



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday, August 4, 2020

6:00 PM

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20, THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY JOIN THE MEETING BY FOLLOWING THE INSTRUCTIONS BELOW:

Meeting Information

Meeting link: <https://sangorgoniomemorialhospital-ajd.my.webex.com/sangorgoniomemorialhospital-ajd.my/j.php?MTID=m9a2afc56d7e01e9561ee8eda6cd59dad>

Meeting number: 126 695 1954

Password: 1234

More ways to join

Join by video system

Dial [1266951954@webex.com](tel:1266951954)

You can also dial 173.243.2.68 and enter your meeting number.

Join by phone

+1-510-338-9438 USA Toll

Access code: 126 695 1954

Password: 1234

Emergency phone number if WebEx tech difficulties

951-846-2846

code: 3376#

THE TELEPHONES OF ALL MEMBERS OF THE PUBLIC LISTENING IN ON THIS MEETING MUST BE "MUTED".

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 Healthcare District to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].

TAB

I. Call to Order

D. Tankersley, Chair

II. Public Comment

Members of the public who wish to comment on any item on the agenda may submit comments by emailing publiccomment@sgmh.org on or before 1:00 PM on Tuesday, August 4, 2020, which will become part of the board meeting record.

NOTE: ALL MEMBERS OF THE SAN GORGONIO MEMORIAL HOSPITAL BOARD OF DIRECTORS ARE INVITED PARTICIPANTS AND MAY ADDRESS THE SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT BOARD OF DIRECTORS AT ANY TIME DURING THIS MEETING.

OLD BUSINESS

- III. * **Proposed Action - Approve Minutes** All A
- July 7, 2020 regular meeting

NEW BUSINESS

- IV. * **Proposed Action – Nominate/Approve Healthcare District Board Secretary/Treasurer** D. Tankersley verbal
- **ROLL CALL**
- V. Discussion concerning a refinancing of the District’s 2013 Bonds Review of updated Financial Analysis and finance schedule G. Hicks B
G.L. Hicks Financial
- VI. * **Proposed Action – Approve Resolution No. 2020-05 Resolution of the Board of Directors of the San Gorgonio Memorial Healthcare District Authorizing the Issuance and Sale of the District’s 2020 General Obligation Refunding Bonds** G. Hicks C
- **ROLL CALL**
- VII. * **Proposed Action – Approve Resolution No. 2020-06 Resolution Approving a Debt Management Policy** G. Hicks D
- **ROLL CALL**
- VIII. Healthcare District Board Chair monthly report D. Tankersley verbal
- IX. Medical Clinic monthly report H. Yonemoto E
- X. * **Proposed Action - Approve June 2020 Financial report** M. Kammer F
- **ROLL CALL**
 - Informational: Measure A funds report – June 2020 G
- XI. Quarterly Common Area Maintenance fees report M. Kammer H

- XII. * **Proposed Action – Approve Resolution No. 2020-07**
(directing Riverside County, California, to levy a tax to pay the principal of and interest on the District’s General Obligation Bonds for Fiscal Year 2020/2021 - Measure A)
▪ **ROLL CALL** M. Kammer I
- XIII. * **Proposed Action – Approval to continuing work on existing building Permit – Approve quote from Golightly Plumbing, Inc. in the amount of \$7,800.00**
▪ **ROLL CALL** D. Tankersley J
- XIV. General Information D. Tankersley K
- *** ITEMS FOR DISCUSSION/APPROVAL IN CLOSED SESSION** D. Tankersley
- Proposed Action – Approve Medical Staff Credentialing
(Health & Safety Code §32155; and Evidence Code §1157)
- XV. **ADJOURN TO CLOSED SESSION**
- RECONVENE TO OPEN SESSION**
- *** REPORT ON ACTIONS TAKEN DURING CLOSED SESSION** D. Tankersley
- XVI. Future Agenda Items
- XVII. Adjournment D. Tankersley

***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 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.

I certify that on July 31, 2020 I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Healthcare District, 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*).

Executed at Banning, California on July 31, 2020



Ariel Whitley, Administrative Assistant

TAB A

REGULAR MEETING OF THE
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
BOARD OF DIRECTORS

July 7, 2020

The regular meeting of the Board of Directors of the San Gorgonio Memorial Healthcare District was held on Tuesday, July 7, 2020. In an effort to prevent the spread of COVID-19 (coronavirus), and in accordance with the Governor’s Executive Order N-29-20, there was no public location for attending this board meeting in person. Board members and members of the public participated via WebEx.

Members Present: Lynn Baldi, Phillip Capobianco III, Estelle Lewis, Lanny Swerdlow, Dennis Tankersley (Chair)

Absent: None

Required Hospital: Steve Barron (CEO), Pat Brown (CNO), Holly Yonemoto (CBDO), Annah Karam (CHRO), Karan Singh, MD (CQO), Margaret Kammer (Controller), Bobbi Duffy (Executive Assistant), Ariel Whitley (Administrative Assistant)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Call To Order	Chair Dennis Tankersley called the meeting to order at 6:00 pm.	
Public Comment	Members of the public who wished to comment on any item on the agenda were encouraged to submit comments by emailing publiccomment@sgmh.org prior to this meeting. No public comment emails were received.	
OLD BUSINESS		
Proposed Action - Approve Minutes June 2, 2020 regular meeting and June 22, 2020 special meeting	Chair Tankersley asked for any changes or corrections to the minutes of the June 2, 2020 regular meeting and the June 22, 2020 special meeting. There were none.	The minutes of the June 2, 2020 regular meeting and the June 22, 2020 special meeting will stand correct as presented.
NEW BUSINESS		
Healthcare District Board	Chair Tankersley stated that skilled nursing facilities and hospitals all over California are reaching capacity due to an	

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
Chair monthly Update	increase in positive COVID-19 patients.													
Medical Clinic monthly report	Chair Tankersley noted that the written monthly report for the Medical Clinic was included on the board tablets.													
Proposed Action – Approve May 2020 Financial Report	<p>Margaret Kammer reviewed the May 2020 Finance Report as included on the board tablets.</p> <p>There were no questions.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="418 751 1227 869"> <tr> <td>Baldi</td> <td>Yes</td> <td>Capobianco</td> <td>Yes</td> </tr> <tr> <td>Lewis</td> <td>Yes</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Baldi	Yes	Capobianco	Yes	Lewis	Yes	Swerdlow	Yes	Tankersley	Yes	Motion carried.		M.S.C., (Lewis/Baldi), the SGMHD Board of Directors approved the May 2020 Financial report as presented.
Baldi	Yes	Capobianco	Yes											
Lewis	Yes	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												
<ul style="list-style-type: none"> Informational - Measure A expenditures – May 2020 	Chair Tankersley noted that a copy of the Measure A funds and expenditures - May 2020 were included on the board tablets.													
Proposed Action – Approve Healthcare District & Hospital FY2021 Operating budget and FY2021 Capital budget	<p>Steve Barron reviewed the Healthcare District & Hospital FY2021 Operating budget and the FY2021 Capital budget. He answered a few questions.</p> <p>It was noted that the Hospital Board Finance Committee and the Hospital Board of Directors recommend approval of the FY2021 Operating budget and the FY2021 Capital budget as presented.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="418 1495 1227 1612"> <tr> <td>Baldi</td> <td>Yes</td> <td>Capobianco</td> <td>Yes</td> </tr> <tr> <td>Lewis</td> <td>Yes</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Baldi	Yes	Capobianco	Yes	Lewis	Yes	Swerdlow	Yes	Tankersley	Yes	Motion carried.		M.S.C., (Lewis/Baldi), the SGMHD Board of Directors approved the Healthcare District & Hospital FY2021 Operating budget and FY2021 Capital budget
Baldi	Yes	Capobianco	Yes											
Lewis	Yes	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p>Proposed Action – Approve Capital request - ventilators</p>	<p>Steve noted that Six (6) Bellavista 1000 Ventilators and accessories were funded by the San Gorgonio Memorial Hospital Foundation totaling \$168,652.04 as capital equipment for the Healthcare District. Steve mentioned that the ventilators are in-house and working very well.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="423 569 1230 684"> <tr> <td>Baldi</td> <td>Yes</td> <td>Capobianco</td> <td>Yes</td> </tr> <tr> <td>Lewis</td> <td>Yes</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Baldi	Yes	Capobianco	Yes	Lewis	Yes	Swerdlow	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C., (Baldi/Lewis), the SGMHD Board of Directors approved the Capital purchase of ventilators in the amount of \$168,652.04.</p>
Baldi	Yes	Capobianco	Yes											
Lewis	Yes	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												
<p>Proposed Action – Approve 2020/2021 Measure D Tax Rate increase</p>	<p>Chair Tankersley explained that when Measure D was extended, the language written into the Measure included that the annual tax rate would be adjusted each year based on the Consumer Price Index (CPI). He noted that we use the new San Bernardino/Riverside Counties index. The new tax rate for FY2020-2021 will be \$57.14 per APN for all properties located within the Healthcare District’s area.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="423 1083 1230 1199"> <tr> <td>Baldi</td> <td>Yes</td> <td>Capobianco</td> <td>Yes</td> </tr> <tr> <td>Lewis</td> <td>Yes</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Baldi	Yes	Capobianco	Yes	Lewis	Yes	Swerdlow	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C., (Swerdlow/Lewis), the SGMHD Board of Directors approved the 2020/2021 Measure D Tax Rate of \$57.14 per Assessor’s Parcel Number as presented.</p>
Baldi	Yes	Capobianco	Yes											
Lewis	Yes	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												
<p>Proposed Action – Approve Notice to the Registrar of Voters General District Election, November 3, 2020</p>	<p>Chair Tankersley explained that the Registrar of Voters requires this form to be approved by the Board of Directors each year that we have board seats on the election ballot. The form lists the term year of seats that are to be on the ballot and in which local newspaper the Notice of Election is to be run. It also noted that Candidates must pay the total cost of any Candidate Statements.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="423 1640 1230 1755"> <tr> <td>Baldi</td> <td>Yes</td> <td>Capobianco</td> <td>Yes</td> </tr> <tr> <td>Lewis</td> <td>Yes</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Baldi	Yes	Capobianco	Yes	Lewis	Yes	Swerdlow	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C., (Lewis/Baldi), the SGMHD Board of Directors approved the Notice to the Registrar of Voters General District Election November 3, 2020 as presented with the candidate responsible for the total cost of any Candidate Statement.</p>
Baldi	Yes	Capobianco	Yes											
Lewis	Yes	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p>Proposed Action – Approve changes to Conflict of Interest Code and Resolution No. 2020-03</p>	<p>Chair Tankersley reported that the Fair Political Practices Commission (FPPC) requires that the District’s Conflict of Interest Code be reviewed and any changes made bi-annually. There are three (3) suggested changes as shown on the board tablets.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="423 604 1230 720"> <tr> <td>Baldi</td> <td>Yes</td> <td>Capobianco</td> <td>Yes</td> </tr> <tr> <td>Lewis</td> <td>Yes</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Baldi	Yes	Capobianco	Yes	Lewis	Yes	Swerdlow	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C., (Lewis/Baldi), the SGMHD Board of Directors approved the changes to the Conflict of Interest Code and Resolution No. 2020-03.</p>
Baldi	Yes	Capobianco	Yes											
Lewis	Yes	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												
<p>Chief of Staff – Medical Executive Committee report</p>	<p>Steven Hildebrand, MD, Chief of Staff did not have a Medical Executive Committee Report for July 2020.</p>													
<p>Appoint Ad Hoc Nomination Committee</p>	<p>Chair Tankersley read a letter of resignation from Lynn Baldi. Her resignation from the Board will be effective August 1, 2020.</p> <p>Chair Tankersley noted that an Ad Hoc Nomination Committee will be formed to replace Lynn and to complete the existing term which will expire December 2022. He appointed the following to serve on this committee: Susan DiBiasi, Estelle Lewis, and Dennis Tankersley. Dennis Tankersley will serve as Chair of the committee.</p>													
<p>Adjourn to Closed Session</p>	<p>Chair Tankersley reported the items to be reviewed and discussed and/or acted upon during Closed Session will be:</p> <ul style="list-style-type: none"> ➤ Proposed Action – Approve Medical Staff Credentialing <p>The meeting adjourned to Closed Session at 6:32 pm.</p>													
<p>Reconvene to Open Session</p>	<p>The meeting reconvened to Open Session at 6:39 pm.</p> <p>At the request of Chair Tankersley, Ariel Whitley reported on the actions taken/ information received during closed session as follows:</p> <ul style="list-style-type: none"> ➤ Approved Medical Staff Credentialing 													

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
General Information	None	
Future Agenda Items	None	
Adjournment	The meeting was adjourned at 6:39 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.

Minutes respectfully submitted by Ariel Whitley, Administrative Assistant

TAB B

SOURCES AND USES OF FUNDS

San Geronio Memorial Healthcare District
(Riverside County, California)
General Obligation Refunding Bonds
Refunding of 2013 GO Bonds to Maturity
Public Offering, Assumes 'Baa3' Rating
--Preliminary--

Dated Date 09/09/2020
Delivery Date 09/09/2020

Sources:

Bond Proceeds:	
Par Amount	18,335,000.00
Premium	3,835,739.00
	<hr/>
	22,170,739.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	21,884,361.49
Delivery Date Expenses:	
Cost of Issuance	185,000.00
Underwriter's Discount:	
Average Takedown	82,507.50
Underwriter's Counsel	7,500.00
Expenses	<hr/>
	98,507.50
Other Uses of Funds:	
Additional Proceeds	2,870.01
	<hr/>
	22,170,739.00

BOND DEBT SERVICE

San Gorgonio Memorial Healthcare District
(Riverside County, California)
General Obligation Refunding Bonds
Refunding of 2013 GO Bonds to Maturity
Public Offering, Assumes 'Baa3' Rating
--Preliminary--

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2021	605,000	3.000%	792,522.50	1,397,522.50
08/01/2022	555,000	4.000%	867,900.00	1,422,900.00
08/01/2023	620,000	4.000%	845,700.00	1,465,700.00
08/01/2024	685,000	4.000%	820,900.00	1,505,900.00
08/01/2025	755,000	5.000%	793,500.00	1,548,500.00
08/01/2026	840,000	5.000%	755,750.00	1,595,750.00
08/01/2027	925,000	5.000%	713,750.00	1,638,750.00
08/01/2028	1,020,000	5.000%	667,500.00	1,687,500.00
08/01/2029	1,125,000	5.000%	616,500.00	1,741,500.00
08/01/2030	1,225,000	5.000%	560,250.00	1,785,250.00
08/01/2031	1,335,000	5.000%	499,000.00	1,834,000.00
08/01/2032	1,460,000	5.000%	432,250.00	1,892,250.00
08/01/2033	1,585,000	5.000%	359,250.00	1,944,250.00
08/01/2034	1,720,000	5.000%	280,000.00	2,000,000.00
08/01/2035	1,865,000	5.000%	194,000.00	2,059,000.00
08/01/2036	2,015,000	5.000%	100,750.00	2,115,750.00
	18,335,000		9,299,522.50	27,634,522.50

BOND PRICING

San Gorgonio Memorial Healthcare District
 (Riverside County, California)
 General Obligation Refunding Bonds
 Refunding of 2013 GO Bonds to Maturity
 Public Offering, Assumes 'Baa3' Rating
 --Preliminary--

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bonds due 2036:									
	08/01/2021	605,000	3.000%	1.080%	101.703				10,303.15
	08/01/2022	555,000	4.000%	1.200%	105.228				29,015.40
	08/01/2023	620,000	4.000%	1.310%	107.614				47,206.80
	08/01/2024	685,000	4.000%	1.410%	109.780				66,993.00
	08/01/2025	755,000	5.000%	1.490%	116.507				124,627.85
	08/01/2026	840,000	5.000%	1.650%	118.741				157,424.40
	08/01/2027	925,000	5.000%	1.750%	121.019				194,425.75
	08/01/2028	1,020,000	5.000%	1.870%	122.871				233,284.20
	08/01/2029	1,125,000	5.000%	1.940%	124.885				279,956.25
	08/01/2030	1,225,000	5.000%	2.060%	126.193				320,864.25
	08/01/2031	1,335,000	5.000%	2.120%	125.581 C	2.328%	08/01/2030	100.000	341,506.35
	08/01/2032	1,460,000	5.000%	2.190%	124.873 C	2.561%	08/01/2030	100.000	363,145.80
	08/01/2033	1,585,000	5.000%	2.280%	123.969 C	2.776%	08/01/2030	100.000	379,908.65
	08/01/2034	1,720,000	5.000%	2.330%	123.470 C	2.931%	08/01/2030	100.000	403,684.00
	08/01/2035	1,865,000	5.000%	2.380%	122.973 C	3.067%	08/01/2030	100.000	428,446.45
	08/01/2036	2,015,000	5.000%	2.420%	122.578 C	3.179%	08/01/2030	100.000	454,946.70
		18,335,000							3,835,739.00

Dated Date	09/09/2020	
Delivery Date	09/09/2020	
First Coupon	02/01/2021	
Par Amount	18,335,000.00	
Premium	3,835,739.00	
Production	22,170,739.00	120.920311%
Underwriter's Discount	-98,507.50	-0.537265%
Purchase Price	22,072,231.50	120.383046%
Accrued Interest		
Net Proceeds	22,072,231.50	

BOND SUMMARY STATISTICS

San Gorgonio Memorial Healthcare District
 (Riverside County, California)
 General Obligation Refunding Bonds
 Refunding of 2013 GO Bonds to Maturity
 Public Offering, Assumes 'Baa3' Rating
 --Preliminary--

Dated Date	09/09/2020
Delivery Date	09/09/2020
Last Maturity	08/01/2036
Arbitrage Yield	2.128901%
True Interest Cost (TIC)	2.622398%
Net Interest Cost (NIC)	2.969570%
All-In TIC	2.724752%
Average Coupon	4.964786%
Average Life (years)	10.216
Weighted Average Maturity (years)	10.388
Duration of Issue (years)	8.344
Par Amount	18,335,000.00
Bond Proceeds	22,170,739.00
Total Interest	9,299,522.50
Net Interest	5,562,291.00
Bond Years from Dated Date	187,309,638.89
Bond Years from Delivery Date	187,309,638.89
Total Debt Service	27,634,522.50
Maximum Annual Debt Service	2,115,750.00
Average Annual Debt Service	1,738,627.77
Underwriter's Fees (per \$1000)	
Average Takedown	4.500000
Other Fee	0.872648
Total Underwriter's Discount	5.372648
Bid Price	120.383046

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds due 2036	18,335,000.00	120.920	4.965%	10.216	15,311.15
	18,335,000.00			10.216	15,311.15

	TIC	All-In TIC	Arbitrage Yield
Par Value	18,335,000.00	18,335,000.00	18,335,000.00
+ Accrued Interest			
+ Premium (Discount)	3,835,739.00	3,835,739.00	3,835,739.00
- Underwriter's Discount	-98,507.50	-98,507.50	
- Cost of Issuance Expense		-185,000.00	
- Other Amounts			
Target Value	22,072,231.50	21,887,231.50	22,170,739.00
Target Date	09/09/2020	09/09/2020	09/09/2020
Yield	2.622398%	2.724752%	2.128901%

SUMMARY OF REFUNDING RESULTS

San Geronio Memorial Healthcare District
(Riverside County, California)
General Obligation Refunding Bonds
Refunding of 2013 GO Bonds to Maturity
Public Offering, Assumes 'Baa3' Rating
--Preliminary--

Dated Date	09/09/2020
Delivery Date	09/09/2020
Arbitrage yield	2.128901%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	18,335,000.00
True Interest Cost	2.622398%
Net Interest Cost	2.969570%
Average Coupon	4.964786%
Average Life	10.216
Weighted Average Maturity	10.388
Par amount of refunded bonds	21,775,000.00
Average coupon of refunded bonds	3.698261%
Average life of refunded bonds	9.920
Remaining weighted average maturity of refunded bonds	9.689
PV of prior debt to 09/09/2020 @ 2.128901%	24,853,089.37
Net PV Savings	1,861,039.39
Percentage savings of refunded bonds	8.546679%
Percentage savings of refunding bonds	10.150201%

SAVINGS

San Gorgonio Memorial Healthcare District
(Riverside County, California)
General Obligation Refunding Bonds
Refunding of 2013 GO Bonds to Maturity
Public Offering, Assumes 'Baa3' Rating
--Preliminary--

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/09/2020 @ 2.1289008%
08/01/2021	1,522,662.50	1,397,522.50	125,140.00	123,516.18
08/01/2022	1,563,412.50	1,422,900.00	140,512.50	134,657.31
08/01/2023	1,605,412.50	1,465,700.00	139,712.50	131,004.20
08/01/2024	1,643,412.50	1,505,900.00	137,512.50	126,149.01
08/01/2025	1,687,412.50	1,548,500.00	138,912.50	124,678.62
08/01/2026	1,736,912.50	1,595,750.00	141,162.50	123,992.19
08/01/2027	1,775,837.50	1,638,750.00	137,087.50	117,899.89
08/01/2028	1,827,325.00	1,687,500.00	139,825.00	117,780.33
08/01/2029	1,879,293.76	1,741,500.00	137,793.76	113,664.99
08/01/2030	1,926,343.76	1,785,250.00	141,093.76	113,995.28
08/01/2031	1,975,068.76	1,834,000.00	141,068.76	111,628.94
08/01/2032	2,030,293.76	1,892,250.00	138,043.76	106,987.99
08/01/2033	2,084,575.00	1,944,250.00	140,325.00	106,532.06
08/01/2034	2,139,687.50	2,000,000.00	139,687.50	103,881.75
08/01/2035	2,198,062.50	2,059,000.00	139,062.50	101,304.91
08/01/2036	2,256,562.50	2,115,750.00	140,812.50	100,495.71
	29,852,275.04	27,634,522.50	2,217,752.54	1,858,169.38

Savings Summary

PV of savings from cash flow	1,858,169.38
Plus: Refunding funds on hand	2,870.01
	1,861,039.39
Net PV Savings	1,861,039.39

ESCROW REQUIREMENTS

San Gorgonio Memorial Healthcare District
(Riverside County, California)
General Obligation Refunding Bonds
Refunding of 2013 GO Bonds to Maturity
Public Offering, Assumes 'Baa3' Rating
--Preliminary--

Period Ending	Interest	Principal Redeemed	Total
09/18/2020	109,361.49	21,775,000.00	21,884,361.49
	109,361.49	21,775,000.00	21,884,361.49

SUMMARY OF BONDS REFUNDED

San Geronio Memorial Healthcare District
(Riverside County, California)
General Obligation Refunding Bonds
Refunding of 2013 GO Bonds to Maturity
Public Offering, Assumes 'Baa3' Rating
--Preliminary--

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2013, 2013, SER_25:					
	08/01/2021	5.000%	685,000.00	09/18/2020	100.000
	08/01/2022	5.000%	760,000.00	09/18/2020	100.000
	08/01/2023	5.000%	840,000.00	09/18/2020	100.000
	08/01/2024	5.000%	920,000.00	09/18/2020	100.000
	08/01/2025	5.000%	<u>1,010,000.00</u>	09/18/2020	100.000
			4,215,000.00		
Series 2013, 2013, SER_I33:					
	08/01/2026	3.250%	1,110,000.00	09/18/2020	100.000
	08/01/2027	3.250%	1,185,000.00	09/18/2020	100.000
	08/01/2028	3.375%	1,275,000.00	09/18/2020	100.000
	08/01/2029	3.500%	1,370,000.00	09/18/2020	100.000
	08/01/2030	3.500%	1,465,000.00	09/18/2020	100.000
	08/01/2031	3.500%	1,565,000.00	09/18/2020	100.000
	08/01/2032	3.625%	1,675,000.00	09/18/2020	100.000
	08/01/2033	3.625%	<u>1,790,000.00</u>	09/18/2020	100.000
			11,435,000.00		
Series 2013, 2013, TERM_I36:					
	08/01/2036	3.750%	6,125,000.00	09/18/2020	100.000
			<u>21,775,000.00</u>		

PRIOR BOND DEBT SERVICE

San Geronio Memorial Healthcare District
(Riverside County, California)
General Obligation Refunding Bonds
Refunding of 2013 GO Bonds to Maturity
Public Offering, Assumes 'Baa3' Rating
--Preliminary--

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2021	685,000	5.000%	837,662.50	1,522,662.50
08/01/2022	760,000	5.000%	803,412.50	1,563,412.50
08/01/2023	840,000	5.000%	765,412.50	1,605,412.50
08/01/2024	920,000	5.000%	723,412.50	1,643,412.50
08/01/2025	1,010,000	5.000%	677,412.50	1,687,412.50
08/01/2026	1,110,000	3.250%	626,912.50	1,736,912.50
08/01/2027	1,185,000	3.250%	590,837.50	1,775,837.50
08/01/2028	1,275,000	3.375%	552,325.00	1,827,325.00
08/01/2029	1,370,000	3.500%	509,293.76	1,879,293.76
08/01/2030	1,465,000	3.500%	461,343.76	1,926,343.76
08/01/2031	1,565,000	3.500%	410,068.76	1,975,068.76
08/01/2032	1,675,000	3.625%	355,293.76	2,030,293.76
08/01/2033	1,790,000	3.625%	294,575.00	2,084,575.00
08/01/2034	1,910,000	3.750%	229,687.50	2,139,687.50
08/01/2035	2,040,000	3.750%	158,062.50	2,198,062.50
08/01/2036	2,175,000	3.750%	81,562.50	2,256,562.50
	21,775,000		8,077,275.04	29,852,275.04

