



TAHOE FOREST HOSPITAL DISTRICT

# 2016-03-29 Special Meeting of the Board of Directors

Tuesday, March 29, 2016 at 5:00 p.m.

Eskridge Conference Room - Tahoe Forest Hospital

10121 Pine Avenue, Truckee, CA 96161

Teleconference location also available at:

Fairfield Inn Lobby, 1910 Taylor Road, Roseville, CA 95661

# Meeting Book - 2016-03-29 Special Meeting of the Board of Directors

03/29/2016 Special Meeting

## Agenda

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ITEMS 1 - 4: See Agenda

## 5. ITEMS FOR BOARD DISCUSSION AND/OR ACTION

### 5.1. General Obligation Bond Refinancing

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5.1.2. Bond Resolution 2016-05.pdf Page 50

## 6. MEETING EFFECTIVENESS ASSESSMENT

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## 7. ADJOURN



# SPECIAL MEETING OF THE BOARD OF DIRECTORS

## AGENDA

Tuesday, March 29, 2016 at 5:00 p.m.  
Eskridge Conference Room – Tahoe Forest Hospital  
10121 Pine Avenue, Truckee, CA

*Teleconference location also available at:  
Fairfield Inn - Lobby, 1910 Taylor Road, Roseville, CA 95661*

**1. CALL TO ORDER**

**2. ROLL CALL**

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

**4. INPUT AUDIENCE:**

This is an opportunity for members of the public to comment on any closed session item appearing before the Board on this agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Clerk of the Board 24 hours prior to the meeting to allow for distribution.

**5. ITEMS FOR BOARD DISCUSSION AND/OR ACTION**

**5.1. General Obligation Bond Refinancing**

Board will review and consider for approval documents related to the GO Bond Refunding.

**5.1.1. Preliminary Official Statement** ♦ ..... ATTACHMENT

**5.1.2. Resolution 2016-05** ♦ ..... ATTACHMENT

**6. MEETING EFFECTIVENESS ASSESSMENT** ..... ATTACHMENT

The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

**7. ADJOURN**

*The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is April 28, 2016, 11603 Donner Pass Rd., Truckee, CA. A copy of the Board meeting agenda is posted on the District's web site ([www.tfhd.com](http://www.tfhd.com)) at least 72 hours prior to the meeting or 24 hours prior to a Special Board Meeting.*

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

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

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

**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 31, 2016**

**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 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 for a more complete discussion.*

**\$46,240,000\***

**TAHOE FOREST HOSPITAL DISTRICT  
(PLACER AND NEVADA COUNTIES, CALIFORNIA)  
2016 GENERAL OBLIGATION REFUNDING BONDS**

**Dated: Date of Delivery**

**Due: August 1 as shown below**

The issuance of general obligation bonds in an aggregate amount not to exceed \$98,500,000 by Tahoe Forest Hospital District (the "District") was authorized at an election of the registered voters of the District held on September 25, 2007, by approximately 72% of the persons voting on the measure ("Measure C"). Pursuant to such voter authorization, the laws of the State of California (the "State") and resolutions of the District, the District issued its \$29,400,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series A (2008) (the "2008 Bonds"), its \$43,000,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010) (the "2010 Bonds"), and its \$26,100,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series C (2012) (the "2012 Bonds"). The 2008 Bonds were advance refunded by the issuance of the District's \$30,810,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2015 General Obligation Refunding Bonds (the "2015 Bonds"). The District is issuing this current series of general obligation bonds in the amount of \$46,240,000,\* to be known as the Tahoe Forest Hospital District (Placer and Nevada Counties, California), 2016 General Obligation Refunding Bonds (the "Bonds"). See "THE BONDS - Authority for Issuance" herein. Proceeds of the Bonds will be used to advance refund all of the 2010 Bonds and pay for costs of issuing the Bonds. See "REFINANCING PLAN" herein.

The Bonds represent the general obligation of the District. The District is empowered and obligated to cause to be levied *ad valorem* taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. Placer and Nevada Counties will collect all *ad valorem* taxes due the District, disburse them directly to the District and the District will transfer them to the Paying Agent (defined below) to be applied to the payment of principal of and interest on the Bonds.

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Bonds purchased by them. Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, San Francisco, California, 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 August 1, 2016. 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.**

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\* Preliminary, subject to change.

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

**G.L. Hicks Financial, LLC**

**MATURITY SCHEDULE\***

**\$32,665,000 Serial Bonds**

**CUSIP† Prefix:**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† Suffix</u>	<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† Suffix</u>
2016	\$ 665,000				2027	\$1,575,000			
2017	530,000				2028	1,720,000			
2018	605,000				2029	1,880,000			
2019	685,000				2030	2,050,000			
2020	780,000				2031	2,190,000			
2021	870,000				2032	2,325,000			
2022	980,000				2033	2,470,000			
2023	1,090,000				2034	2,610,000			
2024	1,200,000				2035	2,765,000			
2025	1,315,000				2036	2,920,000			
2026	1,440,000								

**\$6,390,000** \_\_\_\_\_% Term Bonds maturing August 1, 2038; Price: \_\_\_\_\_% to Yield \_\_\_\_\_%—CUSIP†: \_\_\_\_\_  
**\$7,185,000** \_\_\_\_\_% Term Bonds maturing August 1, 2040; Price: \_\_\_\_\_% to Yield \_\_\_\_\_%—CUSIP†: \_\_\_\_\_

*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.*

*The Bonds are offered when, as and if issued by the District and received by the Underwriters, subject to the 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, Colantuono, Highsmith & Whatley, PC, Grass Valley, California, and by Jennings, Strouss & Salmon, PLC, Phoenix, Arizona, Disclosure Counsel to the District. Certain matters will be passed on for the Underwriters by the Wilson Law Group, PC, 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 May 12, 2016*

**HilltopSecurities**

**Piper Jaffray      Raymond James**

The date of this Official Statement is April \_\_\_\_, 2016.

\* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of Standard & Poor's Financial Services, Inc. The CUSIP data is provided for convenience of reference only. The District and the Underwriters take no responsibility for the accuracy of such data.

**TAHOE FOREST HOSPITAL DISTRICT  
PLACER AND NEVADA COUNTIES, CALIFORNIA**

**BOARD OF DIRECTORS**

Charles Zipkin, M.D., President                      Greg Jellinek, M.D., Vice President  
John Mohun, Secretary                              Dale Chamblin, Treasurer  
Karen Sessler, M.D., Member

**DISTRICT SENIOR MANAGEMENT**

Harry Weis, Chief Executive Officer  
Crystal Betts, Chief Financial Officer  
Judith Newland, Chief Nursing Officer

**PROFESSIONAL SERVICES**

**District Counsel**

Colantuono, Highsmith & Whatley, PC  
Grass Valley, California

**Disclosure Counsel**

Jennings, Strouss & Salmon, PLC  
Phoenix, Arizona

**Independent Auditors**

KCoe Isom, LLP  
(formerly Matsom and Isom)  
Chico, California

**Bond Counsel**

Quint & Thimmig LLP  
Larkspur, California

**Financial Advisor**

G.L. Hicks Financial, LLC  
Provo, Utah

**Registrar, Transfer, Paying Agent and Escrow Bank**

U.S. Bank National Association  
San Francisco, California

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

*The Preliminary Official Statement has been “deemed final” as of its date by the District pursuant to Rule 15c2-12 of the Securities Exchange Commission. The District has undertaken to provide continuing disclosure on certain matters, including annual financial information and specific enumerated events, as more fully described hereunder under “CONTINUING DISCLOSURE.”*

**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.

**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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**\$46,240,000\***  
**TAHOE FOREST HOSPITAL DISTRICT**  
**(PLACER AND NEVADA COUNTIES, CALIFORNIA)**  
**2016 GENERAL OBLIGATION REFUNDING BONDS**

**INTRODUCTION**

This Official Statement, including the cover page, the Table of Contents and Appendices hereto (the “Official Statement”), is provided to furnish information with respect to the sale and delivery by Tahoe Forest Hospital District (the “District”) of \$46,240,000\* aggregate principal amount of its 2016 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 was created in 1949 as a political subdivision of the State of California (the “State”). The District is organized and operates under The Local Health Care District Law of the State, constituting Division 23 of the California Health and Safety Code (the “District Law”). The District is located in portions of Placer and Nevada Counties (herein referred to collectively as the “Counties”) and covers an area of approximately 500 square miles. Under District Law the District may own and operate health care facilities. The District currently owns and operates Tahoe Forest Hospital in Truckee, California, and Incline Village Community Hospital in Incline Village, Nevada. None of the proceeds of the District’s general obligation bonds have been used for facilities in the State of Nevada. See “THE DISTRICT” and “DISTRICT FINANCIAL MATTERS” herein.

