great American Insurance Cos.</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">INSURER B:</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">INSURER C:</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">INSURER D:</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">INSURER E:</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">INSURER F:</td> <td style="border: none;"></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Great American Insurance Cos.		INSURER B:		INSURER C:		INSURER D:		INSURER E:		INSURER F:	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A: Great American Insurance Cos.															
INSURER B:															
INSURER C:															
INSURER D:															
INSURER E:															
INSURER F:															
INSURED Stream Charter School Attn: Don Phillips 455E Oro Dam Blvd Oroville, CA 95969															

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS																
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			PAC099251604	07/15/2017	07/15/2018	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$																
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			PAC099251602	07/15/2017	07/15/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$																
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			UMB5041372	07/15/2017	07/15/2018	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$																
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory In NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				<table style="width: 100%; border: none;"> <tr> <td style="border: none;"></td> <td style="border: none; text-align: center;">PER STATUTE</td> <td style="border: none; text-align: center;">OTH-ER</td> <td style="border: none;"></td> </tr> <tr> <td style="border: none;">E.L. EACH ACCIDENT</td> <td style="border: none;"></td> <td style="border: none;"></td> <td style="border: none;">\$</td> </tr> <tr> <td style="border: none;">E.L. DISEASE - EA EMPLOYEE</td> <td style="border: none;"></td> <td style="border: none;"></td> <td style="border: none;">\$</td> </tr> <tr> <td style="border: none;">E.L. DISEASE - POLICY LIMIT</td> <td style="border: none;"></td> <td style="border: none;"></td> <td style="border: none;">\$</td> </tr> </table>		PER STATUTE	OTH-ER		E.L. EACH ACCIDENT			\$	E.L. DISEASE - EA EMPLOYEE			\$	E.L. DISEASE - POLICY LIMIT			\$
	PER STATUTE	OTH-ER																					
E.L. EACH ACCIDENT			\$																				
E.L. DISEASE - EA EMPLOYEE			\$																				
E.L. DISEASE - POLICY LIMIT			\$																				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Certificate is issued as evidence of coverage. Coverage is subject to policy terms and conditions.

CERTIFICATE HOLDER**CANCELLATION**

Issued for Information
Purposes Only

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



© 1988-2014 ACORD CORPORATION. All rights reserved.

OROVILLE CITY COUNCIL

TO: MAYOR AND COUNCIL MEMBERS

**FROM: DONALD RUST, DIRETOR OF COMMUNITY DEVELOPMENT
DAWN NEVERS, SBF PROGRAM SPECIALIST**

**RE: ART REQUIREMENT (ORDINANCE NO. 1798) – 2790 FEATHER RIVER
BOULEVARD**

DATE: MARCH 6, 2018

SUMMARY

The Council may review the public art installed at 2790 Feather River Boulevard.

BACKGROUND

On August 20, 2013, the City Council approved Ordinance No. 1798, authorizing the City to establish an Art in Public Places / Oroville Beautification policy requiring all new non-residential development projects to install public art equal to one percent (1%) of the estimated construction cost or contribute an in lieu equivalent to the Art in Public Places / Oroville Beautification Fund.

The applicant applied for a building permit on December 30, 2013 to construct a new 3,200 square foot commercial warehouse. The estimated construction cost for the development was \$181,472, bringing the 1% minimum required Art in Public Places/Beautification fee to \$1,814.72. The applicant has chosen to install an art project in the form of ornamental iron fencing and rooster weathervane instead of paying the in-lieu fee. The cost of the proposed artwork as provided by the applicant was as follows:

Description	Cost
Approximately 105' of wrought iron fence, including posts, gates, paint, and installation	\$6,040.00
Rooster weathervane (purchase)	\$372.90
Rooster weathervane (clean and paint)	\$275.00
Rooster weathervane (~1hr installation)	\$100.00
2 Plasma cut chickens on gates	\$200.00
Powder coating of both chicken cutouts	\$100.00
Total Cost:	\$7,087.90

On January 9, 2018, the Arts Commission approved the ornamental rooster weathervane and chicken cutouts as artwork totaling \$1,047.90, excluding the fence.

Additionally, the Arts Commission requested the applicant pay the difference of the 1% minimum in the amount of \$766.82. The applicant is requesting the approval of the ornamental iron fencing and rooster weathervane. As proposed, the artwork installed exceeds the minimum 1% of the estimated construction cost.