FORM 8038 STATISTICS

San Gorgonio Memorial Healthcare District
 (Riverside County, California)
 General Obligation Refunding Bonds
 Refunding of 2013 GO Bonds to Maturity
 Public Offering, Assumes 'Baa3' Rating
 --Preliminary--

Dated Date 09/09/2020
 Delivery Date 09/09/2020

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bonds due 2036:						
	08/01/2021	605,000.00	3.000%	101.703	615,303.15	605,000.00
	08/01/2022	555,000.00	4.000%	105.228	584,015.40	555,000.00
	08/01/2023	620,000.00	4.000%	107.614	667,206.80	620,000.00
	08/01/2024	685,000.00	4.000%	109.780	751,993.00	685,000.00
	08/01/2025	755,000.00	5.000%	116.507	879,627.85	755,000.00
	08/01/2026	840,000.00	5.000%	118.741	997,424.40	840,000.00
	08/01/2027	925,000.00	5.000%	121.019	1,119,425.75	925,000.00
	08/01/2028	1,020,000.00	5.000%	122.871	1,253,284.20	1,020,000.00
	08/01/2029	1,125,000.00	5.000%	124.885	1,404,956.25	1,125,000.00
	08/01/2030	1,225,000.00	5.000%	126.193	1,545,864.25	1,225,000.00
	08/01/2031	1,335,000.00	5.000%	125.581	1,676,506.35	1,335,000.00
	08/01/2032	1,460,000.00	5.000%	124.873	1,823,145.80	1,460,000.00
	08/01/2033	1,585,000.00	5.000%	123.969	1,964,908.65	1,585,000.00
	08/01/2034	1,720,000.00	5.000%	123.470	2,123,684.00	1,720,000.00
	08/01/2035	1,865,000.00	5.000%	122.973	2,293,446.45	1,865,000.00
	08/01/2036	2,015,000.00	5.000%	122.578	2,469,946.70	2,015,000.00
		18,335,000.00			22,170,739.00	18,335,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	08/01/2036	5.000%	2,469,946.70	2,015,000.00		
Entire Issue			22,170,739.00	18,335,000.00	10.3883	2.1289%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	283,507.50
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to refund prior tax-exempt bonds	21,884,361.49
Proceeds used to refund prior taxable bonds	0.00
Remaining WAM of prior tax-exempt bonds (years)	9.6893
Remaining WAM of prior taxable bonds (years)	0.0000
Last call date of refunded tax-exempt bonds	09/18/2020

2011 Form 8038 Statistics

Proceeds used to currently refund prior issues	21,884,361.49
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	9.6893
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

San Gorgonio Memorial Healthcare District
(Riverside County, California)
General Obligation Refunding Bonds
Refunding of 2013 GO Bonds to Maturity
Public Offering, Assumes 'Baa3' Rating
--Preliminary--

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Series 2013:					
SER_25	08/01/2021	685,000.00	5.000%	116.323	796,812.55
SER_25	08/01/2022	760,000.00	5.000%	115.016	874,121.60
SER_25	08/01/2023	840,000.00	5.000%	113.726	955,298.40
SER_25	08/01/2024	920,000.00	5.000%	113.158	1,041,053.60
SER_25	08/01/2025	1,010,000.00	5.000%	112.594	1,137,199.40
SER_I33	08/01/2026	1,110,000.00	3.250%	97.762	1,085,158.20
SER_I33	08/01/2027	1,185,000.00	3.250%	96.860	1,147,791.00
SER_I33	08/01/2028	1,275,000.00	3.375%	97.356	1,241,289.00
SER_I33	08/01/2029	1,370,000.00	3.500%	98.038	1,343,120.60
SER_I33	08/01/2030	1,465,000.00	3.500%	97.324	1,425,796.60
SER_I33	08/01/2031	1,565,000.00	3.500%	96.697	1,513,308.05
SER_I33	08/01/2032	1,675,000.00	3.625%	97.745	1,637,228.75
SER_I33	08/01/2033	1,790,000.00	3.625%	97.114	1,738,340.60
TERM_I36	08/01/2034	1,910,000.00	3.750%	96.813	1,849,128.30
TERM_I36	08/01/2035	2,040,000.00	3.750%	96.813	1,974,985.20
TERM_I36	08/01/2036	2,175,000.00	3.750%	96.813	2,105,682.75
					21,866,314.60

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Series 2013	09/18/2020	03/12/2013	9.6893
All Refunded Issues	09/18/2020		9.6893

DISCLOSURE

San Geronio Memorial Healthcare District
(Riverside County, California)
General Obligation Refunding Bonds
Refunding of 2013 GO Bonds to Maturity
Public Offering, Assumes 'Baa3' Rating
--Preliminary--

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The information contained herein may include hypothetical interest rates or interest rate savings for a potential refunding. Interest rates used herein take into consideration conditions in today's market and other factual information such as credit rating, geographic location and market sector. Interest rates described herein should not be viewed as rates that Piper Sandler expects to achieve for you should we be selected to act as your underwriter or placement agent. Information about interest rates and terms for SLGs is based on current publically available information and treasury or agency rates for open-market escrows are based on current market interest rates for these types of credits and should not be seen as costs or rates that Piper Sandler could achieve for you should we be selected to act as your underwriter or placement agent. More particularized information and analysis may be provided after you have engaged Piper Sandler as an underwriter or placement agent or under certain other exceptions as describe in the Section 15B of the Exchange Act.

TO: INTERESTED PARTIES

FROM: GARY HICKS

DATE: JULY 28, 2020

**RE: SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
2020 GENERAL OBLIGATION REFUNDING BONDS
FINANCE SCHEDULE**

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

<u>DATE</u>	<u>TASK TO BE COMPLETED</u>
March 4, 2020	* Receive proposals from underwriters.
March 5, 2020	* Receive bids from paying agent and legal counsels.
March 5, 2020 2:30 p.m.	* Provide analysis of underwriter proposals. Meeting with the District to review proposals from legal counsels, trustee and underwriters.
March 9, 2020	* Request updated AV and tax information from Cal Muni Statistics.
March 10, 2020	* Select paying agent and legal counsels.
March 19, 2020	* Updated AV and tax information received from Cal Muni Statistics.
March 24, 2020	* Send Initial Resolution to Bobbi Duffy for inclusion in Board packets.
March 25, 2020	* Distribution of Initial, Debt Policy and Bond Resolutions, Escrow Agreement and Bond Purchase Agreement (the "Bond Documents").
March 30, 2020	* Send RFT to prospective bank purchasers.
March 31, 2020 9:00 a.m.	* District Finance Committee meeting – review of estimated savings analysis. Review of Initial Resolution.
April 7, 2020 5:00 p.m.	* District Board meeting - review of estimated savings analysis. Approval of Initial Resolution.
April 15, 2020	* Receipt of Term Sheets from banks.

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
2020 GENERAL OBLIGATION REFUNDING BONDS FINANCE SCHEDULE

PAGE 2

DATE	TASK TO BE COMPLETED
July 13, 2020	* Due diligence checklist sent by Bond Counsel.
July 15, 2020	* Distribution of revised Bond Documents (includes the Preliminary Official Statement in addition to the documents listed above).
July 21, 2020 11:00 a.m.	* Financing update and document review conference call.
July 22, 2020	* Distribution of revised Bond Documents.
July 22, 2020 2:00 p.m.	* Conference call with Moody's.
July 23, 2020	* By this date, all due diligence materials provided by the District.
July 24, 2020	* Interim financial statements available for June 30, 2020.
July 27, 2020 9:00 a.m.	* Document review and due diligence conference call.
July 28, 2020	* Send final Bond Documents to Bobbi Duffy and Ariel Whitley for inclusion in Board member packets.
August 3, 2020	Last day to complete due diligence work. Rating received from Moody's.
August 4, 2020 6:00 p.m.	District Board meeting – review of savings analysis and Finance Schedule. Passage of Debt Policy Resolution and Bond Resolution.
August 5, 2020	Auditor signs consent letter regarding audit for the FYE June 30, 2019.
August 5, 2020	District signs 15c2-12 Certificate.
August 6, 2020	Printing & distribution of POS to prospective purchasers.
August 14, 2020 11:00 a.m.	Market update conference call.
August 17, 2020 2:00 p.m.	Pre-pricing conference call. Dial-in number 888-212-4616 access code 9133453352.

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
2020 GENERAL OBLIGATION REFUNDING BONDS FINANCE SCHEDULE
PAGE 3

DATE	TASK TO BE COMPLETED
August 18, 2020	Institutional and retail order period from 8:00 a.m. to 10:00 a.m.
August 18, 2020 11:00 a.m.	Pricing conference call. Dial-in number 888-212-4616 access code 9133453352.
August 18, 2020	Execute Bond Purchase Agreement. Deliver debt service schedule to Riverside County.
August 18, 2020	District gives notice to BNY Mellon of its intent to redeem the 2013 Bonds.
August 19, 2020	BNY Mellon gives revocable notice of redemption to bondholders.
August 19, 2020	Distribution of closing documents and certificates for final review.
August 20, 2020	Comments to Bond Counsel on closing documents and certificates.
August 21, 2020	Distribution of execution ready Financing Documents and certificates for signature.
August 24, 2020	Print and mail final Official Statement.
September 4, 2020	On or before this date, executed Financing Documents, certificates and final opinions must be returned to Bond Counsel.
September 8, 2020 1:00 p.m.	Pre-closing conference call. Use the same dial-in number and access code as indicated above.
September 9, 2020	Closing of the 2020 Bonds via email. Fund Escrow Agreement.
September 18, 2020	Redemption of the 2013 Bonds.

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

* Task Completed.

TAB C

**BOARD OF DIRECTORS
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
RIVERSIDE COUNTY, STATE OF CALIFORNIA**

RESOLUTION NO. 2020-05

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GORGONIO
MEMORIAL HEALTHCARE DISTRICT AUTHORIZING THE ISSUANCE AND
SALE OF THE DISTRICT'S 2020 GENERAL OBLIGATION REFUNDING BONDS**

Adopted August 4, 2020

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**BOARD OF DIRECTORS
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
RIVERSIDE COUNTY, STATE OF CALIFORNIA**

RESOLUTION NO. 2020-05

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GORGONIO
MEMORIAL HEALTHCARE DISTRICT AUTHORIZING THE ISSUANCE AND
SALE OF THE DISTRICT'S 2020 GENERAL OBLIGATION REFUNDING BONDS**

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

WHEREAS, on March 12, 2013, the District issued its "San Gorgonio Memorial Healthcare District (Riverside County, California) 2013 General Obligation Refunding Bonds (the "2013 Bonds"), in the original principal amount of \$25,015,000, issued to refund general obligation bonds issued by the District in 2006 to finance the acquisition and improvement of real property for hospital purposes, of which \$21,775,000 principal amount remains outstanding;

WHEREAS, pursuant to Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), the District is empowered to issue general obligation refunding bonds;

WHEREAS, the District intends to issue general obligation refunding bonds pursuant to this Resolution and in conformity with the Act to provide for the defeasance and redemption of all outstanding 2013 Bonds;

WHEREAS, the Board desires to authorize the issuance of such general obligation refunding bonds (the "Bonds"); and

WHEREAS, the Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

ARTICLE I

DEFINITIONS; AUTHORITY

Section 1.01. Definitions. The terms defined in this Section 1.01, as used and capitalized herein, shall, for all purposes of this Resolution, have the meanings ascribed to them below, unless the context clearly requires some other meaning.

“Act” means provisions of Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code, as is in effect on the date of adoption hereof and as amended hereafter.

“Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution, and the words *“herein,” “hereof,” “hereunder”* and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

“Authorized Investments” means any investments permitted by law to be made with moneys belonging to, or in the custody of, the District, but only to the extent that the same are acquired at Fair Market Value.

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

“Bond Counsel” means any attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

“Bond Purchase Agreement” means the Bond Purchase Agreement by and between the District and the Underwriters, for the purchase and sale of the Bonds.

“Bond Register” means the registration books for the Bonds maintained by the Paying Agent.

“Bonds” means the San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds, at any time Outstanding pursuant to this Resolution.

“Closing Date” means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Underwriters.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly reimbursable to the District relating to the issuance, execution and delivery of the Bonds including, but not limited

to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, legal fees and charges, fees and expenses of the Paying Agent, financial and other professional consultant fees, costs of obtaining credit ratings, fees for execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing.

“County” means Riverside County, California.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“District Representative” means 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 any other person authorized by this Resolution or other resolution of the Board to act on behalf of the District with respect to this Resolution and the Bonds.

“Escrow Agreement” means that certain Escrow Agreement, by and between the District and the Escrow Bank, relating to the defeasance of the 2013 Bonds.

“Escrow Bank” means The Bank of New York Mellon Trust Company, N.A., as escrow bank under the Escrow Agreement.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term *“Fair Market Value”* means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Federal Securities” means United States Treasury Bonds, bills or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

“Interest Payment Date” means, with respect to interest, February 1 and August 1 of each year commencing on February 1, 2021, and with respect to principal, August 1, of each year commencing on August 1, 2021.

“Net Proceeds,” when used with reference to the Bonds, means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

“Outstanding” means, when used as of any particular time with reference to Bonds, all Bonds except:

(a) Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.02 hereof; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the District pursuant to this Resolution.

"Owner" or *"Bondowner"* mean any person who shall be the registered owner of any Outstanding Bond.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A., the Paying Agent appointed by the District and acting as paying agent, registrar and authenticating agent for the Bonds, or such other paying agent as shall be appointed by the District prior to the delivery of the Bonds, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01 hereof.

"Paying Agent Agreement" means the Paying Agent/Bond Registrar/Costs of Issuance Agreement, dated the Closing Date, by and between the District and the Paying Agent.

"Placement Agent" means Piper Sandler & Co.

"Principal Office" means the principal corporate trust office of the Paying Agent in Dallas, Texas.

"Record Date" means the 15th day of the month preceding each Interest Payment Date.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Resolution" means this Resolution, including all amendments hereto and supplements hereof which are duly adopted by the Board from time to time in accordance herewith.

"Supplemental Resolution" means any resolution supplemental to or amendatory of this Resolution, adopted by the District in accordance with Article VIII hereof.

"Term Bonds" means those Bonds for which mandatory redemption dates have been established pursuant to the Bond Purchase Agreement.

"2013 Bonds" means the San Geronio Memorial Healthcare District (Riverside County, California) 2013 General Obligation Refunding Bonds, in the original principal amount of \$25,015,000, issued to refund general obligation bonds issued by the District in 2006 to finance the acquisition and improvement of real property for hospital purposes, of which \$21,775,000 principal amount remains outstanding.

"Underwriters" means Piper Sandler & Co. and Hilltop Securities Inc.

"Written Request of the District" means an instrument in writing signed by the District Representative or by any other officer of the District duly authorized by the District and listed on a Written Request of the District for that purpose.

Section 1.02. Authority for this Resolution. This Resolution is entered into pursuant to the provisions of the Act.

ARTICLE II

THE BONDS

Section 2.01. Authorization. Bonds are hereby authorized to be issued by the District under and subject to the terms of the Act and this Resolution. The amount of Bonds shall be determined on the date of sale thereof as the amount of Bonds needed for the defeasance of the 2013 Bonds and for the payment of Costs of Issuance in accordance with the Bond Purchase Agreement. This Resolution constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal of and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds."

Section 2.02. Terms of Bonds.

(a) *Form; Numbering*. The Bonds shall be issued as fully registered Bonds, without coupons, in the denomination of \$5,000 each or any integral multiple thereof, but in an amount not to exceed the aggregate principal amount of Bonds maturing in the year of maturity of the Bond for which the denomination is specified. Bonds shall be lettered and numbered as the Paying Agent shall prescribe.

(b) *Date of Bonds*. The Bonds shall be dated as of the Closing Date.

(c) *CUSIP Numbers*. "CUSIP" identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the District to use such CUSIP numbers in any notice to Owners of the Bonds shall not constitute an Event of Default (hereinafter defined) or any violation of the District's contract with such Owners and shall not impair the effectiveness of any such notice.

(d) *Maturities; Interest*. The Bonds shall mature (or, alternatively, be subject to mandatory sinking fund redemption as hereinafter provided) and become payable on August 1 in the years and in the amounts set forth in, and subject to the alteration thereof permitted by, the Bond Purchase Agreement, but shall mature no later than August 1, 2036. The Bonds shall bear interest at such rate or rates as shall be determined upon the sale thereof, payable semi-annually on each Interest Payment Date.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to January 15, 2021, in which event it shall bear interest from the date described in paragraph (b) of this Section 2.02; *provided, however*, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(e) *Payment.* Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Paying Agent mailed via first-class mail to the Owner thereof at such Owner's address as it appears on the Bond Register on each Record Date or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Paying Agent at least five (5) days before the applicable Record Date. Principal of the Bonds is payable in lawful money of the United States of America at the Principal Office.

Section 2.03. Redemption.

(a) *Optional Redemption.* The Bonds are subject to optional redemption on the dates and at the redemption prices set forth in the Bond Purchase Agreement. The District shall be required to give the Paying Agent written notice of its intention to redeem Bonds.

(b) *Mandatory Sinking Fund Redemption.* The Bonds shall be subject to mandatory sinking fund redemption on August 1 in each year, in the years and in the amounts specified in the Bond Purchase Agreement. If some but not all of the Bonds shall be redeemed pursuant to the preceding subsection (a) of this Section 2.03, the aggregate principal amount of the Bonds to be redeemed in each year pursuant to this subsection (b) shall be reduced on a *pro rata* basis in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Paying Agent.

(c) *Notice of Redemption.* The Paying Agent on behalf and at the expense of the District shall mail (by first class mail) notice of any redemption to: (i) the respective Owners of any Bonds designated for redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, at their respective addresses appearing on the Bond Register, and (ii) the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the redemption; *provided, however,* that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption shall state that the redemption is conditioned upon receipt by the Paying Agent of sufficient moneys to redeem the Bonds on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Paying Agent. In the event that the Paying Agent does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, the Paying Agent shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes.

(d) *Selection of Bonds for Redemption.* Whenever provision is made for the redemption of Bonds of more than one maturity, the Bonds to be redeemed shall be selected by the District evidenced by a Written Request of the District filed with the Paying Agent or, absent such selection by the District, on a *pro rata* basis among the maturities subject to redemption; and in each case, the Paying Agent shall select the Bonds to be redeemed within any maturity by lot in any manner which the Paying Agent in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds which may be separately redeemed.

(e) *Partial Redemption of Bonds.* In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the District shall execute and the Paying Agent shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed. Bonds need not be presented for mandatory sinking fund redemptions.

(f) *Effect of Redemption.* From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Resolution other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to this Section 2.03 shall be canceled and shall be destroyed by the Paying Agent.

Section 2.04. Form of Bonds. The Bonds, the form of the Paying Agent's certificate of authentication and registration and the form of assignment to appear thereon shall be substantially in the forms, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution, as are set forth in Exhibit A attached hereto.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the District by the manual or facsimile signatures of a District Representative and attested by the Secretary or Assistant Secretary of the Board who are in office on the date of adoption of this Resolution or at any time thereafter. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Underwriters, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Underwriters. Any Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Bond shall be the proper officers of the District although at the nominal date of such Bond any such person shall not have been such officer of the District.

Only such Bonds as shall bear thereon a certificate of authentication and registration in the form set forth in Exhibit A attached hereto, executed and dated by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Resolution.

Section 2.06. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The

Paying Agent shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount.

No transfers of Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Office for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Paying Agent shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

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

Section 2.08. Bond Register. The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as herein before provided.

Section 2.09. Temporary 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 denominations as may be determined by the District, and may contain such reference to any of the provisions of this Resolution 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 may be surrendered, for cancellation, in exchange therefor at the Principal Office and the Paying Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Resolution as definitive Bonds executed and delivered hereunder.

Section 2.10. 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 Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Paying Agent shall be canceled by it and delivered to, or upon the order of, the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and, if such evidence be satisfactory to the District and indemnity satisfactory to it shall be given, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity 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 issued under this Section and of the expenses which may be incurred by the District and the Paying Agent in the premises. Any Bond issued under the provisions of this Section 2.10 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 be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Bonds issued pursuant to this Resolution.

Section 2.11. Book Entry System. Except as provided below, the owner of all of the Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Bonds shall be initially executed and delivered in the form of a single fully registered Bond for each maturity date of the Bonds in the full aggregate principal amount of the Bonds maturing on such date. The Paying Agent and the District may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for all purposes of this Resolution, and neither the Paying Agent nor the District shall be affected by any notice to the contrary. The Paying Agent and the District shall not have any responsibility or obligation to any participant of DTC (a "Participant"), any person claiming a beneficial ownership interest in the Bonds under or through DTC or a Participant, or any other person which is not shown on the register of the District as being an owner, with respect to the accuracy of any records maintained by DTC or any Participant or the payment by DTC or any Participant by DTC or any Participant of any amount in respect of the principal or interest with respect to the Bonds. The Paying Agent shall cause to be paid all principal and interest with respect to the Bonds received from the District only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal and interest with respect to the Bonds to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Bond. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

If the District determines that it is in the best interest of the beneficial owners that they be able to obtain Bonds and delivers a written certificate to DTC to that effect, DTC shall notify the Participants of the availability through DTC of Bonds. In such event, the District shall issue, transfer and exchange Bonds as requested by DTC and any other owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the District shall be obligated to deliver Bonds as described in this Resolution. Whenever DTC requests the District to do so, the District will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Bonds evidencing the Bonds to any DTC Participant having Bonds credited to its DTC account or (b) arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided as in the representation letter delivered on the date of issuance of the Bonds.

ARTICLE III

ISSUE OF BONDS; APPLICATION OF BOND PROCEEDS; SECURITY FOR THE BONDS

Section 3.01. Issuance, Award and Delivery of Bonds. At any time after the execution of this Resolution the District may issue and deliver Bonds in any principal amount, subject to the authorization provisions set forth in Section 2.01 and the savings requirements set forth in Section 4.01.

The District Representatives shall be, and are hereby, directed to cause the Bonds to be printed, signed and delivered to the Underwriters on receipt of the purchase price therefor and upon performance of the conditions contained in the Bond Purchase Agreement.

The Paying Agent is hereby authorized to deliver the Bonds to the Underwriters, upon receipt of a Written Request of the District.

Section 3.02. Establishment of Costs of Issuance Fund. There is hereby created the "San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds, Costs of Issuance Fund" (the "Costs of Issuance Fund"), which shall be held and maintained by the Paying Agent as a separate fund, distinct from all other funds thereof. Amounts on deposit in the Costs of Issuance Fund shall be disbursed for the purpose of paying all Costs of Issuance. Payment of the Costs of Issuance shall be made only upon the receipt by the Paying Agent, as costs of issuance custodian under the Paying Agent Agreement, of a written request of the District. Moneys on deposit in the Costs of Issuance Fund shall be invested in money market mutual funds which are rated by Moody's Investors Service or S&P Global Ratings in one of its two highest rating categories, including funds for which the Paying Agent, its affiliates or subsidiaries provide investment, advisory or other management or administrative services. Interest and earnings derived from the investment of amounts on deposit in the Costs of Issuance Fund shall be retained therein until the Costs of Issuance Fund is closed. On the date three months after the Closing Date, or upon prior written direction from the District, all amounts remaining on deposit in the Costs of Issuance Fund shall be withdrawn therefrom by the Paying Agent and transferred to the District and the Costs of Issuance Fund shall be closed.

Section 3.03. Application of Proceeds of Sale of Bonds. On the Closing Date, the proceeds from the sale of the Bonds shall be paid by the Underwriters as follows:

(a) The Paying Agent shall deposit in the Costs of Issuance Fund the proceeds of the Bonds required to pay the Costs of Issuance (as shall be designated by the District on or prior to the Closing Date); and

(b) to the Escrow Bank, the amount required for the defeasance of the 2013 Bonds.

Section 3.04. Security for the Bonds. There shall be levied by the County on all the taxable property in the District, in addition to all other taxes, a continuing direct and *ad valorem* tax annually during the period the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due, which moneys when collected will be placed in the Interest and Sinking Fund of the District, which fund is irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due. The Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment. The moneys in the Interest and Sinking Fund heretofore established and maintained by the County for the District, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, shall be transferred

by the County to the District for subsequent transfer to the Paying Agent, as paying agent for the Bonds, as necessary to pay the principal of and interest on the Bonds. The property taxes and amounts held in the Interest and Sinking Fund of the District shall immediately be subject to this pledge, and the pledge shall constitute a lien and security interest which shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The pledge is an agreement between the District and the Owners of the Bonds in addition to any statutory lien that may exist, and the Bonds were issued to refinance one or more projects and not to finance the general purposes of the District.

Additionally, in accordance with section 53515(a) of the California Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. The lien shall automatically attach without further action or authorization by the District or the County. The lien shall be valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall automatically attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

ARTICLE IV

SALE OF BONDS; APPROVAL OF PAYING AGENT AGREEMENT; APPROVAL OF OFFICIAL STATEMENT; OFFICIAL ACTIONS

Section 4.01. Sale of the Bonds.

(a) *Minimum Savings Required.* A District Representative shall determine, on behalf of the District whether the 2013 Bonds shall be refunded; *provided, however,* the net present value savings to be realized by the District with respect to the 2013 Bonds as a result of the issuance of the Bonds shall not be less than 4% of the outstanding principal balance of the 2013 Bonds.