**The Plan of Finance**

Net proceeds of the Bonds will be used to fund a defeasance escrow to be held by U.S. Bank National Association, as Escrow Bank, to advance refund all of the currently outstanding \$42,785,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010) (the “2010 Bonds”) and to pay for costs of issuing the Bonds. See “REFINANCING PLAN” herein. See also “THE PROJECT” 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. All such *ad valorem* taxes will be collected by the Counties and transferred by the Counties to the District. The District will disburse such tax monies to the Paying Agent (defined below) for the payment of principal of and interest on the Bonds. 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 Counties are obligated to collect the ad valorem taxes for payment of the Bonds, the Bonds are not a debt of either of the Counties.*

**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 August 1, 2016 (each an “Interest Payment Date”), during the term of the Bonds.

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\* Preliminary, subject to change.

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 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. The Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking fund redemption as provided herein. See “THE BONDS – Redemption Provisions” below.

### **Revenue Bonds Outstanding**

The District issued \$12,000,000 of the Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Demand Revenue Bonds, Series 2002 on October 18, 2002 (the “2002 Revenue Bonds”). Proceeds from the 2002 Revenue Bonds were principally used to partially fund the construction of a large addition and to remodel certain facilities at the Tahoe Forest Hospital. The 2002 Revenue Bonds are secured by a gross revenue fund pledge and by a direct-pay letter of credit from U.S. Bank National Association, which expires on October 18, 2016, and are currently outstanding in the amount of \$9,230,000 with a final maturity of July 1, 2033. The District entered into an interest rate swap agreement to effectively fix the interest rate of the 2002 Revenue Bonds at 3.54%. The District issued \$27,385,000 of the Tahoe Forest Hospital District (Placer and Nevada Counties, California) Hospital Revenue Bonds, Series 2006 on May 2, 2006 (the “2006 Revenue Bonds”). Proceeds from the 2006 Revenue Bonds were principally used to refund revenue bonds issued by the District in 1999 (the “1999 Revenue Bonds”), to partially fund the construction of the Western Addition to the Tahoe Forest Hospital and to make various other improvements at the Tahoe Forest Hospital. All of the 2006 Revenue Bonds were refunded on a current basis on May 29, 2015, with the issuance by the District of \$20,979,000 in revenue refunding bonds (the “2015 Revenue Bonds”). The 2015 Revenue Bonds are secured by a gross revenue fund pledge and are currently outstanding in the amount of \$20,979,000 with a final maturity of July 1, 2033.

Neither the 2002 Revenue Bonds nor the 2015 Revenue Bonds are paid from *ad valorem* taxes nor are they cross-defaulted to the Bonds.

### **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 Quint & Thimmig LLP, Larkspur, California (“Bond Counsel”). Bond Counsel will supply a legal opinion approving the validity of the Bonds. See “LEGAL MATTERS – Approval of Legality” herein. U.S. Bank National Association, San Francisco, California, will act as paying agent, transfer agent and registrar for the Bonds (the “Paying Agent”). Colantuono, Highsmith & Whatley, PC, Grass Valley, California, is acting as the District’s legal counsel (“District Counsel”) and Jennings, Strouss & Salmon, PLC, Phoenix, Arizona, is acting as disclosure counsel (“Disclosure Counsel”) to the District in connection with the Bonds. The Wilson Law Group, PC, San Diego, California, is acting as legal counsel to the Underwriters in connection with the Bonds. G.L. Hicks Financial, LLC, Provo, Utah, is acting as financial advisor (“Financial Advisor”) to the District for the Bonds. Both Bond Counsel and Disclosure Counsel have represented one or more of the Underwriters in the past and may also do so in the future.

## 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 on or about May 12, 2016.

## Bondholders' Risks

The Bonds are general obligations of the District and the District has the power and is obligated to cause to be levied and collected by the Counties 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" herein for a discussion of the security supporting payment of the Bonds, including a discussion of California Senate Bill 222. For more complete information regarding the District's financial condition and taxation of property within the District, see "DISTRICT FINANCIAL MATTERS" herein. See also APPENDIX B – "Audited Financial Statements of the District for the Fiscal Years Ended June 30, 2015 and 2014.

## 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 discussions 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 annual financial information and notices of the occurrence of certain events. See "CONTINUING DISCLOSURE" herein.

## THE BONDS

### Authority for Issuance

The Bonds are general obligation bonds issued pursuant to Article 9 of Chapter 3 (commencing with Section 53550) of the California Government Code and the provisions of a Resolution of the Board of Directors of the District adopted on March 29, 2016 (the "Resolution"). District voters approved the authorization of a total of \$98,500,000 in general obligation bonds ("Measure C") by more than two-thirds (72%) of the votes cast by registered voters within the District on September 25, 2007. The Bonds will advance refund the 2010 Bonds issued on August 3, 2010, under this authorization. See the cover page of this Official Statement for a description of all series of such authorized general obligation bonds. The following table sets forth all outstanding general obligation bonds of the District, assuming the issuance of the Bonds and full refunding of the 2010 Bonds:

<u>General Obligation Bond Issue</u>	<u>Original Principal Amount</u>	<u>Outstanding Upon Issuance of the Bonds</u>
2012 Bonds	\$26,100,000	\$26,100,000
2015 Bonds	\$30,810,000	\$30,645,000
The Bonds	\$46,240,000*	\$46,240,000*

\*Preliminary, subject to change.

### 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 from the Paying Agent mailed to the person registered as the owner thereof as of the 15<sup>th</sup> 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 an advance basis all of the 2010 Bonds and to pay costs of issuing the Bonds. See “THE REFINANCING PLAN” herein. See also “THE PROJECT” herein.

**Book-Entry System**

The Depository Trust Company (“DTC”), New York, NY, 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 nominee) or such other name as may be requested by an authorized representative of DTC. The ownership of one fully-registered Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co. See APPENDIX D “Book-Entry System.”

**Sources and Uses of Funds**

The following table sets forth the estimated sources and uses of funds for the Bonds, including the funding of an escrow fund to legally defease the 2010 Bonds and to pay for costs associated with issuance of the Bonds.

**Estimated Sources of Funds:**

Principal Amount of the Bonds.....	\$ _____
Plus: Net Original Issue Premium.....	_____
 Total Sources of Funds .....	 \$ _____

**Estimated Uses of Funds:**

Deposit to Escrow Fund.....	\$ _____
Deposit to Costs of Issuance Fund <sup>(1)</sup> .....	_____
Underwriters’ Discount .....	_____
 Total Uses of Funds.....	 \$ _____

<sup>(1)</sup> Includes legal, financial advisory, printing, rating agency, consulting, Paying Agent and Escrow Bank fees, and other costs of issuance.

**Redemption Provisions**

*Optional Redemption.* 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 par amount of Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium.

*Mandatory Sinking Fund Redemption.* Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking fund redemption prior to maturity in part, by lot or in any customary manner as determined by the Paying Agent, at 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, as shown in the table below under “Debt Service Schedule” in the column designated as “Principal Payment.”

*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 or other secured 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.

Any such notice for optional redemption of the Bonds shall state that such redemption is conditional upon receipt by the Paying Agent of sufficient monies to redeem the Bonds on the scheduled redemption date.

### 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 as otherwise provided by law, then such owners shall cease to be entitled to the obligation of the District to cause the Counties to levy and collect taxes on behalf of the District, and such obligation and all agreements and covenants of the District and of the Counties to such owners under the Bonds shall thereupon be satisfied and discharged and shall terminate, except that 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 under the Resolution or otherwise held in trust for such payment.

### Debt Service Schedule

The following table summarizes the annual debt service requirements for the Bonds and provides the annual aggregate debt service for the 2012 Bonds, the 2015 Bonds and the annual aggregate debt service for the 2012 Bonds, the 2015 Bonds and the Bonds combined:

Year Ending (August 1)	The Bonds			Annual Debt Service for the 2012 and 2015 Bonds <sup>(1)</sup>	Debt Service for the 2012 Bonds, the 2015 Bonds and the Bonds
	Principal	Interest	Total Debt Service		
2016				\$1,342,121.88	
2017				2,624,243.76	
2018				2,707,518.76	
2019				2,793,093.76	
2020				2,883,593.76	
2021				2,968,618.76	
2022				3,057,318.76	
2023				3,154,018.76	
2024				3,242,943.76	
2025				3,345,281.26	
2026				3,445,531.26	
2027				3,558,631.26	
2028				3,682,975.00	
2029				3,819,387.50	
2030				3,953,950.00	
2031				4,092,582.50	
2032				4,246,762.50	
2033				4,397,362.50	
2034				5,547,525.00	
2035				4,705,375.00	
2036				4,872,650.00	
2037				5,038,625.00	
2038				5,212,925.00	
2039				2,289,800.00	
2040				2,372,200.00	
2041				2,453,200.00	
2042				2,537,600.00	

\*Mandatory sinking fund payment.