FISCAL IMPACT

None

RECOMMENDATIONS

Arts Commission recommendation: **approve the ornamental weathervane and chicken cutouts as artwork totaling \$1,047.90, excluding the fence, requesting the applicant pay the difference of the 1% minimum in the amount of \$766.82.**

Staff recommendation: **approve the ornamental iron fencing, chicken cutouts and rooster weathervane as exceeding the 1% Art in Public Places / Oroville Beautification policy requirements.**

ATTACHMENT

Photographs







**OROVILLE CITY COUNCIL
STAFF REPORT**

TO: MAYOR DAHLMEIER AND COUNCIL MEMBERS

**FROM: DONALD L. RUST, DIRECTOR
COMMUNITY DEVELOPMENT DEPARTMENT**

**RE: CONSIDER A PROFESSIONAL SERVICES AGREEMENT WITH
WILLIAM BERRY CAMPAIGNS TO CONDUCT AN OPINION SURVEY
REGARDING A SPECIAL OR GENERAL SALES TAX INITIATIVE**

DATE: MARCH 6, 2018

SUMMARY

The Council may review and consider entering into a Professional Services Agreement with William Berry Campaigns to conduct an opinion survey regarding a special/general sales tax initiative.

BACKGROUND

At the February 20, 2018 City Council meeting, the Council received a staff report regarding the potential preparation a ballot measure to be placed onto the November 6, 2018 ballot relating to a proposed special or general sales tax. The deadline for the submission of a measure resolution to the County Elections Department would be approximately June 29, 2018.

DISCUSSION

The Mayor reached out to William Berry Campaigns (WBC) who has provided information related to the firm's activities related to their abilities to help local municipalities regarding special and/or general sales tax initiatives through opinion surveys. The first step in this process is to find out how the registered voters in Oroville truly feel about a sales tax measure. Through a survey process, WBC should be able to determine:

- What tax percentage will the registered voters of Oroville support?
- What type of tax? Special or General
- Should the tax measure include a sunset clause?
- What are voter's priorities for new funding?

WBC has included a sample survey (**Attached A**) that is about to begin in another municipality. The survey should give the City of Oroville an idea of the types of information that will be available from an opinion survey. The survey is typically conducted over the telephone; generally, the survey would be conducted by live surveyors and takes about 15 minutes to complete. A minimum of 300 random people would be contacted that should represent the demographic and geographic match of the voters in the city limits of Oroville. Typically, the margin of error for this type survey is 5%. The Confidence Rate Level would be 95%. To process a survey of this size and type should costs approximately \$20,000.

WBC has conducted various opinion survey within Butte County when they were considering a sales tax measure. They conducted a survey and ran a successful sales tax measure for the Biggs-Gridley Healthcare District and Palermo School District.

In addition, WBC ran the successful campaigns for Butte County Superior Court Judges James Reilley, Kristen Lucena and Sandra McClean and District Attorney Michael Ramsey.

Mr. Berry was born and raised in Butte County. He has many family and friends that still reside in the County. Mr. Berry is eager to start working with the Mayor, City Council, staff and citizens of Oroville in passing a stable source of funding, specifically a special or general sales tax measure.

FISCAL IMPACT

Expense for consulting services from William Berry Campaign will require a budget adjustment for approximately \$20,000 that would utilize available fund balance for the expenditure. Public Safety – Outside Services 2401-6360

RECOMMENDATIONS

1. Direct staff to prepare a contract with WBC to conduct an opinion survey regarding a potential special or general sales tax initiative for the November 2018 General Election;

or

2. Provide other direction to staff.

ATTACHMENTS

A – Sample survey from WBC for the City of McFarland

CITY OF MCFARLAND
OPINION SURVEY DRAFT #3
WILLIAM BERRY CAMPAIGNS
FEBRUARY 25, 2018

HELLO, I'M CALLING FROM WBC, A PUBLIC OPINION RESEARCH COMPANY. WE ARE NOT TELEMARKETERS TRYING TO SELL YOU SOMETHING, AND WE WON'T ASK FOR A DONATION OF ANY TYPE. WE'RE CONDUCTING A PUBLIC OPINION SURVEY ABOUT ISSUES THAT CONCERN PEOPLE IN MCFARLAND.