(b) *Public Offering.* The Board hereby authorizes the negotiated sale of the Bonds to the Underwriters. A Bond Purchase Agreement, in the form attached hereto as Exhibit B, together with any additions thereto or changes therein deemed necessary or advisable by a District Representative, is hereby approved by the Board. Each District Representative is hereby authorized and directed to execute the Bond Purchase Agreement for and in the name and on behalf of the District; *provided, however,* that the Underwriters' discount, excluding reimbursable expenses of the Underwriters, shall not exceed 0.70% of the aggregate of the principal amount of Bonds issued. The Board hereby authorizes the delivery and performance of the Bond Purchase Agreement. If a District Representative determines to sell a portion of the Bonds on a private placement basis, the Bond Purchase Agreement approved by this paragraph shall relate only to the portion of the Bonds sold pursuant to a public offering.

(c) *Private Placement.* If a District Representative shall determine, in consultation with the District's financial advisor and Placement Agent, that a private placement of all or a portion of the Bonds, will produce greater present value savings of the 2013 Bonds, the Board hereby authorizes the private placement of all or a portion of the Bonds to the institutional purchaser or purchasers identified by the District's financial advisor and Placement Agent. In such case, the Bond Purchase Agreement, in the form attached hereto as Exhibit B, shall be revised as necessary to provide for such private placement. Each District Representative is hereby authorized and directed to execute the Bond Purchase Agreement, as so revised, for and in the name and on behalf of the District. The Board hereby authorizes the delivery and performance of the revised Bond Purchase Agreement. If a District Representative determines to sell a portion of the Bonds on a public offering basis, the revised Bond Purchase Agreement approved by this paragraph shall relate only to the portion of the Bonds sold pursuant to a private placement and the remaining Bonds shall be sold pursuant to the Bond Purchase Agreement described in paragraph (b) of this Section 4.01. If the District determines to sell all Bonds through a private placement, Sections 2.11, 4.04 and 5.07 shall be inapplicable.

Section 4.02. Approval of Paying Agent Agreement. The Paying Agent Agreement, in the form attached hereto as Exhibit C, together with any additions thereto or changes therein deemed necessary or advisable by a District Representative, is hereby approved by the Board. The District Representatives are hereby authorized and directed to execute the Paying Agent Agreement for and in the name and on behalf of the District. The Board hereby authorizes the delivery and performance of the Paying Agent Agreement.

Section 4.03. Approval of Escrow Agreement. The Escrow Agreement, in the form attached hereto as Exhibit D, together with any additions thereto or changes therein deemed necessary or advisable by a District Representative, is hereby approved by the Board. The District Representatives are hereby authorized and directed to execute the Escrow Agreement for and in

the name and on behalf of the District. The Board hereby authorizes the delivery and performance of the Escrow Agreement.

Section 4.04. Approval of Official Statement. The Board hereby approves a preliminary official statement describing the financing (the "Preliminary Official Statement") in the form on file with the Secretary of the Board, together with any changes therein or additions thereto deemed advisable by a District Representative. The Board authorizes and directs the District Representatives, on behalf of the District, to deem "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") the Preliminary Official Statement prior to its distribution to prospective purchasers of the Bonds.

The Underwriters, on behalf of the District, are authorized and directed to cause the Preliminary Official Statement to be distributed to such persons as may be interested in purchasing the Bonds therein offered for sale.

The District Representatives are authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute the Final Official Statement, dated as of the date of the sale of the Bonds, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain any untrue statement of a material fact with respect to the District or omit to state material facts with respect to the District required to be stated where necessary to make any statement made therein not misleading in light of the circumstances under which it was made. The District Representatives shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the Final Official Statement, which shall include such changes and additions thereto deemed advisable by the District Representatives, and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Final Official Statement by the District.

The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

Section 4.05. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, substantially in the form attached hereto as Exhibit E. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate of specific performance by court order.

Section 4.06. Requirements of Section 5852.1 of the California Government Code. 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 Exhibit F attached to this Resolution, and such information is hereby disclosed and made public.

Section 4.07. Official Action. All actions heretofore taken by the officers and agents of the District with respect to the sale and issuance of the Bonds are hereby approved, and the District Representatives, and any and all other officers of the District are hereby authorized and directed for and in the name and on behalf of the District, to do any and all things and take any and all actions relating to the execution and delivery of any and all certificates, requisitions, agreements

and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution.

ARTICLE V

COVENANTS OF THE DISTRICT

Section 5.01. Punctual Payment. The District will punctually pay, or cause to be paid, the principal of and interest on the Bonds, in strict conformity with the terms of the Bonds and of this Resolution, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and of the Bonds. Nothing herein contained shall prevent the District from making advances of its own moneys, howsoever derived, to any of the uses or purposes permitted by law.

Section 5.02. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the District will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

Section 5.03. Protection of Security and Rights of Bondowners. The District will preserve and protect the security of the Bonds and the rights of the Bondowners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the District, the Bonds shall be incontestable by the District. The District will do whatever is in its knowledge and power to assure that the Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment.

Section 5.04. Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Resolution.

Section 5.05. Tax Covenants.

(a) *Private Activity Bond Limitation*. The District shall assure that the proceeds of the Bonds are not so used as to cause the 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.

(b) *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 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) *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 Bonds.

(d) *No Arbitrage*. The District shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the 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 Bonds

would have caused the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption.* The District shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds 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 Bonds.

Section 5.06. Acquisition, Disposition and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section 5.06, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Resolution, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Resolution or the Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

ARTICLE VI

THE PAYING AGENT

Section 6.01. Appointment of Paying Agent. The Bank of New York Mellon Trust Company, N.A. is hereby appointed Paying Agent for the Bonds. The Paying Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Resolution, and, even during the continuance of an Event of Default, no implied covenants or obligations shall be read into this Resolution against the Paying Agent. The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the District a certificate to that effect.

The District may remove the Paying Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business in the State of California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 6.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Paying Agent may at any time resign by giving written notice to the District and the Bondowners of such resignation. Upon receiving notice of such resignation, the District shall promptly appoint a successor Paying Agent by an instrument in writing. Any resignation or removal of the Paying Agent and appointment of a successor Paying Agent shall become effective upon acceptance of appointment by the successor Paying Agent.

Section 6.02. Paying Agent May Hold Bonds. The Paying Agent may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Paying Agent.

Section 6.03. Liability of Agents. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the District, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Resolution or of the Bonds, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Resolution; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Paying Agent, the Paying Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Resolution.

The Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Paying Agent was negligent in ascertaining the pertinent facts.

No provision of this Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 6.04. Notice to Agents. The Paying Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Paying Agent may consult with counsel, who may be of counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Resolution the Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 6.05. Compensation, Indemnification.

(a) The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. Any District Representative is hereby authorized to execute an agreement or agreements with the Paying Agent in connection with such fees and expenses. The District further agrees, to the extent permitted by law, to indemnify and save the Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith.

(b) The District shall indemnify and hold harmless, to the extent permitted by law, the County and its officers and employees ("Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject related to the proceedings for sale, award, issuance and delivery of the Bonds in accordance therewith and herewith. The District shall also reimburse any such Indemnified Parties for any legal or other expenses incurred in connection with investigating or defending any such claims or actions.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 7.01. Events of Default. The following events (“Events of Default”) shall be events of default hereunder:

(a) if default shall be made in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made 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) if default shall be made by the District in the observance of any of the covenants, agreements or conditions on its part in this Resolution or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof to the District; or

(d) if the District shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the District under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property.

Section 7.02. Remedies of Bondowners. Any Bondowner shall have the right, for the equal benefit and protection of all Bondowners similarly situated:

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

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners’ rights; or

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

Section 7.03. Non-Waiver. Nothing in this Article VII or in any other provision of this Resolution, or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein,

and every power and remedy conferred upon the Bondowners by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy be abandoned or determined adversely to the Bondowners, the District and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 7.04. Remedies Not Exclusive. No remedy herein conferred upon the Owners of Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Bondowners.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 8.01. Supplemental Resolutions Effective Without Consent of the Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the District may be adopted, which, without the requirement of consent of the Owners of the Bonds, shall be fully effective in accordance with its terms:

(a) to add to the covenants and agreements of the District in this Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(e) 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.

Section 8.02. Supplemental Resolutions Effective With Consent to the Owners. Any modification or amendment of this Resolution and of the rights and obligations of the District and of the Owners of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent of the Owners of at least two-thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of maturity of the principal of any Outstanding Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or shall reduce the percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change any of the provisions in Section 7.01 hereof relating to Events of Default, or shall reduce the amount of moneys pledged for the repayment of the Bonds without the consent of all the Owners of such Bonds, or shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Benefits of Resolution Limited to Parties. Nothing in this Resolution, expressed or implied, is intended to give to any person other than the District, the Paying Agent and the Owners of the Bonds, any right, remedy, claim under or by reason of this Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the Owners of the Bonds.

Section 9.02. Defeasance.

(a) *Discharge of Resolution*. Bonds 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:

(i) by paying or causing to be paid the principal or redemption price of and interest on Bonds Outstanding, as and when the same become due and payable;

(ii) by depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.02(c)) to pay or redeem Bonds Outstanding;
or

(iii) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

If the District shall pay all Bonds 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 a District Representative, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and this Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, this Resolution and other assets made under this Resolution and all covenants, agreements and other obligations of the District under this Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 9.02(b). In such event, upon request of the District, the Paying Agent 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 to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(b) *Discharge of Liability on Bonds*. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.02(c)) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Section 2.03 provided or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of Section 9.02(d) shall apply in all events.

The District may at any time surrender to the Paying Agent 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.

(c) *Deposit of Money or Securities with Paying Agent.* Whenever in this Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent 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 Paying Agent in the funds and accounts established pursuant to this Resolution and shall be:

(i) 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 Section 2.03 provided or provision satisfactory to the Paying Agent 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

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient 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 Section 2.03 provided or provision satisfactory to the Paying Agent shall have been made for the giving of such notice;

provided, in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of this Resolution 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.

(d) *Payment of Bonds After Discharge of Resolution.* Notwithstanding any provisions of this Resolution, any moneys held by the Paying Agent in trust for the payment of the principal or redemption price of, or interest on, any Bonds and remaining unclaimed for one year 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 Resolution), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by this Resolution, and all liability of the Paying Agent with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Bonds which have not been paid at the addresses shown on the registration books maintained by the Paying Agent a notice in such form as may be deemed appropriate by the Paying Agent, 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.

Section 9.03. Execution of Documents and Proof of Ownership by Bondowners. Any request, declaration or other instrument which this Resolution may require or permit to be executed by Bondowners may be in one or more instruments of similar tenor, and shall be executed by Bondowners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Bondowner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing 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.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the District or the Paying Agent in good faith and in accordance therewith.

Section 9.04. Waiver of Personal Liability. No Board member, officer, agent or employee of the District shall be individually or personally liable for the payment of the principal or interest on the Bonds; but nothing herein contained shall relieve any such Board member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.05. Destruction of Canceled Bonds. Whenever in this Resolution provision is made for the surrender to the District of any Bonds which have been paid or canceled pursuant to the provisions of this Resolution, a certificate of destruction duly executed by the Paying Agent shall be deemed to be the equivalent of the surrender of such canceled Bonds and the District shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.06. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Resolution shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Resolution. The District hereby declares that it would have adopted this Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Resolution may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the District is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the District hereunder shall be assumed by and vest in the District in trust for the benefit of the Bondowners.

Section 9.07. Effective Date of Resolution. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED at the meeting of the San Geronio Memorial Healthcare District Board of Directors held on the 4th day of August, 2020, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chair, Board of Directors
San Geronio Memorial Healthcare District

ATTEST:

Secretary, Board of Directors
San Geronio Memorial Healthcare District

EXHIBIT A
FORM OF BOND

United States of America
State of California
Riverside County

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
2020 General Obligation Refunding Bond

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP
_____ %	August 1, _____	September 9, 2020	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, a local health care district duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "District"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum 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 next preceding the date of authentication of this Bond (unless (i) this Bond is authenticated on an interest payment date, in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated prior to an interest payment date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such interest payment date, or (iii) this Bond is authenticated on or prior to January 15, 2021, in which event it shall bear interest from the Issue Date stated above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond) until payment of such Principal Sum in full, at the rate per annum stated above, payable on February 1 and August 1 in each year, commencing February 1, 2021, calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"), in Dallas, Texas. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check or draft of the Paying Agent mailed by first-class mail to the Owner at the Owner's address as it appears on the Bond register maintained by the Paying Agent as of the close of business on the fifteenth day of the month next preceding such interest payment date (the "Record Date"), or at such other address as the Owner may have filed with the Paying Agent for that purpose; *provided however*, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Paying Agent at least five (5) days before the applicable Record Date.

This Bond is one of a duly authorized issue of bonds of the District designated as "San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds" (the "Bonds"), in an aggregate principal amount of _____ dollars (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers and other provisions) and all issued pursuant to the provisions of Chapter 4 (commencing with section 53550) of Article 9 of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Act"), and pursuant to Resolution No. 2020-05 of the District adopted August 4, 2020 (the "Resolution"), authorizing the issuance of the Bonds. Reference is hereby made to the Resolution (copies of which are on file at the office of the Secretary of the Board of Directors of the District) and the Act for a description of the terms on which

the Bonds are issued and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Paying Agent and the rights and obligations of the District thereunder, to all of the provisions of which Resolution the Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the District, to (a) provide for the defeasance and redemption of the outstanding San Gorgonio Memorial Healthcare District (Riverside County, California) 2013 General Obligation Refunding Bonds, and (b) pay for costs of issuance of the Bonds.

This Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Resolution) are general obligations of the District and the District has the power and is obligated to cause Riverside County to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District. The Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment.

The Bonds maturing on or before August 1, ____, are non-callable. The Bonds maturing on August 1, ____, or any time thereafter, are callable for redemption prior to their stated maturity date at the option of the District, as a whole, or in part on any date on or after August 1, ____ (in such maturities as are designated by the District, or, if the District fails to designate such maturities, on a proportional basis), from any source lawfully available therefor, at a redemption price equal to the principal amount redeemed, plus accrued interest to date of redemption, without premium.

[If required] The Bonds maturing on August 1, ____, are subject to mandatory sinking fund redemption prior to their stated maturity date, at the principal amount thereof without premium on each August 1, on and after August 1, ____, to and including August 1, ____, in the principal amounts as set forth in the following table:

Date of Sinking Fund Redemption (August 1)	Sinking Fund Installment Amount	Date of Sinking Fund Redemption (August 1)	Sinking Fund Installment Amount
---	------------------------------------	---	------------------------------------

†Maturity

The Bonds are issuable as fully registered Bonds, without coupons, in denominations of \$5,000 and any integral multiple of \$5,000 thereafter. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Paying Agent in Dallas, Texas, but only in the manner and subject to the limitations provided in the Resolution, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

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

The Resolution may be amended without the consent of the Owners of the Bonds to the extent set forth in the Resolution.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the 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 any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Resolution.

This Bond shall not be entitled to any benefit under the Resolution or become valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed manually by the Paying Agent.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the District or the Paying Agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the San Gorgonio Memorial Healthcare District has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of the Chair of its Board of Directors and the Secretary or Assistant Secretary of the Board of Directors, all as of the Issue Date stated above.

SAN GORGONIO MEMORIAL HEALTHCARE
DISTRICT

By _____
Chair of the Board of Directors

ATTEST:

Secretary of the Board of Directors

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution.

Authentication Date:

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

By _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

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

the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s)

attorney, to transfer the same on the registration books of the Paying Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signature(s) must be guaranteed by a qualified guarantor institution.

Notice: The signature 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.

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

\$ _____
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
(Riverside County, California)
2020 General Obligation Refunding Bonds

BOND PURCHASE AGREEMENT

August 18, 2020

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

Ladies and Gentlemen:

Piper Sandler & Co. (the "Representative"), on behalf of itself and Hilltop Securities Inc. (collectively, the "Underwriters"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the San Gorgonio Memorial Healthcare District (the "District") which, upon your acceptance hereof, will be binding upon the District and the Underwriters. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the District and delivery of such acceptance to us at or prior to 11:59 P.M., California time, on the date hereof.

1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of \$_____ in aggregate principal amount of the District's 2020 General Obligation Refunding Bonds (the "Bonds"). The purchase price for the Bonds shall be \$_____ (being equal to the aggregate principal amount of the Bonds of \$_____, plus an original issue premium of \$_____, less an Underwriters' discount of \$_____).

The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the District and the Underwriters, (ii) in connection with such transaction, the Underwriters are acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the District, (iii) the Underwriters have not assumed a fiduciary responsibility in favor of the District with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriters, or any affiliate of the Underwriters, have advised or are currently advising the District on other matters) or any other obligation to the District except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriters have financial and other interests that differ from those of the District and (v) the District has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The District hereby acknowledges receipt from the Underwriters of disclosures required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 (as set forth in MSRB Notice 2013-25 (May 7, 2013)), relating to disclosures concerning the Underwriters' role in the transaction, disclosures concerning the Underwriters' compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

2. The Bonds. Except as hereinafter described, the Bonds shall be as described in, and shall be issued and secured pursuant to the provisions of the resolution of the District adopted on August 4, 2020 (the "Resolution"), the provisions of Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act") and other applicable provisions of law. The Bonds shall be issued, authenticated and delivered under and in accordance with the provisions of this Bond Purchase Agreement and the Resolution.

The Bonds are general obligation bonds of the District and Riverside County (the "County") is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on and principal of the Bonds, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates).

The Bonds will be dated as of their date of delivery. The Bonds will mature on the dates and in the principal amounts set forth in Exhibit A attached hereto. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2021, at the rates set forth in Exhibit A attached hereto. The Bonds will be subject to redemption prior to maturity on the dates and at the prices set forth in Exhibit A attached hereto.

The Bonds will be issued by the District to (a) provide for the defeasance and redemption of the outstanding San Gorgonio Memorial Healthcare District (Riverside County, California) 2013 General Obligation Refunding Bonds (the "2013 Bonds"), and (b) pay for costs of issuance of the Bonds.

To assist the Underwriters in complying with Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), the District will undertake, pursuant to the Resolution and a continuing disclosure certificate (the "Continuing Disclosure Certificate"), to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement (each as hereinafter defined).

3. Use of Documents. The District hereby authorizes the Underwriters to use, in connection with the offer and sale of the Bonds, this Bond Purchase Agreement, the Official Statement and the Resolution and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriters in connection with the transactions contemplated by this Bond Purchase Agreement.

4. Public Offering of the Bonds; Issue Price.

(a) The Underwriters agree to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the cover page of the Official Statement. Subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds.

(b) The Underwriters agree to assist the District in establishing the issue prices of the Bonds and shall execute and deliver to the District on the Closing Date an "issue price" or similar certificate substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(c) Except as otherwise set forth in Schedule 1 attached to Appendix B, the District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(d) Schedule 1 attached to Appendix B sets forth the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Representative agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-

price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) The Underwriters confirm that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriters. The District acknowledges that, in making the representation set forth in this subsection, the Underwriters will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that the Underwriters shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(f) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to the Underwriters shall not constitute sales to the public for purposes of this Section 4. Further, for purposes of this Section 4:

(i) “public” means any person other than an underwriter or a related party, and

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), and

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

5. Review of Official Statement. The Underwriters hereby represent that they have received and reviewed the preliminary official statement with respect to the Bonds, dated August 6, 2020 (the “Preliminary Official Statement”). The District represents that it deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), yield(s) to maturity, selling compensation, aggregate principal amount, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to the Rule.

The Underwriters agree that prior to the time a final Official Statement relating to the Bonds (hereinafter defined) is available, the Underwriters will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

6. Closing. At 8:00 A.M., Pacific Daylight time, on September 9, 2020, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Representative (the "Closing"), the District will direct the Paying Agent to deliver the Bonds to The Depository Trust Company ("DTC") in New York, New York (or to the Paying Agent in the event of a Fast Automated Securities Transaction ("F.A.S.T.")), for the account of the Underwriters (or at such other location as may be designated by the Underwriters), 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 Underwriters will accept such delivery and pay the purchase price of the Bonds as set forth in 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 Underwriters to accept delivery of and pay for the Bonds on the Closing Date in accordance with the terms of this Bond Purchase Agreement.

7. Representations, Warranties and Agreements of the District. The District hereby represents, warrants and agrees with the Underwriters that:

(a) *Due Organization*. The District is a local health care district duly organized and validly existing under the laws of the State of California, with the power to request the issuance of the Bonds pursuant to the Act.

(b) *Due Authorization*. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Bond Purchase Agreement, to adopt the Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Bond Purchase Agreement and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Resolution, the Continuing Disclosure Certificate, the Paying Agent/Bond Registrar/ Costs of Issuance Agreement, to be dated September 9, 2020, by and between the District and The Bank of New York Mellon Trust Company, N.A., as paying agent, transfer agent and bond registrar for the Bonds and as custodian and disbursing agent for the payment of costs of issuance relating to the Bonds (the "Paying Agent Agreement"), that certain Escrow Agreement relating to the refunding of the 2013 Bonds, to be dated the date of the Closing (the "Escrow Agreement"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as escrow bank (the "Escrow Bank"), and this Bond Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Bond Purchase Agreement the Escrow Agreement, and the Paying Agent Agreement constitute the valid and legally binding obligations of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement the Escrow Agreement, and the Paying Agent Agreement. The District will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Resolution, the Continuing Disclosure Certificate, this Bond Purchase Agreement, the Escrow Agreement, or the Paying Agent Agreement without the prior written consent of the Underwriters prior to the Closing Date.

(c) *Consents*. No consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may reasonably request, or which have not been taken or obtained;

provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) *Internal Revenue Code*. The District has covenanted to comply with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) *No Conflicts*. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Bond Purchase Agreement, the Paying Agent Agreement, the Escrow Agreement, the Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) *Litigation*. As of the time of acceptance hereof, based on the advice of counsel to the District, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of taxes of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or, the levy of any taxes contemplated by the Resolution, or in any way contesting or affecting the validity or enforceability of the Bonds, this Bond Purchase Agreement, the Paying Agent Agreement the Escrow Agreement, the Continuing Disclosure Certificate or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Resolution, the Continuing Disclosure Certificate or this Bond Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Bond Purchase Agreement, the Paying Agent Agreement, the Escrow Agreement, the Continuing Disclosure Certificate or the Resolution, (b) declare this Bond Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) *No Other Debt*. Between the date hereof and the Closing, without the prior written consent of the Underwriters, the District will not have issued, nor will Riverside County, on behalf of the District issue, any bonds, notes or certificates of participation except for such borrowings as may be described in or contemplated by the Official Statement.

(h) *Arbitrage Certificate*. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

(i) *Certificates*. Any certificates signed by any officer of the District and delivered to the Underwriters shall be deemed a representation by the District to the Underwriters, but not by the person signing the same, as to the statements made therein.

(j) *Official Statement*. The District has reviewed the Preliminary Official Statement and, to the best of its knowledge, as of its date and as of the date hereof, the information set forth therein contains no untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect. The District will provide to the Underwriters a certificate dated as of the Closing stating that it has reviewed the Official Statement and to the best of its knowledge, as of the Closing, the information set forth therein contains no untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(k) *Financial Statements*. The financial statements of the District contained in the Preliminary Official Statement and the Official Statement present fairly the financial position of the District as of the dates indicated and the results of its operations for the periods specified.

8. Covenants of the District. The District covenants and agrees with the Underwriters that:

(a) *Securities Laws*. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriters if and as the Underwriters may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, *provided, however*, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) *Application of Proceeds*. The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution;

(c) *Official Statement*. The District hereby agrees to deliver or cause to be delivered to the Underwriters, not later than the seventh (7th) business day following the date this Bond Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriters and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities as may be requested by the Underwriters in order to permit the Underwriters to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriters to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(d) *Subsequent Events*. The District hereby agrees to notify the Underwriters of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District, respectively, until the date which is ninety (90) days following the Closing or until such time (if earlier) as the Underwriters shall no longer hold any of the Bonds for sale;

(e) *References*. References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto; and

(f) *Amendments to Official Statement*. For a period of ninety (90) days after the Closing or until such time (if earlier) as the Underwriters shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriters shall object in writing or which shall be disapproved by the Underwriters; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Representative, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the District shall forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Representative) which will amend or supplement the Official Statement 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 Official Statement is delivered to a purchaser, not misleading.

9. Conditions to Closing. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Bond Purchase Agreement are and shall be subject at the option of the Representative, to the following further conditions at the Closing:

(a) *Representations True*. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the District shall be in compliance with each of the agreements made by it in this Bond Purchase Agreement;

(b) *Obligations Performed.* At the time of the Closing, (i) the Official Statement, this Bond Purchase Agreement, the Paying Agent Agreement, the Escrow Agreement, and the Resolution shall be in full force and effect and shall not have been amended, modified, rescinded, appealed or supplemented except as may have been agreed to in writing by the Underwriters; (ii) all actions under the Act which, in the opinion of Quint & Thimmig LLP (“Bond Counsel”), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of their obligations required under or specified in the Resolution, this Bond Purchase Agreement, the Paying Agent Agreement the Escrow Agreement, or the Official Statement to be performed at or prior to the Closing;

(c) *Adverse Rulings.* No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Bond Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened which has any of the effects described in Section 7(f) or 8(d) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) *Marketability.* Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriters to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, of the Bonds shall not have been materially adversely affected in the judgment of the Underwriters (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Exchange Act;

(2) legislation enacted by the legislature of the State of California (the “State”), or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof;

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

(6) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(7) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency; or

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement 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 made therein, in the light of the circumstances under which they were made, not misleading.