<sup>(1)</sup> Debt service for the 2012 Bonds and the 2015 Bonds for the Year Ending August 1, 2016, includes only the August 1, 2016, payments.

### 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 Counties 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 Counties have collected such taxes, they transfer those funds directly to the District, and the District disburses such funds to the Paying Agent for payment of the Bonds. Such funds can be used for no other purpose.

California Senate Bill 222, signed into law in 2015 and effective January 1, 2016, provides a “statutory lien” against such *ad valorem* taxes. This legislation has effectively strengthened the position of holders of the Bonds in the event of a proceeding in bankruptcy by the District. See “LEGAL MATTERS – Limitation on Remedies” herein.

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, 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 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.

While the levy of *ad valorem* tax 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. The District calculates the tax rate on an annual basis. If in any given fiscal year there are not sufficient funds on deposit with the Counties 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 made the independent decision for property tax years 2011 and 2012 to pay from District operations a portion of the debt service on its general obligation bonds then outstanding. The District made this decision to limit the increase in the annual tax levy for real property owners in the District. The District discontinued this practice beginning with property tax year 2013, and is not required to take, and does not anticipate taking, similar action in the future.

In the past, particularly beginning in about 2010, California residential real estate experienced an increased rate of mortgage delinquencies and foreclosures, and there was a slowdown in new home construction. In fiscal year 2010-11 there was a reversal of the trend of year-over-year increasing assessed valuation for the District. The assessed valuation for the District has recovered to its pre-recession high experienced in fiscal year 2009-10. Notably, the tax delinquencies in payment of *ad valorem* taxes for the District (Placer and Nevada County portions) have decreased from a high of 3.65% and 3.88%, respectively, in fiscal year 2008-09 to a low of 1.38% and 1.28%, respectively, in fiscal year 2014-15, the most current fiscal year for which tax delinquency information is available. More recently, the residential real estate market for home sales in California has measurably improved with the median residential home values for 2015 and 2014 increasing by approximately 6.8% and 8%, respectively, over the prior year in Placer County and 3.3% and 5%, respectively, over the prior year in Nevada County, as reported in the Zillow Home Value Index. The Counties participate in the “Teeter Plan,” pursuant to which the District essentially receives its apportionment of *ad valorem* taxes from each 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. In addition, the Counties may elect no longer to participate in the Teeter Plan, which ultimately could result in the District receiving either fewer or more (after considering delinquency charges) *ad valorem* tax monies.

## 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 U.S. Bank National Association, as escrow bank (the “Escrow Bank”) under an escrow agreement by and between the District and the Escrow Bank. A portion of the moneys deposited in the Escrow Fund will be invested in open market U.S. Treasury Securities or SLGS (“Federal Securities”). The uninvested moneys deposited in the Escrow Fund, the maturing Federal Securities and the interest thereon will be in

an amount sufficient to pay the principal of and interest on the 2010 Bonds through August 1, 2018, and to redeem the 2010 Bonds in full on such date at a redemption price equal to 100% of the principal amount thereof.

Sufficiency of the maturing principal of the Federal Securities, the investment earnings on such Federal Securities and the uninvested cash will be verified by Grant Thornton LLP (the "Verification Agent"). See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. Assuming the accuracy of the Verification Agent's computations, the District's obligations with respect to the 2010 Bonds will be discharged.

The 2010 Bonds to be redeemed are as follows:

<u>Maturity Date</u>	<u>Amount Refunded</u>	<u>Interest Rate</u>	<u>Call Date</u>	<u>Call Price</u>	<u>CUSIP No.</u>
8/1/2019	\$ 500,000	4.00%	8/1/2018	100%	873822DK3
8/1/2020	585,000	4.00	8/1/2018	100	873822DL1
8/1/2021	670,000	4.00	8/1/2018	100	873822DM9
8/1/2022	770,000	4.00	8/1/2018	100	873822DN7
8/1/2023	870,000	5.00	8/1/2018	100	873822DP2
8/1/2024	980,000	5.00	8/1/2018	100	873822DQ0
8/1/2025	1,095,000	5.50	8/1/2018	100	873822DR8
8/1/2026	1,215,000	5.50	8/1/2018	100	873822DS6
8/1/2027	1,345,000	5.50	8/1/2018	100	873822DT4
8/1/2030	4,900,000	4.75	8/1/2018	100	873822DU1
8/1/2035	11,620,000	5.50	8/1/2018	100	873822DV9
8/1/2040	17,190,000	5.00	8/1/2018	100	873822DW7

Interest on the following 2010 Bonds will be paid from the Escrow Fund on regularly scheduled interest payment dates, and principal of such 2010 Bonds will be paid from the Escrow Fund on their respective maturity dates:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP</u>
8/1/2016	\$280,000	4.00%	873822DG2
8/1/2017	345,000	4.00	873822DH0
8/1/2017	420,000	4.00	873822DJ6

*The moneys and Federal Securities held and invested by the Escrow Bank in the Escrow Fund are pledged solely to the payment of amounts due and payable with respect to the 2010 Bonds. The funds deposited in the Escrow Fund will not be available for the payment of debt service on the Bonds.*

## **THE PROJECT**

District voters authorized the issuance of not to exceed \$98,500,000 in general obligation bonds on September 25, 2007, for the purpose of financing and refinancing the expansion, improvement, acquisition, construction, equipping and renovation of health facilities of the District, and to pay costs incident thereto (the "Project"). The Project (which was confined to California facilities) was more fully defined in Measure C on the ballot placed before registered voters residing within the District as follows:

"To maintain a full service hospital in our community; expand and enhance the Emergency Room to ensure access to lifesaving care; maintain critical medical services including pediatrics, maternity, long-term care for seniors and cancer care; and upgrade facilities that are outdated or do not meet state-mandated earthquake safety standards, shall Tahoe Forest Hospital issue \$98.5 million in bonds to improve healthcare facilities with an independent citizens' oversight committee and all funds being spent on local projects?"

The District issued three series of general obligation bonds that, in the aggregate, total \$98,500,000. The first authorized issuance was in August of 2008 with the issuance of the 2008 Bonds in the principal amount of \$29,400,000. The purpose of the 2008 Bonds was to fund portions of the master planning, design and/or construction and equipping of five project components. Proceeds from the 2008 Bonds were used to fund the master planning costs associated with these projects, architectural and engineering costs associated with most of these

projects and construction costs, projected through December 31, 2010, relating to two of these projects. The 2008 Bonds were advance refunded with the proceeds of the 2015 Bonds.

The second issuance in August 2010, in the amount of \$43,000,000 was used to fund approximately \$39,300,000 in costs associated with preconstruction, soft costs and construction costs relating to several projects including: radiology upgrades, a portion of the new cancer center facility, skilled nursing facility improvements, central plant upgrades, south building improvements, birthing center improvements, dietary relocation, medical records, respiratory therapy, emergency room and sterile processing improvements. Project-related expenditures funded with proceeds of the 2010 Bonds were incurred through December 2013. Proceeds of the 2010 Bonds were also used to refinance \$3,500,000 in outstanding debt of the District and pay for approximately \$179,000 in cost of issuing the 2010 Bonds.

The third issuance, the 2012 Bonds, in the amount of \$26,100,000 was used to fund approximately \$25,950,000 in costs to complete all of the following components of the Project, as described in greater detail below:

### **Campus Wide Master Planning**

The firm of FreemanWhite (the “Master Planner”) was selected by the District through a competitive process that evaluated several firms to perform master planning services related to the Project. The Master Planner conducted a campus-wide planning assessment that concluded with a final master plan in February 2009. Thereafter additional budgetary and design assessments were undertaken resulting in a facilities development plan in August 2009. In a process of solicitation, interviews, evaluation and award, the District selected its team of project specific design architects, engineers, contractors and other consultants that met competitive bid requirements imposed on the District. The Master planning work continues to address research and entitlement processes that affect all of the Project components listed below.

### **Radiology Upgrades**

This portion of the Project involved the remodeling of the fluoroscope and nuclear medicine camera rooms and the installation of a new fluoroscope and nuclear medicine camera. Approximately 1,000 square feet of Tahoe Forest Hospital space was affected by the renovation of these two rooms. This Project component was completed in September 2010. The final cost for remodeling and new equipment was approximately \$2.3 million.