MAY I SPEAK TO _____ ? (MUST SPEAK TO PERSON LISTED. VERIFY THAT THE VOTER LIVES AT THE ADDRESS LISTED, OTHERWISE TERMINATE.) (IF NOT AVAILABLE, ASK WHEN IT WOULD BE CONVENIENT TO CALL AGAIN.)

1. FIRST, I KNOW THAT IT IS A LONG WAY OFF, BUT HOW INTERESTED ARE YOU IN VOTING IN THE NOVEMBER 2018 GUBERNATORIAL ELECTIONS? ARE YOU EXTREMELY INTERESTED, VERY INTERESTED, SOMEWHAT INTERESTED, NOT TOO INTERESTED, OR NOT AT ALL INTERESTED IN THE NOVEMBER 2018 GUBERNATORIAL ELECTION?

EXTREMELY INTERESTED	VERY INTERESTED	SOMEWHAT INTERESTED	NOT TOO INTERESTED	NOT AT ALL INTERESTED
-------------------------	--------------------	------------------------	-----------------------	--------------------------

2. NEXT, THINKING ABOUT THE CITY OF MCFARLAND IN GENERAL, WOULD YOU SAY THINGS ARE GOING IN THE RIGHT DIRECTION OR WOULD YOU SAY THEY ARE GOING IN THE WRONG DIRECTION?

RIGHT DIRECTION
WRONG DIRECITON
DK/NA

3. GENERALLY SPEAKING, HOW WOULD YOU RATE THE CITY OF MCFARLAND AS A PLACE TO LIVE? WOULD YOU SAY IT IS AN EXCELLENT PLACE TO LIVE, A PRETTY GOOD PLACE, JUST FAIR, OR A POOR PLACE TO LIVE?

EXCELLENT
PRETTY GOOD
JUST FAIR
POOR
(DON'T READ) DK/NA

4. GENERALLY SPEAKING, HOW WOULD YOU RATE THE NEED FOR ADDITIONAL MONEY THAT CITY OF MCFARLAND HAS IN ORDER FOR IT TO PROVIDE LOCAL SERVICES? (SPLIT A)

GREAT NEED
SOME NEED
LITTLE NEED
NO NEED
(DON'T READ) DK/NA

5. GENERALLY SPEAKING, HOW WOULD YOU RATE THE NEED THAT CITY OF MCFARLAND HAS FOR MONEY TO PROVIDE FOR LOCAL FIRE FIGHTING SERVICES? (SPLIT B)

- GREAT NEED
- SOME NEED
- LITTLE NEED
- NO NEED
- (DON'T READ) DK/NA

6. NEXT, WHAT DO YOU THINK IS THE MOST SERIOUS ISSUE FACING THE RESIDENTS OF THE CITY OF MCFARLAND THAT YOU WOULD LIKE TO SEE CITY GOVERNMENT DO SOMETHING ABOUT? (OPEN-END; DO NOT READ RESPONSES. RECORD VERBATIM RESPONSE AND THEN CODE.)

- a. Affordable housing
- b. Business development/economy
- c. Jobs/unemployment
- d. Waste and inefficiency in City government
- e. Neighborhood quality of life
- f. Police services
- g. City budget/loss of funds/need more funds
- h. Youth services
- i. Street/sidewalk repair
- j. Fire and emergency services

7. NEXT, I AM GOING TO MENTION ISSUES SOME PEOPLE SAY MIGHT BE PROBLEMS FOR RESIDENTS OF THE CITY OF MCFARLAND. AFTER I MENTION EACH ONE, PLEASE TELL ME WHETHER YOU CONSIDER IT TO BE A VERY SERIOUS PROBLEM, A SOMEWHAT SERIOUS PROBLEM, OR NOT TOO SERIOUS A PROBLEM OR NOT A PROBLEM AT ALL FOR MCFARLAND RESIDENTS. (ROTATE)

a. Crime in general

VERY SERIOUS	SMWT SERIOUS	NOT TOO SERIOUS	NOT A PROBLEM	DK/NA
-----------------	-----------------	--------------------	---------------	-------

b. City streets in need of repair

VERY SERIOUS	SMWT SERIOUS	NOT TOO SERIOUS	NOT A PROBLEM	DK/NA
-----------------	-----------------	--------------------	---------------	-------

c. State budget cuts that reduced the money available to cities for essential services such as police and fire protection