(e) *Delivery of Documents.* At or prior to the date of the Closing, Bond Counsel shall deliver sufficient copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Representative:

(1) **Bond Opinion.** An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District;

(2) **Reliance Letter.** A reliance letter from Bond Counsel to the effect that the Underwriters can rely upon the approving opinion described in (e)(1) above;

(3) **Supplemental Opinion.** A supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Underwriters to the effect that:

(i) this Bond Purchase Agreement has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by and validity against the Underwriters, is a valid and binding agreement of the District, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases;

(ii) the statements contained in the Official Statement under the captions "THE BONDS," "LEGAL MATTERS—Tax Matters," and in APPENDIX A—FORM OF FINAL OPINION OF BOND COUNSEL insofar as such statements purport to summarize certain provisions of the Bonds and the Resolution and its opinion concerning certain federal tax matters relating to the Bonds are accurate in all material respects; and

(iii) the Bonds are not subject to the registration requirements of the Securities Exchange Act and the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(4) **District Counsel Opinion.** An opinion letter, dated the Closing Date and addressed to the District and the Underwriters, of McDougal, Love, Boehmer, Foley, Lyon & Canlas, as District counsel ("District Counsel"), to the effect that (1) the District is a local health care district duly organized and validly existing under the Constitution and the laws of the State of California, (2) the Resolution approving and authorizing the issuing the Bonds and approving the Official Statement, the Continuing Disclosure Certificate, the Paying Agent Agreement the Escrow Agreement, and this Bond Purchase Agreement has been duly adopted, and the Resolution is in full force and effect and has not been modified, amended or rescinded, and (3) except as otherwise disclosed in the Official Statement and to such counsel's knowledge, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental

board or body, pending and served or overtly threatened in writing against the District, challenging the creation, organization or existence of the District, or the validity of the Bonds or seeking to restrain or enjoin the payment of debt service on the Bonds or contesting or affecting the validity of the Bonds or contesting the authority of the District to enter into or perform its obligations under the Continuing Disclosure Certificate, this Bond Purchase Agreement, the Escrow Agreement, and the Paying Agent Agreement;

(5) **Disclosure Counsel Opinion.** An opinion letter, dated the Closing Date and addressed to the District and the Underwriters, of Jennings, Strouss & Salmon, PLC, Phoenix, Arizona, Disclosure Counsel ("Disclosure Counsel"), to the effect that based upon its participation in the preparation of the Official Statement as Disclosure Counsel, except to the extent set forth in their supplemental opinion without assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement nor making any representation regarding independent verification of the accuracy, completeness or fairness of any of the statements contained in the Official Statement, except to the extent set forth in their supplemental opinion such counsel advises that during the course of such representation of the District as disclosure counsel on this matter, no information came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused them to believe that the Official Statement as of its date and as of the Closing (except for any financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion (except opinions of Bond Counsel), or any information about book-entry or DTC included therein, as to which no opinion or view is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any 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;

(6) **District Certificates.** Certificates signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Bond Purchase Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution and this Bond Purchase Agreement, which are necessary to be complied with prior to or concurrently with the Closing and such documents are in full force and effect, (iv) the District has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, (v) no further consent is required for inclusion of the District's audited financial statements in the Official Statement, and (vi) the Bonds being delivered on the date of the Closing to the Underwriters under this Bond Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution;

(7) **Escrow Bank Counsel Opinion.** An opinion of counsel to the Escrow Bank in form and substance satisfactory to the Underwriters and Bond Counsel;

(8) **Escrow Bank.** A certificate of the Escrow Bank, dated the Closing Date and signed by an authorized representative of the Escrow Bank, to the effect that:

(i) The Escrow Bank 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 Escrow Agreement;

(ii) The Escrow Bank is duly authorized to enter into the Escrow Agreement and has duly executed and delivered the Escrow Agreement;

(iii) The execution and delivery of the Escrow Agreement and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, the Escrow Bank's duties under any law, administrative regulation, court decree, resolution, articles of association, bylaws or other agreement to which the Escrow Bank is subject or by which it is or may be bound; provided, however, the Escrow Bank need not make any

representations and warranties with respect to compliance with any federal and state securities laws; and

(iv) 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 Escrow Bank's knowledge, threatened against the Escrow Bank, affecting the existence of the Escrow Bank, or the entitlement of its officers to their respective offices or in any way contesting or affecting the validity or enforceability of the Escrow Agreement; or contesting the power or authority of the Escrow Bank 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 Escrow Agreement;

(9) **Arbitrage.** A non-arbitrage certificate of the District in a form satisfactory to Bond Counsel;

(10) **Rating.** Evidence satisfactory to the Underwriters that the Bonds shall have been rated "_____" by Moody's Investors Service and that such rating has not been revoked or downgraded;

(11) **Resolution.** A certificate, together with fully executed copies of the Resolution, of the Secretary of the Board of Directors of the District to the effect that:

(i) such copies are true and correct copies of the Resolution; and

(ii) that the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(12) **Official Statement.** Certificates of the appropriate officials of the District evidencing their determinations respecting the Official Statement in accordance with the Rule;

(13) **Continuing Disclosure Certificate.** A continuing disclosure certificate of the District as summarized in the Official Statement and in a form satisfactory to the Representative which complies with S.E.C. Rule 15c2-12(b)(5);

(14) **Paying Agent Agreement;**

(15) **Escrow Agreement;**

(16) **Underwriters' Certifications.** At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the purchase price thereof, the Underwriters will provide (or cause to be provided) to the District:

(i) the receipt of the Underwriters, in form satisfactory to the District and signed by an authorized officer of the Representative, confirming delivery of the Bonds to the Underwriters, receipt of all documents required by the Representative, and the satisfaction of all conditions and terms of this Purchase Agreement by the District and confirming to the District that as of the Closing Date all of the representations of the Underwriters contained in this Purchase Agreement are true, complete and correct in all material respects; and

(ii) the certification of the Underwriters, in form satisfactory to Bond Counsel, regarding the prices at which the Bonds have been reoffered to the public, as described in Section 1;

(17) **Verification Report.** A verification report of Robert Thomas CPA, LLC;

(18) **Defeasance Opinion.** A defeasance opinion of Bond Counsel, relating to the 2013 Bonds;

(19) **Underwriter's Counsel Opinion.** An opinion, dated the Closing Date and addressed to the Underwriters, of Wilson Law Group, PC, counsel to the Underwriters, in form and substance acceptable to the Representative; and

(20) **Other Documents.** Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative may reasonably request to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, and (iii) 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.

(f) *Termination.* Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriters prior to the close of business, California Time, on September 9, 2020, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriters under Section 11 hereof.

If the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Bond Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be canceled by the Underwriters at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in writing at its sole discretion.

10. Conditions to Obligations of the District. The performance by the District of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder; and (ii) receipt by the District and the Underwriters of opinions and certificates being delivered at the Closing by persons and entities other than the District.

11. Costs and Expenses. As set forth in Section 1, all costs of issuance will be paid from amounts deposited with the Paying Agent. All out-of-pocket expenses of the Underwriters, including the California Debt and Investment Advisory Commission fee, travel (except in connection with securing a rating on the Bonds), the fees of any Underwriters' counsel and other expenses, shall be paid by the Underwriters.

12. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to Ms. Holly Yonemoto, Chief Financial Officer, San Geronio Memorial Healthcare District, 600 North Highland Springs Avenue, Banning, CA 92220, or if to the Underwriters, to Piper Sandler & Co., 11635 Rosewood Street, Leawood, KS 66211, Attention: Mr. Todd C. Van Deventer, Managing Director.

13. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriters. This Bond Purchase Agreement is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters). No person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Bond Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery of and payment by the Underwriters for the Bonds hereunder, and (c) any termination of this Bond Purchase Agreement.

14. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

15. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

PIPER SANDLER & CO. and
HILLTOP SECURITIES INC.,
as Underwriters

By PIPER SANDLER & CO., as Representative

By _____
Todd C. Van Deventer
Managing Director

The foregoing is hereby agreed to and accepted
as of the date first above written:

SAN GORGONIO MEMORIAL HEALTHCARE
DISTRICT

By _____
Holly Yonemoto
Chief Financial Officer

APPENDIX A

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, REOFFERING PRICES
AND REDEMPTION PROVISIONS**

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price
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Redemption Provisions

Optional Redemption. The Bonds maturing on or before August 1, ____, are non-callable. The Bonds maturing on August 1, ____, or any time thereafter, are callable for redemption prior to their stated maturity date at the option of the District, in whole or in part on any day on or after August 1, ____ (in such maturities as are designated by the District, or, if the District fails to designate such maturities, on a proportional basis), and may be redeemed prior to the maturity thereof by payment of all principal, plus accrued interest to date of redemption, without premium, payable from any source lawfully available therefor.

Mandatory Sinking Fund Redemption of Bonds. The Bonds maturing on August 1, ____, are subject to mandatory sinking fund redemption on August 1 in each year, in the amounts specified in the following table.

Mandatory Sinking Fund Redemption Date (August 1)	Sinking Fund Redemption Amount
--	-----------------------------------

† Maturity

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
(Riverside County, California)
2020 General Obligation Refunding Bonds

The undersigned, on behalf of Piper Sandler & Co. (“Piper”), on behalf of itself and Piper Securities Inc., based on the information available to it, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule 1.

2. Initial Offering Price of the Bonds Hold-the-Offering Price Maturities.

(a) Piper offered the Hold-the-Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule 1 (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule 2.

(b) As set forth in the Bond Purchase Agreement, Piper has agreed in writing that, (i) for each Maturity of the Hold-the-Offering Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. Defined Terms.

(a) “General Rule Maturities” means, the Maturities of the Bonds listed in Schedule 1 as “General Rule Maturities.”

(b) “Hold-the-Offering Price Maturities” means, the Maturities of the Bonds listed in Schedule 1 as “Hold-the-Offering Price Maturities.”

(c) “Holding Period” means, for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Piper has sold at least 10% of such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(d) “Issuer” means the San Gorgonio Memorial Healthcare District.

(e) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related

party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 18, 2020.

(h) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Piper’s interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. Accordingly, Piper makes no representation as to the legal sufficiency of the factual matters set forth herein. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the arbitrage certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Quint & Thimmig LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party for any other purpose.

PIPER SANDLER & CO. and
HILLTOP SECURITIES INC.,
as Underwriters

By PIPER SANDLER & CO., as Representative

By _____
Authorized Officer

Dated: September 9, 2020

SCHEDULE 1

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE
HOLD-THE-OFFERING-PRICE MATURITIES

\$ _____
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
(Riverside County, California)
2020 General Obligation Refunding Bonds

<u>General Rule Maturities</u>	<u>Hold-the- Offering Price Maturities</u>	<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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SCHEDULE 2

PRICING WIRE OR EQUIVALENT COMMUNICATION

EXHIBIT C

FORM OF PAYING AGENT AGREEMENT

\$ _____
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
(Riverside County, California)
2020 General Obligation Refunding Bonds

PAYING AGENT/BOND REGISTRAR/COSTS OF ISSUANCE AGREEMENT

THIS PAYING AGENT/BOND REGISTRAR/COSTS OF ISSUANCE AGREEMENT (this "Agreement"), is entered into as of September 9, 2020, by and between the SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT (the "District") and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A. (the "Bank"), relating to the \$ _____ San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds (the "Bonds"). The District hereby appoints the Bank to act as Paying Agent, Transfer Agent and Bond Registrar for the Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds.

RECITALS

WHEREAS, the District has duly authorized and provided for the issuance of the Bonds as fully registered bonds without coupons;

WHEREAS, the District will ensure all things necessary to make the Bonds the valid obligations of the District, in accordance with their terms, will be done upon the issuance and delivery thereof;

WHEREAS, the District and the Bank wish to provide the terms under which the Bank will act as Paying Agent to pay the principal, redemption premium (if any) and interest on the Bonds, in accordance with the terms thereof, and under which the Bank will act as Bond Registrar for the Bonds;

WHEREAS, the District and the Bank also wish to provide the terms under which the Bank will act as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds;

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the District and has full power and authority to perform and serve as Paying Agent, Transfer Agent and Bond Registrar for the Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds; and

WHEREAS, the District has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement a valid agreement have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

DEFINITIONS

Section 1.01. Definitions.

For all purposes of this Agreement except as otherwise expressly provided or unless the context otherwise requires:

"Bank" means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of the United States of America.

"Bond Register" means the book or books of registration kept by the Bank in which are maintained the names and addresses and principal amounts registered to each Registered Owner.

"Bond Registrar" means the Bank when it is performing the function of registrar for the Bonds.

"Bond Resolution" means the resolution of the District pursuant to which the Bonds were issued.

"Bond" or *"Bonds"* means any one or all of the \$_____ San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds.

"Custodian and Disbursing Agent" means the Bank when it is performing the function of custodian and disbursing agent for the payment of costs of issuance relating to the Bonds.

"District" means San Gorgonio Memorial Healthcare District.

"District Request" means a written request signed in the name of the District and delivered to the Bank.

"Fiscal Year" means the fiscal year of the District ending on June 30 of each year.

"Paying Agent" means the Bank when it is performing the function of paying agent for the Bonds.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

"Registered Owner" means a Person in whose name a Bond is registered in the Bond Register.

"Stated Maturity" when used with respect to any Bond means the date specified in the Bond Resolution as the date on which the principal of such Bond is due and payable.

"Transfer Agent" means the Bank when it is performing the function of transfer agent for the Bonds.

"2013 Bonds" means the San Gorgonio Memorial Healthcare District (Riverside County, California) 2013 General Obligation Refunding Bonds.

"Underwriters" means Piper Sandler & Co. and Hilltop Securities Inc.

ARTICLE TWO

APPOINTMENT OF BANK AS PAYING AGENT, TRANSFER AGENT, BOND REGISTRAR AND CUSTODIAN AND DISBURSING AGENT

Section 2.01. Appointment and Acceptance. The District hereby appoints the Bank to act as Paying Agent and Transfer Agent with respect to the Bonds, to pay to the Registered Owners in accordance with the terms and provisions of this Agreement and the Bond Resolution, the principal of, redemption premium (if any), and interest on all or any of the Bonds.

The District hereby appoints the Bank as Bond Registrar with respect to the Bonds. As Bond Registrar, the Bank shall keep and maintain for and on behalf of the District, books and records as to the ownership of the Bonds and with respect to the transfer and exchange thereof as provided herein and in the Bond Resolution.

The District hereby appoints the Bank as Custodian and Disbursing Agent.

The Bank hereby accepts its appointment, and agrees to act as Paying Agent, Transfer Agent, Bond Registrar and Custodian and Disbursing Agent.

Section 2.02. Compensation. As compensation for the Bank's services as Paying Agent and Bond Registrar, the District hereby agrees to pay the Bank the fees and amounts set forth in a separate agreement between the District and the Bank.

In addition, the District agrees to reimburse the Bank, upon its request, for all reasonable and necessary out-of-pocket expenses, disbursements, and advances, including without limitation the reasonable fees, expenses, and disbursements of its agents and attorneys, made or incurred by the Bank in connection with entering into and performing under this Agreement and in connection with investigating and defending itself against any claim or liability in connection with its performance hereunder.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent. As Paying Agent, the Bank, provided sufficient collected funds have been provided to it for such purpose by or on behalf of the District, shall pay on behalf of the District the principal of, and interest on each Bond in accordance with the debt service schedule attached hereto as Exhibit A.

Section 3.02. Payment Dates. The District hereby instructs the Bank to pay the principal of, redemption premium (if any) and interest on the Bonds on the dates specified in the Bond Resolution.

ARTICLE FOUR

BOND REGISTRAR

Section 4.01. Initial Delivery of Bonds. The Bonds will be initially registered and delivered to the purchaser designated by the District as one Bond for each maturity. If such purchaser delivers a written request to the Bank not later than five business days prior to the date of initial delivery, the Bank will, on the date of initial delivery, deliver Bonds of authorized denominations, registered in accordance with the instructions in such written request.

Section 4.02. Duties of Bond Registrar. The Bank shall provide for the proper registration of transfer, exchange and replacement of the Bonds. Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an eligible guarantor institution, in form acceptable to the Bank, duly executed by the

Registered Owner thereof or his attorney duly authorized in writing. The Bond Registrar may request any supporting documentation it deems necessary or appropriate to effect a re-registration.

Section 4.03. Unauthenticated Bonds. The District shall provide to the Bank on a continuing basis, an adequate inventory of unauthenticated Bonds to facilitate transfers. The Bank agrees that it will maintain such unauthenticated Bonds in safekeeping.

Section 4.04. Form of Bond Register. The Bank as Bond Registrar will maintain its records as Bond Registrar in accordance with the Bank's general practices and procedures in effect from time to time.

Section 4.05. Reports. The District may request the information in the Bond Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing and to convert the information into written form.

The Bank will not release or disclose the content of the Bond Register to any person other than to the District at its written request, except upon receipt of a subpoena or court order or as may otherwise be required by law. Upon receipt of a subpoena or court order the Bank will notify the District.

Section 4.06. Canceled Bonds. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the District, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The District may at any time deliver to the Bank for cancellation any Bonds previously authenticated and delivered which the District may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank for its retention period then in effect and shall thereafter be destroyed and evidence of such destruction furnished to the District upon its written request.

ARTICLE FIVE

CUSTODIAN AND DISBURSING AGENT

Section 5.01. Receipt of Moneys. The Custodian and Disbursing Agent has received, from the Underwriters, the sum of \$_____. Of such amount, \$_____ has been transferred to The Bank of New York Mellon Trust Company, N.A., as escrow bank, to be applied to the defeasance of the 2013 Bonds, and the remaining \$_____ has been deposited in a special account to be held and maintained by the Custodian and Disbursing Agent in the name of the District (the "Costs of Issuance Account").

Section 5.02. Investment. The Custodian and Disbursing Agent will hold funds in the Costs of Issuance Fund until December 9, 2020, or upon prior written order of the District. The Custodian and Disbursing Agent shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written investment direction from the District. In no event shall the Custodian and Disbursing Agent be liable for the selection of investments or for investment losses incurred thereon.

Section 5.03. Payment of Costs of Issuance. The Custodian and Disbursing Agent will pay costs of issuance of the Bonds as directed by the District from time to time via a written requisition of the District.

Section 5.04. Transfer of Remaining Amounts. Any balances remaining in the Costs of Issuance Fund (including any earnings) on or after December 9, 2020, will be applied by the Paying Agent to pay debt service on the Bonds.

Section 5.05. Limited Liability. The liability of the Custodian and Disbursing Agent as custodian and disbursing agent is limited to the duties listed above. The Custodian and Disbursing Agent will not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion of power conferred upon it by this Agreement.

ARTICLE SIX

THE BANK

Section 6.01. Duties of the Bank. The Bank undertakes to perform the duties set forth herein. No implied duties or obligations shall be read into this Agreement against the Bank. The Bank hereby agrees to use the funds deposited with it for payment of the principal of and interest on the Bonds to pay the same as it shall become due and further agrees to establish and maintain such accounts and funds as may be required for the Bank to function as Paying Agent.

Section 6.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions expressed therein, on certificates or opinions furnished to the Bank by the District.

(b) The Bank shall not be liable for any error of judgment made in good faith. The Bank shall not be liable for other than its negligence or willful misconduct in connection with any act or omission hereunder.

(c) No provision of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(d) The Bank may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bank need not examine the ownership of any Bond but shall be protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Registered Owner or agent of the Registered Owner.

(e) The Bank may consult with counsel, and the written advice or opinion of counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and shall not be liable for the actions of such agent or attorney if appointed by it with reasonable care.

(g) The Paying Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; terrorism; military disturbances; sabotage; epidemic; riots; interruptions; loss or malfunctions of utilities; computer (hardware or software) or communications service malfunctions; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Paying Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(h) The Paying Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the District shall provide to the Paying Agent an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the District elects to give the Paying Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Paying Agent in its discretion elects to act upon such instructions, the Paying Agent's understanding of such instructions shall be deemed controlling. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written

instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Paying Agent, including without limitation the risk of the Paying Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 6.03. Recitals of District. The recitals contained in the Bond Resolution and the Bonds shall be taken as the statements of the District, and the Bank assumes no responsibility for their correctness.

Section 6.04. May Own Bonds. The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent and Bond Registrar for the Bonds.

Section 6.05. Money Held by the Bank. Money held by the Bank hereunder need not be segregated from other funds. The Bank shall have no duties with respect to investment of funds deposited with it and shall be under no obligation to pay interest on any money received by it hereunder.

Any money deposited with or otherwise held by the Bank for the payment of the principal, redemption premium (if any) or interest on any Bond and remaining unclaimed for two years after such deposit will be paid by the Bank to the District, and the District and the Bank agree that the Registered Owner of such Bond shall thereafter look only to the District for payment thereof, and that all liability of the Bank with respect to such moneys shall thereupon cease.

Section 6.06. Other Transactions. The Bank may engage in or be interested in any financial or other transaction with the District.

Section 6.07. Interpleader. The District and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The District and the Bank further agree that the Bank has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

Section 6.08. Indemnification. To the extent permitted by law, the District shall indemnify the Bank, its officers, directors, employees and agents ("Indemnified Parties") for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Bank's acceptance or administration of the Bank's duties hereunder or under the Bond Resolution (except any loss, liability or expense as may be adjudged by a court of competent jurisdiction to be attributable to the Bank's negligence or willful misconduct), including the reasonable cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement. Such indemnity shall survive the termination or discharge of this Agreement or discharge of the Bonds.

ARTICLE SEVEN

MISCELLANEOUS PROVISIONS

Section 7.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 7.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party.

Section 7.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the District or the Bank shall be mailed or delivered to the District or the Bank, respectively, at the address shown herein, or such other address as may have been given by one party to the other by fifteen (15) days written notice.

Section 7.04. Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 7.05. Successors and Assigns. All covenants and agreements herein by the District and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 7.06. Severability. If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 7.07. Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 7.08. Entire Agreement. This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent, Transfer Agent and Bond Registrar for the Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds.

Section 7.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 7.10. Term and Termination. This Agreement shall be effective from and after its date and until the Bank resigns or is removed in accordance with the Bond Resolution; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Bank hereunder.

The Bank may resign at any time by giving written notice thereof to the District. If the Bank shall resign, be removed or become incapable of acting, the District shall promptly appoint a successor Paying Agent and Bond Registrar. If an instrument of acceptance by a successor Paying Agent and Bond Registrar shall not have been delivered to the Bank within thirty 30 days after the Bank gives notice of resignation, the Bank may petition any court of competent jurisdiction at the expense of the District for the appointment of a successor Paying Agent and Bond Registrar. In the event of resignation or removal of the Bank as Paying Agent and Bond Registrar, upon the written request of the District and upon payment of all amounts owing to the Bank hereunder the Bank shall deliver to the District or its designee all funds and unauthenticated Bonds, and a copy of the Bond Register. The provisions of Section 2.02 (but only to the extent that compensation to the Bank remains due and owing) and Section 6.08 hereof shall survive and remain in full force and effect following the termination of this Agreement.

Section 7.11. Governing Law. This Agreement shall be construed in accordance with and shall be governed by the laws of the State of California.

Section 7.12. Documents to be Filed with Bank. At the time of the Bank's appointment as Paying Agent and Bond Registrar, the District shall file with the Bank the following documents: (a) a certified copy of the Bond Resolution and a specimen Bond; (b) a copy of the opinion of bond counsel provided to the District in connection with the issuance of the Bonds; and (c) a District Request containing written instructions to the Bank with respect to the issuance and delivery of the Bonds, including the names of the Registered Owners and the denominations of the Bonds.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

SAN GORGONIO MEMORIAL HEALTHCARE
DISTRICT

By _____
Holly Yonemoto
Chief Financial Officer

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

By _____
Juliana Haidary
Associate Client Service Manager

EXHIBIT A

DEBT SERVICE SCHEDULE

Interest Payment Date	Principal	Interest	Total
02/01/2021			
08/01/2021			
02/01/2022			
08/01/2022			
02/01/2023			
08/01/2023			
02/01/2024			
08/01/2024			
02/01/2025			
08/01/2025			
02/01/2026			
08/01/2026			
02/01/2027			
08/01/2027			
02/01/2028			
08/01/2028			
02/01/2029			
08/01/2029			
02/01/2030			
08/01/2030			
02/01/2031			
08/01/2031			
02/01/2032			
08/01/2032			
02/01/2033			
08/01/2033			
02/01/2034			
08/01/2034			
02/01/2035			
08/01/2035			
02/01/2036			
08/01/2036			
Total			

EXHIBIT D

FORM OF ESCROW AGREEMENT

ESCROW AGREEMENT

This Escrow Agreement (this "Escrow Agreement"), dated September 9, 2020, is by and between the SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, a local health care district duly created and existing pursuant to the laws of the State of California (the "District"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, as escrow bank (the "Escrow Bank").

