



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday, September 6, 2022 – 4:00 PM

Modular C Classroom

600 N. Highland Springs Avenue, Banning, CA 92220

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at (951) 769-2160. **Notification 48 hours prior to the meeting** will enable the Hospital to make reasonable arrangement to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].

TAB

I. Call to Order

S. DiBiasi, Chair

II. Public Comment

A five-minute limitation shall apply to each member of the public who wishes to address the Hospital Board of Directors on any matter under the subject jurisdiction of the Board. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Board Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the Hospital Board of Directors, we want you to know that the Board acknowledges the comments or concerns that you direct to this Board. While the Board may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the Hospital CEO, or other Hospital Executive personnel, to do further research and report back to the Board prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board’s part; a response will be forthcoming.

OLD BUSINESS

III. ***Proposed Action - Approve Minutes**

S. DiBiasi

- August 2, 2022, Regular Meeting
- August 9, 2022, Joint Special Meeting

A
B

NEW BUSINESS

IV. Hospital Board Chair Monthly Report

S. DiBiasi

verbal

San Gorgonio Memorial Hospital
 Board of Directors Regular Meeting
 September 6, 2022

V.	CEO Monthly Report	S. Barron	verbal
VI.	September, October, & November Board/Committee Meeting Calendars	S. DiBiasi	C
VII.	Patient Care Services Bi-Monthly Report	P. Brown	D
VIII.	Foundation monthly report	R. Robbins/ V.Hunter	E
IX.	Committee Reports:		
	<ul style="list-style-type: none"> • Finance Committee <ul style="list-style-type: none"> ○ August 30, 2022, regular meeting minutes * Proposed Action – Approve July 2022 Financial Statement (Unaudited) (Approval recommended by Finance Committee 08/30/2022) <ul style="list-style-type: none"> ▪ ROLL CALL 	E. Ngo/ S. Barron	F
X.	Update on Transition from Principal to VOYA	A. Karam	verbal
XI.	<ul style="list-style-type: none"> * Proposed Action – Approve 2023 Associates Health Plan Benefits <ul style="list-style-type: none"> ▪ ROLL CALL 	A. Karam	G
XII.	<ul style="list-style-type: none"> * Proposed Action – Approve Associate Holiday Gift Cards <ul style="list-style-type: none"> ▪ ROLL CALL 	A. Karam	H
XIII.	<ul style="list-style-type: none"> * Proposed Action – Recommend approval to the Healthcare District Board of Directors of Resolution No. 2022-08 a resolution approving the form and authorizing the execution and delivery of an indenture of trust, a bond purchase agreement, a limited offering memorandum, and a continuing disclosure certificate in connection with the issuance, sale, and delivery of San Gorgonio Memorial Healthcare District Revenue Bonds, Series 2022 and approving certain other actions. <ul style="list-style-type: none"> ▪ ROLL CALL 	G. Hicks	I
XIV.	<ul style="list-style-type: none"> * Proposed Action – Recommend approval to the Healthcare District Board of Directors of Resolution No. 2022-09 a resolution approving the form and authorizing the execution of a first supplement indenture of trust. <ul style="list-style-type: none"> ▪ ROLL CALL 	G. Hicks	J
XV.	<ul style="list-style-type: none"> * Proposed Action – Recommend approval to the Healthcare District Board of Directors of Resolution No. 2022-10 a resolution directing Riverside County to transfer all voter approved Ad Valorem Property Tax Revenues that are allocable to the District to U.S. Bank Trust Company, National Association, as agent. <ul style="list-style-type: none"> ▪ ROLL CALL 	G. Hicks	K

- XVI. Chief of Staff Report
* **Proposed Action - Approve Recommendations of the Medical Executive Committee**
▪ **ROLL CALL** S. Khalil, MD L
Chief of Staff
- XVII. * **Proposed Action - Approve Policies and Procedures**
• **ROLL CALL** Staff M
- XVIII. Community Benefit events/Announcements/
and newspaper articles S. DiBiasi N
- XIX. Future Agenda Items

***** ITEMS FOR DISCUSSION/APPROVAL IN CLOSED SESSION** S. DiBiasi

- Proposed Action - Recommend approval to Healthcare District Board - Medical Staff Credentialing (*Health & Safety Code §32155; and Evidence Code §1157*)
- Receive Quarterly Infection Control Committee Report (*Health & Safety Code §32155; and Evidence Code §1157*)
- Conference with Legal Counsel – Existing Litigation (*Government Code §54956.9*): *Daniel Navarro, et al. v. San Gorgonio Memorial Hospital, Superior Court, County of Riverside, Case No. CVRI2101033*

XX. ADJOURN TO CLOSED SESSION

*** The Board will convene to the Open Session portion of the meeting approximately 2 minutes after the conclusion of Closed Session.**

RECONVENE TO OPEN SESSION

***** REPORT ON ACTIONS TAKEN DURING CLOSED SESSION** S. DiBiasi

XXI. ADJOURN S. DiBiasi

***Action Required**

In accordance with The Brown Act, *Section 54957.5*, all public records relating to an agenda item on this agenda are available for public inspection at the time the document is distributed to all, or a majority of all, members of the Board. Such records shall be available at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

I certify that on September 2, 2022, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Hospital, and on the San Gorgonio Memorial Hospital website, said time being at least 72 hours in advance of the regular meeting of the Board of Directors (*Government Code Section 54954.2*).

San Geronio Memorial Hospital
Board of Directors Regular Meeting
September 6, 2022

Executed at Banning, California, on September 2, 2022

A handwritten signature in black ink that reads "Ariel Whitley". The signature is written in a cursive, flowing style.

Ariel Whitley, Executive Assistant

TAB A

**REGULAR MEETING OF THE
SAN GORGONIO MEMORIAL HOSPITAL
BOARD OF DIRECTORS**

August 2, 2022

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors was held on Tuesday, August 2, 2022, in Modular C meeting room, 600 N. Highland Springs Avenue, Banning, California.

Members Present: Phillip Capobianco, Susan DiBiasi (Chair), Ehren Ngo, Ron Rader, Steve Rutledge (Vice Chair), Randal Stevens, Siri Welch

Members Absent: Joel Labha, Dennis Tankersley

Required Staff: Steve Barron (CEO), Pat Brown (CNO/COO), Daniel Heckathorne (CFO), Sherif Khalil, MD (Chief of Staff), Annah Karam (CHRO), Ariel Whitley (Executive Assistant), Karan P. Singh, MD (CMO), Angie Brady (ED Director), Valerie Hunter (Foundation Director)

AGENDA ITEM		ACTION / FOLLOW-UP
Call To Order	Chair, Susan DiBiasi, called the meeting to order at 4:06 pm.	
Public Comment	No public addressed the Board.	
OLD BUSINESS		
Proposed Action - Approve Minutes July 5, 2022, regular meeting.	Chair, Susan DiBiasi, asked for any changes or corrections to the minutes of the July 5, 2022, regular meeting as included on the board tablets.	The minutes of the July 5, 2022, regular meeting will stand correct as presented.
NEW BUSINESS		
Hospital Board Chair Monthly Report	Chair DiBiasi briefly reported that July was a very busy month as we entered FY 2023 on July 1, 2022.	
CEO Monthly Report	Steve Barron briefly reported that the ED and Surgery Department are very busy. He also reported that we had a good month of June. Steve will give the Finance Report (item VIII).	

AGENDA ITEM		ACTION / FOLLOW-UP																				
August, September, & October Board/Committee meeting calendars	Calendars for August, September, & October were included on the board tablets.																					
Foundation Monthly Report	Foundation Director, Valerie Hunter, gave the Foundation Monthly Report as included on the board tablets.																					
COMMITTEE REPORTS:																						
Finance Committee Proposed Action – Recommend Approval of the June 2022 Financial Statement (Unaudited).	<p>Steve Barron, CEO, reviewed the Executive Summary of the June 2022 Financial report which was included on the board tablet. A copy of the Finance Committee’s July 26, 2022, meeting minutes were also included on the board tablet. It was noted that the Finance Committee recommends approval of the June 2022 Financial report as presented.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="383 976 1250 1165"> <tbody> <tr> <td>Capobianco</td> <td>Yes</td> <td>DiBiasi</td> <td>Yes</td> </tr> <tr> <td>Labha</td> <td>Absent</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Stevens</td> <td>Yes</td> <td>Tankersley</td> <td>Absent</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </tbody> </table>	Capobianco	Yes	DiBiasi	Yes	Labha	Absent	Ngo	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Tankersley	Absent	Welch	Yes	Motion carried.		M.S.C., (Rader/Stevens), the SGMH Board of Directors approved the June 2022 Financial Statement as presented.
Capobianco	Yes	DiBiasi	Yes																			
Labha	Absent	Ngo	Yes																			
Rader	Yes	Rutledge	Yes																			
Stevens	Yes	Tankersley	Absent																			
Welch	Yes	Motion carried.																				
Chief of Staff Report Proposed Action – Approve Recommendations of the Medical Executive Committee	There was no report or items for approval.																					

AGENDA ITEM		ACTION / FOLLOW-UP																				
Proposed Action – Approve Policies and Procedures	<p>There were seven (7) policies and procedures included on the board tablets presented for approval by the Board.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="383 457 1247 646"> <tr> <td>Capobianco</td> <td>Yes</td> <td>DiBiasi</td> <td>Yes</td> </tr> <tr> <td>Labha</td> <td>Absent</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Stevens</td> <td>Yes</td> <td>Tankersley</td> <td>Absent</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capobianco	Yes	DiBiasi	Yes	Labha	Absent	Ngo	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Tankersley	Absent	Welch	Yes	Motion carried.		<p>M.S.C., (Ngo/Welch), the SGMH Board of Directors approved the policies and procedures as submitted.</p>
Capobianco	Yes	DiBiasi	Yes																			
Labha	Absent	Ngo	Yes																			
Rader	Yes	Rutledge	Yes																			
Stevens	Yes	Tankersley	Absent																			
Welch	Yes	Motion carried.																				
Community Benefit events/Announcements/and newspaper articles	<p>Miscellaneous information was included on the board tablets.</p> <p>Employee Service Awards will take place on September 15th from 12:00 pm to 3:00 pm at Tukwet. The Board of Directors will be invited.</p>																					
Future Agenda Items	<p>None.</p>																					
Adjourn to Closed Session	<p>Chair, DiBiasi reported the items to be reviewed and discussed and/or acted upon during Closed Session will be:</p> <ul style="list-style-type: none"> ➤ Recommend approval to the Healthcare District Board – Medical Staff Credentialing ➤ Receive Quarterly Security/Safety & Emergency Preparedness Report ➤ Receive Quarterly Performance Improvement Committee Report ➤ Receive Quarterly Corporate Compliance Committee Report <p>The meeting adjourned to Closed Session at 4:37 pm.</p>																					
Reconvene to Open Session	<p>The meeting adjourned from closed session at 5:05 pm.</p> <p>At the request of Chair DiBiasi, Ariel Whitley reported on the actions taken/information received during the Closed Session as follows:</p> <ul style="list-style-type: none"> ➤ Recommended approval to the Healthcare District Board – Medical Staff Credentialing ➤ Received Quarterly Security/Safety & Emergency Preparedness Report - Informational 																					

AGENDA ITEM		ACTION / FOLLOW-UP
	<ul style="list-style-type: none"> ➤ Received Quarterly Performance Improvement Committee Report - Informational ➤ Received Quarterly Corporate Compliance Committee Report 	
Adjourn	The meeting was adjourned at 5:06 pm.	

In accordance with The Brown Act, *Section 54957.5*, all reports and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Respectfully submitted by Ariel Whitley, Executive Assistant

TAB B

SPECIAL JOINT MEETING OF THE
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT and
SAN GORGONIO MEMORIAL HOSPITAL BOARD OF DIRECTORS

August 9, 2022

A Special Joint Meeting of the Board of Directors of the San Gorgonio Memorial Healthcare District and the San Gorgonio Memorial Hospital was held on Tuesday, August 9, 2022, in Modular C meeting room, 600 N. Highland Springs Avenue, Banning, California.

Members Present: Dennis Tankersley (Chair), Joel Labha, Randal Stevens

Excused Absence: Phillip Capobianco, Ehren Ngo

Required Hospital: Steve Barron (CEO), Ariel Whitley (Executive Assistant), Gary Hicks (G.L. Financial), Thomas Jeffry (Legal Counsel)

AGENDA ITEM	DISCUSSION -	ACTION / FOLLOW-UP
Healthcare District Board Call to Order	Healthcare District Chair Dennis Tankersley called the Healthcare District meeting to order at 4:43 pm.	
Hospital Board Call to Order	Hospital Board Chair Susan DiBiasi called the Hospital Board meeting to order at 4:43 pm.	
Public Comment	None	
NEW BUSINESS		
Healthcare District Board Adjourn to Closed Session Hospital Board Adjourn to Closed Session	Healthcare District Board Dennis Tankersley and Hospital Board Chair Susan DiBiasi requested that Ariel Whitley report the items to be reviewed and discussed/acted upon during Closed Session will be: ➤ Telephone conference with legal counsel – litigation The Healthcare District Board adjourned to closed session at 4:44 pm. The Hospital Board adjourned to closed session at 4:44 pm.	
Healthcare District Board Reconvene to Open Session Hospital Board	The Healthcare District Board reconvened to open session at 5:40 pm. The Hospital Board meetings reconvened to open session at 5:40 pm.	

AGENDA ITEM	DISCUSSION -	ACTION / FOLLOW-UP												
Reconvene to Open Session	Actions taken/information received during the Closed Session were as follows: <ul style="list-style-type: none"> ➤ The Healthcare District Board members, Hospital Board members, and staff participated in a telephone conference with legal counsel regarding litigation. 													
Proposed Action – Authorize Dennis Tankersley, Steven Barron, and Daniel Heckathorne to commence work with the District’s Finance Team to secure working capital financing with Harvey Capital in an amount not to exceed \$9,500,000. (Vote of District Board Members Only).	The Healthcare District Board voted to authorize Dennis Tankersley, Steven Barron, and Daniel Heckathorne to commence work with the District’s Finance Team to secure working capital financing with Harvey Capital in an amount not to exceed \$9,500,000. Final approval of the Resolutions regarding the working capital financing will be brought forth at a later date. BOARD MEMBER ROLL CALL: <table border="1" data-bbox="435 972 1239 1087"> <tr> <td>Capobianco</td> <td>Absent</td> <td>Labha</td> <td>Yes</td> </tr> <tr> <td>Ngo</td> <td>Absent</td> <td>Stevens</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capobianco	Absent	Labha	Yes	Ngo	Absent	Stevens	Yes	Tankersley	Yes	Motion carried.		M.S.C., (Tankersley/Steven s) the SGMHCD Board of Directors voted to authorize Dennis Tankersley, Steven Barron, and Daniel Heckathorne to commence work with the District’s Finance Team to secure working capital financing with Harvey Capital in an amount not to exceed \$9,500,000 as presented.
Capobianco	Absent	Labha	Yes											
Ngo	Absent	Stevens	Yes											
Tankersley	Yes	Motion carried.												
Healthcare District Board Adjournment	The Healthcare District special board meeting was adjourned at 6:03 pm.													
Hospital Board Adjournment	The Hospital Board special meeting adjourned at 6:03 pm.													

In accordance with The Brown Act, *Section 54957.5*, all reports and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Healthcare District Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minute respectfully submitted by Ariel Whitley, Executive Assistant

TAB C



September 2022

Board of Directors Calendar

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5 ADMIN. CLOSED LABOR DAY	6 4:00 pm Hospital Board Meeting 6:00 pm Healthcare District Board Meeting	7	8	9	10
11	12	13	14	15	16 9:00 am HR Committee	17
18	19	20	21	22	23	24
25	26	27 9:00 am Finance Committee 10:00 am Executive Committee	28	29	30	

Items in **bold** = Board/Committee meetings

Items with * = Associate functions that Board members are invited to attend



October 2022

Board of Directors Calendar

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4 4:00 pm Hospital Board Meeting 6:00 pm Healthcare District Board Meeting	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25 9:00 am Finance Committee	26	27	28	29
30	31 					

Items in **bold** = Board/Committee meetings

Items with * = Associate functions that Board members are invited to attend



SAN GORGONIO
MEMORIAL HOSPITAL

November 2022

Board of Directors Calendar

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1 4:00 pm Hospital Board Meeting 6:00 pm Healthcare District Board Meeting	2	3	4	5
6	7	8	9	10		12
13	14	15 9:00 am Community Planning Committee	16 9:00 am HR Committee 5:00 Measure H Mtg. 5:15 Measure A Mtg.	17	18	19
20	21	22	23	24 <i>Thanksgiving Day</i> <i>ADMIN. CLOSED</i>	25 <i>ADMIN. CLOSED</i> <i>Thanksgiving Holiday</i>	26
27	28	29 9:00 am Finance Committee	30			

Items in **bold** = Board/Committee meetings

Items with * = Associate functions that Board members are invited to attend

TAB D



CNO REPORT TO THE BOARD

SEPTEMBER 2022

Patient Care Quality and Safety:

The Patient Experience Committee met on July 13th and August 10th. The main focus for the group at this time is continuing to improve communication among caregivers, by promoting departmental huddles, in addition to giving patient report at shift change, and keeping the visual reminders of new processes posted in departmental break rooms updated. A new communication board has been established next to the cafeteria door which is a high traffic area for associates. Another focus is improving communication about medications to the patients. This is an opportunity for us as our scores have been low in this area. The group had a brainstorming session and came up with several ideas for improvement. We have settled on creating pill cards for the medications we use the most. These are colorful cards written in simple, easy to understand terms, which will be used for teaching patients about new meds.

The Annual Nursing Skills Fair makeup session was held on July 28, 2022. Twenty two nurses attended the makeup session. This brings our total participation rate to 93.1%.

Surgery cases are steadily increasing with the addition of new orthopedic surgeons, general surgeons and vascular surgeons. We are continuing to recruit for an RNFA (registered nurse first assist).

We are working on a hospital wide campaign to educate more associates on the concept of Beta HEART and the principles of Just Culture. We have posted educational posters and a kick off meeting is scheduled for September 1st.

The stroke program is progressing. The first phase of construction in the ED parking lot is scheduled to begin on September 11th. We are recruiting for the new position of Stroke Coordinator.

On August 11th we conducted a table top exercise for an active shooter situation. The exercise was well attended and the scenarios were realistic. It was a good review and the participants felt that they gained knowledge about appropriate actions to be taken. A live drill is being planned for the future.

Regulatory Issues

None at this time. 😊

TAB E

SGMH Foundation August 2022 Report

Foundation Finances for August 2022

(as of August 31, 2022)

Bank of Hemet Checking Acct:	\$294,330.79	(actual as of <u>8/31/2022</u>)
Bank of Hemet Money Market Acct:	\$128,174.99	(actual as of <u>8/31/2022</u>)
I.E. Community Foundation Acct:	\$96,505.88	<u>Actual for July 2022/Aug 2022 not available</u>
Total	\$519,011.66	

Foundation Report

- SGMH Foundation has accepted the resignation of its President Randy Robbins. At the September 2022 Foundation board meeting the foundation will be seeking a vote for a new President.
- The Foundation department is continuing its Employee Giving Appreciation campaign. The campaign is continuing to add employees to support the foundation every month.
- The Foundation's golf tournament slated for October 2023 will start its meetings this October 2022.
- The Foundation Director and the Foundation Executive Team are continuing its meetings with potential major donors to support the hospital.

TAB F

REGULAR MEETING OF THE
SAN GORGONIO MEMORIAL HOSPITAL
BOARD OF DIRECTORS

FINANCE COMMITTEE
Tuesday, August 30, 2022

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors Finance Committee was held on Tuesday, August 30, 2022, in Classroom B, 600 N. Highland Springs Avenue, Banning, California.

Members Present: Susan DiBiasi, Ehren Ngo (Chair), Ron Rader, Steve Rutledge

Members Absent: Daniel Heckathorne (CFO), Siri Welch

Required Staff: Steve Barron (CEO), Pat Brown (CNO/COO), Ariel Whitley (Executive Assistant), Margaret Kammer (Controller), Angela Brady (ED Director), Karan P. Singh (CMO)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Call To Order	Chair Ngo called the meeting to order at 9:03 am.	
Public Comment	No public present.	
OLD BUSINESS		
Proposed Action - Approve Minutes July 26, 2022, regular meeting	Chair Ngo asked for any changes or corrections to the minutes of the July 26, 2022, regular meeting. There were none.	The minutes of the July 26, 2022, regular meeting will stand correct as presented.
NEW BUSINESS		

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p>Proposed Action – Recommend Approval to Hospital Board of Directors - Monthly Financial Report (Unaudited) – July 2022</p>	<p>Steve Barron, CEO, reviewed the Unaudited July 2022 finance report as included in the committee packets.</p> <p>The month of July resulted in negative \$788K EBIDA compared to budgeted EBIDA loss of \$1.26M. Adjustments and items of note include:</p> <ul style="list-style-type: none"> • The July Surgery visits remained high again at 142 plus 23 G.I. procedures. • Emergency Visits were high at 3,548. • Other Income was under budget due to a delay in receipt of the quarterly \$366K HQAF Direct Grant (this should be received in the next few months). • Total Operating Expenses were \$933K below budget due to Salaries, Adjusted Patient Days, Contract Labor, Physician Fees, and Purchased Services. • An Average Aggregated 4.49% rate increase was implemented in July, however, the impact to Net Revenues is nominal. • Non-Operating Contributions included a donation of \$1,384,498 for new CT Scanners. <p>It was noted that approval is recommended to the Hospital Board.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="394 1220 1219 1335"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Absent</td> <td colspan="2">Motion carried.</td> </tr> </table>	DiBiasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Absent	Motion carried.		<p>M.S.C. (Rutledge/DiBiasi), the SGMH Finance Committee voted to recommend approval of the Unaudited July 2022 Financial report to the Hospital Board of Directors.</p>
DiBiasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Absent	Motion carried.												
<p>Proposed Action – Recommend approval to Hospital Board and Healthcare District Board</p> <ul style="list-style-type: none"> • Update and Revision to FY 2023 Operating Budget 	<p>As a result of the “Bridge Financing” package via the proposed 2022 Revenue Bonds being finalized, the FYE June 30, 2023, Operating Budget has been updated and revised. The incorporated updates can be viewed in Tab C of the committee packet.</p> <p>It was noted that approval is recommended to the Hospital Board.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="394 1734 1219 1850"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Absent</td> <td colspan="2">Motion carried.</td> </tr> </table>	DiBiasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Absent	Motion carried.		<p>M.S.C. (Rader/Rutledge), the SGMH Finance Committee voted to recommend approval of the Update and Revision to the FY 2023 Operating Budget to the Hospital Board of Directors and the Healthcare District Board of Directors.</p>
DiBiasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Absent	Motion carried.												

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Future Agenda Items	<ul style="list-style-type: none"> <li data-bbox="440 260 919 296">• Audit Partner Review/Discussion 	
Next Meeting	The next regular Finance Committee meeting will be held on September 27, 2022.	
Adjournment	The meeting was adjourned 10:08 am.	

In accordance with The Brown Act, *Section 54957.5*, all reports, and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant



SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA

Unaudited Financial Statements

for

ONE MONTH ENDING JULY 31, 2022

FY 2023

Certification Statement:

To the best of my knowledge, I certify for the hospital that the attached financial statements, except for the uncertainty of IGT revenue accruals, do not contain any untrue statement of a material fact or omit to state a material fact that would make the financial statements misleading. I further certify that the financial statements present in all material respects the financial condition and results of operation of the hospital and all related organizations reported herein.

Certified by:

Daniel R. Heckathorne

Daniel R. Heckathorne

CFO

San Gorgonio Memorial Hospital

Financial Report - Executive Summary

For the Month of July 31, 2022 and One Month Ended July 31, 2022 (Unaudited)

Profit/Loss (EBIDA) Summary (MTD) Negative and (YTD) Negative

The month of July resulted in negative \$788K Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$1.26M.

YTD – (Same as July).

Month – Adjustments and Items of note:

- The July Surgery visits remained high again at 142 plus 23 G.I. procedures.
- The Emergency visits were also high at 3,548.
- Other Income was under budget due to a delay in receipt of the quarterly \$336K HQAF Direct Grant. This should be received in the next few months.
- Total Operating Expenses were \$933K below budget (see comments below)
- An Average Aggregated 4.49% rate increase was implemented in July, however, the impact to Net Revenues is nominal.
- Non-Operating Contributions included a donation of \$1,384,498 for new CT Scanners

July's inpatient average daily census was 21.9. Adjusted Patient Days were 9.5% under budget (1,785 vs. 1,973) and Patient Days were 31% below budget (680 vs. 991). Emergency Visits were 9.2% over budget (3,548 vs. 3,248), and overall Surgeries were over budget by 16% (142 vs. 122).

YTD - (Same as July).

Patient Revenues (MTD) Negative (YTD) Negative

Month - The Net Patient Revenue in July was \$107K below budget, however the net results continue to reflect improved A/R collections ratios and managed care rate increases were estimated at \$187K for the month. (See Rate Increase comment above.)

YTD – (Same as July).

Total Operating Revenues (MTD) Negative & (YTD) Negative

Month – Operating Revenue in July was \$462K below budget. This was impacted by the variances in Net Patient Revenues and Other Income described above.

YTD – (Same as July).

Operating Expenses (MTD) Positive & (YTD) Positive

Month - Operating Expenses in July were \$6.9M and were under budget by \$922K. Key items that impacted overall Expenses were as follows: 1) Salaries were under budget by \$163K, which was impacted by the current PTO Flex-Down program currently in place (approximately \$300K), along with overall Adjusted Patient Days being below budget; 2) Contract Labor was \$63K over budget, impacted by staffing needs in the OB service; 3) Physician fees were under budget as Anesthesia fees and Residency fees accounted for most of this outcome; 4) Purchased Services were favorable by \$213K, as legal fees were \$96K below budget, coupled with several other departments (I/T, Radiology and Administration) and Allscripts/Navigant (\$40K) being lower than expected. Supplies were under budget by \$406K, and large favorable variances included Drugs (\$168K), Surgery (\$92K), ICU/MedSurg (\$47K), and Lab (\$39K). Note: Some of these large variances may tend to “level” out as the year progresses, i.e., the monthly budget allocations can be somewhat difficult to predict, such as incurrence of legal fees. Also, during the first part of the fiscal year, we attempt to defer any expenditures possible, especially in lower volume months and during the slower time of the year.

YTD – (Same as July).

Balance Sheet/Cash Flow

Patient cash collections in July were \$4.7M following \$5.0M in May and record months in April (\$7.0M), March (\$6.7M) and February (\$6.68M). The Gross A/R Days rose from 67.0 in June to 70.3 in July and the Net A/R days also increased from 57 in June to 67 in July.

Cash balances decreased in July to \$9.67M, down from \$11.3M in June. The Bond Reserve Account dropped by \$5.09M due to the semi-annual debt service payments, and the Accrued Bond Interest Payment account was reduced by \$1.9M for the same reason. The Line of Credit balance remained at \$12M in July and Accounts Payable increased slightly to \$10.67M, compared to \$10.60M at the end of June.

Concluding Summary

Positive takeaways:

- 1) Total Surgeries were 16% over budget.
- 2) Emergency Visits were 9% over budget
- 3) Patient Revenue, although under budget was favorable.
- 4) Operating Expenses were under budget.
- 5) EBIDA performance was \$471K better than expected.

Negative takeaways:

- 1) Patient Days are less than expected.

STATISTICS

Inpatient Admissions/Discharges (Monthly Average)	Represents number of patients admitted/discharged into and out of the hospital.
Patient Days (Monthly Average)	Each day a patient stays in the hospital is counted as a patient day. This count is normally done at midnight.
Average Daily Census (Inpatient)	Equals the average number of inpatients in the hospital on any given day or month.
Average Length of Stay (Inpatient)	Represents that average number of days that inpatients stay in the hospital.
Emergency Visits (Monthly Average)	Represents the number of patients who sought services at the emergency room.
Surgery Cases - Excluding G.I. (Monthly Average)	Equals the number of patients who had a surgical procedure(s) performed.
G.I. Cases (Monthly)	Number of patients who had a gastrointestinal exam performed.
Newborn Deliveries (Monthly)	Number of babies delivered.

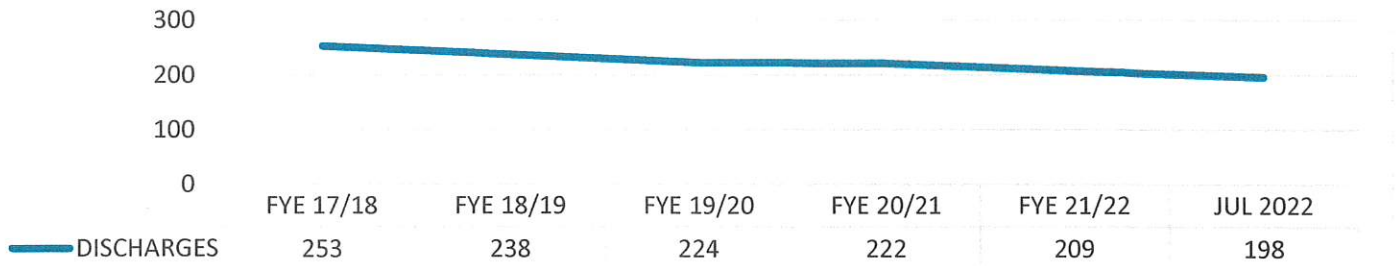
PRODUCTIVITY

Worked FTEs (includes Registry FTEs)	Represents an equivalency of full-time staff worked. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 173.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours worked by the number of hours in the respective work period (40, 80, etc.) Example: 340 hours worked in an 80 hour pay period = 4.25 FTE's
Worked FTES per APD	Divides the Total Worked FTE's by the daily average of the Adjusted Patient Days.
Paid FTEs (includes Registry FTEs)	Represents an equivalency of full-time staff paid. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 173.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours paid (includes all hours paid consisting of worked hours, PTO hours, sick pay, etc.) by the number of hours in the respective work period (40, 80, etc.) Example: 500 hours paid in an 80 hour pay period = 6.25 FTE's.
Paid FTES per APD	Divides the Total Paid FTE's by the daily average of the Adjusted Patient Days.
ADJUSTED PATIENT DAYS	This is a blend of total patient days stayed in the hospital for a month, plus an equivalency factor (based on average inpatient revenue per patient day) applied to the outpatient revenues in order to account for outpatient workloads.

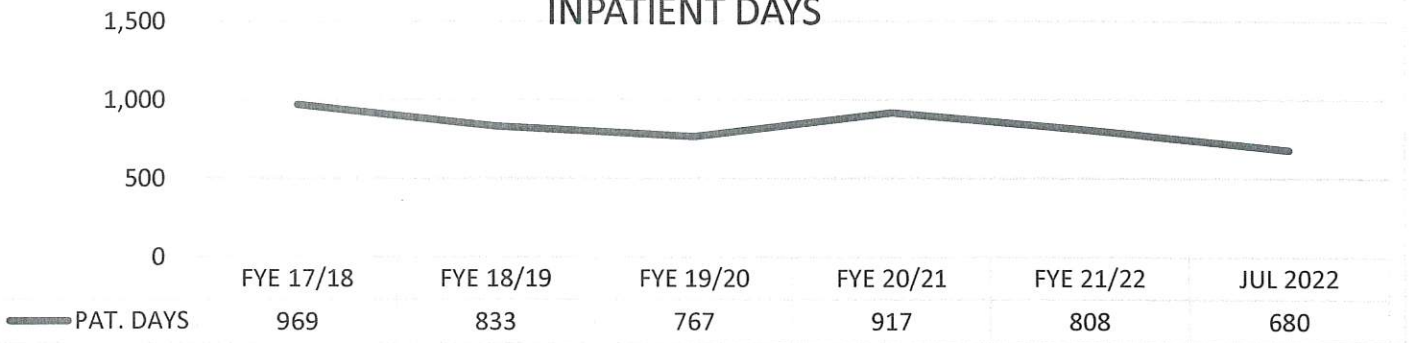
3-A

SAN GORGONIO MEMORIAL HOSPITAL

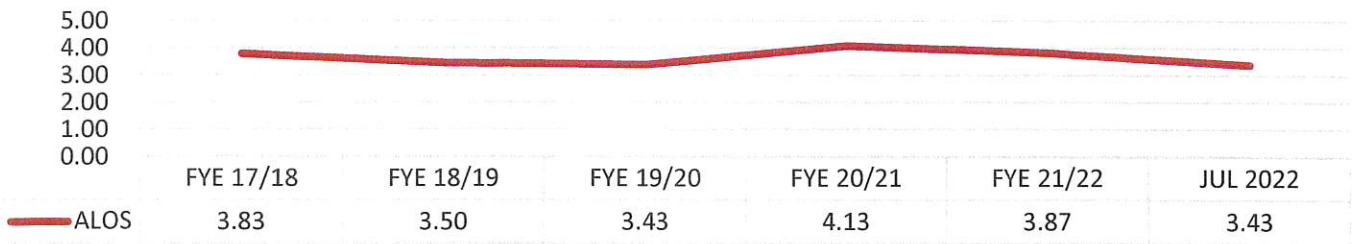
INPATIENT DISCHARGES



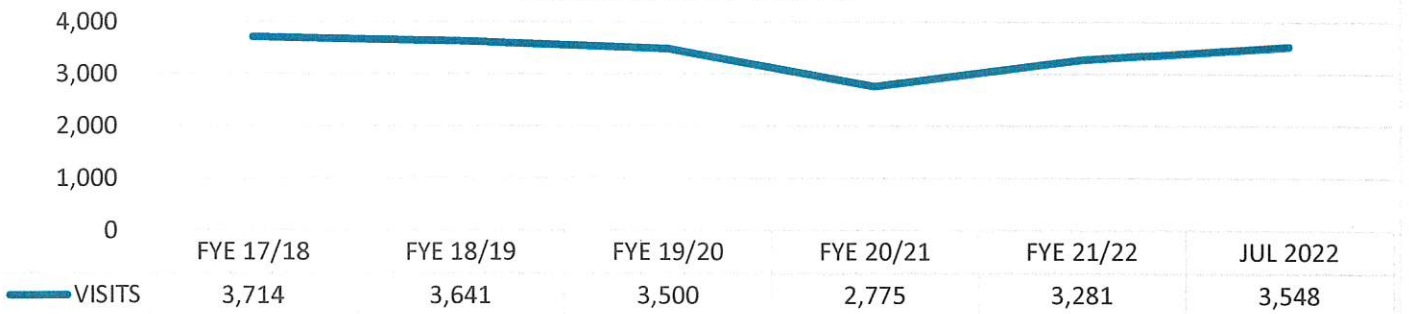
INPATIENT DAYS



AVERAGE LENGTH OF STAY



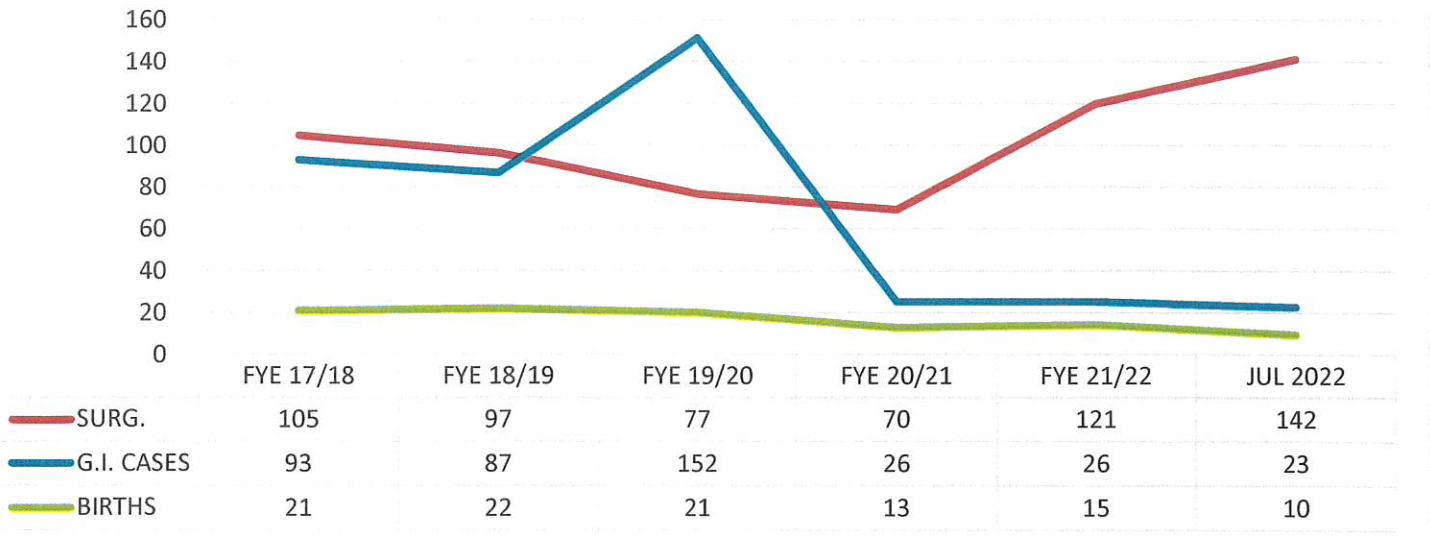
EMERGENCY VISITS



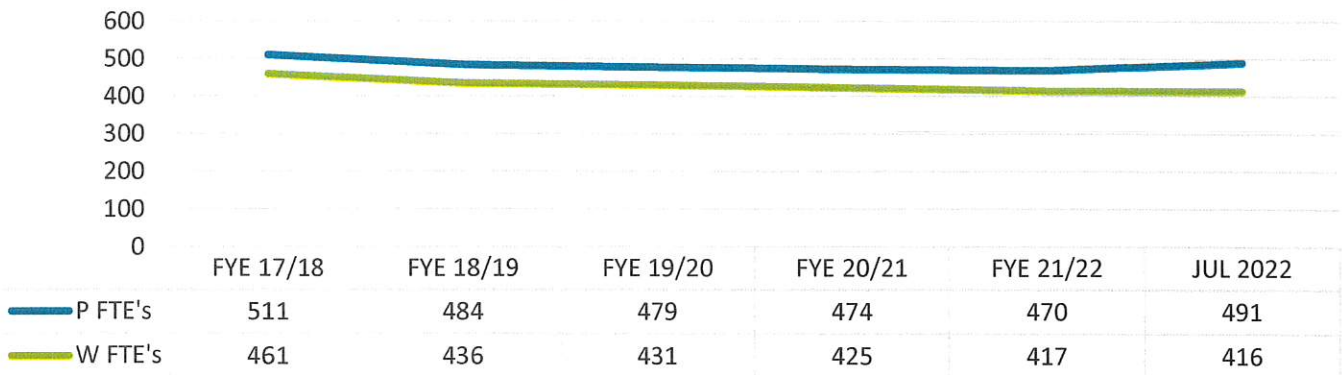
3-B

SAN GORGONIO MEMORIAL HOSPITAL

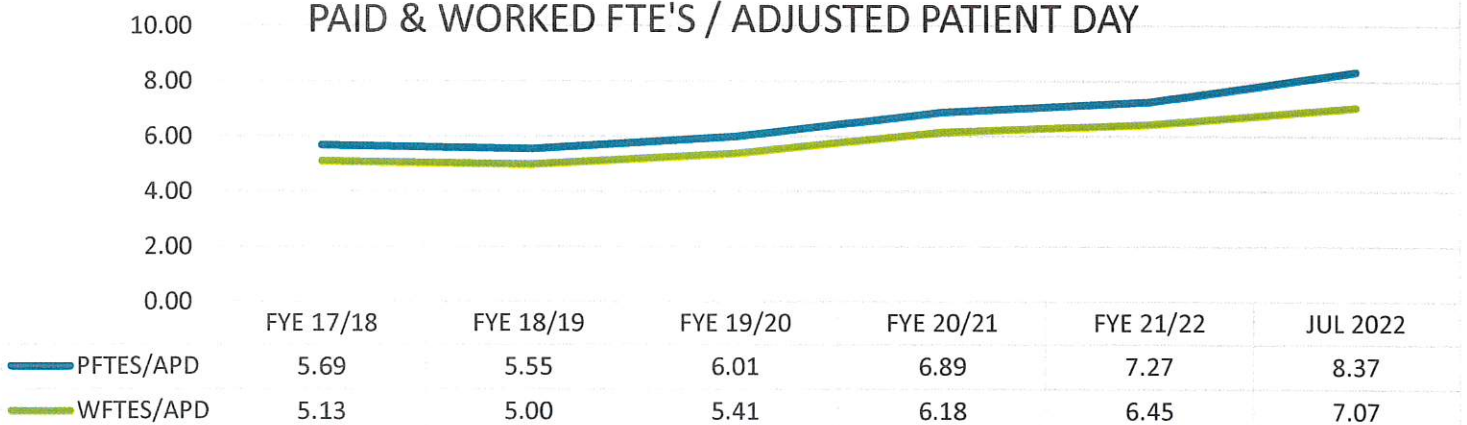
SURGERY CASES, G.I. CASES, N/B DELIVERIES



PAID & WORKED FTE'S



PAID & WORKED FTE'S / ADJUSTED PATIENT DAY



3-C

INCOME STATEMENT

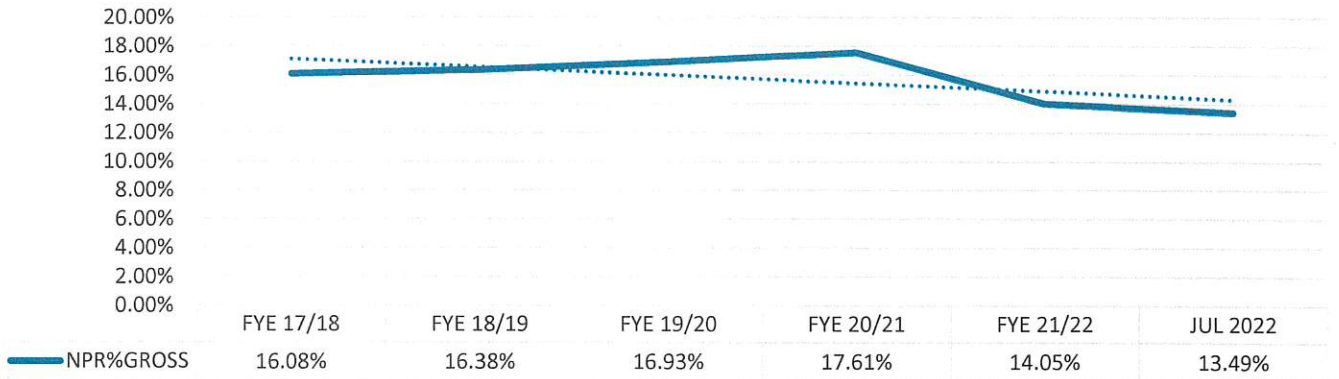
Gross Patient Revenue (000's) (Monthly Ave.)	Represents total charges (before discounts and allowances) made for all patient services provided.
Net Patient Revenue (NPR) (000's) (Monthly Ave.)	Equals the sum of all (patient) charges for services provided that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.
NPR as % of Gross	Reflects the percentage of Gross Patient Revenues (charges) that are expected to be collected. Calculated by dividing Net Patient Revenue by the Gross Patient Revenue.
Total Operating Revenue (000's) (Monthly Ave.)	This reflects all Revenues available for payment of Operating Expenses. This includes Net Patient Revenue plus all other forms of miscellaneous Revenues.
Salaries, Wages, Benefits & Contract Labor (000's) (Monthly Ave.)	Represents the total staffing expenses of the Hospital
SWB + Contract Labor as % of Total Operating Revenue	Identifies what portion the Operating Revenues are spent on staffing costs.
Total Operating Expense (TOE) (000's)(Monthly Ave.)	Operating Expense reflects all costs needed to fund the Hospital's business operations.
TOE as % of Total Operating Revenue	Identifies the relationship that Operating Expenses have to the Total Operating Revenues.
EBIDA (000's)(Monthly Average)	Earnings Before Interest, Depreciation, and Amortization. This reflects the difference between Net Operating Revenues and Total Operating Expense. This is a quick measurement of the Hospital's ability to meet its financial obligations and have additional funds for equipment replacement and future growth of the organization.
EBIDA as % of NPR	This measurement is a guage of the surplus (or deficit) of funds available for operations and future growth.
Net Patient Revenue vs. Total Labor Expense (new in February, 2022)	This measurement illustrates that Net Patient Revenues basically only cover Total Labor Expense, and that all of the Other Revenues and Supplemental Incomes are necessary to cover the remaining operational Expenses and EBIDA required to operate the Hospital.
Operating Revenues (Normalized), Expenses, Staffing Expenses, and EBIDA (Normalized) (new in February, 2022)	This graph illustrates the "normalization" of Operating Revenues and EBIDA, by reallocating the Rate Range Income booked in December, 2021 over the all 6 months of the FYE December 31, 2021.