VERY SERIOUS	SMWT SERIOUS	NOT TOO SERIOUS	NOT A PROBLEM	DK/NA
-----------------	-----------------	--------------------	---------------	-------

- d. The availability of senior services in McFarland
- | | | | | |
|-----------------|-----------------|--------------------|---------------|-------|
| VERY
SERIOUS | SMWT
SERIOUS | NOT TOO
SERIOUS | NOT A PROBLEM | DK/NA |
|-----------------|-----------------|--------------------|---------------|-------|
- e. Maintaining a good quality of life in McFarland's neighborhoods
- | | | | | |
|-----------------|-----------------|--------------------|---------------|-------|
| VERY
SERIOUS | SMWT
SERIOUS | NOT TOO
SERIOUS | NOT A PROBLEM | DK/NA |
|-----------------|-----------------|--------------------|---------------|-------|
- f. Waste and inefficiency in McFarland's city government
- | | | | | |
|-----------------|-----------------|--------------------|---------------|-------|
| VERY
SERIOUS | SMWT
SERIOUS | NOT TOO
SERIOUS | NOT A PROBLEM | DK/NA |
|-----------------|-----------------|--------------------|---------------|-------|
- g. The length of time it takes for police to respond to service calls
- | | | | | |
|-----------------|-----------------|--------------------|---------------|-------|
| VERY
SERIOUS | SMWT
SERIOUS | NOT TOO
SERIOUS | NOT A PROBLEM | DK/NA |
|-----------------|-----------------|--------------------|---------------|-------|
- h. The length of time it takes for firefighters to respond to service calls
- | | | | | |
|-----------------|-----------------|--------------------|---------------|-------|
| VERY
SERIOUS | SMWT
SERIOUS | NOT TOO
SERIOUS | NOT A PROBLEM | DK/NA |
|-----------------|-----------------|--------------------|---------------|-------|
- i. The quality of public schools in McFarland
- | | | | | |
|-----------------|-----------------|--------------------|---------------|-------|
| VERY
SERIOUS | SMWT
SERIOUS | NOT TOO
SERIOUS | NOT A PROBLEM | DK/NA |
|-----------------|-----------------|--------------------|---------------|-------|
- j. The availability of stable, good paying jobs in McFarland
- | | | | | |
|-----------------|-----------------|--------------------|---------------|-------|
| VERY
SERIOUS | SMWT
SERIOUS | NOT TOO
SERIOUS | NOT A PROBLEM | DK/NA |
|-----------------|-----------------|--------------------|---------------|-------|

8. NEXT, I'M GOING TO READ A LIST OF LOCAL GOVERNMENT DEPARTMENTS AND PROGRAMS.

AFTER HEARING EACH ONE, PLEASE TELL ME IF YOU HAVE A GENERALLY FAVORABLE, NEUTRAL, OR GENERALLY UNFAVORABLE OPINION OF EACH ONE. IF YOU'VE NEVER HEARD OF THE DEPARTMENT OR PROGRAM, PLEASE SAY SO. (IF FAVORABLE/UNFAVORABLE, ASK: "IS THAT VERY OR SOMEWHAT (FAVORABLE/UNFAVORABLE)?" (ROTATE)

- a. The McFarland City Council

VERY FAV	S.W. FAV	S.W. UNFAV	VERY UNFAV	NEUTRAL	(DON'T KNOW)
-------------	-------------	---------------	---------------	---------	-----------------

- b. The McFarland Police Department

VERY FAV	S.W. FAV	S.W. UNFAV	VERY UNFAV.	NEUTRAL	(DON'T KNOW)
-------------	-------------	---------------	----------------	---------	-----------------

- c. The Kern County Fire Department

VERY FAV	S.W. FAV	S.W. UNFAV	VERY UNFAV.	NEUTRAL	(DON'T KNOW)
-------------	-------------	---------------	----------------	---------	-----------------

- d. The McFarland School Board

VERY FAV	S.W. FAV	S.W. UNFAV	VERY UNFAV.	NEUTRAL	(DON'T KNOW)
-------------	-------------	---------------	----------------	---------	-----------------