WITNESSETH:

WHEREAS, on March 12, 2013, the District issued its "San Gorgonio Memorial Healthcare District (Riverside County, California) 2013 General Obligation Refunding Bonds (the "2013 Bonds"), in the original principal amount of \$25,015,000, issued to refund general obligation bonds issued by the District in 2006 to finance the acquisition and improvement of real property for hospital purposes, of which \$21,775,000 principal amount remains outstanding;

WHEREAS, the 2013 Bonds were issued under and pursuant to a resolution of the Board of Directors of the District, adopted on January 8, 2013 (the "2013 Bond Resolution");

WHEREAS, pursuant to Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), the District is empowered to issue general obligation refunding bonds;

WHEREAS, the District has determined that it is in the best interests of the District to refund, on a current basis, the outstanding 2013 Bonds;

WHEREAS, the District, by resolution adopted on August 4, 2020 (the "Refunding Bond Resolution"), has authorized the issuance and sale of the District's \$_____ 2020 General Obligation Refunding Bonds (the "2020 Refunding Bonds"), and has determined to use a portion of the proceeds of the 2020 Refunding Bonds to provide for the redemption of the outstanding 2013 Bonds in full on September 18, 2020 (the "Redemption Date"), at a redemption price equal to 100% of principal amount thereof, together with accrued interest to such date (the "Redemption Price");

WHEREAS, the District, in the Refunding Bond Resolution, has directed that a portion of the proceeds of the sale of the 2020 Refunding Bonds be deposited hereunder, and that such amount will be in an amount sufficient to redeem the 2013 Bonds as described above; and

WHEREAS, the Escrow Bank has full powers to perform the duties and obligations to be undertaken by it pursuant to this Escrow Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto do hereby agree as follows:

Section 1. Discharge of Bonds. The District hereby certifies, pursuant to the 2013 Bond Resolution, that it irrevocably elects to pay and discharge all indebtedness payable by the District under the 2013 Bond Resolution with respect to the 2013 Bonds, and to terminate all obligations of the District thereunder with respect thereto.

Section 2. Escrow Fund.

(a) There is hereby established a special fund, to be held in trust by the Escrow Bank for the benefit of the owners of the 2013 Bonds, to be known as the "Escrow Fund." Upon the issuance of the 2020 Refunding Bonds, there shall be deposited into the Escrow Fund an amount equal to \$_____, derived from the proceeds of the 2020 Refunding Bonds.

(b) The Escrow Bank shall hold all amounts deposited in the Escrow Fund in cash, uninvested. The Escrowed Federal Securities shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein.

(c) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Agreement.

(d) Any money left on deposit in the Escrow Fund after redemption of the 2013 Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be transferred to the paying agent of the 2020 Refunding Bonds and applied to the payment of debt service on the 2020 Refunding Bonds.

Section 3. Instructions as to Application of Deposit; Notice of Defeasance; Notice of Redemption.

(a) The moneys deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank for the sole purpose of redeeming the outstanding 2013 Bonds in full on the Redemption Date at the Redemption Price, as set forth in Exhibit A attached hereto and by this reference incorporated herein.

(b) The Escrow Bank, in its capacity as paying agent for the 2013 Bonds, has previously been requested to give notice of the redemption of the 2013 Bonds and Escrow Bank, in its capacity as paying agent for the 2013 Bonds, has done so.

The Escrow Bank, in its capacity as paying agent for the 2013 Bonds is hereby requested, and the Escrow Bank, as paying agent for the 2013 Bonds, hereby agrees to give timely notice of the defeasance of the 2013 Bonds in the form of defeasance notice attached hereto as Exhibit B.

Section 4. Compensation to Escrow Bank. The District shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 5. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the District shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the District or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, the sufficiency of the uninvested moneys held hereunder to accomplish the purposes set forth herein, or any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the District, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the uninvested moneys to accomplish the purposes set forth herein or to the validity of this Escrow Agreement as to the District and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement. The Escrow Bank may consult with counsel, who may or

may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the District. The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Escrow Bank agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Bank shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Bank in its discretion elects to act upon such instructions, the Escrow Bank's understanding of such instructions shall be deemed controlling. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents, servants, employees, directors and officers from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the District shall not be required to indemnify the Escrow Bank against its own negligence or misconduct. The indemnities contained in this Section 5 shall survive the termination of this Escrow Agreement or the resignation or removal of the Escrow Bank.

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, the District specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the District monthly cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

No provision of this Escrow Agreement shall require the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due

care and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The District may remove the Escrow Bank initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business in the State of California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 5 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Escrow Bank may at any time resign by giving 30 days written notice of resignation to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Bank from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the District, the resigning Escrow Bank and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Bank may petition any court of competent jurisdiction for the appointment of a successor

Section 6. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2013 Bonds shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the District, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, or (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2013 Bonds or the 2020 Refunding Bonds, and that such amendment will not cause interest on the 2013 Bonds or the 2020 Refunding Bonds to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the District to each rating agency then rating the 2013 Bonds.

Section 7. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the 2013 Bonds.

Section 8. Notice of Escrow Bank and District. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the principal corporate trust office of the Escrow Bank as specified by the Escrow Bank as paying agent for the 2013 Bonds in accordance with the provisions of the 2013 Bond Resolution. Any notice to or demand upon the District shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2013 Bond Resolution (or such other address as may have been filed in writing by the District with the Escrow Bank).

Section 9. Merger or Consolidation of Escrow Bank. Any company into which the Escrow Bank 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 Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2013 Bond Resolution, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

Section 10. Execution in Several Counterparts. This Escrow Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original;

and all such counterparts shall together constitute but one and the same instrument.

Section 11. Business Days. Whenever any act is required by this Escrow Agreement to be done on a specified day or date, and such day or date shall be a day other than a business day for the Escrow Bank, then such act may be done on the next succeeding business day.

Section 12. Governing Law. This Escrow Agreement shall be construed and governed in accordance with the laws of the State of California.

Agreement to be executed in their respective names by their respective duly authorized officers,
all as of the day and year first above written.

SAN GORGONIO MEMORIAL HEALTHCARE
DISTRICT

By _____
Holly Yonemoto
Chief Financial Officer

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

By _____
Juliana Haidary
Associate Client Service Manager

EXHIBIT A
REDEMPTION SCHEDULE

<u>Date</u>	<u>Maturing Principal</u>	<u>Called Principal</u>	<u>Interest</u>	<u>Redemption Premium</u>	<u>Total Payment</u>
09/18/20	--	\$21,775,000	\$	—	\$

EXHIBIT B

FORM OF NOTICE OF DEFEASANCE

San Gorgonio Memorial Healthcare District
(Riverside County, California)
2013 General Obligation Refunding Bonds

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Defeased</u>	<u>CUSIP No.</u>
3/12/13	8/1/21	\$ 685,000	79781R DL0
3/12/13	8/1/22	760,000	79781R DM8
3/12/13	8/1/23	840,000	79781R DN6
3/12/13	8/1/24	920,000	79781R DP1
3/12/13	8/1/25	1,010,000	79781R DQ9
3/12/13	8/1/26	1,110,000	79781R DR7
3/12/13	8/1/27	1,185,000	79781R DS5
3/12/13	8/1/28	1,275,000	79781R DT3
3/12/13	8/1/29	1,370,000	79781R DU0
3/12/13	8/1/30	1,465,000	79781R DV8
3/12/13	8/1/31	1,565,000	79781R DW6
3/12/13	8/1/32	1,675,000	79781R DX4
3/12/13	8/1/33	1,790,000	79781R DY2
3/12/13	8/1/36	6,125,000	79781R DZ9

NOTICE IS HEREBY GIVEN, on behalf of the San Gorgonio Memorial Healthcare District (the "District") to the holders of the outstanding San Gorgonio Memorial Healthcare District (Riverside County, California) 2013 General Obligation Refunding Bonds described above (the "Bonds"), that pursuant to the resolution authorizing the issuance of the Bonds (the "Resolution"), the lien of the Resolution with respect to the Bonds has been discharged through the irrevocable deposit of cash in an escrow fund (the "Escrow Fund"). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Agreement, dated September 9, 2020, by and between the District and The Bank of New York Mellon Trust Company, N.A., as escrow bank. As a result of such deposit, the Bonds are deemed to have been paid and defeased in accordance with the Resolution. The pledge of the funds provided for under the Resolution and all other obligations of the District to the owners of the defeased Bonds shall hereafter be limited to the application of moneys in the Escrow Fund for the payment of the principal and interest with respect to the Bonds as the same become due and payable as described below.

Amounts deposited in the Escrow Fund are calculated to provide sufficient moneys to redeem the outstanding Bonds in full on September 18, 2020 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof, plus accrued interest. From and after the Redemption Date, interest with respect to the Bonds shall cease to accrue and be payable.

Dated: _____, 2020

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

EXHIBIT E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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 \$_____ San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Directors of the District on August 4, 2020 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Bond Resolution, 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 D.K. Goulding Financial Services, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation. In the absence of such a designation, the District shall act as the Dissemination Agent.

"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.

"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.

"Official Statement" means the final official statement executed by the District in connection with the issuance of the Bonds.

"Participating Underwriter" means collectively, Piper Sandler & Co. and Hilltop Securities Inc., the original underwriters of the Bonds, required to comply with the Rule in connection with offering 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, 2021, with the report for fiscal year 2019-20 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(b). 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 Official Statement, 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 Official Statement, as follows:

- (i) The assessed value of taxable property in the District as shown on the recent equalized assessment role; and
- (ii) 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 paying agent or the change of name of a paying agent, 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 Bond Resolution.

(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 considering 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 Bond Resolution for amendments to the Bond Resolution 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 Bond Resolution, 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 6 of the Bond Resolution is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Bond Resolution. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the paying agent thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the 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 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 9, 2020

SAN GORGONIO MEMORIAL HEALTHCARE
DISTRICT

By _____
Holly Yonemoto
Chief Financial Officer

ACKNOWLEDGED:

D.K. GOULDING FINANCIAL SERVICES, LLC,
as Dissemination Agent

By _____
Dareth Goulding
President

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: San Gorgonio Memorial Healthcare District
Name of Issue: \$_____ San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds
Date of Issuance: September 9, 2020

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 9, 2020, 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 _____
Name _____
Title _____

cc: Paying Agent

EXHIBIT F

GOVERNMENT CODE SECTION 5852.1 DISCLOSURES

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

- (A) True Interest Cost of the Bonds: 2.64%
- (B) Finance Charges (Costs of Issuance): \$284,633
- (C) Net Proceeds to be Received for the Bonds \$21,884,362
(net of finance charges)
- (D) Net PV Savings as compared to the outstanding par amount of the 2013 Bonds: 8.37%
- (E) Total Payment Amount through Maturity: \$27,676,730

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.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 6, 2020

NEW ISSUE - BOOK-ENTRY ONLY

**RATING: Moody's
(See "RATING" herein)**

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" herein.



\$18,335,000*
**SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
2020 GENERAL OBLIGATION REFUNDING BONDS**

Dated: Date of Delivery

Due: August 1 as shown below

The San Gorgonio Memorial Healthcare District (Riverside County, California) 2020 General Obligation Refunding Bonds in the principal amount of \$18,335,000*, (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 Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code and the provisions of a Resolution of the Board of Directors of the District adopted on August 4, 2020. Proceeds of the Bonds will be used to currently refund all outstanding San Gorgonio Memorial Healthcare District (Riverside County, California) 2013 General Obligation Refunding Bonds. See "THE BONDS – Authority for Issuance" and "REFINANCING PLAN" herein.

The Bonds are general obligations of the District, and the District has the power, is obligated and covenants to cause to be levied by the County *ad valorem* taxes upon all property within the District subject to taxation by the District, without limitation of rate or amount, for the payment when due of the principal of and interest on the Bonds. See "THE BONDS - Security for the Bonds" herein.

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 Bank of New York Mellon Trust Company, N. A., Dallas, Texas, as the paying agent, registrar and transfer agent (the "Paying Agent"), 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 dated the date of their delivery, and will accrue interest from such date, which interest is payable semiannually on each February 1 and August 1, commencing February 1, 2021. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

The Bonds are subject to redemption prior to their respective maturity dates as described herein. See "THE BONDS - Redemption Provisions" herein.

* Preliminary, subject to change

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

G.L. Hicks Financial, LLC

MATURITY SCHEDULE
CUSIP[†] Prefix: 79781R

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP^{††} Suffix</u>	<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP[†] Suffix</u>
2021						2029					
2022						2030					
2023						2031					
2024						2032					
2025						2033					
2026						2034					
2027						2035					
2028						2036					

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement 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 Underwriters, 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 & Canlas, La Mesa, California, and by Jennings, Strouss & Salmon, PLC, Phoenix, Arizona, as Disclosure Counsel to the District. Certain legal matters will be passed on for the Underwriters 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 9, 2020.

The date of this Official Statement is August ___, 2020.

Piper Sandler

HilltopSecurities

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Intelligence. The CUSIP data is provided solely for the convenience of bondholders. The District and the Underwriters take no responsibility for the accuracy of such data.

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

BOARD OF DIRECTORS

Dennis Tankersley, PA-C, Chair Estelle Lewis, Vice Chair
Phillip Capobianco, Member Lanny Swerdlow, Member

CORPORATION SENIOR MANAGEMENT

Steven Barron, Chief Executive Officer
Holly Yonemoto, Chief Financial Officer
Patricia Brown, 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 & Canlas
a professional corporation
La Mesa, California

Disclosure Counsel

Jennings, Strouss & Salmon, PLC
Phoenix, Arizona

Independent Auditors

JWT & Associates, LLP
Fresno, California

Registrar, Transfer and Paying Agent

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

Underwriters

Piper Sandler & Co.
Hilltop Securities Inc.

Underwriters' Counsel

Wilson Law Group, PC
San Diego, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" 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 Official Statement. This Official Statement 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 Official Statement is not to be construed as a contract with 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 Official Statement and in any continuing disclosure by the District, in any press release and in any 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 Official Statement 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 Underwriters. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Offer and Sale of Bonds. The Underwriters 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 Underwriters.

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 Official Statement 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 Official Statement 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 Official Statement by reference or otherwise.

Resolution. Reference is made to the Resolution, 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.

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APPENDIX A - FORM OF FINAL OPINION OF BOND COUNSEL

APPENDIX B - AUDITED COMBINED FINANCIAL STATEMENTS OF THE SYSTEM AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018

APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX D - BOOK-ENTRY SYSTEM

\$18,335,000*
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
2020 GENERAL OBLIGATION REFUNDING BONDS

INTRODUCTION

This Official Statement, including the cover page, the TABLE OF CONTENTS and the APPENDICES hereto (the “Official Statement”), is provided to furnish information with respect to the sale and delivery by San Gorgonio Memorial Healthcare District (the “District”) of \$18,335,000* aggregate principal amount of its 2020 General Obligation Refunding Bonds (the “Bonds”).

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

The District

The District, a local health care district formed in 1947, is a political subdivision of the State of California organized pursuant to the Local Health Care District Law (formerly the Local Hospital District Law) as set forth in the California Health and Safety Code (the “District Law”). The geographic area that composes the District (and which includes the voting residents who elect the District’s Board of Directors and passed the District’s general obligation bond measure) 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 2020 population of the cities of Banning and Beaumont and Riverside County has been estimated by the State of California, Department of Finance to be approximately 31,125, 51,475 and 2,442,304, respectively. The permanent resident population of the District is approximately 95,000. The District owns the San Gorgonio Memorial Hospital facility. See “THE DISTRICT” and “DISTRICT FINANCIAL MATTERS” herein.

Bond Issuance Authority

The Bonds are being issued pursuant to Article 9 of chapter 3 (commencing with section 53550 of the California Code) and a resolution of the Board of Directors of the District adopted on August 4, 2020 (the “Resolution”). See “THE BONDS – AUTHORITY FOR ISSUANCE” for additional information.

The Hospital

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

The Corporation

The District’s lease of the Hospital to San Gorgonio Memorial Hospital (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 a management services agreement effective as of July 1, 2020. 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, 2019 and June 30, 2018.”

* Preliminary, subject to change.

The Plan of Finance

Net proceeds of the Bonds will be used to refund on a current basis all outstanding 2013 General Obligation Refunding Bonds, (the “2013 Bonds”) and to pay costs of issuing the Bonds. See “REFINANCING PLAN” herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District, and the District has the power, is obligated and covenants to cause to be levied *ad valorem* taxes upon all property within the District subject to taxation by the District, without limitation of rate or amount, for the payment when due of the principal of and interest on the Bonds. See “THE BONDS - Security for the Bonds” and “THE DISTRICT” herein. In addition, pursuant to section 32127 of the District Law, the District is required to use moneys in its maintenance and operation fund whenever *ad valorem* taxes are insufficient to pay such principal and interest.

Although the County is obligated to levy, bill and collect the ad valorem taxes for payment of the Bonds, the Bonds are not a debt of the County.

Pursuant to California Government Code section 53515, general obligation bonds issued and sold by a local agency, including the District, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien shall automatically arise without the need for any action or authorization by the local agency or its governing body. See “THE BONDS – Security for the Bonds” herein.

Description of the Bonds

The Bonds will be dated the date of their delivery, will be in denominations of \$5,000 each, or integral multiples thereof, and will bear interest at the rate or rates shown on the cover page hereof, with interest payable semiannually on each February 1 and August 1, commencing February 1, 2021 (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.”

The Bonds maturing on or before August 1, 20__, are non-callable. The Bonds maturing on or after August 1, 20__ may be redeemed prior to maturity at the option of the District beginning on August 1, 20__ and thereafter, at the redemption price of 100% of the par amount of Bonds redeemed, plus accrued interest. See “THE BONDS - Redemption Provisions” herein.

Revenue Based Debt Outstanding

As of June 30, 2020, the System had no outstanding capital lease obligations and no other outstanding long-term indebtedness that are repaid from revenues of the System. In addition, the System has a revolving working capital line of credit with a local commercial bank in the maximum amount of \$12,000,000 secured by accounts receivable of the System. As of June 30, 2020, the balance on this line of credit was \$6,000,000. The System also has an unsecured interest-free credit line with American Express that as of June 30, 2020, had been paid down to \$40,440.

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 for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal 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.

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” herein. The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as paying agent and registrar for the Bonds (the “Paying Agent”). Wilson Law Group, PC, San Diego, California (“Underwriters’ Counsel”) will pass on certain matters for the Underwriters. Jennings, Strouss & Salmon, PLC, Phoenix, Arizona, will act as disclosure counsel (“Disclosure Counsel”) to the District in connection with the Bonds. McDougal Love Boehmer Foley Lyon & Canlas, 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. 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.

Bondholders’ Risks

The Bonds are general obligations of the District and the District has the power and is obligated to cause to be levied, billed and collected by the County annual *ad valorem* taxes for payment when due of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates) without limitation as to rate or amount. In the event *ad valorem* taxes are insufficient to pay principal and interest on the Bonds, the District is required to use moneys in its maintenance and operation fund to pay debt service on the Bonds. See “THE BONDS – Security for the Bonds” and “Certain Risks Related to *Ad Valorem* Taxation” herein for a discussion of the security supporting payment of the Bonds, including a discussion of California’s statutory lien law, and certain risks associated with *ad valorem* taxes. For more complete information regarding the District’s financial condition, taxation of property within the District and other risks associated with an investment in the Bonds, see “DISTRICT FINANCIAL MATTERS,” “RISKS TO OWNERS OF THE BONDS” and APPENDIX B – “AUDITED COMBINED FINANCIAL STATEMENTS OF THE DISTRICT AS OF AND FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018.”

Other Information; Continuing Disclosure

This Official Statement speaks only as of its date, and the information contained herein is subject to change. There follows in this Official Statement, descriptions of the Bonds, the Resolution (hereinafter defined) 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 District will undertake, pursuant to the Resolution and a continuing disclosure certificate, to provide certain financial information and notices of the occurrence of certain enumerated events. See “MISCELLANEOUS - Continuing Disclosure” herein.

THE BONDS

Authority for Issuance

The Bonds are general obligation bonds issued pursuant to Chapter 4 of Division 23 (commencing with section 32300) of the California Health and Safety Code and the provisions of a Resolution of the Board of Directors of the District adopted on August 4, 2020 (the “Resolution”). District voters authorized the issuance of \$108,000,000 of general obligation bonds by approximately 76% of the votes cast by eligible voters within the District on March 28, 2006. The District sold \$25,000,000 in general obligation bonds on July 11, 2006, which bonds were delivered on August 3, 2006 (the “2006 Bonds”), sold \$25,000,000 in general obligation bonds on July 24, 2008, which bonds were delivered on August 19, 2008 (the “2008 Bonds”), and sold \$58,000,000 in general obligation bonds on July 22, 2009, which bonds were delivered on August 11, 2009 (the “2009 Bonds”). The District sold \$25,015,000 in general obligation refunding bonds on February 26, 2013, which bonds were delivered on March 12, 2013 (the “2013 Bonds”), which refunded the

2006 Bonds. The 2006 Bonds were fully redeemed on August 1, 2013. The District sold \$64,425,000 in general obligation refunding bonds on June 11, 2014, which bonds were delivered on June 24, 2014 (the “2014 Bonds”). The 2014 Bonds were used to redeem the 2009 Bonds on August 1, 2017. The District sold \$25,780,000 in general obligation refunding bonds on November 17, 2015, which bonds were delivered on December 8, 2015 (the “2015 Bonds”). The 2015 Bonds were used to redeem the 2008 Bonds on August 1, 2016. Proceeds from the Bonds will be used to first defease then redeem the 2013 Bonds on or about September 18, 2020. The 2006 Bonds, the 2008 Bonds and the 2009 Bonds are no longer outstanding.

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 \$5,000 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 Paying Agent. Interest on the Bonds will be paid by check of the Paying Agent 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 Paying Agent 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 refund on a current basis all outstanding 2013 Bonds. See “THE REFINANCING PLAN” herein.

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	\$
Net Original Issue Premium.....	
 Total Sources of Funds	 \$

Estimated Uses of Funds:

Deposit to Escrow Fund.....	\$
Deposit to Costs of Issuance Fund ⁽¹⁾	
Underwriters’ Discount.....	
Balance of Proceeds.....	
 Total Uses of Funds	 \$

⁽¹⁾ Includes legal, verification agent, financial advisory, consulting and Paying Agent fees, printing and other costs of issuance.

Redemption Provisions

Optional Redemption. Bonds maturing on or before August 1, 20__ are not subject to redemption. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of

the District, in whole or in part on any date on or after August 1, 20__, at redemption prices equal to the principal amount of Bonds redeemed, plus accrued interest to the date fixed for redemption.

General. In the event of any redemption, the Paying Agent will give notice thereof by mailing a copy of the redemption notice by registered mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address shown on the registration books of the District maintained by the Paying Agent, as registrar, not less than thirty (30) nor more than sixty (60) calendar days prior to the redemption date; provided, however, that failure of any owner to receive such notice, or any defect therein, shall not affect the validity of the proceedings for redemption of any Bond.

Defeasance

If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Beneficial 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 Resolution, or monies and securities are deposited in advance with the Paying Agent 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 Riverside County (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 Paying Agent.

Debt Service Schedule

The following table summarizes the annual debt service requirements for the Bonds alone, the 2014 Bonds and the 2015 Bonds together and the aggregate debt service for all three bond issues to be outstanding.

Year Ending (August 1.)	The Bonds			2014 Bonds and 2015 Bonds Total Debt Service	Aggregate Debt Service on the Bonds, 2014 Bonds and 2015 Bonds
	Principal Payment	Interest Payment	Total Debt Service		
2021				\$5,810,037.50	
2022				5,930,087.50	
2023				6,049,337.50	
2024				6,172,337.50	
2025				6,293,337.50	
2026				6,408,037.50	
2027				6,527,412.50	
2028				6,652,937.50	
2029				6,778,312.50	
2030				6,907,725.00	
2031				7,034,825.00	
2032				7,170,687.50	
2033				7,299,000.00	
2034				7,431,900.00	
2035				7,572,050.00	
2036				7,698,300.00	
2037				7,830,400.00	
2038				7,957,200.00	
2039				5,628,000.00	

*Mandatory sinking fund payment.

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” herein.

Security for the Bonds

The Bonds are general obligation bonds of the District. The District has the power and is obligated to cause to be levied and collected by the County annual *ad valorem* taxes for payment when due of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates) without limitation as to rate or amount. Once the County has collected such taxes, it is required to transfer those funds to the District who makes payment to the Paying Agent for payment of the Bonds. Such funds can be used for no other purpose.

Pursuant to California Government Code section 53515, general obligation bonds issued and sold by a local agency, including the District, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien shall automatically arise without the need for any action or authorization by the local agency or its governing body, and that the lien shall be valid and binding from the time the bonds are executed and delivered. The section further provides that the lien shall be effective, binding and enforceable against the local agency, its successors, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

See “INTRODUCTION – Source of Payment for the Bonds” herein.

Certain Risks Related to *Ad Valorem* Property Taxation

A reduction in the assessed valuation of taxable property located in the District, such as may be caused by deflation of property values, economic recession, pandemic or other economic crises, a relocation out of the District by one or more major property owners or employers, or the complete or partial destruction of such property caused by, among other events, an earthquake, wildfire, flood, drought or other natural disaster, could cause a reduction in the assessed value of the District's tax roll and necessitate an unanticipated increase in the annual tax levy necessary to pay debt service on its general obligation bonds, including the Bonds. A reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State or local agencies and property used for qualified educational, hospital, charitable or religious purposes) could cause a reduction in the assessed value of the District's tax roll and necessitate an unanticipated increase in the annual tax levy necessary to pay debt service on its general obligation bonds. A significant decrease in assessed valuation, an unanticipated increase in the rate of tax delinquencies, or a declaration of bankruptcy by the District, could delay the payment of debt service on the District's general obligation bonds.