SAN GORGONIO MEMORIAL HOSPITAL

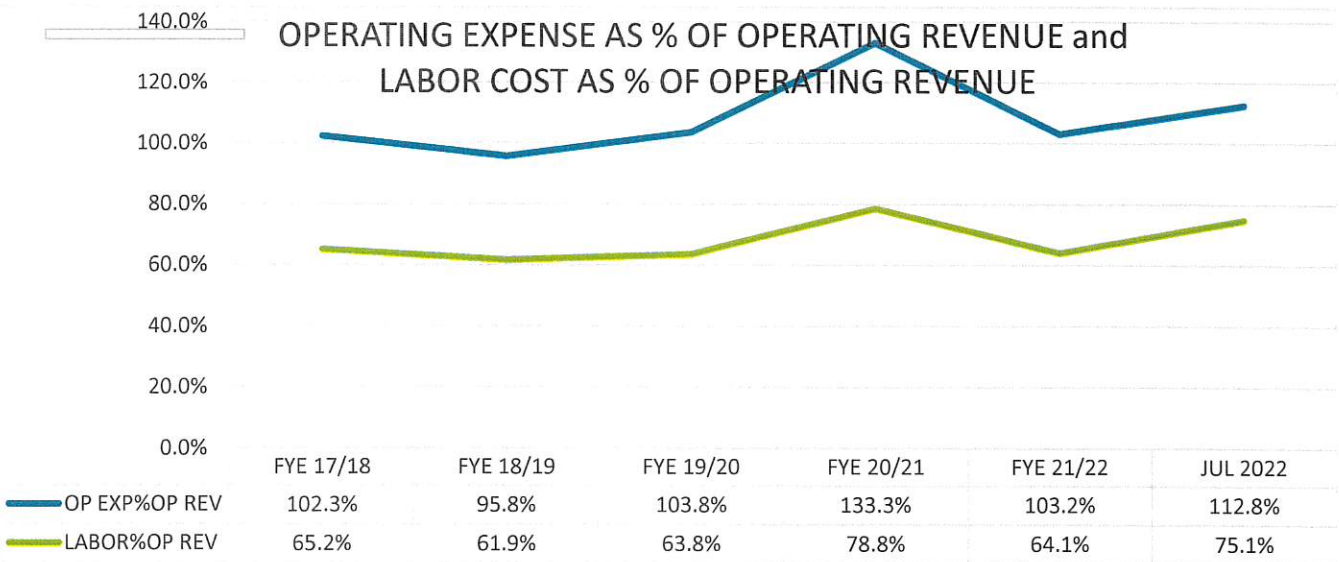
GROSS PATIENT REVENUE



NET PATIENT REVENUE AS % OF GROSS

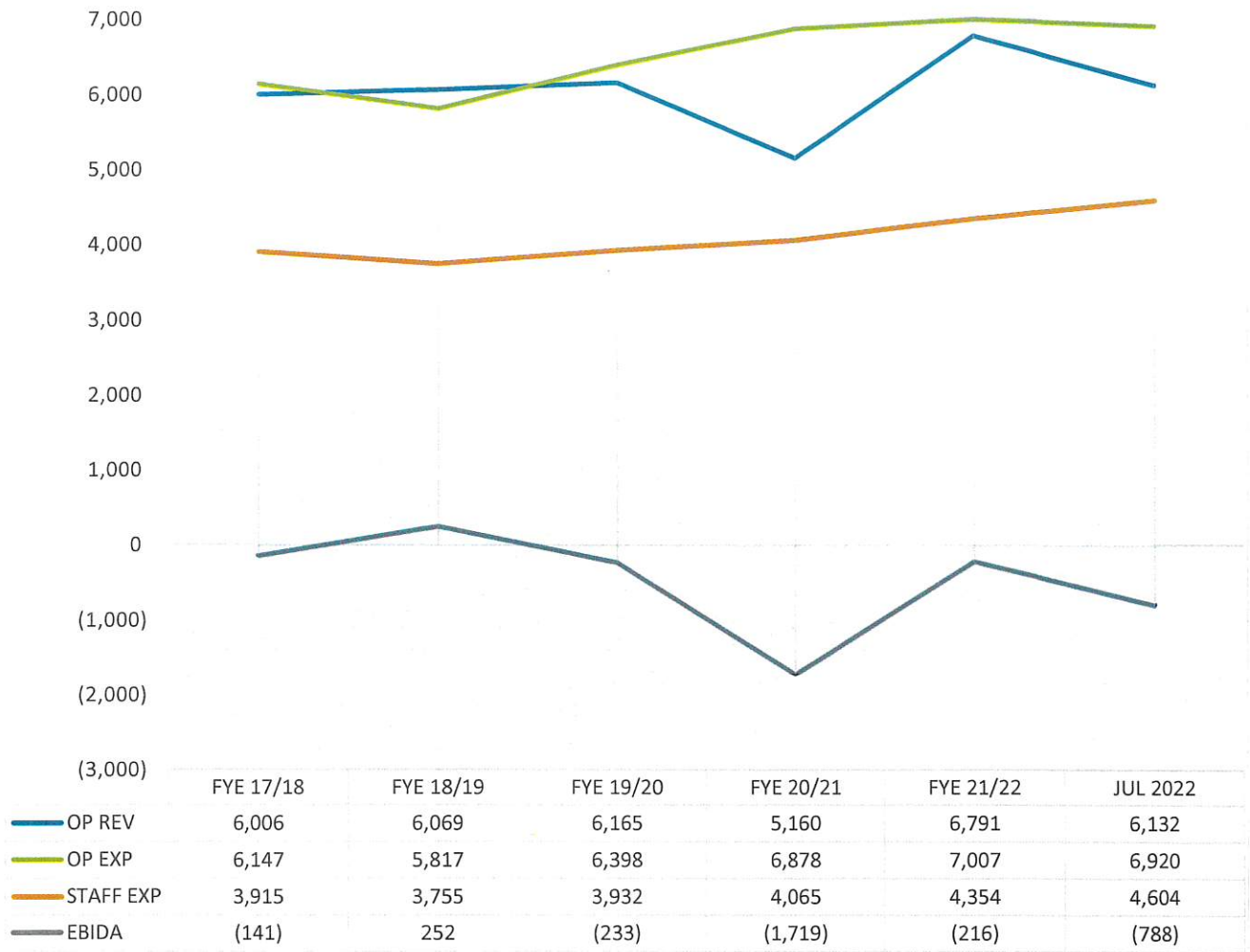


OPERATING EXPENSE AS % OF OPERATING REVENUE and LABOR COST AS % OF OPERATING REVENUE

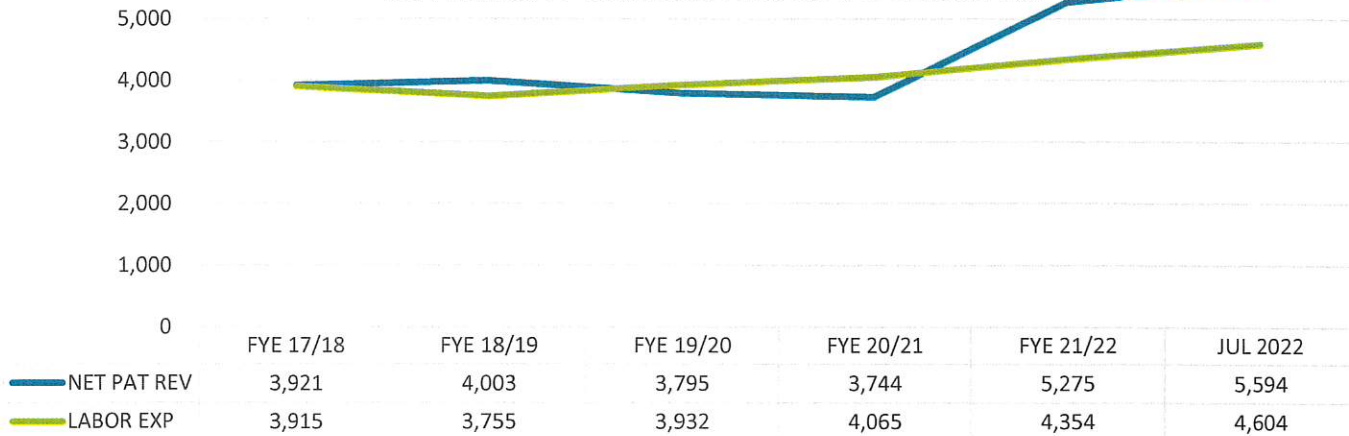


SAN GORGONIO MEMORIAL HOSPITAL

OPERATING REVENUE, OPERATING EXPENSE, STAFFING EXPENSE, AND EBIDA



NET PATIENT REVENUE VS. TOTAL LABOR EXPENSE



SAN GORGONIO MEMORIAL HOSPITAL

OPERATING REVENUE (NORMALIZED), OPERATING EXPENSE, STAFFING EXPENSE, AND EBIDA (NORMALIZED)

10,000
8,000
6,000
4,000
2,000
0
(2,000)
(4,000)

REV NORMAL
OP EXP
LABOR EXP
EBIDA NORMAL

	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	FYE 21/22	JUL 2022
REV NORMAL	6,006	6,069	6,165	5,160	6,569	7,831
OP EXP	6,147	5,817	6,398	6,878	7,007	6,920
LABOR EXP	3,915	3,755	3,932	4,065	4,354	4,604
EBIDA NORMAL	(141)	252	(233)	(1,719)	(438)	911

SAN GORGONIO HEALTHCARE DISTRICT & HOSPITAL - BANNING, CA

Month-to Month FYE June 30, 2023

Statement of Revenue and Expense

	FYE17/18	FYE18/19	FYE19/20	FYE 20/21	FYE 21/22	FYE 22/23 1	FYE 22/23	FYE 22/23	FYE 22/23	FYE 22/23	FYE 22/23	FYE 22/23	FYE 22/23
	MONTHLY AVE.	MONTHLY AVE.	MONTHLY AVE.	MONTHLY AVE.	MONTHLY AVE.	MONTHLY AVE.	7/31/2022	8/31/2022	9/30/2022	10/31/2022	11/30/2022	12/31/2022	6/30/2023
Gross Patient Revenue													
Inpatient Revenue	\$ 8,652,325	\$ 7,667,883	\$ 7,401,282	\$ 9,331,371	\$ 16,603,390	\$ 15,786,344	\$ 15,786,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,786,344
Inpatient Psych/Rehab Revenue	0	0	0	0	0	0	-	-	-	-	-	-	-
Outpatient Revenue	15,730,069	16,765,365	15,067,104	11,933,682	20,932,075	25,684,830	25,684,830	-	-	-	-	-	25,684,830
Long Term Care Revenue	0	0	0	0	0	0	-	-	-	-	-	-	-
Home Health Revenue	0	0	0	0	0	0	-	-	-	-	-	-	-
Total Gross Patient Revenue	24,382,394	24,433,247	22,468,386	21,265,053	37,535,465	41,471,174	41,471,174	0	0	0	0	0	\$ 41,471,174
Deductions From Revenue													
Discounts and Allowances	(19,635,639)	(19,588,148)	(17,845,730)	(16,635,734)	(31,077,870)	(34,966,058)	(34,966,058)	0	0	0	0	0	(34,966,058)
Bad Debt Expense	(806,002)	(858,023)	(653,280)	(824,395)	(1,045,570)	(883,157)	(883,157)	0	0	0	0	0	(883,157)
GI HMO Discounts	0	0	0	0	0	0	0	0	0	0	0	0	-
Charity Care	(80,410)	(56,168)	(86,517)	(41,362)	(136,947)	(28,117)	(28,117)	0	0	0	0	0	(28,117)
Total Deductions From Revenue	(20,522,051)	(20,502,339)	(18,585,527)	(17,501,490)	(32,260,387)	(35,877,331)	(35,877,331)	0	0	0	0	0	(35,877,331)
Net Patient Revenue	3,860,343	3,930,908	3,882,859	3,763,563	5,275,078	5,593,843	5,593,843	0	0	0	0	0	\$ 5,593,843
	-84.2%	-83.9%	-82.7%	-82.3%	-85.9%	-86.5%	-86.5%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-86.5%
Non-Patient Revenues													
IGT/DSH Revenues	1,530,975	1,485,337	1,157,326	869,707	501,407	136,873	136,873	0	0	0	0	0	136,873
Grants & Other Op Revenues	193,507	205,590	750,434	505,190	619,149	0	0	0	0	0	0	0	-
Clinic Net Revenues	20,106	22,382	15,743	0	0	246,994	246,994	0	0	0	0	0	246,994
Tax Subsidies Measure D	174,852	196,524	199,469	209,744	233,333	154,500	154,500	0	0	0	0	0	154,500
Tax Subsidies Prop 13	105,376	115,388	114,061	142,552	150,000	0	0	0	0	0	0	0	-
Tax Subsidies County Suplmtl Funds	16,858	16,159	9,064	16,163	11,789	0	0	0	0	0	0	0	-
Non-Patient Revenues	2,041,675	2,041,381	2,246,097	1,743,355	1,515,677	538,367	538,367	0	0	0	0	0	\$ 538,367
Total Operating Revenue	5,902,018	5,972,289	6,128,956	5,506,919	6,790,756	6,132,210	6,132,210	0	0	0	0	0	\$ 6,132,210
Operating Expenses													
Salaries and Wages	3,000,485	2,941,226	3,104,224	3,125,159	3,420,974	3,566,637	3,566,637	0	0	0	0	0	3,566,637
Fringe Benefits	784,204	702,477	752,708	856,889	834,285	898,552	898,552	0	0	0	0	0	898,552
Contract Labor	130,625	106,628	59,516	114,886	98,762	138,575	138,575	0	0	0	0	0	138,575
Physicians Fees	211,630	246,631	331,858	350,783	330,533	273,621	273,621	0	0	0	0	0	273,621
Purchased Services	581,239	513,857	691,337	772,336	888,505	829,624	829,624	0	0	0	0	0	829,624
Supply Expense	699,167	685,518	751,025	903,883	956,544	698,214	698,214	0	0	0	0	0	698,214
Utilities	74,205	75,471	80,680	92,287	111,192	104,925	104,925	0	0	0	0	0	104,925
Repairs and Maintenance	53,574	58,325	58,592	139,712	79,779	74,098	74,098	0	0	0	0	0	74,098
Insurance Expense	86,537	85,267	103,277	110,683	112,745	137,478	137,478	0	0	0	0	0	137,478
All Other Operating Expenses	68,153	70,922	160,745	148,752	93,085	97,102	97,102	0	0	0	0	0	97,102
IGT Expense	217,249	58,743	109,484	172,366	0	0	0	0	0	0	0	0	-
Leases and Rentals	57,507	76,150	79,233	79,424	81,351	100,967	101,241	0	0	0	0	0	100,967
1206 (b) CLINIC	80,927	98,810	94,628	34,096	0	0	0	0	0	0	0	0	-
Total Operating Expenses	6,045,502	5,720,023	6,377,306	6,901,255	7,007,756	6,919,793	6,920,067	0	0	0	0	0	\$ 6,919,793
EBIDA	(143,485)	252,266	(248,351)	(1,394,337)	(217,001)	(787,584)	(787,858)	0	0	0	0	0	\$ (787,584)
Interest, Depreciation, and Amortization													
Depreciation and Amortization	512,466	497,808	506,497	494,721	504,865	550,044	550,044	0	0	0	0	0	550,044
Interest Expense	432,490	418,193	422,094	447,994	409,987	427,682	427,682	0	0	0	0	0	427,682
Total Interest, Depr, & Amort.	944,956	916,000	928,591	942,715	914,852	977,726	977,726	0	0	0	0	0	977,726
Non-Operating Revenue:													
Contributions & Other	14,354	7,745	27,759	7,121	40,068	1,387,913	1,387,913	0	0	0	0	0	1,387,913
Tax Subsidies for GO Bonds - M-A	652,487	692,457	666,966	598,410	613,966	627,353	627,353	0	0	0	0	0	627,353
Total Non Operating Revenue/(Expense)	666,841	700,202	694,725	605,531	654,034	2,015,266	2,015,266	0	0	0	0	0	2,015,266
Total Net Surplus/(Loss)	(421,599)	36,467	(482,217)	(1,731,521)	(477,819)	249,956	249,682	0	0	0	0	0	\$ 249,956
Change in Interest in Foundation	0	0	0	0	0	0	0	0	0	0	0	0	-
Extra-ordinary Loss on Financing	0	0	(689,574)	(650)	0	0	0	0	0	0	0	0	-
Increase/(Decrease in Unrestricted Net ,	\$ (421,599)	\$ 36,467	\$ (1,171,791)	\$ (1,732,171)	\$ (477,819)	\$ 249,956	\$ 249,682	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249,956
Total Profit Margin	-7.1%	0.6%	-7.9%	-31.4%	-7.0%	4.1%	4.1%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	4.1%
EBIDA %	-2.4%	4.2%	-4.1%	-25.3%	-3.2%	-12.8%	-12.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-12.8%

Note: Variances in the FYE 22/23 monthly columns are explained in the respective monthly financial reports.

Estimated Value of Supplemental Accruals
 Estimated EBIDA if Supplementals were Accrued Monthly

1,698,896
 911,039
 1,698,896
 911,039

3-H

SAN GORGONIO HEALTHCARE DISTRICT & HOSPITAL - BANNING, CA
Month-to Month FYE June 30, 2022 + July, 2022
Statement of Revenue and Expense

	FYE17/18	FYE18/19	FYE19/20	FYE 20/21	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	FYE 21/22	
	MONTHLY AVE.	MONTHLY AVE.	MONTHLY AVE.	MONTHLY AVE.	MONTHLY AVE.	7/31/2021	8/31/2021	9/30/2021	10/31/2021	11/30/2021	12/31/2021	1/31/2022	2/28/2022	3/31/2022	4/30/2022	5/31/2022	6/30/2022	7/31/2022				
Gross Patient Revenue																						
Inpatient Revenue	\$ 8,652,325	\$ 7,667,883	\$ 7,401,282	\$ 9,331,371	\$ 16,603,390	\$ 15,366,746	\$ 20,315,097	\$ 18,658,896	\$ 11,148,784	\$ 18,051,448	\$ 17,581,450	\$ 29,180,538	\$ 16,023,727	\$ 14,009,575	\$ 12,985,480	\$ 12,699,299	\$ 13,219,644	\$ 15,786,344				
Inpatient Psych/Rehab Revenue	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-				
Outpatient Revenue	15,730,069	16,765,365	15,067,104	11,933,682	20,932,075	21,991,078	21,181,242	18,326,106	22,586,269	19,318,269	21,397,485	17,754,388	18,699,730	22,781,003	22,348,929	21,153,874	23,646,523	25,684,830				
Long Term Care Revenue	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-				
Home Health Revenue	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-				
Total Gross Patient Revenue	24,382,394	24,433,247	22,468,386	21,265,053	37,535,465	37,357,824	41,496,339	36,985,002	33,735,053	37,369,717	38,978,936	46,934,926	34,723,457	36,790,578	35,334,409	33,853,172	36,866,167	41,471,174				
Deductions From Revenue																						
Discounts and Allowances	(19,635,639)	(19,588,148)	(17,845,730)	(16,635,734)	(31,077,870)	(31,157,700)	(36,364,720)	(30,346,595)	(27,094,692)	(30,704,377)	(31,514,954)	(38,941,080)	(28,951,935)	(29,655,536)	(27,674,758)	(26,569,751)	(33,958,338)	(34,966,058)				
Bad Debt Expense	(806,002)	(858,023)	(653,280)	(824,395)	(1,045,570)	(1,478,073)	(963,563)	(1,509,194)	(1,466,791)	(1,418,564)	(1,744,778)	(1,661,127)	(1,097,242)	(1,207,381)	(1,432,016)	(1,104,585)	2,536,474	(883,157)				
GI HMO Discounts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Charity Care	(80,410)	(56,168)	(86,517)	(41,362)	(136,947)	0	(148,810)	(29,218)	(142,235)	(97,440)	(23,772)	(177,583)	(29,837)	(22,283)	(25,690)	(887,352)	(59,144)	(28,117)				
Total Deductions From Revenue	(20,522,051)	(20,502,339)	(18,585,527)	(17,501,490)	(32,260,387)	(32,635,773)	(37,477,093)	(31,885,008)	(28,703,718)	(32,220,382)	(33,283,504)	(40,779,789)	(30,079,014)	(30,885,200)	(29,132,464)	(28,561,688)	(31,481,009)	(35,877,331)				
Net Patient Revenue	3,860,343	3,930,908	3,882,859	3,763,563	5,275,078	4,722,051	4,019,246	5,099,995	5,031,335	5,149,335	5,695,431	6,155,137	4,644,443	5,905,378	6,201,945	5,291,484	5,385,158	5,593,843				
Non-Patient Revenues																						
IGT/DSH Revenues	1,530,975	1,485,337	1,157,326	869,707	501,407	0	0	0	0	0	6,016,888	0	0	0	0	0	0	0				
Grants & Other Op Revenues	193,507	205,590	750,434	505,190	619,149	167,360	505,308	308,393	124,989	573,166	51,070	257,227	1,025,766	1,404,234	404,979	1,221,031	1,386,261	136,873				
Clinic Net Revenues	20,106	22,382	15,743	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Tax Subsidies Measure D	174,852	196,524	199,469	209,744	233,333	233,333	233,333	233,333	233,333	233,333	233,333	233,333	233,333	233,333	233,333	233,333	233,333	246,994				
Tax Subsidies Prop 13	105,376	115,388	114,061	142,552	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	154,500				
Tax Subsidies County Supplmtl Funds	16,858	16,159	9,064	16,163	11,789	0	0	0	0	0	0	0	0	0	0	0	141,462	-				
Non-Patient Revenues	2,041,675	2,041,381	2,246,097	1,743,355	1,515,677	550,693	888,641	691,726	508,322	956,499	6,451,291	640,560	1,409,099	1,787,567	788,312	1,604,364	1,911,056	538,367				
Total Operating Revenue	5,902,018	5,972,289	6,128,956	5,506,919	6,790,756	5,272,745	4,907,888	5,791,721	5,539,656	6,105,833	12,146,722	6,795,697	6,053,542	7,692,944	6,990,257	6,895,848	7,296,214	6,132,210				
Operating Expenses																						
Salaries and Wages	3,000,485	2,941,226	3,104,224	3,125,159	3,420,974	3,189,198	3,247,078	3,119,355	3,609,281	3,731,115	3,541,554	3,869,331	3,024,051	3,508,794	3,443,890	3,522,753	3,245,290	3,566,637				
Fringe Benefits	784,204	702,477	752,708	856,889	834,285	846,091	739,288	723,743	807,750	806,996	755,181	1,176,533	851,149	828,895	886,002	755,019	834,861	898,552				
Contract Labor	130,625	106,628	59,516	114,886	98,732	79,279	207,937	95,749	66,995	62,832	108,418	114,375	(76,550)	145,598	244,817	39,793	96,023	138,575				
Physicians Fees	211,630	246,631	331,858	350,783	330,533	360,075	224,167	532,291	316,536	343,587	198,313	298,243	318,078	437,958	497,575	195,777	243,800	273,621				
Purchased Services	581,239	513,857	691,337	772,336	888,505	631,182	891,877	812,271	810,404	1,034,039	953,575	877,171	992,328	1,036,315	966,521	912,287	744,090	829,624				
Supply Expense	699,167	685,518	751,025	903,883	956,544	644,984	1,273,837	1,133,627	784,949	1,033,756	1,044,298	931,808	907,500	1,024,948	1,455,590	683,784	559,448	698,214				
Utilities	74,205	75,471	80,680	92,287	111,192	67,465	61,579	119,284	159,817	83,919	145,701	135,515	130,260	102,218	114,367	99,273	114,902	104,925				
Repairs and Maintenance	53,574	58,325	58,592	139,712	79,779	107,979	71,453	81,746	65,197	89,547	48,900	47,901	58,986	37,984	183,195	73,948	90,516	74,098				
Insurance Expense	86,537	85,267	103,277	110,683	112,745	115,997	121,224	115,996	115,996	115,494	129,887	130,590	119,850	122,460	115,996	29,026	120,427	137,478				
All Other Operating Expenses	68,153	70,922	160,745	148,752	93,085	63,027	56,824	97,243	122,788	46,020	75,944	154,765	50,537	67,577	75,734	194,597	111,788	97,102				
IGT Expense	217,249	58,743	109,484	172,366	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Leases and Rentals	57,507	76,150	79,233	79,424	81,351	69,305	73,820	56,259	87,089	81,362	76,968	72,138	51,487	69,694	113,459	112,525	112,284	101,241				
1206 (b) CLINIC	80,927	98,810	94,628	34,096	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Total Operating Expenses	6,045,502	5,720,023	6,377,306	6,901,255	7,007,756	6,174,581	6,969,083	6,887,564	6,946,803	7,428,666	7,078,738	7,808,187	6,427,676	7,382,712	8,097,148	6,618,763	6,273,429	6,920,067				
EBIDA	(143,485)	252,266	(248,351)	(1,394,337)	(217,001)	(901,836)	(2,061,196)	(1,095,843)	(1,407,147)	(1,322,832)	5,067,984	(1,012,491)	(374,133)	310,232	(1,106,891)	277,085	1,022,785	(787,858)				
Interest, Depreciation, and Amortization																						
Depreciation and Amortization	512,466	497,808	506,497	494,721	504,865	504,865	504,865	504,865	504,865	504,865	504,865	504,865	504,865	504,865	504,865	504,865	504,865	550,044				
Interest Expense	432,490	418,193	422,094	447,994	409,987	386,425	413,384	335,467	404,425	421,092	374,425	393,735	591,013	393,056	374,425	452,092	380,300	427,682				
Total Interest, Depr, & Amort.	944,956	916,000	928,591	942,715	914,852	891,290	918,249	840,332	909,290	925,957	879,290	898,600	1,095,878	897,921	879,290	956,957	885,165	977,726				
Non-Operating Revenue:																						
Contributions & Other	14,354	7,745	27,759	7,121	40,068	3,213	29,882	2,969	1,708	1,695	4,381	963	186,373	9,437	183,295	52,869	4,029	1,387,913				
Tax Subsidies for GO Bonds - M-A	652,487	692,457	666,966	598,410	613,966	613,966	613,966	613,966	613,966	613,966	613,966	613,966	613,966	613,966	613,966	613,966	613,966	627,353				
Total Non Operating Revenue/Expense	666,841	700,202	694,725	605,531	654,034	617,179	643															

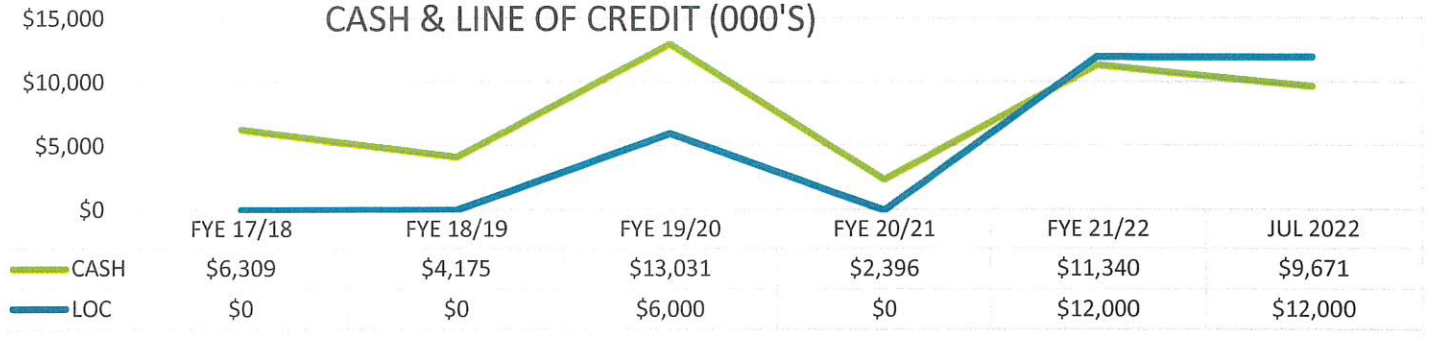
BALANCE SHEET (Period End)

Cash (000's)	Represents all unrestricted cash in the bank at each month-end.
Days Cash on Hand	Calculated by dividing amount of Cash on Hand by the historical average daily amount of cash requirements to cover operating expenses.
Accounts Receivable - Net (000's)	Equals the sum of all (patient) accounts that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.
A/R Days - Net	This measures the average number of days it takes to collect payment of the Net Accounts Receivable. Lower values are desired.
Current Ratio (Current Assets/Current Liabilities)	A measure that illustrates the ability for the hospital to pay its obligations that come due over the course of the next year. The greater the Current Assets as compared to the Current Liabilities, the stronger position the organization is in to pay its upcoming obligations. Desired position is greater than 1:00 to 1:00, preferably at least 1:25 to 1:00 or greater.
Quick Ratio	This measures the Cash + Net Accounts Receivable compared to the Current Liabilities. Desired ratio is greater than 1.00 : 1.00.
Accounts Payable (000's)	Reflects payment obligations of the Hospital as of a point in time. Excludes Loans, Payroll and other Debt obligations. Lower values are desired.
Accounts Payable Days	Reflects the average number of days that it takes to pay routine bills. Lower numbers are desired. Calculated by dividing the Accounts Payable amount by the historical average daily cost of routine expenses.
Line of Credit Balance (000's)	The amount that is currently borrowed from a lending institution as of a given point in time.

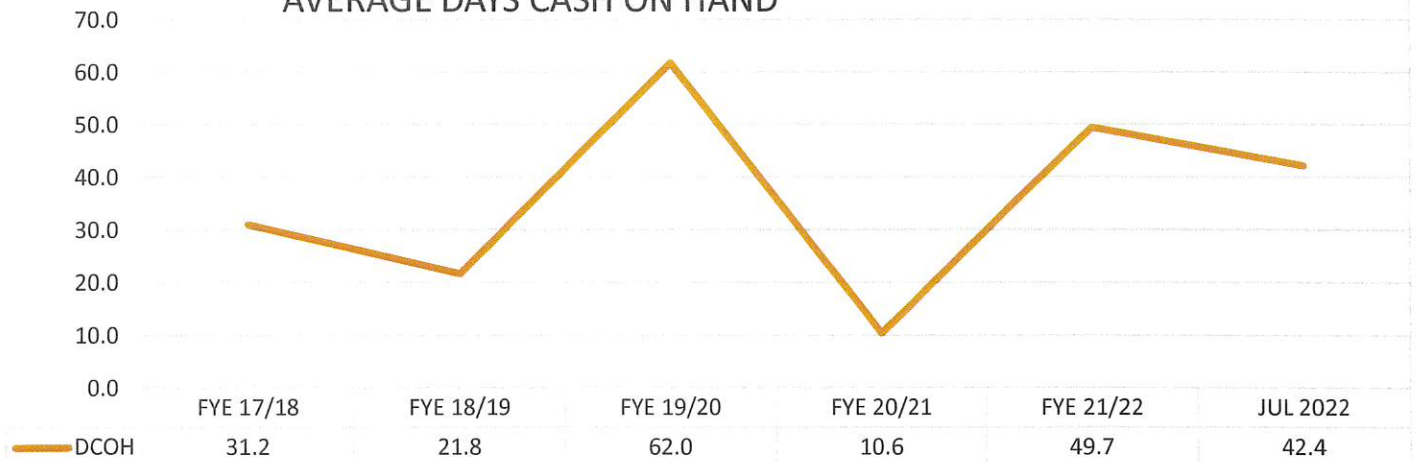
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SAN GORGONIO MEMORIAL HOSPITAL

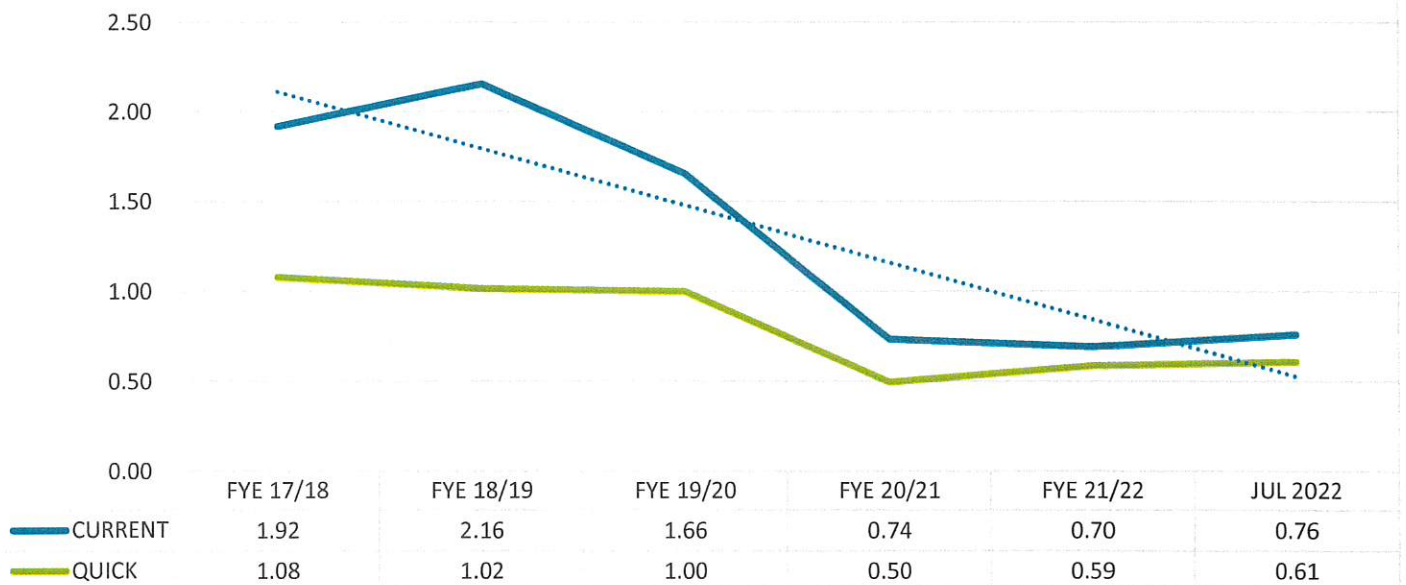
CASH & LINE OF CREDIT (000'S)



AVERAGE DAYS CASH ON HAND



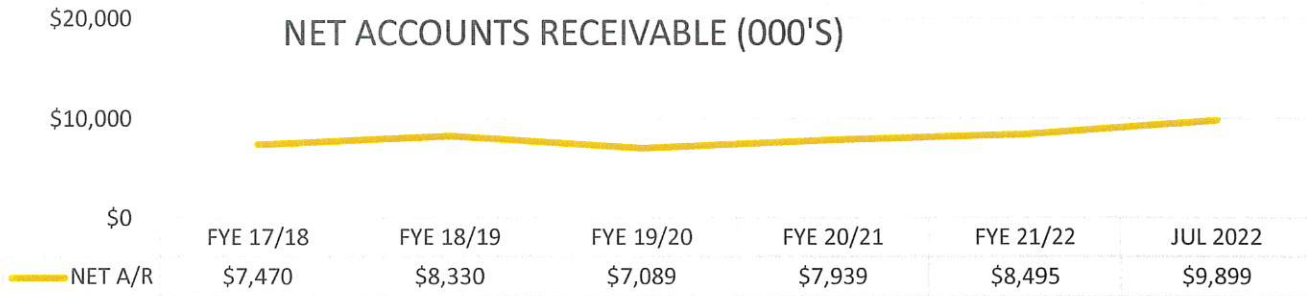
CURRENT RATIO and QUICK RATIO



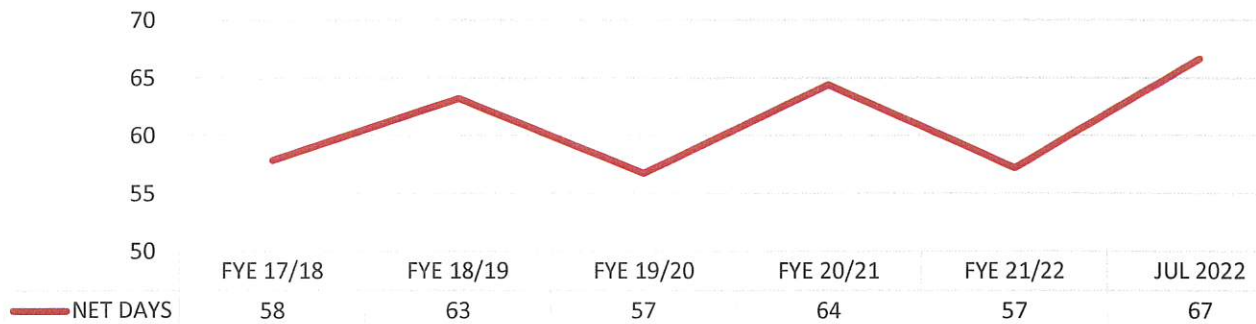
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SAN GORGONIO MEMORIAL HOSPITAL

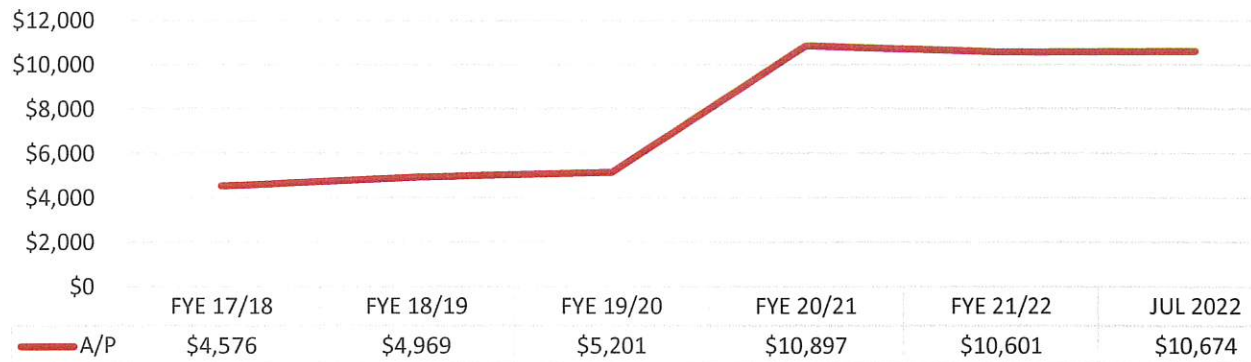
NET ACCOUNTS RECEIVABLE (000'S)



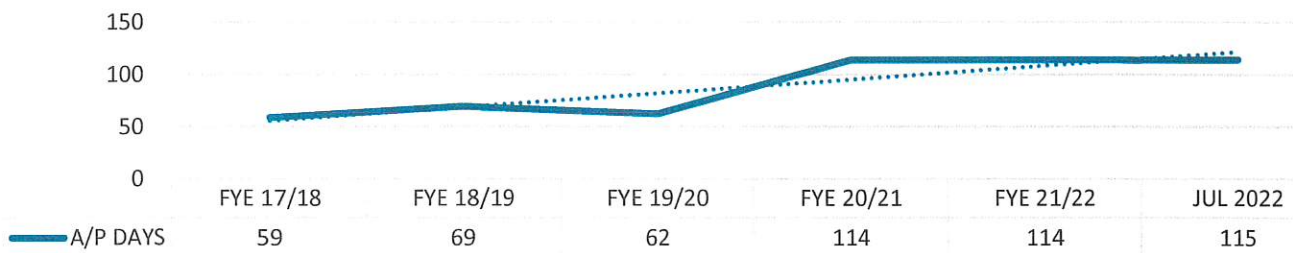
AVE. DAYS OF COLLECTIONS IN NET A/R



ACCOUNTS PAYABLE (000'S)



AVERAGE DAYS IN ACCOUNTS PAYABLE



SAN GORGONIO MEMORIAL HOSPITAL
EXECUTIVE FINANCIAL SUMMARY
ONE MONTH ENDING JULY 31, 2022

STATEMENT OF REVENUE AND EXPENSES - MONTH & YTD						
REF LINE#		07/31/22 ACTUAL	07/31/22 BUDGET	YTD ACTUAL	YTD BUDGET	YTD DIFFERENCE
	Revenue:					
[1]	Gross Patient Revenues	\$ 41,471,174	\$ 43,680,909	\$ 41,471,174	\$ 43,680,909	\$ (2,209,735)
[2]	Deductions From Revenue	(35,877,331)	(37,979,579)	(35,877,331)	(37,979,579)	2,102,248
[3]	Net Patient Revenues	5,593,843	5,701,330	5,593,843	5,701,330	(107,487)
[4]	IGT Revenue	-	-	-	-	-
[5]	Other Operating Revenue	538,367	893,094	538,367	893,094	(354,727)
[6]	Total Operating Revenues	6,132,210	6,594,424	6,132,210	6,594,424	(462,214)
	Expenses:					
[7]	Salaries, Benefits	4,465,189	4,648,967	4,465,189	4,648,967	183,777
	Contract Labor	138,575	75,606	138,575	75,606	(62,969)
	Physicians Fees	273,621	365,231	273,621	365,231	91,610
	Other Purchase Services	829,624	1,042,961	829,624	1,042,961	213,338
[8]	Purchased Serv. & Physician Fees	1,241,820	1,483,798	1,241,820	1,483,798	241,979
[9]	Supply Expenses	698,214	1,104,480	698,214	1,104,480	406,265
[10]	Other Operating Expenses & Clinic Loss	514,844	524,558	514,844	524,558	9,714
[11]	Supplimental and Grant Expense	-	91,499	-	91,499	91,499
[12]	Total Expenses	\$ 6,920,067	\$ 7,853,302	\$ 6,920,067	\$ 7,853,302	\$ 933,234
[13]	EBIDA	\$ (787,858)	\$ (1,258,878)	\$ (787,858)	\$ (1,258,878)	\$ 471,020
[14]	Depreciation & Interest Expense	977,726	940,122	977,726	940,122	(37,604)
[15]	Non-Operating Revenue/(Exp.)	2,015,266	1,092,982	2,015,266	1,092,982	922,284
[16]	TOTAL NET SURPLUS (LOSS)	\$ 249,682	\$ (1,106,019)	\$ 249,682	\$ (1,106,019)	\$ 1,355,701

SAN GORGONIO MEMORIAL HOSPITAL
EXECUTIVE FINANCIAL SUMMARY
ONE MONTH ENDING JULY 31, 2022

BALANCE SHEET			
		YTD	Prior FYE
		7/31/2022	6/30/2021
ASSETS			
[1]	Current Assets	\$ 24,444,705	\$ 23,401,085
[2]	Assets Whose Use is Limited	7,614,090	12,704,494
[3]	Property, Plant & Equipment (Net)	73,166,122	73,514,801
[4]	Other Assets	611,947	503,000
[5]	Total Unrestricted Assets	105,836,864	110,123,380
[6]	Restricted Assets	0	0
[7]	Total Assets	\$ 105,836,864	\$ 110,123,380
LIABILITIES AND NET ASSETS			
[8]	Current Liabilities	\$31,956,733	\$33,649,575
[9]	Long-Term Debt	102,480,588	105,323,946
[10]	Other Long-Term Liabilities	2,231,628	2,231,626
[11]	Total Liabilities	\$ 136,668,949	\$ 141,205,147
[12]	Net Assets	\$ (30,832,085)	\$ (31,081,767)
[13]	Total Liabilities and Net Assets	\$ 105,836,864	\$ 110,123,380



KEY STATISTICS AND RATIOS

	06/30/22 ACTUAL	07/31/22 ACTUAL	07/31/22 BUDGET	2023 YTD	2022 YR END TOTAL
	FY 22	FY 22	FY 22	FY 22	FY 22
[1] Total Acute Patient Days	680	680	991	680	9,689
[2] Average Daily Census	22.7	21.9	32.0	21.9	26.5
[3] Average Acute Length of Stay	3.2	3.4	4.0	3.4	3.9
[4] Patient Discharges	211	198	248	198	2,502
[5] Observation Days	241	228	228	228	2,775
[6] Total Emergency Room Visits	3,470	3,548	3,248	3,548	39,374
[7] Average ED Visits Per Day	116	114	122	114	108
[9] Total Surgeries	153	142	90	142	1,446
[10] Deliveries/Births	16	10	14	10	175

Statement of Revenue and Expense
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
ONE MONTH ENDING JULY 31, 2022

	DISTRICT ONLY	CURRENT MONTH				
		ACTUAL	FY 23	FY 23	Positive	Percentage
		07/31/22	ACTUAL	CUR MO BUD	(Negative)	
		07/31/22	07/31/22	Variance	Variance	
Gross Patient Revenue						
[1] Inpatient Revenue	\$ -	\$ 15,786,344	\$ 21,500,151	\$ (5,713,806)	-36.2%	
[2] Inpatient Psych/Rehab Revenue	-	-	-	-	-	
[3] Outpatient Revenue	-	25,684,830	\$ 22,180,758	3,504,071	13.6%	
[4] Long Term Care Revenue	-	-	-	-	-	
[5] Home Health Revenue	-	-	-	-	-	
[6] Total Gross Patient Revenue	<u>\$ -</u>	<u>\$ 41,471,174</u>	<u>\$ 43,680,909</u>	<u>\$ (2,209,735)</u>	<u>-5.3%</u>	
Deductions From Revenue						
[7] Discounts and Allowances	-	(34,966,058)	\$ (36,362,212)	\$ 1,396,154	-4.0%	
[8] Bad Debt Expense	-	(883,157)	\$ (1,538,228)	655,071	-74.2%	
[9] Prior Year Settlements	-	-	\$ -	-	-	
[10] Charity Care	-	(28,117)	\$ (79,139)	51,022	-181.5%	
[11] Total Deductions From Revenue	<u>-</u>	<u>(35,877,331)</u>	<u>(37,979,579)</u>	<u>\$ 2,102,248</u>	<u>-5.9%</u>	
		-84.4%	-88%			
[12] Net Patient Revenue	<u>\$ -</u>	<u>\$ 5,593,843</u>	<u>\$ 5,701,330</u>	<u>\$ (107,487)</u>	<u>-1.9%</u>	
Non Patient Operating Revenues						
[14] IGT/DSH Revenues	-	-	\$ -	\$ -	0.0%	
[15] Grants & Other Op Revenues	-	136,873	\$ 480,350	(343,477)	-250.9%	
[16] Clinic Net Revenues	-	-	\$ -	-	-	
[17] Tax Subsidies Measure D	246,994	246,994	\$ 246,994	(0)	0.0%	
[18] Tax Subsidies Prop 13	154,500	154,500	\$ 154,500	-	0.0%	
[19] Tax Subsidies County Supplemental Funds	-	-	\$ 11,250	(11,250)	0.0%	
Non- Patient Revenue	<u>\$ 401,494</u>	<u>\$ 538,367</u>	<u>\$ 893,094</u>	<u>\$ (354,727)</u>	<u>-65.9%</u>	
Total Operating Revenue	<u>\$ 401,494</u>	<u>\$ 6,132,210</u>	<u>\$ 6,594,424</u>	<u>\$ (462,214)</u>	<u>-7.5%</u>	
Operating Expenses						
[20] Salaries and Wages	-	3,566,637	3,729,661	\$ 163,024	4.6%	
[21] Fringe Benefits	-	898,552	919,306	20,754	2.3%	
[22] Contract Labor	-	138,575	75,606	(62,969)	-45.4%	
[23] Physicians Fees	-	273,621	365,231	91,610	33.5%	
[24] Purchased Services	(98)	829,624	1,042,961	213,338	25.7%	
[25] Supply Expense	-	698,214	1,104,480	406,265	58.2%	
[26] Utilities	3,314	104,925	125,180	20,255	19.3%	
[27] Repairs and Maintenance	8,437	74,098	75,564	1,466	2.0%	
[28] Insurance Expense	-	137,478	122,979	(14,499)	-10.5%	
[29] All Other Operating Expenses	-	97,102	99,325	2,223	2.3%	
[30] Supplemental and Grant Expense	-	-	91,499	91,499	0.0%	
[31] Leases and Rentals	-	101,241	101,511	269	0.3%	
[32] Clinic Expense	-	-	0	-	0.0%	
[33] Total Operating Expenses	<u>\$ 11,653</u>	<u>\$ 6,920,067</u>	<u>\$ 7,853,302</u>	<u>\$ 933,234</u>	<u>13.5%</u>	
[34] EBIDA	<u>\$ 389,841</u>	<u>\$ (787,858)</u>	<u>\$ (1,258,878)</u>	<u>\$ 471,020</u>	<u>-59.8%</u>	
Interest Expense and Depreciation						
[35] Depreciation	550,044	550,044	514,865	\$ (35,179)	-6.4%	
[36] Interest Expense and Amortization	355,283	427,682	425,257	(2,425)	-0.6%	
[37] Total Interest & depreciation	<u>905,327</u>	<u>977,726</u>	<u>940,122</u>	<u>(37,604)</u>	<u>-3.8%</u>	
Non-Operating Revenue:						
[38] Contributions & Other	1,387,036	1,387,913	466,744	921,169	66.4%	
[39] Tax Subsidies for GO Bonds - M-A	627,353	627,353	626,237	1,116	0.2%	
[40] Total Non Operating Revenue/(Expense)	<u>2,014,389</u>	<u>2,015,266</u>	<u>1,092,982</u>	<u>\$ 922,284</u>	<u>45.8%</u>	
[41] Total Net Surplus/(Loss)	<u>\$ 1,498,903</u>	<u>\$ 249,682</u>	<u>\$ (1,106,019)</u>	<u>\$ 1,355,701</u>	<u>543.0%</u>	
[42] Extra-ordinary loss on Financing	-	-	-	-	-	
[43] Increase/(Decrease in Unrestricted Net Assets)	<u>\$ 1,498,903</u>	<u>\$ 249,682</u>	<u>\$ (1,106,019)</u>	<u>\$ 1,355,701</u>	<u>543.0%</u>	
[44] Total Profit Margin	44.98%	-0.19%	-29.42%			
[45] EBIDA %	96.85%	4.02%	-25.40%			

Statement of Revenue and Expense
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
ONE MONTH ENDING JULY 31, 2022

	YEAR-TO-DATE				
	DISTRICT ONLY			Positive (Negative) Variance	Percentage Variance
	Actual 07/31/22	Actual 07/31/22	Budget 07/31/22		
Gross Patient Revenue					
[1] Inpatient Revenue	\$ -	\$ 15,786,344	\$ 21,500,151	\$ (5,713,806)	-36.2%
[2] Inpatient Psych/Rehab Revenue	-	-	-	-	
[3] Outpatient Revenue	-	25,684,830	\$ 22,180,758	3,504,071	13.6%
[4] Long Term Care Revenue	-	-	-	-	
[5] Home Health Revenue	-	-	-	-	
[6] Total Gross Patient Revenue	\$ -	\$ 41,471,174	\$ 43,680,909	\$ (2,209,735)	-5.3%
Deductions From Revenue					
[7] Discounts and Allowances	-	(34,966,058)	\$ (36,362,212)	\$ 1,396,154	4.0%
[8] Bad Debt Expense	-	(883,157)	\$ (1,538,228)	655,071	74.2%
[9] Prior Year Settlements	-	-	\$ -	-	
[10] Charity Care	-	(28,117)	\$ (79,139)	51,022	181.5%
[11] Total Deductions From Revenue	-	(35,877,331)	(37,979,579)	\$ 2,102,248	5.9%
[12] Net Patient Revenue	\$ -	\$ 5,593,843	\$ 5,701,330	\$ (107,487)	-1.9%
Non Patient Operating Revenues					
[14] IGT/DSH Revenues	-	-	\$ -	\$ -	#DIV/0!
[15] Grants & Other Op Revenues	-	136,873	\$ 480,350	(343,477)	-250.9%
[16] Clinic Net Revenues	-	-	\$ -	-	
[17] Tax Subsidies Measure D	246,994	246,994	\$ 246,994	(0)	0.0%
[18] Tax Subsidies Prop 13	154,500	154,500	\$ 154,500	-	0.0%
[19] Tax Subsidies County Supplemental Funds	-	-	\$ 11,250	(11,250)	0.0%
[19] Non- Patient Revenue	\$ 401,494	\$ 538,367	\$ 893,094	\$ (354,727)	-65.9%
Total Operating Revenue	\$ 401,494	\$ 6,132,210	\$ 6,594,424	\$ (462,214)	-7.5%
Operating Expenses					
[20] Salaries and Wages	-	3,566,637	\$ 3,729,661	\$ 163,024	4.6%
[21] Fringe Benefits	-	898,552	\$ 919,306	20,754	2.3%
[22] Contract Labor	-	138,575	\$ 75,606	(62,969)	-45.4%
[23] Physicians Fees	-	273,621	\$ 365,231	91,610	33.5%
[24] Purchased Services	(98)	829,624	\$ 1,042,961	213,338	25.7%
[25] Supply Expense	-	698,214	\$ 1,104,480	406,265	58.2%
[26] Utilities	3,314	104,925	\$ 125,180	20,255	19.3%
[27] Repairs and Maintenance	8,437	74,098	\$ 75,564	1,466	2.0%
[28] Insurance Expense	-	137,478	\$ 122,979	(14,499)	-10.5%
[29] All Other Operating Expenses	-	97,102	\$ 99,325	2,223	2.3%
[30] Supplemental and Grant Expense	-	-	\$ 91,499	91,499	0.0%
[31] Leases and Rentals	-	101,241	\$ 101,511	269	0.3%
[32] Clinic Expense	-	-	\$ -	-	0.0%
[33] Total Operating Expenses	\$ 11,653	\$ 6,920,067	\$ 7,853,302	\$ 933,234	13.5%
[34] EBIDA	\$ 389,841	\$ (787,858)	\$ (1,258,878)	\$ 471,020	-59.8%
Interest Expense and Depreciation					
[35] Depreciation	550,044	550,044	\$ 514,865	\$ (35,179)	-6.4%
[36] Interest Expense and Amortization	355,283	427,682	\$ 425,257	(2,425)	-0.6%
[37] Total Interest & depreciation	905,327	977,726	940,122	(37,604)	-3.8%
Non-Operating Revenue:					
[38] Contributions & Other	1,387,036	1,387,913	\$ 466,744	921,169	66.4%
[39] Tax Subsidies for GO Bonds - M-A	627,353	627,353	\$ 626,237	1,116	0.2%
[40] Total Non Operating Revenue/(Expense)	2,014,389	2,015,266	1,092,982	922,284	45.8%
[41] Total Net Surplus/(Loss)	\$ 1,498,903	\$ 249,682	\$ (1,106,019)	\$ 1,355,701	543.0%
[42] Extra-ordinary loss on Financing	-	-	-	-	
[43] Increase/(Decrease in Unrestricted Net Assets)	\$ 1,498,903	\$ 249,682	\$ (1,106,019)	\$ 1,355,701	543.0%
[44] Total Profit Margin	40.11%	-6.67%	-14.37%		
[45] EBIDA %	89.50%	-2.85%	-11.33%		

Balance Sheet - Assets

**SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
ONE MONTH ENDING JULY 31, 2022**

		ASSETS					
		DISTRICT ONLY					
		Current Month 7/31/2022	Current Month 7/31/2022	Prior Month 6/30/2022	Positive/ (Negative) Variance	Prior Year End 6/30/2021	
Current Assets							
[1]	Cash and Cash Equivalents	\$1,899,473	\$9,670,986	\$11,340,002	\$ (1,669,016)	\$ 11,340,002	
[2]	Gross Patient Accounts Receivable	\$0	\$85,573,484	\$77,594,807	\$ 7,978,677	77,594,807	
[3]	Less: Bad Debt and Allowance Reserves	\$0	(\$75,674,132)	(\$69,099,845)	\$ (6,574,287)	(69,099,845)	
[4]	Net Patient Accounts Receivable	\$0	\$9,899,352	\$8,494,961	\$ 1,404,391	8,494,961	
[5]	Taxes Receivable	\$2,319,347	\$2,319,347	\$1,178,859	\$ 1,140,488	1,178,859	
[6]	Other Receivables (includes advances)	\$539,354	\$230,069	\$738,141	\$ (508,072)	738,141	
[7]	Inventories	\$0	\$2,685,538	\$2,297,204	\$ 388,334	2,297,204	
[8]	Prepaid Expenses	\$426,169	\$1,484,890	\$1,197,395	\$ 287,495	1,197,395	
[9]	Due From Third Party Payers-DSH	\$0	(\$1,845,477)	(\$1,845,477)	\$ (0)	(1,845,477)	
[10]	Malpractice Receivable	\$0	\$0	\$0	\$ -	-	
[11]	Supplimental Receivables	\$0	\$0	\$0	\$ -	-	
	Total Current Assets	5,184,343	24,444,705	23,401,085	\$ (736,481)	\$ 23,401,085	
Assets Whose Use is Limited							
[12]	Cash						
[13]	Investments						
[14]	Bond Reserve/Debt Retirement Fund	\$7,614,090	\$7,614,090	\$12,704,494	\$ (5,090,404)	12,704,494	
[15]	Trustee Held Funds						
[16]	Funded Depreciation						
[17]	Board Designated Funds						
[18]	Other Limited Use Assets			0		0	
	Total Limited Use Assets	7,614,090	7,614,090	12,704,494	\$ (223,324)	\$ 12,704,494	
Property, Plant, and Equipment							
[19]	Land and Land Improvements	\$4,828,182	\$4,828,182	\$4,828,182	\$ (0)	\$ 4,828,182	
[20]	Building and Building Improvements	\$129,281,491	\$129,281,491	\$129,281,491	\$ 0	129,281,491	
[21]	Equipment	\$27,012,768	\$27,012,768	\$26,856,789	\$ 155,979	26,856,789	
[22]	Construction In Progress	\$1,739,392	\$1,739,392	\$1,694,007	\$ 45,385	1,694,007	
[23]	Capitalized Interest						
[24]	Gross Property, Plant, and Equipment	162,861,833	162,861,833	162,660,469	\$ 201,364	162,660,469	
[25]	Less: Accumulated Depreciation	(\$89,695,711)	(\$89,695,711)	(\$89,145,667)	\$ (550,044)	(89,145,667)	
[26]	Net Property, Plant, and Equipment	73,166,122	73,166,122	73,514,801	\$ (475,050)	\$ 73,514,801	
Other Assets							
[27]	Unamortized Loan Costs	\$627,385	\$611,851	\$614,440	\$ (2,589)	\$ 614,440	
[28]	Assets Held for Future Use		\$96	\$485	\$ (389)	485	
[29]	Investments in Subsidiary/Affiliated Org.	\$21,282,258	\$0	(\$111,925)	\$ 111,925	(111,925)	
[30]	Other						
[31]	Total Other Assets	21,909,642	611,947	503,000	\$ 108,947	\$ 503,000	
[32]	TOTAL UNRESTRICTED ASSETS	107,874,198	105,836,864	110,123,381	\$ (4,286,517)	\$ 110,123,381	
Restricted Assets							
		0	0	0	0	0	
[33]	TOTAL ASSETS	\$107,874,198	\$105,836,864	\$110,123,381	\$ (4,286,517)	\$ 110,123,381	

Balance Sheet - Liabilities and Net Assets

SAN GORGONIO MEMORIAL HOSPITAL

BANNING, CALIFORNIA

ONE MONTH ENDING JULY 31, 2022

	DISTRICT ONLY	LIABILITIES AND FUND BALANCE			
	Current Month 7/31/2022	Current Month 7/31/2022	Prior Month 6/30/2022	Positive/ (Negative) Variance	Prior Year End 6/30/2021
Current Liabilities					
[1] Accounts Payable	\$ 980,448	\$ 10,673,771	\$ 10,600,622	\$ (73,149)	\$ 10,600,622
[2] Notes and Loans Payable (Line of Credit)	-	12,000,000	12,000,000	\$ (0)	12,000,000
[3] Accounts Payable- Tax advance	-	-	-	\$ -	-
[4] Accrued Payroll Taxes	-	5,706,471	5,597,527	\$ (108,944)	5,597,527
[5] Accrued Benefits	-	-	-	\$ -	-
[6] Accrued Benefits Current Portion	-	-	-	\$ -	-
[7] Other Accrued Expenses	-	-	-	\$ -	-
[8] Accrued GO Bond Interest Payable	628,580	628,580	2,526,756	\$ 1,898,176	2,526,756
[9] Stimulus Advance	-	19,537	4,259	\$ (15,278)	4,259
[10] Due to Third Party Payers (Settlements)	-	-	-	\$ -	-
[11] Advances From Third Party Payers	-	-	-	\$ -	-
[12] Current Portion of LTD (Bonds/Mortgages)	2,335,000	2,335,000	2,335,000	\$ -	2,335,000
[13] Current Portion of LTD (Leases)	-	-	-	\$ -	-
[14] Other Current Liabilities	-	593,374	585,411	-	585,411
Total Current Liabilities	3,944,029	31,956,733	33,649,575	\$ 791,861	33,649,575
Long Term Debt					
[15] Bonds/Mortgages Payable (net of Cur Portion)	103,043,956	\$100,187,240	\$ 103,030,598	\$ 2,843,358	\$ 103,030,598
[16] Leases Payable (net of current portion)	\$2,293,348	\$2,293,348	\$2,293,348	\$ (0)	\$2,293,348
[17] Total Long Term Debt (Net of Current)	105,337,304	102,480,588	105,323,946	\$ 313,358	105,323,946
Other Long Term Liabilities					
[18] Deferred Revenue	-	-	-	\$ -	-
[19] Accrued Pension Expense (Net of Current)	-	-	-	\$ -	-
[20] Other-Bridge Loan	0	2,231,628	2,231,628	\$ 0	2,231,628
[21] Total Other Long Term Liabilities	0	2,231,628	2,231,628	0	2,231,628
TOTAL LIABILITIES	\$ 109,281,332	\$ 136,668,949	\$ 141,205,148	\$ 4,536,199	\$ 141,205,148
Net Assets:					
[22] Unrestricted Fund Balance	(2,906,037)	(31,081,767)	\$ (25,347,940)	\$ 5,733,827	\$ (25,347,940)
[23] Temporarily Restricted Fund Balance	-	-	-	-	-
[24] Restricted Fund Balance	-	-	-	-	-
[25] Net Revenue/(Expenses)	1,498,903	249,682	(5,733,827)	(5,983,509)	(5,733,827)
[26] TOTAL NET ASSETS	(1,407,134)	(30,832,085)	(31,081,767)	\$ (249,682)	\$ (31,081,767)
[27] TOTAL LIABILITIES AND NET ASSETS	\$ 107,874,198	\$ 105,836,864	\$ 110,123,381	\$ 4,286,517	\$ 110,123,381
	\$ 0	\$ (0)	\$ -	(\$0) 0	\$ -

Statement of Cash Flows

SAN GORGONIO MEMORIAL HOSPITAL BANNING, CALIFORNIA ONE MONTH ENDING JULY 31, 2022

		CASH FLOW	
		Current Month 7/31/2022	
HEALTHCARE SYSTEM CASH FLOW			
BEGINNING CASH BALANCES			
[1]	Cash: Beginning Balances- HOSPITAL	\$	9,466,720
[2]	Cash: Beginning Balances- DISTRICT		1,873,283
[3]	Cash: Beginning Balances TOTALS	\$	11,340,003
Receipts			
[4]	Pt Collections	\$	4,731,091
[5]	Tax Subsidies Measure D/Prop 13		-
[6]	Misc Tax Subsidies		-
[7]	Donations/Grants		1,384,498
[8]	IGT & other Supplemental (Net)		-
[9]	Draws/(Paydown) of LOC Balances		-
[10]	Other Misc Receipts/Transfers		136,873
	TOTAL RECEIPTS	\$	6,252,462
Disbursements			
[11]	Payroll/ Benefits	\$	5,115,779
[12]	Other Operating Costs		2,784,774
[13]	Capital Spending		198,674
[14]	Debt serv payments (Hosp onlyw/ LOC interest)		
[15]	Other (increase) in AP /other bal sheet		(175,728)
[16]	TOTAL DISBURSEMENTS	\$	7,921,479
[17]	TOTAL CHANGE in CASH	\$	(1,669,017)
ENDING CASH BALANCES			
[18]	Ending Balances- HOSPITAL	\$	7,771,513
[19]	Ending Balances- DISTRICT		1,899,473
[20]	Ending Balances- TOTALS	\$	9,670,986
ADDITIONAL INFO			
[21]	LOC CURRENT BALANCES	\$	12,000,000

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT and HOSPITAL

Updated & Revised FYE June 30, 2023 Budget

Operating Budget

Combined Balance Sheet:

San Gorgonio Memorial Hospital

San Gorgonio Memorial Healthcare District

Cash Flow Statement

SGMHD Operating Budget

Prepared: August 24, 2022

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT AND HOSPITAL

FYE June 30, 2023 Budget Assumptions (Revised and Updated 8/24/22)

Key Issues:

Now that the “Bridge Financing” package via the proposed 2022 Revenue Bonds is being finalized, certain updates are in order to more accurately reflect the components of the 2023 Budgets.