- e. Kern County Board of Supervisors

VERY FAV	S.W. FAV	S.W. UNFAV	VERY UNFAV.	NEUTRAL	(DON'T KNOW)
-------------	-------------	---------------	----------------	---------	-----------------

- f. Kern County Supervisor Mick Gleason

VERY FAV	S.W. FAV	S.W. UNFAV	VERY UNFAV	NEUTRAL	(DON'T KNOW)
-------------	-------------	---------------	---------------	---------	-----------------

- g. City of McFarland Recreation and Park District Board

VERY FAV	S.W. FAV	S.W. UNFAV	VERY UNFAV	NEUTRAL	(DON'T KNOW)
-------------	-------------	---------------	---------------	---------	-----------------

- h. McFarland USA Foundation

VERY FAV	S.W. FAV	S.W. UNFAV	VERY UNFAV	NEUTRAL	(DON'T KNOW)
-------------	-------------	---------------	---------------	---------	-----------------

- i. City of McFarland Tri-Agency Partners

VERY FAV	S.W. FAV	S.W. UNFAV	VERY UNFAV	NEUTRAL	(DON'T KNOW)
-------------	-------------	---------------	---------------	---------	-----------------

9. LIKE MANY CITIES, MCFARLAND MAY SOON BE FACING BUDGET SHORTFALLS IN THE FUTURE, VOTERS IN MCFARLAND MAY BE ASKED TO VOTE ON A FEW LOCAL BALLOT MEASURES TO ADDRESS CITY FUNDING. LET ME READ YOU THE SUMMARY OF A POTENTIAL MEASURE.

(SPLIT SAMPLE A)

CITY OF MCFARLAND UTILITY USERS TAX AND ESSENTIAL CITY SERVICES PROTECTION MEASURE.

TO MAINTAIN FINANCIAL STABILITY AND FUND CITY SERVICES SUCH AS:

- PREVENTING CLOSURE OF MCFARLAND FIRE STATION
- MAINTAINING SAFE LEVELS OF POLICE AND FIRE SERVICES
- 9-1-1 EMERGENCY/FIRE RESPONSE;
- POTHOLE/STREET/STORM DRAIN REPAIRS;
- OTHER CITY SERVICES,

SHALL THE CITY OF MCFARLAND ENACT A UTILITY USERS TAX AT THE RATE OF 9 PERCENT FOR ALL UTILITIES FOR A PERIOD OF TEN YEARS, PROVIDING ABOUT X MILLION DOLLARS ANNUALLY WITH INDEPENDENT AUDITS, PUBLIC SPENDING REVIEW, AND LOCALLY CONTROLLED REVENUES?

IF THE ELECTION WERE HELD TODAY, WOULD YOU VOTE YES OR NO ON THIS MEASURE? WOULD THAT BE DEFINITELY [YES/NO] OR PROBABLY [YES/NO]

YES
NO
UNDECIDED
DK

(SPLIT SAMPLE B)

CITY OF MCFARLAND PARCEL TAX AND ESSENTIAL CITY SERVICES PROTECTION MEASURE.

TO MAINTAIN FINANCIAL STABILITY AND FUND CITY SERVICES SUCH AS:

- PREVENTING CLOSURE OF MCFARLAND FIRE STATION
- MAINTAINING SAFE LEVELS OF POLICE AND FIRE SERVICES
- 9-1-1 EMERGENCY/FIRE RESPONSE;
- POTHOLE/STREET/STORM DRAIN REPAIRS;
- OTHER CITY SERVICES,

SHALL THE CITY OF MCFARLAND ADOPT A PARCEL TAX AT THE RATE OF ONE HUNDRED AND FIFTY DOLLARS PER PARCEL, PROVIDING ABOUT X MILLION DOLLARS ANNUALLY WITH INDEPENDENT AUDITS, PUBLIC SPENDING REVIEW, AND LOCALLY CONTROLLED REVENUES?