The District calculates the tax rate on an annual basis. Historically, the District has calculated the tax rate to provide for anticipated delinquencies. In addition, the District holds excess funds collected as a reserve in case of unanticipated delinquencies. These excess funds can only be used to pay debt service in the District's general obligation bonds. If in any given fiscal year there are not sufficient funds on deposit with the District or the Paying Agent to pay debt service on the Bonds for such fiscal year, the District, pursuant to section 32127 of the District Law, is required to provide funds from its reserves to make up any deficiencies to provide for payment of the Bonds. The District anticipates that *ad valorem* taxes will be sufficient to pay the Bonds when due. Issuance of additional general obligation bonds by the District, approved by voters of the District, in the future might cause the tax rate to increase. While the levy of *ad valorem* taxes to pay debt service on the Bonds and other general obligation bonds of the District is not limited as to rate or amount, the risks discussed in this section could affect a taxpayer's willingness or ability to pay *ad valorem* taxes.

In the past, particularly beginning in about 2009, California real estate experienced an increased rate of mortgage delinquencies and foreclosures, and there was a slowdown in new home construction. In fiscal year 2009-10 there was a reversal of the trend of year-over-year increasing assessed valuation for the District. The assessed valuation for the District has more than recovered its pre-recession high experienced in fiscal year 2008-09. Notably, the tax delinquencies in payment of *ad valorem* taxes for the District have decreased from a high of 6.18% in fiscal year 2009-10 to 1.97% in fiscal year 2018-19, with the last five consecutive years below 2.0%. In addition, the District's assessed value of taxable property located within the District has increased by approximately 64% since its low point after the 2009-10 recession.

The District does not participate in the County “Teeter Plan.” Under the Teeter Plan each participating taxing entity essentially receives its apportionment of *ad valorem* taxes from the County based on taxes billed without deduction for delinquencies. See “DISTRICT FINANCIAL MATTERS – Assessed Valuations” and “– Tax Levies and Delinquencies” herein. The District cannot predict whether recession or other conditions in the future may cause similar or worse declines in the District's assessed valuation or an increase in tax delinquencies putting payment of the Bonds at risk.

Pursuant to section 32127 of the District Law, the District is required to use moneys in its maintenance and operation fund whenever *ad valorem* taxes are insufficient to pay the principal of and interest on the Bonds. Prospective investors should not expect that such moneys will be a substantial source of repayment for the Bonds.

See also “RISKS TO OWNERS OF THE BONDS – Severe Economic Conditions and COVID-19” herein for additional information about these risks.

REFINANCING PLAN

A portion of the proceeds from the sale of the Bonds will be deposited into an escrow fund (the “Escrow Fund”) to be created and maintained by The Bank of New York Mellon Trust Company, N.A., as escrow bank (the “Escrow Bank”). The moneys so deposited will be held as uninvested cash and will be in an amount sufficient to redeem the outstanding 2013 Bonds in full on September 18, 2020, at a redemption price equal to 100% of the principal amount of and accrued interest on the 2013 Bonds.

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 Official Statement, 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 Paying Agent, or prevent the Paying Agent 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 Paying Agent 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 Resolution 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.

Severe Economic Conditions and COVID-19

In the event of a severe economic crisis in the U.S. economy at large or one that particularly affects the District and its population, residents, and commercial and industrial property owners in the District may choose not to or be unable to pay their property taxes. In a catastrophic situation, owners may abandon their property and others would not have an interest in purchasing those properties. As a result, a wholesale failure in *ad valorem* tax collections could occur and the Bond debt service payments might not be made to holders of the Bonds.

The coronavirus disease (COVID-19) which has surfaced and spread globally in 2020 has affected the United States generally and the State of California specifically. Both a State of California emergency and a national emergency were declared concerning the virus, and the health crisis, including deaths, it has created. Substantial temporary shutdowns of businesses and slowing economic activity have and are occurring in an attempt to mitigate the spread of this disease among residents of the United States and the State of California. Some predictions for the United States and the State of California economies in the near term and beyond are dire with the possibility of permanent business closures and bankruptcies as well as severe economic hardships for individuals and families. This could precipitate the type of wholesale failure in *ad valorem* tax collections noted immediately above that would materially and adversely affect the payment of debt service on the Bonds. Additionally, County government operations may be so interrupted by this health emergency that *ad valorem* tax collections and disbursements to recipients such as the District may be significantly affected and delayed. At present the District is not able to predict with any assurance or accuracy the full effects of COVID-19 on the District or the payment of the Bonds.

No Assurance of Secondary Market for the Bonds

It is the present practice of each 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.

Impact of Market Turmoil

The domestic and international financial crisis experienced beginning about 2008 has had and may continue to have negative repercussions upon the national and global economies, including a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, potential increase in interest rates, reduced business activity, increased consumer bankruptcies and increased business failures and bankruptcies.

The financial crisis had a particularly acute impact upon the financial sector and credit markets, and caused many banks and other financial institutions to seek additional capital, to merge, and in some cases, to fail. One of the results of this financial crisis was increased volatility in the municipal bond marketplace. Additionally, from time-to-time substantial amounts have been withdrawn from mutual funds and from hedge funds, traditionally some of the largest purchasers of municipal bonds. There can be no assurance that renewed turmoil in the financial and bond markets will not negatively impact the marketability of the Bonds in the primary or secondary markets.

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 Resolution, 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. July 2020, admissions have improved to pre-COVID-19 levels. However, 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" herein.

With respect to the financial condition of the District, see the audited combined financial statements of the System attached to the Official Statement as APPENDIX B. For more information on the District's healthcare operations, see "THE HOSPITAL" herein.

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" herein). 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 levy directly 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.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does receive a portion of the basic one percent *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution.

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” herein.

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 of California, 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 Local Health Care District Law of the State of California, constituting Division 23 of the California Health and Safety Code. The District’s lease of the Hospital to the Corporation expired effective June 30, 2020. In place of the lease, the District and the Corporation entered into a renewable five-year management services agreement for the Hospital. The District covers an area of approximately 340 square miles and is located in the northwest portion of Riverside 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 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, although they are not pledged to the Paying Agent for repayment of the Bonds. 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 Paying Agent for repayment of the Bonds.

Board of Directors

The District is governed by a Board of Directors (the “Board”) which consists of five members, (unless a member of the Board resigns, as recently occurred, until another member is appointed by the Board to fill the resigning member’s remaining term), each elected to four-year staggered terms. One Board member, Ms. Lynn Baldi, recently resigned her seat on the Board effective August 1, 2020. The Board intends to soon appoint a new member to the Board for the remainder of Ms. Baldi’s term through December of 2022. The Board has ultimate responsibility for District policies, strategic planning, as well as fiduciary responsibility for protecting and enhancing the District's assets. Regular Board meetings are held monthly and are open to the public pursuant to California’s Brown Act. All Board members are elected or appointed at large within the District. The current members of the Board, including their titles, occupations, dates on which their current terms expire and total years as 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	Physician Assistant	12/2020	2016
Estelle Lewis, Vice Chair	Retired Teacher	12/2020	2013
Lanny Swerdlow, Member	Retired Registered Nurse	12/2022	2018
Phillip A. Capobianco, Member	Retired	12/2022	2018

Source: District records.

THE CORPORATION

The Corporation, 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, manages the Hospital pursuant to a management services agreement effective July 1, 2020. 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 a management services agreement with the Corporation for their continued operation of the Hospital.

The Corporation's governing body is a board of directors comprised of the five elected Board members of the District, indicated above, 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
Ehren Ngo, Vice Chair	Emergency Operations Manager	6/2021	2018
Estelle Lewis, Secretary ⁽¹⁾	Retired Teacher	12/2020	2010
Phillip A. Capobianco ⁽¹⁾	Retired	12/2022	2018
Lanny Swerdlow ⁽¹⁾	Registered Nurse	12/2022	2018
Dennis Tankersley, PA ⁽¹⁾	Physician Assistant	12/2020	2016
Ron Rader	Retired Grocery Manager	6/2024	2014
Steve Rutledge	Retired Hospital Compliance Officer	6/2022	2018

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 and will continue to do so now that it has entered into a management services agreement with the District. The Corporation now 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 40 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 Masters of Business Administration also 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.

Holly Yonemoto, MBA, Chief Financial Officer, Chief Information Officer & Health Care District Administrator and Chief Business Development Officer. Ms. Yonemoto has served as the Chief Information Officer & Health Care District Administrator since 2017 and was named the Chief Financial Officer on July 12, 2020. Prior to her employment with the Corporation she served as Chief Executive Officer for Priority Healthcare Consulting, providing financial and operational consulting to Dignity Health and the Hospital in various capacities. She also served as the Chief Financial Officer and Chief Operating Officer at SAC Health System a multi-site Federally Qualified Health System located in San Bernardino, California, from 2010 to 2014. Ms. Yonemoto also served as Fiscal Services Administrative Director from 2001 to 2010 and as Administrative Director of Decision Support Services, among other capacities, from 1995 to 2001 for Loma Linda University Health, an academic medical center operating a total of six hospitals, among other healthcare facilities located in and around Loma Linda, California. Ms. Yonemoto earned a Bachelor of Arts degree in Business Administration with an emphasis in Finance and a Master of Business Administration degree in Finance from California State University, San Bernardino, California. She also has served as an instructor of Finance in the Healthcare Administration Program at the University of California, Riverside, California. In her spare time, Ms. Yonemoto serves as President & CEO of Urban Mission, LLC, which agency provides clothing, food, healthcare and medications for the homeless.

Patricia Brown, 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, 2020, the Corporation employed 466 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, 2020, the Hospital's medical staff consisted of 150 physicians (includes 82 active staff). Approximately 74% of the active medical staff are board certified. The medical staff also includes 68 physicians who are provisional staff, emergency, associate, 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 8.6 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 for the charitable purpose of promoting and supporting the Hospital. The Foundation was organized in 1982 and in late 1995 embarked on a capital campaign to contribute a total of approximately \$3.1 million in community wide contributions towards the construction and equipping of the Women's Center at 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 1,200 donors and an advisory board of approximately 16 trustees. The Foundation has raised over \$9.8 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 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. Auxiliary volunteers provide 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 Riverside 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. Riverside County is located in southern California and has an estimated population as of January 1, 2020, of approximately 2,442,000.

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.

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 and transitional 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 2021. 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 American Hospital Association, the California Hospital Association and the District Hospital Leadership Forum. The Hospital is a disproportionate share provider for Medicare 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.

<u>Service</u>	<u>Current Licensed Beds</u>
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 operations and changes in net assets 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, 2018 and 2019, included as APPENDIX B, including the notes thereto, and "Management's Analysis

of Financial Performance” below. Collectively the District and the Corporation combined to function as the System. The statement of operations and changes in net assets as of and for the fiscal year ended June 30, 2017, are derived from audited combined financial statements of the System not included herein. Beginning with the fiscal year ended June 30, 2021, the Corporation’s financial statements are not expected to be combined with the financial statements of the District.

The summary of the statement of operations and changes in net assets for the twelve-month period ended June 30, 2020, 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. 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			
	<u>2017</u> (audited)	<u>2018</u> (audited)	<u>2019</u> (audited) ⁽¹⁾⁽²⁾	<u>2020</u> (unaudited)
Net patient service revenue	\$70,361	\$64,937	\$65,262	\$
EHR incentive payment	58	0	0	
Grant revenue	378	481	319	
District taxes for operations	3,643	3,565	3,938	
Other operating income	<u>1,802</u>	<u>1,841</u>	<u>2,148</u>	
Total revenues	76,242	70,824	71,667	77,250
Total expenses	<u>83,738</u>	<u>83,885</u>	<u>79,632</u>	<u>87,681</u>
Net operating income (loss)	(7,496)	(13,061)	(7,965)	(10,431)
District taxes non-operating	7,089	7,830	8,309	7,998
Capital Contributions and Other Changes in Net Assets	<u>153</u>	<u>172</u>	<u>93</u>	<u>0</u>
Change in Net Assets	(254)	(5,059)	437	(2,433)
Beginning Net Assets	<u>16,366</u>	<u>16,112</u>	<u>11,053</u>	<u>11,490</u>
Ending Net Assets	<u>\$16,112</u>	<u>\$11,053</u>	<u>\$11,490</u>	<u>\$9,057</u>

Source: Audited and unaudited financial statements of the System, as indicated above. For the fiscal years ended June 30, 2017 through June 30, 2019, the System’s interest in the Foundation’s net assets is recorded in the System’s audited financial statements.

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 2017 through 2020. Marketable securities are carried at market value.

(000’s omitted)	As of June, 30			
	<u>2017</u> (audited)	<u>2018</u> (audited)	<u>2019</u> (audited)	<u>2020</u> (unaudited)
Cash and Short-Term Investments ⁽¹⁾	\$2,988	\$6,309	\$4,175	\$12,264
Board Designated Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Unrestricted Funds	\$2,988	\$6,309	\$4,175	\$12,264
Daily Expenses	<u>\$ 213</u>	<u>\$ 216</u>	<u>\$ 204</u>	<u>\$ 220</u>
Days Cash on Hand ⁽²⁾	<u>14</u>	<u>29</u>	<u>20</u>	<u>56</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. For 2020 it also includes cash of approximately \$2.5 million in advanced Medicare reimbursements permitted under federal legislation passed in response to the COVID-19 pandemic and related economic crisis.

⁽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

(to be completed by management)

Hospital Utilization

The table below presents selected statistical indicators of inpatient and outpatient activity for the Hospital during the four fiscal years ended June 30, 2017 through 2020.

	Fiscal Year Ended June 30			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Average Licensed Beds	79	79	79	79
Acute Patient Days	13,697	11,632	9,991	9,205
Acute Discharges	3,312	3,039	2,857	2,689
Acute Average Length of Stay (Days)	4.1	3.8	3.5	3.4
Total Patient Days	13,985	11,887	10,259	9,205
Total Occupancy Percentage	48%	40%	35%	32%
Inpatient Surgeries	549	423	422	466
Emergency Room Visits	44,152	44,567	43,687	39,293
Outpatient Visits ⁽¹⁾	52,549	52,714	51,355	46,112
Outpatient Surgeries	1,014	840	740	397

Source: Hospital records.

⁽¹⁾ Exclusive of emergency, outpatient surgery visits and home health visits.

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 four fiscal years ended June 30, 2017 through 2020, as 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			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Medicare	44%	42%	42%	45%
Medi-Cal	34	35	36	33
Insurance	18	18	17	19
All Other	<u>4</u>	<u>5</u>	<u>5</u>	<u>3</u>
Total	<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. Activities supported by the PRIME program are designed to accelerate efforts by participating PRIME 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. As a result of the District's participating in PRIME, it has recorded revenue over the past two audited fiscal years of over \$2.1 million. This PRIME program requires 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 System receives more favorable reimbursement 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, 2021. 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, 2020, the District paid \$932,178 in net contributions to BETA Healthcare Group Risk Management Authority.

As of June 30, 2020, BETA Healthcare Group Risk Management Authority had a reserve for claims and claims expenses relating to the District of \$35,000. For the fiscal year ended June 30, 2020, BETA Healthcare Group Risk Management Authority did not pay for any 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. Neither the Hospital nor the District currently have pending any malpractice or professional liability claims or lawsuits for compensatory damages not covered by insurance. 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 \$250,000,000 coverage limit. The District carries earthquake insurance to cover the Hospital against damages with a \$__,000,000 per occurrence coverage amount.

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 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, 2019, were \$789,841 and for the fiscal year ended June 30, 2020 paid expenses are \$665,460, pending final audit. The District does not have any assessment liability through their placement of coverage with BETA 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 \$1,141,000 and \$1,166,000 for the fiscal years ended June 30 2018 and 2019, respectively.

City of Banning, City of Beaumont and Riverside County

During the past 30 years the populations of Riverside County, the city of Beaumont and the city of Banning have increased 109%, 431% and 51%, respectively, while the population of the State of California increased just 34% over the same period. Population figures as reported for the 1990, 2000 and 2010 census reports and estimates for 2020 for the city of Banning, the city of Beaumont, Riverside County and the State of California are as follows:

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>Percent Increase</u>
City of Banning	20,570	23,562	29,603	31,125	51%
City of Beaumont	9,685	11,384	36,877	51,475	431%
Riverside County	1,170,413	1,545,387	2,189,641	2,442,304	109%
California	29,760,021	33,871,648	37,253,956	39,782,870	34%

Source: California State Department of Finance. The 1990, 2000 and 2010 figures are census figures reported as of April 1, in each of those years. The 2020 figures are estimates reported by the Department of Finance as of January 1, 2020. Population estimates for 2020 from the 2020 census are not yet available.

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 Riverside County during May 2020 was 19.7% and 15.8%, respectively, while unemployment for the State of California for the same period was 15.9%.

	<u>City of Banning</u>	<u>Riverside County</u>	<u>State of California</u>
Civilian Labor Force	11,500	1,089,100	18,405,800
Employed	<u>9,300</u>	<u>917,200</u>	<u>15,484,600</u>
Unemployed	<u>2,200</u>	<u>171,900</u>	<u>2,921,200</u>
Percentage Unemployment	<u>19.1%</u>	<u>15.8%</u>	<u>15.9%</u>

Source: State Employment Development Department, May 2020.

Capital Expenditures

Total capital expenditures of approximately \$4,550,000 are expected to occur over the next three years, beginning with fiscal year ending June 30, 2021. The \$4,550,000 of planned capital expenditures over the next three years represent regular annual expenditures made in connection with the normal routine maintenance of equipment and equipment replacements for the Hospital. These 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 Riverside County Assessor's Office assesses all real property in the District for tax purposes except public utility property which is assessed countywide by the State 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 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and is 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 1-1/2% 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 2019-20 assessed valuation of \$9,482,256,303, which accounts for approximately 3.1% of the County’s assessed valuation of \$301,528,883,809, as of the same period. Assessed values of property within the District have increased by approximately 385% from 1999-00 to 2019-20, while assessed values for the County have increased by approximately 271% over the same period. The summary below shows a twenty-one year history of the total secured, utility and unsecured assessed property valuations for the District and total assessed valuations for the County.

Assessed Valuations ⁽¹⁾

<u>Fiscal Year</u>	<u>Local Secured ⁽¹⁾</u>	<u>Utility</u>	<u>Unsecured</u>	<u>District Assessed Valuations</u>	<u>County Assessed Valuations</u>
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

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.

Assessment appeals granted typically result in refunds, and the level of refund activity depends on the unique economic circumstances of each fiscal year. Timing is an important consideration with respect to the property valuation process. Values are set for the current year with a valuation date as of the preceding January 1. Changes in market value subsequent to the January 1 valuation date are not reflected until the subsequent year. Therefore, there is an inherent lag in the process.

Tax Levies and Delinquencies

Taxes are collected by the Riverside 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 ten-year history (ending with the fiscal year 2018-19) 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 2019-20.

Secured Tax Charges and Delinquencies of the District

<u>Fiscal Year</u>	<u>Secured Tax Charge ⁽¹⁾</u>	<u>Delinquent as of June 30</u>	
		<u>Amount</u>	<u>Percent</u>
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

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 1-007, a tax rate area within the District, for the ten fiscal years ending with the fiscal year 2019-20.

Typical Total Tax Rates

<u>Fiscal Year</u>	<u>General</u>	<u>Beaumont Unified School District</u>	<u>Mount San Jacinto Comm. College District</u>	<u>San Geronio Memorial HCD</u>	<u>San Geronio Pass Water Agency</u>	<u>Total</u>
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

Source: California Municipal Statistics, Inc.

Largest Taxpayers

The twenty largest taxpayers in the District as shown on the 2019-20 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 \$814,988,303 or 8.95% of the District's 2019-20 total secured assessed value.

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
Largest 2019-20 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2019-20 Assessed Valuation</u>	<u>Percent of Total ⁽¹⁾</u>
1.	Chelsea GCA Realty Partnership	Outlet Stores	\$248,054,139	2.72%
2.	USEF Crossroads I & II	Industrial	89,178,085	0.98
3.	Nestle Waters North America Inc.	Industrial	66,557,169	0.73
4.	Pardee Homes	Residential Development	48,108,112	0.53
5.	Frederick J. Hanshaw	Shopping Center	44,248,078	0.49
6.	CJ Foods Manufacturing	Industrial	32,640,000	0.36
7.	Ambest Real Estate	Industrial	32,321,741	0.35
8.	Mesa Verde RE Ventures	Vacant	25,501,536	0.28
9.	San Gorgonio Land	Vacant	23,339,914	0.26
10.	Wal Mart Real Estate Business Trust	Commercial	22,669,728	0.25
11.	Lennar Homes of California	Residential Development	22,138,032	0.24
12.	MLD Banning Investors	Assisted Living Facility	21,339,001	0.23
13.	SDC Fairway Canyon	Residential Development	21,110,508	0.23
14.	Project Royal	Residential Development	19,921,673	0.22
15.	Lowes HIW Inc.	Commercial	18,420,217	0.20
16.	Lassen Development Partners	Vacant Commercial	17,294,610	0.19
17.	Thrifty Payless Inc.	Commercial	17,261,224	0.19
18.	Trinity Partners	Vacant Commercial	15,956,272	0.18
19.	Kohl's Department Stores Inc.	Commercial	14,493,000	0.16
20.	Highland Springs Conference Center	Resort	<u>14,435,264</u>	<u>0.16</u>
			<u>\$814,988,303</u>	<u>8.95%</u>

Source: California Municipal Statutes, Inc.

⁽¹⁾ 2019-20 Local Secured Assessed Valuation: \$9,106,424,407

Direct and Overlapping Bonded Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., and dated July 20, 2020. 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.

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

2019-20 Assessed Valuation: \$9,482,256,303

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/20</u>	
Desert and San Bernardino Valley Joint Community College Districts	0.016 & 0.047%	\$ 394,843	
Mount San Jacinto Community College District	9.798	15,456,345	
Banning Unified School District	99.951	58,804,315	
Beaumont Unified School District	97.311	88,852,228	
Palm Springs Unified School District	0.043	151,468	
Riverside County Flood Control and Water Conservation District Promissory Notes	0.053	6,641	
San Gorgonio Healthcare District	100.	104,230,000	(1)
City of Beaumont Community Facilities District No. 93-1	100.	218,706,424	
City of Beaumont Community Facilities District Nos. 2016-1, 2016-4	100.	12,975,000	
1915 Act Bonds	100.	<u>11,989,874</u>	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$511,567,138	

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	3.204%	\$24,344,246
Riverside County Pension Obligation Bonds	3.204	30,079,953
Banning Unified School District Certificates of Participation	99.951	9,045,566
Beaumont Unified School District Certificates of Participation	97.311	7,539,365
Yucaipa-Calimesa Joint Unified School District Certificates of Participation	0.623	42,115
City of Banning Certificates of Participation	100.	212,276
Other Cities General Fund and Pension Obligations	Various	<u>53,488</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$71,317,009

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		
Banning Redevelopment Agency	100. %	\$28,755,000
Riverside County Redevelopment Agency	2.980 – 49.308	<u>16,723,535</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$45,478,535

COMBINED TOTAL DEBT **\$628,362,682** (2)

- (1) Excludes general obligation bonds to be sold.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

Direct Debt (\$104,230,000)	1.10%
Total Direct and Overlapping Tax and Assessment Debt.....	5.39%
Combined Total Debt.....	6.33%

Ratios to Redevelopment Incremental Value (\$1,475,881,016):

Total Overlapping Tax Increment Debt.....	3.08%
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Source: California Municipal Statistics, Inc.

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 June 30 for each fiscal year. 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 do the same in future years.

Largest Employers

Riverside County enjoys a diverse labor pool as a result of its role as a regional manufacturing, service and retail center. Riverside 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 Riverside County.

**RIVERSIDE COUNTY
Largest Employers**

<u>Company</u>	<u>Product/Service</u>	<u>Employees</u>
County of Riverside	County Government	21,672
Amazon	E-Commerce	10,500
University of California Riverside	University	9,770
March Air Reserve Base	Government/Military Reserve Base	9,600
Stater Brothers Markets	Grocery Retailer	8,304
Kaiser Permanente Riverside	Healthcare	5,700
Pechanga Resort & Casino	Resort Casino	5,078
Wal-Mart	Retail Store	4,931
Corona-Norco Unified School District	Education	4,903
Hemet Unified School District	Education	4,046

Source: Riverside County Economic Development Agency, 2019

Commercial Activity

The city of Banning is the retail center for the District and experienced a 31% increase in retail sales from 2016 to 2018, and Riverside County experienced a 13% 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 Riverside County for the calendar years 2016 through 2018. Information is not yet available for the full year of 2019.

	<u>2016</u>	<u>2017</u>	<u>2018</u>
City of Banning			
Sales Tax Permits	469	507	519
Taxable Sales	\$192,448,599	\$226,169,705	\$251,422,362
Riverside County			
Sales Tax Permits	57,742	58,969	61,433
Taxable Sales	\$34,483,693,543	\$36,407,460,100	\$38,837,736,203

Source: Department of Tax and Fee Administration

Agriculture

The Riverside 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 Riverside County's economy. Riverside County grows over 100 commercial crops and ranks as the fourteenth most productive agricultural county in California. Riverside 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 Riverside County increased by approximately 1.8% from 2016 to 2018. The following table summarizes historical agricultural production in total valuation within Riverside County for the years 2016 through 2018.