This update incorporates the following:

- 1) The amount of the Bonds issued for 2022-23 are now at \$9,175,000, compared to \$12,900,000.
- 2) The 2021 Revenue Bonds of \$2,350,000 will not be repaid at this time, but will be paid in accordance with original terms.
- 3) The previous Cash Flow Budget included commencement of repayment of the \$12,900,000 proposed Bonds.
- 4) The previous Statement of Revenues and Expenses inadvertently omitted \$557K of Interest Expense related to the \$12,900,000 proposed Bonds issuance.
- 5) This Revised Budget incorporates all Interest Expense related to the 2022 Revenue Bonds, plus \$101K of additional updated Interest Expense Projections related to the recent large increases in interest rates.
- 6) The \$282K EBIDA amount remains unchanged from the original Budget package
- 7) The Overall Net Surplus is now reduced to \$1,174,518 as compared to \$2,069,415 in the original Budget package.

SAN GORGONIO MEMORIAL HOSPITAL							
Statement of Revenue and Expense				PROJECTED	BUDGET		
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Comment	
Gross Patient Revenue							
1	Inpatient Revenue	\$92,014,593	\$88,815,381	\$111,976,457	\$216,865,666	\$264,016,318	Includes Rate Increases
2	Outpatient Revenue	201,184,376	180,805,253	143,204,184	235,707,329	266,029,277	" " "
3	Total Gross Patient Revenue	293,198,969	269,620,634	255,180,641	452,572,995	530,045,595	" " "
Deductions From Revenue							
4	Discounts and Allowances	(235,057,775)	(214,148,761)	(199,628,805)	(373,180,905)	(441,236,937)	Includes Rate Increases
5	Bad Debt Expense	(10,296,276)	(7,839,364)	(9,892,737)	(17,298,617)	(18,665,612)	
6	Charity Care	(674,019)	(1,038,200)	(496,340)	(915,655)	(960,312)	
7	Total Deductions From Revenue	(246,028,070)	(223,026,325)	(210,017,881)	(391,395,178)	(460,862,861)	Includes Rate Increases
8	% Deductions	-83.91%	-82.72%	-82.30%	-86.48%	-86.95%	Includes Rate Increases
Net Patient Revenue							
		47,170,899	46,594,309	45,162,760	61,177,817	69,182,734	
Supplemental & Non-Patient Revenue							
9	IGT Revenues	17,824,040	13,887,912	10,436,480	8,608,944	14,538,957	
10	Other Operating Rev Incl DSH	2,467,079	9,005,213	6,106,437	5,693,553	5,847,800	
11	Clinic Net Revenues	268,589	188,916	0	0	0	
12	Tax Subsidies Measure D	2,358,293	2,393,627	2,516,922	2,858,198	2,963,926	
13	Tax Subsidies Prop 13	1,384,656	1,368,731	1,710,620	1,800,000	1,854,000	
14	Tax Subsidies -Other	193,913	108,763	149,804	141,461	135,000	
15	Total Non-Patient Revenue	24,496,570	26,953,162	20,920,263	19,102,156	25,339,683	
Total Operating Revenue							
		71,667,469	73,547,471	66,083,023	80,279,973	94,522,416	
Expenses							
16	Salaries and Wages	35,294,707	37,250,689	37,501,904	41,243,799	44,627,513	8.2%
17	Fringe Benefits	8,429,724	9,032,491	10,282,665	10,140,194	11,024,500	8.7%
18	Contract Labor	1,279,534	714,190	1,378,626	1,255,245	910,917	-27.4%
19	Physicians Fees	2,959,573	3,982,298	4,209,399	4,200,220	4,382,772	4.3%
20	Purchased Services	6,166,280	8,296,048	9,268,035	11,450,105	12,515,534	9.3%
21	Supply Expense	8,226,210	9,012,301	10,846,597	12,323,037	13,510,749	9.6%
22	Utilities	905,646	968,157	1,107,443	1,329,931	1,381,613	3.9%
23	Repairs and Maintenance	699,894	703,109	1,676,546	951,930	906,764	-4.7%
24	Insurance Expense	1,023,205	1,239,322	1,328,202	1,375,927	1,475,746	7.3%
25	All Other Operating Expenses	851,066	1,928,941	1,785,024	1,083,191	1,187,896	9.7%
26	IGT Expense	704,910	1,313,802	2,068,389	0	1,097,985	0.0%
27	Leases and Rentals	913,805	950,799	953,082	943,951	1,218,127	29.0%
28	1206 (b) CLINIC Expense	1,185,724	1,135,530	409,152	0	0	0.0%
29	Total Operating Expenses	68,640,278	76,527,677	82,815,064	86,297,530	94,240,116	9.2%
EBIDA							
		3,027,191	(2,980,206)	(16,732,041)	(6,017,556)	282,300	
Interest Expense and Depreciation							
30	Depreciation	5,973,693	6,077,964	5,936,648	6,078,380	6,600,523	8.6%
31	Interest Exp and Amortization	5,018,312	5,065,130	5,375,928	4,935,712	5,623,039	13.9%
32	Total Interest & Depreciation	10,992,005	11,143,094	11,312,576	11,014,092	12,223,562	11.0%
Non-Operating Revenue:							
33	Contributions	92,937	333,111	85,447	831,623	5,600,931	Includes Donation - Morongo Band of Mission Indians
34	Tax Subsidies GO Bonds - M-A	8,309,482	8,003,588	7,180,920	7,367,589	7,514,849	
35	Extraordinary losses		(8,274,886)	(7,800)			
	Total Non Operating Rev/(Exp)	8,402,419	61,813	7,258,567	8,199,212	13,115,780	
Total Net Surplus/(Loss)							
		\$437,605	(\$14,061,487)	(\$20,786,050)	(\$8,832,436)	\$1,174,518	
Total Profit Margin							
		0.61%	-19.12%	-31.45%	-11.00%	1.24%	
EBIDA % (Adjusted)							
		4.22%	-4.05%	-25.32%	-7.50%	0.30%	

Changes in Net Interest Expense Include: \$556,561 Previously Omitted from Original Budget and \$101,250 Projected Prime Interest Increase for Line of Credit Interest.

San Gorgonio Memorial Hospital & Healthcare District					PROJECTED	BUDGET
COMBINED BALANCE SHEET		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
ASSETS						
Current Assets						
1	Cash	\$4,175,262	\$12,894,407	\$2,420,953	\$9,680,014	\$13,011,115
2	Accounts Receivable (Net)	8,449,937	7,142,879	7,939,203	9,061,949	8,961,949
3	Inventories	1,668,855	1,789,075	1,776,554	2,433,993	2,190,594
4	Other Receivables	2,723,547	2,753,613	2,282,995	(3,600,886)	1,187,153
5	IGT Receivables	10,058,792	10,877,160	902,000	0	0
6	All Other Current Assets	353,247	288,583	21,485	1,000,753	999,621
7	Total Current Assets	27,429,640	35,745,717	15,343,190	18,575,823	26,350,431
Assets with Limited Use						
8	Total Limited Use Assets	8,671,080	9,305,009	9,846,366	12,546,077	13,946,077
Other Assets						
9	Unamortized Loan Costs	1,474,000	759,389	645,507	614,440	770,039
Property Plant & Equipment		168,081,679	160,586,314	160,963,318	163,761,830	170,558,566
10	Less Accumulated Depreciation	(71,081,214)	(77,151,389)	(83,087,287)	(89,145,667)	(95,746,190)
11	Net PPE	97,000,465	83,434,925	77,876,031	74,616,163	74,812,376
12	Interest Net Assets of Sys Fdn	646,319	496,107	551,194	5,500,000	500,000
Total Assets		\$135,221,504	\$129,741,147	\$104,262,288	\$111,852,503	\$116,378,923
LIABILITIES AND FUND BALANCE						
Current Liabilities						
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
13	Accounts Payable -Operating	\$5,057,334	\$5,316,508	\$10,897,079	\$9,418,151	\$9,382,099
14	Accrued Payroll Benefits	3,051,669	4,124,703	4,865,852	5,597,026	4,834,773
15	Current Portion L-Term Debt	2,095,000	2,335,000	2,640,000	2,830,000	3,477,119
16	Third Party Settlements	732,545	2,435,348			
17	Bank Line of Credit	0	6,000,000	0	12,000,000	12,000,000
18	Accrued Interest Payable	2,055,146	2,020,229	1,945,116	1,890,661	2,253,256
19	Accounts Payable - Advance	0	322,211	402,258	387,388	0
20	Total Current Liabilities	12,991,694	22,553,999	20,750,305	32,123,226	31,947,247
Long Term Debt		110,739,214	110,448,326	107,559,211	104,877,314	113,405,195
Borrowing Re: State Transition to CY					2,231,628	2,231,628
Total Liabilities		123,730,908	133,002,325	128,309,516	139,232,168	147,584,070
21	Fund Balance	11,490,596	(3,261,179)	(24,047,228)	(27,379,664)	(31,205,146)
Total Liabilities and Fund Balance		\$135,221,504	\$129,741,146	\$104,262,288	\$111,852,503	\$116,378,923

CASH FLOW STATEMENT - Abbreviated (Excluding G.O Bonds Taxes & Related Debt Service)				PROJECTED	BUDGET	
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
1	Cash: Beginning Balances	\$6,308,962	\$4,175,262	\$12,894,407	\$2,420,953	\$9,680,014
	Receipts					
2	Pt Collections	49,278,795	48,188,723	50,511,153	63,950,228	66,672,207
3	Taxes (Non- Debt Service)	3,936,862	3,871,121	4,377,346	4,799,659	4,952,926
4	IGT & Other Supplemental (Net)	17,041,777	15,562,609	12,198,786	11,534,697	15,834,823
5	PY IGT or DSH Repay	(732,545)	(829,750)	(2,366,760)		
6	IGT Deposit for Future Yr					(1,600,000)
7	Supplemental Loans (QIP)				2,231,627	
8	Revenue Bond for Siemens Project			2,350,000		
9	Revenue Bonds to Restricted			(2,035,000)		
10	Bridge Loan Financing					8,449,538
11	Equipment Grant		52,112		360,000	0
12	Increases (Decr.) in LOC Principal Owed		6,000,000	(6,000,000)	12,000,000	0
13	Foundation Capital Funding	92,937	333,111	85,447	831,623	5,600,931
14	Other Receipts & Interco T-fers	2,467,079	10,128,133	7,898,096	4,368,659	6,612,695
15	Total Receipts	72,084,905	83,306,059	67,019,068	100,076,493	106,523,120
	Disbursements					
16	Payroll/ Benefits	43,962,904	45,210,146	47,043,419	53,986,195	55,652,013
17	Other Operating Costs	29,158,465	28,227,118	28,896,744	36,490,901	38,965,864
18	Capital Spending	517,242	787,310	377,004	1,610,000	7,196,736
19	Line of Credit Interest	117,924	342,836	314,009	280,042	564,792
20	Other, Incl.Loan Repayments	462,070	19,504	861,346	450,294	812,614
21	Total Disbursements	74,218,605	74,586,914	77,492,522	92,817,432	103,192,019
22	Total Change in Cash	(2,133,700)	8,719,145	(10,473,454)	7,259,061	3,331,101
23	Ending Balances	\$4,175,262	\$12,894,407	\$2,420,953	\$9,680,014	\$13,011,115
24	Goal - Cash on Hand	\$4,000,000	\$4,000,000	\$11,344,529	\$11,821,579	\$12,909,605
25	LOC Balance	\$0	\$6,000,000	\$0	\$12,000,000	\$12,000,000

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT BUDGET

2023 BUDGET

				PROJECTED	BUDGET
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
CLINIC					
Patient Revenues	\$1,070,095	\$884,112	\$0	\$0	\$0
Deductions From Revenue	801,506	695,196	0	0	0
NET PATIENT REVENUES	268,589	188,916	0	0	0
Operating Expense	1,185,724	1,135,530	409,152	0	0
NET GAIN (LOSS) from CLINIC	(917,135)	(946,614)	(409,152)	0	0
NON CLINIC REVENUES					
Other Operating Revenue	37,445	37,445	39,024	39,024	39,024
Restricted Contributions	92,937	333,111	85,447	831,623	5,600,931
Tax Subsidies Measure D & H	2,358,293	2,393,627	2,516,922	2,858,198	2,963,926
Tax Subsidies for GO Bonds - M-A	8,309,482	8,003,588	7,180,920	7,226,128	7,384,849
Tax Subsidies Prop 13	1,384,656	1,368,731	1,710,620	1,800,000	1,854,000
County Supplemental Funds	193,913	108,763	149,804	141,461	130,000
TOTAL DISTRICT REVENUES	12,376,726	12,245,265	11,682,737	12,896,434	17,972,730
EXPENSES					
MOB Misc Expense	24,250	23,375	24,106	27,237	28,000
Legal & Other Purchased Services	25	0	248,006	86,080	85,250
All Other Operating Expenses	362,690	258,594	142,473	327,801	428,000
TOTAL OPERATING EXPENSES	386,965	281,969	414,585	441,118	541,250
DISTRICT Gains before Deprec. & Intere	11,989,761	11,963,296	11,268,152	12,455,316	17,431,480
Depreciation	5,973,693	6,077,964	5,936,648	6,078,380	6,600,523
Interest & Amortization Exp	5,018,312	5,065,130	5,375,928	4,935,712	5,623,039
NET GAIN (LOSS) from District	997,756	820,202	(44,424)	1,441,224	5,207,918
NET INCOME COMBINED DISTRICT	\$80,621	(\$126,412)	(\$453,576)	\$1,441,224	\$5,207,918
DISTRICT OPERATING CASH	\$3,126,083	\$2,544,822	\$762,594	\$969,554	\$866,074

TAB G



San Geronio Memorial Hospital

2023 Benefits Renewal &
Marketing Results Discussion

August 29, 2022



Agenda

- I. 2023 Financial Overview & Marketing Summary
- II. Medical Claims Experience & Utilization
- III. Renewal & Marketing Results
 - Medical
 - Dental & Vision
- IV. Ancillary Benefits & Point Solution Proposals
- V. Timeline & Next Steps
- VI. Appendix
 - Employee Contributions



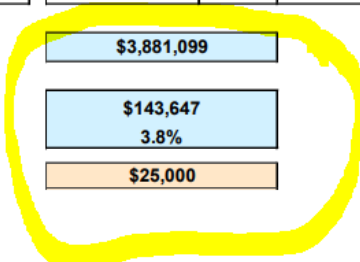
2023 Renewal Results

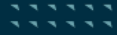
Coverage	Decision/Outcome
Medical - Anthem	<ul style="list-style-type: none"> ▪ Initial overall renewal was +13.1% <ul style="list-style-type: none"> ○ The HMO plan received +13% (experience rated) and the PPO plans received +14.5% (non-experience rated) ○ Alliant underwriters prepared markup of Anthem's renewal using historical claims data, projected trend (7.25% medical, 8.75% pharmacy), pooling charges and capitation to get to a modified rate action of +10.3% ○ Conducted comprehensive marketing and received competitive proposals from Aetna and UHC to help with renewal negotiations ▪ Alliant was able to negotiate renewal to +4% for all plans <ul style="list-style-type: none"> ○ \$25,000 wellness fund included
Dental - United Concordia	<ul style="list-style-type: none"> ▪ Initial overall renewal was +3.8% <ul style="list-style-type: none"> ○ The DPPO received +5% (experience rated) and DHMO received a rate pass (non-experience rated) ○ Conducted comprehensive marketing and received competitive fully insured and self-insured proposals from Delta Dental, Ameritas and Guardian to help with renewal negotiations ▪ Alliant was able to negotiate the DPPO renewal to +3%, giving an overall +2.3% increase
Vision - Anthem	<ul style="list-style-type: none"> ▪ Vision received a rate pass ▪ Conducted limited marketing to vendors using VSP network
Life & Disability - Anthem	<ul style="list-style-type: none"> ▪ Life and Disability benefits are in a rate guarantee
EAP - MHN	<ul style="list-style-type: none"> ▪ EAP is in a rate guarantee through 6/2023



2023 Renewal Financial Overview

Line of Coverage	Lives	2022			2023			2023			2023		
		Current	Initial Renewal	% Δ	PEPY	Negotiated Renewal	% Δ	PEPY	Negotiated Anthem / VSP Option	% Δ	PEPY		
Medical HMO - Anthem	260	\$3,106,213	\$3,510,017	13.0%	\$13,500	\$3,230,463	4.0%	\$12,425	\$3,230,463	4.0%	\$12,425		
Medical Classic PPO - Anthem	14	\$244,507	\$279,960	14.5%	\$19,997	\$254,288	4.0%	\$18,163	\$254,288	4.0%	\$18,163		
Medical Solution PPO - Anthem	7	\$104,625	\$119,795	14.5%	\$17,114	\$108,810	4.0%	\$15,544	\$108,810	4.0%	\$15,544		
Dental HMO - United Concordia	128	\$46,782	\$46,782	0.0%	\$365	\$46,782	0.0%	\$365	\$46,782	0.0%	\$365		
Dental PPO - United Concordia	164	\$140,999	\$148,045	5.0%	\$903	\$145,233	3.0%	\$886	\$145,233	3.0%	\$886		
Vision - Anthem	274	\$32,535	\$32,535	0.0%	\$119	\$32,535	0.0%	\$119	VSP \$33,733	3.7%	\$123		
Basic Life and AD&D - Anthem	416	\$52,473	\$52,473	0.0%	\$126	Rate Guarantee \$52,473	0.0%	\$126	Rate Guarantee \$52,473	0.0%	\$126		
Long Term Disability - Anthem	416	\$9,317	\$9,317	0.0%	\$22	Rate Guarantee \$9,317	0.0%	\$22	Rate Guarantee \$9,317	0.0%	\$22		
TOTAL ANNUAL PREMIUM		\$3,737,451	\$4,198,925			\$3,879,901			\$3,881,099				
ANNUAL DOLLAR CHANGE			\$461,473			\$142,450			\$143,647				
ANNUAL PERCENTAGE CHANGE			12.3%			3.8%			3.8%				
BONUS: Wellness Fund		\$25,000	\$25,000			\$25,000			\$25,000				





2023 Marketing Results

Medical Marketing List	Decision/Outcome
United HealthCare	<ul style="list-style-type: none"> Competitive medical quote received with an overall decrease of -1.2%
Aetna	<ul style="list-style-type: none"> Competitive medical quote received with an overall increase of +0.8%
Blue Shield	<ul style="list-style-type: none"> Uncompetitive medical quote received with an overall increase of +18.0%
Cigna	<ul style="list-style-type: none"> Declined to quote

Dental & Vision Marketing List	Decision/Outcome
Delta Dental	<ul style="list-style-type: none"> Competitive dental quote received with an overall decrease of -8.6% (FI)
Ameritas	<ul style="list-style-type: none"> Competitive dental quote received with an overall decrease of -8.6% (FI); -14.1% (SF) Vision quoted with VSP network came in at a +30.6% increase
Guardian	<ul style="list-style-type: none"> Competitive dental quote received with an overall decrease of -0.7% (FI); -10.5% (SF) Vision quoted with VSP network came in at a +28.7% increase
VSP	<ul style="list-style-type: none"> Vision quoted with VSP direct carrier came in at +3.7%
Principal	<ul style="list-style-type: none"> Declined to quote



Anthem Utilization by Top 25 Facility Providers

Outpatient Facility In-Network Provider Name and Location	Unique Claimants	Visits	Paid Amount	Paid Per Claimant	Percent of Total
SAN GORGONIO MEMORIAL HOSPITAL - BANNING,CA	101	149	\$23,780	\$767	16.2%
MORENO VALLEY DIALYSIS - MORENO VALLEY,CA	*	25	\$20,707	*	14.1%
DESERT REGIONAL MEDICAL CENTER - PALM SPRINGS,CA	*	4	\$17,326	*	11.8%
LOMA LINDA UNIVERSITY MEDICAL CENTER - LOMA LINDA,CA	36	117	\$13,016	\$1,859	8.9%
REDLANDS COMMUNITY HOSPITAL - SN BERNRNO,CA	13	17	\$10,972	\$2,743	7.5%
RAI CARE CENTERS OF ST PETERSBURG LLC - ST PETERSBURG,FL	*	24	\$9,229	*	6.3%
RADY CHILDRENS HOSPITAL SAN DIEGO - SAN DIEGO,CA	*	7	\$8,670	*	5.9%
RIVERSIDE COMMUNITY HOSPITAL - RIVERSIDE,CA	*	3	\$8,072	*	5.5%
RIVERSIDE MEDICAL CLINIC SURGERY CENTER - RIVERSIDE,CA	*	1	\$4,836	*	3.3%
LOMA LINDA UNIVERSITY CHILDRENS HOSPITAL - LOS ANGELES,CA	*	12	\$4,754	*	3.2%
TRI CITY MEDICAL CENTER - OCEANSIDE,CA	*	1	\$3,412	*	2.3%
SPRING VALLEY HOSPITAL MEDICAL CENTER - LAS VEGAS,NV	*	1	\$3,110	*	2.1%
HOAG MEMORIAL HOSPITAL PRESBYTERIAN - SALT LAKE CTY,UT	*	2	\$2,723	*	1.9%
INLAND SURGERY CENTER - REDLANDS,CA	*	4	\$2,285	*	1.6%
SOUTHWEST HEALTHCARE SYSTEM WILDOMAR - WILDOMAR,CA	*	2	\$2,136	*	1.5%
AFFINITY GROUP LLC - DSRT HOT SPGS,CA	*	4	\$2,029	*	1.4%
SOUTHWEST HEALTHCARE SYSTEM MURRIETA - MURRIETA,CA	*	1	\$2,024	*	1.4%
ROPER ST FRANCIS HOSPITAL BERKELEY INC - MONCKS CORNER,SC	*	1	\$1,629	*	1.1%
LOMA LINDA UNIVERSITY MEDICAL CENTER MURRIETA - MURRIETA,CA	*	2	\$1,587	*	1.1%
EISENHOWER MEDICAL CENTER - RANCHO MIRAGE,CA	*	6	\$1,380	*	0.9%
MENIFEE GLOBAL MEDICAL CENTER - SUN CITY,CA	*	1	\$1,323	*	0.9%
SAN ANTONIO REGIONAL HOSPITAL - UPLAND,CA	*	2	\$809	*	0.6%
FOUNTAIN VALLEY REGIONAL HOSPITAL AND MEDICAL CENT - FOUNTAIN VLY,CA	*	3	\$322	*	0.2%
REGIONS HOSPITAL - SAINT PAUL,MN	*	1	\$284	*	0.2%
HEMET GLOBAL MEDICAL CENTER - HEMET,CA	*	3	\$105	*	0.1%
ALL OTHER PROVIDERS	22	35	\$51	\$17	0.0%
Total Outpatient Facility In-Network	172	430	\$146,568	\$2,290	100.0%

Alliant Insurance Services



LifeBalance: Wellbeing Focused Discount Program



- Customized, localized wellbeing discount platform encompassing employee mental, physical and emotional health
- Savings on:
 - A wide variety of fitness activities
 - **Stress relief and mental wellbeing**
 - Outdoor recreation and family fun
 - Education, **child and eldercare**
 - Travel and entertainment
 - **Financial wellbeing**
 - **Pet Services**
 - Consumer goods (technology, electronics, etc.)
- Servicing 2 million members nationwide
- Cost: \$0.60 PEPM >> **Alliant will pay for this service on behalf of SGMH!**

Alliant Insurance Services

LifeBalance:
Wellbeing
Focused Discount
Program

Stress Relief and Mental Wellbeing

- Offer program to supplement existing MHN EAP
- Mental health coaching
- Meditation and mindfulness programs



Childcare Solutions

- Support for working parents
- Childcare / daycare
- Virtual tutoring and education support



Pet Services

- Pet insurance programs
- Pet sitting / boarding
- Grooming
- Food / supplements



Financial Wellbeing

- Loan refinance support
- Financial planning
- Legal and ID theft protection
- Credit and tax services



- Offer single discount platform allowing employees to choose programs that best fit their needs, **OR** implement multiple vendors (see exhibit for direct vendor options)



2023 Timeline

Renewal Timeline	Date	Responsible Party	Status
• Renewal and Census Requests	April 2022	Alliant	<input checked="" type="checkbox"/>
• Renewal Meeting 1: 2023 Strategy Discussion	May 18, 2022	Alliant, SGMH	<input checked="" type="checkbox"/>
• Submit RFP to market, if needed	June 2022	Alliant	<input checked="" type="checkbox"/>
• Renewal & Marketing Results	August 29, 2022	Alliant, SGMH	<input checked="" type="checkbox"/>
• Follow up meeting, if needed	Week of September 5, 2022	Alliant, SGMH	<input type="checkbox"/>
• SGMH Board Meeting	September 6, 2022	SGMH	<input type="checkbox"/>
• Renewal and contribution decisions	September 16, 2022	SGMH	<input type="checkbox"/>
• Notification to Kronos and carriers	September 16, 2022	Alliant	<input type="checkbox"/>
• Benefit Guide & OE PPT Draft/Approval	October 14, 2022	Alliant, SGMH	<input type="checkbox"/>
• OE Announcement and Email Campaigns	October 25-29, 2022	Alliant, SGMH	<input type="checkbox"/>
• Open Enrollment	November 7-23, 2022	Alliant, SGMH	<input type="checkbox"/>
• Onsite Meetings	November 8-10, 2022	Alliant, SGMH, Carriers	<input type="checkbox"/>
• Plan Effective Date	January 1, 2023		<input type="checkbox"/>

TAB H

2022 HOLIDAY GIFT CARDS
DISTRIBUTION Week of November 6TH, 2022

	QUANTITY	LAST YEAR	VALUE
FULL TIME	427	\$100.00	\$42,700.00
PART TIME	60	\$75.00	\$4,500.00
Per Diem	150	\$15.00	\$2,250.00
TOTAL	637		\$49,450.00

TAB I

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

RESOLUTION NO. 2022-08

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A DEPOSIT AND TRANSFER AGREEMENT, A LIMITED OFFERING MEMORANDUM AND A CONTINUING DISCLOSURE CERTIFICATE IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT REVENUE BONDS, SERIES 2022, AND APPROVING CERTAIN OTHER ACTIONS

RESOLVED, by the Board of Directors (the "Board") of San Gorgonio Memorial Healthcare District (the "District"), as follows:

WHEREAS, due to its cash flow needs, the District has determined to finance certain working capital needs of the District (the "Project");

WHEREAS, to finance the Project, the District has determined to issue its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022 (the "Bonds"), pursuant to an indenture (the "Indenture"), by and between the District and U.S. Bank Trust Company, National Association, as trustee;

WHEREAS, the District has issued, and will issue in the future, bonds and other obligations secured by its voter approved *ad valorem* property tax revenues and by its non-voter approved operating *ad valorem* property tax revenues;

WHEREAS, to provide additional security to the owners and holders of the Bonds and other obligations, in addition to a pledge of such tax revenues, as applicable, the District desires to create a "lock box" pursuant to an agreement (the "Deposit and Transfer Agreement") by which such revenues are deposited with an independent agent and applied to the payment of such obligations before any excess funds are transferred to the District;

WHEREAS, in furtherance thereof, the District will direct Riverside County, which collects both the voter approved *ad valorem* property taxes and the non-voter approved operating *ad valorem* property taxes, to remit such tax revenues to U.S. Bank Trust Company, National Association, as agent (the "Agent") and the Agent will (a) transfer the required voter approved *ad valorem* property tax revenues to the paying agent for the obligations secured by voter approved *ad valorem* property taxes (the "Voter Approved Obligations") at such times and in such amounts as are required for payment of the Voter Approved Obligations, and (b) transfer the required non-voter approved *ad valorem* property tax revenues to the trustee for the obligations secured by non-voter approved *ad valorem* property taxes, including the Bonds (the "Non-Voter Approved Obligations"), at such times and in such amounts as are required for payment of the Non-Voter Approved Obligations;

WHEREAS, the District has determined to take all necessary action to accomplish the issuance, sale and delivery of the Bonds; and

WHEREAS, pursuant to section 5852.1 of the Government Code, which became effective on January 1, 2018 by the enactment of Senate Bill 450, certain information relating to the Bonds is set forth in Appendix A attached to this Resolution, and such information is hereby disclosed and made public;

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

Section 1. The issuance of Bonds to finance the Project is hereby authorized and approved.

Section 2. The Indenture, in the form presented to this meeting, is hereby approved. The Chair of the Board, the Vice Chair of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District or their designees (each, an "Authorized Officer"), are hereby authorized and directed, for and in the name of the District, to execute and deliver the Indenture, with such changes, additions and deletions therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the Indenture. The date, maturity dates, interest rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture as finally executed.

Section 3. A bond purchase agreement by and between the District and Hilltop Securities Inc., as purchaser (the "Purchaser"), for the purchase of the Bonds, in the form presented to this meeting (the "Bond Purchase Agreement"), is hereby approved. Any Authorized Officer is hereby authorized and directed for and in the name of the District, to execute and deliver the Bond Purchase Agreement, with such changes, additions and deletions therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement, so long as the principal amount of the Bonds does not exceed \$9,175,000, the final maturity date of the Bonds is not later than October 1, 2042, and the interest rate for the Bonds is not greater than 8.000%.

Section 4. The form of continuing disclosure certificate, in the form presented to this meeting (the "Continuing Disclosure Certificate"), is hereby approved. Any Authorized Officer is hereby authorized and directed for and in the name of the District, to execute and deliver a Continuing Disclosure Certificate in substantially such form, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

Section 5. The Deposit and Transfer Agreement, in the form presented to this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed to execute and deliver the Deposit and Transfer Agreement in substantially said form, with such changes therein as the officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The Board hereby approves and deems final within the meaning of Rule 15c-12 of the Securities Exchange Act of 1934 except for permitted omissions, a limited offering memorandum describing the Bonds in the form presented to this meeting (the "Limited Offering Memorandum"). Distribution of the Limited Offering Memorandum by the Purchaser to prospective purchasers of the Bonds is hereby approved. Any Authorized Officer is hereby authorized to execute the final form of the Limited Offering Memorandum.

Section 7. The Bonds shall be executed by the manual or facsimile signature of any Authorized Officer and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Board, in the form set forth in and otherwise in accordance with the Indenture.

Section 8. The Bonds, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the order of the Purchaser in accordance with written instructions of the District. Said instructions shall provide for the delivery of the Bonds to the order of the Purchaser upon payment of the purchase price thereof.

Section 9. Any Authorized Officer is hereby authorized and directed, for and in the name of the District, to execute and deliver any other document as may be deemed necessary or appropriate to issue the Bonds, such approval to be conclusively evidenced by the execution and delivery of such documents.

Section 10. The Secretary or the Assistant Secretary of the Board is hereby authorized and directed to attest the signature of any Authorized Officer as may be required in connection with the execution and delivery of the Indenture, the Bond Purchase Agreement and the Bonds in accordance with this resolution.

Section 11. This resolution shall take effect immediately upon its passage.

* * * * *

PASSED AND ADOPTED this 6th day of September, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

By _____
Chair, Board of Directors
San Gorgonio Memorial Healthcare District

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the San Gorgonio Memorial Healthcare District held on the 6th day of September, 2022.

By _____
Secretary, Board of Directors
San Gorgonio Memorial Healthcare District

APPENDIX A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

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

- (A) True Interest Cost of the Bonds: 8.1334628%
- (B) Finance Charges (Costs of Issuance): \$285,000.00
- (C) Net Proceeds to be Received for the Bonds: \$8,890,000.00
(net of finance charges)
- (D) Total Payment Amount through Maturity: \$18,616,208.35

The foregoing estimates constitute good faith estimates only.

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

INDENTURE OF TRUST

Dated as of September 1, 2022

by and between the

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

Relating to
San Gorgonio Memorial Healthcare District
(Riverside County, California)
Revenue Bonds, Series 2022

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EXHIBIT A:	FORM OF 2022 BONDS
EXHIBIT B:	FORM OF INVESTOR’S LETTER

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (this "Indenture"), made and entered into and dated as of September 1, 2022, by and between SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, a local health care district of the State of California (the "District"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America and qualified to accept and administer the trusts hereby created (the "Trustee").

WITNESSETH:

WHEREAS, the District has determined that it is in the best interests of the District at this time to issue its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022 (the "2022 Bonds") to finance certain working capital needs of the District;

WHEREAS, the District's obligation to pay the principal of and interest on the 2022 Bonds, the 2021 Bonds (hereinafter defined) and any additional bonds authorized hereunder (the "Bonds") will be secured by a pledge of the District's general purpose operating *ad valorem* property tax revenues (the "Operating Tax Revenues"), and will not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation, other than the Operating Tax Revenues;

WHEREAS, the 2022 Bonds will be on a parity, as to payment and security, with the District's outstanding San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2021 (the "2021 Bonds");

WHEREAS, 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 and sinking fund installments thereof and premium (if any) and interest thereon, the District has authorized the execution and delivery of this Indenture; and

WHEREAS, the District has determined that all acts and proceedings required by law or necessary to make the Bonds, when executed by the District, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the District, 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 WITNESSETH, that in order to secure the payment of the principal and sinking fund installments of, and the interest and premium, if any, on, all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the District does hereby covenant and agree with the Trustee for the benefit of the respective owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

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 any Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless otherwise defined in this Indenture, all terms used herein shall have the meanings assigned to such terms in the Law.

"Additional Bonds" means all Bonds authorized by and at any time Outstanding pursuant to this Indenture and any Supplemental Indenture, other than the 2022 Bonds.

"Additional Project" means any additional working capital needs and additions, extensions, alterations or improvements to the Facilities financed with the proceeds of Additional Bonds.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person.

"Agent" means U.S. Bank Trust Company, National Association, as agent under the Deposit and Transfer Agreement.

"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 Bonds.

"Authorized Denomination" means, with respect to any 2022 Bond, \$250,000 principal amount thereof or any integral multiple of \$5,000 in excess thereof.

"Authorized Representative" means, with respect to the District, the Chair of the Board, the Vice Chair of the Board, the Treasurer of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District, or any other person designated as an Authorized Representative of the District by a Certificate of the District signed by the Chair, the Vice Chair, the Chief Executive Officer or the Chief Financial Officer and filed with the Trustee.

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

"Bond Register" means the books for the registration and transfer of Bonds maintained by the Trustee under Section 2.06 hereof.

"Bond Reserve Fund" means the fund by that name established pursuant to Section 4.04 of this Indenture.

"Bond Reserve Requirement" means, on any date of calculation, an amount equal to 50% of maximum annual debt service on the 2022 Bonds, which amount shall initially be \$465,462.06 on the Closing Date.

"Bond Year" means the period from October 2 through October 1 of the following calendar year as the bond year for the Bonds, except that the first bond year will commence on

the Closing Date and the last bond year will end on the date of payment of the Bonds in full.

"Bonds" means the 2022 Bonds and any Additional Bonds.

"Business Day" means any day other than a Saturday, Sunday, or a day on which banking institutions in the State or in the City of Los Angeles, California, or the City of San Francisco, California, are authorized or obligated by law or executive order to be closed.

"Certificate," "Statement," "Request," "Requisition" and "Order" of the District mean, respectively, a written certificate, statement, request, requisition or order signed in the name of the District by an Authorized Representative of the District. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02 of this Indenture, each such instrument shall include the statements provided for in Section 1.02 of this Indenture.

"Closing Date" means the date on which the Bonds are delivered by the District to the purchaser thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, execution, sale and delivery of the Bonds, including but not limited to filing fees, initial fees and charges of the Trustee, legal fees, financial advisory fees and charges and any other cost, charge or fee in connection with the original delivery of Bonds.

"Costs of Issuance Fund" means the fund so designated and established pursuant to Section 3.02 of this Indenture.

"County" means Riverside County, California.

"Debt Service Fund" means the fund by that name established pursuant to Section 4.02(b) of this Indenture.

"Defeasance Obligations" means: (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America); (b) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clause (a), provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; (c) the interest component of securities issued by the Resolution Funding Corporation which have been stripped by the Federal Reserve Bank of New York in book-entry form; (d) obligations, the interest on which is excluded from gross income for federal or State income tax purposes pursuant to section 93 of the Code and the timely payment of principal of and interest on which is fully provided for by the irrevocable deposit in trust or escrow of cash or obligations described in clause (a) of this definition, and which are rated by S&P and by Moody's in their highest rating categories and the trust or escrow instructions for which cannot be amended to provide for redemption of such obligations prior to the date set forth in the trust or escrow agreement governing such deposit; and (e) obligations issued by agencies of the United States of America which are backed by the full faith and credit of the United States of America.

"Deposit and Transfer Agreement" means the agreement by that name, dated as of September 1, 2022, by and between the District and the Agent.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository pursuant to Section 2.09.

“District” means San Gorgonio Memorial Healthcare District, a local health care district duly organized and existing under the Law.

“Event of Default” means any of the events specified in Section 7.01 of this Indenture.

“Facilities” means (a) the real property owned by the District constituting San Gorgonio Memorial Hospital located in Banning, California, and all buildings, structures and fixtures thereon, and (b) all tangible personal property owned by the District and used on or about such property whether now existing or hereafter constructed, installed or acquired.

“Federal Securities” means (a) Cash and (b) obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including: (i) United States Treasury obligations, (ii) all direct or fully guaranteed obligations, (iii) Farmers Home Administration, (iv) General Services Administration, (v) Guaranteed Title XI financing, (vi) Government National Mortgage Association (GNMA), and (vi) State and Local Government Series.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the District.

“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.

“Independent Counsel” means legal counsel who (a) is independent of and not under the control of the District, (b) does not have any substantial interest, direct or indirect, in the District, and (c) in the case of an individual, is not connected, including through a spouse, with the District as a director, officer or employee of the District, and in the case of a firm, is not connected with the District as a partner, director, officer or employee of the District, but who may be regularly retained by the District.

“Interest Payment Date” means April 1 and October 1 in each year, commencing April 1, 2023.

“Investment Grade” means a rating (a) by S&P of BBB- or higher; or (b) by Moody’s of Baa3 or higher.

“Investor Letter” means a letter, in the form of Exhibit B to this Indenture, to be provided as a condition to any transfer of the 2022 Bonds, pursuant to Section 2.04 hereof.

“Law” means The Local Health Care District Law, constituting Division 23 (commencing with section 32000) of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Mandatory Sinking Account Payment” means, with respect to Bonds of any Series and maturity, the amount required by this Indenture or any Supplemental Indenture to be paid by the District on any single date for the retirement of Term Bonds of such Series and maturity.

“*Moody’s*” means Moody’s Investors Service, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

“*Operating Tax Revenues*” means the District’s non-voter approved general purpose operating *ad valorem* property tax revenues.

“*Opinion of Counsel*” means a written opinion of counsel (who may be counsel for the District) selected by the District. If and to the extent required by the provisions of Section 1.02 of this Indenture, each Opinion of Counsel shall include the statements provided for in Section 1.02 of this Indenture.

“*Outstanding*,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.09 of this Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the District shall have been discharged in accordance with Section 10.02 of this Indenture, including Bonds (or portions of Bonds) referred to in Section 11.10 of this Indenture; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“*Owner*,” whenever used herein with respect to a Bond, means the person in whose name such Bond is registered in the Bond Register.

“*Parity Debt*” means the 2021 Bonds and Additional Bonds issued by the District in accordance with Section 4.05 of this Indenture and secured by a lien on or security interest in Operating Tax Revenues equally and ratably with the obligations of the District hereunder.

“*Permitted Investments*” means any of the following, but only to the extent that the same are acquired at Fair Market Value, provided that the Trustee is entitled to conclusively rely upon any investment direction received by it under this Indenture as a certification that such investment constitutes a Permitted Investment under this Indenture:

(a) Federal Securities.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. U.S. Farmers Home Administration (FmHA)
Certificates of Beneficial Ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration

Participation Certificates

6. Government National Mortgage Association (GNMA or Ginnie Mae)
GNMA—guaranteed mortgage-backed bonds
GNMA—guaranteed pass-through obligations
7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local District Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies which are not backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Participation Certificate
Senior debt obligations
3. Federal National Mortgage Association (FNMA or Fannie Mae)
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or Sallie Mae)
Senior debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System
Consolidated system wide bonds and notes

(d) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, which invest solely in Federal Securities, if rated by S&P, having a rating of AAm-G or higher; and if rated by Moody's having a rating of Aa or higher, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives and collects a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(e) Certificates of deposit or deposit accounts always secured by collateral described in

(a) and/or (b) above. Such certificates must be issued by commercial banks or savings and loan associations (including the Trustee or its affiliates). The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit (including those placed by a third party pursuant to a separate agreement between the District and the Trustee), savings accounts, deposit accounts, time deposits, other deposit products, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, interest bearing money market accounts and bankers' acceptances or money market deposits which are fully insured by FDIC including those of the Trustee or its affiliates.

(g) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

(h) Deposit accounts, certificates of deposit (including those placed by a third party pursuant to a separate agreement between the District and the Trustee), time deposits, demand deposits, other deposit products, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, interest bearing money market accounts, Federal funds or bankers acceptances with a maximum term of 180 days of any bank (including the Trustee or any of its affiliates) which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or better by Moody's and "A-1" or better by S&P.

(i) the Local Agency Investment Fund of the State created pursuant to section 16429.1 of the California Government Code.

"Person" means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Corporate Trust Office" means the corporate trust office of the Trustee located at One California Street, Suite 1000, San Francisco, CA, 94111 Attention: Global Corporate Trust, or such other or additional offices as may be specified to the District by the Trustee; provided that solely for purposes of the presentation or surrender of Bonds for transfer, payment, or exchange, the Principal Corporate Trust Office shall be the designated corporate trust operations or agency offices of the Trustee, initially in St. Paul, Minnesota.

"Project Fund" means the fund so designated and established pursuant to Section 3.03 of this Indenture.

"Record Date" means the fifteenth (15th) calendar day of the month (even if such day is a holiday or not a Business Day) next preceding each Interest Payment Date.

"Redemption Price" means, with respect to any Bond (or portion thereof) the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Indenture.

"S&P" means S&P Global Ratings, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

"Serial Bonds" means the Bonds, falling due by their terms in specified years, for which no Mandatory Sinking Account Payments are provided.

“Series,” whenever used herein with respect to Bonds, means all the Bonds designated as being of the same series, authenticated and delivered in the simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

“Special Record Date” means the date established by the Trustee pursuant to Section 2.02 of this Indenture as the record date for the payment of defaulted interest on the Bonds.

“State” means the State of California.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered between the District and the Trustee supplementing, modifying or amending this Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

“Term Bonds” means the Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of the United States of America, or its successor, as Trustee as provided in Section 8.01 of this Indenture.

“2022 Bonds” or *“2022 Bond”* means the San Geronio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022, issued hereunder.

“2022 Bonds Default Rate” means the then prevailing interest rate per annum plus 3.000%.

“2022 Bonds Original Purchaser” means Hilltop Securities Inc., the first purchaser of the 2022 Bonds upon their authentication and delivery by the Trustee on the Closing Date.

“2022 Project” means the working capital needs of the District.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the District may be based, insofar as it relates to legal, accounting or health facility matters, upon a certificate or opinion of or representation by counsel, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is 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 District) upon a certificate or opinion of or representation by an officer of the District, unless such counsel knows, or in the

exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the District, or the same counsel, as the case may be, need not certify to all the matters required to be certified under any provision of this Indenture, but different officers or counsel may certify to different matters, respectively.

ARTICLE II
THE BONDS

Section 2.01. Authorization of Bonds. Bonds may be issued hereunder from time to time to obtain moneys to carry out the purposes of the District, subject to the express provisions of Sections 3.05 and 3.06 hereof. The maximum principal amount of Bonds which may be issued hereunder is not limited. The Bonds are designated generally as "San Gorgonio Memorial Healthcare District Revenue Bonds," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds. The Bonds may be issued in such Series as from time to time shall be established and authorized by the District, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Issuance of the 2022 Bonds; Terms of the 2022 Bonds.

(a) *Issuance of the 2022 Bonds.* The 2022 Bonds authorized to be issued by the District under and subject to the Law and this Indenture shall be designated the "San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022" and shall be issued in the original aggregate principal amount of nine million one hundred seventy-five thousand dollars (\$9,175,000).

(b) *Terms of the 2022 Bonds.* The 2022 Bonds shall be issued as one bond in fully registered form without coupons. The 2022 Bonds shall mature on October 1, 2042, and shall bear interest at the rate of 8.000% per annum; *provided, however,* that so long as an Event of Default shall have occurred and is continuing, the interest rate may, at the option of the Owner, be increased to the 2022 Bonds Default Rate, as provided in a written notice to the Trustee and the District. Interest shall accrue, whether at the initial rate or the 2022 Bonds Default Rate, on a 30/360 basis; that is by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding based on each month having 30 days.

(c) Interest on the 2022 Bonds (including the final interest payment upon maturity or earlier redemption) shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by wire transfer to an account in the United States of America to the Owner. Such instructions shall remain in effect until rescinded in writing by the Owner. Principal of and redemption premium (if any) on any 2022 Bonds shall be paid upon presentation and surrender thereof, at maturity or redemption, at the Principal Corporate Trust Office. The principal of, interest and premium (if any) on the 2022 Bonds shall be payable in lawful money of the United States of America.

(d) The 2022 Bonds shall be dated as of their date of delivery and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (ii) the 2022 Bonds are authenticated on or before March 15, 2022, in which event they shall bear interest from their date of delivery; *provided, however,* that if, as of the date of authentication of the 2022 Bonds, interest thereon is in default, the 2022 Bonds shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(e) Notwithstanding anything herein to the contrary, if any Interest Payment Date is not a Business Day, payments of principal and interest shall be due on the next succeeding Business

Day with the same force and affect as if such payments were made on the Interest Payment Date.

Section 2.03. Redemption of the 2022 Bonds.

(a) *Optional Redemption.* The 2022 Bonds are subject to optional redemption prior to maturity, in whole or in part on any date on and after October 1, 2032, from any source of funds, by paying a redemption price equal to the aggregate principal amount of 2022 Bonds to be redeemed, together with accrued interest to such date, without premium.

The District may exercise optional redemption by giving written notice to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee) specifying the principal amount of 2022 Bonds to be redeemed.

(b) *Sinking Fund Redemption.* The 2022 Bonds are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the 2022 Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the 2022 Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Trustee and the Owner.

Sinking Account Redemption Date	Principal Amount to be Redeemed	Sinking Account Redemption Date	Principal Amount to be Redeemed
10/1/23	\$160,000	10/1/33	\$220,928
4/1/24	104,862	4/1/34	229,765
10/1/24	109,056	10/1/34	238,956
4/1/25	113,418	4/1/35	248,514
10/1/25	117,955	10/1/35	258,454
4/1/26	122,673	4/1/36	268,793
10/1/26	127,580	10/1/36	279,544
4/1/27	132,684	4/1/37	290,726
10/1/27	137,991	10/1/37	302,355
4/1/28	143,511	4/1/38	314,449
10/1/28	149,251	10/1/38	327,027
4/1/29	155,221	4/1/39	340,108
10/1/29	161,430	10/1/39	353,713
4/1/30	167,887	4/1/40	367,861
10/1/30	174,602	10/1/40	382,576
4/1/31	181,587	4/1/41	397,879
10/1/31	188,850	10/1/41	413,794
4/1/32	196,404	4/1/42	430,346
10/1/32	204,260	10/1/42†	447,559
4/1/33	212,431		

†Maturity

The Trustee shall not be required to give notice to the Owner of the redemption of 2022 Bonds under Section 2.03(b).