IF THE ELECTION WERE HELD TODAY, WOULD YOU VOTE YES OR NO ON THIS MEASURE? WOULD THAT BE DEFINITELY [YES/NO] OR PROBABLY [YES/NO]

- YES
NO
UNDECIDED
DK

10. THE STRUCTURE OF THE POTENTIAL BALLOT MEASURE WE HAVE BEEN DISCUSSING HAS NOT BEEN FINALIZED. I AM GOING TO READ YOU SEVERAL METHODS THAT MIGHT BE USED TO RAISE MONEY TO MAINTAIN AND IMPROVE CITY SERVICES, INCLUDING PUBLIC SAFETY PROTECTION. FOR EACH ONE, TELL ME IF YOU WOULD SUPPORT OR OPPOSE USING THAT PARTICULAR WAY OF RAISING NEW REVENUE FOR CITY SERVICES.

a. Enacting a utility users tax of nine percent on your local water, garbage, cable, power and cell phone bills.

Support Oppose Und DK

b. Establishing a parcel tax of \$225 per parcel.

Support Oppose Und DK

c. Establishing a parcel tax of \$150 per parcel.

11. NOW I WOULD LIKE TO RETURN TO THE POTENTIAL NEW FUNDING MEASURE ENTITLED FOR THE CITY OF MCFARLAND.

FIRST, I AM GOING TO MENTION A LIST OF WAYS MONEY FROM THE TAX MEASURE COULD BE USED. REGARDLESS OF YOUR OPINION OF THE MEASURE, AFTER I MENTION EACH ONE, PLEASE TELL ME HOW WILLING YOU WOULD BE PERSONALLY TO PAY FOR THAT PROPOSED ITEM THROUGH ENACTING A UTILITY TAX IN MCFARLAND.

WE WILL USE A SCALE OF ONE TO SEVEN, WHERE ONE MEANS NOT AT ALL WILLING TO VOTE TO PAY FOR THE USE AND SEVEN MEANS YOU ARE VERY WILLING TO VOTE TO PAY FOR THE USE. IF YOU HAVE NO OPINION OR DON'T KNOW ENOUGH ABOUT THAT ITEM I MENTION, YOU CAN TELL ME THAT TOO.

HERE IS THE FIRST ONE... (ROTATE)

a. Increase police patrols in our local neighborhoods

Not at All Willing Very Willing DK

1 2 3 4 5 6 7

b. (PUBLIC SAFETY RECORD) For the last several years, the City of McFarland has been able to keep crime rates low. This measure is needed to maintain these low crime rates and keep McFarland a safe place to live, run a business, and raise a family.

VERY CONV SMWT CONV NOT CONV DON'T BELIEVE (DK/NA)

c. (STREET MAINTENANCE) The City of McFarland has a backlog of X million dollars' worth of street maintenance and road repair projects. This measure is needed to repair potholes and prevent local streets from deteriorating further.

VERY CONV SMWT CONV NOT CONV DON'T BELIEVE (DK/NA)

d. (PARK MAINTENANCE) McFarland's community and neighborhood parks are an important part of what makes living here special. This measure will help maintain our parks, and keep them safe and clean for our residents to enjoy

VERY CONV SMWT CONV NOT CONV DON'T BELIEVE (DK/NA)

e. (QUALITY OF LIFE) McFarland is a place where people desire to live and raise families. However, if we are forced to start cutting basic City services, the character of our community and its quality of life will decline. These measures will help protect and maintain essential City services that make our community a safe, well-maintained place to live

VERY CONV SMWT CONV NOT CONV DON'T BELIEVE (DK/NA)

f. (RECESSION PREPAREDNESS) This measure will help the City to stabilize its revenue base, and ensure that essential services are maintained no matter what happens to the economy

VERY CONV SMWT CONV NOT CONV DON'T BELIEVE (DK/NA)

g. (AMOUNT) This measure would only raise revenue by placing a 9% tax on all of your utilities. This is a small price to pay to maintain essential services like police, fire, emergency response, street repairs, parks, libraries, and youth and senior programs

VERY CONV SMWT CONV NOT CONV DON'T BELIEVE (DK/NA)

h. (FIRE STATION) Funds from this measure would be used to ensure that the County Fire Department does not close McFarland's Fire Station. This is a small price to pay to maintain essential services like fire and emergency response

VERY CONV SMWT CONV NOT CONV DON'T BELIEVE (DK/NA)

13. NOW I AM GOING TO READ YOU A LIST OF STATEMENTS THAT COULD BE MADE BY OPPONENTS OF THE MCFARLAND TAX BALLOT MEASURE I HAVE BEEN DESCRIBING. AFTER I READ EACH ONE, PLEASE TELL ME WHETHER IT MAKES YOU MORE INCLINED TO OPPOSE THE MEASURE. IF THE STATEMENT HAS NO EFFECT ON YOUR THINKING, ONE WAY OR THE OTHER, PLEASE TELL ME THAT TOO. (IF MORE INCLINED, ASK: "IS THAT MUCH MORE INCLINED OR JUST SOMEWHAT?") (ROTATE)

a. Taxes are too high already. By voting no on this measure, we can finally get some tax relief.