### **Cancer Center Facility**

Development of the new cancer center facility was initiated by District management in conjunction with its Cancer Advisory Council, a group of community stakeholders appointed by the Board of Directors of the District to assist in the development of the cancer center. The District conducted a public bid process culminating in the award of contracts for construction of the cancer center in August 2010. The cancer center facility is a freestanding two-story building containing approximately 20,000 square feet of space that supports a diagnostic and cancer treatment center, including a linear accelerator, PET/CT imaging and medical oncology infusion area on the first floor. The second floor contains approximately 13,000 square feet of space for future cancer center and hospital related expansion. Construction began in September 2010 and concluded in June 2012. Occupancy occurred in July 2012. The cancer center was not subject to the Office of Statewide Health Planning and Development of the State of California plan check, review and approval. The budget for the cancer center was approximately \$28.5 million, with approximately \$14.0 million funded from proceeds of the 2010 Bonds and the balance from the proceeds of the 2012 Bonds.

### **Skilled Nursing Facility Expansion and Renovation**

The skilled nursing facility project included the removal of six patient rooms located in a non-compliant building and the addition of seven new patient rooms as part of a new addition and entry way to the skilled nursing facility. This project added approximately 3,500 square feet of new space to the skilled nursing facility. The District conducted a public bid process and awarded contracts for construction in February 2011. Construction was completed in June 2012 and the new facility was occupied in June 2012. The budget for these improvements was approximately \$5.3 million. Final construction costs were approximately \$5.3 million with approximately \$3.1 million funded from proceeds of the 2010 Bonds and the balance from the proceeds of the 2012 Bonds.



## **Central Plant Upgrades**

This central plant project involved adding capacity and reliability to the emergency electrical power plant, increasing the capacity of the chill water plant and providing electrical, heating, cooling, fire sprinkler and medical gas services to all buildings to be located on the Tahoe Forest Hospital campus. Several construction contracts were awarded for this work and construction commenced in July 2010. Construction was completed in March 2012. The budget for these upgrades was approximately \$15.7 million, with approximately \$9.3 million funded from the proceeds of the 2010 Bonds and the balance from the proceeds of the 2012 bonds.

## **Infill projects (Interim Medical Records, Phase 1 Dietary, Pharmacy Relocation and Interim Birthing)**

All permits for this multi-phase project were issued in 2010, 2011 and 2012. Upon the various permit issuances, public bidding for construction was completed. Construction of the pharmacy relocation began in February 2011, with all phases completed in August 2011. All remaining phases of this infill project were completed in 2013. The budget for the infill projects was approximately \$9.1 million, with approximately \$5.3 million funded from the proceeds of the 2010 Bonds and the balance from the proceeds of the 2012 Bonds.

## **South Building Upgrades (Birthing, Dietary, Respiratory Therapy, Nurse Manager and Medical Records)**

This new two-story building expands dietary services and provides a new 14,000 square foot birthing center. The new birthing center includes four labor and delivery rooms, four post-partum rooms, a C-section room and needed ancillary space. Approximately \$7.0 million of the proceeds of the 2010 Bonds were used to fund the south building upgrades and related projects. The balance of construction costs were funded from the proceeds of the 2012 Bonds. These upgrades and projects are expected to be completed by September 2016.

## **Emergency Room/Sterile Processing**

The District began construction of this project in 2012, with completion of construction in 2013. This project includes approximately 7,000 square feet of new space and approximately 4,000 square feet of renovated space. Approximately \$600,000 of the 2010 Bond proceeds were used to fund the emergency room and sterile processing projects. The balance of construction costs were funded from the proceeds of the 2012 Bonds.

## **IT Data Center**

The District's data center was relocated into a newly constructed building located adjacent to Tahoe Forest Hospital's intensive care unit. In addition, fiber optic cabling was installed to provide connectivity and redundancy for all hospital buildings. The project was completed in September 2010 at a total cost of approximately \$1,500,000.

As discussed above, the 2008 Bonds were advance refunded with the proceeds of the 2015 Bonds and the 2010 Bonds will be advance refunded with the proceeds of the Bonds. After delivery of the Bonds, only the 2012 Bonds, the 2015 Bonds and the Bonds will be outstanding.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

*The principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the Counties 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 Counties 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 two-thirds vote 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 for payment of 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.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

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 (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (“SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

### **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 has its 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 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 Counties 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.

### **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 (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (“SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formula generally based on the distribution of taxes in the prior year.

## **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.

## **DISTRICT FINANCIAL MATTERS**

Assessors of both Counties assess real property in the District for tax purposes except public utility property which is assessed countywide by the SBE. The SBE'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 particular county's 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 subject to sale by the county's tax collector. The exclusive means of enforcing the payment of delinquent taxes in respect of 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 Taxation 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 of 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 by the State of California Board of Equalization. The result is a single assessed valuation figure for most utility property (nonoperating, non-unitary property is still broken down by revenue 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 from taxation. State law exempts 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 2015-16 local secured assessed valuation of \$17,922,629,137 which accounts for approximately 22% of the assessed valuation of \$82,248,646,233 for the Counties as of the same period. Assessed values of property within the District have increased by approximately 71% over the twelve-year period ended 2015-16, while assessed values for the Counties have increased by approximately 58% over the same period. The summary below shows a twelve-year history of the total secured and unsecured assessed property valuations for the District and total assessed valuations for the Counties.

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Assessed Valuations <sup>(1)</sup></u>		<u>District Assessed Valuations</u>	<u>Counties' Assessed Valuations</u>
		<u>Utility</u>	<u>Unsecured</u>		
2004-05	\$10,401,314,651	\$9,573,980	\$236,619,173	\$10,647,507,804	\$51,990,348,817
2005-06	11,929,585,153	8,982,887	254,766,090	12,193,334,130	59,295,987,515
2006-07	12,620,177,492	8,853,841	264,205,839	12,893,237,172	68,376,071,417
2007-08	14,083,290,518	9,148,584	284,440,683	14,376,879,785	74,393,361,393
2008-09	15,279,457,024	7,847,990	304,341,434	15,591,646,448	76,281,431,182
2009-10	15,945,911,167	7,802,236	306,155,218	16,259,868,621	75,155,052,961
2010-11	15,203,616,293	7,802,102	292,229,875	15,503,648,270	70,430,302,181
2011-12	14,895,779,814	5,699,921	274,651,605	15,176,131,340	68,521,341,271
2012-13	14,997,581,534	5,938,098	289,603,655	15,293,123,287	68,140,874,099
2013-14	15,416,511,039	4,601,069	308,099,309	15,729,211,417	71,454,739,641
2014-15	16,173,380,266	4,600,921	320,402,452	16,498,383,639	76,119,446,339
2015-16	17,922,629,137	3,969,181	322,051,395	18,248,649,713	82,248,646,233

Source: California Municipal Statistics, Inc.

<sup>(1)</sup> Based on 100% of full cash value before redevelopment increment.

The table below provides a breakdown of the 2015-16 assessed valuation of the District by land use (excluding tax-exempt property):

**Assessed Valuation and Parcels by Land Use**

	<b>2015-16 Assessed Valuation <sup>(1)</sup></b>	<b>% of Total</b>	<b>No. of Parcels</b>	<b>% of Total</b>
<b>Non-Residential:</b>				
Agricultural/Timber	\$ 21,606,875	0.12%	277	0.60%
Commercial/Office	872,548,040	4.87	1,019	2.20
Vacant Commercial	43,922,336	0.25	97	0.21
Industrial	35,081,873	0.20	56	0.12
Vacant Industrial	1,085,699	0.01	13	0.03
Recreational	473,562,245	2.64	1,603	3.47
Government/Social/Institutional	39,919,775	0.22	639	1.38
Miscellaneous	<u>20,197,526</u>	<u>0.11</u>	<u>687</u>	<u>1.49</u>
Subtotal Non-Residential	\$1,507,924,369	8.41%	4,391	9.50%
<b>Residential:</b>				
Single Family Residence	\$12,968,671,004	72.36%	24,280	52.54%
Condominium	2,254,473,905	12.58	5,814	12.58
Timeshare Units	79,171,968	0.44	4,655	10.07
Mobile Home	1,041,690	0.01	40	0.09
Mobile Home Park	7,658,870	0.04	14	0.03
2-4 Residential Units	132,407,201	0.74	323	0.70
5+ Residential Units/Apartments	59,923,195	0.33	116	0.25
Miscellaneous Residential	42,405,038	0.24	601	1.30
Vacant Residential	<u>868,951,897</u>	<u>4.85</u>	<u>5,981</u>	<u>12.94</u>
Subtotal Residential	\$16,414,704,768	91.59%	41,824	90.50%
<b>Total</b>	<u>\$17,922,629,137</u>	<u>100.00%</u>	<u>46,215</u>	<u>100.00%</u>

Source: California Municipal Statistics, Inc.

<sup>(1)</sup> Local Secured Assessed Valuation, excluding tax-exempt property.

### 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 as market conditions improve, no assurance is given that such reductions will be eliminated.