(c) *Partial Redemption; Selection.* All or a portion of any 2022 Bond may be redeemed, by lot.

(d) *Notice of Redemption.* Notice of any redemption (provided that notice of redemption shall not be required to be given to the Owner under Section 2.03(b)), shall be given by the Trustee on behalf and at the expense of the District by mailing a copy of a redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Owner of the 2022 Bond or 2022 Bonds to be redeemed at the address shown on the Registration Books; *provided, however,* that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the redemption of the 2022 Bonds.

All notices of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price, (iii) if less than all Outstanding 2022 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2022 Bonds to be redeemed, (iv) that on the redemption date the redemption price will become due and payable with respect to each such 2022 Bond or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date, (v) the place where such 2022 Bonds are to be surrendered for payment of the redemption price, and (vi) in the case of a redemption pursuant to Section 2.02(b), that such notice of redemption is revocable, no later than five days prior to the date set for redemption, notification of such revocation to be provided in the same manner as notice of redemption had been provided. Bonds are not required to be surrendered in connection with sinking fund redemptions and notice of redemption shall not be required in connection with sinking fund redemptions.

Notice of redemption having been given as aforesaid, the 2022 Bonds or portions of the 2022 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) interest with respect to such 2022 Bonds or portions of 2022 Bonds shall cease to accrue and be payable. Upon surrender of such 2022 Bonds for redemption in accordance with said notice, such 2022 Bonds shall be paid by the Trustee at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any 2022 Bond, there shall be prepared for the Owner a new 2022 Bond or 2022 Bonds of the same maturity in the amount of the unpaid principal. All 2022 Bonds which have been redeemed shall be canceled by the Trustee, shall not be reissued, and shall be destroyed pursuant to Section 11.05 of the Indenture.

Section 2.04. Transfer of 2022 Bonds.

(a) Subject to the provisions of this Section 2.04, any 2022 Bond may, in accordance with its terms, be transferred, upon the Registration Books required to be kept pursuant to the provisions of Section 2.06 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2022 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Trustee.

(b) The 2022 Bonds held by any Owner may only be transferred: (i) in Authorized Denominations; and (ii)(a) to a transferee that provides the District and the Trustee with an executed Investor Letter, and which transferee is a "Qualified Institutional Buyer," as defined in Rule 144A of the Securities Act of 1933 (referred to below as a "Qualified Institutional Buyer"), (b) to Harvey Capital, Inc. or a related entity, or (c) a person or entity approved in writing by the District in its reasonable and timely discretion.

Notwithstanding the preceding paragraph, 2022 Bonds in Authorized Denominations may be transferred, and no investor letter is required to be executed, (i) to an Affiliate of an Owner, (ii) to Harvey Capital Corp. or a related entity, or (iii) to a trust or custodial

arrangement sponsored by an Owner or an Affiliate of an Owner that is either (a) a Qualified Institutional Buyer, (b) in which any beneficial interests not retained by the Owner or an Affiliate of the Owner are rated with an Investment Grade rating, so long as in any event written notice of any such transfer is provided to the District and the Trustee, or (c) in which any beneficial interests not retained by the Owner or an affiliate are required to be held by a Qualified Institutional Buyer or an institutional accredited investor as defined in Rule 501(2)(1), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended.

Nothing contained in this Section 2.04(b) shall be deemed to limit or otherwise restrict the sale by any beneficial owner of 2022 Bonds of all or any portion of its beneficial ownership interest in any 2022 Bond; provided that any purchaser of a beneficial ownership interest would otherwise qualify as a transferee of the 2022 Bonds pursuant to either of the preceding paragraphs. For purposes of such preceding paragraphs, the term "Owner" shall be deemed to refer both to the registered owner of the 2022 Bond and any beneficial owner of the 2022 Bond.

(c) The Trustee shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

(d) Whenever any 2022 Bond or 2022 Bonds shall be surrendered for transfer, the District shall execute and the Trustee shall authenticate and deliver a new 2022 Bond or 2022 Bonds, for like principal amount.

(e) No transfers of 2022 Bonds shall be required to be made (i) fifteen days prior to the date established by the Trustee for selection of 2022 Bonds for redemption, or (ii) with respect to a 2022 Bond after such 2022 Bond has been selected for redemption.

Section 2.05. Exchange of 2022 Bonds. 2022 Bonds may be exchanged at the Principal Corporate Trust Office for a like aggregate principal amount of 2022 Bonds of Authorized Denominations. The cost for any services rendered or any expenses incurred by the Trustee in connection with any such exchange shall be paid by the District. The Trustee shall collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of 2022 Bonds shall be required to be made (i) fifteen days prior to the date established by the Trustee for selection of 2022 Bonds for redemption, or (ii) with respect to a 2022 Bond after such 2022 Bond has been selected for redemption.

Section 2.06. Bond Register. The Trustee will keep or cause to be kept, at the Principal Corporate Trust Office sufficient books for the registration and transfer of the Bonds which books shall show the series, number, date, principal amount, rate of interest and last known owner of each Bond and shall at all times be open to inspection by the District during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided.

The District and the Trustee will treat the Owner of any Bond whose name appears on the Bond Register as the absolute Owner of such Bond for any and all purposes, and the District and the Trustee shall not be affected by any notice to the contrary. The District and the Trustee may rely on the address of any Bondowner as it appears in the Bond Register for any and all purposes.

Section 2.07. Temporary 2022 Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be

printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the District, and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Bonds. If the District issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds shall be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Corporate Trust Office or at such other location as the Trustee shall designate, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same series and maturity. Until so exchanged, the temporary 2022 Bonds shall be entitled to the same benefits under to this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.08. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Trustee shall authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and destroyed by the Trustee.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is reasonably satisfactory to the Trustee and indemnity for the District and the Trustee reasonably satisfactory to the Trustee shall be given, the District, at the expense of the Owner, shall execute, and the Trustee shall authenticate and deliver, a new Bond of like tenor, series and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section 2.08 and of the expenses which may be incurred by the District and the Trustee for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section 2.08 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued pursuant to this Indenture.

Section 2.09. Book-Entry Only System. DTC shall act as the initial Depository for the 2022 Bonds. One 2022 Bond shall be initially executed, authenticated, and delivered as set forth herein with a separate fully registered certificate (in print or typewritten form). Upon initial execution, authentication, and delivery, the ownership of the 2022 Bonds shall be registered in the Bond Register kept by the Trustee for the Bonds in the name of Cede & Co., as nominee of DTC or such nominee as DTC shall appoint in writing.

The representatives of the District and the Trustee are hereby authorized to take any and all actions as may be necessary and not inconsistent with this Agreement to qualify the 2022 Bonds for the Depository's book-entry system, including the execution of the Depository's required representation letter.

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, neither the District nor the Trustee shall have any responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds Bonds as Depository from time to time (the "DTC Participants") or to any person for which a DTC Participant acquires an interest in the Bonds (the "Beneficial Owners"). Without limiting the immediately preceding sentence, neither the District nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or

any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Bonds to be redeemed in the event the District elects to redeem the Bonds in part, (iv) the payment to any DTC Participant, any Beneficial Owner, or any other person, other than DTC, of any amount with respect to the principal of or interest on the Bonds, or (v) any consent given or other action taken by the Depository as Owner of the Bonds; except that so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, any Beneficial Owner of \$1,000,000 or more in aggregate principal amount of any series of Bonds who has filed a written request to receive notices, containing such Beneficial Owner's name and address, with the Trustee shall be provided with all notices relating to such Bonds by the Trustee.

Except as set forth above, the Trustee may treat as and deem DTC to be the absolute Owner of each Bond for which DTC is acting as Depository for the purpose of payment of the principal of and interest on, or Accreted Value of, such Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers with respect to such Bonds, and for all purposes whatsoever. The Trustee shall pay all principal of and interest on, or Accreted Value of, the Bonds only to or upon the order of the Owners as shown on the Bond Register, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to the principal of and interest on, the Bonds to the extent of the sums or sums so paid.

No person other than an Owner, as shown on the Bond Register, shall receive a physical Bond. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.04 hereof, references to "Cede & Co." in this Section 2.09 shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to the 2022 Bonds at any time by giving written notice to the Trustee during any time that the 2022 Bonds are Outstanding, and discharging its responsibilities with respect thereto under applicable law. The District may terminate the services of DTC with respect to the 2022 Bonds if it determines that DTC is unable to discharge its responsibilities with respect to the 2022 Bonds or that continuation of the system of book-entry transfers through DTC is not in the best interest of the Beneficial Owners, and the District shall mail notice of such termination to the Trustee.

Upon the termination of the services of DTC as provided in the previous paragraph, and if no substitute Depository willing to undertake the functions hereunder can be found which is willing and able to undertake such functions upon reasonable or customary terms, or if the District determines that it is in the best interest of the Beneficial Owners of the 2022 Bonds that they be able to obtain certificated Bonds, the 2022 Bonds shall no longer be restricted to being registered in the Bond Register of the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or name the Owners shall designate at that time, in accordance with Section 2.06.

To the extent that the Beneficial Owners are designated as the transferee by the Owners, in accordance with Section 2.06 the 2022 Bonds will be delivered to such Beneficial Owners as soon as practicable.

Section 2.10. Execution of the 2022 Bonds. The Chair of the Board or the Chief Executive Officer of the District is hereby authorized and directed to execute each of the 2022 Bonds on behalf of the District, and the Secretary/Treasurer of the Board is hereby authorized and

directed to countersign each of the 2022 Bonds on behalf of the District. The signature of the Chair of the Board or the Chief Executive Officer of the District and the Secretary/Treasurer of the Board may be by printed or otherwise reproduced by facsimile reproduction. In case any officer whose signature appears on the 2022 Bonds shall cease to be such officer before the delivery of the 2022 Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the 2022 Bonds.

Only those Bonds bearing thereon a certificate of authentication in the form provided for herein, executed manually or electronically transmitted and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the 2022 Bonds so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

ARTICLE III

APPLICATION OF PROCEEDS; ADDITIONAL BONDS

Section 3.01. Application of Proceeds of 2022 Bonds. Upon the receipt of payment for the 2022 Bonds on the Closing Date, the Trustee shall apply the proceeds of sale thereof in the amount of \$9,090,000.00 (being equal to the principal amount of the 2022 Bonds of \$9,175,000.00, less \$85,000.00 of discount to the 2022 Bonds Original Purchaser) as follows:

(i) The Trustee shall deposit in the 2022 Costs of Issuance Account the amount of \$200,000.00, which represents the amount necessary for the payment of the Costs of Issuance of the 2022 Bonds;

(ii) The Trustee shall deposit in the 2022 Project Account the amount of \$8,424,537.94, which represents the amount necessary for the payment of the 2022 Project; and

(iii) The Trustee shall deposit in the Bond Reserve Fund, the amount of \$465,462.06, being equal to the Bond Reserve Requirement.

The Trustee may establish such temporary funds or accounts in its records as it may deem appropriate to facilitate such deposits.

Section 3.02. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." Moneys deposited in said fund shall be held in a separate account for each Series of Bonds and shall be used to pay Costs of Issuance of such Series of Bonds upon Requisition of the District stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date six months after the date of issuance of such Series of Bonds, or upon earlier receipt of a Certificate of the District that amounts in said fund are no longer required for the payment of such Costs of Issuance, said fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Interest Account of the Revenue Fund and the Costs of Issuance Fund shall be closed.

Section 3.03. Establishment and Application of Project Fund.

(a) The Trustee shall establish when required and maintain and hold in trust a separate fund designated as the "Project Fund." With respect to the 2022 Project and each Additional Project, the Trustee shall establish and maintain in the Project Fund a separate account designated as the "Project Account" (inserting therein the designation of the 2022 Project or such Additional Project). The moneys in a Project Account shall be used by the District to pay the costs of the project or working capital expenses with respect to which such account was established, including any interest payable during the construction of such construction project, if applicable. Amounts deposited in the 2022 Project Account shall be used solely for payment of costs of the 2022 Project.

(b) Before any payment from a Project Account shall be made, the District shall file or cause to be filed with the Trustee a Requisition of the District stating (i) the name of the person to whom each such payment is due, which may be the District in the case of reimbursement for costs of the Project theretofore paid or to be paid by the District; (ii) the respective amounts to be paid; (iii) the purpose by general classification for which each obligation to be paid was

incurred; and (iv) that each item thereof is a proper charge against such Project Account and has not been previously paid from said account. The Trustee may conclusively rely on the accuracy of each such Requisition and shall have no duty or obligation to verify the content of any Requisition.

(c) When the 2022 Project or an Additional Project for which a separate Project Account has been established shall have been completed, the District shall notify the Trustee of such completion. Any moneys remaining in said account upon such notification shall be transferred and applied upon the written order of the District to the Interest Account of the Revenue Fund and the Project Account shall be closed. The District shall expend, acquire, construct and install the 2022 Project or cause the 2022 Project to be expended, acquired, constructed and installed and shall proceed with due diligence and use its best efforts to cause the construction and/or installation of the 2022 Project to be completed by September 14, 2023, delays beyond the reasonable control of the District only excepted.

Section 3.04. Issuance of Additional Series of Bonds. In addition to the 2022 Bonds, the District may by Supplemental Indenture establish one or more other Series of Bonds, payable from Operating Tax Revenues and secured by the pledge made under this Indenture equally and ratably with Bonds previously issued, and the District may issue, and the Trustee may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the District, but only upon compliance by the District with the provisions of Section 3.05 of this Indenture and any additional requirements set forth in said Supplemental Indenture and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(a) No Event of Default shall have occurred and then be continuing.

(b) The Supplemental Indenture providing for the issuance of such Series shall specify the purposes for which such Series is being issued, which shall be one or more of the following: (i) to provide moneys needed to acquire, install, construct or complete an Additional Project, including reimbursements of any sums advanced by the District for such purposes, by depositing into the Project Account established for such Additional Project the proceeds of such Series to be so applied, (ii) to refund all or part of the 2022 Bonds of any one or more Series then Outstanding, by depositing with the Trustee, in trust, moneys or Defeasance Obligations in the necessary amount to discharge all liability of the District with respect to the Bonds to be refunded as provided in Section 10.02 of this Indenture, or (iii) to fund working capital needs of the District. Such Supplemental Indenture may, but is not required to, provide for the payment of expenses incidental to such purposes, including the costs of issuance of such Series, interest on Bonds of such Series and, in the case of Bonds issued to refund other Bonds, expenses incident to calling, redeeming, paying or otherwise discharging the Bonds to be refunded.

(c) the Bonds of such Series shall be payable as to principal semiannually on April 1 and October 1 in each year in which principal becomes due and shall be payable as to interest semiannually on April 1 and October 1 in each year, except that the first installment of interest may be payable on either April 1 or October 1 and shall be for a period not longer than twelve (12) months.

(d) The aggregate principal amount of Bonds issued hereunder shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(e) The Bonds of such Series shall satisfy the requirements with respect to Additional Bonds set forth in Section 4.05 of this Indenture.

(f) The Bonds of such Series may, but are not required to, fund a reserve fund for such Series.

Nothing in this Section 3.04 or in this Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of Additional Bonds (i) that are subordinate to and are not payable equally or ratably with the Bonds from Operating Tax Revenues, or (ii) from pledging or otherwise providing, in addition to the security given or intended to be given by this Indenture, additional security for the benefit of such Additional Bonds or any portion thereof.

Section 3.05. Proceedings for Issuance of Additional Series of Bonds. Whenever the District shall determine to issue an Additional Bonds pursuant to Section 3.04 of this Indenture, the District shall execute a Supplemental Indenture specifying the principal amount and prescribing the form of such Additional Bonds and providing the manner of sale, terms, conditions, distinctive designation, denominations, methods of numbering, date, maturity date or dates, interest rate or rates (or the manner of determining same), interest payment dates, redemption provisions and place or places of payment of principal or Redemption Price, if any, of and interest on such Bonds, and any other provisions respecting the Additional Bonds not inconsistent with the terms of this Indenture.

Before such Additional Bonds shall be issued and delivered, the District shall file the following documents with the Trustee (upon which the Trustee may conclusively rely in determining whether the conditions precedent to the issuance, authentication and delivery of such Additional Bonds have been satisfied):

(a) An executed copy of the Supplemental Indenture authorizing such Additional Bonds.

(b) A certificate of the District stating that the requirement of Section 3.04(a) of this Indenture is met.

(c) Originals or certified copies of the documents required to be furnished to the Trustee prior to the issuance of Additional Bonds pursuant to Section 4.05 of this Indenture.

(d) An opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that (i) the District has the right and power under the Law or other laws of the State to execute this Indenture and the Supplemental Indenture authorizing the issuance of such Additional Bonds, the Supplemental Indenture satisfies the requirements of Section 3.04(b) and (c) of this Indenture, and this Indenture as supplemented by such Supplemental Indenture has been duly and lawfully executed by the District and enforceable in accordance with its terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and no other authorization for the execution of this Indenture or the Supplemental Indenture is required, (ii) this Indenture as supplemented by such Supplemental Indenture creates the valid pledge of and charge and lien upon the Revenues and other funds which it purports to create, as provided in this Indenture as supplemented by such Supplemental Indenture, subject to the application thereof to the purposes and on the conditions permitted by this Indenture as supplemented by such Supplemental Indenture, (iii) such Additional Bonds are valid and binding special obligations of the District enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights) and the terms of the Law or other laws of the State and this Indenture as supplemented by such Supplemental Indenture and entitled to the benefits of the Law or other laws of the State and this Indenture as supplemented by such Supplemental Indenture, and such Additional Bonds have been duly and validly authorized, executed, issued and delivered

in accordance with the Law or other laws of the State and this Indenture as supplemented by such Supplemental Indenture and (iv) the issuance of such Series will not cause the interest on any Bonds previously issued to become includable in gross income for federal income tax purposes.

Section 3.06. Validity of 2022 Bonds.

(a) The Board has reviewed all proceedings heretofore taken relative to the authorization of the 2022 Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in the issuance of the 2022 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Board is now authorized, pursuant to each and every requirement of the Law to issue the 2022 Bonds in the form and manner provided in this Indenture and the 2022 Bonds shall be entitled to the benefit, protection and security of the provisions of this Indenture.

(b) From and after the issuance of the 2022 Bonds the findings and determinations of the Board respecting the 2022 Bonds shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of the 2022 Bonds is at issue, and no bona fide purchaser of any of the 2022 Bonds shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the proceeds of sale of the 2022 Bonds. The recital contained in the 2022 Bonds that the same are issued pursuant to the Law and this Indenture shall be conclusive evidence of their validity and of the regularity of the issuance and all 2022 Bonds shall be incontestable from and after their issuance. The 2022 Bonds shall be deemed to be issued, within the meaning of this Indenture, whenever the definitive 2022 Bonds (or any temporary 2022 Bonds exchangeable therefor) have been delivered to the purchaser thereof and the proceeds of sale thereof received.

ARTICLE IV

OBLIGATION OF THE DISTRICT; PLEDGE OF OPERATING TAX REVENUES

Section 4.01. Obligation of the District. The District's obligation to pay the principal, sinking fund installments of and interest on the Bonds shall be an obligation payable from Operating Tax Revenues.

The obligation of the District to pay the principal or sinking fund installments and interest on the Bonds from Operating Tax Revenues, to apply Operating Tax Revenues and to perform and observe the other agreements contained herein and the District's pledge of Operating Tax Revenues as herein provided shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the District or the Trustee of any obligation to the District or otherwise with respect to the Facilities, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Trustee. Until such time as all of the principal or sinking fund installments of and interest on the Bonds shall have been fully paid or redeemed, the District (a) will not suspend, abate, or discontinue any payments provided for in Section 4.02 hereof, and (b) will perform and observe all other agreements contained in this Indenture, and (c) will not terminate this Indenture for any cause, including, without limiting the generality of the foregoing, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof, any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Indenture or on account of the sale, lease or closure of the Facilities or change in healthcare service provided at the Facilities.

Section 4.02. Pledge of Operating Tax Revenues; Transfer to Pay the Principal or Sinking Fund Installments of and Interest on the Bonds; Release from Lien.

(a) *Pledge of Operating Tax Revenues.* The District hereby irrevocably and unconditionally agrees that the payment of the principal or sinking fund installments of and interest on the Bonds and any Parity Debt shall be secured by a pledge, charge and first and prior lien upon Operating Tax Revenues, and Operating Tax Revenues sufficient to pay the principal or sinking fund installments of and interest on the Bonds and any Parity Debt as the same shall become due and payable are hereby pledged, charged, assigned, transferred and set over by the District to the Trustee for the purpose of securing payment of the principal or sinking fund installments of, premium, if any, and interest on the Bonds and any Parity Debt. The Operating Tax Revenues shall constitute a trust fund for the security and payment of the principal or sinking fund installments of, premium, if any, and interest on the Bonds held for the benefit of the Owner of the Bonds and any Parity Debt.

(b) *Transfer to Pay the Principal or Sinking Fund Installments of and Interest on the Bonds.* To provide for the payment of the principal or sinking fund installments of, and interest on the Bonds and any Parity Debt when due, the District shall irrevocably direct the County, so long as the Bonds and any Parity Debt are Outstanding, to transfer to a designated account established by the Agent for the District, as collected by the County, all Operating Tax Revenues. For the purpose of receiving Operating Tax Revenues, the Agent shall establish, maintain and hold in trust a separate fund designated as the "Operating Tax Revenue Fund."

With respect to the Bonds and any Parity Debt, from such received Operating Tax Revenues, the Agent shall transfer from the Operating Tax Revenue Fund to the Trustee for

deposit into the Debt Service Fund, which is hereby created, held and maintained in trust with the Trustee, the amount of interest on the Bonds and any Parity Debt coming due on the next succeeding Interest Payment Date, and the amount of principal due on the Bonds and any Parity Debt on the next succeeding Interest Payment Date on which principal or a sinking fund installment is due.

(c) Notwithstanding the foregoing, the District may, at its election, on or before the fifteenth (15th) day of each month, commencing October 15, 2022, pay to the Trustee for deposit in the Debt Service Fund one-sixth (1/6) of the aggregate amount of interest becoming due and payable on the next ensuing Interest Payment Date on all Bonds then Outstanding, until the balance in said account is equal to said aggregate amount of interest, and on or before the fifteenth (15th) day of each month, commencing April 15, 2023, one-sixth (1/6) of the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds plus the aggregate amount of Mandatory Sinking Account Payments required to be paid into the respective Sinking Accounts for Outstanding Term Bonds, in each case during the next ensuing six months, until the balance in said account is equal to said aggregate amount of such principal and Mandatory Sinking Account Payments, all as is required by the Trustee to make the transfers and deposits required by paragraph (b) above

(d) *No Prior Lien.* The District has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Operating Tax Revenues that ranks on a parity with or prior to the pledge granted hereunder other than with respect to the 2021 Bonds.

Section 4.03. Application of Moneys in the Debt Service Fund. All amounts in the Debt Service Fund shall be used and withdrawn by the Trustee solely for the purpose of paying principal or sinking fund installments of, and interest on the Bonds as the same shall become due and payable, in accordance with the provisions of Article II hereof.

Section 4.04. Application of Bond Reserve Fund. All amounts in the Bond Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (a) paying interest on or principal of the 2022 Bonds when due and payable to the extent that moneys deposited in the Debt Service Fund are not sufficient for such purpose, and (b) making the final payments of principal of and interest on the 2022 Bonds. On the date on which all 2022 Bonds shall be retired hereunder or provision made therefor pursuant to Article X, all moneys then on deposit in the Bond Reserve Fund shall be withdrawn by the Trustee and paid to the District.

Amounts in the Bond Reserve Fund shall be valued by the Trustee semi-annually on each March 1 and September 1. If, on any date of computation, moneys and securities on deposit in the Bond Reserve Fund are less than the Bond Reserve Requirement, the Trustee shall notify the District of such deficit and the District covenants and agrees that it will immediately increase the amount therein to the Bond Reserve Requirement. If, on any date of computation, moneys and securities on deposit in the Bond Reserve Fund are in excess of the Bond Reserve Requirement, the Trustee shall notify the District of the amount of such excess and shall, as directed by the District, withdraw all or a portion of such excess amount and transfer such amount to the Debt Service Fund.

Section 4.05. Limitations on Future Obligations Secured by Operating Tax Revenues.

(a) *No Obligations Superior to Bonds.* To protect further the availability of the Operating Tax Revenues and the security for the Bonds and any Parity Debt, the District covenants that no additional bonds or other indebtedness that are payable out of the Operating Tax Revenues in whole or in part will be issued or incurred on a senior basis to the Bonds and any Parity Debt.

(b) *Parity Debt.* Additional obligations may be issued on a parity with the Bonds and any then existing Parity Debt subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Debt, except that the District need not comply with subparagraph (ii) if the proposed Parity Debt is incurred to prepay or post a security deposit for the payment of the Bonds or Parity Debt:

(i) The District shall be in compliance with all covenants set forth in this Indenture.

(ii) The Operating Tax Revenues as shown in the audited financial statements of the District for the latest Fiscal Year prior to the adoption of the instrument issuing such Parity Debt are issued, as shown by the books of the District shall at least equal one hundred ___ percent (1_0%) of the amount of Maximum Annual Debt Service on all Bonds and Parity Debt to be Outstanding immediately subsequent to the issuance of such Parity Debt.

(iii) A reserve fund may, but is not required to be, funded for such Parity Debt.

(c) *Subordinate Debt.* The District further covenants that the District shall not issue or incur any Subordinate Debt unless:

(i) Operating Tax Revenues as shown in the audited financial statements of the District for the latest Fiscal Year prior to the adoption of the resolution pursuant to which instrument such Subordinate Debt is issued or incurred, as shown by the books of the District shall, after deducting all amounts required for the payment of debt service on the Bonds and any Parity Debt, have amounted to at least 1.10 times the sum of the maximum annual debt service on all Subordinate Debt outstanding immediately subsequent to the incurring of such additional obligations.

(ii) Interest with respect to such Subordinate Debt shall be paid on April 15 and October 15.

(iii) Principal with respect to such Subordinate Debt shall be paid on April 15 and October 15.

(iv) A reserve fund may, but is not required to be, funded for such Subordinate Debt.

Section 4.06. Additional Payments. In addition to the principal or sinking fund installments of and interest on the Bonds, the District shall pay when due, from available moneys of the District, all costs and expenses incurred by the District to comply with the provisions of this Indenture, including, without limitation, compensation due to the Trustee for its fees, costs and expenses incurred under this Indenture and all costs and expenses of attorneys, auditors and accountants.

Section 4.07. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts held by the Trustee and established pursuant to this Indenture shall be invested by the Trustee, upon Request of the District, solely in Permitted Investments. Permitted Investments may be purchased at such prices as the Trustee may be directed by the District. All Permitted Investments shall be acquired subject to the limitations set forth in Section 4.08 of this Indenture, the limitations as to maturities hereinafter in this Section 4.07 set forth and such additional limitations or requirements consistent with the foregoing as may be

established by Request of the District. In the absence of any Request of the District to invest, the Trustee shall invest in those Permitted Investments described in clause (d) of the definition thereof, solely pursuant to a standing written instruction from the District delivered prior to the issuance of the Bonds (as may be updated from time to time by the District); provided, however, if no such standing instruction is delivered, the Trustee shall hold such funds uninvested. Moneys in all funds and accounts hereunder shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required by the Trustee.

All interest, profits and other income received from the investment of moneys in any fund or account hereunder shall be deposited when received in the Debt Service Fund. Notwithstanding anything to the contrary contained in this paragraph, an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund or account from which such accrued interest was paid.

The Trustee may commingle any of the funds or accounts established pursuant to this Indenture into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. The Trustee may sell, or present for redemption, any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

The District acknowledges that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District monthly cash transaction statements which shall 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 hereunder.

Section 4.08. Acquisition, Disposition and Valuation of Investments by the District. The District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued at fair market value. In making any valuations of investments hereunder, the Trustee may utilize and rely upon securities pricing services, including those within its regular accounting system.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE DISTRICT

Section 5.01. Representations and Warranties of the District. The District makes the following representations and warranties to the Trustee that as of the date of the execution of this Indenture:

(a) The District is a local health care district duly organized and existing under the laws of the State, has full legal right, power and authority to enter into this Indenture and to carry out and consummate all transactions contemplated by this Indenture, and by proper legislative action has duly authorized the execution and delivery of this Indenture.

(b) The officers of the District executing this Indenture are duly and properly in office and fully authorized to execute the same.

(c) This Indenture has been duly authorized, executed and delivered by the District, and, if executed by the Trustee, constitutes the legal, valid and binding agreement of the District with the Trustee for the benefit of the Owner of the Bonds; except, in all cases, as may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

(d) The execution and delivery of this Indenture, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof will not in any material respect conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) to the knowledge of the District, after reasonable inquiry and investigation, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, trust agreement, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District.

(e) No consent or approval of any trustee, holder of any indebtedness of the District or any other Person, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (other than approvals required to be obtained subsequent to the date hereof with respect to the Project) is necessary in connection with the execution and delivery of this Indenture, the consummation of any transaction herein contemplated, or the fulfillment of or compliance with the terms and conditions hereof, except as have been obtained or made and as are in full force and effect.

(f) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the District, after reasonable inquiry and investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, could have a material adverse effect upon the consummation of the transactions contemplated by or the fulfillment or compliance with the terms and conditions of or the validity or enforceability of this Indenture or upon the financial condition, assets, properties or operations of the District, and the District 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 would constitute a default) with respect to any order or decree of any court or any order, regulation or express 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 this Indenture or the financial condition, assets, properties or operations of the District or its properties. All tax returns (federal, state and local) required to be filed by or on behalf of the District have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, are being actively contested by the District 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 (g) of this Section 5.01. The District enjoys the peaceful and undisturbed possession of all the premises upon which it is operating health care facilities.

(g) No information, exhibit or report furnished by the District in connection with the execution of this Indenture contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The District shall punctually pay or cause to be paid the principal or Redemption Price and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Indenture, according to the true intent and meaning thereof, and shall punctually pay or cause to be paid all Mandatory Sinking Account Payments, but only out of Operating Tax Revenues and other assets available for such payment as provided in this Indenture.

Section 6.02. Extension of Payment of Bonds. The District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any or claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section 6.02 shall be deemed to limit the right of the District to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.03. Accounting Records and Financial Statements Relating to the Bonds. The Trustee shall always keep, or cause to be kept, proper books of record and account, prepared in accordance with the Trustee's accounting practices for books of record and account relating to similar trust accounts, in which sufficient entries shall be made of all transactions relating to the proceeds of Bonds and all funds and accounts established pursuant to this Indenture and held by the Trustee. Such books of record and account shall be available for inspection by the District and any Owner, or his agent or representative duly authorized in writing, upon prior written notice and at reasonable hours and under reasonable circumstances.

Section 6.04. Waiver of Laws. The District shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the District to the extent permitted by law.

Section 6.05. No Arbitrage. The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2022 Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the 2022 Bonds would have caused the 2022 Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

Section 6.06. Private Activity Bond Limitation. The District shall assure that the proceeds of the 2022 Bonds are not so used as to cause the 2022 Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 6.07. Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the 2022 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 6.08. Rebate Requirement. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the 2022 Bonds.

Section 6.09. Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest on the 2022 Bonds from the gross income of the Owner to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the 2022 Bonds.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 7.01. Events of Default. The following events shall be Events of Default:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise, or default in the redemption from any Sinking Account of any Term Bonds in the amounts and at the times provided therefor;

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

(c) default in the due and punctual payment of the amounts required by Section 4.02 of this Indenture in the amounts and at the times provided therefor;

(d) if any representation or warranty made by the District herein or in any document, instrument or certificate furnishes to the Trustee or to the initial purchaser(s) of the Bonds in connection with the execution and delivery of the Bonds shall at any time prove to have been incorrect in any material respect as of the time made;

(e) if the District shall fail to observe or perform any covenant, condition, agreement or provision in this Indenture on its part to be observed or performed, other than as referred to in subsection (a), (b), (c) or (d) of this Section 7.01, or shall breach any warranty by the District herein contained, for a period of thirty (30) days after written notice, specifying such failure or breach and requesting that it be remedied, has been given to the District by the Trustee; except that, if such failure or breach can be remedied but not within such thirty (30) day period and if the District has taken all action reasonably possible to remedy such failure or breach within such thirty (30) day period, such failure or breach shall not become an Event of Default for so long as the District shall diligently proceed to remedy same in accordance with and subject to any directions or limitations of time established by the Trustee within sixty (60) days;

(f) if any default shall exist under any agreement governing any Parity Debt and such default shall continue beyond the grace period, if any, provided for with respect to such default, or if the debt service payments on any Indebtedness which is not Parity Debt are accelerated;

(g) if a final judgment for the payment of money in excess of two million dollars (\$2,000,000) (not covered by insurance) shall be rendered against the District and the same shall remain undischarged for a period of one hundred twenty (120) days during which the execution of such judgment shall not be effectively stayed;

(h) if the District files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the Facilities;

(i) if a court of competent jurisdiction shall enter an order, judgment or decree declaring the District an insolvent or adjudging it bankrupt, or appointing a trustee or receiver of the District or of the whole or any substantial part of the Facilities, or approving a petition filed

against the District seeking reorganization of the District under any applicable bankruptcy or insolvency law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof; or

(j) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of the Facilities, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control.

Section 7.02. Remedies Upon an Event of Default. Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon the written request of Owners of not less than 51% of the aggregate principal amount of Bonds then Outstanding, and upon being indemnified to its satisfaction, shall:

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

(b) bring suit upon the defaulted Bonds.

(c) by suit, action or proceeding in equity, enjoin any acts or things which are unlawful, or the violation of any of the Owners' rights.

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

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights 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.

Section 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, without the requirement of an acceleration, all Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of this Indenture (subject to Sections 4.01 and 13.11 of this Indenture) shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any reasonable expenses necessary in the opinion of the Trustee to protect the interests of the Owner after payment of the fees and expenses (including those previously outstanding) of the Trustee (including the fees and disbursements of its counsel and accountants) incurred in and about the performance of its powers and duties under this Indenture;

(b) To the payment of the principal or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 7.02), as follows:

(i) Unless the principal of all the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Section 7.04. Trustee to Represent Owner. The Trustee is hereby irrevocably appointed (and the successive respective Owner, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owner for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to the Owner under the provisions of the Bonds, this Indenture, the Law, and applicable provisions of any other law; provided, however, the Trustee shall not be obligated to pursue claims relating to the District's violation of any law, rule or regulation under the Securities and Exchange Act of 1933, as amended, but only to the extent the Trustee gives notice to the Owner of its intentions not to pursue such claims. If the Trustee provides the notice described in the preceding sentence, the Trustee shall incur no liability therefor and shall be deemed to be entitled to indemnification by the District. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owner, the Trustee in its discretion may, and upon the written request of the Owner, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owner by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in the Owner under this Indenture, the Law or any other law related hereto; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. If the Trustee shall receive conflicting directions from two or more groups, each satisfying the minimum percentages determined above, the Trustee shall have the right not to follow any such

instructions and shall be deemed entitled to indemnification hereunder. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owner, subject to the provisions of this Indenture (including Section 7.02). Counsel to the Trustee is not counsel to the Owner and communications between the Trustee and its counsel shall be deemed privileged.

Section 7.05. Owner's Direction of Proceedings. The Owner shall have the right, by an instrument or concurrent instruments in writing 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 (a) be otherwise than in accordance with law and the provisions of this Indenture or (b) subject the Trustee to personal liability.

Section 7.06. Limitation on Owner's Right to Sue. The Owner shall have no right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture, the Law or any other applicable law, unless (a) the Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owner shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) the Owner shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have refused or omitted to comply with such request for a period of ten (10) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such 10 day period by the Owner.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by the Owner of any remedy hereunder or under law; it being understood and intended that the Owner shall have any no right in any manner whatever by his, her or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right under this Indenture, the Law or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of the Owner, subject to the provisions of this Indenture (including Section 7.02).

Section 7.07. Absolute Obligation of District. Nothing in Section 7.06 of this Indenture or in any other provision of this Indenture, or in the Bonds, contained shall affect or impair the obligation of the District, which is absolute and unconditional to pay the principal or Redemption Price of and interest on the Bonds to the Owner at their date of maturity, or upon call for redemption, as herein provided, but only out of the Revenues and other assets herein pledged therefor, or affect or impair the right of the Owner, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.08. Termination of Proceedings. In case any proceedings taken by the Trustee or the Owner on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Owner, then in every such case the District, the Trustee and the Owner, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the District, the Trustee and the Owner shall continue as though no such proceedings had been taken.

Section 7.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owner is intended to be exclusive of any other remedy or remedies, and each such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.10. No Waiver of Default. No delay or omission of the Trustee or of the Owner to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Owner may be exercised from time to time and as often as may be deemed expedient.

Section 7.11. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the Trustee, their officers, employees and agents, and the Owner any right, remedy or claim under or by reason of this Indenture, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Trustee, their officers, employees and agents, and the Owner.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied duties shall be read into this Indenture. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The District may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owner (or its attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section 8.01, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee, and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the District and by giving the Owner notice of such resignation by mail at the addresses shown on the Bond Register. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or the Owner may petition any federal court or any other court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, (a) order the District to appoint a successor Trustee, or (b) appoint such successor Trustee. Any successor Trustee appointed under this Indenture, shall signify its acceptance of such appointment by executing and delivering to the District and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the District shall execute and deliver all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance

of appointment by a successor Trustee as provided in this subsection, the District shall give notice of the succession of such Trustee to the trusts hereunder by mail to the Owner at the address shown on the Bond Register. If the District fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the District. The Trustee shall be paid all amounts owing to it concurrent with the receipt by the successor Trustee of the trusts of this Indenture.

(e) Any Trustee appointed under the provisions of this Section 8.01 in succession to the Trustee shall be a bank, corporation or trust company having the powers of a trust company having a corporate trust office in the State, having a combined capital and surplus (or the parent holding company of which has a combined capital and surplus) of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by a federal or state authority. If such bank, corporation or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank, corporation or trust (or holding) company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section 8.01.

Section 8.02. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 8.01 of this Indenture, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee. The recitals of facts herein and in the Bonds contained shall be taken as statements of the District, and the Trustee assumes no responsibility for the correctness of the same and makes no representations as to the validity or sufficiency of this Indenture or of the Bonds or shall incur no responsibility or liability in respect thereof, other than in connection with the express duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of Bonds with the same rights it would have if it were not the Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owner, whether or not such committee shall represent the Owner. The Trustee shall not be deemed to have knowledge of any Event of Default unless and until an officer at the Principal Corporate Trust Office responsible for the administration of its duties hereunder shall have actual knowledge thereof or the Trustee shall have received written notice thereof at the Principal Corporate Trust Office. The Trustee shall not be bound to inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of any default or Event of Default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given or held by it. As used herein, the term "actual knowledge" means the fact or statement of knowing, without any duty to make any investigation with regard thereto.

Section 8.04. Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, requisition, order, certificate, report,

opinion, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Before the Trustee acts or refrains from acting, the Trustee may consult with counsel, who may be counsel of or to the District, regarding legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accord therewith.

Whenever in the administration of the trusts imposed upon it by 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 be deemed to be conclusively proved and established by a Certificate of the District, and such Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

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.

Before taking any action under this Article VIII or Article IX 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.

The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Bonds outstanding relating to the exercise of any right, power or remedy available to the Trustee.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

No provision of this Indenture shall require the Trustee to risk or advance its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the District and any Owner, and their agents and representatives duly authorize in writing, upon prior written notice and at reasonable hours and under reasonable conditions.

Section 8.06. Compensation of Trustee. Absent any agreement to the contrary, the District covenants to pay to the Trustee from time to time, but only out of Operating Tax Revenues, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the

Trustee, and the District will pay or reimburse the Trustee promptly upon its request, but only out of Operating Tax Revenues, 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 but regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct.

Section 8.07. Indemnification. The District covenants, to the extent permitted by law, to indemnify the Trustee, its officers, directors, employees and agents and to hold it harmless against any loss, liability, expenses or advance, including fees and expenses of counsel and other experts, incurred or made without negligence or willful misconduct on the part of the Trustee, in the exercise and performance of any of the powers and duties hereunder by the Trustee, including the costs and expenses of defending itself against or investigating any claim of liability arising under this Indenture. The provisions of Section 8.06 and this Section 8.07 shall survive the removal or resignation of the Trustee or the termination of this Indenture.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 9.01. Amendments Permitted.

(a) This Indenture and the rights and obligations of the District, the Owner and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the District and the Trustee may enter into with the written consent of the Owner filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owner shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section 9.01. No such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in this Indenture for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owner of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Owner of the lien created by this Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owner. It shall not be necessary for the consent of the Owner to approve the form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the adoption by the District of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture to the Owner at the address shown on the Bond Register. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of the District, of the Trustee and of the Owner may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the District and the Trustee may enter without the consent of the Owner but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the District in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the District, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Owner;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the District may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the interests of the Owner;

(iii) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect and to add such other terms, conditions and

provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owner;

(iv) to provide for the issuance of a Series of Bonds, and to provide the terms and conditions under which such bonds may be issued, subject to and in accordance with the provisions of Article III of this Indenture; and

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

(c) The Trustee may in its discretion, but shall not be obligated to, enter any such Supplemental Indenture which materially affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to entering into any Supplemental Indenture, the Trustee may require the District to file with it an opinion of counsel of recognized standing in the field of law relating to municipal bonds, to the effect that the execution and delivery of such Supplemental Indenture by the Trustee and the District (i) is in compliance with the terms and conditions hereof and (ii) will not cause interest on any Bonds Outstanding to become includable in gross income for federal income tax purposes.

Section 9.02. Effect of Supplemental Indenture. From and after the time any Supplemental Indenture becomes effective pursuant to this Article IX, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the District, the Trustee and the Owner shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article IX may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the District and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for the purpose at the Principal Corporate Trust Office or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the District and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the District and authenticated by the Trustee, and upon demand of the Owner shall be exchanged at the Principal Corporate Trust Office, without cost to the Owner, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same Series and maturity.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article IX shall not prevent any Owner from accepting any amendment as to the Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. All or a portion of the Bonds of any Series may be paid by the District in any of the following ways; provided that the District also pays or causes to be paid any other sums payable hereunder by the District and related to the respective Series:

(a) by paying or causing to be paid the principal or Redemption Price of and interest on Bonds Outstanding of the Series, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03 of this Indenture) to pay or redeem Bonds Outstanding of the Series; or

(c) by delivering to the Trustee, for cancellation by it, Bonds Outstanding of the Series.

If the District shall pay all Series for which any Bonds are Outstanding and shall also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (evidenced by a Certificate of the District, filed with the Trustee, signifying the intention of the District to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the District under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03 of this Indenture) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bonds), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Article IV of this Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease, terminate and be completely discharged, and the Owner thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04 of this Indenture and the continuing duties of the Trustee hereunder including, without limitation, the provisions of Section 2.05 and Section 2.06 of this Indenture.

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

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 securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Article IV of this Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) cash and/or Defeasance Obligations, the principal of and interest on which when due will provide money sufficient in the opinion of a certified public accountant to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article IV of this Indenture provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the District) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

Section 10.04. Payment of Bonds After Discharge of Indenture. Any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for the period which is one year less than the statutory escheat period after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or the period which is one year less than the statutory escheat period after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, be repaid to the District free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the District as aforesaid, the Trustee may (at the cost of the District) first mail to the Owner at the address shown on the Bond Register a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of District Limited to Operating Tax Revenues. Notwithstanding anything contained in this Indenture or in the Bonds, the District shall not be required to advance any moneys derived from any source other than the Operating Tax Revenues and any other available moneys of the District under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal or sinking fund installments of, redemption premium, if any, or interest on the Bonds or for any other purpose of this Indenture.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties and Owner. 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 District, the Trustee and the Owner 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 District, the Trustee and the Owner of the Bonds.

Section 11.04. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the District of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds, and, upon request, deliver a certificate of such destruction to the District.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bond shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The District hereby declares that it would have entered this Indenture and each other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notice. All written notices to be given under this Indenture shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon actual receipt.

If to the District: San Geronio Memorial Healthcare District
600 North Highland Springs Avenue
Banning, CA 92220
Attention: Chief Executive Officer
Phone: (951) 769-2102

If to the Trustee: U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust
Phone: (415) 677-3622

Section 11.08. Evidence of Rights of Owner. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Owner may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by the Owner in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the District if made in the manner provided in this Section 11.08.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Bond Register.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in accordance therewith or in reliance thereon.

Section 11.09. Disqualified Bonds. In determining whether the Owner 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 or held by or for the account of the District, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with the District or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; except that in determining whether the Trustee shall be protected in relying upon any such demand, request, direction, consent or waiver of an Owner, only Bonds which the Trustee actually knows to be owned or held shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 11.09 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or

indirect common control with, the District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the District shall specify to the Trustee those Bonds disqualified pursuant to this Section 11.09 and the Trustee may conclusively rely on such certificate.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the principal or sinking fund installments of, redemption premium, if any, or interest due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owner of the Bonds entitled thereto, subject, however, to the provisions of Section 11.04 of this Indenture but without any liability for the interest thereon.

Section 11.11. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

Section 11.12. Article and Section Headings and References. 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.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 11.12. Waiver of Personal Liability. No Board member, officer, agent or employee of the District shall be individually or personally liable for the payment of principal or sinking fund installments of, redemption premium, if any, or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such Board member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

Section 11.14. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of counterparts shall for all purposes be deemed to be an original; and all such counterparts or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.15. Force Majeure. From the effective date of this Indenture, the Trustee, or any successor in interest, shall not be considered in breach of or in default in its obligations with respect to any obligations created hereunder or progress in respect thereto, in the event of delay) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot,

inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the 2022 Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Section 11.16. Electronic Communications. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means. “Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder; provided, however, that the District shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s reasonable understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures

Section 11.17. Governing Law. This Indenture shall be governed by the laws of the State of California.

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IN WITNESS WHEREOF, SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT has caused this Indenture to be signed in its name by its Chief Executive Officer and U.S. Bank Trust Company, National Association, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its name by one of its authorized officers, all as of the day and year first above written.

SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT

By _____
Steven Barron
Chief Executive Officer

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Signatory

EXHIBIT A
FORM OF 2022 BOND

STATE OF CALIFORNIA
RIVERSIDE COUNTY

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
Revenue Bond, Series 2022

THE TRANSFER OF THIS BOND IS SUBJECT TO RESTRICTIONS SET FORTH IN THE INDENTURE (HEREINAFTER DEFINED), A COPY OF WHICH IS AVAILABLE FROM THE DISTRICT OR THROUGH THE ELECTRONIC MUNICIPAL MARKET ACCESS PORTAL ([HTTPS://EMMA.MSRB.ORG/](https://emma.msrb.org/)). BY ACCEPTING THIS BOND, THE HOLDER HEREOF ACKNOWLEDGES SUCH RESTRICTIONS AND AGREES TO TRANSFER THIS SECURITY ONLY (A) IN COMPLIANCE WITH RULE 144A UNDER THE ACT, TO A PERSON WHO THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER OR AN INSTITUTIONAL ACCREDITED INVESTOR, AND WHO HAS DELIVERED TO THE TRUSTEE A LETTER IN THE FORM OF EXHIBIT B TO THE INDENTURE, (B) IN CONJUNCTION WITH A REGISTRATION UNDER THE ACT (WHICH NEITHER THE TRUSTEE NOR THE DISTRICT IS OBLIGATED TO UNDERTAKE, EXCEPT AS SPECIFICALLY SET FORTH IN THE INDENTURE), OR (C) IN COMPLIANCE WITH AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENT. EXCEPT IN THE CASE OF (A) ABOVE, EITHER THE DISTRICT AND/OR THE TRUSTEE MAY REQUIRE AN OPINION OF COUNSEL OR OTHER DOCUMENTATION AS A CONDITION TO TRANSFER.

INTEREST RATE	MATURITY DATE	DATED DATE
8.000%*	October 1, 2042	September 14, 2022

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE MILLION ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

The SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, a local health care district, duly organized and existing under the laws of the State of California (herein called the "District"), for value received, hereby promises to pay (but only out of the Operating Tax Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount stated above, in lawful money of the United States of America; and to pay interest thereon in like lawful money from the Interest Payment Date (as herein defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before September 15, 2022, in which event it shall bear interest from the Dated Date stated above) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each April 1 and October 1,

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

commencing April 1, 2023 (each, an “Interest Payment Date”). The principal (or redemption price) hereof is payable at the Principal Corporate Trust Office (as such term is defined in the hereinafter defined Indenture) of U.S. Bank Trust Company, National Association (together with any successor trustee under the Indenture, the “Trustee”). Interest hereon is payable by the Trustee on each Interest Payment Date to the Registered Owner as of the fifteenth (15th) day of the month preceding each Interest Payment Date (except as otherwise provided in the Indenture with respect to defaulted interest) by wire transfer in immediately available funds to an account in the United States of America designated by the Registered Owner. Interest on the Bonds (hereinafter defined) shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

This Bond is one of a duly authorized issue of bonds of the District designated as “San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds” (herein called the “Bonds”), unlimited in aggregate principal amount, except as otherwise provided in the Indenture hereinafter mentioned, which issue consists or may consist of one or more series of varying dates, maturities, interest rates, redemption and other provisions, all issued pursuant to the provisions of The Local Health Care District Law, constituting Division 23 of the California Health and Safety Code (herein called the “Law”), and pursuant to an indenture, dated as of September 1, 2022, by and between the District and the Trustee (the “Indenture”)

This Bond is also one of a duly authorized series of Bonds designated “San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022 (herein called the “2022 Bonds”), in the aggregate principal amount of nine million one hundred seventy-five thousand dollars (\$9,175,000) issued to (a) finance certain working capital needs of the District, (b) fund a reserve fund for the 2022 Bonds, and (c) pay the costs of issuance of the 2022 Bonds.

The 2022 Bonds are secured on a parity with the District’s outstanding San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2021.

Reference is hereby made to the Indenture (a copy of which is on file at the Principal Corporate Trust Office of the Trustee) and all indentures supplemental thereto and to the Law for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the District thereunder, to all the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds are subject to optional redemption prior to maturity, in whole or in part on any date on and after October 1, 2032, from any source of funds, by paying a redemption price equal to the aggregate principal amount of Bonds to be redeemed, together with accrued interest to such date, without premium.

The Bonds are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Trustee and the Purchaser.

Sinking Account Redemption Date	Principal Amount to be Redeemed	Sinking Account Redemption Date	Principal Amount to be Redeemed
10/1/23	\$160,000	10/1/33	\$220,928
4/1/24	104,862	4/1/34	229,765
10/1/24	109,056	10/1/34	238,956
4/1/25	113,418	4/1/35	248,514
10/1/25	117,955	10/1/35	258,454
4/1/26	122,673	4/1/36	268,793
10/1/26	127,580	10/1/36	279,544
4/1/27	132,684	4/1/37	290,726
10/1/27	137,991	10/1/37	302,355
4/1/28	143,511	4/1/38	314,449
10/1/28	149,251	10/1/38	327,027
4/1/29	155,221	4/1/39	340,108
10/1/29	161,430	10/1/39	353,713
4/1/30	167,887	4/1/40	367,861
10/1/30	174,602	10/1/40	382,576
4/1/31	181,587	4/1/41	397,879
10/1/31	188,850	10/1/41	413,794
4/1/32	196,404	4/1/42	430,346
10/1/32	204,260	10/1/42	447,559
4/1/33	212,431		

†Maturity

The Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer new Bonds, of the same series and maturity for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

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

The Bonds are issuable as one fully registered bond in the total principal amount thereof. Subject to the limitations provided in the Indenture, Bonds may be exchanged, at said corporate trust office of the Trustee, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity.

The Indenture and the rights and obligations of the District and of the registered owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (i) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for in the Indenture for the payment of this maturity of Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest hereon, or reduce any premium payable upon the redemption hereof, without the consent of the registered owner hereof, or (ii) reduce the percentage of Bonds the consent of the registered owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Operating Tax Revenues (as that term is defined in the Indenture) and other assets pledged as security for the Bonds prior to or on a parity with the lien created by the Indenture, or deprive the registered owners of the Bonds of the lien created by the Indenture on such Operating Tax Revenues and other assets (except as expressly provided in the Indenture), without the consent of the registered owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

The Bonds and the interest thereon are payable from Operating Tax Revenues and are secured by a pledge and assignment of said Operating Tax Revenues and of amounts held in the funds and accounts established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are limited obligations of the District and are not a lien or charge upon the funds or property of the District, except to the extent of the aforementioned pledge and assignment. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Law and by the Constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by the Law, or by the Constitution and laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

IN WITNESS WHEREOF, the San Gorgonio Memorial Healthcare District has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the Chair of the Board of Directors and attested by the facsimile signature of its Secretary of the Board of Directors, all as of the dated date identified above.

SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT

By _____
Chair, Board of Directors

Attest:

Secretary, Board of Directors

FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and registered on the registration books of the Trustee.

Dated:

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoints(s)

attorney, to transfer the same on the Bond register of the Trustee with full power of substitution in the premises.

Dated: _____

Signature:

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

Signature Guaranteed:

Note: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchanges Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallions Securities Program ("MSP") or an "eligible guarantor."

EXHIBIT B
FORM OF PURCHASER LETTER

San Gorgonio Memorial Healthcare District
Banning, California

U.S. Bank Trust Company, National Association
San Francisco, California

Re: San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue
Bonds, Series 2022

Ladies and Gentlemen:

The undersigned authorized representative of _____ (the "Purchaser"), being the purchaser of the above-referenced bonds (the "Bonds") does hereby certify, represent and warrant for the benefit of the San Gorgonio Memorial Healthcare District (the "District") and U.S. Bank Trust Company, National Association (the "Trustee") that:

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

(b) The Purchaser is

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

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

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

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

(d) The Purchaser is purchasing the Bonds for its own account and without any present intention of distributing or selling any interest therein or portion thereof, provided that the Purchaser shall have the right at any time to assign, transfer or convey the Bonds or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the District unless and until the Purchaser has delivered to the District written notice thereof that discloses the name and address of the assignee and such assignment, transfer or conveyance shall be made only to (i) an affiliate of the Purchaser; or (ii) one or more banks,

insurance companies or similar financial institutions or their affiliates. Nothing herein or in any other document relating to the Bonds shall limit the right of the Purchaser or its assignees to sell or assign participation interests in the Bonds to one or more entities listed in (i) or (ii), provided that any participation, custodial or similar agreement under which multiple ownership interests in the Bonds are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single entity, owner, servicer or other fiduciary or agent acting on behalf of all of the assignees to act on their behalf with respect to the rights and interests of the Purchaser under the Bonds, including with respect to the exercise of rights and remedies of the Purchaser on behalf of such owners upon the occurrence of an event of default hereunder.

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

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, dated as of September 1, 2022, by and between the District and the Trustee.

[PURCHASER]

By _____
Name _____
Title _____

\$9,175,000
SAN GORGONIO MEMIORIAL HEALTHCARE DISTRICT
(Riverside County, California)
Revenue Bonds, Series 2022

BOND PURCHASE AGREEMENT

September 6, 2022

San Gorgonio Memorial Healthcare District
600 North Highland Springs Avenue
Banning, CA 92220

Ladies and Gentlemen:

The undersigned, Hilltop Securities Inc., as purchaser (the "Purchaser") offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the San Gorgonio Memorial Healthcare District (the "District"), which, upon acceptance, will be binding upon the District and the Purchaser. This offer is made subject to the District'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 by the Purchaser to the District at any time prior to acceptance. The undersigned Purchaser has been duly authorized to execute this Bond Purchase Agreement on behalf of the Purchaser and to act hereunder.

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

The District hereby acknowledges receipt from the Purchaser of disclosures required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012), relating to disclosures concerning the Purchaser's role in the transaction, disclosures concerning the Purchaser's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

1. Purchase, Sale and Delivery of the Bonds.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Purchaser hereby agrees to purchase from the District, and the District hereby agrees to sell to the Purchaser, all (but not less than all) of \$9,175,000 aggregate principal amount of San Geronio Memorial Healthcare District Revenue Bonds, Series 2022 (the "Bonds"), dated as of the date of their delivery, bearing interest and maturing on the date and in the amount set forth on Exhibit A attached hereto. The purchase price for the Bonds shall be \$9,090,000.00 (which consists of the principal amount of the Bonds of \$9,175,000.00, less a Purchaser's discount of \$85,000.00).

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in that certain Indenture, dated as of September 1, 2022 (the "Indenture"), between the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The Bonds shall be limited obligations of the District payable from Operating Tax Revenues (as that term is defined in the Indenture) and secured by a pledge and assignment of the Operating Tax Revenues and of amounts held in the funds and accounts established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are authorized pursuant to the provisions of The Local Health Care District Law, constituting Division 23 of the California Health and Safety Code (the "Law"), the Indenture and a resolution adopted by the Board of Directors of the District on September 6, 2022 (the "Resolution").

(c) The proceeds from the sale of the Bonds will be used to (i) finance certain working capital needs of the District, (ii) fund a reserve fund for the Bonds, and (iii) to pay the costs of issuance of the Bonds.

(d) At 9:00 A.M., Pacific Daylight time, on September 14, 2022, or at such earlier or later time or date as shall be agreed by the District and the Purchaser (such time and date being herein referred to as the "Closing Date"), the District will direct the Trustee to deliver the Bonds to The Depository Trust Company ("DTC") in New York, New York (or to the Trustee in the event of a Fast Automated Securities Transaction ("F.A.S.T.)), for the account of the Purchaser (or at such other location as may be designated by the Purchaser), the Bonds in the form of a separate single fully-registered Bond for each of the Bond maturities (all Bonds being typewritten and bearing CUSIP numbers), duly executed by the District and authenticated by the Trustee, and in Larkspur, California, and the other documents herein mentioned; and the Purchaser will accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a) of this Section 1 by wire transfer, payable in immediately available funds (such delivery and payment being herein referred to as the "Closing"). The Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Notwithstanding the foregoing, neither the failure to place CUSIP numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds on the Closing Date in accordance with the terms of this Bond Purchase Agreement. The District hereby acknowledges that the Purchaser is purchasing the Bonds for immediate resale to a "Qualified Institutional Buyer" (the "Qualified Institutional Buyer"), as defined in Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"), on the Closing Date.

(e) Concurrently with its acceptance hereof, or as soon as practicable but within the time period specified below, the District will deliver to the Purchaser a limited offering memorandum

with respect to the Bonds, dated the date hereof (such limited offering memorandum, together with all appendices thereto and any amendments or supplements thereto, is hereinafter referred to as the "Limited Offering Memorandum"). The District hereby authorizes the use by the Purchaser of the Indenture and the Limited Offering Memorandum and the information contained therein in connection with the offering and sale of the Bonds. The District has heretofore "deemed final" the Limited Offering Memorandum so as to enable the Purchaser to comply with the provisions of paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The District hereby agrees to provide to the Purchaser within seven business days of the date hereof sufficient copies of the Limited Offering Memorandum to enable the Purchaser to comply with the requirements of paragraph (b)(4) of Rule 15c2-12 of the Securities and Exchange Commission and with the requirements of Rule G-32 and Rule G-36 of the Municipal Securities Rulemaking Board.

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

(a) The District is and will be at the Closing Date duly organized and existing under the Constitution and laws of the State of California as a local health care district with the full power and authority to issue the Bonds, and to carry out and consummate the transactions contemplated by this Bond Purchase Agreement, the Indenture, the Limited Offering Memorandum and the Continuing Disclosure Certificate of the District, dated the Closing Date (the "Disclosure Certificate");

(b) When delivered to and paid for by the Purchaser at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding limited obligations of the District in conformity with, and entitled to the benefit and security of, the Indenture;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has ratified or authorized the distribution of the Limited Offering Memorandum, authorized and approved the execution and delivery of, and the performance by the District of the obligations on its part contained in the Bonds, the Indenture, this Bond Purchase Agreement and the Disclosure Certificate;

(d) 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 or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, (ii) in any way contesting or affecting the validity of the Bonds, any proceedings of the District taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, the completeness or accuracy of the Limited Offering Memorandum, or the existence or powers of the District relating to the issuance of the Bonds, or (iii) which, if determined adversely to the interests of the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Indenture, the Disclosure Certificate, the Limited Offering Memorandum or this Bond Purchase Agreement or on the financial condition, properties or operations of the District or which in any way could materially adversely affect the availability of Operating Tax Revenues;

(e) The execution and delivery of the Bonds, the Indenture, the Disclosure Certificate and this Bond Purchase Agreement, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof will not conflict with or constitute a violation or breach of or default (with due notice or

the passage of time or both) under 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 District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Bond Purchase Agreement or the financial condition, properties or operations of the District or its properties;

(f) The District is not in breach or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions described in the Indenture, the Disclosure Certificate, this Bond Purchase Agreement or the Limited Offering Memorandum, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a default or an event of default under any such instrument;

(g) Both at the time of acceptance hereof by the District, and at the Closing Date, the Limited Offering Memorandum does or will not contain any untrue statement of a material fact or omit any statement or information concerning the District which is necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect;

(h) If between the date of this Bond Purchase Agreement and 90 days following the Closing Date any event shall occur which might or would cause the Limited Offering Memorandum to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Purchaser and if, in the opinion of the Purchaser, such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the District will supplement or amend the Limited Offering Memorandum in a form and in a manner approved by the Purchaser, provided all expenses thereby incurred will be paid by the District. If the Limited Offering Memorandum is so supplemented or amended prior to the Closing, such approval by the Purchaser of a supplement or amendment to the Limited Offering Memorandum shall not preclude the Purchaser from thereafter terminating this Bond Purchase Agreement, and if the Limited Offering Memorandum is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Purchaser may terminate this Bond Purchase Agreement by notification to the District at any time prior to the Closing if, in the reasonable judgment of the Purchaser, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds.

(i) The District has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operation or condition, financial or otherwise, of the District since June 30, 2021, which is not described in the Limited Offering Memorandum, whether or not arising from transactions in the ordinary course of business;

(j) Between the date hereof and the date of the Closing, the District will not, without the prior written consent of the Purchaser, except as described in or contemplated by the Limited

Offering Memorandum, incur any material liabilities, direct or contingent, other than in the ordinary course of business;

(k) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations hereunder or under the Indenture, the Disclosure Certificate or the consummation of the transactions described in the Limited Offering Memorandum have been or will be duly obtained and no further consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Bonds or the consummation by the District of the other transactions described in this Bond Purchase Agreement and the Limited Offering Memorandum, except as such may be required under the state securities or Blue Sky laws in connection with the distribution of the Bonds by the Purchaser (as to which no representation or warranty is given by the District);

(l) After the Closing, the District will (a) not participate in the issuance of any amendment of or supplement to the Limited Offering Memorandum to which, after being furnished with a copy, the Purchaser shall reasonably object in writing or which shall be disapproved by its counsel and (b) for so long as the Purchaser is obligated by Rule 15c2-12 to deliver Limited Offering Memorandums to prospective purchasers, if any event relating to or affecting the District or its present or proposed facilities shall occur as a result of which it is necessary, in the opinion of counsel for the Purchaser, to amend or supplement the Limited Offering Memorandum in order to make the Limited Offering Memorandum not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Purchaser (at the expense of the District for 25 days from the date of Closing, and thereafter at the expense of the Purchaser) a reasonable number of copies of an amendment of or supplement to the Limited Offering Memorandum (in form and substance satisfactory to counsel for the Purchaser) which will amend or supplement the Limited Offering Memorandum so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Limited Offering Memorandum is delivered to a purchaser, not misleading. For the purposes of this subsection, the District will furnish such information with respect to itself and its present and proposed facilities as the Purchaser may from time to time reasonably request. Unless otherwise notified by the Purchaser, the District can assume that the underwriting period (as defined in Rule 15c2-12) ends on the Closing Date;

(m) The District will furnish such information, execute such instruments and take such other action in cooperation with the Purchaser as the Purchaser may reasonably request in order for the Purchaser (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Purchaser may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such state and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the District be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject;

(n) The combined audited financial statements of the District for the fiscal year ended June 30, 2021 which are summarized in the Limited Offering Memorandum (and included in Appendix B thereto), present fairly and accurately the financial condition and operations of the District for that period in accordance with generally accepted accounting principles and on a basis consistent with past accounting practices reflected in the prior fiscal year's audited financial statements; and

(o) Except as described in the Limited Offering Memorandum, the District has complied, in all material respect, with all continuing disclosure obligations it has undertaken, and which have been in effect for the past five years.

The execution and delivery of this Bond Purchase Agreement by the District shall constitute a representation by the District to the Purchaser that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided that as to all matters of law the District is relying on the advice of counsel to the District; and provided further that no member of the governing body of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Representations and Agreements of the Purchaser. The Purchaser represents and covenants to and agrees with the District that:

(a) The Purchaser is a corporation duly organized and validly existing under the laws of the State of Delaware.

(b) The Purchaser has all necessary power and authority to enter into this Bond Purchase Agreement and to purchase the Bonds for immediate resale to the Qualified Institutional Buyer, and has duly authorized, executed and delivered this Bond Purchase Agreement;

(c) The Purchaser has freely and voluntarily agreed to the terms, provisions and undertakings set forth in this Bond Purchase Agreement;

(d) The Purchaser acknowledges that the Bonds (i) are not being registered under the Securities Act and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, and (ii) will not be listed on any stock or other securities exchange, (iii) are not expected to be assigned a rating;

(e) The Purchaser (i) is a dealer registered pursuant to section 15 of the Securities Exchange Act of 1934 and is a "qualified institutional buyer" as defined in Rule 144A of the Securities Act, (ii) has agreed to serve the limited role of dealer intermediary and riskless principal by purchasing the Bonds for the purpose of immediate resale to the Qualified Institutional Buyer, and (iii) is making no recommendation to the Qualified Institutional Buyer concerning an investment in the Bonds; and

(f) The Purchaser agrees to indemnify, defend and hold harmless the District with respect to any claim, loss, liability, action, judgment, cost and expense (including reasonable attorneys' fees and costs) asserted against or suffered or incurred by the District in respect of the Bonds or any investment therein to the extent it is brought by a person or entity that acquired any Bonds (or any interest in any Bonds) from the Purchaser in violation of the provisions of Section 2.04 of the Indenture.

4. 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 District 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 District made in any certificates or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Limited Offering Memorandum, the Indenture, this Bond Purchase Agreement and the Disclosure Certificate shall be in full force and effect in the form heretofore submitted to the Purchaser, with only such changes as shall be agreed to in writing by the Purchaser, and there shall have been taken in connection with the issuance 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, shall be necessary and appropriate;

(b) At the Closing Date, the Limited Offering Memorandum, the Indenture, this Bond Purchase Agreement and the Disclosure Certificate shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Purchaser;

(c) Between the date hereof and the Closing Date, the market price or marketability, at the initial offering prices set forth in the Limited Offering Memorandum, of the Bonds shall not have been materially adversely affected, in the judgment of the Purchaser, by reason of any of the following:

(1) legislation shall have been enacted by the Congress of the United States or the Legislature of the State of California or favorably reported thereto for passage by any Committee to which such legislation has been referred for consideration or be pending before any such Committee or shall have been recommended to the Congress of the United States for passage by the President of the United States or recommended to the Legislature of the State of California for passage by the Governor of the State of California, or a decision shall have been rendered by a court of the United States, including the Tax Court of the United States, or of the State of California, or a ruling or an official release shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service or other federal or State of California authority having jurisdiction over tax matters, with respect to federal or State of California taxation upon revenues or other income of the District or upon interest on obligations of the general character of the Bonds, or other actions or events shall have transpired that would, in the reasonable judgment of the Purchaser, have the purpose or effect, directly or indirectly, of changing the federal or State of California tax consequences of any of the transactions contemplated in connection herewith and that in the reasonable judgment of the Purchaser, affects materially and adversely (i) the market price or marketability of the Bonds or (ii) the ability of the Purchaser to enforce contracts for the sale of the Bonds;

(2) legislation shall have been enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of competent jurisdiction or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement 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 obligations of the general character of the Bonds, or the Bonds, including any or all underlying obligations, are not exempt from registration under the Securities Act, that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), or that the issuance, offering or sale of the Bonds, including any or all underlying obligations, is or would be in violation of the federal securities laws as amended and then in effect or that suspends the use of the Limited Offering Memorandum or any supplement thereto or any proceeding for such purpose shall have been initiated or threatened in any such court or by any such authority;

(3) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or the engagement in major hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government of or the financial community in the United States;

(4) 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;

(5) 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, Purchaser;

(6) any event occurring, or information becoming known which, in the reasonable judgment of the Purchaser, makes untrue in any material respect any statement or information contained in the Limited Offering Memorandum, or has the effect that the Limited Offering Memorandum contains any untrue statement of 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; or

(7) an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency relating to Circular 230 (31 C.F.R. part 10) is issued, made or proposed, that, in the judgment of the Purchaser, affects materially and adversely the market for the Bonds or the market price generally of obligations of the general character of the Bonds.

(d) 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:

(1) Copies of the Indenture and the Disclosure Certificate, 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;

(2) An approving opinion, dated the Closing Date and addressed to the District, of Quint & Thimmig LLP, Bond Counsel, in substantially the form attached as Appendix D to the Limited Offering Memorandum, together with letters from said Bond Counsel authorizing the Purchaser and the Trustee to rely on said opinion, and a supplemental opinion in form acceptable to the Purchaser and the District, dated the Closing Date and addressed to the Purchaser and the District, to the effect that:

(i) the Bond Purchase Agreement has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by the Purchaser, is a valid and binding obligation of the District, subject to laws relating to bankruptcy, insolvency, reorganization arrangement, fraudulent conveyance, moratorium or other laws affecting creditors' rights generally, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against a local health care district in the State of California;

(ii) the statements contained in the Limited Offering Memorandum in the sections thereof entitled: "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," "EXHIBIT C—SUMMARY OF PRINCIPAL LEGAL DOCUMENTS," and "EXHIBIT D—FORM OF FINAL OPINION OF BOND COUNSEL," insofar as such statements expressly summarize certain provisions of the Bonds, the Indenture, the Disclosure Certificate and Bond Counsel's opinion concerning certain tax matters are accurate in all material respects; and

(iii) the Bonds are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(3) An opinion dated the Closing Date and addressed to the District and the Purchaser, of McDougal Love Boehmer Foley Lyon & Mitchell, a professional corporation, counsel to the District, in substantially the form attached hereto as Exhibit B.

(4) A certificate of the Chief Executive Officer of the District, or such other officer as is acceptable to the Purchaser, dated the Closing Date, to the effect that the representations and agreements of the District contained herein are true and correct in all material respects as of the Closing Date, and:

(i) no litigation is pending or, to the knowledge of such officer, threatened (a) to restrain or enjoin the issuance or delivery of any of the Bonds or the collection of Operating Tax Revenues pledged under the Indenture, (b) in any way contesting or affecting the authority for the issuance of the Bonds or the validity of the Bonds, the Indenture, the Disclosure Certificate or this Bond Purchase Agreement, or (c) in any way contesting the existence or powers of the District;

(ii) no event affecting the District has occurred since the date of the Limited Offering Memorandum which would cause as of the Closing Date any statement or information contained in the Limited Offering Memorandum to contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading;

(iii) since June 30, 2021, no material and adverse change has occurred in the financial position or results of operations of the District other than as is set forth in the Limited Offering Memorandum;

(iv) the District has not, since June 30, 2021, incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Limited Offering Memorandum; and

(v) no proceedings are pending or threatened (1) in any way contesting or affecting the District's status as a local health care district or (2) to subject any income of the District to federal income taxation;

(5) A certified copy of the Resolution authorizing the execution and delivery of the Bonds, the Indenture, the Disclosure Certificate, the Bond Purchase Agreement and the Limited Offering Memorandum and authorizing distribution of the Limited Offering Memorandum;

(6) An opinion of counsel to the Trustee in form and substance satisfactory to the Purchaser and Bond Counsel;

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

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

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

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

(iv) The execution and delivery of the Indenture and the authentication and delivery of 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, articles of association, 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;

(v) 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;

(8) An opinion of counsel to the Purchaser in form and substance satisfactory to the Purchaser; and

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

If the District shall be unable to satisfy the conditions to the Purchaser's obligations contained in this Bond Purchase Agreement or if the Purchaser's obligations shall be terminated for any reason permitted herein, this Bond Purchase Agreement shall terminate and neither the Purchaser nor the District shall have any further obligation hereunder.

5. Indemnification. To the extent permitted by law, the District agrees to indemnify and hold harmless the Purchaser and each person, if any, who controls (as such term is defined in section 15 of the Securities Act) the Purchaser against any and all losses, claims, damages, liabilities and expenses (i) arising out of any statement or information in the Limited Offering Memorandum that is or is alleged to be untrue or incorrect in any material respect or the omission or alleged omission therefrom of any statement or information that should be stated therein or that is necessary to make the statements therein not misleading in any material respect, and (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the District; provided, however, that in no event shall this indemnification agreement inure to the benefit of the Purchaser (or any person controlling the Purchaser) on account of any losses, claims, damages, liabilities or actions founded on any untrue statement or omission contained in the Limited Offering Memorandum arising from the sale of the Bonds upon the public offering to any person by the Purchaser if such losses, claims, damages, liabilities or actions arise out of, or are based upon, an untrue statement or omission or alleged untrue statement or omission which is the basis of the loss, claim, damage, liability or action for which indemnification is sought and a copy of the Limited Offering Memorandum had not been sent or given to such person at or prior to confirmation of such sale to him or her, unless such failure to deliver the Limited Offering Memorandum was a result of noncompliance by the District with Section 1(e), Section 2(h) or Section 2(l) hereof. In case any claim shall be made, or action brought against the Purchaser or any controlling person based upon the Limited Offering Memorandum for which indemnity may be sought against the District, as provided above, the Purchaser shall promptly notify the District in writing setting forth the particulars of such claim or action and the District shall assume the defense thereof, including the retaining of counsel acceptable to the District and the payment of all expenses. The Purchaser or any such controlling person shall have the right to retain separate counsel in any such action but shall bear the fees and expenses of such counsel unless (i) the District shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include the Purchaser or any controlling person or persons, and the District and the Purchaser or controlling person or persons have been advised by such counsel that one or more legal defenses may be available to it or them which may not be available to the District, in which case the District shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel.

6. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 5 hereof is applicable but for any reason is held to be unavailable from the District, to the extent permitted by law, the District and the Purchaser shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting any contribution received by the District, who may also be liable for contribution) to which the District and the Purchaser may be subject in such proportions that the Purchaser is responsible for that portion represented by the percentage that the underwriting discount set forth in the Limited Offering Memorandum bears to the offering price appearing thereon and the District is responsible for the balance; provided, however, that (i) in no case shall the Purchaser be responsible for any amount in excess of the underwriting discount applicable to the Bonds purchased by the Purchaser pursuant to the Bond Purchase Agreement and (ii) no person guilty of fraudulent misrepresentation (within the meaning of section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 6, each person, if any, who controls the Purchaser within the meaning of the federal securities acts, shall have the same rights to contribution as the Purchaser, each person, if any, who controls the District within the meaning of the federal securities acts and each officer of the District who shall have signed the Limited Offering

Memorandum shall have the same rights to contribution as the District, subject in each case to clauses (i) and (ii) of this Section 6. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section 6, notify such party or parties from whom contribution may be sought, but the omission to so notify such party from whom contribution may be sought shall not relieve the party or parties from whom contribution may be sought from any other obligation or they may have hereunder or otherwise than under this Section 6. No party shall be liable for contribution with respect to any action or claim settled without its consent.

7. Expenses. All reasonable expenses and costs of the District incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Purchaser, including printing costs, fees and expenses of the Trustee, fees and expenses of consultants and reasonable fees and expenses of Bond Counsel and counsel to the District, shall be paid by the District. All fees and expenses to be paid by the District 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, CUSIP Service Bureau charges and California Debt Advisory Commission fees, shall be paid by the Purchaser.

8. Notices. Any notice or other communication to be given to the District under this Bond Purchase Agreement may be given by delivering the same in writing at the District's address set forth above; any notice or other communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing to 2533 South Coast Highway 101, Suite 250, Cardiff, CA 92007 Attention: Mr. Michael Cavanaugh, Managing Director. 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 the District.

9. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement is made solely for the benefit of the District and the Purchaser (including the successors or assigns of the Purchaser), and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties and agreements made by the District in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Purchaser, (ii) delivery of and payment for the Bonds hereunder, and (iii) any termination of this Bond Purchase Agreement.

10. Governing Law. This Bond Purchase Agreement shall be governed by the laws of the State of California.

11. Miscellaneous. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be part hereof.

12. Counterparts. This Bond Purchase Agreement may be signed in two or more counterparts (including counterparts represented by facsimile copies and/or containing facsimile signatures); all such counterparts, when signed by all parties, shall constitute but one single agreement.

Very truly yours,

HILLTOP SECURITIES INC., as Purchaser

By _____
Authorized Officer

Accepted and Agreed to:

SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT

By _____
Chief Executive Officer

EXHIBIT A

MATURITY SCHEDULE

Maturity (October 1)	Principal Amount	Interest Rate	Yield	Price
2042	\$9,175,000	8.000%	8.000%	100.000

REDEMPTION PROVISIONS

Optional Redemption. The Bonds are subject to optional redemption prior to maturity, in whole or in part on any date on and after October 1, 2032, from any source of funds, by paying a redemption price equal to the aggregate principal amount of Bonds to be redeemed, together with accrued interest to such date, without premium

Sinking Fund Redemption. The Bonds are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however,* that if some but not all of the Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Trustee and the Bonds Original Purchaser.

Sinking Account Redemption Date	Principal Amount to be Redeemed	Sinking Account Redemption Date	Principal Amount to be Redeemed
10/1/23	\$160,000	10/1/33	\$220,928
4/1/24	104,862	4/1/34	229,765
10/1/24	109,056	10/1/34	238,956
4/1/25	113,418	4/1/35	248,514
10/1/25	117,955	10/1/35	258,454
4/1/26	122,673	4/1/36	268,793
10/1/26	127,580	10/1/36	279,544
4/1/27	132,684	4/1/37	290,726
10/1/27	137,991	10/1/37	302,355
4/1/28	143,511	4/1/38	314,449
10/1/28	149,251	10/1/38	327,027
4/1/29	155,221	4/1/39	340,108
10/1/29	161,430	10/1/39	353,713
4/1/30	167,887	4/1/40	367,861
10/1/30	174,602	10/1/40	382,576
4/1/31	181,587	4/1/41	397,879
10/1/31	188,850	10/1/41	413,794
4/1/32	196,404	4/1/42	430,346
10/1/32	204,260	10/1/42†	447,559
4/1/33	212,431		

†Maturity

EXHIBIT B

FORM OF OPINION OF COUNSEL TO THE DISTRICT

[Closing Date]

Hilltop Securities Inc.
2533 South Coast Highway 101, Suite 250
Cardiff, CA 92007

Re: \$9,175,0090 San Gorgonio Memorial Healthcare District (Riverside County, California)
Revenue Bonds Series 2022

Ladies and Gentlemen:

We have served as counsel to the San Gorgonio Memorial Healthcare District (the "District") in connection with the issuance of San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds Series 2022 (the "Bonds"), by the District in the aggregate principal amount of \$9,175,000. The Bonds are issued pursuant to the provisions of The Local Health Care District Law, constituting Division 23 (commencing with section 32000) of the California Health and Safety Code and are issued under and secured by an Indenture of Trust, dated as of September 1, 2022 (the "Indenture"), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds are being sold pursuant to a Bond Purchase Agreement, dated September 6, 2022 (the "Bond Purchase Agreement"), between the District and Hilltop Securities Inc., as purchaser, for immediate resale to Harvey Capital, Inc.

The proceeds from the sale of the Bonds will be used to (i) finance certain working capital needs of the District, (ii) fund a reserve fund for the Bonds, and (iii) to pay the costs of issuance of the Bonds.

In connection with this opinion, we 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. We also have assumed that there are no facts or circumstances relating to you that might prevent you from enforcing any of the rights to which our opinion relates. We have based our opinion upon our review of the following records, documents and instruments:

- (a) A copy of the Indenture.
- (b) A copy of the Bond Purchase Agreement.
- (c) A copy of the Disclosure Certificate (hereinafter defined).
- (e) A copy of the Limited Offering Memorandum, dated September 6, 2022 (the "Limited Offering Memorandum") relating to the Bonds.

- (f) Resolution No. _____ (the "Resolution") adopted by the District authorizing the execution and delivery of the Bonds and the Transaction Documents (hereinafter defined).

The documents and instruments listed 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 District. With your consent, we have not examined any records of any court, administrative tribunal or other similar entity in connection with our opinion. Except as described herein, we have undertaken no investigation or verification of such matters.

Based upon the foregoing and our examination of such questions of law as we 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 District is a local health care district duly existing under the laws of the State of California, has full legal right, power and authority to enter into the Indenture, the Bond Purchase Agreement, the Continuing Disclosure Certificate, dated September 13, 2022 (the "Disclosure Certificate") and the Limited Offering Memorandum and to carry out and consummate all transactions contemplated by the Indenture, the Bond Purchase Agreement, the Disclosure Certificate and the Limited Offering Memorandum.

(2) The Limited Offering Memorandum has been duly authorized, executed and delivered by the District.

(3) The Resolution, approving and authorizing the execution of the Indenture, the Bond Purchase Agreement, the Bonds, the Disclosure Certificate and the Limited Offering Memorandum was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and voted.

(4) To our knowledge, except for litigation disclosed in the Limited Offering Memorandum, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against the District to restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, contesting any authority for the issuance of the Bonds or the validity of the Bonds, the Indenture, the Disclosure Certificate or the Bond Purchase Agreement, contesting the existence or powers of the District with respect to the issuance of the Bonds or the security therefor wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Limited Offering Memorandum, the Indenture, the Disclosure Certificate, the Bond Purchase Agreement or the validity of the Bonds.

(5) The Bonds, the Indenture, the Limited Offering Memorandum, the Disclosure Certificate and the Bond Purchase Agreement have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto where applicable, are valid and binding limited obligations of the District enforceable in accordance with their terms.

(6) Based upon the information made available to us in the course of our participation in the preparation of the Limited Offering Memorandum as counsel for the District, and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Limited Offering Memorandum, to our knowledge the Limited Offering Memorandum (excluding therefrom the financial, statistical and economic data or determinations or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions and expressions of opinion, and the information about DTC and the book-entry system included in the Limited Offering Memorandum, as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

This opinion is limited to the federal laws of the United States of America and the laws of the State of California. We disclaim any opinion as to the laws of any other jurisdiction and we 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 we 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, we also have assumed the following: (a) consideration has been duly given under the Transaction Documents; (b) the District is the legal, beneficial and record owner 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 we 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, we 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 and 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 effectiveness of indemnities, rights of contribution, exculpatory provisions and waivers of the benefits of statutory provisions may be limited on public policy grounds.

D. 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.

E. 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.

F. Section 9109(d)17 of the California Uniform Commercial Code (the "Code") provides that the secured transactions provisions of the Code do not apply to transfers by a government or governmental unit, and, therefore, the rights and remedies of the Trustee under the Transaction Documents which purport to incorporate rights and remedies under the Code may not be enforceable and as such, we express no opinion on such matters.

G. 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 District's secured obligations will not be enforceable unless application of such proceeds or damages is reasonably necessary to protect such security interests.

H. We 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 District'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.

I. We have further relied on certain representations, warranties and covenants of the District in the Transaction Documents. Any variations may affect the opinions we are giving.

J. In connection with our opinion, we 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.

We 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 or the enforceability of any lien in the real property of the District; (b) any securities, tax, 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 District'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, we are expressing no opinion on the validity of the Bonds.

We furnish this opinion as counsel to the District and only the addressee 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,

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT (the “District”) in connection with the issuance by the District of its \$9,175,000 San Gorgonio Memorial Healthcare District (Contra Costa County, California) Revenue Bonds, Series 2022 (the “Bonds”). The Bonds are being issued pursuant to an indenture of trust, dated as of September 1, 2021, by and between the District and U.S. Bank Trust Company, National Association, as trustee (the “Indenture”). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and in the Indenture which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months after the end of the District’s Fiscal Year (currently March 31 based on the District’s Fiscal Year end of June 30).

“*Dissemination Agent*” shall mean, initially, D.K. Goulding Financial Services LLC, or any successor Dissemination Agent designated in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official Fiscal Year period under a Certificate of the District filed with the Trustee.

“*Limited Offering Memorandum*” means the limited offering memorandum executed by the District in connection with the issuance of the Bonds.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Participating Underwriter*” means Hilltop Securities Inc., the original purchaser of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2023, with the report for Fiscal Year 2021-22 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 business days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's Fiscal Year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements for the prior Fiscal Year prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Limited Offering Memorandum, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the Annual Report Date, financial information and operating data with respect to the District for the

preceding Fiscal Year, substantially similar to that provided in the Limited Offering Memorandum, as follows:

- (i) The current year assessed valuation of real property within the District;
- (ii) Levy, receipts and delinquency (delinquency data is not required if the County employs the Teeter Plan) of the previous fiscal year Operating Tax Revenues; and
- (iii) The District's annual operating budget.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or Trustee with respect to the Bonds or the change of name of a trustee or Trustee, if material;

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event given to holders of affected Bonds.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier "if material." The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event's occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

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

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of

dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or any other party. The Dissemination acts hereunder solely for the benefit of the District and this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter or the holders or beneficial owners of the Bonds. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: September 14, 2022

SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT

By _____
Steven Barron,
Chief Executive Officer

ACKNOWLEDGED:

D.K GOULDING FINANCIAL SERVICES
LLC, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Gorgonio Memorial Healthcare District

Name of Issue: \$9,175,000 San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022

Date of Issuance: September 14, 2022

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated September 14, 2022, furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

D.K GOULDING FINANCIAL SERVICES
LLC, as Dissemination Agent

By _____
Title _____

cc: Trustee

DEPOSIT AND TRANSFER AGREEMENT

THIS DEPOSIT AND TRANSFER AGREEMENT (the "Agreement"), dated as of September 1, 2022 (the "Agreement"), is by and between the SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, a local healthcare district (the "District"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, as depositary agent (the "Agent").

BACKGROUND

WHEREAS, the District has issued, and will issue in the future, bonds and other obligations secured by its voter approved *ad valorem* property tax revenues and by its non-voter approved operating *ad valorem* property tax revenues;

WHEREAS, to provide additional security to the owners and holders of such bonds and other obligations, in addition to a pledge of such tax revenues, as applicable, the District desires to create a "lock box" by which such revenues are deposited with an independent agent and applied to the payment of such obligations before any such funds are transferred to the District;

WHEREAS, to provide such additional security, the District will direct Riverside County (the "County"), which collects both the voter approved *ad valorem* property taxes and the non-voter approved operating *ad valorem* property taxes, to remit such tax revenues to the Agent and the Agent will, as provided in this Agreement, (a) transfer the required voter approved *ad valorem* property tax revenues to the paying agent for the Voter Approved Obligations (hereinafter defined) at such times and in such amounts as are required for payment of the Voter Approved Obligations, and (b) transfer the required non-voter approved *ad valorem* property tax revenues to the trustee for the Non-Voter Approved Obligations (hereinafter defined) at such times and in such amounts as are required for payment of the Non-Voter Approved Obligations;

WHEREAS, following the required transfers to the Trustee (as hereinafter defined), the Agent will, as provided in this Agreement, transfer the remaining non-voter approved operating *ad valorem* property tax revenues to the District;

WHEREAS, the District desires to provide for the transfer and deposit of the voter approved *ad valorem* property tax revenues and the non-voter approved operating *ad valorem* property tax revenues with the Agent; and

WHEREAS, the Agent has agreed to accept, hold, and disburse such tax revenues deposited with it and the earnings thereon in accordance with the terms of this Agreement.

STATEMENT OF AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. *Definitions.* The following terms shall have the following meanings when used herein:

"Business Day" means any day other than a Saturday, Sunday, or a day on which banking institutions in the City of Los Angeles or the City of San Francisco are authorized or obligated by law or executive order to be closed.

"District Representative" shall mean the person or person so designated on Exhibit A hereto or any other person in a writing signed by the District and delivered to the Agent in accordance with the notice provisions of this Agreement, to act as its representative under this Agreement.

"County" shall mean Riverside County, California.

"Non-Voter Approved Obligations" shall mean the obligations secured by non-voter approved *ad valorem* property taxes, being the San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2021 (the "2021 Revenue Bonds"), and the San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022 (the "2022 Revenue Bonds"), together with future obligations secured by non-voter approved *ad valorem* property tax revenues and identified by the District and provided in writing to the Agent.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A., as paying agent for the Voter Approved Obligations, or such successor paying agent as shall be identified by the District and provided in writing to the Agent.

"Tax Revenues" shall mean (a) the voter approved *ad valorem* property tax revenues and (b) the non-voter approved operating *ad valorem* property tax revenues, each as deposited with the Agent pursuant to Section 3 of this Agreement, together with any interest and other income thereon.

"Trustee" means U.S. Bank Trust Company, National Association, as trustee for the Non-Voter Approved Obligations, or such successor trustee as shall be identified by the District and provided in writing to the Agent.

"Voter Approved Obligations" shall mean the obligations secured by voter approved *ad valorem* property taxes, being the (a) San Gorgonio Memorial Healthcare District (Riverside County, California) 2014 General Obligation Refunding Bonds (the "2014 General Obligation Bonds"), (b) San Gorgonio Memorial Healthcare District (Riverside County, California) 2015 General Obligation Refunding Bonds (the "2015 General Obligation Bonds"), and (c) San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds (the "2020 General Obligation Bonds"), together with future obligations secured by voter approved *ad valorem* property tax revenues and identified by the District and provided in writing to the Agent.

2. *Appointment of and Acceptance by the Agent.* The District hereby appoints the Agent to serve hereunder. The Agent hereby accepts such appointment and agrees to receive, hold and disburse the Tax Revenues in accordance with this Agreement.

3. *Deposit of Tax Revenues.* The District will cause the County to transfer the Tax Revenues, when collected, to the Agent by wire transfer of immediately available funds. Such amounts shall be deposited in a tax receipt fund hereby created and held by the Agent for the benefit of the holders of the Non-Voter Approved Obligations and the holders of the Voter Approved Obligations. On the 25th day of each month, the District shall provide the Agent with the proper allocation of the Tax Revenues received by the Agent in such month so that such Tax Revenues may properly be deposited to the following depository accounts hereby created and held by the Agent:

(i) to a voter approved tax revenue account (the "Voter Approved Tax Revenue Account"), all voter approved *ad valorem* property tax revenues, which account shall be created by the Agent and held for the benefit of the holders of the Voter Approved Obligations.

(ii) to a non-voter approved tax revenue account (the "Non-Voter Approved Tax Revenue Account"), all non-voter approved *ad valorem* property tax revenues, which account shall be created by the Agent and held for the benefit of the holders of the Non-Voter Approved Obligations.

4. *Request for Need to Transfer.* On the third Business Day preceding the dates set forth in Exhibit C attached hereto for the payment of debt service on the Non-Voter Approved Obligations, the Agent shall request from the Trustee an indication as to whether all required amounts for the payment of debt service on the 2021 Revenue Bonds and the 2022 Revenue Bonds, together with future obligations secured by non-voter approved *ad valorem* property tax revenues, have been fully deposited by the District with the Trustee and, if such amounts are insufficient, the amount required to fully make such payment.

5. *Disbursements of Tax Revenues.* The Agent shall disburse Tax Revenues as follows:

(i) to the Paying Agent, from the Voter Approved Tax Revenue Account, voter approved *ad valorem* property tax revenues on the Business Day preceding the dates and in the amounts set forth in Exhibit B attached hereto for the payment of debt service on the Voter Approved Obligations, as such Exhibit B may be revised to include future Voter Approved Obligations, the amount required to pay debt service on the Voter Approved Obligations on the next succeeding payment dates. On August 2 of each year, any remaining amounts on deposit in the Voter Approved Tax Revenue Account, after such transfers, shall be taken into account by the District, in computing the required tax levy for the following year.

(ii) to the Trustee, from the Non-Voter Approved Tax Revenue Account, non-voter approved *ad valorem* property tax revenues on the Business Day preceding the dates and in the amounts set forth in Exhibit C attached hereto for the payment of debt service on the Non-Voter Approved Obligations, if any (based upon the required amounts communicated by the Trustee to the Agent in Section 4 above), as such Exhibit C may be revised to include future Non-Voter Approved Obligations.

(iii) to the Trustee, from the Non-Voter Approved Tax Revenue Account, non-voter approved *ad valorem* property tax revenues to the extent required to increase the

amount on deposit in the reserve fund held by the Trustee for the 2022 Revenue Bonds to an amount equal to 50% of maximum annual debt service on the 2022 Revenue Bonds.

(iv) to the District, on each April 2 and October 2, any remaining amounts on deposit in the Non-Voter Approved Tax Revenue Account.

6. *Suspension of Performance; Disbursement into Court.* If at any time a dispute exists with respect to any obligation of the Agent under this Agreement or the Agent is unable to determine, to the Agent's sole satisfaction, the proper disposition of all or any portion of the Tax Revenues or the Agent's proper actions with respect to its obligations hereunder, then the Agent may, in its sole discretion, take either or both of the following actions:

a. suspend the performance of any of its obligations (including without limitation any disbursement obligations) under this Agreement until such dispute or uncertainty shall be resolved to the sole satisfaction of the Agent,

b. petition (by means of an interpleader action or any other appropriate method) any court of competent jurisdiction in any venue convenient to the Agent, for instructions with respect to such dispute or uncertainty, and to the extent required or permitted by law, pay into such court, for holding and disposition in accordance with the instructions of such court, all Tax Revenues, after deduction and payment to the Agent of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by the Agent in connection with the performance of its duties and the exercise of its rights hereunder.

The Agent shall have no liability to the District or any other person with respect to any such suspension of performance or disbursement into court, specifically including any liability or claimed liability that may arise, or be alleged to have arisen, out of or as a result of any delay in the disbursement of the Tax Revenues or any delay in or with respect to any other action required or requested of the Agent.

7. *Investments.* Tax Revenues deposited with the Agent shall be invested in (a) a money market fund selected in writing by the District which is rated in one of the two highest rating categories by at least one nationally recognized rating agency, including funds for which the Agent, its parent, affiliates or subsidiaries provide investment advisory or other management services, in which case it is agreed that the Agent, its parent, affiliates or subsidiaries shall have the right to be paid its customary management fees in addition to its fees as Agent hereunder, or (b) the Local Agency Investment Fund of the State, created pursuant to section 16429.1 of the California Government Code, to the extent the Agent is authorized to register such investment in its name. The Agent will not provide supervision, recommendations or advice relating to either the investment of the Tax Revenues or the purchase or disposition of any investment and the Agent shall not have any liability for any loss in an investment made pursuant to the terms of this Agreement. The Agent has no responsibility whatsoever to determine the market or other value of any investment and makes no representation or warranty as to the accuracy of any such valuations. To the extent applicable regulations grant rights to receive brokerage confirmations for certain security transactions, the District waives receipt of such confirmations. Investment earnings received by the Agent from the investment of the Tax Revenues shall be deposited in the applicable accounts and applied for the purposes therefor.

8. *Resignation or Removal of the Agent.* The Agent may resign and be discharged from the performance of its duties hereunder at any time by giving thirty (30) days' prior written notice to the District specifying a date when such resignation shall take effect and after such specified date, notwithstanding any other provision of this Agreement, the Agent's sole obligation will be

to hold the Tax Revenues pending appointment of a successor the Agent. Any removal or resignation of the Agent and appointment of a successor agent shall become effective upon acceptance of appointment by the successor agent. Upon the effective date of any such resignation or removal, the Agent shall deliver any Tax Revenues to the successor agent. After the Agent's resignation or removal, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was acting under this Agreement.

9. *Liability of the Agent.* The Agent undertakes to perform only such duties as are expressly set forth herein and no duties shall be implied. The Agent has no fiduciary or discretionary duties of any kind. The Agent shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Agreement. The Agent shall not be liable for any action taken or omitted by it in good faith except to the extent that a court of competent jurisdiction determines, which determination is not subject to appeal, that the Agent's negligence or willful misconduct was the primary cause of any loss to the District. The Agent's sole responsibility shall be for the safekeeping of the Tax Revenues in accordance with the Agent's customary practices and disbursement of the Tax Revenues in accordance with the terms of this Agreement. The Agent shall have no implied duties or obligations and shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein. The Agent may rely upon any notice, instruction, request or other instrument, not only as to its due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, which the Agent believes to be genuine and to have been signed or presented by the person or parties purporting to sign the same. In no event shall the Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to lost profits), even if the Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Agent shall not be obligated to take any legal action or commence any proceeding in connection with the Tax Revenues, any account in which Tax Revenues are deposited, or this Agreement, or to appear in, prosecute or defend any such legal action or proceeding or to take any other action that in the Agent's sole judgment may expose it to potential expense or liability. The Agent shall not be responsible or liable in any manner for the performance by any party of their respective obligations under any other agreement. The Agent may consult legal counsel selected by it in the event of any dispute or question as to the construction of any of the provisions hereof or of any other agreement or of its duties hereunder, or relating to any dispute involving any party hereto, and shall incur no liability and shall be fully indemnified from any liability whatsoever in acting in accordance with the reasonable opinion or instruction of such counsel. The District shall promptly pay, upon demand, the reasonable fees and expenses of any such counsel.

The Agent is authorized, in its sole discretion, to comply with orders issued or process entered by any court with respect to the Tax Revenues, without determination by the Agent of such court's jurisdiction in the matter. If any portion of the Tax Revenues is at any time attached, garnished or levied upon under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by any court affecting such property or any part thereof, then and in any such event, the Agent is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree which it is advised by legal counsel selected by it is binding upon it without the need for appeal or other action; and if the Agent complies with any such order, writ, judgment or decree, it shall not be liable to any of the parties hereto or to any other person or entity by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside or vacated.

10. *Indemnification of the Agent.* From and at all times after the date of this Agreement, the District shall, to the fullest extent permitted by law, defend, indemnify and hold harmless the

Agent and each director, officer, employee and affiliate of the Agent (each, an “Indemnified Party”) against any and all actions, claims (whether or not valid), losses, damages, liabilities, costs and expenses of any kind or nature whatsoever (including without limitation reasonable attorneys' fees, costs and expenses) incurred by or asserted against any Indemnified Party from and after the date hereof, whether direct, indirect or consequential, as a result of or arising from or in any way relating to any claim, demand, suit, action or proceeding (including any inquiry or investigation) by any person, including without limitation the District, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any person under any statute or regulation or under any common law or equitable cause or otherwise, arising from or in connection with the negotiation, preparation, execution, performance or failure of performance of this Agreement or any transactions contemplated herein, whether or not any such Indemnified Party is a party to any such action, proceeding, suit or the target of any such inquiry or investigation; provided, however, that no Indemnified Party shall have the right to be indemnified hereunder for any liability finally determined by a court of competent jurisdiction, which determination is not subject to appeal, to have resulted solely from the negligence or willful misconduct of such Indemnified Party. The District further agrees to indemnify each Indemnified Party for all costs, including without limitation reasonable attorney’s fees, incurred by such Indemnified Party in connection with the enforcement of the District’s indemnification obligations hereunder. The obligations of the District in this Section 10 shall survive any termination of this Agreement and the resignation or removal of the Agent.

11. *Compensation to the Agent.* The District shall compensate the Agent for its services hereunder in accordance with Exhibit D attached hereto and, in addition, shall reimburse the Agent for all of its reasonable out-of-pocket expenses, disbursements, and advances, including without limitation the reasonable fees, expenses, and disbursements of its agents and attorneys incurred or made by the Agent in connection with entering into and performing under this Agreement or in connection with investigating and defending itself against any claim or liability in connection with its performance hereunder. The additional provisions and information set forth on Exhibit D are hereby incorporated by this reference and form a part of this Agreement. All of the compensation and reimbursement obligations set forth in this Section 11 shall be payable by the District upon demand by the Agent. The obligations of the District under this Section 11 shall survive any termination of this Agreement and the resignation or removal of the Agent. The Agent shall have no access to the Tax Revenues deposited with it for the payment of its fees and other compensation.

12. *Representations and Warranties.* The District makes the following representations and warranties to the Agent:

(i) It is duly organized, validly existing, and in good standing under the laws of the state of its incorporation or organization and has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(ii) This Agreement has been duly approved by all necessary action, including any necessary legislative approval, has been executed by its duly authorized officers, and constitutes its valid and binding agreement enforceable in accordance with its terms.

(iii) The execution, delivery, and performance of this Agreement will not violate, conflict with, or cause a default under its articles of organization, bylaws, management agreement or other organizational document, as applicable, any applicable law or regulation, any court order or administrative ruling or decree to which it is a party or any of its property is subject, or any agreement, contract or indenture.

(iv) The applicable persons designated on Exhibit A have been duly appointed to act as its representatives hereunder and have full power and authority to execute and deliver any Written Direction, to amend, modify or waive any provision of this Agreement and to take any and all other actions under this Agreement, all without further consent or direction from, or notice to, it or any other party.

(v) No party other than the parties hereto has, or shall have, any lien, claim or security interest in the Tax Revenues or any part thereof. No financing statement under the Uniform Commercial Code is on file in any jurisdiction claiming a security interest in or describing (whether specifically or generally) the Tax Revenues or any part thereof.

(vi) All of its representations and warranties contained herein are true and complete as of the date hereof and will be true and complete at the time of any disbursement of the Tax Revenues.

13. *Patriot Act/Identifying Information.* To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust, or other legal entity, the Agent requires documentation to verify its formation and existence as a legal entity. The Agent may ask to see financial statements, licenses, or identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The District acknowledges that a portion of the identifying information set forth herein is being requested by the Agent in connection with the USA Patriot Act, Pub.L.107-56 (the "Act") and agrees to provide any additional information requested by the Agent in connection with the Act or any other legislation or regulation to which the Agent is subject, in a timely manner. The District represents that all identifying information set forth on Exhibit D, including without limitation, its Taxpayer Identification Number assigned by the Internal Revenue Service or any other taxing authority, is true and complete on the date hereof and will be true and complete at the time of any disbursement of the Tax Revenues.

14. *Consent to Jurisdiction and Venue.* Each of the parties hereto irrevocably (a) consents to the exclusive jurisdiction and venue of the state and federal courts in Riverside County, California, in connection with any matter arising out of this Agreement, (b) waives any objection to such jurisdiction or venue, or any right to remove any such action, and (c) agrees not to commence any legal proceedings related hereto except in such courts.

15. *Notice.* All notices, approvals, consents, requests, and other communications hereunder (each, a "Notice") shall be in writing and shall be deemed to have been given when the writing is delivered if given or delivered by hand, overnight delivery service or electronic transmission to the address set forth below or to such other address as each party may designate for itself by like notice.

To the District: San Gorgonio Memorial Healthcare District
600 North Highland Springs Avenue
Banning, CA 92220
Attention: Chief Executive Officer and Chief Financial Officer

To the Agent: U.S. Bank Trust Company, National Association
One California Street, Suite 1000
San Francisco, CA 94111
Attention: Global Corporate Trust

The Agent shall not have any duty to confirm that the person sending any Notice by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) is, in fact, a person authorized to do so. Electronic signatures believed by the Agent to comply with the ESIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider acceptable to the Agent) shall be deemed original signatures for all purposes. The District assumes all risks arising out of the use of electronic signatures and electronic methods to send Notices, including without limitation the risk of the Agent acting on an unauthorized Notice, and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Agent in lieu of, or in addition to, any such electronic Notice.

16. *Amendment, Waiver and Assignment.* This Agreement may be changed, waived, discharged or terminated only by a writing signed by the parties hereto. No delay or omission by any party in exercising any right with respect hereto shall operate as a waiver. A waiver on any one occasion shall not be construed as a bar to, or waiver of, any right or remedy on any future occasion. Except as provided in Section 20, this Agreement may not be assigned by any party without the written consent of the other party.

17. *Severability.* To the extent any provision of this Agreement is prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

18. *Governing Law.* This Agreement shall be construed and interpreted in accordance with the internal laws of the State of California without giving effect to the conflict of laws principles thereof.