MUCH MORE INCL.	SW MORE INCL.	SW LESS INCL.	MUCH LESS INCL.	NO EFFECT
-----------------------	---------------------	---------------------	-----------------------	--------------

b. City government is trying to scare us into passing this sales tax. In reality, the city has plenty of money and other sources of funds and just needs to manage it better and stop wasting the money it already has.

MUCH MORE INCL.	SW MORE INCL.	SW LESS INCL.	MUCH LESS INCL.	NO EFFECT
-----------------------	---------------------	---------------------	-----------------------	--------------

14. SOMETIMES OVER THE COURSE OF A SURVEY LIKE THIS PEOPLE CHANGE THEIR MINDS. LET ME ASK YOU AGAIN ABOUT THE (SPLIT SAMPLE A)

CITY OF MCFARLAND UTILITY USERS TAX AND ESSENTIAL CITY SERVICES PROTECTION MEASURE.

TO MAINTAIN FINANCIAL STABILITY AND FUND CITY SERVICES SUCH AS:

- PREVENTING CLOSURE OF MCFARLAND FIRE STATION
- MAINTAINING SAFE LEVELS OF POLICE AND FIRE SERVICES
- 9-1-1 EMERGENCY/FIRE RESPONSE;
- POTHOLE/STREET/STORM DRAIN REPAIRS;
- OTHER CITY SERVICES,

SHALL THE CITY OF MCFARLAND ADOPT A UTILITY USERS TAX AT THE RATE OF NINE PERCENT FOR ALL UTILITIES, PROVIDING ABOUT X MILLION DOLLARS ANNUALLY WITH INDEPENDENT AUDITS, PUBLIC SPENDING REVIEW, AND LOCALLY CONTROLLED REVENUES?

IF THE ELECTION WERE HELD TODAY, WOULD YOU VOTE YES OR NO ON THIS MEASURE? WOULD THAT BE DEFINITELY [YES/NO] OR PROBABLY [YES/NO]

- YES
- NO
- UNDECIDED
- DK

(SPLIT SAMPLE B)

CITY OF MCFARLAND PARCEL TAX AND ESSENTIAL CITY SERVICES PROTECTION MEASURE.

TO MAINTAIN FINANCIAL STABILITY AND FUND CITY SERVICES SUCH AS:

- PREVENTING CLOSURE OF MCFARLAND FIRE STATION
- MAINTAINING SAFE LEVELS OF POLICE AND FIRE SERVICES
- 9-1-1 EMERGENCY/FIRE RESPONSE;
- POTHOLE/STREET/STORM DRAIN REPAIRS;
- OTHER CITY SERVICES,

SHALL THE CITY OF MCFARLAND ADOPT A PARCEL TAX AT THE RATE OF ONE HUNDRED FIFTY DOLLARS PER PARCEL, PROVIDING X MILLION DOLLARS ANNUALLY WITH INDEPENDENT AUDITS, PUBLIC SPENDING REVIEW, AND LOCALLY CONTROLLED REVENUES?

IF THE ELECTION WERE HELD TODAY, WOULD YOU VOTE YES OR NO ON THIS MEASURE? WOULD THAT BE DEFINITELY [YES/NO] OR PROBABLY [YES/NO]

YES

NO

UNDECIDED

DK

15. WHAT INFORMATION SOURCES DO YOU USE TO FIND OUT ABOUT THE CITY OF MCFARLAND NEWS?

- a. The Bakersfield Californian
- B. Local Television news
- d. City Council meetings
- e. City's website
- f. Other internet sites
- g. Friends and family
- h. Radio
- i. Public workshops
- j. City of McFarland newsletter
- k. Fox News
- l. Other

16. THANK YOU FOR YOUR PARTICIPATION. I HAVE JUST A FEW BACKGROUND QUESTIONS FOR STATISTICAL PURPOSES.

- a. In what year were you born?
- b. Do you have one or more children under the age of 18 living in your household?
- c. Do you own or rent your residence?