A second type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs.

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 Counties' Tax Collectors 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 table shows a seven-year history (ending with the fiscal year 2014-15) of the secured tax charge, the tax amount delinquent and percentage of taxes delinquent each year as of June 30, related to the debt service levy for the District's general obligation bonds for the Placer County and Nevada County portions.

### Secured Tax Charges and Delinquencies (Placer County Portion)

<u>Fiscal Year</u>	<u>Secured Tax Charge</u>	<u>Delinquent as of June 30</u>	
		<u>Amount</u>	<u>Percent</u>
2008-09	\$ 977,406.64	\$35,694.91	3.65%
2009-10	997,120.11	27,844.24	2.79
2010-11	1,834,216.42	42,089.33	2.29
2011-12	2,041,156.17	47,253.25	2.32
2012-13	3,000,849.52	46,013.33	1.53
2013-14	3,048,778.84	46,528.78	1.53
2014-15	3,198,974.46	44,049.84	1.38

Source: California Municipal Statistics, Inc.

In fiscal year 2014-15, Placer County charged \$3,198,974.46 in taxes related to the debt service for the District's general obligation bonds. Delinquencies amounted to \$44,049.84 or 1.38%.

### Secured Tax Charges and Delinquencies (Nevada County Portion)

<u>Fiscal Year</u>	<u>Secured Tax Charge</u>	<u>Delinquent as of June 30</u>	
		<u>Amount</u>	<u>Percent</u>
2008-09	\$ 562,902.14	\$21,843.39	3.88%
2009-10	566,108.30	18,402.03	3.25
2010-11	1,007,628.00	25,355.00	2.52
2011-12	1,076,940.42	26,304.48	2.44
2012-13	1,584,116.62	28,416.91	1.79
2013-14	1,582,967.00	27,913.00	1.76
2014-15	1,649,450.00	21,171.00	1.28

Source: Nevada County Auditor's Office

In fiscal year 2014-15, Nevada County charged \$1,649,450 in taxes related to the debt service for the District's general obligation bonds. Delinquencies amounted to \$21,171 or 1.28%.

As described above under "THE BONDS – Security for the Bonds" each County currently participates in the "Teeter Plan," so the District receives *ad valorem* taxes from each County without deduction for delinquencies.

## District Budget

The fiscal year of the District begins on the first day of July each year and ends on the thirtieth day of June of the following year. The District prepares and adopts 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 capital investments. At the close of each fiscal year, the District engages certified public accountants to audit the District's financial statements. See "THE DISTRICT – Certain Financial Information" and APPENDIX B – "Audited Financial Statements of the District for the Fiscal Years Ended June 30, 2015 and 2014."

## Direct and Overlapping Bonded Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., on March 1, 2016. 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 generally are 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.

2015-16 Assessed Valuation: \$18,248,649,713

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/16</u>
Sierra Joint Community College District School Facilities Improvement District No. 1	99.985%	\$ 29,101,607
Tahoe-Truckee Joint Unified School District	95.069	5,827,730
Tahoe-Truckee Joint Unified School District School Facilities Improvement District No. 1	99.974	38,105,047
Tahoe-Truckee Joint Unified School District School Facilities Improvement District No. 2	89.170	48,445,239
Placer Union High School District	0.053	14,001
<b>Tahoe Forest Hospital District</b>	<b>100.</b>	<b>99,530,000</b> <sup>(1)</sup>
Sierra Lakes County Water District	100.	115,000
Truckee Donner Public Utility District Community Facilities District No. 03-1	100.	10,090,500
Truckee Donner Public Utility District Community Facilities District No. 04-1	100.	32,195,000
Northstar Community Services District Community Facilities District No. 1	100.	<u>109,665,000</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>373,089,124</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
Nevada County Certificates of Participation	36.046%	1,474,281
Placer County General Fund Obligations and Office of Education Certificates of Participation	19.089	6,755,597
Sierra Joint Community College District Certificates of Participation	21.551	1,693,719
Tahoe-Truckee Joint Unified School District Certificates of Participation	95.069	1,451,228
Placer Union High School District Certificates of Participation	0.053	1,995
Town of Truckee General Fund Obligations	99.965	8,851,901
Northstar Community Services District General Fund Obligations	100.	4,655,000
Truckee Donner Recreation and Park Certificates of Participation	99.966	21,667,631
Placer County Mosquito and Vector Control District Certificates of Participation	19.089	<u>707,247</u>
 <b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<b>47,258,599</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies)</b>		<b><u>25,615,057</u></b>
 <b>COMBINED TOTAL DEBT</b>		<b><u>\$445,962,780</u></b> <sup>(2)</sup>

<sup>(1)</sup> Excludes the Bonds, but includes the 2010 Bonds to be refunded by the Bonds.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

### Ratios to 2015-16 Assessed Valuation:

<b>Direct Debt (\$99,530,000)</b> .....	<b>0.55%</b>
Total Direct and Overlapping Tax and Assessment Debt .....	2.04%
Combined Total Debt .....	2.44%

### Ratios to Redevelopment Successor Agencies Incremental Valuation (\$924,463,107):

Total Overlapping Tax Increment Debt .....	2.77%
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## Largest Taxpayers

The 20 largest taxpayers in the District as shown on the 2015-16 secured tax roll, and the approximate amounts of their aggregate level for all taxing jurisdictions within the District are shown below. These 20 largest taxpayers had a total assessed value of \$576,147,099 or 3.21% of the District's 2015-16 local secured assessed value.

### Largest 2015-16 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2015-16 Assessed Valuation</u>	<u>% of Total <sup>(1)</sup></u>
1.	Squaw Valley Real Estate & Resort LLC	Ski Resort	\$ 83,398,111	0.47%
2.	Trimont Land Company	Ski Resort	82,927,787	0.46
3.	KW-Northstar Ventures LLC	Hotel	47,636,072	0.27
4.	Family Trust	Residential	28,025,915	0.16
5.	Sugar Bowl Corporation	Ski Resort	28,013,465	0.16
6.	Homewood Village Resorts LLC	Ski Resort	27,828,300	0.16
7.	DMB Highlands Group LLC	Golf Course	26,067,578	0.15
8.	RitzCarlton Development Company	Residential	25,693,132	0.14
9.	Squaw Creek Associates	Hotel & Golf	21,830,594	0.12
10.	Hidden Lake Properties Inc.	Hotel	21,519,921	0.12
11.	Family Trust	Residential	21,385,816	0.12
12.	Safeway Inc.	Commercial	20,486,713	0.11
13.	Individual Trust	Residential	19,680,114	0.11
14.	Northstar Group Commercial Properties	Commercial	19,348,370	0.11
15.	Family Trust	Residential	18,989,063	0.11
16.	AKM Retreat LLC	Residential	17,688,813	0.10
17.	New Martis Partners LLC	Residential	16,846,653	0.09
18.	Individual Trust	Residential	16,420,821	0.09
19.	Individual Trust	Residential	16,389,275	0.09
20.	6980 West Lake LLC	Hotel	<u>15,970,586</u>	<u>0.09</u>
			<u>\$576,147,099</u>	<u>3.21%</u>

Source: California Municipal Statistics, Inc.

<sup>(1)</sup> 2015-16 Local Secured Assessed Valuation: \$17,922,629,137.

California has been suffering through an extended drought, which among other concerns, has affected snowfall at the ski resorts within the District. Continued worsening of drought conditions could put some resort operators out of business thereby adversely affecting assessed valuations, tax collections and employment in the District. See "Largest Employers" directly below.

## Largest Employers

The Town of Truckee and the Counties enjoy a diverse labor pool as a result of their role as a destination for recreation, regional manufacturing, service and retail center. Nevada County's recreation dominated employment distribution affects the Town of Truckee's job market and unemployment rates. Placer 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 and is one of the fastest growing business communities in California at this time. The following table summarizes the ten largest private and public employers located in or around the District.

### Largest Employers

	<u>Company</u>	<u>Product/Service</u>	<u>Range of Employees</u>
1.	Northstar-At-Tahoe Resort	Ski Resort	1000-4999
2.	Alpine Meadows	Ski Resort	500-999
3.	Tahoe Forest Hospital	Health Care	500-999
4.	Boreal Mountain Resort	Ski Resort	500-999
5.	Resort at Squaw Creek	Resort Hotel	500-999
6.	Sugar Bowl Resort	Ski Resort	500-999
7.	Safeway	Grocers-Retail	250-499
8.	Tahoe Donner	Resort	250-499
9.	Ritz-Carlton, Lake Tahoe	Resort Hotel	250-499
10.	Clear Capital	Real Estate Brokers	250-499

Source: California Employment Development Department

## Commercial Activity

The Town of Truckee is the retail center for the District and it experienced a 10% increase in retail sales from 2011 to 2013, while Placer County experienced an 18% increase in retail sales and Nevada County experienced an 8% 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 Town of Truckee, Placer County and Nevada County for the calendar years 2011, 2012 and 2013. Information is not yet available for the full year of 2014.