19. *Entire Agreement.* This Agreement constitutes the entire agreement between the parties relating to the holding, investment and disbursement of the Tax Revenues and sets forth in their entirety the obligations and duties of the Agent with respect to the Tax Revenues. Nothing in this Agreement, express or implied, is intended to or shall confer upon any person or entity (including, for the avoidance of doubt, and any intended Tax Revenues recipient identified to the Agent in a Written Direction or otherwise), other than the signatory parties hereto and the Indemnified Parties, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

20. *Binding Effect; Successors.* All of the terms of this Agreement, as amended from time to time, shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of the District and the Agent. No party may assign to any other person or entity any rights or obligations under this Agreement without the prior written consent of the other party, provided that if the Agent consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the account contemplated by this Agreement) to another entity, the successor or transferee entity without any further act shall be the successor to the Agent.

21. *Execution in Counterparts.* This Agreement may be executed in two or more counterparts, each of which when so executed shall constitute one and the same agreement or direction. The exchange of copies of this Agreement and of signature pages by facsimile transmission or email shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes.

22. *Termination.* Upon the disbursement of all Tax Revenues pursuant to written directions or pursuant to Section 6, Section 8 or Section 9 hereof, this Agreement shall terminate, the Agent shall be released from its obligations hereunder and the Agent shall have no further liability with respect to the Voter Approved Tax Revenue Account, the Non-Voter Approved Tax Revenue Account, this Agreement, or any action or refusal to take action hereunder.

23. *Dealings.* Nothing herein shall preclude the Agent from acting in any other capacity for the District or for any other person or entity.

24. *Optional Security Procedures.* In the event funds transfer instructions, address changes or change in contact information are given (other than in writing at the time of execution of this Agreement), whether in writing, by facsimile or otherwise, the Agent is authorized but shall be under no duty to seek confirmation of such instructions by telephone call-back to the person or persons designated in Exhibit A, and the Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in writing received and acknowledged by the Agent and shall be effective only after the Agent has a reasonable opportunity to act on such changes. The District agrees that the Agent may at its option record any telephone calls made pursuant to this Section. The Agent in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the District to identify (a) the beneficiary, (b) the beneficiary's bank, or (c) an intermediary bank. The Agent may apply any of the Tax Revenues for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to an agent other than the intended beneficiary's bank or intermediary bank. The District acknowledges that these optional security procedures are commercially reasonable.

25. **WAIVER OF TRIAL BY JURY. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, THE PARTIES HEREBY WAIVE, AND COVENANT THAT THEY WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.**

26. *Tax Reporting.* The District agrees to assume all obligations imposed now or hereafter by any applicable tax law or regulation with respect to payments or performance under this Agreement. Upon the Agent's request, the District shall provide the Agent with a Form W-9 or Form W-8, as applicable, for each payee, together with any other documentation and information requested by the Agent in connection with the Agent's reporting obligations under the United States Internal Revenue Code and related regulations (the "Code"). If such tax documentation is not so provided, the Agent is authorized to withhold taxes as required by the Code. The District shall accurately provide the Agent with all information requested by the Agent in connection with the Agent's reporting obligations under the Code. Except as otherwise agreed by the Agent in writing, the Agent has no tax reporting or withholding obligation except with respect to Form 1099-B reporting on payments of gross proceeds under Code section 6045 and Form 1099 and Form 1042-S reporting with respect to investment income, if any.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT
BLANK. THE SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT

By _____
Steven Barron
Chief Executive Officer

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION

By _____
Authorized Signatory

EXHIBIT A

DISTRICT REPRESENTATIVES

Each of the following person(s) is a District Representative and each is authorized to execute documents and direct the Agent as to all matters, including fund transfers, address changes and contact information changes, on the District's behalf:

<u>Name and Title</u>	<u>Signature</u>	<u>Telephone Number</u>
Steven Barron, Chief Executive Officer	_____	(951) 769-2102
Dan Heckathorne, Chief Financial Officer	_____	(951) 769-2103
Margaret Kammer, Controller	_____	(951) 769-2118

EXHIBIT B

VOTER APPROVED OBLIGATIONS

Interest Payment Date	2014 General Obligation Bonds			2015 General Obligation Bonds			2020 General Obligation Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2/1/23	—	\$ 1,419,562.50	\$ 1,419,562.50	—	\$ 435,106.25	\$ 435,106.25	—	\$ 346,950.00	\$ 346,950.00	\$ 2,201,618.75
8/1/23	\$ 1,665,000	1,419,562.50	3,084,562.50	\$ 675,000	435,106.25	1,110,106.25	\$ 785,000	346,950.00	1,131,950.00	5,326,618.75
2/1/24	—	1,377,937.50	1,377,937.50	—	418,231.25	418,231.25	—	331,250.00	331,250.00	2,127,418.75
8/1/24	1,820,000	1,377,937.50	3,197,937.50	760,000	418,231.25	1,178,231.25	855,000	331,250.00	1,186,250.00	5,562,418.75
2/1/25	—	1,342,437.50	1,342,437.50	—	399,231.25	399,231.25	—	314,150.00	314,150.00	2,055,818.75
8/1/25	1,960,000	1,342,437.50	3,302,437.50	850,000	399,231.25	1,249,231.25	930,000	314,150.00	1,244,150.00	5,795,818.75
2/1/26	—	1,288,537.50	1,288,537.50	—	377,981.25	377,981.25	—	295,550.00	295,550.00	1,962,068.75
8/1/26	2,135,000	1,288,537.50	3,423,537.50	940,000	377,981.25	1,317,981.25	1,020,000	295,550.00	1,315,550.00	6,057,068.75
2/1/27	—	1,229,825.00	1,229,825.00	—	363,881.25	363,881.25	—	280,250.00	280,250.00	1,873,956.25
8/1/27	2,320,000	1,229,825.00	3,549,825.00	1,020,000	363,881.25	1,383,881.25	1,090,000	280,250.00	1,370,250.00	6,303,956.25
2/1/28	—	1,166,025.00	1,166,025.00	—	347,943.75	347,943.75	—	258,450.00	258,450.00	1,772,418.75
8/1/28	2,525,000	1,166,025.00	3,691,025.00	1,100,000	347,943.75	1,447,943.75	1,185,000	258,450.00	1,443,450.00	6,582,418.75
2/1/29	—	1,096,587.50	1,096,587.50	—	330,068.75	330,068.75	—	246,600.00	246,600.00	1,673,256.25
8/1/29	2,735,000	1,096,587.50	3,831,587.50	1,190,000	330,068.75	1,520,068.75	1,260,000	246,600.00	1,506,600.00	6,858,256.25
2/1/30	—	1,021,375.00	1,021,375.00	—	309,987.50	309,987.50	—	234,000.00	234,000.00	1,565,362.50
8/1/30	2,955,000	1,021,375.00	3,976,375.00	1,290,000	309,987.50	1,599,987.50	1,330,000	234,000.00	1,564,000.00	7,140,362.50
2/1/31	—	947,500.00	947,500.00	—	287,412.50	287,412.50	—	207,400.00	207,400.00	1,442,312.50
8/1/31	3,175,000	947,500.00	4,122,500.00	1,390,000	287,412.50	1,677,412.50	1,430,000	207,400.00	1,637,400.00	7,437,312.50
2/1/32	—	868,125.00	868,125.00	—	262,218.75	262,218.75	—	178,800.00	178,800.00	1,309,143.75
8/1/32	3,405,000	868,125.00	4,273,125.00	1,505,000	262,218.75	1,767,218.75	1,545,000	178,800.00	1,723,800.00	7,764,143.75
2/1/33	—	783,000.00	783,000.00	—	234,000.00	234,000.00	—	147,900.00	147,900.00	1,164,900.00
8/1/33	3,650,000	783,000.00	4,433,000.00	1,615,000	234,000.00	1,849,000.00	1,660,000	147,900.00	1,807,900.00	8,089,900.00
2/1/34	—	691,750.00	691,750.00	—	201,700.00	201,700.00	—	114,700.00	114,700.00	1,008,150.00
8/1/34	3,905,000	691,750.00	4,596,750.00	1,740,000	201,700.00	1,941,700.00	1,780,000	114,700.00	1,894,700.00	8,433,150.00
2/1/35	—	594,125.00	594,125.00	—	166,900.00	166,900.00	—	79,100.00	79,100.00	840,125.00
8/1/35	4,175,000	594,125.00	4,769,125.00	1,875,000	166,900.00	2,041,900.00	1,910,000	79,100.00	1,989,100.00	8,800,125.00
2/1/36	—	489,750.00	489,750.00	—	129,400.00	129,400.00	—	40,900.00	40,900.00	660,050.00
8/1/36	4,450,000	489,750.00	4,939,750.00	2,010,000	129,400.00	2,139,400.00	2,045,000	40,900.00	2,085,900.00	9,165,050.00
2/1/37	—	378,500.00	378,500.00	—	89,200.00	89,200.00	—	—	—	467,700.00
8/1/37	4,740,000	378,500.00	5,118,500.00	2,155,000	89,200.00	2,244,200.00	—	—	—	7,362,700.00
2/1/38	—	260,000.00	260,000.00	—	46,100.00	46,100.00	—	—	—	306,100.00
8/1/38	5,040,000	260,000.00	5,300,000.00	2,305,000	46,100.00	2,351,100.00	—	—	—	7,651,100.00
2/1/39	—	134,000.00	134,000.00	—	—	—	—	—	—	134,000.00
8/1/39	5,360,000	134,000.00	5,494,000.00	—	—	—	—	—	—	5,494,000.00
TOTALS	\$56,015,000	\$30,178,075.00	\$86,193,075.00	\$22,420,000	\$8,798,725.00	\$31,218,725.00	\$18,825,000	\$6,152,000.00	\$24,977,000.00	\$142,388,800.00

EXHIBIT C

NON-VOTER APPROVED OBLIGATIONS

Interest Payment Date	2021 Revenue Bonds			2022 Revenue Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	
10/1/22	\$43,304	\$35,250.00	\$78,554.00	—	—	—	\$ 78,554.00
4/1/23	43,953	34,600.44	78,553.44	—	\$401,661.11	\$401,661.11	480,214.55
10/1/23	44,613	33,941.15	78,554.15	\$160,000	367,000.00	527,000.00	605,554.15
4/1/24	45,282	33,271.95	78,553.95	104,862	360,600.00	465,462.00	544,015.95
10/1/24	45,961	32,592.72	78,553.72	109,056	356,405.52	465,461.52	544,015.24
4/1/25	46,650	31,903.31	78,553.31	113,418	352,043.28	465,461.28	544,014.59
10/1/25	47,350	31,203.56	78,553.56	117,955	347,506.56	465,461.56	544,015.12
4/1/26	48,060	30,493.31	78,553.31	122,673	342,788.36	465,461.36	544,014.67
10/1/26	48,781	29,772.41	78,553.41	127,580	337,881.44	465,461.44	544,014.85
4/1/27	49,513	29,040.69	78,553.69	132,684	332,778.24	465,462.24	544,015.93
10/1/27	50,256	28,298.00	78,554.00	137,991	327,470.88	465,461.88	544,015.88
4/1/28	51,009	27,544.16	78,553.16	143,511	321,951.24	465,462.24	544,015.40
10/1/28	51,775	26,779.02	78,554.02	149,251	316,210.80	465,461.80	544,015.82
4/1/29	52,551	26,002.40	78,553.40	155,221	310,240.76	465,461.76	544,015.16
10/1/29	53,340	25,214.13	78,554.13	161,430	304,031.92	465,461.92	544,016.05
4/1/30	54,140	24,414.03	78,554.03	167,887	297,574.72	465,461.72	544,015.75
10/1/30	54,952	23,601.93	78,553.93	174,602	290,859.24	465,461.24	544,015.17
4/1/31	55,776	22,777.65	78,553.65	181,587	283,875.16	465,462.16	544,015.81
10/1/31	56,613	21,941.01	78,554.01	188,850	276,611.68	465,461.68	544,015.69
4/1/32	57,462	21,091.82	78,553.82	196,404	269,057.68	465,461.68	544,015.50
10/1/32	58,324	20,229.89	78,553.89	204,260	261,201.52	465,461.52	544,015.41
4/1/33	59,199	19,355.03	78,554.03	212,431	253,031.12	465,462.12	544,016.15
10/1/33	60,087	18,467.04	78,554.04	220,928	244,533.88	465,461.88	544,015.92
4/1/34	60,988	17,565.74	78,553.74	229,765	235,696.76	465,461.76	544,015.50
10/1/34	61,903	16,650.92	78,553.92	238,956	226,506.16	465,462.16	544,016.08
4/1/35	62,831	15,722.37	78,553.37	248,514	216,947.92	465,461.92	544,015.29
10/1/35	63,774	14,779.91	78,553.91	258,454	207,007.36	465,461.36	544,015.27
4/1/36	64,730	13,823.30	78,553.30	268,793	196,669.20	465,462.20	544,015.50
10/1/36	65,701	12,852.35	78,553.35	279,544	185,917.48	465,461.48	544,014.83
4/1/37	66,687	11,866.83	78,553.83	290,726	174,735.72	465,461.72	544,015.55
10/1/37	67,687	10,866.53	78,553.53	302,355	163,106.68	465,461.68	544,015.21
4/1/38	68,702	9,851.22	78,553.22	314,449	151,012.48	465,461.48	544,014.70
10/1/38	69,733	8,820.69	78,553.69	327,027	138,434.52	465,461.52	544,015.21
4/1/39	70,779	7,774.70	78,553.70	340,108	125,353.44	465,461.44	544,015.14
10/1/39	71,841	6,713.01	78,554.01	353,713	111,749.12	465,462.12	544,016.13
4/1/40	72,918	5,635.40	78,553.40	367,861	97,600.60	465,461.60	544,015.00
10/1/40	74,012	4,541.63	78,553.63	382,576	82,886.16	465,462.16	544,015.79
4/1/41	75,122	3,431.45	78,553.45	397,879	67,583.12	465,462.12	544,015.57
10/1/41	76,249	2,304.62	78,553.62	413,794	51,667.96	465,461.96	544,015.58
4/1/42	77,392	1,160.88	78,552.88	430,346	35,116.20	465,462.20	544,015.08
10/1/42	—	—	—	447,559	17,902.36	465,461.36	465,461.36
TOTALS	\$2,350,000	\$792,147.20	\$3,142,147.20	\$9,175,000	\$9,039,547.24	\$18,214,547.24	\$21,758,355.55

EXHIBIT D
AGENT FEES

Acceptance Fee:	
Annual Fee:	
Out-of-Pocket Expenses:	At cost
Other Fees/ Attorney, etc.:	At cost

The Acceptance Fee and the Annual Fee are payable upon execution of this Agreement. In the event the account is not funded, the Acceptance Fee and all related expenses, including attorneys' fees, remain due and payable, and if paid, will not be refunded. Annual fees cover a full year in advance, or any part thereof, and thus are not pro-rated in the year of termination.

The fees quoted in this schedule apply to services ordinarily rendered in the administration of an account and are subject to reasonable adjustment based on final review of documents, or when Agent is called upon to undertake unusual duties or responsibilities, or as changes in law, procedures, or the cost of doing business demand. Services in addition to and not contemplated in this Agreement, including, but not limited to, document amendments and revisions, non-standard cash and/or investment transactions, calculations, notices and reports, and legal fees, will be billed as extraordinary expenses.

Unless otherwise indicated, the above fees relate to the establishment of one account. Additional sub-accounts governed by the same Agreement may incur an additional charge. Transaction costs include charges for wire transfers, checks, internal transfers and securities transactions. Fees are subject to change at the Agent's discretion and upon written notice.

District Taxpayer Identification Number:

LIMITED OFFERING MEMORANDUM

NEW ISSUE—BOOK-ENTRY ONLY

NOT RATED

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the District with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. For tax years beginning after December 31, 2022, interest on the 2022 Bonds may affect the corporate alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See “LEGAL MATTERS—Tax Matters” herein.



\$9,175,000
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
REVENUE BONDS, SERIES 2022

Dated: Date of Delivery

Due: October 1, 2042

The San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022, in the principal amount of \$9,175,000, (the “Bonds”) are being issued by San Gorgonio Memorial Healthcare District (the “District”), a local health care district located in Riverside County, California (the “County”). The Bonds are issued pursuant to an indenture of trust, dated as of September 1, 2022 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, San Francisco, California, as the trustee (the “Trustee”), the provisions of The Local Health Care District Law, constituting Division 23 of the California Health and Safety Code, and the provisions of a resolution of the Board of Directors of the District adopted on September 6, 2022. Proceeds of the Bonds will be used to (a) provide working capital for the District, (b) fund a debt service reserve fund for the Bonds, and (c) pay for costs associated with issuance of the Bonds.

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Bonds purchased by them. Payments of the principal of and interest on the Bonds will be made by the Trustee to DTC for subsequent disbursement through DTC Participants (defined herein) to the beneficial owners of the Bonds. See “THE BONDS—Book-Entry System” herein.

The Bonds will be limited obligations of the District payable from the District’s general purpose operating *ad valorem* property tax revenues (the “Operating Tax Revenues”) and secured by a pledge and assignment of the Operating Tax Revenues and of amounts held in the funds and accounts established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Bonds will be issued on a parity with the District’s outstanding San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2021.

The Bonds will be dated the date of their delivery, and will accrue interest from such date, which interest is payable semiannually on each April 1 and October 1, commencing April 1, 2023. The Bonds are issuable in denominations of \$250,000 or any integral multiples of \$5,000.

The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS—Redemption Provisions” herein.

The following firm served as financial advisor to the District on this financing:

G.L. Hicks Financial, LLC

\$9,175,000 8.00% Bonds due October 1, 2042, Price: 100.000, to yield 8.00%; CUSIP† ____

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision. See “RISKS TO OWNERS OF THE BONDS” herein.

The Bonds are offered when, as and if issued and received by the Underwriter, subject to approval as to their legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Certain legal matters will be passed on for the District by its counsel McDougal Love Boehmer Foley Lyon & Mitchell, La Mesa, California, District Counsel. Certain legal matters will be passed on for the Underwriter by Wilson Law Group, San Diego, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about September 14, 2022.

HilltopSecurities

The date of this Limited Offering Memorandum is September 6, 2022.

†Copyright 2022, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, operated by S&P Capital IQ. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. The CUSIP number has been assigned by an independent company not affiliated with the District and is included solely for the convenience of the registered owners of the Bonds. Neither the District nor the Underwriter is responsible for the selection or uses of the CUSIP number and no representation is made as to its correctness on the Bonds or as included herein. The CUSIP number is subject to being changed after the delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.

**SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
RIVERSIDE COUNTY, CALIFORNIA**

BOARD OF DIRECTORS

Dennis Tankersley, PA-C, *Chair* Ehren Ngo, *Vice Chair*
Phillip Capobianco, *Member* Joel Labha, DO, *Member*
Randal Stevens, *Member*

CORPORATION SENIOR MANAGEMENT

Steven Barron, *Chief Executive Officer*
Daniel Heckathorne, *Chief Financial Officer*
Patricia Brown, *Chief Operating Officer/Chief Nursing Officer*

PROFESSIONAL SERVICES

Bond Counsel

Quint & Thimmig LLP
Larkspur, California

District Financial Advisor

G.L. Hicks Financial, LLC
Orem, Utah

District Legal Counsel

McDougal Love Boehmer Foley Lyon & Mitchell
La Mesa, California

Independent Auditors

Wipfli
Oakland, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

Underwriter's Counsel

Wilson Law Group, PC
San Diego, California

GENERAL INFORMATION ABOUT THIS PRELIMINARY LIMITED OFFERING MEMORANDUM

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12”), this Limited Offering Memorandum constitutes a “Limited Offering Memorandum” of the District with respect to the Bonds that has been deemed “final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

Use of Limited Offering Memorandum. This Limited Offering Memorandum is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Limited Offering Memorandum is not to be construed as a contract for the purchasers of the Bonds.

The District has undertaken to provide continuing disclosure on certain matters, including annual financial information and specific enumerated events, as more fully described herein under “MISCELLANEOUS – Continuing Disclosure.”

Estimates and Forecasts. When used in this Limited Offering Memorandum and in any continuing disclosure by the District, in any press release and oral statement made with the approval of an authorized officer of the District, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District since the date hereof.

Involvement of the Underwriter. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Offer and Sale of Bonds. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Financial Advisor. This Limited Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Website. The District maintains a website. However, the information presented on the website is not a part of this Limited Offering Memorandum and should not be relied upon in making an investment decision with respect to the Bonds. None of the information on the District’s website is incorporated in this Limited Offering Memorandum.

Indenture. Reference is made to the Indenture, copies of which are available upon request of the District.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY A FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO INVESTORS—LIMITED OFFERING

The Bonds are to be offered and sold (including in secondary market transactions) only to Qualified Institutional Buyers or Institutional Accredited Investors (each as defined herein). The Indenture under which the Bonds will be issued contains provisions limiting transfers of the Bonds and beneficial ownership interests in the Bonds only to Qualified Institutional Buyers or Institutional Accredited Investors. In addition, the face of each Series 2022 Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Indenture and the initial purchaser of the Bonds will be required to execute and deliver to the District and the Trustee an investor letter or bondholder representative letter, as appropriate, in the form attached to the Indenture.

Each purchaser of any Bonds or ownership interest therein will be deemed to have acknowledged, represented, warranted, and agreed with and to the District, the Underwriter and the Trustee as follows:

1. That the Bonds are payable solely from certain revenues derived by the District under the Indenture and from certain funds and accounts established and maintained pursuant to the Indenture.
2. That it is a Qualified Institutional Buyer or an Institutional Accredited Investor and that it is purchasing the Bonds for its own account and not with a view to, or for offer or sale in connection with any distribution thereof in violation of the Securities Act of 1933, as amended (the "Securities Act") or other applicable securities laws.
3. That the Bonds (a) have not been registered under the Securities Act and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, and (c) may not be readily marketable.
5. That the Bonds and beneficial ownership interests therein may only be transferred to Qualified Institutional Buyers or Institutional Accredited Investors.
6. That the District, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

See "TRANSFER RESTRICTIONS" herein.

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\$9,175,000
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
REVENUE BONDS, SERIES 2022

INTRODUCTION

This Limited Offering Memorandum, including the cover page, the table of contents and the appendices hereto (the “Limited Offering Memorandum”), is provided to furnish information with respect to the sale and delivery by San Gorgonio Memorial Healthcare District (the “District”) of \$9,175,000 aggregate principal amount of its Revenue Bonds, Series 2022 (the “Bonds”).

This Introduction is not a summary of this Limited Offering Memorandum. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Limited Offering Memorandum, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Limited Offering Memorandum. The offering of the Bonds to potential investors is made only by means of the entire Limited Offering Memorandum.

Bond Issuance Authority

The Bonds are being issued pursuant to the provisions of Division 23 of the California Health and Safety Code (the “District Law”), an indenture of trust, dated as of September 1, 2022 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, San Francisco, California, as the trustee (the “Trustee”), and a resolution of the Board of Directors of the District adopted on September 6, 2022 (the “Resolution”). See “THE BONDS – AUTHORITY FOR ISSUANCE” for additional information.

The District

The District, a local health care district formed in 1947, is a political subdivision of the State of California (the “State”) organized pursuant to the District Law. The geographic area that composes the District (and which includes the voting residents who elect the District’s Board of Directors) encompasses approximately 340 square miles in the northwest portion of Riverside County (the “County”) and includes the cities of Banning and Beaumont, a portion of the city of Calimesa as well as the neighboring unincorporated areas of Cabazon, Cherry Valley and Whitewater. The 2022 population of the cities of Banning and Beaumont and the County has been estimated by the State Department of Finance to be approximately 30,877, 54,690 and 2,435,525, respectively. The permanent resident population of the District is approximately 95,000. The District owns San Gorgonio Memorial Hospital. See “THE DISTRICT” herein.

The Hospital

The San Gorgonio Memorial Hospital (the “Hospital”) is a 79-bed licensed general acute care hospital located in Banning, California. See “THE HOSPITAL.” It is owned by the District and managed by a nonprofit public benefit corporation also named San Gorgonio Memorial Hospital (the “Corporation”) pursuant to a management services agreement effective as of July 1, 2020 (the “Management Agreement”).

The Corporation

The District’s lease of the Hospital to the Corporation terminated as of June 30, 2020. The Corporation, a charitable 501(c)(3) organization formed by the District as a California nonprofit public benefit corporation, operates the Hospital pursuant to the Management Agreement. The Corporation employs all of the staff of the Hospital. See “THE CORPORATION” herein. Taken together, the District and the Corporation constitute the “System.” See APPENDIX B—AUDITED COMBINED FINANCIAL STATEMENTS OF THE SYSTEM AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020.

Sources of Payment for the Bonds

The Bonds will be limited obligations of the District payable from the District’s general purpose operating *ad valorem* property tax revenues (the “Operating Tax Revenues”) and secured by a pledge and assignment of the Operating

Tax Revenues and of amounts held in the funds and accounts established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Bonds will be issued on a parity with the District’s outstanding San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2021. See “THE BONDS—Security for the Bonds.”

Description of the Bonds

The Bonds will be dated the date of their delivery, will be in denominations of \$250,000 each, or integral multiples of \$5,000, and will bear interest at the rate or rates shown on the cover page hereof, with interest payable semiannually on each April 1 and October 1, commencing April 1, 2023 (each an “Interest Payment Date”), during the term of the Bonds.

The Bonds will be issued in fully registered form only and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds (the “Beneficial Owners”) under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein under “THE BONDS—Book-Entry System.”

Redemption

Optional Redemption. The Bonds are subject to optional redemption prior to maturity, in whole or in part on any date on and after October 1, 2032, from any source of funds, by paying a redemption price equal to the aggregate principal amount of the Bonds to be redeemed, together with accrued interest to such date, without premium.

The District may exercise optional redemption by giving written notice to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee) specifying the principal amount of the Bonds to be redeemed.

Sinking Fund Redemption. The Bonds are subject to mandatory redemption, in part by lot, from Sinking Account payments set forth in the following schedule at a redemption price equal to the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; provided, however, that if some but not all of the Bonds have been optionally redeemed, the total amount of Sinking Account payments to be made subsequent to such redemption shall be reduced in an amount equal to the principal amount of the Bonds so redeemed by reducing each such future Sinking Account payment on a pro rata basis (as nearly as practicable) in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Trustee.

Sinking Account Redemption Date	Principal Amount to be Redeemed	Sinking Account Redemption Date	Principal Amount to be Redeemed
10/1/23	\$160,000	10/1/33	\$220,928
4/1/24	104,862	4/1/34	229,765
10/1/24	109,056	10/1/34	238,956
4/1/25	113,418	4/1/35	248,514
10/1/25	117,955	10/1/35	258,454
4/1/26	122,673	4/1/36	268,793
10/1/26	127,580	10/1/36	279,544
4/1/27	132,684	4/1/37	290,726
10/1/27	137,991	10/1/37	302,355
4/1/28	143,511	4/1/38	314,449
10/1/28	149,251	10/1/38	327,027
4/1/29	155,221	4/1/39	340,108
10/1/29	161,430	10/1/39	353,713
4/1/30	167,887	4/1/40	367,861
10/1/30	174,602	10/1/40	382,576
4/1/31	181,587	4/1/41	397,879
10/1/31	188,850	10/1/41	413,794
4/1/32	196,404	4/1/42	430,346
10/1/32	204,260	10/1/42	447,559
4/1/33	212,431		

†Maturity

The Trustee shall not be required to give notice of the sinking fund redemption of the Bonds.

Revenue Based Debt Outstanding

The Bonds will be issued on a parity with the District's outstanding \$2,350,000 San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2021 (the "2021 Bonds"). The 2021 Bonds are secured by both operating revenues of the District and, upon issuance of the Bonds, by the Operating Tax Revenues. The 2021 Bonds mature on April 1, 2042, with interest and principal payable semi-annually with interest accrued at an annual percentage rate of 3.00%. In addition, the District has a revolving working capital line of credit with a commercial bank in the maximum amount of \$12,000,000. The line of credit is secured by operating revenues of the District. As of June 30, 2022, the outstanding balance on this line of credit was \$12,000,000. The line of credit matures on January 6, 2023.

Tax Matters

In the opinion of Quint & Thimmig LLP, Larkspur, California, ("Bond Counsel"), subject to compliance by the District with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "LEGAL MATTERS—Tax Matters."

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Bond Counsel. Bond Counsel will supply a legal opinion approving the validity of the Bonds. See "LEGAL MATTERS—Approval of Legality." U.S. Bank Trust Company, National Association, San Francisco, California, will act as Trustee. McDougal Love Boehmer Foley Lyon & Mitchell, a professional corporation, La Mesa, California, will act as legal counsel to the District ("District Counsel") and G.L. Hicks Financial, LLC, Orem, Utah, will act as financial advisor ("Financial Advisor") to the District for the Bonds. Wilson Law Group, PC, San Diego, California ("Underwriter's Counsel") will pass on certain matters for the Underwriter. All or a portion of the fees of these professionals are contingent on closing of the Bonds.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry only form will be available for delivery through the facilities of DTC.

Continuing Disclosure

The District will undertake, pursuant to the Indenture and a continuing disclosure certificate, to provide certain financial information and notices of the occurrence of certain enumerated events. See "MISCELLANEOUS—Continuing Disclosure."

Other Information

This Limited Offering Memorandum speaks only as of its date, and the information contained herein is subject to change. There follows in this Limited Offering Memorandum, descriptions of the Bonds, the Indenture and the District. The descriptions and summaries herein do not purport to be comprehensive or definitive and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors' rights generally.

THE BONDS

Authority for Issuance

The Bonds are being issued pursuant to the provisions of the District Law, the Indenture and the Resolution.

Description of the Bonds

Interest on the Bonds accrues from the date of delivery and is payable on each Interest Payment Date. The Bonds are issuable in denominations of \$250,000 or any integral multiple thereof.

Principal on the Bonds is payable in lawful money of the United States of America upon surrender of the Bonds at the principal corporate trust office of the Trustee. Interest on the Bonds will be paid by check of the Trustee mailed to the person registered as the owner thereof as of the 15th day of the month preceding each Interest Payment Date to the address listed on the registration books of the District maintained by the Trustee for such purpose. See the Maturity Schedule on the cover and “THE BONDS—Debt Service Schedule.”

Purpose of the Issue

Proceeds of the Bonds will be used to (a) provide working capital for the District, (b) fund a debt service reserve fund for the Bonds (the “Bond Reserve Fund”), and (c) pay for costs associated with issuance of the Bonds. See “THE BONDS—Sources and Uses of Funds” and “FINANCING PLAN.”

Book-Entry System

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity, and will be deposited with DTC. See APPENDIX D—BOOK-ENTRY SYSTEM for a more complete discussion of DTC and the Book-Entry System.

Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds relating to the Bonds, the defeasance escrow and to pay for costs associated with issuance of the Bonds.

Estimated Sources of Funds:

Principal Amount of Bonds	\$9,175,000
Total Sources of Funds	\$9,175,000

Estimated Uses of Funds:

Deposit to Bond Reserve Fund	\$ 465,462
Deposit to Costs of Issuance Fund ⁽¹⁾	200,000
Underwriter’s Discount	85,000
Working Capital Fund	8,424,538
Total Uses of Funds	\$9,175,000

⁽¹⁾ Includes legal, financial advisory, consulting and Trustee fees, printing and other costs of issuance.

Defeasance

If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of all outstanding Bonds all of the principal of and interest on the Bonds at the times and in the manner provided in the Indenture, or monies and securities are deposited in advance with the Trustee sufficient to pay or redeem all outstanding Bonds at a

date certain, then such Owners shall cease to be entitled to the obligation of the District to cause the County to levy and collect taxes on behalf of the District, and such obligation and all agreements and covenants of the District and of the County to such owners under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that in the event of the advance deposit of monies and securities the District shall remain liable for payment of all principal, interest and premium, if any, on the Bonds, but only out of monies or securities on deposit with the Trustee.

Debt Service Schedule

The following table summarizes the annual debt service requirements for the Bonds alone, debt service for the 2021 Bonds and the aggregate debt service for both bond issues to be outstanding.

Interest Payment Date	2021 Bonds			The Bonds			Total
	Principal	Interest	Total	Principal	Interest	Total	
10/1/22	\$43,304	\$35,250.00	\$78,554.00	—	—	—	\$ 78,554.00
4/1/23	43,953	34,600.44	78,553.44	—	\$401,661.11	\$401,661.11	480,214.55
10/1/23	44,613	33,941.15	78,554.15	\$160,000	367,000.00	527,000.00	605,554.15
4/1/24	45,282	33,271.95	78,553.95	104,862	360,600.00	465,462.00	544,015.95
10/1/24	45,961	32,592.72	78,553.72	109,056	356,405.52	465,461.52	544,015.24
4/1/25	46,650	31,903.31	78,553.31	113,418	352,043.28	465,461.28	544,014.59
10/1/25	47,350	31,203.56	78,553.56	117,955	347,506.56	465,461.56	544,015.12
4/1/26	48,060	30,493.31	78,553.31	122,673	342,788.36	465,461.36	544,014.67
10/1/26	48,781	29,772.41	78,553.41	127,580	337,881.44	465,461.44	544,014.85
4/1/27	49,513	29,040.69	78,553.69	132,684	332,778.24	465,462.24	544,015.93
10/1/27	50,256	28,298.00	78,554.00	137,991	327,470.88	465,461.88	544,015.88
4/1/28	51,009	27,544.16	78,553.16	143,511	321,951.24	465,462.24	544,015.40
10/1/28	51,775	26,779.02	78,554.02	149,251	316,210.80	465,461.80	544,015.82
4/1/29	52,551	26,002.40	78,553.40	155,221	310,240.76	465,461.76	544,015.16
10/1/29	53,340	25,214.13	78,554.13	161,430	304,031.92	465,461.92	544,016.05
4/1/30	54,140	24,414.03	78,554.03	167,887	297,574.72	465,461.72	544,015.75
10/1/30	54,952	23,601.93	78,553.93	174,602	290,859.24	465,461.24	544,015.17
4/1/31	55,776	22,777.65	78,553.65	181,587	283,875.16	465,462.16	544,015.81
10/1/31	56,613	21,941.01	78,554.01	188,850	276,611.68	465,461.68	544,015.69
4/1/32	57,462	21,091.82	78,553.82	196,404	269,057.68	465,461.68	544,015.50
10/1/32	58,324	20,229.89	78,553.89	204,260	261,201.52	465,461.52	544,015.41
4/1/33	59,199	19,355.03	78,554.03	212,431	253,031.12	465,462.12	544,016.15
10/1/33	60,087	18,467.04	78,554.04	220,928	244,533.88	465,461.88	544,015.92
4/1/34	60,988	17,565.74	78,553.74	229,765	235,696.76	465,461.76	544,015.50
10/1/34	61,903	16,650.92	78,553.92	238,956	226,506.16	465,462.16	544,016.08
4/1/35	62,831	15,722.37	78,553.37	248,514	216,947.92	465,461.92	544,015.29
10/1/35	63,774	14,779.91	78,553.91	258,454	207,007.36	465,461.36	544,015.27
4/1/36	64,730	13,823.30	78,553.30	268,793	196,669.20	465,462.20	544,015.50
10/1/36	65,701	12,852.35	78,553.35	279,544	185,917.48	465,461.48	544,014.83
4/1/37	66,687	11,866.83	78,553.83	290,726	174,735.72	465,461.72	544,015.55
10/1/37	67,687	10,866.53	78,553.53	302,355	163,106.68	465,461.68	544,015.21
4/1/38	68,702	9,851.22	78,553.22	314,449	151,012.48	465,461.48	544,014.70
10/1/38	69,733	8,820.69	78,553.69	327,027	138,434.52	465,461.52	544,015.21
4/1/39	70,779	7,774.70	78,553.70	340,108	125,353.44	465,461.44	544,015.14
10/1/39	71,841	6,713.01	78,554.01	353,713	111,749.12	465,462.12	544,016.13
4/1/40	72,918	5,635.40	78,553.40	367,861	97,600.60	465,461.60	544,015.00
10/1/40	74,012	4,541.63	78,553.63	382,576	82,886.16	465,462.16	544,015.79
4/1/41	75,122	3,431.45	78,553.45	397,879	67,583.12	465,462.12	544,015.57
10/1/41	76,249	2,304.62	78,553.62	413,794	51,667.96	465,461.96	544,015.58
4/1/42	77,392	1,160.88	78,552.88	430,346	35,116.20	465,462.20	544,015.08
10/1/42	—	—	—	447,559	17,902.36	465,461.36	465,461.36
TOTALS	\$2,350,000	\$792,147.20	\$3,142,147.20	\$9,175,000	\$9,039,547.24	\$18,214,547.24	\$21,758,355.55

Registration

The Bonds are to be issued as fully registered bonds payable to the registered owners thereof. Transfer of ownership of a fully registered Bond or Bonds shall be made by exchanging the same for a new registered Bond or Bonds of the same maturity and in the same aggregate principal amount. All of such exchanges shall be made in such manner

and upon such reasonable terms as may from time to time be determined and prescribed by the District. While the Bonds are in book-entry form, the Bonds will be registered in the name of Cede & Co. as nominee for DTC or in the name of any successor securities depository. See "THE BONDS—Book-Entry System."

Transfer Restrictions

The Bonds may not be registered in the name of, or transferred to, any person except an Approved Investor, which pursuant to the Indenture means (i) "qualified institutional buyers" as defined in Rule 144A promulgated under the Securities Act or (ii) "Institutional Accredited Investors," consisting of "accredited investors" as described in Sections (a)(1), (2), (3), (7), (8), (9), (12), or (13) of Rule 501 of Regulation D promulgated under the Securities Act. Only (i) Beneficial Owners or (ii) the person(s) in whose name(s) the Bonds are registered under the Indenture shall be treated as Holders and shall have the rights of Holders under the Indenture. Each Beneficial Owner shall provide to the District and the Trustee an executed investor letter, substantially in the form attached to the Indenture. In addition, the face of each Series 2022 Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Indenture.

Security for the Bonds

The Bonds shall be limited obligations of the District payable from Operating Tax Revenues, on a parity with the 2021 Bonds, and secured by a pledge and assignment of the Operating Tax Revenues and of amounts held in the funds and accounts established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The obligation of the District to pay the principal or sinking fund installments and interest on the Bonds from Operating Tax Revenues, to apply Operating Tax Revenues and to perform and observe the other agreements contained herein and the District's pledge of Operating Tax Revenues as herein provided shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the District or the Trustee of any obligation to the District or otherwise with respect to the Facilities, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Trustee. Until such time as all of the principal or sinking fund installments of and interest on the Bonds shall have been fully paid or redeemed, the District (a) will not suspend, abate, or discontinue any payments provided for in the Indenture, (b) will perform and observe all other agreements contained in the Indenture, and (c) will not terminate the Indenture for any cause, including, without limiting the generality of the foregoing, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof, any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture or on account of the sale, lease or closure of its hospital.

Pledge of Operating Tax Revenues. Under the Indenture, the District irrevocably and unconditionally agrees that the payment of the principal or sinking fund installments of and interest on the Bonds shall be secured by a pledge, charge and first and prior lien upon Operating Tax Revenues, and Operating Tax Revenues sufficient to pay the principal or sinking fund installments of and interest on the Bonds as the same shall become due and payable are hereby pledged, charged, assigned, transferred and set over by the District to the Trustee for the purpose of securing payment of the principal or sinking fund installments of, premium, if any, and interest on the Bonds. The Operating Tax Revenues shall constitute a trust fund for the security and payment of the principal or sinking fund installments of, premium, if any, and interest on the Bonds held for the benefit of the Owner of the Bonds.

Transfer to Pay the Principal or Sinking Fund Installments of and Interest on the Bonds. To provide for the payment of the principal or sinking fund installments of, and interest on the Bonds when due, the District shall irrevocably direct the County, so long as the Bonds are Outstanding, to transfer to a designated account established by U.S. Bank Trust Company, National Association, as agent under a deposit and transfer agreement (the "Agent"), as collected by the County, all Operating Tax Revenues. For the purpose of receiving Operating Tax Revenues, the Agent shall establish, maintain and hold in trust a separate fund designated as the "Operating Tax Revenue Fund."

With respect to the Bonds, from such received Operating Tax Revenues, the Agent shall transfer from the Operating Tax Revenue Fund to the Trustee for deposit into the Debt Service Fund, which is created under the Indenture, held and maintained in trust with the Trustee, the amount of interest on the Bonds coming due on the next succeeding Interest Payment Date, and the amount of principal due on the Bonds on the next succeeding Interest Payment Date on which principal or a sinking fund installment are due.

In addition, with respect to the 2022 Bonds, from such received Operating Tax Revenues, the Agent shall transfer from the Operating Tax Revenue Fund to the Trustee for deposit into the debt service fund, which is created under the indenture for the 2021 Bonds, held and maintained in trust with the Trustee, the amount of interest on the 2021 Bonds coming due on the next succeeding interest payment date for the 2021 Bonds, and the amount of principal due on the 2021 Bonds on the next succeeding interest payment date on which principal or a sinking fund installment are due.

Notwithstanding the foregoing, the District may, at its election, on or before the fifteenth (15th) day of each month, commencing October 15, 2022, pay to the Trustee for deposit in the Debt Service Fund one-sixth (1/6) of the aggregate amount of interest becoming due and payable on the next ensuing Interest Payment Date on all Bonds then Outstanding, until the balance in said account is equal to said aggregate amount of interest, and on or before the fifteenth (15th) day of each month, commencing April 15, 2023, one-sixth (1/6) of the aggregate amount of principal becoming due and payable on the Outstanding Serial Bonds plus the aggregate amount of Mandatory Sinking Account Payments required to be paid into the respective Sinking Accounts for Outstanding Term Bonds, in each case during the next ensuing six months, until the balance in said account is equal to said aggregate amount of such principal and Mandatory Sinking Account Payments, all as is required by the Trustee to make the transfers and deposits required as described above.

No Prior Lien. The District has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of the Operating Tax Revenues that ranks on a parity with or prior to the pledge granted hereunder other than with respect to the 2021 Bonds.

Bond Reserve Fund

All amounts in the Bond Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of (a) paying interest on or principal of the 2022 Bonds when due and payable to the extent that moneys deposited in the Debt Service Fund are not sufficient for such purpose, and (b) making the final payments of principal of and interest on the 2022 Bonds. On the date on which all 2022 Bonds shall be retired hereunder or provision made therefor pursuant to the Indenture, all moneys then on deposit in the Bond Reserve Fund shall be withdrawn by the Trustee and paid to the District.

Amounts in the Bond Reserve Fund shall be valued by the Trustee semi-annually on each March 1 and September 1. If, on any date of computation, moneys and securities on deposit in the Bond Reserve Fund are less than the Bond Reserve Requirement, the Trustee shall notify the District of such deficit and the District covenants and agrees that it will immediately increase the amount therein to the Bond Reserve Requirement. If, on any date of computation, moneys and securities on deposit in the Bond Reserve Fund are in excess of the Bond Reserve Requirement, the Trustee shall notify the District of the amount of such excess and shall, as directed by the District, withdraw all or a portion of such excess amount and transfer such amount to the Debt Service Fund.

Future Obligations Secured by Operating Tax Revenues

No Obligations Superior to Bonds. To protect further the availability of the Operating Tax Revenues and the security for the Bonds and any Parity Debt, the District covenants that no additional bonds or other indebtedness that are payable out of the Operating Tax Revenues in whole or in part will be issued or incurred on a senior basis to the Bonds and any Parity Debt.

Parity Debt. Additional obligations may be issued on a parity with the Bonds and any then existing Parity Debt subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Debt, except that the District need not comply with subparagraph (b) if the proposed Parity Debt is incurred to prepay or post a security deposit for the payment of the Bonds or Parity Debt:

(a) The District shall be in compliance with all covenants set forth in the Indenture.

(b) The Operating Tax Revenues, calculated on sound accounting principles, as shown by the books of the District for the latest Fiscal Year or any more recent twelve (12) month period selected by the District ending not more than sixty (60) days prior to the adoption of the instrument issuing such Parity Debt are issued, as shown by the books of the District shall at least equal one hundred fifty percent (150%) of the amount of Maximum Annual Debt Service on all Bonds and Parity Debt to be Outstanding immediately subsequent to the issuance of such Parity Debt.

Subordinate Debt. The District further covenants that the District shall not issue or incur any Subordinate Debt unless:

(a) Operating Tax Revenues, calculated on sound accounting principles, as shown by the books of the District for the latest Fiscal Year or any more recent twelve (12) month period selected by the District ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which instrument such Subordinate Debt is issued or incurred, as shown by the books of the District shall, after deducting all amounts required for the payment of debt service on the Bonds and any Parity Debt, have amounted to at least 1.10 times the sum of the maximum annual debt service on all Subordinate Debt outstanding immediately subsequent to the incurring of such additional obligations.

(b) Interest with respect to such Subordinate Debt shall be paid on April 15 and October 15.

(c) Principal with respect to such Subordinate Debt shall be paid on April 15.

(d) A reserve fund may, but is not required to be, funded for such Subordinate Debt.

FINANCING PLAN

A portion of the proceeds from the sale of the Bonds will be used by the District to pay for working capital expenditures. The moneys will pay for operating expenses and cover District operations during a period in time when the District expects to receive a reduced amount of supplemental revenues.

RISKS TO OWNERS OF THE BONDS

The following section describes certain special considerations and risk factors affecting the potential for nonpayment, timely payment, and the security for, and the market price of, the Bonds. The following discussion is not meant to be an exhaustive or definitive description of the risks associated with a purchase of any Bond and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following special factors regarding the Bonds, together with all other information in this Limited Offering Memorandum, in particular, "THE BONDS – Certain Risks Related to Ad Valorem Property Taxes," in order to make an informed investment decision with respect to the Bonds. There can be no assurance that other risk factors are not or will not become material in the future.

Bankruptcy

In the event the District were to file a bankruptcy petition under the United States Bankruptcy Code (the "Bankruptcy Code"), the rights and remedies of the Owners of the Bonds could be impacted by various provisions of the Bankruptcy Code. Given the status of the District as a governmental entity, such a petition would be eligible to be filed only under chapter 9 of the Bankruptcy Code.

Automatic Stay and Special Revenues. If the District were to become a debtor under the Bankruptcy Code after the date of delivery of the Bonds, sections 362 and 922 of the Bankruptcy Code would impose an "automatic stay" that operates as an injunction against, among other things, (i) the commencement or continuation of any judicial or other proceedings against the District and its property, (ii) all acts to recover on preexisting claims against the District, (iii) acts to enforce a lien or otherwise obtain possession of, or exercise control over, property of the District, or (iv) setoff of any obligations against preexisting claims held by the District. In the event that the court should determine that the *ad valorem* tax revenues pledged for payment of the Bonds constitute "special revenues" as defined in section 902 of the Bankruptcy Code, then pursuant to section 928 all *ad valorem* taxes collected post-petition would remain subject to the lien securing payment of the Bonds, and pursuant to section 922, the automatic stay discussed above would not prevent application of collected taxes to payment of the Bonds. Even in the event of such a determination, however, the District as a bankruptcy debtor may be able to temporarily prevent the District or the County from remitting *ad valorem* taxes to the Trustee, or prevent the Trustee from making payments on the Bonds with funds in its possession or received from the District or the County, and thus there may be a delay in payments on the Bonds.

Debtor In Possession Financing. In bankruptcy, the District may be able to borrow additional money that is secured by a lien on *ad valorem* taxes, which lien could have priority over the lien provided by the Lien Statute as long as the bankruptcy court determines that the rights of the holders of the Bonds will be adequately protected within the meaning of the Bankruptcy Code.

Potential Modification of Terms. The District may be able, without the consent and over the objection of the Trustee and the holders of the Bonds, to alter the priority, interest rate, payment terms and amount, maturity dates,

payment sources, covenants and other terms or provisions of the Bonds, the Indenture or any other agreement relating to the Bonds, as long as the alterations are fair and equitable as determined by the bankruptcy court.

Other Matters. There may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on, or other losses with respect to, the Bonds. Regardless of any specific adverse determinations in a bankruptcy proceeding, the fact of a bankruptcy proceeding by the District could have an adverse effect on the liquidity and value of the Bonds.

No Assurance of Secondary Market for the Bonds

It is the present practice of the Underwriter to make a secondary market in the issues that it underwrites. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon their prevailing circumstances. Such prices could be substantially lower than the original purchase price. There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until their Bonds mature. The Bonds are not rated.

Purchases and Transfers of Bonds Restricted to Qualified Institutional Buyers and Institutional Accredited Investors; Limited Market

As described in the "NOTICE TO INVESTORS—LIMITED OFFERING" that precedes the Table of Contents of this Limited Offering Memorandum, the Bonds are to be sold (including in secondary market transactions) only to Qualified Institutional Buyers or Institutional Accredited Investors. The Indenture contains provisions limiting transfers of the Bonds and beneficial interests therein to Qualified Institutional Buyers or Institutional Accredited Investors. The face of each Bond will contain a legend indicating that the Bond is subject to transfer restrictions as set forth in the Indenture. The Bonds will be issued in minimum denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof. In light of these restrictions, purchasers should not expect that there will be an active secondary market for the Bonds.

The Bonds have no active trading market and the District does not intend to list the Bonds on any securities exchange. There is no assurance that the Bonds will at any time be rated. There can be no assurance that a market for the Bonds will develop, or that investors will be able to resell the Bonds at the offering price or at any price. Accordingly, an investor must bear the economic risk of its investment in the Bonds for an indefinite period of time. See "THE BONDS—Transfer Restrictions."

Factors That Could Affect the Enforceability of the Bonds

The legal right and practical ability to enforce rights and remedies against the District under the Indenture, the Bonds and related documents may be limited by laws relating to bankruptcy, insolvency, reorganization, fraudulent conveyance or moratorium and by other similar laws affecting creditors' rights. In addition, the ability to enforce such terms will depend upon the exercise of various remedies specified by such documents which may in many instances require judicial actions that are often subject to discretion and delay or that otherwise may not be readily available or may be limited.

Risks of Healthcare Operations

Generally, only in the unexpected event that the District would be required to pay debt service from operating funds because *ad valorem* taxes are not sufficient to pay principal or interest, would the healthcare operations of the District and the many uncertainties thereof become a consideration.

The District is subject to a wide variety of federal and state regulatory actions and legislative and policy changes by those governmental and private agencies and entities that administer Medicare, Medi-Cal and other payors and is subject to actions by, among others, the National Labor Relations Board, The Joint Commission, the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services, the State of California, the State Attorney General, and other federal, State and local government agencies. The future financial condition of the District could be adversely affected by, among other things, changes in the method, timing and amount of payments to the District by

governmental and nongovernmental payors, the financial viability of these payors, increased competition from other healthcare entities, the costs associated with responding to governmental audits, inquiries and investigations, demand for healthcare, other forms of care or treatment, changes in the methods by which employers purchase healthcare for employees, capability of management, changes in the structure of how healthcare is delivered and paid for, future changes in the economy, demographic changes, availability of physicians, nurses and other healthcare professionals, malpractice claims and other litigation.

In addition, future economic and other conditions, including inflation, demand for hospital services, the ability of the District to provide the services required or requested by patients, physicians' confidence in the District's Hospital and management, economic developments in the service area served by the District, employee relations and unionization, competition, rates, increased costs, availability of professional liability insurance, hazard losses, third-party reimbursement, changes in governmental regulations and even pandemics such as the coronavirus pandemic may materially adversely affect District operations.

These factors and others may adversely affect the District's revenues. There can be no assurance given that revenues realized by the District, or utilization of the Hospital will not decrease. As a result of the COVID-19 pandemic, the District's patient volumes initially decreased. The long-term impact of COVID-19 on the healthcare operations of the District are liable to be significant. In such case, the District may not be in a position to pay debt service on the Bonds should *ad valorem* taxes be insufficient or otherwise negatively affected. See "THE BONDS – Certain Risks Related to *Ad Valorem* Taxes" and "RISKS TO OWNERS OF THE BONDS—Severe Economic Conditions and COVID-19."

With respect to the financial condition of the District, see the audited combined financial statements of the System attached to the Limited Offering Memorandum as APPENDIX B—AUDITED COMBINED FINANCIAL STATEMENTS OF THE SYSTEM AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020. For more information on the District's healthcare operations, see "THE HOSPITAL."

Litigation

Healthcare providers and hospitals are often the subject of litigation. Professional liability and other actions alleging wrongful conduct and seeking punitive damages often are filed against healthcare providers such as the District.

Litigation may also arise from the corporate and business activities of the District or the Hospital as to employee-related matters. As with most healthcare professional liability, many of these risks are covered by insurance, but some are not. For example, some business disputes and workers' compensation claims are not covered by insurance or other sources and, in whole or in part, may be a liability of the District or the Hospital if determined or settled adversely. Although the District maintains insurance policies covering healthcare professional and general liability, management of the District is unable to predict the availability, cost or adequacy of such insurance in the future. See "LEGAL MATTERS—Material Litigation."