- d. Which ethnic group do you consider yourself a part of:
1. Caucasian/white
 2. Latino/Hispanic/Mexican
 3. African American/black
 4. American Indian
 5. Asian – Korean, Japanese, Chinese, Vietnamese, Filipino or other Asian
 6. Pacific Islander
 7. Mixed heritage
 8. Other
 9. Refused



Tim Taylor
Superintendent
ttaylor@bcoe.org

Michelle Zevely
Asst. Superintendent
mzevely@bcoe.org

Nick Catomerisios
Principal
ncatomerisios@bcoe.org

Board of Education
Amy Christianson
Ryne Johnson
Jeannine MacKay
Brenda J. McLaughlin
Roger Steel
Howard M. Ferguson
Mike Walsh

Hearthstone School
2280 6th Street
Oroville, CA 95965
(530) 532-5848
Fax (530) 532-5847
www.hearthstoneschool.net

February 10, 2018

Oroville City Council
1735 Montgomery St
Oroville CA 95965

To Whom It May Concern:

I am a teacher at Hearthstone School, which resides at 2280 6th Street, directly across the street from Nelson Middle School. Hearthstone school serves approximately 230 students, while Nelson Middle School serves 430 students. Hearthstone is a K – 12 school, and many of its students walk, skateboard, or bike to school, as well as take public transportation.

There is currently no sidewalk or street lighting leading to 6th Street, which can make student commutes to both of the schools on 6th Street unsafe, if they do not have the option of car transportation to and from school every day. Students that take the bus to Hearthstone walk to and from County Center Drive, so must walk under the freeway and on a dirt path to school. Sometimes in the winter months this can mean both walking in the dark and mud/rain depending on the bus schedule.

I have spoken to City Administrator Don Rust regarding the “Safer Routes to Schools” program and am interested in partnering with the City of Oroville to determine a way to create a safer route to both Nelson Middle School and Hearthstone School. Please let me know how to get the application process started so Oroville’s students may have a safe commute to their educational destinations.

Sincerely,

Christine Crispin, Science Teacher
Hearthstone School
532-5848 ext. 156
ccrispin@bcoe.org

cc: City Administrator, Don Rust



February 20, 2018

Linda Dahlmeier, Mayor
City of Oroville
1735 Montgomery Street
Oroville, CA 95965

Dear Mayor Dahlmeier and fellow Council Members,

On behalf of the Board of Directors of the Butte County Farm Bureau we ask you to oppose commercial cannabis regulations and the allowance of commercial cannabis businesses in the City of Oroville. The Butte County Farm Bureau is made up of 1,300 farmers, ranchers, agricultural businesses and families who value the open space, environment and safety that Butte County and its cities are afforded by maintaining the moratorium on commercial cannabis industry within our County borders.

Additionally, the Butte County Farm Bureau has called the City of Oroville home since 1918 when we first rented space from the Oroville Chamber of Commerce. Our current location, since 1955, on Feather River Boulevard has seen the negative impacts of this city's challenges with illegal drugs and homelessness. While Prop. 64 did make cannabis legal for recreational use, there is no guarantee that the widely publicized illegal side of the industry that currently exists will go away just because the City of Oroville creates regulation and rules for citizens to abide by.

Furthermore, allowing a commercial cannabis industry in the City of Oroville, within a county that has already banned the same activity, will likely lead to an over saturation of marijuana activity that current law enforcement will be unable to manage.

The City of Oroville has a growing retail community downtown and renewed revitalization and community spirit as a result of the recent Oroville Spillway Crisis of 2017. Let's not tarnish the momentum of "Oroville Strong" by dividing this community over cannabis.

The Butte County Farm Bureau opposes the introduction of commercial cannabis regulation and commercial cannabis business in the City of Oroville and we respectfully request the Oroville City Council to do the same.

Respectfully,

A handwritten signature in black ink, appearing to be 'Colleen Cecil'.

Colleen Cecil
Executive Director

www.buttefarmbureau.com

2580 Feather River Blvd., Oroville, CA 95965 • TEL (530) 533-1473 FAX (530) 6508