<b>Town of Truckee, Placer and Nevada Counties Taxable Transactions and Total Outlets 2011-2013</b>			
	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Town of Truckee</b>			
Sales Tax Permits	626	652	718
Taxable Sales (in millions)	\$243,849	\$250,574	\$268,522
<b>Placer County</b>			
Sales Tax Permits	11,120	11,621	11,713
Taxable Sales (in millions)	\$6,568,195	\$7,065,597	\$7,724,406
<b>Nevada County</b>			
Sales Tax Permits	3,890	3,986	4,154
Taxable Sales (in millions)	\$1,074,759	\$1,105,485	\$1,160,455

Source: State Board of Equalization.

## Town of Truckee, Placer and Nevada Counties

During the past twenty-six years the populations of Nevada County and Placer County have increased 25% and 114%, respectively, while the population of the State of California has increased 30% over the same period. Population figures as reported for the 1990, 2000 and 2010 census reports and estimated for 2015 for Nevada County, Placer County and the State of California (the Town of Truckee does not have population data for 1990) due to it being unincorporated at that time, are as follows:

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015</u>	<u>1990-2015 % Change</u>
Town of Truckee	N/A	13,864	16,180	16,211	N/A
Nevada County	78,510	92,033	98,764	98,193	25%
Placer County	172,796	248,399	348,432	369,454	114%
California	29,760,021	33,871,648	37,253,956	38,714,725	30%

Source: California State Department of Finance. The 1990, 2000 and 2010 are census figures reported as of April 1 in each of those years and 2015 figures are estimates by the Department of Finance reported as of January 1, 2015.

N/A: Not available

The District boundaries and Tahoe Forest Hospital service area, which extends beyond the District boundaries, incorporates a good portion of both Nevada and Placer Counties. Although the seasonality of many of the major employers in this area contributes to the area's unemployment data, the Town of Truckee, Placer County and Nevada County unemployment percentages are below the State of California's average. This is in large part attributed to the diversity of employment in these areas. The December 2015 labor market can be divided into the following sectors:

	<u>Town of Truckee</u>	<u>Nevada County</u>	<u>Placer County</u>	<u>State of California</u>
Civilian Labor Force	10,130	48,610	177,500	18,934,500
Employed	9,640	46,160	169,300	17,842,900
Unemployed	490	2,450	8,200	1,091,600
Percentage Unemployment	4.8%	5.0%	4.6%	5.8%

Source: State Employment Development Department, December 2015.

## THE DISTRICT

Certain information concerning the District, its operations and revenues derived from its operations are discussed below. As discussed under “THE BONDS – Security for the Bonds” herein, the Bonds are payable from the proceeds of an *ad valorem* tax required to be levied by the Counties in an amount sufficient for the payment of the Bonds. The District is required by Section 32127 of The Local Health Care District Law to use moneys in its maintenance and operation fund whenever *ad valorem* taxes will be insufficient to pay principal and interest on its general obligation bonds. Accordingly, potential investors are encouraged to review this information about the District, including APPENDIX B – “Audited Financial Statements of the District for the Fiscal Years Ended June 30, 2015 and 2014.”

The District was created in 1949 as a political subdivision of the State of California. The District is organized 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 Law”). The District is located in portions of Placer and Nevada Counties and covers an area of approximately 500 square miles. The permanent resident population of the District is approximately 40,000 persons with an estimated two-thirds of the year-round residents under the age of 45. Seasonal influxes increase the resident population to over 70,000 persons, due to recreational and other attractions. Under District Law the District may own and operate health care facilities. The District currently owns and operates Tahoe Forest Hospital and Incline Village Community Hospital under the provisions of District Law.

Cities and communities located within the District’s boundaries include, in addition to the Town of Truckee, to the west, Norden, Soda Springs and Emigrant Gap and to the southeast along the Lake Tahoe shoreline, Crystal Bay, Kings Beach, Tahoe Vista, Carnelian Bay, Tahoe City, Tahoe Pines, Homewood and Tahoma. The District is a political agency and receives operating tax revenues from the Counties annually based upon the assessed value of taxable property located within its boundaries. The District is able to use its operating tax revenues for general operating purposes. These operating tax revenues are not pledged to the Paying Agent for the repayment of the Bonds.

### Health Facilities

The District operates Tahoe Forest Hospital in Truckee, California, and Incline Village Community Hospital in Incline Village, Nevada (the “Health Facilities”), representing an aggregate of 76 beds (39 acute and 37 skilled nursing beds, of which 10 acute and 2 skilled nursing beds are in suspense) licensed by the State of California Department of Health Services and the State of Nevada, Department of Human Resources, Division of Health, Bureau of Licensure and Certification. Incline Village Community Hospital is located outside the District’s boundaries and was acquired by the District in 1996. The District also operates outpatient facilities located in Tahoe City and Truckee, California. These outpatient facilities provide laboratory and physical therapy services, among other services.

Tahoe Forest Hospital is located in the southeastern quadrant of Nevada County off Interstate 80 in the Town of Truckee, California, approximately 15 miles northwest of Lake Tahoe and approximately 35 miles southwest of Reno, Nevada. Tahoe Forest Hospital opened in 1952 as a 12-bed acute care hospital. The first expansion of Tahoe Forest Hospital occurred in 1966 when it expanded to a total of 42 beds. In 1986, services were expanded in the areas of emergency care and ancillary services and its intensive care unit was expanded to 6 beds and a skilled nursing unit was added. Also in 1986, the District initiated a development program to modernize and expand its services to meet the projected needs of its service area residents. This development included the expansion and renovation of surgery suites, laboratory and admissions, the remodeling of general hospital areas, a renovation and expansion of the obstetrics department as well as the replacement of radiology equipment. It also included an upgrade of the intensive care unit, a remodeling of the emergency room and an expansion of the cafeteria and dining facilities. In 1995, the District completed the construction of a three-story medical office complex adjacent to Tahoe Forest Hospital comprising approximately 30,000 square feet of new space. Some of this building has been sold to physicians on a condominium basis with the remaining footage housing the District’s retail pharmacy and other related hospital services. In 2005, the District developed a new Center for Health and Sports Performance. In 2006, the District opened its 40,000 square foot Western Addition including medical, surgical and intensive care beds, clinical laboratory, women’s imaging, magnetic resonance imaging, cardiac rehabilitation, outpatient surgery and expanded space for dietary, ancillary and admission services. In 2006, Tahoe Forest Hospital started an oncology program with a newly recruited medical oncologist. Over its first two years of operation the Tahoe Forest Cancer Center expanded its scope of services to include chemotherapy and in early 2010 it became part of the University of California at Davis Cancer Care Network. The Tahoe Forest Cancer Center affiliation with the University of California at Davis Cancer Center provided access to clinical trials offerings for the

Truckee – Tahoe region beginning in 2010. In 2007, the District also developed a hospital based multi-specialty clinic providing expanded hospital based clinics for ENT, pulmonary medicine, cardiology, gastroenterology, and internal medicine services. In 2010, oncology, urology and orthopedics were added as new service lines. In 2009 and early 2010, the District added sports medicine and audiology services. In 2011 and 2012, the District added pediatrics, general surgery and radiation oncology services.

Tahoe Forest Hospital has a heliport on its site which allows helicopter ambulances to bring emergency patients to and from Tahoe Forest Hospital. Helicopter ambulances are often used because of the mountainous terrain in the District’s service area. Tahoe Forest Hospital also operates a Women’s and Family Center which provides a combination of clinical and educational services. Obstetrical services provided include labor, delivery, recovery and postpartum units. Home health services offered by Tahoe Forest Hospital include skilled nursing assessment and monitoring, infusion services, post-surgical care, wound care, ostomy care, medical social services, nutrition counseling, and occupational, speech and physical therapies. The District also operates a retail pharmacy, a medical radiation and oncology program and a children’s care center, all located adjacent to Tahoe Forest Hospital.

Incline Village Community Hospital is located in Incline Village, Nevada, approximately 18 miles east of Tahoe Forest Hospital near the northeast shore of Lake Tahoe. It is located outside of the District’s boundaries but within the District’s service area. Incline Village Community Hospital is operated primarily as an outpatient medical center with only occasional inpatient admissions. It provides a fully equipped and staffed 24-hour emergency room and an active surgicenter as well as radiology, laboratory, pharmacy, physical therapy and a sleep disorder clinic.