Failure to Provide Ongoing Disclosure

The District will enter into a Continuing Disclosure Certificate related to the Bonds with , D.K. Goulding Financial Services LLC, as dissemination agent, pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule") in connection with the issuance of the Bonds. Any material failure to comply with the Continuing Disclosure Certificate and the Rule in the future may adversely affect the liquidity of the affected Bonds and their market price in the secondary market. See "CONTINUING DISCLOSURE" and "APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE."

STATE CONSTITUTIONAL LIMITATIONS ON DISTRICT REVENUES AND EXPENDITURES

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof (see “THE BONDS—Security for the Bonds”). Articles XIII A, XIII B, XIII C and XIII D of the Constitution, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy ad valorem taxes for payment of the Bonds. The ad valorem tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A (“Article XIII A”) of the State Constitution, adopted and known as Proposition 13, limits the amount of *ad valorem* taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor's valuation of real property as shown on the 1975-76 bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A requires a vote of two-thirds of the qualified electorate of a city, county, special district (such as the District) or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax securing the Bonds falls within the exception described in (b) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds of all members of the state legislature to change any state taxes for the purpose of increasing tax revenues.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIII A.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to directly levy any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the affected county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property, which is considered part of a utility system with components located in many taxing jurisdictions. The State Constitution provides that the State Board of Equalization (the “SBE”), rather than counties, assess certain property owned or used by regulated utilities. Such property is grouped and assessed by the SBE as “going concern” operating units, which may cross local tax jurisdiction

boundaries, rather than as individual parcels of real or personal property separately assessed. Such utility property is known as “unitary property.” The SBE assesses property at “fair market value,” determined by various methods and formulae depending on the nature of the property, except that assessed value of certain railroad property is limited to a percentage of the fair market value determined by the SBE, in conformity with federal law. The SBE assesses values as of January 1 prior to the tax year of the related tax levy. Property tax on SBE-assessed property is then levied and collected by each county in the same manner as county assessed property, but at special county-wide tax rates, and distributed to each taxing agency within that county generally according to the approximate percentages as allocated to each taxing agency in the prior year.

Changes in the California electric utility industry structure and in the way in which components of that industry are regulated and owned, including the sale or electric generation assets to largely unregulated, non-utility companies, may convert the status of such assets from SBE-assessed unitary property to locally assessed property or otherwise affect how those assets are assessed in the future and which local taxing agencies are to receive the property taxes on such assets. The District cannot predict whether any changes that may occur will affect the unitary property within its boundaries or the tax revenues relating to such property.

Article XIII B of the California Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriation limit” imposed by Article XIII B of the State Constitution which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, as subsequently amended by Propositions 98 and 111, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

The State and each local government entity have their own appropriation limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another governmental entity of financial responsibility for providing the services.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the California Constitution Articles XIII C and XIII D (respectively, “Article XIII C” and “Article XIII D”), which contain a number of provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general

governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as hospital districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds percent vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds percent vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

Proposition 8

In November 1978 California voters passed Proposition 8, which provides that property owners are entitled to an assessment based on the lower of the fair market value of their property as of the lien date (January 1), or the assessed value as determined at the time of the purchase or construction, and increased by no more than 2% annually. The assessor may also adjust valuations independently, without a taxpayer appeal. See “DISTRICT FINANCIAL MATTERS—Appeals to Assessed Values.”

Future Initiatives

Article XIII A, Article XIII B, Proposition 218 and Proposition 8 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

THE DISTRICT

The District is a political subdivision of the State, created in 1947 by vote of the registered voters of the then proposed District. The District was organized to finance the cost of constructing, remodeling and expanding the Hospital and operates under the District Law. The District and the Corporation entered into a renewable five-year management services agreement for the Hospital (the “Management Agreement”). The District covers an area of approximately 340 square miles and is located in the northwest portion of the County. The permanent resident population of the District is approximately 95,000.

Cities and communities located within the District's boundaries includes the cities of Banning and Beaumont, portions of the city of Calimesa as well as the neighboring unincorporated areas of Cabazon, Cherry Valley and Whitewater. The District is a political agency and collects general operating *ad valorem* property tax revenues annually based upon the assessed value of taxable real property located within the District's boundaries. The District is able to use its operating tax revenues for general operating purposes, and they are pledged to the Trustee for repayment of the Bonds, the 2021 Bonds and the outstanding line of credit. The District also collects parcel tax revenues that are available for general operating purposes of the District, as approved by voters. Parcel taxes are also not pledged to the Trustee for repayment of the Bonds, the 2021 Bonds or the outstanding line of credit. In addition, the District collects special voter approved *ad valorem* property taxes that secure repayment of the District's outstanding general obligation bonds.

Board of Directors

The District is governed by a Board of Directors (the “District Board”) which consists of five members, unless a member of the District Board resigns until another member is appointed by the District Board to fill the resigning member’s remaining term, each elected to four-year staggered terms. The District Board has ultimate responsibility for District policies, strategic planning, as well as fiduciary responsibility for protecting and enhancing the District’s assets. Regular District Board meetings are held monthly and are open to the public pursuant to California’s Brown Act. All District Board members are elected or appointed at large within the District. The current members of the District Board, including their titles, occupations, dates on which their current terms expire and total years as District Board members, are set forth in the following table:

<u>Name and Title</u>	<u>Occupation</u>	<u>Term in Office Expires</u>	<u>Board Member Since</u>
James Dennis Tankersley, PA, Chair	Lead Physician Assistant	12/2024	2016
Ehren Ngo, Vice Chair	Emergency Operations Manager	12/2022	2020
Joel Labha, DO, Secretary/Treasurer	Emergency Medical Physician	12/2022	2020
Phillip Capobianco, Member	Retired	12/2022	2018
Randal Stevens, Member	Campus Engineering Director	12/2022	2022

Source: District records.

THE CORPORATION

The Corporation is a California nonprofit public benefit corporation exempt from federal income taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code. On July 1, 1990, upon formation of the Corporation, for the purpose of operating the Hospital and providing a broader community involvement to its governing body, the District entered into a 30-year lease of the Hospital with the Corporation through June 30, 2020. The lease was not renewed or extended on June 30, 2020. As of July 1, 2020, the District entered into the Management Services Agreement with the Corporation for continued operation of the Hospital.

The Corporation’s governing body is a board of directors comprised of the five elected District Board members, plus four additional members appointed at large from the surrounding community. The Corporation’s board of directors hires a Chief Executive Officer to manage the Hospital’s operations and appoints physicians to an organized medical staff. The current members of the board of directors of the Corporation, including their titles, occupations, dates on which their current terms expire and total years as a member of the board of directors, are set forth in the following table:

<u>Name and Title</u>	<u>Occupation</u>	<u>Term in Office Expires</u>	<u>Board Member Since</u>
Susan DiBiasi, Chair	Retired Healthcare/IT Executive	6/2024	2017
Steven Rutledge, Vice Chair	Retired Hospital Compliance Officer	6/2022	2018
Ehren Ngo, Treasurer ⁽¹⁾	Emergency Operations Manager	12/2022	2018
Ronald Rader, Secretary	Retired Grocery Manager	6/2024	2014
Phillip Capobianco, Member ⁽¹⁾	Retired	12/2022	2018
Joel Labha, DO, Member ⁽¹⁾	Emergency Medical Physician	12/2022	2020
Randal Stevens, Member ⁽¹⁾	Campus Engineering Director	12/2022	2022
Dennis Tankersley, PA, Member ⁽¹⁾	Lead Physician Assistant	12/2024	2016
Siri Welch, Member	Retired Healthcare Accounting Executive	6/2025	2021

Source: Corporation records.

⁽¹⁾ Serves on the board of directors of the Corporation as a member of the Board of the District.

The Corporation has committed to operate the Hospital for the benefit of the communities served by the District, and to maintain the Hospital as a community-based hospital.

THE HOSPITAL

The District began construction of the Hospital in 1949. The Hospital was completed and dedicated on March 4, 1951. The Hospital is a 79-bed general acute care hospital (approximately 86,000 square feet) licensed by the State of California Department of Public Health and located in the city of Banning, just adjacent to the Beaumont city limit, approximately one-quarter mile north of Interstate 10. This location is approximately 80 miles east of the city of Los Angeles and approximately 25 miles west of the city of Palm Springs. The Corporation is licensed by the State of California Department of Public Health to operate the Hospital. The Hospital is a community-based hospital dedicated to providing acute primary care services to residents of the San Geronio Pass area (the District’s boundaries and

neighboring area). The Hospital has been designated by the State of California as a rural hospital and presently qualifies for disproportionate share provider status with respect to Medi-Cal and Medicare reimbursement, with the nearest acute care hospital located approximately 20 miles west of the Hospital in the city of Moreno Valley, California. The present complement of licensed beds constitutes the only licensed acute care beds available in the District's primary service area.

The Hospital was managed from 1990 to October 31, 2010, by Brim Healthcare, Inc. and from November 1, 2010 to August 1, 2017, was managed by EPIC Management L.P., a California Limited Partnership. The Corporation engages the services of a Chief Executive Officer to manage the Hospital's operations. The Corporation is responsible for the day-to-day operations of the Hospital pursuant to a management services agreement with the District. The Corporation provides and intends to provide in the future various management support services in the discharge of its obligations to manage the Hospital.

Hospital Senior Management

The day-to-day operations and long-term management of the Hospital are coordinated by the following key administrative officers who are employees of the Corporation:

Steven R. Barron, MBA, FACHE, FHFMA, Chief Executive Officer. Mr. Barron has been employed by the Corporation as Chief Executive Officer since September 2017. Mr. Barron was employed by Dignity Health for a total of 29 years prior to his employment by the Corporation. He served in various executive positions at Dignity Health, most recently as a Senior Vice President of Operations for Southern California. In all, Mr. Barron has had over 45 years of management and financial experience in progressively more responsible positions in the healthcare industry. He is a Fellow of the American College of Healthcare Executives and of the Healthcare Financial Management Association and a Paul Harris Fellow of Rotary International. Mr. Barron earned his Bachelor of Science degree in Business Administration with an emphasis in Accounting from Eastern Washington State University, Cheney, Washington, in 1975 and his Master of Business Administration degree from Pepperdine University in 1987. Mr. Barron has held membership and leadership roles in numerous healthcare associations, including Chair Elect of the Hospital Association of Southern California and sat on the Executive Committee of the California Hospital Association. He is actively engaged in various civic and community programs and organizations.

Dan Heckathorne, Chief Financial Officer. Mr. Heckathorne has been employed by the Corporation as Chief Financial Officer since April 2021. Mr. Heckathorne was employed by Wipfli LLC, from 2016 through 2020, primarily serving as interim CFO in hospitals and healthcare districts prior to his employment by the Corporation. He has served in various executive positions at healthcare districts, non-profit and for-profit hospitals and hospital systems, including Interim Chief Financial Officer at Seton Medical Center and Seton Coastside Hospital (members of Verity Health System) in Southern California, as System Chief Financial Officer at Avanti Hospitals in Southern California, as Interim Chief Financial Officer for HFS Consultants and as Associate Administrator for Finance and Chief Financial Officer at Pioneers Memorial Healthcare District, in Brawley, California. In all, Mr. Heckathorne has had over 40 years of senior management and financial experience in a variety of financial and administrative positions in the healthcare industry. He is an advanced member of the Healthcare Financial Management Association and participated as a member of its CFO Committee of the San Diego/Imperial County Chapter. Mr. Heckathorne earned his Bachelor of Science degree in Business Administration from Northern Arizona University, Flagstaff Arizona, in 1974. Mr. Heckathorne has held membership roles in numerous healthcare associations, including a member of the joint Finance Committee of the Association of California Healthcare Districts and Alpha Fund.

Patricia Brown, Chief Operating Officer/Chief Nursing Officer. Ms. Brown has served in her present capacity for the Corporation since 2011 and previously served as Manager and/or Director of Obstetrics, Respiratory Care, the Emergency Department, Performance Improvement, Case Management and the Intensive Care Unit, among others at the Hospital. Prior to her employment with the Corporation, Ms. Brown held management positions in several hospitals including 10 years with Western Medical Center in Orange County, California. She received her nursing education from St. Mary's College, Moraga, California and Donnelly College, Kansas City, Missouri. Ms. Brown is an active member of Soroptimist of Beaumont/Banning and the Pass Area Relay for Life.

Hospital Employees

As of July 1, 2022, the Corporation had 466 paid full time equivalent employees. Included in this group are registered nurses, licensed vocational nurses, technicians, specialists, environment and food service personnel, and various management, supervisory and clerical personnel. None of the Corporation's employees are covered by collective

bargaining agreements. Management is not aware of any pending union activity at the Hospital and believes that relations with its employees are good.

Medical Staff

As of July 1, 2022, the Hospital's medical staff consisted of 169 physicians (includes 103 active and associate staff). Approximately 68% of the active and associate medical staff are board certified. The current medical staff also includes 66 physicians who are provisional staff, courtesy or consulting staff members. Active medical staff members are the primary admiters to the Hospital. The medical staff has an average tenure of approximately 13.5 years.

Affiliates

San Geronio Memorial Hospital Foundation. The San Geronio Memorial Hospital Foundation (the "Foundation") is an independent California nonprofit 501(c)(3) public benefit corporation organized in 1982 for the charitable purpose of promoting and supporting the Hospital. The Foundation's general funds, which represent the Foundation's unrestricted resources, are distributed to the District and/or the Corporation in amounts and in periods determined by the Foundation's board of trustees, who may also restrict the use of the general funds for Hospital plant replacement or expansion or other specific purposes. The Foundation has over 8,000 donors and an advisory board of approximately 15 trustees. The Foundation has raised over \$15.5 million for the Hospital since 1996. The Foundation is not liable for repayment of the Bonds.

San Geronio Memorial Hospital Auxiliary. The San Geronio Memorial Hospital Auxiliary (the "Auxiliary") was formed in 1951 and has been an active supporter of the Hospital since that time. The Auxiliary, under non-pandemic circumstances, provides volunteer support to the Hospital in several areas, including fundraising, office staff assistance, operating the Hospital's gift shop, operating the Hospital's Thrift Shop, staffing of health fairs, staffing the Hospital's lobby and assisting patients, among other services. Historically, Auxiliary volunteers have provided in excess of 22,000 hours annually in support of the Hospital and its patients. All monetary proceeds generated by the Auxiliary are, in turn, donated to the Foundation to support the Hospital. The Auxiliary is not liable for repayment of the Bonds.

Service Area and Competition

The Hospital is the only acute care hospital located within its primary service area. The Hospital's primary service area consists of approximately the same geographic area as the District, which is comprised of the northwestern one-third of the County and includes the communities of Banning, Beaumont, Calimesa, Cabazon, Cherry Valley and Whitewater. The Hospital serves a semi-rural population with approximately 90% of its discharges coming from within its primary service area.

The Hospital's primary competitors include Redlands Community Hospital, located in Redlands, California approximately 23 miles west of the Hospital, Loma Linda University Medical Center, located in Loma Linda, California approximately 30 miles west of the Hospital and Desert Regional Medical Center located in Palm Springs, California approximately 30 miles east of the Hospital. The Corporation refers patients primarily to Loma Linda University Medical Center and Desert Regional Medical Center for services which are not provided at the Hospital. Services not provided at the Hospital include high-risk obstetric and pediatric cases, invasive cardiology, stroke care, neurosurgery and oncology. The District, through a generous donation from the Morongo Band of Mission Indians, is in the process of developing a certified stroke center at the Hospital.

Services

The Hospital presently offers a range of basic medical, surgical and obstetrical services in addition to its general and administrative services. Medical and surgical services currently include the following:

Medical Services		
Behavioral Health	Intensive Care	Obstetrics
Cardiac Rehabilitation	Internal Medicine	Pain Management
CT/MRI Scanning	Laboratory, Clinical	Pharmacy
Diagnostic Radiology	Laboratory, Pathology	Physical Therapy
EEG & EMG	Mammography	Pulmonary Testing
Emergency Services	Nephrology	Respiratory Therapy
General (FP/GP)	Neurology	Telemetry
Gynecology	Newborn Nursery	Ultrasound
Hematology	Nuclear Medicine	Urgent Care
Surgical Services		
Anesthesiology	Gynecology	Urology
Gastro Intestinal	Orthopedics	Vascular
General	Otolaryngology	

Source: Hospital records.

In addition, the Hospital provides 24-hour emergency medical care with a licensed physician on duty at all times. The Hospital also provides outpatient psychiatric care services.

Accreditations, Memberships and Designations

The Hospital has been fully accredited since it was opened in 1951. Its most recent three-year accreditation from the Center for Improvement in Healthcare Quality is generally valid for a three-year period or until May of 2024. At this time, management of the Hospital does not anticipate any difficulty in renewing its accreditation.

The Hospital is an eligible provider under Medicare, Medi-Cal, Blue Cross and other commercial insurance programs and is a member of the California Hospital Association, the Hospital Association of Southern California, the Association of California Healthcare Districts and the District Hospital Leadership Forum. The Hospital is a disproportionate share provider for Medicare and Medi-Cal purposes and is designated as a remote rural hospital for Medi-Cal reimbursement purposes.

Bed Complement

The Hospital has a current licensed capacity of 79 beds classified by service type as follows.

Service	Current Licensed Beds
Unspecified General Acute (Medical/Surgical)	48
Intensive Care	16
Perinatal (Obstetrics)	<u>15</u>
Total	<u>79</u>

Source: State of California, Department of Public Health License.

Certain Financial Information

The following summaries of the combined statements of revenues, expenses and changes in net position of San Geronio Health Care System (the “System”), comprised of the combined operations of the District and the Corporation, are qualified by reference to and should be read in conjunction with the audited financial statements as of and for the fiscal years ended June 30, 2021 and 2020, included as APPENDIX B—AUDITED COMBINED FINANCIAL STATEMENTS OF THE SYSTEM AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020, including the notes and supplementary information thereto, and “Management’s Analysis of Financial Performance” below. The statements of revenues, expenses and changes in net position as of and for the fiscal years ended June 30, 2018 and 2019, are derived from audited combined financial statements of the System not included herein.

The summary of the statement of revenues, expenses and changes in net position for the fiscal year ended June 30, 2022, is unaudited and has been obtained from internally prepared financial statements of the System. These financial statements have been prepared in accordance with generally accepted accounting principles on a basis consistent with the accounting policies reflected in the audited combined financial statements of the System included in APPENDIX B—AUDITED COMBINED FINANCIAL STATEMENTS OF THE SYSTEM AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020. They do not, however, include all the information required by generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited financial statements reflect all significant adjustments (which are of a normal, recurring nature) necessary for a fair presentation of the results for the period presented.

(000's omitted)	Fiscal Year Ended June 30				
	2018 (audited)	2019 (audited)	2020 (audited)	2021 (audited)	2022 (unaudited)
Net patient service revenue	\$64,937	\$65,262	\$59,357	\$55,370	\$63,301
District taxes for operations	3,565	3,938	1,478	1,860	1,800
Other operating income	<u>1,841</u>	<u>2,148</u>	<u>1,763</u>	<u>2,172</u>	<u>13,447</u>
Total operating revenues	70,343	71,348	62,598	59,402	78,548
Total operating expenses	<u>78,695</u>	<u>74,614</u>	<u>81,292</u>	<u>88,478</u>	<u>90,151</u>
Loss from Operations	(8,352)	(3,266)	(18,694)	(29,076)	(11,603)
Nonoperating Revenue (Expense):					
Taxes for Debt Service Payments	7,830	8,309	10,397	9,698	7,368
Grants, Contributions and Other	0	0	7,523	3,976	3,422
Interest Expense	<u>(5,190)</u>	<u>(5,018)</u>	<u>(5,065)</u>	<u>(5,376)</u>	<u>(4,920)</u>
Deficit in Revenues Over Expenses	(5,712)	25	(5,839)	(20,778)	(5,733)
Impairment Loss on Capital Assets and Capital Contributions	<u>653</u>	<u>412</u>	<u>(8,222)</u>	<u>(8)</u>	<u>0</u>
Change in Net Assets/Position	(5,059)	437	(14,061)	(20,786)	(5,733)
Restatement – Change in Acct. Principle	0	0	(690)	0	0
Beginning Net Assets/Position	<u>16,112</u>	<u>11,053</u>	<u>11,490</u>	<u>(3,261)</u>	<u>(24,047)</u>
Ending Net Assets/Position	<u>\$11,053</u>	<u>\$11,490</u>	<u>(\$3,261)</u>	<u>(\$24,047)</u>	<u>(\$29,780)</u>

Source: Audited and unaudited financial statements of the System, as indicated above.

Unrestricted Funds and Days Cash on Hand

The following table provides total unrestricted funds and days cash on hand for the System as of June 30 in the years 2018 through 2022. Marketable securities are carried at market value.

(000's omitted)	As of June 30				
	2018 (audited)	2019 (audited)	2020 (audited)	2021 (audited)	2022 (unaudited)
Cash and Short-Term Investments ⁽¹⁾	\$6,309	\$4,175	\$5,939	\$2,396	\$11,340
Board Designated Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Unrestricted Funds	\$6,309	\$4,175	\$5,939	\$2,396	\$11,340
Daily Expenses	<u>\$ 216</u>	<u>\$ 204</u>	<u>\$ 206</u>	<u>\$ 226</u>	<u>\$ 230</u>
Days Cash on Hand ⁽²⁾	<u>29</u>	<u>20</u>	<u>29</u>	<u>11</u>	<u>49</u>

Source: Audited and unaudited financial statements of the System, as indicated above.

⁽¹⁾ Cash includes amounts drawn down by the District pursuant to its bank line of credit with an outstanding balance of \$12,000,000 as of June 30, 2022, and approximately \$2,200,000 from a QIP Loan from the California Health Facilities Financing Authority as of the same date.

⁽²⁾ Determined by adding cash and cash equivalents plus board designated funds for capital replacement; and dividing that sum by total operating expenses minus depreciation and amortization divided by 365 (daily expenses).

Management's Analysis of Financial Performance

The District had a positive fiscal year ended June 30, 2019, providing an optimistic outlook given external factors related to growth in the area and internal initiatives being accomplished at the Hospital. These factors still are relevant; however, the Covid 19 pandemic interlude which commenced in March of 2020, had significant negative implications to the District's financial performance for the fiscal year ended June 30, 2020 and 2021.

Continuing external factors that support management's ongoing positive outlook relate to strong local residential and commercial construction with the related increases in population and assessed property values within the District. Continued growth in the local population should continue from a number of housing permits issued for both Banning and Beaumont areas (both located within the District's boundaries and its primary service area). New construction brings growth in assessed values available for *ad valorem* taxation. Immediately adjacent to the Hospital there is continuing development with the construction of thousands of planned single family and senior housing units. The availability of affordable land has also attracted industrial and commercial development within the District's boundaries. The impact of all the construction and development increases the taxpayer base and related *ad valorem* and parcel tax revenues that support the operations of the District and its Hospital.

This population growth in the Banning/Beaumont area is expected to continue. Over the past 22 years, the population of these two cities has grown by 145% (from 34,946 in 2000 to 85,567 in 2022) on a combined basis. Over this same period, the total assessed value of taxable property located within the District has grown from approximately \$2.0 billion to almost \$11.3 billion, a growth of 465% or an average annual growth rate of approximately 8.3%. This occurred even after considering the economic recession that took place in the middle of this period beginning with the 2009-10 fiscal year when assessed values actually declined for two consecutive years. Since the fiscal year 2009-10, when the tax delinquency rate peaked at 6.16%, the District has experienced a gradual improvement of its taxpayer delinquency rate with its last five years (from the fiscal year 2016-17 to 2020-21) dropping below a 2.0% delinquency rate in each of those years and below 1.50% in the most recent year reported.

The internal factors that give management a positive outlook on a go-forward basis relate to the improved physician coverage, in particular with surgeons at the Hospital and the many specialists recruited to the area. Expanded physician specialties at the Hospital directly reduces the number of patients required to be transferred to neighboring hospitals from the Hospital's emergency room, due to a historical lack of specialist physician coverage. During 2020 and 2021 new specialists were contracted with and now are providing much needed expertise and coverage. Currently, the Hospital has 24/7 emergency department and inpatient coverage for urology, neurology (via telehealth), and orthopedic surgery from the largest, highly respected orthopedic physician practice in the region. Additionally, the emergency department is covered by a well-known national physician organization with additional resources for continued coverage. The inpatient care that includes hospitalists (acute care) and intensivists (for higher ICU care) is provided by one of the most respected and well-known local physician organizations, which is highly regarded for its quality physicians and care. The District's relationships with all physician organizations is positive, with an outlook of continued growth and commitment to caring for patients at the Hospital in the future. The additional neurology coverage was part of an initiative to increase the ability to care for the non-operative stroke patients at the Hospital and to support the stroke program accreditation process.

The fiscal year ended June 30, 2021, presented challenges for the District and for the operation of its Hospital due to the ongoing COVID-19 pandemic that disrupted "business as usual" at the Hospital. The pandemic officially started in mid-March 2020, thus impacting the last 3½ months of the fiscal year 2019/20 and all of the fiscal year ended June 30, 2021, with a surge of COVID patients starting in December of 2020 and continuing through mid-February 2021.

The strain from the pandemic, both in the provision of patient care services along with an overall financial drain to the Hospital and the District was unprecedented. Although there was some financial support from federal and local governmental agencies, it was insufficient to cover the high costs of treating this affected patient population and to recoup the revenue loss due to reduced business in many other departments of the Hospital (see below).

Operating revenues for fiscal year 2020/21 were \$3.6M (5.8%) lower than the prior year, operating expenses for the year were \$7.2M (8.8%) higher than the prior year, and non-operating revenues dropped by \$4.2M (29%) from the prior year. The results were a combined negative delta of \$15.0M as compared to the prior fiscal year 2019/20.

The Hospital was forced to basically go on "lockdown" starting in March of 2020 in order to minimize, and attempt to contain, the transmission of the COVID virus. The Hospital was only directly accessible to patients seeking

care, along with care providers and support staff required to keep the services operational. This lockdown continues to the present time. Given these circumstances, there were unfavorable changes in the volume of services provided due in large part to many non-COVID residents avoiding the Hospital and physician services due to fear and a lack of knowledge with the following changes in services as a result.

The fiscal year ended June 30, 2022, has seen overall improvement in the District’s financial operations. Unaudited financial information for the twelve months ended June 30, 2022, shows an improvement from negative \$16.1M EBIDA for the previous fiscal year dropping to approximately a negative of \$3.0M EBIDA for the fiscal year ended June 30, 2022.

Factors driving this improvement include (i) only two “COVID Surge” months which took place in August of 2021 and January of 2022, (ii) fewer “lock down” months this past year, and (iii) elective and routine services and the provision of services was more normal for the remaining months of the fiscal year ended June 30, 2022. As a result of these factors, there has been a significant increase in surgeries and emergency visits at the Hospital. In turn, net patient revenues increased significantly along with improved collection outcomes now that the Hospital’s new computer system has been in place for almost a year. Additionally, Other Operating Revenue exceeded expectations, even though there was a delay in certain State Supplemental Funding programs for six months. Had this delay in Supplemental Funding programs had not occurred, the District would have experienced positive EBIDA for the most recent year. The State will resume most of the Supplemental Funding programs during the fiscal year ended June 30, 2023, which will significantly help other revenues.

The District’s expenses continue to be impacted by inflationary pressures on all fronts. The District also implemented significant salary increases during the year in order to retain and attract new staff, and this has helped reduce staff turnover. Generally, supply costs have seen increases related to supply chain disruptions and inflationary pressures and surgical supply costs have increased due to much higher surgical case volumes.

Hospital Utilization

The table below presents selected statistical indicators of inpatient and outpatient activity for the Hospital during the five fiscal years ended June 30, 2018 through 2022.

	Fiscal Year Ended June 30,				
	2018	2019	2020	2021	2022
Average Licensed Beds	79	79	79	79	79
Acute Patient Days	11,632	9,991	9,205	11,008	9,689
Acute Discharges	3,039	2,857	2,689	2,667	2,502
Acute Average Length of Stay (Days)	3.8	3.5	3.4	4.1	3.9
Total Occupancy Percentage	40%	35%	32%	38%	34%
Inpatient Surgeries	423	422	466	326	455
Outpatient Surgeries	840	740	397	511	991
Emergency Room Visits	44,567	43,687	39,293	33,299	39,374

Source: Hospital records.

Sources of Patient Service Revenue

The Hospital participates in the Medicare and Medi-Cal programs. The percentage of gross patient revenues derived from Medicare, Medi-Cal, insurance and all other sources for each of the five fiscal years ended June 30, 2018 through 2022, is set forth below. Because of varying contractual allowances to third-party payors, net patient revenues do not correspond directly to gross patient revenues.

	Fiscal Year Ended June 30,				
	2018	2019	2020	2021	2022
Medicare	42%	42%	41%	43%	43%
Medi-Cal	35	36	32	31	35
Insurance	18	17	20	21	18
All Other	<u>5</u>	<u>5</u>	<u>7</u>	<u>5</u>	<u>4</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Source: Hospital records.

Medicare is a federal program, administered by the Centers for Medicare and Medicaid Services, available to individuals age 65 or over and certain disabled persons. Medicaid is a federal and state jointly funded program, known as Medi-Cal in California, under which the Hospital furnishes services to program eligible persons. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge diagnosis. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services are paid based on a prospective payment system subject to various limitations and formulas. Traditional Medi-Cal inpatient services are reimbursed upon a per-diem basis based on a contract with the State Department of Health Services. Traditional outpatient services rendered are reimbursed on a State of California fee schedule. The Hospital has no capitated arrangement with any health plans to treat Medi-Cal patients.

The System receives supplemental Medicaid funds through intergovernmental transfers (“IGT”), where funds are put up by the District to be matched by the federal government. As a result of these IGT programs, the System has recorded revenue in the past two audited fiscal years of approximately \$34.6 million for funds relating to the fiscal years ended June 30, 2018 and 2019. Supplemental funding is also received from the Public Hospital Redesign and Incentives in Medi-Cal Program (“PRIME”), which is a successor program within the Medi-Cal waiver. The successor program to the PRIME program is the Quality Improvement Program (“QIP”). Activities supported by the PRIME/QIP programs are designed to accelerate efforts by participating PRIME/QIP entities to change the delivery of care to maximize health care value and strengthen their ability to successfully perform under risk-based alternative payment models in the long term consistent with Medicare and Medi-Cal goals. This PRIME/QIP programs require a qualitative assessment of certain metrics and is subject to future audits by CMS.

The System has contracts with approximately 20 commercial insurance plans which comprise approximately 25% of its net patient revenues. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established rates and prospectively determined daily rates.

The Hospital is a disproportionate share provider and serves a medically underserved population. The District’s reimbursement is supplemented for Medi-Cal and Medicare beneficiaries who are treated at their facilities as a result of the disproportionate share and distinct part designations. The Hospital is also designated a Remote Rural facility for DRG reimbursement purposes from Medi-Cal.

Public and Professional Liability Insurance

The Hospital’s operations are currently covered by comprehensive liability insurance through a pooled self-insurance program insuring the Hospital and its employees, while acting within the scope of their duties, against professional and general liability risks with limits of \$20,000,000 per claim and \$30,000,000 of annual aggregate limitation under a claims-made policy. The current healthcare entity comprehensive liability contract is in continuous effect until July 1, 2023. The Corporation and the District contract for such coverage through a joint-powers authority (the “BETA Healthcare Group Risk Management Authority”) under California law authorizing governmental agencies, such as local health care districts and nonprofit healthcare entities, to join together for insurance purposes. Currently, approximately 152 members representing health care districts, nonprofit entities, city, and county hospitals participate in the BETA Healthcare Group Risk Management Authority. While actions have been brought against the District or the Corporation with respect to personal injuries alleged to have occurred at the Hospital (not involving malpractice), management believes that no such pending actions will exceed the applicable liability insurance limits.

The BETA Healthcare Group Risk Management Authority is funded by contributions paid by members participating in the BETA Healthcare Group Risk Management Authority. The contributions are used to fund a reserve for expected losses to be paid by BETA Healthcare Group Risk Management Authority on a pooled, self-insured basis. The amount of the monthly contribution to be paid by members take into account factors such as, among others, total number of beds, outpatient and inpatient visits, surgeries, deductible and loss experience of the member. The reserve for claims and claims expenses has been determined using the developed loss and loss expense method. For the fiscal year ended June 30, 2022, the District paid \$1,001,171 in contributions to BETA Healthcare Group Risk Management Authority.

As of June 30, 2022, BETA Healthcare Group Risk Management Authority had a reserve for claims and claims expenses relating to the District of \$94,731. For the fiscal year ended June 30, 2022, BETA Healthcare Group Risk Management Authority paid \$193,587 for claims and claims expenses on behalf of the District.

Management is unaware of any claim paid on its behalf which was not covered by insurance. There are no material malpractice or professional liability claims or lawsuits now pending against the Corporation or the District which exceed insurance coverage. In California, district health care entities like the District are not subject to punitive damage awards.

Property damage liability is covered by Alliant Insurance Services with a \$198,762,000 coverage limit. The District does not carry earthquake insurance but now has flood insurance coverage.

In addition, the Corporation and the District maintain directors & officers liability coverage, automobile liability coverage, boiler & machinery coverage, cyber liability coverage, crime & fiduciary coverage, healthcare and pollution liability coverage in amounts it deems prudent for its operations.

The District places their Workers' Compensation coverage through BETA Healthcare Group Risk Management Authority on a Guaranteed Cost basis with statutory limits. BETA Risk Management Authority holds a Certificate of Consent to Self-Insure by the State of California, Department of Industrial Relations. The District's Workers' Compensation paid expenses for the fiscal year ended June 30, 2021, were \$541,523 and for the fiscal year ended June 30, 2022, paid expenses are \$540,960, pending final audit. The District does not have any assessment liability through their placement of coverage with BETA Healthcare Group Risk Management Authority.

Employees' Retirement Plan

The Corporation offers a tax-sheltered annuity ("TSA") program covering substantially all employees with at least 90 days of service. The Corporation makes contributions on a matching basis to individual TSA accounts based on a percentage of each employee's gross salary. Expense under the TSA program totaled approximately \$1,483,611 and \$1,755,675 for the fiscal years ended June 30, 2021 and 2022, respectively.

City of Banning, City of Beaumont and Riverside County

During the past 22 years, the populations of the County, the city of Beaumont and the city of Banning have increased 58%, 380% and 31%, respectively, while the population of the State of California increased just 16% over the same period. Population figures as reported for the 2000, 2010 and 2020 census reports and estimates for 2022 for the city of Banning, the city of Beaumont, the County and the State of California are as follows:

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2022</u>	<u>Percent Increase</u>
City of Banning	23,562	29,603	29,505	30,877	31%
City of Beaumont	11,384	36,877	53,036	54,690	380%
Riverside County	1,545,387	2,189,641	2,418,185	2,435,525	58%
California	33,871,648	37,253,956	39,538,223	39,185,605	16%

Source: California State Department of Finance. The 2000, 2010 and 2020 figures are census figures reported as of April 1, in each of those years. The 2022 figures are estimates reported by the Department of Finance as of January 1, 2022.

Although the area served by the Hospital is known primarily for agriculture, other industries such as government, retail and manufacturing industries play a more significant role in the local economy than in prior years. Unemployment in the city of Banning and the County during May 2022 was 4.5% and 3.4%, respectively, while unemployment for the State of California for the same period was 3.4%.

	<u>City of Banning</u>	<u>Riverside County</u>	<u>State of California</u>
Civilian Labor Force Employed	11,200 <u>10,700</u>	1,148,600 <u>1,110,100</u>	19,191,200 <u>18,530,500</u>
Unemployed	<u>500</u>	<u>38,500</u>	<u>660,700</u>
Percentage Unemployment	<u>4.5%</u>	<u>3.4%</u>	<u>3.4%</u>

Source: State Employment Development Department, May 2022.

Capital Expenditures

Total capital expenditures of approximately \$12,594,000 are expected to occur for the fiscal year ending June 30, 2023. The planned capital expenditures over the next twelve months represent regular annual expenditures made in connection with the normal routine maintenance of equipment and equipment replacements for the Hospital in addition to the development of a new certified stroke center to be funded from a grant received from the Morongo Band of Mission Indians. The annual recurring capital expenditures are planned to be funded from the proceeds of equipment leases, cash reserves and community-based contributions.

DISTRICT FINANCIAL MATTERS

The County Assessor's Office assesses all real property in the District for tax purposes except public utility property which is assessed countywide by the Board of Equalization. The Board of Equalization's Utility Roll is comprised of State assessed properties of regulated public utilities and companies such as telephone and gas companies.

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state-assessed public utilities' property and locally assessed property, the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax placed on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured properties are entered separately on the assessment roll maintained by the County assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is sent to collection on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and is then subject to sale by the County tax collector. The exclusive means of enforcing the payment of delinquent taxes in respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Generally, property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. California Revenue and Tax Code sections 75.10 *et seq.*, however, provide for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency of record in the County recorder's office, in order to obtain a lien on certain property of the taxpayer and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Unitary Taxation for Utility Property

Revenue and Taxation Code section 100 requires the establishment in each county of one county-wide tax rate area with the assessed value of all unitary and operating non-unitary property being assigned to this tax rate area. The result is a single assessed valuation figure for most utility property (nonoperating, non-unitary property is still broken down by district) owned by each utility within the County without any breakdown for individual taxing jurisdictions.

Assessed Valuations

California law exempts \$7,000 of the assessed valuation of an owner-occupied dwelling and 100% of the value of business inventories from taxation. State law also provides for reimbursements to local agencies based on their share of the revenues derived from the application of the maximum tax rate applied to business inventories, with adjustments to reflect increases in population and the consumer price index. Revenue estimates to be lost to local taxing agencies due to such exemptions is reimbursed from State sources. Such reimbursements are based upon total taxes due upon such exempt values and are not reduced by any amount for estimated delinquencies.

The District has a 2021-22 assessed valuation of \$11,337,079,067, which accounts for approximately 3.4% of the County's assessed valuation of \$337,107,316,909, as of the same period. Assessed values of property within the District have increased by approximately 480% from fiscal year 1999-00 to fiscal year 2021-22, while assessed values for the County have increased by 314% over the same period. The summary below shows a 23-year history of the total secured, utility and unsecured assessed property valuations for the District and total assessed valuations for the County.

Fiscal Year	Assessed Valuation			District Assessed Valuations	County Assessed Valuations
	Local Secured ⁽¹⁾	Utility	Unsecured		
1999-00	\$ 1,764,980,259	\$2,520,940	\$188,245,139	\$1,955,746,338	\$81,367,642,126
2000-01	1,839,452,985	2,320,093	165,533,700	2,007,306,778	89,655,344,299
2001-02	1,996,419,174	2,478,881	171,312,145	2,170,210,200	99,049,269,825
2002-03	2,181,170,151	2,411,179	175,137,421	2,358,718,751	110,020,472,952
2003-04	2,532,512,790	2,972,849	352,605,237	2,888,090,876	122,844,382,408
2004-05	3,092,351,106	3,498,584	416,676,112	3,512,525,802	140,852,260,063
2005-06	3,882,089,888	3,330,770	467,875,256	4,353,295,914	167,993,839,105
2006-07	5,341,232,036	3,369,405	419,087,478	5,763,688,919	205,744,450,510
2007-08	6,770,508,457	1,425,365	453,067,050	7,225,000,872	239,495,914,020
2008-09	6,856,353,527	1,425,365	474,366,177	7,332,145,069	243,093,830,193
2009-10	6,030,443,796	1,425,365	455,983,841	6,487,853,002	217,161,424,754
2010-11	5,567,613,824	1,425,365	467,129,831	6,036,169,020	207,831,314,499
2011-12	5,370,803,102	828,589	425,669,452	5,797,301,143	205,754,734,033
2012-13	5,516,985,013	422,003	375,208,041	5,892,615,057	205,136,768,340
2013-14	5,636,156,687	422,003	358,066,966	5,994,645,656	209,592,286,852
2014-15	6,364,851,008	422,003	351,592,412	6,716,865,423	230,400,099,289
2015-16	6,872,266,310	422,003	336,509,234	7,209,197,547	243,024,479,047
2016-17	7,279,339,558	422,003	316,736,078	7,596,497,639	255,866,488,676
2017-18	7,814,187,862	422,003	321,460,535	8,136,070,400	268,996,541,058
2018-19	8,412,172,737	445,178	374,926,319	8,787,544,234	285,788,852,235
2019-20	9,106,424,407	428,616	375,403,280	9,482,256,303	301,528,883,809
2020-21	10,033,123,610	428,616	442,696,040	10,476,248,266	319,534,795,859
2021-22	10,782,182,193	428,616	554,468,258	11,337,079,067	337,107,316,909

Source: California Municipal Statistics, Inc.

⁽¹⁾ Based on 100% of full cash value before redevelopment increment.

Appeals to Assessed Valuation

Pursuant to State law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal). Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals, State law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary and are expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated.

Tax Levies and Delinquencies

Taxes are collected by the County Tax Collector for property falling within the District's taxing boundaries. Taxes and assessments on the secured roll are payable in two installments on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. Taxes on unsecured property are assessed and payable as of the January lien date and become delinquent the following August 31.

The following tables show a 12-year history (ending with the fiscal year 2020-21) of the secured tax charge, the tax amount delinquent and percentage of taxes delinquent each year as of June 30, for the District. Similar information was not available for the District for the fiscal year 2021-22.

Secured Tax Charges and Delinquencies of the District			
Fiscal Year	Secured	Delinquent as of June 30	
	Tax Charge ⁽¹⁾	Amount	Percent
2009-10	\$6,558,305.25	\$405,479.14	6.18%
2010-11	5,368,626.23	278,420.31	5.19
2011-12	5,427,595.92	210,910.40	3.89
2012-13	6,239,531.45	316,989.40	5.08
2013-14	6,548,244.42	132,111.29	2.02
2014-15	7,065,165.29	135,326.34	1.92
2015-16	5,492,107.68	96,228.88	1.75
2016-17	5,994,999.21	99,779.19	1.66
2017-18	7,003,082.68	109,812.73	1.57
2018-19	7,249,211.58	142,776.67	1.97
2019-20	6,309,780.13	104,705.98	1.66
2020-21	6,659,835.86	97,795.12	1.47

Source: California Municipal Statistics, Inc.

⁽¹⁾ District's general obligation bond debt service levy.

Tax Rates

The base tax rate for all taxing entities within a particular tax code area is \$1 per \$100 (1%) of assessed valuation in accordance with the State Constitution. To this may be added whatever tax rates are necessary to meet debt service on indebtedness approved by the voters. The Board of the District annually conveys in August to the County Tax Collector the rate to be levied for the debt service on the District's general obligation bonds. The table below provides the total tax rates for the Tax Rate Area 2-051, a tax rate area within the District, for the 12 fiscal years ending with the fiscal year 2021-22.

Typical Total Tax rates						
Fiscal Year	General	Beaumont Unified School District	Mount San Jacinto Comm. College District	San Gorgonio Memorial HCD	San Gorgonio Pass Water Agency	Total
2010-11	1.00000	0.04980	0	0.09914	0.17000	1.31894
2011-12	1.00000	0.07841	0	0.10365	0.18500	1.36706
2012-13	1.00000	0.08486	0	0.11572	0.18500	1.38558
2013-14	1.00000	0.09000	0	0.11896	0.18500	1.39396
2014-15	1.00000	0.08169	0	0.11296	0.18500	1.37965
2015-16	1.00000	0.07106	0.01320	0.08143	0.18500	1.35143
2016-17	1.00000	0.07193	0.01320	0.08357	0.18500	1.35370
2017-18	1.00000	0.07677	0.01320	0.09052	0.18250	1.36299
2018-19	1.00000	0.07432	0.01320	0.08692	0.18250	1.35694
2019-20	1.00000	0.07438	0.01320	0.06990	0.17750	1.33498
2020-21	1.00000	0.07431	0.01320	0.06716	0.17500	1.32967
2021-22	1.00000	0.07777	0.01320	0.06280	0.17500	1.32877

Source: California Municipal Statistics, Inc.

Largest Taxpayers

The twenty largest taxpayers in the District as shown on the 2021-22 secured tax roll, and the approximate amounts of their aggregate level for all taxing jurisdictions within the District are shown below. These twenty largest taxpayers had a total tax levy value of \$1,212,403,726 or 11.24% of the District's 2021-22 total secured assessed value.

Largest 2021-22 Local Secured Taxpayers				
	Property Owner	Primary Land Use	2021-22 Assessed Valuation	Percent of Total ⁽¹⁾
1.	USEF Crossroads I & II	Industrial	\$ 375,385,761	3.48%
2.	Chelsea GCA Realty Partnership	Outlet Stores	255,636,453	2.37
3.	MPLD II Inland Empire	Undeveloped	76,347,851	0.71
4.	Nestle Waters North America Inc.	Industrial	68,591,633	0.64
5.	Pardee Homes	Residential Development	47,552,271	0.44
6.	Frederick J. Hanshaw	Shopping Center	45,600,610	0.42
7.	CJ Foods Manufacturing	Industrial	44,448,564	0.41
8.	I10 Logistics Center	Undeveloped	38,737,186	0.36
9.	Ambest Real Estate	Industrial	33,309,725	0.31
10.	Mesa Verde RE Ventures	Vacant	26,281,040	0.24
11.	Calimesa Retail Center	Shopping Center	23,450,124	0.22
12.	Wal Mart Real Estate Business Trust	Commercial	23,362,677	0.22
13.	Thrifty Payless Inc.	Commercial	23,181,486	0.21
14.	MLD Banning Investors	Assisted Living Facility	21,991,269	0.20
15.	SGV Beaumont	Shopping Center	21,563,852	0.20
16.	SDC Fairway Canyon	Residential Development	20,243,617	0.19
17.	Lowes HIW Inc.	Commercial	18,983,268	0.18
18.	Trinity Partners	Vacant Commercial	16,443,996	0.15
19.	Lennar Homes of California	Residential Development	15,802,919	0.15
20.	Storage Solutions Beaumont	Public Storage	<u>15,489,424</u>	<u>0.14</u>
	Total		<u>\$1,212,403,726</u>	<u>11.24%</u>

Source: California Municipal Statutes, Inc.

⁽¹⁾ 2021-22 Total Local Secured Assessed Valuation of the District was \$10,782,182,193.

Direct and Overlapping Bonded Debt

Set forth below is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., dated February 1, 2022. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations are generally not payable from future revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

2021-22 Assessed Valuation: \$11,337,079,067

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/1/22</u>
Desert and San Bernardino Valley Joint Community College Districts	0.016 – 0.044%	\$ 402,927
Mount San Jacinto Community College District	10.417	26,375,323
Banning Unified School District	99.946	57,296,803
Beaumont Unified School District	97.564	111,828,384
Palm Springs Unified School District	0.043	194,235
Riverside County Flood Control and Water Conservation District Promissory Notes	0.050	3,940
San Geronio Healthcare District	100.	100,090,000 ⁽¹⁾
Beaumont Unified School District Community Facilities District No. 2018-1	100.	4,905,000
City of Beaumont Community Facilities District No. 93-1	100.	201,623,661
City of Beaumont Community Facilities District Nos. 2016-1, 2016-4, 2019-1	100.	14,775,000
City of Calimesa Community Facilities District No. 2018-1	100.	14,250,000
California Statewide Community Development Authority		
Community Facilities District No. 2020-2	100.	18,790,000
1915 Act Bonds	100.	<u>11,857,749</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$562,393,022
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	3.426%	\$24,846,013
Riverside County Pension Obligation Bonds	3.426	30,202,760
Banning Unified School District Certificates of Participation	99.946	8,715,291
Beaumont Unified School District Certificates of Participation	97.564	6,323,555
Yucaipa-Calimesa Joint Unified School District Certificates of Participation	0.606	36,027
Cities General Fund and Pension Obligations	Various	<u>59,573</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$70,183,219
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		
Successor Agency to Banning Redevelopment Agency	100. %	\$26,250,000
Successor Agency to Riverside County Redevelopment Agency	2.716 - 45.993	<u>14,978,832</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$41,228,832
 COMBINED TOTAL DEBT		 \$673,805,073 ⁽²⁾

⁽¹⁾ Excludes general obligation bonds to be sold.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue and mortgage revenue and non-bonded capital lease obligations.

Ratios to 2021-22 Assessed Valuation:

Direct Debt (\$100,090,000)	0.88%
Total Direct and Overlapping Tax and Assessment Debt.....	4.96%
Combined Total Debt.....	5.94%

Ratios to Redevelopment Incremental Value (\$1,797,968,424):

Total Overlapping Tax Increment Debt.....	3.08%
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Source: California Municipal Statistics, Inc.

Operating Tax Revenues

The following table shows the historical Operating Tax Revenues received by the District for the last five fiscal years and the pro forma debt service coverage for the 2021 Bonds and the 2022 Bonds combined:

<u>Year</u>	<u>Operating Tax Revenues</u>	<u>Debt Service</u>	<u>Debt Service Coverage</u>
2022 ⁽²⁾		\$1,090,000	
2021 ⁽¹⁾	\$1,860,424	\$1,090,000	1.71x
2020 ⁽¹⁾	\$1,477,494	\$1,090,000	1.36x
2019 ⁽²⁾	\$1,569,395	\$1,090,000	1.44x
2018 ⁽²⁾	\$1,318,049	\$1,090,000	1.21x

(1) Accrual basis

(2) Cash basis

District Budget

The fiscal year of the System begins on July 1 and ends on June 30 of the following year. The District and the Corporation have prepared and adopted a final budget on or before July 31 for most all fiscal years. Operating and capital budgets are adopted each year to reflect estimated revenues, expenditures and planned capital investments. At the close of each fiscal year, the District and the Corporation have engaged certified public accountants to audit the System's combined financial statements and the District will covenant to do the same in future years.

Largest Employers

The County enjoys a diverse labor pool as a result of its role as a regional manufacturing, service and retail center. The County's agricultural employment distribution affects the County's job market and unemployment rates. Because of the need to retrain workers as the economy evolves, the various cities and the County utilize a network of job training providers to ensure the maintenance of an abundant and qualified work force. The County is a growing regional manufacturing center that provides ample land zoned for industrial use that is governed by an industrial development policy that promotes growth in industrial expansion and employment opportunities. The following table summarizes the ten largest employers in the County.

<u>Riverside County</u>		
<u>Largest Employers</u>		
<u>Company</u>	<u>Product/Service</u>	<u>Employees</u>
County of Riverside	County Government	22,000
University of California Riverside	University	8,735
March Air Reserve Base	Government/Military Reserve Base	7,000
Kaiser Permanente Riverside	Healthcare	4,346
Riverside Unified School District	Education	4,313
City of Riverside	Government Offices	2,485
Riverside Community Hospital	Healthcare	2,200
Riverside Community College District	Education	2,100
Alvord Unified School District	Education	1,898
Cal Baptist University	Education	1,442

Source: Riverside County Economic Development Agency, 2021.

Commercial Activity

The city of Banning is the retail center for the District and experienced a 27% increase in retail sales from 2019 to 2021, and the County experienced a 37% increase in retail sales over the same period. The following table summarizes the total number of sales tax permits and total taxable sales in the city of Banning and the County for the calendar years 2019 through 2021. Information is not yet available for the full year of 2022.

	<u>2019</u>	<u>2020</u>	<u>2021</u>
City of Banning:			
Sales Tax Permits	557	614	553
Taxable Sales	\$240,920,080	\$247,561,659	\$304,815,070
Riverside County:			
Sales Tax Permits	64,063	69,284	64,335
Taxable Sales	\$40,626,998,196	\$42,313,473,946	\$55,465,752,268

Source: Department of Tax and Fee Administration

Agriculture

The County region is agriculturally diverse and productive. Nursery stock, milk, table grapes, lemons, bell peppers, dates, eggs, hay, grapefruit and avocado are a few of the top agricultural products grown in the region which form the basis of the County's economy. The County grows over 100 commercial crops and ranks as the fourteenth most productive agricultural county in California. The County is one of the leading growers of nursery products and producers of milk and creamery products in the United States. Estimated agricultural production for the County increased by approximately 9.2% from 2018 to 2020. The following table summarizes historical agricultural production in total valuation within the County for the years 2018 through 2020. Information is not yet available for the calendar year 2021.