	<u>2016</u>	<u>2017</u>	<u>2018</u>
(In thousands)			
Citrus	\$ 200,101	\$ 177,055	\$ 170,775
Tree & Vine	227,444	228,315	249,150
Vegetables, Melons, Misc.	365,157	331,986	371,570
Field & Seed	97,184	96,063	93,282
Nursery	150,426	153,749	165,758
Apiculture	5,082	5,415	5,473
Aquaculture	4,624	4,764	4,732
Livestock & Poultry	<u>225,758</u>	<u>221,175</u>	<u>238,468</u>
Totals	<u>\$1,275,776</u>	<u>\$1,218,522</u>	<u>\$1,299,208</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.

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 covenants could cause interest on the Bonds to become includable 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 (i) is excludable from the gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals, and (iii) is not taken into account in computing "adjusted current earnings" as described below.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within their respective 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 each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the 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 "Reduced Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Internal Revenue Code of 1986, as amended (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. Such treatment would apply to any purchaser who purchases a Bond for a price that is less than its Revised Issue Price. 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 Bond. 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 Bond.

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 “IRS”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Issuer as a taxpayer and the Bondholders 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 IRS. 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 IRS 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 opinion 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.

RATING

Moody’s has assigned the rating of “___” to the Bonds based upon the District’s own credit and the source of payment for the Bonds. No application was made by the District to any other rating agency for the purpose of obtaining additional ratings on the Bonds.

Such rating reflects only the views of Moody’s, and any explanation of the significance of such rating may only be obtained from Moody’s. Generally, rating agencies base their ratings on information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. The District furnished to Moody’s certain information and materials that have not been included in this Official Statement.

There is no assurance that the ratings mentioned above will remain in effect for any given period of time or that the rating might not be lowered or withdrawn entirely by Moody's, if in its judgment circumstances so warrant. The Underwriters have undertaken no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the ratings or to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of the ratings might have an adverse effect on the market price or marketability of the Bonds affected.

MISCELLANEOUS

Underwriting

The Bonds are being purchased by the underwriters listed on the cover of this Official Statement (the "Underwriters") at a purchase price of \$_____ (representing the par amount of the Bonds of \$_____, plus an original issue premium of \$_____ and less an Underwriters' discount of \$_____).

The bond purchase contract for the Bonds provides that the Underwriters will purchase all of the Bonds, if any are purchased, and contain the agreement of the District to indemnify the Underwriters against certain liabilities to the extent permitted by law. The obligation of the Underwriters to make such purchase is subject to certain terms and conditions set forth in the bond purchase contract.

The Underwriters may offer and sell the Bonds to certain dealers and others at prices or yields different from the prices or yields stated on the cover to this Official Statement. The offering prices or yields may be changed from time to time without notice by the Underwriter.

Piper Sandler & Co., one of the Underwriters of the Bonds, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Bonds, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from Piper Sandler at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

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 Underwriters 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 the 2008 Bonds, the 2013 Bonds, the 2014 Bonds and the 2015 Bonds.

The District has determined that its continuing disclosure submissions to Electronic Municipal Market Access ("EMMA") over the last five years with respect to its 2013 Bonds, 2014 Bonds and 2015 Bonds pertaining to annual disclosure of financial information and operating data have not fully complied with its continuing disclosure obligations.

Moreover, 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, about 5 days late.

Set forth below in table form is information outlining separately the required Annual Report and operating data disclosures pertaining to the 2013 Bonds, the 2014 Bonds and the 2015 Bonds (for example, the annual audit, tax information 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>2013 Bonds</u>		
Audited Financials for FY 2017	March 31, 2018	11 days
Operating Data for FY 2015	March 31, 2016	1 day

Operating Data for FY 2018	March 31, 2019	194 days
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2014 Bonds

Audited Financials for FY 2015	March 31, 2016	1 day
Audited Financials for FY 2017	March 31, 2018	11 days
Operating Data ⁽¹⁾ for FY 2015	March 31, 2016	1 day
Operating Data ⁽¹⁾ for FY 2018	March 31, 2019	194 days

2015 Bonds

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.

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.

Additional Information

The summaries or descriptions of provisions of the Bonds, the Resolution 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 Official Statement. Copies, in reasonable quantity, of the Resolution 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 Paying Agent.

The District has authorized and consented to the execution and distribution of this Official Statement. This Official Statement 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

APPENDIX B

**AUDITED COMBINED FINANCIAL STATEMENTS OF THE SYSTEM AS OF AND FOR THE
FISCAL YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018**

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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 Underwriters take 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 effect 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 Paying Agent 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 Paying Agent 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 Paying Agent 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 Paying Agent, 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 Paying Agent. 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 UNDERWRITERS, THE PAYING AGENT 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 RESOLUTION 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 D

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

RESOLUTION NO. 2020-06

RESOLUTION APPROVING A DEBT MANAGEMENT POLICY

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

WHEREAS, pursuant to the provisions of section 8855(i) of the California Government Code, prior to the issuance or incurrence of any debt, the District is required to adopt local debt policies concerning the use of debt and that any proposed debt issuance is consistent with those local debt policies; and

WHEREAS, a debt management policy has been developed for the District and the Board desires to adopt such policy in connection with any proposed debt of the District;

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

Section 1. The debt management policy, in the form attached hereto as Exhibit A (the "Debt Policy"), is hereby adopted by the Board for the District. The Debt Policy has been developed to provide guidance in the issuance and management of debt by the District or its related entities and is intended to comply with section 8855(i) of the California Government Code effective on January 1, 2017. The main objectives are to establish conditions for the use of debt, to ensure that debt capacity and affordability are adequately considered, to minimize the District's interest and issuance costs, to maintain the highest possible credit rating, to provide complete financial disclosure and reporting and to maintain financial flexibility for the District.

Section 2. Appropriate officers and officials of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish the provisions and directives of this resolution.

Section 3. This resolution shall be effective upon adoption by the Board.

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of San Gorgonio Memorial Healthcare District held on the 4th day of August, 2020, by the following vote:

AYES, and in favor of, Board Members:

NOES, Board Members:

ABSENT, Board Members:

By _____
Secretary

EXHIBIT A

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT DEBT MANAGEMENT POLICY

This Debt Management Policy (the “Debt Policy”) of SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT (the “District”) was approved by the Board of Directors of the District (the “Board”) on August 4, 2020. The Debt Policy may be amended by the Board as it deems appropriate from time to time in the prudent management of the debt of the District.

This Debt Policy will also apply to any debt issued by any other public agency for which the Board of the District acts as its legislative body.

The Debt Policy has been developed to provide guidance in the issuance and management of debt by the District or its related entities and is intended to comply with section 8855(i) of the California Government Code effective on January 1, 2017. The main objectives are to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the District’s interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the District.

Debt, properly issued and managed, is a critical element in any financial management program. It assists in the District’s effort to allocate limited resources to provide the highest quality of service to the public. The District understands that poor debt management can have ripple effects that hurt other areas of the District. On the other hand, a properly managed debt program promotes economic growth and enhances the vitality of the District for its residents and businesses.

1. Findings

This Debt Policy shall govern all debt undertaken by the District. The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District’s sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the District’s credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers and constituents of the District.
- Ensure that the District’s debt is consistent with the District’s planning goals and objectives and capital improvement program or budget, as applicable.
- Encourage those that benefit from a facility/improvement to pay the cost of that facility/improvement without the need for the expenditure of limited general fund resources.

2. Policies

A. Purposes for Which Debt May Be Issued

The District will consider the use of debt financing primarily for capital improvement projects ("CIP") when the project's useful life will equal or exceed the term of the financing and when resources are identified sufficient to fund the debt service requirements. An exception to this CIP driven focus is the issuance of short-term instruments such as tax and revenue anticipation notes, which are to be used for prudent cash management purposes and conduit financing, as described below. Bonded debt should not be issued for projects with minimal public benefit or support, or to finance normal operating expenses.

If a department has any project which is expected to use debt financing, the department director is responsible for expeditiously providing the Chief Executive Officer and the Chief Financial Officer with reasonable cost estimates, including specific revenue accounts that will provide payment for the debt service. This will allow an analysis of the project's potential impact on the District's debt capacity and limitations. The department director shall also provide an estimate of any incremental operating and/or additional maintenance costs associated with the project and identify sources of revenue, if any, to pay for such incremental costs.

(i) Long-Term Debt. Long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and/or operated by the District.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic and/or specialized services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the District, its taxpayers and patients.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The District may use long-term debt financings subject to the following conditions:

- The project to be financed has been or will be approved by the Board.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed unless specific conditions exist that would mitigate the extension of time to repay the debt and it would not cause the District to violate any covenants to maintain the tax-exempt status of such debt, if applicable.
- The District estimates that sufficient income or revenues will be available to service the debt through its maturity.

- The District determines that the issuance of the debt will comply with the applicable requirements of state and federal law.
- The District considers the improvement/facility to be of vital, time-sensitive need of the community and there are no plausible alternative funding sources.

(d) Periodic reviews of outstanding long-term debt will be undertaken to identify refunding opportunities. Refundings will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding. Refundings which are non-economic may be undertaken to achieve District objectives relating to changes in covenants, call provisions, operational flexibility, tax status of the District or its debt profile.

In general, refundings which produce a net present value savings of at least four percent of the outstanding principal amount of the refunded debt will be considered economically viable. Refundings which produce a net present value savings of less than four percent or negative savings will be considered on a case-by-case basis, and are subject to special circumstances.

(ii) Short-term debt. Short-term borrowings may be issued to generate funding for cash flow needs in the form of Tax and Revenue Anticipation Notes (“TRAN”).

Short-term borrowings, such as commercial paper, and lines of credit, will be considered as an interim source of funding in anticipation of long-term borrowing or cash flow repayment. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing-related costs. Prior to issuance of the short-term debt, a reliable revenue source shall be identified to secure repayment of the debt. The final maturity of the debt issued to finance the project shall be consistent with the economic or useful life of the project and, unless the Board determines that extraordinary circumstances exist, must not exceed seven years.

Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment, and such equipment leases may be longer than seven years.

(iii) Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein. In no event will the District incur any liability or assume responsibility for payment of debt service on such debt.

B. Types of Debt

In order to maximize the financial options available to benefit the public, it is the policy of the District to allow for the consideration of issuing all generally accepted types of debt, including, but not exclusive to the following:

- General Obligation Bonds (“GO Bonds”): GO Bonds are suitable for use in the construction or acquisition of improvements to real property that benefit the public at large. Examples of projects include hospitals, clinics, and other public safety facilities. All GO Bonds shall be authorized by the requisite number of votes in order to pass.

- Revenue Bonds: Revenue Bonds are limited-liability obligations tied to a specific enterprise or special fund revenue stream where the projects financed clearly benefit or relate to the enterprise or are otherwise permissible uses of the special revenue. Generally, no voter approval is required to issue this type of obligation.
- Lease-Backed Debt/Certificates of Participation (“COP”): Issuance of Lease-backed debt is a commonly used form of debt that allows a public entity to finance projects where the debt service is secured via a lease or installment sale agreement and where the payments are budgeted in the annual budget of the District from the general fund. COPs do not constitute indebtedness under the state or the District’s constitutional debt limit and do not require voter approval.

The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

To maintain a predictable debt service burden, the District will give preference to debt that carries a fixed interest rate. An alternative to the use of fixed rate debt is variable rate debt. The District may choose to issue debt that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of securities. When making the determination to issue debt in a variable rate mode, consideration will be given in regards to the useful life of the project or facility being financed or the term of the project requiring the funding, market conditions, credit risk and third-party risk analysis, and the overall debt portfolio structure when issuing variable rate debt for any purpose. The maximum amount of variable rate debt should be limited to no more than 20% of the total debt portfolio.

The District should not employ derivatives, such as interest rate swaps, in its debt program. A derivative product is a financial instrument which derives its own value from the value of another instrument, usually an underlying asset such as a bond or an underlying reference such as an interest rate. Derivatives are commonly used as hedging devices in managing interest rate risk and thereby reducing borrowing costs. However, these products bear certain risks not associated with standard debt instruments.

C. Relationship of Debt to Capital Improvement Program and Budget

The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District’s capital budget and the capital improvement plan.

The District will strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear, unless a specific revenue source has been identified for this purpose, such as parcel tax funds.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District’s public purposes.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

D. Policy Goals Related to Planning Goals and Objectives

The District is committed to financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operating budget.

It is a policy goal of the District to protect taxpayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

Except as described in Section 2.A., when refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations minimum net present value debt service savings equal to or greater than 4% of the principal amount of the debt being refinanced.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the District's investment policies as they relate to the investment of bond proceeds.

Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds. The District will submit a requisition only after obtaining the signature of the Chief Executive Officer or the Chief Financial Officer.

F. Waivers of Debt Policy

There may be circumstances from time to time when strict adherence to a provision of this Debt Policy is not possible or in the best interests of the District and the failure of a debt financing to comply with one or more provisions of this Debt Policy shall in no way affect the validity of any debt issued by the District in accordance with applicable laws.

TAB E



San Gorgonio Memorial Health Care District Board Report

San Gorgonio Memorial Medical Clinic

Holly Yonemoto, Administrator

August 2020

OPERATIONS REPORT

STAFFING

In July, we had a significant decrease in volume comparative to June in both orthopedic and urology patient visits. The clinic continues to offer telehealth visits for those wanting to seek care remotely. Our current staffing includes 2 physicians and 3 staff (1 LVN, 1 MA Asst, 1 scheduling/billing).

ORTHOPEDIC VOLUME AND ED COVERAGE

The orthopedic volume for the month of July consults and surgeries reduced approximately 30% in comparison to June due to the surge and increased self-isolation. Dr. Reis continues to cover 7-14 days of on-call coverage for the SGMH Emergency Department (ED). Arrowhead Orthopedics is covering the remainder of the days so we have 24hour/7 days a week orthopedic ED coverage. The additional coverage has enabled us to have full orthopedic coverage in the ED for the recent months and beyond – with Dr. Reis continuing on-call coverage after September as an Arrowhead Orthopedic physician.

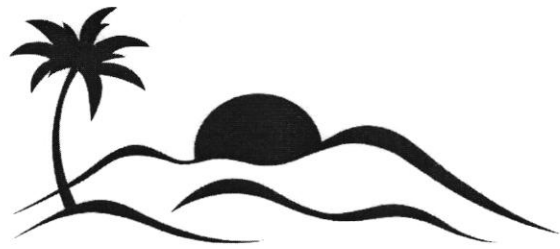
UROLOGY VOLUME AND ED COVERAGE

The urology volume has had a significant decrease likely due to the Covid surge and individuals not coming to the ED for urologic reasons. The inpatient consults decreased approximately 70% from June to July. In June, there was an all-time high of 41 inpatient consults and 4 surgeries (that coincided with the opening of the businesses) and then July had only 8 inpatient consults and 2 procedures – likely a reduction due to Covid and patient related self- isolation/concern. Our urologist, Dr. Arthur Dick continues to be so valuable to the hospital and hospitalists. He facilitates the prevention of patient transfers so the patients can stay in our facility for the duration of their care, which is especially important during the impact of Covid 19 on hospitals and the reductions in ability to transfer.

MARKETING

The marketing for the clinic currently includes the clinic website as well as marketing through Google searches. We may also begin co-advertising with Arrowhead Orthopedics to help patients transition and assure them Dr. Reis will continue to be accessible for care at the Arrowhead Orthopedics clinic in the local area as well as be able to have surgery at SGMH.

TAB F



SAN GORONIMO
MEMORIAL HEALTHCARE
DISTRICT

June 2020 Unaudited Financial Report

FY 2020

Presented by:

M. Kammer

Page 1

**SAN GORGONIO MEMORIAL DISTRICT
BANNING, CALIFORNIA**

6/30/20

FY 2020

		ACT CUR	BUD CUR	PRIOR YR	ACT YTD	BUD YTD	Prior YTD
		06/30/20	06/30/20	06/30/19	06/30/20	06/30/20	06/30/19
Gross Patient Revenue							
Inpatient Routine Revenue	1	\$0	\$0	\$0	\$0	\$0	\$0
Inpatient Ancillary Revenue	2	0	0	0	0	0	0
Outpatient Revenue	6	0	0	0	0	0	0
Long Term Care Revenue	8	0	0	0	0	0	0
Home Health Revenue	9	0	0	0	0	0	0
Total Gross Patient Revenue		0	0	0	0	0	0
Discounts and Allowances							
Discounts and Allowances	10	0	0	0	0	0	0
Bad Debt Expense (Governmental Provic	11	0	0	0	0	0	0
Prior Year Settlements	12	0	0	0	0	0	0
Charity Care	13	0	0	0	0	0	0
Total Deductions From Revenue		0	0	0	0	0	0
Net Patient Revenue		0	0	0	0	0	0
Other Operating Revenue							
Other Operating Revenue	14	\$2,765	\$4,407	\$1,694	43,850	51,228	701,480
Clinic Revenues	14.6	(\$21,816)	\$27,753	\$72,779	156,518	333,034	311,215
## Tax Subsidies Measure D	32	\$188,750	\$205,227	\$268,854	2,393,627	2,462,729	2,359,293
## Tax Subsidies Advelorum	35	\$112,500	\$123,322	\$126,817	1,368,731	1,479,860	1,384,656
## Other Non-Operating Revenue - Grants	36	\$23	\$0	\$96,724	108,763	195,000	193,913
		282,223	360,709	566,868	4,071,489	4,521,851	4,950,556
EXPENSES							
29 Salaries and Wages	15	\$0	\$0	\$0	0	0	0
30 Fringe Benefits	16	\$0	\$0	\$0	0	0	0
31 Contract Labor	17	\$0	\$0	\$0	0	0	0
32 Physicians Fees	18	\$0	\$0	\$0	0	0	0
33 Purchased Services	19	\$34,258	\$47,132	\$25,347	430,031	565,589	307,747
34 Supply Expense	20	\$0	\$0	\$0	554	0	664
35 Utilities	21	\$0	\$833	\$1,660	19,940	10,000	47,291
36 Repairs and Maintenance	22	\$10,283	\$4,167	\$8,990	91,368	50,000	98,186
37 Insurance Expense	23	\$0	\$0	\$0	0	0	0
38 All Other Operating Expenses	24	\$23,741	\$1,296	\$840	74,158	15,554	118,575
IGT Expense	25	\$0	\$0	\$0	0	0	0
## Leases and Rentals	26	\$0	\$0	\$0	0	0	0
## Clinic Expenses	26.5	\$73,464	\$99,817	\$190,651	806,164	1,197,805	959,555
		141,745	153,246	227,487	1,422,215	1,838,948	1,532,019
EBIDA		140,478	207,463	339,381	2,649,274	2,682,903	3,418,537
## Depreciation							
## Depreciation	27	\$558,911	\$500,000	\$460,976	6,077,964	6,000,000	5,973,693
## Interest Expense (Non-Governmental Pr							
## Interest Expense (Non-Governmental Pr	29	\$387,548	\$391,112	\$448,586	4,675,287	4,693,339	4,860,044
		946,459	891,112	909,562	10,753,251	10,693,339	10,833,737
50 Contributions	30	\$168,652	\$16,667	\$0	331,846	200,004	82,964
## Tax Subsidies for GO Bonds - M-A	34	\$598,629	\$605,781	\$729,404	7,666,352	8,000,000	8,309,602
Total Non Operating Revenue/(Expense)		767,281	622,448	729,404	7,998,198	8,200,004	8,392,566
NET INCOME		(\$38,700)	(\$61,201)	\$159,224	(\$105,779)	\$189,568	\$977,367

Balance Sheet - Assets

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

BANNING, CALIFORNIA

6/30/20

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		Current Month 06/30/2020	Prior Month 05/31/2020	ASSETS Positive/ (Negative) Variance	Percentage Variance	Prior Year 06/30/2019
ALL CASH (Healthcare System)		\$12,264,322	\$2,627,695			\$2,627,695
Current Assets -DISTRICT ONLY						
Cash and Cash Equivalents	2000	\$3,500,626	\$936,775	\$2,563,851	273.69%	\$3,109,902
Gross Patient Accounts Receivable	2300	\$0	\$0	\$0	0.00%	\$0
Less: Bad Debt and Allowance Reserve	2305	\$0	\$0	\$0	0.00%	\$0
Net Patient Accounts Receivable		\$0	\$0	\$0	0.00%	\$0
Interest Receivable	2360	\$1,154,437	\$3,223,767	(\$2,069,330)	-64.19%	\$566,680
Other Receivables	9999	\$0	\$0	\$0	0.00%	\$0
Inventories	2500	\$0	\$0	\$0	0.00%	\$0
Prepaid Expenses	2600	\$72,875	\$116,590	(\$43,715)	-37.49%	\$263,423
Due From Third Party Payers	2400	\$0	\$0	\$0	0.00%	\$0
Due From Affiliates/Related Organization	2420	\$0	\$0	\$0	0.00%	\$0
Other Current Assets	2430	\$0	\$0	\$0	0.00%	\$0
Total Current Assets		4,727,938	4,277,132	450,806	10.54%	3,940,006
Assets Whose Use is Limited						
Cash				\$0	0.00%	
Investments	2800	\$9,387,717	\$7,475,698	\$1,912,019	25.58%	\$8,854,421
Bond Reserve/Debt Retirement Fund		\$0	\$0	\$0	0.00%	\$0
Trustee Held Funds		\$0	\$0	\$0	0.00%	\$0
Funded Depreciation		\$0	\$0	\$0	0.00%	\$0
Board Designated Funds		\$0	\$0	\$0	0.00%	\$0
Other Limited Use Assets		\$0	\$0	\$0	0.00%	\$0
Total Limited Use Assets		9,387,717	7,475,698	(7,475,698)	-100.00%	8,854,421
Property, Plant, and Equipment						
Land and Land Improvements	3100	\$6,686,845	\$4,820,671	\$1,866,174	38.71%	\$4,820,671
Building and Building Improvements	3120	\$127,399,218	\$129,283,884	(\$1,884,666)	-1.46%	\$129,283,884
Equipment	3140	\$26,360,626	\$25,869,670	\$490,956	1.90%	\$25,586,875
Construction In Progress	3160	\$8,391,329	\$8,391,329	\$0	0.00%	\$8,390,249
Capitalized Interest		\$0	\$0	\$0	0.00%	\$0
Gross Property, Plant, and Equipment		\$168,838,018	\$168,365,553	\$472,465	0.28%	\$168,081,679
Less: Accumulated Depreciation	3200	(\$77,159,178)	(\$74,087,997)	(\$3,071,181)	4.15%	(\$71,114,751)
Net Property, Plant, and Equipment	0	91,678,839	94,277,556	(2,598,716)	-2.76%	96,966,928
Other Assets						
Unamortized Loan Costs	3400	\$1,449,675	\$1,459,634	(\$9,958)	-0.68%	\$12,419,080
Assets Held for Future Use		\$0	\$0	\$0	0.00%	\$0
Investments in Subsidiary/Affiliated Org.	2601	\$12,849,427	\$12,153,974	\$695,453	5.72%	\$0
Other		\$0	\$0	\$0	0.00%	\$0
Total Other Assets		14,299,102	13,613,607	685,494	5.04%	12,419,080
TOTAL UNRESTRICTED ASSETS		120,093,596	119,643,993	449,603	0.38%	122,180,435
Restricted Assets		\$0	\$0	\$0	0.00%	\$0
TOTAL ASSETS		\$120,093,596	\$119,643,993	\$449,603	0.38%	\$122,180,435

Balance Sheet - Liabilities and Net Assets
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
BANNING, CALIFORNIA

6/30/20

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		Cur Month	Prior Month	Positive/ (Negative)	Percentage	Prior
		06/30/2020	05/31/2020	Variance	Variance	Year 06/30/2019
Current Liabilities						
Accounts Payable	4100	\$332,738	\$267,680	\$65,058	24.30%	\$89,989
Notes and Loans Payable	4400	\$0	\$0	\$0	0.00%	\$0
Accounts Payable- Construction	4105	\$0	\$0	\$0	0.00%	\$0
Accrued Payroll Taxes	4300	\$0	\$0	\$0	0.00%	\$0
Accrued Benefits	4120	\$0	\$0	\$0	0.00%	\$0
Accrued Pension Expense (Current Portion)		\$0	\$0	\$0	0.00%	\$0
Other Accrued Expenses		\$0	\$0	\$0	0.00%	\$0
Accrued GO Bond Interest Payable	4450	\$2,020,229	\$2,020,229	(\$0)	0.00%	\$2,049,304
Property Tax Payable	4420	\$0	\$0	\$0	0.00%	\$0
Due to Third Party Payers	4430	\$0	\$0	\$0	0.00%	\$0
Advances From Third Party Payers		\$0	\$0	\$0	0.00%	\$0
Current Portion of LTD (Bonds/Mortgages)	4060	\$2,335,000	\$2,335,000	\$0	0.00%	\$2,095,000
Current Portion of LTD (Leases)	4075	\$0	\$0	\$0	0.00%	\$0
Other Current Liabilities		\$0	\$0	\$0	0.00%	\$0
Total Current Liabilities		4,687,967	4,622,909	(65,058)	-1.41%	4,234,293
Long Term Debt						
Bonds/Mortgages Payable	4510	\$108,213,822	\$108,308,339	(\$94,516)	-0.09%	\$110,761,547
Leases Payable	4500	\$0	\$0	\$0	0.00%	\$0
Current Portion		\$0	\$0	\$0	0.00%	\$0
Total Long Term Debt		108,213,822	108,308,339	(94,516)	-0.09%	110,761,547
Other Long Term Liabilities						
Deferred Revenue		\$0	\$0	\$0	0.00%	\$0
Accrued Pension Expense (Net of Current)		\$0	\$0	\$0	0.00%	\$0
Other		\$0	\$0	\$0	0.00%	\$0
Total Other Long Term Liabilities		0	0	0	0.00%	0
TOTAL LIABILITIES		112,901,790	112,931,248	29,458	0.03%	114,995,840
Net Assets:						
Unrestricted Fund Balance	5400	\$7,297,586	\$7,297,586	\$0	0.00%	\$6,320,219
Temporarily Restricted Fund Balance	5401	\$0	\$0	\$0	0.00%	\$0
Restricted Fund Balance	5402	\$0	\$0	\$0	0.00%	\$0
Net Revenue/(Expenses)	5403	(105,779)	(584,841)	479,061	-81.91%	864,375
TOTAL NET ASSETS		7,191,807	6,712,745	(479,061)	-7.14%	7,184,594
TOTAL LIABILITIES AND NET ASSETS		\$120,093,596	\$119,643,993	(\$449,603)	-0.38%	\$122,180,435
		\$0.00	\$0.00			\$0.00