Approximately 61% of the Health Facilities’ admissions originate from District residents. A majority of the remaining admissions originate from visitors to Lake Tahoe area ski resorts or from auto accidents along the Interstate 80 corridor between Auburn, California, and Reno, Nevada. Both Tahoe Forest Hospital and Incline Village Community Hospital are designated as Critical Access Hospitals for Medicare reimbursement purposes.

**Board of Directors**

The District is governed by a Board of Directors (the “Board”), which consists of five members, each elected at large to four-year terms. The Board has ultimate responsibility for quality patient care, District policies, strategic planning, as well as fiduciary responsibility for protecting and enhancing the District’s assets. The Board hires a Chief Executive Officer to manage the District’s operations and appoints physicians to an organized medical staff. Regular Board meetings are held monthly and are open to the public. 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>Years as a Board Member</u>
Charles Zipkin, M.D. President	Physician	12/2018	1
Greg Jellinek, M.D. Vice President	Physician	12/2018	1
John Mohun, Esq. Secretary	Attorney at Law	12/2016	5
Dale Chamblin Treasurer	Retired Chief Financial Officer	12/2018	3
Karen Sessler, M.D.	Physician/Business Owner	12/2016	15

The District incorporates an area of mountainous terrain having an elevation ranging between 5,800 and 9,600 feet above sea level. Within the District’s boundaries are well established summer and winter resort areas which include the northwest quadrant of Lake Tahoe and several winter ski resorts. Summer recreation areas around Lake Tahoe include the shoreline communities of Tahoe City, Kings Beach, Tahoe Vista, Crystal Bay, Tahoe Pines, Carnelian Bay, Incline Village and Homewood. Other summer recreation areas are located at and around Donner Lake, Prosser Reservoir, Donner Summit and Boca Reservoir near the Town of Truckee. Winter ski areas include Squaw Valley, Alpine Meadows, Tahoe Donner, Northstar at Tahoe, Boreal Ridge, Soda Springs, Sugar Bowl, Homewood Mountain Resort and Mount Rose, among others.

## Senior Management

The current principal members of the administrative staff responsible for the daily operations of the Health Facilities are profiled below:

Harry Weis, Chief Executive Officer. Mr. Weis joined the District in December of 2015, as its Chief Executive Officer. He directs all functions of the Health Facilities and other District activities in accordance with the policies established by the Board. Mr. Weis has over 35 years of senior management experience as Chief Financial Officer, Chief Operations Officer and Chief Executive Officer for nonprofit, governmental and for-profit healthcare providers. From 1987 to 1998, he was the Vice President of Operations and Chief Financial Officer at South Coast Medical Center (a 270-bed healthcare delivery system located in Laguna Beach, California), from 1998 to 2000 he was the Executive Vice President of Operations and Chief Financial Officer at Adventist Healthcare (a multi-hospital system with its headquarters in Rockville, Maryland), from 2000 to 2005 he was the Vice President of Hospital Finance for Adventist Health (a multi-hospital system with its headquarters in Roseville, California) from 2005 to 2009 he was a Director with Wellspring Management Services (a national healthcare consulting firm and subsidiary of Huron Consulting Group), from 2009 to 2014 he was Chief Executive Officer at Natividad Medical Center (a teaching hospital owned by Monterey County, California) and has held management positions with other healthcare providers and consulting firms to the healthcare industry. Mr. Weis received a Bachelor of Arts degree in Business Administration/Accounting from the University of LaVerne, LaVerne, California and received a Master of Health Administration degree from the Southwestern Adventist University, Keene, Texas. Mr. Weis is an advanced member of the Healthcare Financial Management Association, a member of the American College of Healthcare Executives and is a past member and chair of several healthcare, civic and community foundations and organizations.

Crystal Betts, CPA, Chief Financial Officer. Ms. Betts has been with the District since March of 2004, initially as its Controller and since March 2007, as its Chief Financial Officer. She is responsible for all aspects of the financial operations of the District's activities. From 2000 to 2004, Ms. Betts was with Trinity Hospital, a 65-bed acute care facility located in Weaverville, California, as the Controller and then as the Chief Financial Officer. From 1996 to 2000, she was the Audit Senior/Accountant at Matson and Isom Accountancy Corporation located in Chico, California, where she was responsible for conducting audits for governmental, not-for-profit and for-profit entities including eleven healthcare entities. Ms. Betts received a Bachelor of Science degree in Accounting and Management Information Systems from California State University at Chico in Chico, California, and is a Certified Public Account (inactive), licensed in the State of California.

Judith Newland, Chief Nursing Officer. Ms. Newland was appointed to serve as Chief Nursing Officer in April 2012. She has spent most of her career with the District, first serving as a staff nurse in the Medical/Surgical Unit and then in the Emergency Department from 1980 to 1985; from 1985 to 2001 she was the Director of Emergency Services; from 2001 to 2011 she was the Director of Quality and Regulations; and just prior to her present position she was the Director of Operations/Chief Nursing Officer. Ms. Newland earned her Bachelor of Science degree in Nursing from California State University, Fresno, in 1979. Ms. Newland has continued her education by completing Executive MBA courses in Health Administration in 2012 through the University of Colorado, Denver.

## Employees

As of March 1, 2016, the District employed approximately 574 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.

Most of the District's employees are covered by collective bargaining agreements. The District has two employee non-unionized bargaining groups covering licensed and non-licensed employees. These bargaining groups provide representation and advocacy for District employees, particularly in the area of compensation. The informal bargaining relationship has been in existence for many years. The District believes that its employee relations are good.

## Medical Staff

As of March 1, 2016, the medical staff at the Health Facilities consisted of 105 physicians, 63 of whom were active or provisional active medical staff members. Approximately 95% of the active medical staff members are board certified. The current medical staff includes approximately 42 physicians who are courtesy staff or

consulting staff members. Active medical staff members are the primary admitters to the Health Facilities. The Health Facilities' active medical staff has an average age of approximately 54 years.

The top ten admitting physicians of the District, based upon gross inpatient revenues for the fiscal year ended June 30, 2015, represented approximately 59% of total inpatient revenues of the District for the same period. The District recently recruited a new urologist and pediatrician, and is in the process of recruiting a new gastroenterologist and an ear, nose and throat specialist for addition to the medical staff of the Hospital.

### Service Area and Competition

The service area for the Health Facilities extends beyond the District's boundaries to include Sierra and Plumas Counties to the north and west, Incline Village in Washoe County, Nevada to the east, and Nevada and Placer Counties to the east and south. Tahoe Forest Hospital is the only acute care hospital within the District's boundaries, its primary service area. There are no other acute care hospitals or skilled nursing facilities located within the District. In 2003, a free standing ambulatory surgery center owned and operated by physicians practicing at the Health Facilities began operating in the Town of Truckee. In 2010, the District became a 51% partner in this ambulatory surgery center. In addition, there are two urgent care centers within the District, one owned and operated by a physician group practicing at the Health Facilities, and one owned and operated by an independent physician.

The closest acute care hospitals are located approximately 35 miles northeast of Tahoe Forest Hospital in the city of Reno, Nevada. The next closest acute care hospitals located within the state of California are Sutter Auburn Faith Hospital (65 miles southwest), a 105-bed acute care hospital, located in the City of Auburn, Sierra Nevada Memorial Hospital (50 miles southwest), a 107-bed acute care hospital, located in Nevada City, California, and Eastern Plumas Hospital (50 miles northwest), a 24-bed (9 acute care and 27 long-term care) rural hospital, located in Portola, California.

Located within the Health Facilities' service area, for which the Health Facilities are the nearest acute care hospitals, are fifteen winter ski resorts, including Squaw Valley, Sugar Bowl, Soda Springs, Northstar at Tahoe and Alpine Meadows, among others. For services not provided at the Health Facilities, patients are usually referred to Renown Medical Center or St. Mary's Regional Medical Center (a Prime Healthcare Services organization), both located in Reno, Nevada, or to UC Davis Medical Center located in Sacramento, California. Services not currently provided at the Health Facilities include neonatal ICU and cardiology surgery, among others.