(in thousands)	<u>2018</u>	<u>2019</u>	<u>2020</u>
Citrus	\$ 170,775	\$ 121,934	\$ 126,567
Tree & Vine	249,150	268,368	282,840
Vegetables, Melons, Misc.	371,570	354,217	334,440
Field & Seed	93,282	141,652	156,114
Nursery	165,758	204,768	247,765
Apiculture	5,473	6,123	5,858
Aquaculture	4,732	4,776	4,596
Livestock & Poultry	238,468	219,427	260,040
Totals	<u>\$1,299,208</u>	<u>\$1,321,265</u>	<u>\$1,418,220</u>

Source: Riverside County Agricultural Commissioner.

LEGAL MATTERS

Material Litigation

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued. Neither the creation, organization nor existence of the District is being contested. The District and its healthcare operations are the subject of litigation and regulatory action from time to time, including, among others, actions for malpractice, breach of contract, business disputes, claims against the District regarding Medi-Cal and Medicare reimbursements and related claims. Some, but not all, of these actions and claims are covered by the District's insurance. Those that are not insured may have a material adverse effect on the District if the determination is against the District.

In March of 2021, a class action lawsuit (*Daniel Navarro, et al., etc. v. San Gorgonio Memorial Hospital*) was filed by current and former employees of the District. The complaint alleged a number of violations of wage and hour laws by the District and the Hospital in compensating Hospital employees and in calculations of wages, overtime wages, and rest periods. The plaintiffs further alleged that this conduct on the part of the Hospital violated the Unlawful Business Practices Act under the California Business & Professions Code; that class members were required to use their own personal cell phones for the Hospital business, without reimbursement; and that "incentive pay" from the Hospital was not calculated at the correct hourly rate, including any applicable overtime rates. The complaint alleges that each member of the class suffered damages with the total amount of the class damages not exceeding \$5,000,000. In addition to these

damages, the complaint seeks payment of statutory penalties and attorneys' fees under the California private attorney general law. There is no insurance coverage available to the District for these types of wage and hour claims.

In 2018, after conducting a review of compensation paid to its contractor for anesthesiology services, the Hospital discovered that the compensation to the contractor (*Desert Anesthesia Consultants L.P.*) ("DAC") was substantially in excess of fair market value and in violation of applicable laws for reimbursement. The Hospital attempted to negotiate changes to the contract to reduce the compensation to comply with the fair market value requirements but DAC refused to an amendment. The Hospital chose to terminate the contract prior to the expiration of its term. In February of 2020, DAC filed a lawsuit against both the District and the Hospital (*Desert Anesthesia Consultants L.P. v. San Geronio Memorial Hospital*), alleging that the contract was terminated without cause, and claiming entitlement to liquidated damages under the contract in excess of \$1,000,000. The defendants obtained an order compelling arbitration under the contract, to be conducted in July of 2023. There is no insurance coverage available to the District for this type of claim.

Legality for Investment in California

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, are eligible for security for deposits of public moneys in California.

Tax Matters

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinions, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for the Bonds is the price at which a substantial amount of the Bonds is first sold to the public. The Issue Price of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the

purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bonds. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bonds.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Bond owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinions that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX A—FORM OF FINAL OPINION OF BOND COUNSEL.

Approval of Legality

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Quint & Thimmig LLP, Larkspur, California, as Bond Counsel.

NO RATING

No application was made by the District to any rating agency for the purpose of obtaining a rating on the Bonds.

LIMITED OFFERING

The Bonds are exempt from registration under federal securities law but are being offered only to a limited number of sophisticated investors and will be sold only to purchasers who are Qualified Institutional Buyers or Institutional Accredited Investors. By purchasing the Bonds, each investor is deemed to have made the acknowledgments, representations, warranties and agreements set forth under the heading "THE BONDS—Transfer Restrictions."

MISCELLANEOUS

Underwriting

The Bonds are being purchased by the underwriter listed on the cover of this Limited Offering Memorandum (the “Underwriter”) at a purchase price of \$9,090,000.00 (representing the par amount of the Bonds of \$9,175,000.00, less an Underwriter’s discount of \$85,000.00).

The bond purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, and will contain the agreement of the District to indemnify the Underwriter against certain liabilities to the extent permitted by law. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the bond purchase contract.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices or yields different from the price or yield stated on the cover to this Limited Offering Memorandum. The offering price or yield may be changed from time to time without notice by the Underwriter.

Continuing Disclosure

The District has covenanted for the benefit of bondholders and Beneficial Owners of the Bonds to disseminate certain financial information and operating data relating to the District, and to provide notices of the occurrence of certain enumerated events. See APPENDIX C—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission. For the last five years, the District has had continuing disclosure obligations with respect to its San Gorgonio Memorial Healthcare District (Riverside County, California) 2014 General Obligation Refunding Bonds (the “2014 Bonds”), its San Gorgonio Memorial Healthcare District (Riverside County, California) 2015 General Obligation Refunding Bonds (the “2015 Bonds”), and its San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds.

The District has determined that its continuing disclosure submissions to Electronic Municipal Market Access (“EMMA”) pertaining to annual disclosure of financial information and operating data have not fully complied with its continuing disclosure obligations.

Set forth below in table form is information outlining separately the required Annual Report and operating data disclosures pertaining to the 2014 Bonds and the 2015 Bonds (namely, the annual audit and operating data as contained in the applicable official statement) that were posted late. The table shows the date each filing was required and the number of days it was posted late. In almost no cases involving a late filing was a notice of failure to timely file the required continuing disclosure posted to EMMA by the dissemination agent or the District. Recently, however, an event notice filing was made containing the information on the following table and notice of the late filing of Moody’s rating downgrade.

	<u>Due Date</u>	<u>Days Late</u>
<u>2014 Bonds</u>		
Audited Financials for FY 2017	March 31, 2018	11 days
Operating Data ⁽¹⁾ for FY 2018	March 31, 2019	194 days
<u>2015 Bonds</u>		
Audited Financials for FY 2017	March 31, 2018	11 days
Operating Data ⁽¹⁾ for FY 2018	March 31, 2019	194 days

⁽¹⁾ Consists of assessed values in District, property tax levies, collections and delinquencies.

The rating affecting some or all of the District’s general obligation bonds was downgraded by Moody’s on August 6, 2018, and notice thereof was posted on August 27, 2018, five days late. The rating affecting some or all of the District’s general obligation bonds was downgraded by Moody’s on April 3, 2022, and notice thereof was posted on August 13, 2022, 194 days late.

Financial Advisor

G.L. Hicks Financial, LLC has served as financial advisor to the District for purpose of assisting with the development and implementation of a bond structure in connection with the Bonds. G.L. Hicks Financial, LLC is an independent registered municipal advisor and is not engaged in the business of underwriting or distributing municipal securities or other public securities. G.L. Hicks Financial, LLC is a registered municipal advisor with the Municipal Securities Rulemaking Board and the Securities and Exchange Commission.

Registration of Bonds

Registration or qualification of the offer and sale of the Bonds (as distinguished from registration of the ownership of the Bonds) is not required under the Securities Act.

Additional Information

The summaries or descriptions of provisions of the Bonds, the Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Reference is made to said documents for full and complete statements of the provisions of such documents. The APPENDICES attached hereto are a part of this Limited Offering Memorandum. Copies, in reasonable quantity, of the Indenture may be obtained during the offering period upon request to the Financial Advisor at (801) 225-0731 and thereafter upon request to the principal corporate trust office of the Trustee.

The District has authorized and consented to the execution and distribution of this Limited Offering Memorandum. This Limited Offering Memorandum is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

By: _____

Title: Board Chair

APPENDIX A

FORM OF FINAL BOND COUNSEL OPINION

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Directors
San Gorgonio Memorial Healthcare District
600 North Highland Springs Avenue
Banning, California 92220

Re: \$9,175,000 San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022

Members of the Board:

We have acted as bond counsel in connection with the issuance by the San Gorgonio Memorial Healthcare District (the "District") of its \$9,175,000 San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022, dated as of the date hereof (the "Bonds"), pursuant to the provisions of The Local Health Care District Law, constituting Division 23 of the California Health and Safety Code (the "Law"), Resolution No. 2022-___, adopted by the Board of Directors of the District on September 6, 2022, and an indenture, dated as of September 1, 2022 (the "Indenture"), by and between the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a local health care district, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture has been duly approved by the District and constitutes a valid and binding obligation of the District enforceable in accordance with its terms.

3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds on a parity with other bonds issued and to be issued under the Indenture, subject to no prior lien granted under the Law.

4. The Bonds have been duly authorized, executed and delivered by the District and are valid and binding special obligations of the District, payable solely from the sources provided therefor in the Indenture.

5. Subject to the District's compliance with certain covenants, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the 2022 Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to the bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX B

**AUDITED COMBINED FINANCIAL STATEMENTS OF THE SYSTEM AS OF AND FOR THE
FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020**

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT (the “District”) in connection with the issuance by the District of its \$9,175,000 San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022 (the “Bonds”). The Bonds are being issued pursuant to an indenture of trust, dated as of September 1, 2022 (the “Indenture”), by and between the District and U.S. Bank Trust Company, National Association, as trustee, and a resolution adopted by the Board of Directors of the District on September 6, 2022. The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means March 31 after the end of the District’s fiscal year.

“*Dissemination Agent*” shall mean, initially, D.K. Gouling Financial Services, LLC or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Trustee.

“*Limited Offering Memorandum*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Participating Underwriter*” means the original underwriter of the Bonds.

“*Rule*” means Rule 15c2–12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2– 12(b)(5).

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2023, with the report for fiscal year 2021-22 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other

information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Limited Offering Memorandum, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for the preceding fiscal year, substantially similar to that provided in the Limited Offering Memorandum, as follows:

(i) The District's approved budget for the then current fiscal year;

(ii) Assessed value of taxable property in the District as shown on the recent equalized assessment role; and

(iii) Property tax levies, collections and delinquencies for the District, for the most recent completed fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier "if material." The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event's occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of "financial obligation" to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but

subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is

specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: September 14, 2022

SAN GORGONIO MEMORIAL HEALTHCARE
DISTRICT

By _____
Authorized Officer

ACKNOWLEDGED:

D.K. GOULDING FINANCIAL SERVICES LLC, as Dissemination Agent

By _____
Authorized Signatory

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Gorgonio Memorial Healthcare District

Name of Issue: \$9,175,000 San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2022

Date of Issuance: September 14, 2022

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated September 14, 2022, furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

D.K GOULDING FINANCIAL SERVICES LLC,
Dissemination Agent

By _____
Authorized Officer

cc: Trustee

APPENDIX D

BOOK-ENTRY SYSTEM

The following information concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but the District and the Underwriter takes no responsibility for the accuracy of such statements.

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides assets servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in the Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit

has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Trustee or Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, definitive bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event definitive bonds will be printed and delivered.

THE DISTRICT, THE UNDERWRITER, THE TRUSTEE AND THEIR AGENTS AND COUNSEL WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT DTC PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (I) THE BONDS; (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT DTC PARTICIPANT; (III) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR INDIRECT DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR INTEREST WITH RESPECT TO THE BONDS; (IV) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC, ANY DTC PARTICIPANT OR INDIRECT DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BENEFICIAL OWNERS; (V) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (VI) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE, CEDE & CO., AS THE REGISTERED OWNER OF THE BONDS.

TAB J

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

RESOLUTION NO. 2022-09

**RESOLUTION APPROVING THE FORM AND AUTHORIZING THE
EXECUTION OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST**

RESOLVED, by the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District (the "District"), as follows:

WHEREAS, the District has heretofore issued its \$2,350,000 San Gorgonio Memorial Healthcare District Revenue Bonds, Series 2021 (the "2021 Bonds"), for the purpose of financing improvements to the health facilities owned and operated by the District;

WHEREAS, the 2021 Bonds were issued pursuant to that certain Indenture of Trust, dated as of January 1, 2021, by and between the District and U.S. Bank National Association, as trustee, since succeeded by U.S. Bank Trust Company, National Association (the "Original Indenture");

WHEREAS, it is necessary to amend the Original Indenture to clarify that the combined revenues of the District and of San Gorgonio Memorial Hospital (the "Corporation"), the nonprofit public benefit corporation which has been contracted to manage the Facilities pursuant to that certain Management Agreement, by and between the District and the Corporation, effective as of July 1, 2020, are available to secure the payment of debt service on the 2021 Bonds;

WHEREAS, a First Supplemental Indenture of Trust, by and between the District and the Trustee (the "First Supplemental Indenture") has been prepared and has been submitted to the Board for review and approval;

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

Section 1. The First Supplemental Indenture, in the form presented to this meeting, is hereby approved. The Chair of the Board, the Vice Chair of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District or their designees, are hereby authorized and directed, for and in the name of the District, to execute and deliver the First Supplemental Indenture, with such changes, additions and deletions therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the First Supplemental Indenture.

Section 2. This resolution shall take effect immediately.

PASSED AND ADOPTED this 6th day of September, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

By _____
Chair, Board of Directors
San Gorgonio Memorial Healthcare District

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the San Gorgonio Memorial Healthcare District held on the ___ day of _____, 2022.

By _____
Secretary, Board of Directors

FIRST SUPPLEMENTAL INDENTURE OF TRUST

by and between

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

Dated as of September 1, 2022

Amending and Supplementing that Certain Indenture of Trust, dated as of January 1, 2021, by and between San Gorgonio Memorial Healthcare District and U.S. Bank National Association, as Trustee

\$2,350,000
San Gorgonio Memorial Healthcare District
(Riverside County, California)
Revenue Bonds, Series 2021

FIRST SUPPLEMENTAL INDENTURE OF TRUST

This FIRST SUPPLEMENTAL INDENTURE OF TRUST, is dated as of September 1, 2022 (the "First Supplemental Indenture"), by and between the SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, a local health care district organized and existing under the constitution and laws of the State of California (the "District"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, as successor in interest to U.S. Bank National Association, and being qualified to accept and administer the trusts hereby created, as trustee (the "Trustee"), amending and supplementing that certain Indenture of Trust, dated as of January 1, 2021, by and between the District and the Trustee (the "Original Indenture" and, with the First Supplemental Indenture, the "Indenture");

WITNESSETH:

WHEREAS, the District has heretofore issued its \$2,350,000 San Gorgonio Memorial Healthcare District Revenue Bonds, Series 2021 (the "2021 Bonds"), for the purpose of financing improvements to the health facilities owned and operated by the District;

WHEREAS, the 2021 Bonds were issued pursuant to the Original Indenture; and

WHEREAS, it is necessary to amend the Original Indenture to clarify that the combined revenues of the District and of San Gorgonio Memorial Hospital (the "Corporation"), the nonprofit public benefit corporation which has been contracted to manage the Facilities pursuant to that certain Management Agreement, by and between the District and the Corporation, effective as of July 1, 2020, are available to secure the payment of debt service on the 2021 Bonds;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all 2021 Bonds at any time issued and Outstanding under the Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, the District does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the 2021 Bonds, as follows:

Section 1. Definitions. Except as provided herein, all terms which are defined in Section 1.01 of the Original Indenture shall have the same meanings in this First Supplemental Indenture as such terms are given in said Section 1.01.

Section 1. Amendments to the Original Indenture.

(a) The following definitions set forth in Section 1.01 of the Original Indenture are hereby amended in full as follows:

"Days Cash on Hand" means the sum of cash, cash equivalents, Board-designated funds, and other funds available for debt service, divided by the product of total operating expenses, less depreciation and amortization expenses, divided by 365, as shown on the System's audited combined financial statements.

“*Income Available for Debt Service*” means, with respect to the System, as to any period of time, the increase in net assets of the System for such period, to which shall be added depreciation, amortization and interest expense, all as determined in accordance with generally accepted accounting principles as shown on the System’s audited combined financial statements, and to which also shall be added any tax receipts of the System for such period of time which do not constitute revenues 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 or any disposition or write-off of capital assets not made in the ordinary course of business and shall not include income from *ad valorem* taxes on real property collected for the payment of general obligation indebtedness of the District.

“*Revenues*” or “*Gross Revenues*” means all revenues, income, receipts, and money received and present and future accounts and general intangibles in any period by the System (other than donor-restricted gifts, grants, bequests, donations and contributions), including, but without limiting the generality of the foregoing: (a) gross revenues derived from their operation and possession of and pertaining to their properties, (b) proceeds with respect to, arising from, or relating to its properties and derived from (i) insurance (including business interruption insurance) or condemnation proceeds, (ii) accounts, including but not limited to, accounts receivable, (iii) securities and other investments, (iv) inventory and intangible property, (v) payment/reimbursement programs and agreements, and (vi) 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 District, (c) rentals received from the lease of the District’s properties or space in its facilities, and (d) the District’s general purpose operating *ad valorem* property tax revenues. Revenues do not include *ad valorem* taxes on real property collected and pledged specifically for the payment of general obligation bonds or the proceeds derived from the sale of such general obligation bonds.

“*Total Revenues*” means the sum of total net operating revenues, plus total non-operating revenues, as shown on the audited combined financial statements of the System, determined in accordance with generally accepted accounting principles, plus any investment income which is offset against interest expense in accordance with generally accepted accounting principles and as a result is not specifically identified in total operating revenues or non-operating revenues.

“*System*” means the District and the San Gorgonio Memorial Hospital (the “Corporation”), the nonprofit public benefit corporation which has been contracted to manage the Facilities pursuant to that certain Management Agreement, by and between the District and the Corporation, effective as of July 1, 2020.

(e) Subparagraph (i) of paragraph (a) of Section 5.05 of the Original Indenture is amended in full as follows.

(i) there is delivered to the Trustee a Certificate of the District certifying that the aggregate principal amount of such Long-Term Indebtedness and all other Outstanding Long-Term Indebtedness incurred pursuant to this clause (i) does not exceed 20%, and together with all Outstanding Indebtedness incurred pursuant to this clause (i) and pursuant to subsection (d) of this Section 5.05 does not exceed 25%, of the Total Revenues for the most recent Fiscal Year for which audited financial statements are available immediately preceding the issuance of such Long-Term Indebtedness (provided that, to the extent Long-Term Indebtedness initially incurred pursuant to this clause subsequently complies

with any other incurrence requirement, such Long-Term Indebtedness shall thereafter not be deemed to be incurred pursuant to this clause); or

(f) Subparagraph (i) of paragraph (d) of Section 5.05 of the Original Indenture is amended in full as follows.

(i) the total amount of such Short-Term Indebtedness does not exceed 20%, and together with all Outstanding Indebtedness incurred pursuant to this subsection and subsection (a)(i), (d), (h) and (i) of this Section 5.05 does not exceed 25%, of Total Revenues for the most recent Fiscal Year for which audited financial statements are available; and

(g) The last paragraph of Section 5.05 of the Original Indenture is hereby renumbered as paragraph (i).

(h) Section 5.06 of the Original Indenture is hereby amended in full as follows:

Section 5.06. Accounting Records and Financial Statements.

(a) The District covenants and agrees at all times to keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles in which complete and accurate entries shall be made of all transactions of or in relation to the business, properties and operations of the System, including, without limitation, operations of the Facilities and the Gross Revenue Fund. Such books of record and account shall be available for inspection by the Trustee (who shall have no duty to inspect) at reasonable hours and under reasonable circumstances.

(b) Within forty-five (45) days following the completion thereof, the District will provide the Owner with a copy of the System's quarterly interim financial statements.

(c) Within thirty (30) days of adoption, but in no case later than thirty (30) days after the end of each fiscal year, the District will provide the Owner with a copy of the System's annual operating budget for the following Fiscal Year.

(d) The District further covenants and agrees to furnish the Trustee and the Owner, within two hundred seventy (270) days after the end of each Fiscal Year, (i) copies of the System's audited combined financial statements for such Fiscal Year together with the report and opinion of an Accountant stating that such financial statements have been prepared in accordance with generally accepted accounting principles and that such accountant's examination of the financial statements was performed in accordance with generally accepted auditing standards, (ii) evidence of compliance with the Days Cash on Hand requirement set forth in Section 5.03(b), (iii) evidence of compliance with the Long-Term Debt Service Coverage Ratio requirement set forth in Section 5.03(b), and (iv) a Statement of the chief financial officer of the District stating that no event which constitutes an Event of Default or which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and to actions taken and proposed to be taken by the District to cure such default. The Trustee shall have no duty to review such financial statements.

(e) The District hereby agrees to provide the Owner with such other information as may be reasonably requested by the Owner.

(i) The last paragraph of Section 5.08 of the Original Indenture is hereby amended in full as follows:

Nothing herein shall prohibit the District from making secured or unsecured loans provided that any such loan (i) is evidenced in writing, (ii) the Trustee receives a Certificate of the District stating that (A) the District reasonably expects such loan to be repaid and (B) such loan bears interest at a reasonable rate of interest as determined in good faith by the District, and (iii) such loans do not exceed 4% of the Total Revenues.

Section 3. Survival. Except as specifically provided in this First Supplemental Indenture, all terms and conditions of the Indenture shall remain in full force and effect, unaltered and unamended hereby.

Section 4. Counterparts. This First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

Section 5. Governing Law. This First Supplemental Indenture shall be governed by and construed and interpreted in accordance with the Constitution and laws of the State of California without giving effect to conflict of laws principles thereof.

Section 6. Headings. Headings of Sections in this First Supplemental Indenture are for reference purposes only and shall not be deemed to have any substantive effect.

IN WITNESS WHEREOF, the SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT has caused this First Supplemental Indenture to be signed in its name by its Chief Executive Officer, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee, in token of its acceptance of the trusts created hereunder, has caused this First Supplemental Indenture to be signed in its corporate name by its authorized officers, all as of the day and year first above written.

SAN GORGONIO MEMORIAL
HEALTHCARE DISTRICT

By _____
Steven Barron
Chief Executive Officer

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By _____
David Jason
Vice President

TAB K

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

RESOLUTION NO. 2022-10

RESOLUTION DIRECTING RIVERSIDE COUNTY TO TRANSFER ALL VOTER APPROVED *AD VALOREM* PROPERTY TAX REVENUES AND ALL NON-VOTER APPROVED *AD VALOREM* PROPERTY TAX REVENUES THAT ARE ALLOCABLE TO THE DISTRICT TO U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS AGENT

RESOLVED, by the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District (the "District"), as follows:

WHEREAS, the District has heretofore issued its San Gorgonio Memorial Healthcare District (Riverside County, California) 2015 General Obligation Refunding Bonds (the "2015 General Obligation Bonds"), secured by voter approved *ad valorem* property tax revenues, for the purpose of financing improvements to the health facilities owned and operated by the District;

WHEREAS, the District has also heretofore issued its San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds (the "2020 General Obligation Bonds" and, with the 2015 General Obligation Bonds and other general obligation bonds that may be issued by the District in the future, the "General Obligation Bonds"), secured by voter approved *ad valorem* property tax revenues, for the purpose of financing improvements to the health facilities owned and operated by the District;

WHEREAS, the District has also heretofore issued its \$2,350,000 San Gorgonio Memorial Healthcare District Revenue Bonds, Series 2021 (the "2021 Bonds"), secured by non-voter approved *ad valorem* property tax revenues, for the purpose of financing improvements to the health facilities owned and operated by the District;

WHEREAS, the District proposes to issue its \$9,175,000 San Gorgonio Memorial Healthcare District Revenue Bonds, Series 2022 (the "2022 Bonds" and, with the 2021 Revenue Bonds and other revenue bonds that may be issued by the District in the future, the "General Obligation Bonds"), secured by non-voter approved *ad valorem* property tax revenues, for the purpose of financing working capital needs of the District; and

WHEREAS, to provide additional security to the owners and holders of the General Obligation Bonds in addition to a pledge of voter approved *ad valorem* property tax revenues and to provide additional security to the owners and holders of the Revenue Bonds in addition to a pledge of non-voter approved *ad valorem* property tax revenues, the District has covenanted to create a "lock box" by which such revenues are deposited with an independent agent and applied to the payment of such obligations before any such funds are transferred to the District;

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

Section 1. The Board hereby directs Riverside County (the "County"), which collects both the voter approved *ad valorem* property taxes and the non-voter approved operating *ad valorem* property taxes, to remit such tax revenues to U.S. Bank Trust Company, National Association, as agent (the "Agent"), and the Agent will, as provided in a Deposit and Transfer Agreement, by and between the District and the Agent, (a) transfer the required voter approved *ad valorem*

property tax revenues to the paying agent for the General Obligation Bonds at such times and in such amounts as are required for payment of the General Obligation Bonds, and (b) transfer the required non-voter approved *ad valorem* property tax revenues to the trustee for the Revenue Bonds at such times and in such amounts as are required for payment of the Revenue Bonds.

Section 2. The Board hereby directs the County to immediately commence such transfers to the Agent. The Chief Executive Officer of the District or the Chief Financial Officer of the District is hereby directed to provide the Agent's wire instructions to the County.

Section 3. The Chair of the Board, the Vice Chair of the Board, the Secretary of the Board, the Assistant Secretary of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District or their designees is hereby authorized and directed, for and in the name of the District, to execute and deliver any other document as may be deemed necessary in connection with the provisions of this resolution.

Section 4. This resolution shall take effect immediately.

* * * * *

PASSED AND ADOPTED this 6th day of September, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

By _____
Chair, Board of Directors
San Gorgonio Memorial Healthcare District

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the San Gorgonio Memorial Healthcare District held on the ___ day of _____, 2022.

By _____
Secretary, Board of Directors

TAB L

SAN GORGONIO MEMORIAL HOSPITAL

Medical Staff Services Department

M E M O R A N D U M

DATE: August 17, 2022

TO: Susan DiBiasi, Chair
Governing Board

FROM: Sherif Khalil, M.D., Chairman
Medical Executive Committee

SUBJECT: MEDICAL EXECUTIVE COMMITTEE REPORT

At the Medical Executive Committee held this date, the following items were approved, with recommendations for approval by the Governing Board:

Approval Item(s):

2022 Annual Approval of Policies & Procedures

The attached list of policies & procedures is recommended for approval (See attached)

Pharmacy & Therapeutics Report

Additions to the Hospital Formulary

The following drugs are recommended to the Hospital Formulary (See attached):

1. Paxlovid (nirmatrelvir/ritonavir) – Indications: COVID-19 treatment, mild to moderate within 5 days of onset of symptoms.
2. Molnupiravir – Indications: COVID-19 treatment, mild to moderate within 5 days of onset of symptoms.
3. Bebtovlimab- Indications: COVID-19 treatment, mild to moderate within 7 days of onset of symptoms.
4. Droperidol - Indications: Nausea and vomiting; acute agitation.

Antibiotic Stewardship Program

Pharmacist PK Dosing Protocol

To ensure proper monitoring and dosing of vancomycin IV therapy (See attached). For the 1st Quarter 2022, there was a 98% compliance rate for properly monitoring vancomycin orders and for the 2nd Quarter 2022, the rate was 99%. Pharmacy to continue to monitor vancomycin orders and renally dosed antibiotics.

Antibiotic Use of Tracking

Pharmacy will continue to track broad spectrum antibiotic use and identify trends in antibiotic prescription practices (See attached).

Pharmacy will seek to participate in the Antibiotic Stewardship Recognition Program with CDPH and will be applying for certification, which will recognize our hospital for efficient use of antibiotics.

Peer Review Committee Report

It was the consensus of the PRC that the chairman and co-chairman will screen cases for review at the PRC meeting. If there is a case that need to be discussed at the department level, the case will be forwarded for review (Emergency Medicine, Surgery & Medicine). However, the departments (Emergency Medicine, Surgery & Medicine) can review any case they deem necessary.

SAN GORGONIO MEMORIAL HOSPITAL

2022 ANNUAL APPROVAL OF POLICIES & PROCEDURES

Title	Policy	Revised?
Adult Sepsis Screening and Nursing Sepsis Standardized Procedure	Nursing	Revised
Aromatherapy Use in Procedural Areas	Surgical Services	Revised
Assessment Of Skin Integrity Upon Arrival to Emergency Department	Emergency Department	Revised
Behavioral Health Center Plan of Care (Master Treatment Plan)	Behavior Health	Revised
Biological Debridement: Maggot Therapy: Standardized Procedure	Nursing	Unchanged
Clinical Lab Minor Equipment Maintenance and Calibration	Clinical Laboratory	Revised
CT Abdomen/Pelvis with and Without Intravenous Contrast	Diagnostic Imaging	Revised
Diagnostic Imaging Contrast Pre-Medication Protocol for Patients with a Known Contrast Allergy	Diagnostic Imaging	Revised
Diagnostic Imaging Informed Consent Policy	Diagnostic Imaging	Revised
Discharge Preparation and Instructions - Homeless Outpatients	Case Management	Revised
Drug Formulary	Pharmacy	Revised
Food Brought into the Hospital for Patients	Infection Control	Revised
Medication Purchasing	Pharmacy	Revised
Nursing Bedside Swallow Screen	Nursing	New
Nursing Hand Off Shift Report	Nursing	Revised
Nursing Resource Utilization	Nursing	Revised
PACU - Emergency Equipment	Surgical Services	Unchanged
PACU - Recovery of Post-Surgical /Post-Procedure ICU Patients	Surgical Services	Revised
Patient Preparation	Clinical Laboratory	Unchanged
PICC/MID Lines: Insertion and Maintenance	Nursing	Revised
Procedure for Outpatient Lab Tests	Clinical Laboratory	Revised
Pronouncing Patients by a Registered Nurse - Standardized Procedure	Nursing	Revised
Proper Collection and Handling of Reference Testing Specimens	Clinical Laboratory	Revised
Restraint Use for Voluntary or Involuntary Immobilization or Seclusion	Nursing	Revised
Sterile Compounding: Personnel Cleansing and Garbing	Pharmacy	Revised
Surgical Services - Universal Protocol	Surgical Services	Revised
Transfers to Lower Level of Care Providers for Physical Rehabilitation from the ED	Case Management	Revised

Paxlovid(nirmatrelvir/ritonavir)

- NIH Preferred Treatment ~88% relative risk reduction in hospitalization
- Indications: COVID-19, treatment, mild to moderate (outpatients with high risk of progression to severe illness) within 5 days of onset of symptoms
- Pharmacology: Nirmatrelvir is a peptidomimetic inhibitor of the SARS-CoV-2 main protease
- Dose: 300mg/100mg tablet BID for 5 days dispensed in blister packet
- Renal Dose CrCl 30-60ml/min: 150mg/100mg tablet BID for 5 days
- Drug Interactions: many drug interactions that required stopping or adjusting therapy see algorithm and dosing sheet .
- Monitoring: Monitor for laryngeal symptoms or airway obstruction.
- Contraindications: Hepatic effects: Hepatic transaminase elevations, clinical hepatitis, Chronic kidney disease and CrCl below 30ml/min
- Patient Information: nausea and vomiting , dizziness, headache, loss of taste ; rebound covid currently in trials
- ~40 courses in shipment ; ~ 10 courses renal dose in shipment

Molnupiravir

- Alternative for patients that do not meet criteria for Paxlovid; ~ 30% relative risk reduction in hospitalizations
- Indications: COVID-19, treatment, mild to moderate (outpatients with high risk of progression to severe illness) within 5 days of onset of symptoms
- Pharmacology: antiviral
- Drug Interactions: minimal a few HIV medications will require adjustment in therapy
- Contraindication: pregnant women
- Dose: 800 BID for 5 days dispense in blister packet
- Patient Information: nausea and vomiting , dizziness, headache, loss of taste ;rebound covid 19 currently in trials
- ~ 20 courses in shipment

Bebtovlimab

- Indications: COVID-19, treatment, mild to moderate (outpatients with high risk of progression to severe illness) within 7 days of onset of symptoms
- Dose:175mg IV Push once, same monitoring as previous Covid 19 MAB therapy
- Monitoring: anaphylaxis and vitals for 60 minutes post infusion
- Contraindication: reactions to MAB biologics ;
- ~ 50 doses in stock from government allocation; ~\$2300 per dose when hit market

Summary of Covid 19 Therapies

Further, please factor symptom duration and relevant drug-drug interactions with Paxlovid into treatment decisions.

	Paxlovid (oral)	molnupiravir (oral)	bebtelovimab (IV)
Patient demographics	age ≥12, ≥40 kg	age ≥18	age ≥12, ≥40 kg
Symptom onset range (to start therapy within)	Sx ≤5 days ¹	Sx ≤5 days ¹	Sx ≤7 days ¹
Relative risk reduction in hospitalization or death	88%	30%	85%
Criteria	Mild-moderate COVID in a patient at high risk for progression to severe COVID-19 ²	Alternative ONLY if patient cannot get Paxlovid nor mAb	Regardless of vaccination status with one of the following: <ul style="list-style-type: none"> • Severe³ immunocompromise • Absolute drug contraindication to Paxlovid AND moderate⁴ immunocompromise Not up-to-date ⁵ on vaccines with one of the following: <ul style="list-style-type: none"> • Pregnant • Absolute drug contraindication to Paxlovid AND additional CDC risk factor for severe disease³
Notes	Evaluate for DDI	Not for use in pregnancy	Preferred in pregnancy and severe immunocompromise ⁴ *Otherwise, only if Paxlovid is contraindicated, or if not available

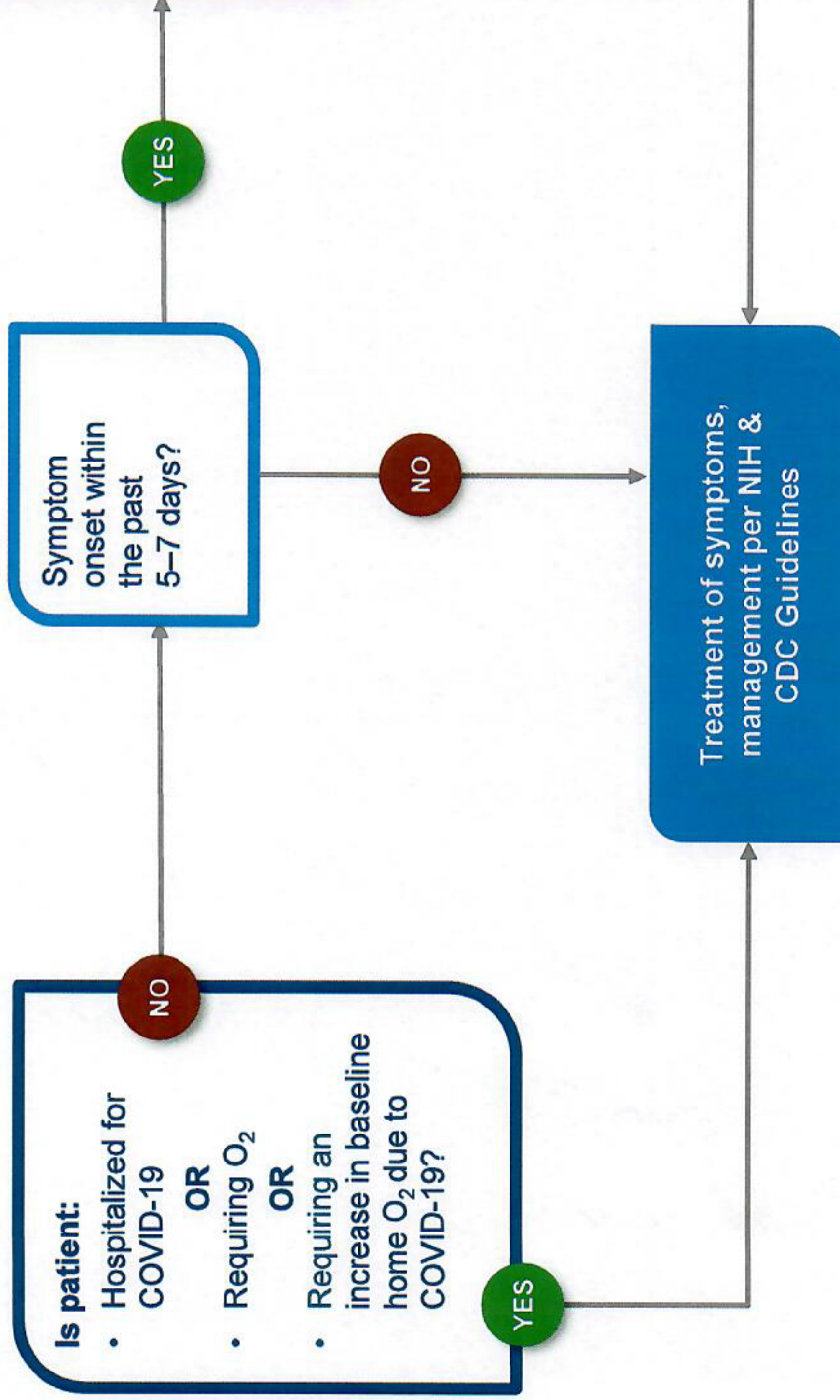
Droperidol

- Indications: nausea and vomiting; acute agitation
- Pharmacology: antiemetic effect is a result of blockade of dopamine stimulation of the chemoreceptor trigger zone.
- Dose: Agitation 2.5mg to 10mg IV; N&V 0.625mg to 1.5mg
- How supplied: Droperidol 2.5mg/2ml vial
- Pharmacokinetics: onset of action 3-10min, peak effect 30 minutes, duration 2-4hrs
- Monitoring: Monitor vital signs and cardiac and respiratory status
- Warnings: Black Box Warning: arrhythmias, QT prolongation

COVID-19 Outpatient Therapeutics

Clinical Decision Aid for Ages 12+ years

Adult or pediatric patient (ages 12 and older weighing at least 40 kg) with mild to moderate COVID-19 and at high risk for progression to severe disease



Consider one of the following therapeutics, if available, feasible, and clinically appropriate¹:

Paxlovid² within 5 days of symptom onset If patient does not have severe renal impairment (eGFR <30mL/min) OR severe hepatic impairment (Child-Pugh Class C)

- eGFR ≥ 60 mL/min: 300 mg nirmatrelvir taken with 100 mg ritonavir twice daily for 5 days
- eGFR ≥ 30 to < 60: 150 mg nirmatrelvir taken together with 100 mg ritonavir twice daily for 5 days
- Evaluate concomitant use of CYP3A inducers and medications with high dependency on CYP3A for clearance as these may be contraindicated^{2,3}

Veklury (remdesivir)⁴ 200 mg IV x 1 dose on Day 1, 100 mg IV x 1 on Days 2-3 begun ASAP within 7 days of symptom onset

If Paxlovid and Veklury (remdesivir) are not available, feasible or clinically appropriate, consider one of the following therapeutics:

bebtelovimab⁵ ASAP within 7 days of symptom onset
175 mg single IV injection

OR

Lagevrio (molnupiravir)⁶ If patient age 18 or older AND possibility of pregnancy, if applicable, ruled out:
800 mg by mouth every 12h for 5 days begun ASAP within 5 days of symptom onset

Prescribers must review and comply with the mandatory requirements outlined in the Lagevrio (molnupiravir) EUA⁶

References:

- ¹ NIH's COVID-19 Treatment Guidelines Therapeutic Management of Nonhospitalized Adults With COVID-19. <https://www.covid19treatmentguidelines.nih.gov/therapies/statement-on-therapies-for-high-risk-nonhospitalized-patients/>
- ² Paxlovid EUA. <https://www.fda.gov/media/155050/download>
- ³ NIH's COVID-19 Treatment Guidelines Panel: Ritonavir-Boosted Nirmatrelvir (Paxlovid). <https://www.covid19treatmentguidelines.nih.gov/therapies/antiviral-therapy/ritonavir-boosted-nirmatrelvir-paxlovid/>
- ⁴ Veklury (remdesivir) Prescribing Information. https://www.gilead.com/-/media/files/pdfs/medicines/covid-19/veklury/veklury_pi.pdf
- ⁵ Bebtelovimab EUA. <https://www.fda.gov/media/156152/download>
- ⁶ Lagevrio EUA. <https://www.fda.gov/media/155054/download>



Unclassified/ For Public Distribution

Antibiotic Stewardship Program Pharmacist PK Dosing

Plan: To ensure proper monitoring and dosing vancomycin IV therapy.

Do: Vanco trough ordered prior to 4th dose or random within 48hrs of start.

Check: Pharmacist orders pertinent labs for optimizing vancomycin therapy

Act: Continue to monitor vancomycin orders and renally dosed antibiotics.

Optimal drug therapy reduces potential ADE.

Key Process (Aspect) / Performance Measurement	Sample Size	Bench mark* / FTE		Jan-March 2022	April-June 2022
Vancomycin troughs ordered following protocol/ Vancomycin Dosing Consults			N	87	140
	100%	90%	D	88	141
				98.86%	99.29%

Assessment: Vancomycin interventions include renal dose adjustments, follow up on continuation of therapy after time out, culture sensitivities, adverse drug reaction and allergies, pharmacokinetic consults are all reviewed on daily antibiotic therapy report. Antibiotic monitoring reports used as a double check to ensure all vancomycin patients are properly monitored. Days of therapy deferred until All Scripts update September 2022. CDPH ASP Honor Roll, adopting the CDC Core Principals: dosing protocols, automatic stop dates, days of therapy report, antibiogram all are in place at SGMH ASP.

Antibiogram

Plan: Collect susceptibility and resistance data on common lab microbes

Do: Microbiologist continuously tracks data for annual antibiogram

Check: use antibiogram data to guide antibiotic therapy

Act: provide the antibiogram data to prescribers and pharmacy department and use as a tool to guide antibiotic therapy

Assessment: Regarding Cefazolin, the susceptible range was lowered by CLSI for organisms belonging to the Enterobacteriales order (such as E. coli etc) which will require confirmation by manual susceptibility testing if isolated from non-urine sources, so we might see some changes on the susceptibility pattern in the future. Fluoroquinolone susceptible range were also recently lowered so we will see changes on the pattern for Levo and Cipro for organisms from Enterobacteriales order.

SAN GORGONIO MEMORIAL HOSPITAL
ANTIBIOGRAM CHART 01-01-2021 to 12-31-2021
 "Percent Susceptible (%S) Isolates"
 (All Body Sites, All Location)

ORGANISMS	TOTAL ISOLATES	ANTIBIOTICS																						
		AMIKACIN	AMPICILLIN	AMP-SULBACT	CEFZOLIN	CEFEPIME	CEFTAZIDIME	CEFTRIAXONE	CIPROFLOXACIN	CLINDAMYCIN	ERTAPENEM	ERYTHROMYCIN	GENTAMICIN	IMIPEM	LEVOFLOXACIN	LINEZOLID	NITROFURANTOIN	PENICILLIN G	PIP-TAZOACTAM	TETRACYCLINE	TOBRAMYCIN	TRIM-SULFA	VANCOMYCIN	
GRAM NEGATIVES																								
Enterobacter cloacae complex	32	100	R	R	R	97	78	75	94		100													
Klebsiella aerogenes	27#	100	R	R	R	100	78	81	89		96										100	97		
Klebsiella oxytoca: 10% ESBL	29#	100	R	41	62	97	93	90	93		97										93	93		
Klebsiella pneumoniae: 7% ESBL	236	100	R	81	92	93	93	93	94		94										93	83		
Escherichia coli: 10% ESBL	1129	100	54	62	85	90	90	90	79		100										94	89		
Proteus mirabilis	113	99	82	89	91	92	92	92	72		91										90	75		
Pseudomonas aeruginosa	97	99	R	R		90	90	R	87		97										90	76		
GRAM POSITIVES																								
COAGULASE NEG STAPH	227																							
S. aureus: 37% MRSA	68								65	56											74			100
S. aureus: 63% MSSA	117								15	62											82			100
Enterococcus faecalis: 4% VRE	105	R	98						85	78											95			100
Enterococcus faecium: 58% VRE	12#	R	25						8	R												R	96	
Streptococcus pneumoniae	17#																					R	42	100
Streptococcus agalactiae	195																							
Streptococcus pyogenes	33																							100

Abbreviations: R denotes intrinsic resistance # denotes less than 30 isolates m meningitis p pneumonia

- Notes:**
1. Nitrofurantoin reported for urine isolates only.
 2. Meropenem is available as substitute for Imipenem.
 3. The antibiogram of percent susceptible organisms represent only the current patterns in this hospital and is based solely upon retrospective analysis of in-vitro test reports in the laboratory. This information on a few select and significant organisms have been extracted from a more comprehensive and cumulative laboratory data consisting of MIC (Mean Inhibitory Concentration) values. For additional information or questions, please contact the laboratory at ext. 6215 or the Pharmacy at ext. 4888.

TAB M

POLICIES AND PROCEDURES FOR BOARD APPROVAL - Hospital Board Meeting of September 6, 2022

	Title	Policy Area	Owner	Workflow Approval
1	Adult Sepsis Screening and Nursing Sepsis Standardized Procedure	Nursing	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
2	Aromatherapy Use in Procedural Areas	Surgical Services	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
3	Assessment Of Skin Integrity Upon Arrival To Emergency Department	Emergency Department	Brady, Angela: ED Director	Ariel Whitley for Hospital Board of Directors
4	Behavioral Health Center Plan of Care (Master Treatment Plan)	Behavior Health	Maciel, Christian: Director of BHC	Ariel Whitley for Hospital Board of Directors
5	Biological Debridement: Maggot Therapy: Standardized Procedure	Nursing	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
6	Chart Preparation for Scanning	Medical Records	Cornwall, Connie: HIM Manager	Ariel Whitley for Hospital Board of Directors
7	Clinical Lab Minor Equipment Maintenance and Calibration	Clinical Laboratory	Hazley, Byron: Director Laboratory	Ariel Whitley for Hospital Board of Directors
8	Code Pink - Infant or Child Abduction	Emergency Preparedness	Hunter, Joey: Director Emergency Preparedness, EOC & Security	Ariel Whitley for Hospital Board of Directors
9	Communication with the Patient/Family/Representative After a Harm Event	Risk	Sommers, Susan: Director of Infection Control and Risk Management	Ariel Whitley for Hospital Board of Directors
10	CT Abdomen/Pelvis With and Without Intravenous Contrast	Diagnostic Imaging	Chamberlin, Krystal: Director Diagnostic Imaging	Ariel Whitley for Hospital Board of Directors
11	Diagnostic Imaging Contrast Pre-Medication Protocol for Patients with a Known Contrast Allergy	Diagnostic Imaging	Chamberlin, Krystal: Director Diagnostic Imaging	Ariel Whitley for Hospital Board of Directors
12	Diagnostic Imaging Informed Consent Policy	Diagnostic Imaging	Chamberlin, Krystal: Director Diagnostic Imaging	Ariel Whitley for Hospital Board of Directors
13	Disaster - 1135 Waiver (EMTALA)	Emergency Preparedness	Hunter, Joey: Director Emergency Preparedness, EOC & Security	Ariel Whitley for Hospital Board of Directors

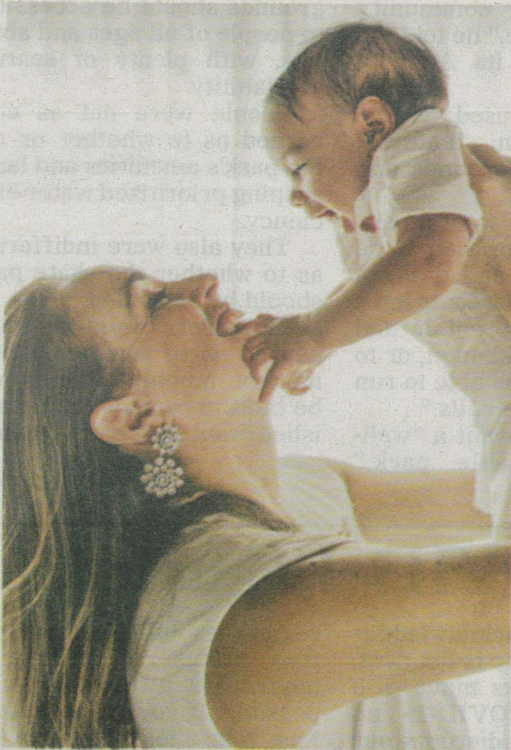
POLICIES AND PROCEDURES FOR BOARD APPROVAL - Hospital Board Meeting of September 6, 2022

	Title	Policy Area	Owner	Workflow Approval
14	Discharge Preparation and Instructions - Homeless Outpatients	Case Management	Mitchell, Marvin: Director Case Management	Ariel Whitley for Hospital Board of Directors
15	Drug Formulary	Pharmacy	Lopez, Jose: Director Pharmacy	Ariel Whitley for Hospital Board of Directors
16	Food Brought Into the Hospital for Patients	Infection Control	Sommers, Susan: Director of Infection Control and Risk Management	Ariel Whitley for Hospital Board of Directors
17	Medication Purchasing	Pharmacy	Lopez, Jose: Director Pharmacy	Ariel Whitley for Hospital Board of Directors
18	Nuclear Medicine Xenon 133 Accidental Release	Radiation Safety Program	Chamberlin, Krystal: Director Diagnostic Imaging	Ariel Whitley for Hospital Board of Directors
19	Nursing Bedside Swallow Screen	Nursing	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
20	Nursing Hand Off Shift Report	Nursing	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
21	Nursing Resource Utilization	Nursing	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
22	PACU - Emergency Equipment	Surgical Services	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
23	PACU - Recovery of Post-Surgical /Post-Procedure ICU Patients	Surgical Services	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
24	Patient Preparation	Clinical Laboratory	Hazley, Byron: Director Laboratory	Ariel Whitley for Hospital Board of Directors
25	Perioperative Services - Disaster Response Policy	Emergency Preparedness	Hunter, Joey: Director Emergency Preparedness, EOC & Security	Ariel Whitley for Hospital Board of Directors
26	PICC/MID Lines: Insertion and Maintenance	Nursing	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
27	Procedure for Out Patient Lab Tests	Clinical Laboratory	Hazley, Byron: Director Laboratory	Ariel Whitley for Hospital Board of Directors

POLICIES AND PROCEDURES FOR BOARD APPROVAL - Hospital Board Meeting of September 6, 2022

	Title	Policy Area	Owner	Workflow Approval
28	Proficiency Testing (PT) Program	Clinical Laboratory	Hazley, Byron: Director Laboratory	Ariel Whitley for Hospital Board of Directors
29	Pronouncing Patients by a Registered Nurse - Standardized Procedure	Nursing	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
30	Proper Collection and Handling of Reference Testing Specimens	Clinical Laboratory	Hazley, Byron: Director Laboratory	Ariel Whitley for Hospital Board of Directors
31	Radiation Protection - Pregnant Patient	Radiation Safety Program	Chamberlin, Krystal: Director Diagnostic Imaging	Ariel Whitley for Hospital Board of Directors
32	Restraint Use for Voluntary or Involuntary Immobilization or Seclusion	Nursing	Freude, Gayle: Nursing Director Med/Surg	Ariel Whitley for Hospital Board of Directors
33	Sterile Compounding: Personnel Cleansing And Garbing	Pharmacy	Lopez, Jose: Director Pharmacy	Ariel Whitley for Hospital Board of Directors
34	Surgical Services - Universal Protocol	Surgical Services	Goodner, Jayme: Director Surgical Services	Ariel Whitley for Hospital Board of Directors
35	Transfers to Lower Level of Care Providers for Physical Rehabilitation from the ED	Case Management	Mitchell, Marvin: Director Case Management	Ariel Whitley for Hospital Board of Directors
36	Workplace Violence Policy	Security	Hunter, Joey: Director Emergency Preparedness, EOC & Security	Ariel Whitley for Hospital Board of Directors

TAB N



**We'll make
sure you
and your
family
get off to
a beautiful
start**



**SAN GORONIO
MEMORIAL HOSPITAL
WOMEN'S CENTER**

Since 1951 we've provided the best possible healthcare to our community. Whether you're new to the area, or have lived here for generations, San Geronio Memorial Hospital is here to care for you.

600 N. Highland Springs Ave., Banning, CA
951-845-1121 | www.sgmh.org

By DAVID JAMES HEISS
Record Gazette

Two of three incumbents hope to reclaim hospital healthcare district seats

Several candidates have qualified to run for the San Geronio Memorial Health Care District, which is tasked with overseeing the hospital campus, fixed assets and equipment.

For the nonpartisan race, hospital board members Ron Rader and Steve Rutledge are joined by challengers Randal Scott Stevens, Darrell Petersen, healthcare executive Shannon McDougall and former board member Lanny Swerdlow to vie for three available spots as full-term directors.

Incumbent Phillip Capobianco and board appointees Dr. Ehren Ngo and Joel Labha are not running for reelection.

**Every life, every moment,
every day.**



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