TAB G

San Geronio Memorial Healthcare District

Measure A analysis of Project Funds Paid by General Category

6/30/2020

	Measure A	Current Month-Measure A	District Funds
	<u>Project-to-Date</u>	<u>06/30/2020 UPDATE</u>	<u>06/30/2020 UPDATE</u>
Computer Equipment	\$ 5,311,028	\$ -	
Radiology Equipment	\$ 1,526,641	\$ -	
Legal/Regulatory/Bonds	\$ 3,143,910	\$ -	
Architectural (HDR)-ALL PHASE 1 PROJE	\$ 11,756,851	\$ -	
Construction Management-ALL PHASE 1 F	\$ 12,875,601	\$ -	
Contractors 1-A (HELIPAD/COOLING TOW	\$ 7,814,103	\$ -	
Other	\$ 3,021,460	\$ -	
Contractors 1-B (CENTRAL PLANT)	\$ 20,800,201	\$ -	
Contractors 1-C (ED/ICU)	\$ 28,157,355	\$ -	
Contractors 1-E Dietary Remodel	\$ 5,225,946	\$ -	
Contractors 1-Medley Project	\$ 4,796,620	\$ -	
Previous Expenditures for Measure A-Phase 1	\$ 104,429,717	\$ -	
Contractors, Architect, Mgmt - 2-A Patient Facility prior to 9/	\$ 7,015,575		
Expenditures prior to 9/01/14 all phases	<u>\$ 111,445,293</u>		
Project expenditures using District Funds			
TCU Coversion 0001	\$0.00	\$0.00	\$ 108,612
Medical Records Conversion 0004	\$0.00	\$0.00	\$ 13,618
Pharmacy Conversion 0005	\$0.00	\$0.00	\$ 50,447
CIP Patient Care Facility-0008	\$0.00	\$0.00	\$ 2,100
Project Expenditures using Measure A funds			
TCU Coversion 0001	\$ 539,852.53	\$0.00	
Medical Records Conversion 0004	\$0.00	\$0.00	
Pharmacy Conversion 0005	\$0.00	\$0.00	
CIP Patient Care Facility-0008	\$1,329,536.28	\$0.00	\$0.00
OR Electrical Conversion	\$0.00	\$0.00	\$39,751.00
Other Construction Costs	\$150,247.92	\$0.00	
Other Non-Construction Costs	\$193,576.42	\$0.00	\$5,955.22
Total Expenditures	\$ 113,658,506	\$ -	\$ 220,483

Measure A Project General Obligation Funds
Statement of Funds Flows

PROCEEDS SUMMARY:	
Initial Project Fund transfer from sale of General Obligation Bonds 2006 A to FSA a	25,200,349
Initial Project Fund Transfer from sale of General Obligation Bonds 2006 B (08/08/20	24,876,964.91
Initial Project Fund from sale of General Obligation Bonds 2006 C (08/14/2009)	57,800,000
Planholder Checks project to date and refunds for overpayments	24,072
HDR Returned payments	139,979
Initial Proceeds	108,041,365
Investment Income	
FSA Inc. (Series 2006 A)	1,762,060
BB&T GIC (Series 2008 B)	1,461,176
Bank of Hemet Series A	1,001
City National Money Market	81
GE Capital (Series 2009 C)	2,638,823
Security Bank Money Market	38,644
Interest Income SUBTOTAL	5,901,785
Total Proceeds Available for Measure A:	\$ 113,943,150

Projected Interest by end of Project>	5,912,351
Total Projected Proceeds Available for Measure A:	\$ 113,953,716

FUND FLOWS:		
Total Measure A Funds Initial Proceeds (from above)		108,041,364.81
Add:	<u>Rate</u>	<u>Interest Income</u>
FSA Inc. (Series 2006 A), FY 07	5.27%	1,030,536.43
FSA Inc. (Series 2006 A), FY 08	5.27%	635,706.73
FSA Inc. (Series 2006 A), FY 09	5.27%	95,817.32
BB&T GIC (Series 2008 B) FY 09	4.94%	680,384
BB&T GIC (Series 2008 B) FY 10	4.94%	648,151
BB&T GIC (Series 2008 B) FY 11	4.94%	132,640
GE Capital (Series 2009 C) FY 10	1.75%	688,722
GE Capital (Series 2009 C) FY 11	1.75%	956,529
GE Capital (Series 2009 C) FY 12	1.75%	591,104.24
GE Capital (Series 2009 C) FY 13	1.75%	293,402.39
GE Capital (Series 2009 C) FY 14	1.75%	109,065.59
Bank of Hemet Series A		1,001
City National Money Market		81
Security Bank Construction funds		1,126
Security Bank Construction Money Market		37,518
Total Interest Income earned		\$ 5,901,785
Project Expenditures (from above)		\$ 113,658,506
Total Consolidated Funds available:		\$ 284,644.52
	spent to date	100%

MEASURE A BALANCES:	
	Balances as of 06/30/2020
Bank of Hemet Series A	4310
Security Bank of California Construction Fu	1812
Security Bank of California Money Market	2509
Total Balances	\$ 284,645
VARIANCE	\$ (0.00)

TAB H

Update on Medical Office Building reimbursements

Billings From

1/1/2011 Thru

6/30/2020

SUMMARY

		<u>TOTAL BILLED</u>	<u>TOT COLLECTED</u>	<u>AMT DUE</u>	<u>Mos in arrears</u>
Building #1	San Gorgonio Investors	\$39,785.54	\$39,800.44	-\$14.90	-1
Building #2	Ahsan Qazi, MD & Jeung Yoo, MD Highland Springs Medical Building Partners	\$55,153.29	\$53,630.67	\$1,522.62	3
Building #3	Ahsan Qazi, MD & Jose Limon, Memorial Hospital Professional Building	\$53,287.48	\$51,165.56	\$2,121.92	4
Building #4	Rancho Paseo Medical Group	\$57,151.50	\$52,588.04	\$4,563.46	8
Building #5	Rancho Paseo Medical Group Highland Springs LLC	\$55,290.93	\$48,647.67	6643.26	14
Lots 6 & 7	Wellness Properties-Dr. Borna	\$78,622.32	\$76,569.03	\$2,053.29	2
TOTALS		\$339,291.06	\$322,401.41	\$16,889.65	

Building #1		Building #1	Building #2		Building #2	Building #3		Building #3	Building #4		Building #4	Building #5		Building #5	Lots 6 & 7		Wellness Properties
	San Gorgonio Investors	San Gorgonio Investors	Ahsan Qazi, MD & Jeung Yoo, MD	Ahsan Qazi, MD & Jeung Yoo, MD	Ahsan Qazi, MD & Jose Limon, MD	Ahsan Qazi, MD & Jose Limon, MD	Rancho Paseo Medical Group	Rancho Paseo Medical Group	Rancho Paseo Medical Group	Rancho Paseo Medical Group	Rancho Paseo Medical Group	Wellness Properties	Wellness Properties		Wellness Properties	Wellness Properties	
Date	Billed	Collected	Billed	Collected	Billed	Collected	Billed	Collected	Billed	Collected	Billed	Collected	Billed	Collected	Billed	Collected	
1/4/2019	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
1/4/2019		(3,552.78)															
1/23/2019		(507.54)		(507.54)		(507.54)											
2/4/2019						(507.54)											
2/5/2019	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
2/22/2019		0.00		(507.54)													
2/25/2019						(507.54)											
3/5/2019	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
3/13/2019		0.00		(507.54)													(6,090.48)
3/28/2019										(1,015.08)							
4/30/2019	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
4/25/2019		(1,015.08)															
5/1/2019	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
5/14/2019				(507.54)													
5/20/2019				(507.54)													
5/30/2019		0.00		0.00			(1,015.08)										
6/10/2019	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
6/27/2019		(1,522.62)															
7/3/2019				(507.54)													
7/17/2019	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
7/23/2019		(507.54)								0.00		0.00		0.00			
7/24/2019										(4,060.32)				0.00			
8/1/2019				(507.54)			(507.54)										
8/24/2019		(507.54)															
9/6/2019							(1,015.08)										
10/2019 (august)	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
9/10/2019	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
9/17/2019		(507.54)		(507.54)													
10/10/2019	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
10/10/2019		(507.54)															
10/18/2019				(507.54)													
11/11/2019		(507.54)															
11/30/2019	507.54		507.54		507.54		507.54		507.54	(7,109.96)		507.54	(3,000.00)	1,015.08			
12/11/2019																	(6,090.48)
12/14/2019																	
12/23/2019		(507.54)		(507.54)													
12/31/2019	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
1/10/2020	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
2/3/2020		(507.54)															
2/29/2020	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
2/7/2020				(507.54)													
2/20/2020																	
3/31/2020	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
3/13/2020											(507.54)						
4/10/2020	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
4/17/2020				(1,522.62)													
4/29/2020		(1,522.62)															(3,045.24)
5/5/2020	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
5/4/2020				0.00													
5/22/2020				(507.54)							(1,015.08)						
6/3/2020		(507.54)									(507.54)						
6/19/2020		(507.54)															
6/20/2020	507.54		507.54		507.54		507.54		507.54		507.54		507.54		1,015.08		
6/24/2020				(507.54)													
6/29/2020											(507.54)						
TOTALS	\$39,785.54	-\$39,800.44	\$55,153.29	-\$53,630.67	\$53,287.48	-\$51,165.56	\$57,151.50	-\$52,588.04	\$55,290.93	-\$48,647.67	\$78,622.32	-\$76,569.03					
End Balance		-\$14.90		\$1,522.62		\$2,121.92		\$4,563.46		\$6,643.26		\$2,053.29					

TAB I

**BOARD OF DIRECTORS
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

RESOLUTION NO. 2020-07

**RESOLUTION DIRECTING RIVERSIDE COUNTY, CALIFORNIA, TO LEVY A
TAX TO PAY THE PRINCIPAL OF AND INTEREST ON THE DISTRICT'S
GENERAL OBLIGATION BONDS FOR FISCAL YEAR 2020-2021**

WHEREAS, by a resolution (the "Ballot Resolution"), adopted by the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District (the "District") on December 6, 2005, the Board determined and declared that public interest and necessity demanded the need to raise moneys for the expansion, improvement, acquisition, construction, equipping and renovation of health facilities of the District (the "Project"), and the Board called a mailed ballot election to be held within the boundaries of the District in accordance with the California Elections Code;

WHEREAS, a special municipal election was held in the District on March 28, 2006, and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite two-thirds (2/3) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the purpose of raising money for the Project in the maximum aggregate principal amount of \$108,000,000, payable from the levy of an unlimited *ad valorem* tax against all taxable property in the District;

WHEREAS, pursuant to Chapter 4 of Division 23 (commencing with section 32300) of the California Health and Safety Code (the "Act"), the District is empowered to issue general obligation bonds;

WHEREAS, the District issued an initial series of bonds, in the aggregate principal amount of \$25,000,000, identified as the "San Gorgonio Memorial Healthcare District (Riverside County, California) General Obligation Bonds, Election of 2006, Series A (2006)" (the "Series A Bonds"), for the purpose of raising funds needed for the Project and other authorized costs on the conditions set forth in a resolution adopted by the Board on June 6, 2006;

WHEREAS, the District issued a second series of bonds, in the aggregate principal amount of \$25,000,000, identified as the "San Gorgonio Memorial Healthcare District (Riverside County, California) General Obligation Bonds, Election of 2006, Series B (2008)" (the "Series B Bonds"), for the purpose of raising funds needed for the Project and other authorized costs on the conditions set forth in a resolution adopted by the Board on July 1, 2008;

WHEREAS, the District issued a third series of bonds, in the aggregate principal amount of \$58,000,000, identified as the "San Gorgonio Memorial Healthcare District (Riverside County, California) General Obligation Bonds, Election of 2006, Series C (2009)" (the "Series C Bonds"), for the purpose of raising funds needed for the Project and other authorized costs on the conditions set forth in a resolution adopted by the Board on August 10, 2010; and

WHEREAS, the District refinanced and legally defeased the Series A Bonds with the issuance of a fourth series of bonds, in the aggregate principal amount of \$25,015,000, identified as the "San Gorgonio Memorial Healthcare District (Riverside County, California) 2013 General Obligation Refunding Bonds" (the "2013 Refunding Bonds"), to provide for the payment of the principal of and interest on the Series A Bonds to and including August 1, 2014, and to redeem, on such date, all Series A Bonds then outstanding pursuant to a resolution adopted by the Board on January 8, 2013; and

WHEREAS, the District refinanced and legally defeased the Series C Bonds with the issuance of a fifth series of bonds, in the aggregate principal amount of \$64,425,000, identified as the "San Gorgonio Memorial Healthcare District (Riverside County, California) 2014 General Obligation Refunding Bonds" (the "2014 Refunding Bonds" and with the Series B Bonds and the 2013 Refunding Bonds, the "Bonds"), to provide for the payment of the principal of and interest on the Series C Bonds to and including August 1, 2017, and to redeem, on such date, all Series C Bonds then outstanding pursuant to a resolution adopted by the Board on June 3, 2014; and

WHEREAS, the District refinanced and legally defeased the Series B Bonds with the issuance of a sixth series of bonds, in the aggregate principal amount of \$25,780,000, identified as the "San Gorgonio Memorial Healthcare District (Riverside County, California) 2015 General Obligation Refunding Bonds" (the "2015 Refunding Bonds" , to provide for the payment of the principal of and interest on the Series B Bonds to redeem, on such date, all Series B Bonds then outstanding pursuant to a resolution adopted financing with a closing date of December 8, 2015; and

WHEREAS, pursuant to the Act, the District is authorized to direct Riverside County, California, in which the jurisdiction of the District resides (the "County"), to levy an unlimited *ad valorem* tax on all taxable property within the District for the payment of the principal of and interest on the Bonds;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. All of the recitals herein are true and correct. To the extent that the recitals relate to findings and determinations of the Board, the Board declares such findings or determinations to be made thereby.

Section 2. Tax Levy; Tax Rate. The Board has determined that the amount needed to be raised by taxes during Fiscal Year 2020-2021 to pay the principal of and interest on the Bonds during such period is \$6,716,012 (which amount represents total debt service of \$7,332,700.04, plus a reserve equal to 25% of the debt service payments, less the debt service reserve currently held by the District of \$4,116,688).

The County has informed the District that, for Fiscal Year 2020-2021, the estimated value of all assessed property within the District to be used for calculating the debt service rate is \$10,477,886,143.

The County had informed the District that, for Fiscal Year 2020-2021, the assumed delinquency rate to be used for calculating the debt service rate was 3.5%.

Based upon the foregoing, the rate of taxes in the District for Fiscal Year 2020-2021, shall be \$67.16 per \$100,000 of assessed valuation (as adjusted above) for the Bonds.

The Board hereby requests and directs the County, at the time of the fixing of its general tax levy for the County's fiscal year beginning July 1, 2020, and ending June 30, 2021, to fix and levy and collect a tax at the rate specified above to meet the above debt service requirements of the Bonds.

Said tax shall be in addition to all other taxes levied for District purposes, shall be levied and collected by the County at the same time and in the same manner as other taxes of the District are levied and collected, and shall be used only for the payment of the Bonds, and the interest thereon.

Section 3. Request for Necessary County Actions. The Board of Supervisors, the treasurer, tax collector and auditor-controller, and other officials of the County are hereby requested to take and authorize such actions as may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property within the District sufficient to provide for the payment of all principal of, redemption premium (if any), and interest on the Bonds, as the same shall become due and payable, and to transfer the tax receipts from such levy to The Bank of New York Trust Company, N.A., as paying agent for the Bonds, at the time and in the amount necessary to meet required principal and interest payments, as indicated in Exhibit A. The Chief Executive Officer or the Chief Financial Officer of the District is hereby authorized and directed to deliver certified copies of this Resolution to the clerk of the Board of Supervisors of the County, and the treasurer, tax collector and auditor of the County.

Section 4. Ratification. All actions heretofore taken by officials, employees and agents of the District with respect to the request and direction for the tax levy described herein are hereby approved, confirmed and ratified.

Section 5. General Authority. The Chair of the Board, the Vice Chair of the Board, the Chief Executive Officer and the Chief Financial Officer, and their respective designees, are each hereby authorized, empowered and directed in the name and on behalf of the District to take any and all steps, which they or any of them might deem necessary or appropriate in order to ensure that the County levies and collects the property taxes as described herein and otherwise to give effect to this Resolution.

Section 6. Effective Date. This resolution shall take effect immediately on and after its adoption.

PASSED AND ADOPTED this 4th day of August 2020, by the following vote:

AYES:

NAYS:

ABSENT:

Dennis Tankersley, Chair, Board of Directors
San Geronio Memorial Healthcare District

ATTEST:

Secretary/Treasurer, Board of Directors
San Geronio Memorial Healthcare District

EXHIBIT A
DEBT SERVICE SCHEDULE

San Gorgonio Memorial Healthcare District (Riverside County, California)				
Aggregate General Obligation Bonds - Debt Service Payments				
Payment				
<u>Date</u>	<u>Series 2013</u>	<u>Series 2015</u>	<u>Series 2014</u>	<u>Total</u>
2017	1,373,962.50	1,288,012.54	4,083,075.00	6,745,050.04
2018	1,410,162.50	1,325,812.54	4,146,475.00	6,882,450.04
2019	1,444,862.50	1,366,612.54	4,215,875.00	7,027,350.04
2020	1,482,462.50	1,410,212.54	4,290,875.00	7,183,550.04
2021	1,522,662.50	1,451,412.54	4,358,625.00	7,332,700.04
2022	1,563,412.50	1,500,212.55	4,429,875.00	7,493,500.05
2023	1,605,412.50	1,545,212.55	4,504,125.00	7,654,750.05
2024	1,643,412.50	1,596,462.55	4,575,875.00	7,815,750.05
2025	1,687,412.50	1,648,462.55	4,644,875.00	7,980,750.05
2026	1,736,912.50	1,695,962.53	4,712,075.00	8,144,950.03
2027	1,775,837.50	1,747,762.53	4,779,650.00	8,303,250.03
2028	1,827,325.00	1,795,887.53	4,857,050.00	8,480,262.53
2029	1,879,293.76	1,850,137.53	4,928,175.00	8,657,606.29
2030	1,926,343.76	1,909,975.04	4,997,750.00	8,834,068.80
2031	1,975,068.76	1,964,825.04	5,070,000.00	9,009,893.80
2032	2,030,293.76	2,029,437.54	5,141,250.00	9,200,981.30
2033	2,084,575.00	2,083,000.04	5,216,000.00	9,383,575.04
2034	2,139,687.50	2,143,400.04	5,288,500.00	9,571,587.54
2035	2,198,062.50	2,208,800.04	5,363,250.00	9,770,112.54
2036	2,256,562.50	2,268,800.04	5,429,500.00	9,954,862.54
2037	0.00	2,333,400.04	5,497,000.00	7,830,400.04
2038	0.00	2,397,200.04	5,560,000.00	7,957,200.04
2039	0.00	0.00	5,628,000.00	5,628,000.00

TAB J



Address: P.O. Box 788, Cedar Glen, CA 92321

Ph: 909-744-9891

Fax: 909-744-9893

Email: golightlyplumbing@hotmail.com

Quotation

Quote no. 00873

Date: 07/17/2020

Facility: San Gorgonio Memorial Hospital

Site: 600 North Highland Springs Ave. (San Gorgonio Memorial Hospital)

Site Location:

Attention: Mr. Dan Mares

SCOPE OF WORK: Patio at New Tower on East Side of Hospital: Install +/- 50' of 4" SDR storm piping. To include (5) catch basins, excavation and backfill. To include full OSHPD inspections with Richard.

Item	Description	Qty	Unit Price	Line Total
Plumbing	Labor and Materials	1.00	\$7,800.00	\$7,800.00
			Total	\$7,800.00
			Tax	\$0.00
			Total (Inc Tax)	\$7,800.00

Quote Terms and Conditions

Quotes are valid for 30 days, after that, pricing may be subject to change.

TAB K

After 14 years, Baldi to retire from hospital board

BY DAVID JAMES HEISS
Record Gazette

Lynn Bogh Baldi announced her resignation as a board member from the San Gorgonio Memorial Healthcare District, for which she serves as secretary and treasurer, and from her position as treasurer of the San Gorgonio Memorial Hospital board.

The announcement was made at the boards' July 7 virtual meetings, and her retirement is effective as of Aug. 1.

In her letter that was read aloud to the board, she states,



Courtesy photo
Lynn Bogh Baldi

"It has been my honor to serve SGMH as a Board member and District Board member starting in 2006. I have great pride in our local Hospital and am humbled by the dedicated Associates, Doctors, Nurses and Administration who continue to provide safe, quality healthcare to our region."

She offered personal thanks to hospital and board administrators.

Baldi has been a board member since 2006; since she is changing her permanent residence and moving outside of the district's boundaries,

she will no longer be eligible to continue as a board member, according to healthcare district board President Dennis Tankersly.

"Over the past 14 years Lynn has been a very positive force and strong advocate for advancing the mission of the healthcare district," Tankersly said in a statement. "In her tenure she has served on nearly every committee, and for several years, as the district board chair. We are all very thankful for the contribution she has provided to this organization and her community."

The healthcare district is actively conducting a search for a Pass area resident to fill her seat for the remainder of her term, which concludes ~~July 1, 2022~~ *December 2022*

The district will post a letter of interest notice for residents who may be interested in applying for her position, once it takes effect next month.

Staff Writer David James Heiss may be reached at dheiss@recordgazette.net, or by calling (951) 849-4586 x114.

of taking the Oath of Office via a notary service or by using a video conferencing service with Registrar of Voters' staff.

If candidates prefer to file in-person, appointments are highly recommended.

Walk-ins are permitted; however, wait times may occur as physical distancing requirements and limitations are implemented.

Candidates can make an appointment by calling (951) 486-7200.

Completed documents with original signatures must be received by the Registrar of Voters by the close of the nomination period at 5 p.m. on Aug. 7 in order for the candidate to be qualified for the ballot.

For convenience, there will be a secure drop box located outside of the Registrar of Voters office for candidates to drop off their completed nomination forms.

Anyone interested in running for offices on the Nov. 3 general election ballot must file their papers by 5 p.m. on Aug. 7.

If an incumbent fails to file, the deadline for that office will be extended to 5 p.m. on Aug. 12, for everyone except the incumbent.

The following special districts and school districts have open seats: (special districts) Idyllwild Fire Protection District; San Gorgonio Memorial Healthcare District; Beaumont-Cherry Valley Water District - Divisions 1 &

2; Banning Library District; Beaumont-Cherry Valley Recreation and Park District; San Gorgonio Pass Water Agency - At Large #1; Divisions 1, 2 & 5; and the Idyllwild Water District.

(School districts) Beaumont Unified School District - Trustee Areas 1 & 5; Hemet Unified School District - Trustee Area 3; Moreno Valley Unified School District - Trustee Areas 2 & 5; Murrieta Valley Unified School District - Trustee Areas 3, 4 & 5.

Candidate filing opens Monday for Nov. 3 general election

In preparation for candidate filing under COVID-19 restrictions, the Riverside County Registrar of Voters is encouraging contact-less filing options for candidates who wish to run for office in the Nov. 3, 2020 Presidential General Election.

Candidate filing began July 13 and concludes Aug. 7 at 5 p.m.

Candidates can request to receive their documents via email or regular mail by calling the Riverside County Registrar of Voters office at (951) 486-7200.

Candidates have the option

Public Notices

**NOTICE OF VACANCY
BOARD OF DIRECTORS
OF SAN GORGONIO
MEMORIAL HEALTHCARE
DISTRICT**

**NOTICE IS HEREBY
GIVEN** that a vacancy will exist on the Board of Directors of the San Gorgonio Memorial Healthcare District effective August 1, 2020 due to the resignation of Director Lynn Baldi.

The Healthcare District Board intends to fill the vacancy at its regular meeting on September 1, 2020. The appointee must be a registered voter residing within the boundaries of the Healthcare District and be prepared to hold office until the end of the existing term (December 2022).

Interested persons should submit their letter of interest to:

San Gorgonio Memorial
Healthcare District
Board of Directors
Attention: Bobbi Duffy,
Executive Assistant
600 North Highland Springs
Avenue
Banning, CA 92220

Letters of interest must be received not later than August 1, 2020.

The appointee must file a Fair Political Practices Act Disclosure Statement Form 700 in accordance with the provisions of the Political Reform Act, and implementing regulations of the Fair Political Practices Commission. The Board may select any duly qualified person within its discretion.

Dated: July 9, 2020

Bobbi Duffy, Executive Assistant

San Gorgonio Memorial
Healthcare District

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