### Services

The District presently offers a range of inpatient and outpatient services at the Health Facilities, including basic medical, surgical and obstetrical services, in addition to its general and administrative services. Medical and surgical services currently provided at the Health Facilities include the following:

#### Medical Services

Alternate Birthing Center	Hospice Care	Oncology (Radiation and Medical)
Audiology	Intensive Care	Pain Center
Cardiac Rehabilitation	Internal Medicine	Pharmacy
Cardiopulmonary Therapy	Laboratory, Clinical	Physical Therapy
Clinic	Laboratory, Pathology	Pulmonary Testing
CT Scanning (including PET CT)	LDRP Maternity	Radiology
Diagnostic	Mammography	Respiratory Therapy
EKG, EEG and Endoscopy	MRI Scanning	Sleep Center
General (FP/GP)	Newborn Nursery	Speech Therapy
Gynecology	Nuclear Medicine	Sports Medicine Services
Hematology	Occupational Health	Telemetry
Home Health	Occupational Therapy	Ultrasound

#### Surgical Services

Ambulatory	General	Outpatient
Anesthesiology	Gynecology	Urology
Dental	Ophthalmology	Vascular
Cosmetic	Orthopedics	
Gastroenterology	Otolaryngology	

Tahoe Forest Hospital provides 24-hour emergency medical service and trauma care with a licensed physician on duty at all times. The District also provides skilled nursing services at Tahoe Forest Hospital. Home health services

offered include skilled nursing assessment and monitoring, infusion services, post-surgical care, wound care, ostomy care, nutritional support, medical social services and occupation, speech and physical therapies.

### Accreditations, Designations, Memberships and Affiliations

Tahoe Forest Hospital has been fully accredited since it was opened in 1952. Tahoe Forest Hospital's most recent three-year accreditation from the American Osteopathic Association's Bureau of Healthcare Facilities Accreditation expires on or about July 2, 2017. Incline Village Community Hospital's and associated multispecialty clinic's most recent three-year accreditation from the American Osteopathic Association's Bureau of Healthcare Facilities Accreditation expires on or about September 8, 2017. Laboratory services at Tahoe Forest Hospital and satellite operations located in Tahoe City, California, and Incline Village, Nevada, are accredited by the College of American Pathologists. Management of the District does not anticipate any difficulty in renewing its accreditations for its Health Facilities. Incline Village Community Hospital received Critical Access Hospital designation in 2000 and Tahoe Forest Hospital received its Critical Access Hospital designation in 2007. Critical Access Hospitals are also certified by the Department of Health and Human Services and are eligible for more favorable cost-based reimbursement from Medicare for Medicare program beneficiaries treated at these hospitals.

The Health Facilities are eligible providers under Medicare, Medi-Cal, Blue Cross and other commercial insurance programs and the District holds memberships in the California Hospital Association, the Association of California Healthcare Districts, the District Hospital Leadership Forum, and other professional health care organizations.

The District plans for and evaluates potential affiliations as part of its overall strategic planning. The District has an affiliation with Premier to provide group purchasing services and educational opportunities and with UC Davis Health System to provide Services related to cancer care, cancer research and rural health care.

### Bed Complement

The Health Facilities have a licensed capacity of 76 beds (39 acute and 37 skilled nursing), with 12 of those beds currently in suspense. The current bed count classified by service type is as follows:

<u>Service</u>	<u>Tahoe Forest</u>	<u>Incline Village</u>	<u>Total</u>
Medical/Surgical <sup>(1)</sup>	25	4	29
Intensive Care	6	--	6
Prenatal/Obstetrics	4	--	4
Skilled Nursing	<u>37</u>	--	<u>37</u>
Total	<u>72</u>	<u>4</u>	<u>76</u>

Source: State of California, Department of Public Health License and State of Nevada, Department of Health and Human Services.

<sup>(1)</sup> Ten medical/surgical beds at Tahoe Forest Hospital were placed in suspense on July 1, 2007, for use as patient observation extended recovery beds. Ten medical/surgical beds were also designated as swing beds, as of the same date. Designated swing beds can be used for the treatment of medical/surgical patients or skilled nursing patients, as needed. Two skilled nursing beds were placed in suspense on April 18, 2011.

### Certain Financial Information

The following summary of statements of revenues, expenses and changes in net assets of the District for each of the five fiscal years ended June 30, 2015, were prepared from audited financial statements of the District, of which the 2014 and 2015 fiscal years appear in APPENDIX B to this Official Statement. These summaries should be read in conjunction with the financial statements and notes thereto (which are an integral part of the financial statements) included in APPENDIX B to this Official Statement.

The summaries of statements of revenues, expenses and changes in net assets for the six-month periods ended December 31, 2014 and 2015, are unaudited and have been obtained from unaudited financial statements of the District. 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 financial statements of the District presented below. They do not, however, include all of the information and footnotes 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 interim periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any other interim period or for the year as a whole.

(000's Omitted)	Fiscal Year Ended June 30					Six Months Ended Dec. 31	
	2011* (Audited)	2012* (Audited)	2013* (Audited)	2014** (Audited)	2015** (Audited)	2014* (Unaudited)	2015* (Unaudited)
Net Patient Revenue	\$ 94,324	\$ 99,795	\$ 101,567	\$107,664	\$118,954	\$57,467	\$61,148
Other Revenue	<u>6,596</u>	<u>6,711</u>	<u>6,142</u>	<u>6,711</u>	<u>6,984</u>	<u>3,914</u>	<u>4,073</u>
Total Operating Revenues	100,920	106,506	107,709	114,375	125,938	61,381	65,221
Salaries, Benefits & Professional Fees	65,941	71,572	76,573	79,931	84,453	42,325	41,664
Depreciation & Amortization	5,372	4,966	7,239	8,681	9,613	4,690	5,106
Other Operating Expenses	<u>26,894</u>	<u>26,614</u>	<u>29,658</u>	<u>32,561</u>	<u>36,124</u>	<u>17,380</u>	<u>16,932</u>
Total Operating Expenses	98,207	103,152	113,470	121,173	130,190	64,395	63,702
Net Operating Income/(Loss)	<u>2,713</u>	<u>3,354</u>	<u>(5,761)</u>	<u>(6,798)</u>	<u>(4,252)</u>	<u>(3,014)</u>	<u>1,519</u>
Property Tax Revenue	4,906	4,825	5,717	4,902	5,481		2,334
Property Tax Revenue – G.O. Bonds	2,918	3,223	4,987	4,744	4,829		2,356
Interest Expense	(4,867)	(4,484)	(4,448)	(5,351)	(5,259)		(1,898)
Other Nonoperating Income/(Expenses)	<u>897</u>	<u>1,223</u>	<u>(4,204)†</u>	<u>2,130</u>	<u>1,675</u>	<u>3,033</u>	<u>717</u>
Net Nonoperating Income/(Loss)	<u>854</u>	<u>4,787</u>	<u>2,052</u>	<u>6,425</u>	<u>6,726</u>		<u>3,509</u>
Excess of Revenues Over Expenses	\$ <u>6,567</u>	\$ <u>8,141</u>	\$ <u>(3,709)</u>	\$ <u>(373)</u>	\$ <u>2,474</u>	\$ <u>19</u>	\$ <u>5,027</u>

Sources: Audited and unaudited financial statements of the District, as indicated above.

\* Numbers represent the District only, and exclude the Foundations.

\*\* Numbers represent a consolidated financial statement presentation inclusive of the District and two Foundations.

† The District determined that certain investments in Truckee Surgery Center LLC and physician practices and certain capitalized software and hardware investments were either partially or fully impaired, generating a one-time impairment loss of \$5,679,078.

### Total Unrestricted Funds and Days Cash on Hand

The following table provides total unrestricted funds and day's cash on hand for the District as of June 30, 2011 through June 30, 2015, and as of December 31, 2015. Marketable securities are carried at market.

(000's omitted)	As of June 30					As of Dec. 31
	2011* (Audited)	2012* (Audited)	2013* (Audited)	2014** (Audited)	2015** (Audited)	2015* (Unaudited)
Cash and Cash Equivalents	\$16,019	\$16,839	\$10,345	\$11,347	\$12,698	\$ 6,869
Board Designated Funds	<u>38,919</u>	<u>40,408</u>	<u>34,203</u>	<u>41,262</u>	<u>41,577</u>	<u>46,946</u>
Total Unrestricted Funds	\$54,938	\$57,247	\$44,548	\$52,609	\$54,275	\$53,815
Daily Expenses	\$ <u>254</u>	\$ <u>281</u>	\$ <u>303</u>	\$ <u>323</u>	\$ <u>345</u>	\$ <u>329</u>
Days Cash on Hand <sup>(1)</sup>	<u>216</u>	<u>204</u>	<u>147</u>	<u>163</u>	<u>157</u>	<u>164</u>

Source: Audited and unaudited financial statements of the District, as indicated above.

<sup>(1)</sup> 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 expenses plus interest expense divided by 365 or 184 for the interim period as of December 31, 2015 (daily expenses).

\* Numbers represent the District only, and exclude the Foundations.

\*\* Numbers represent a consolidated financial statement presentation inclusive of the District and two Foundations.

### Management's Analysis of Financial Performance

The District's audited excess of revenues over expenses for the fiscal year ended June 30, 2015, was \$2,473,980 which is approximately \$2,847,446 above fiscal year ended June 30, 2014, results. Over the past five



years the District’s excess of revenues over expenses has averaged approximately \$2,588,000, per annum. The District’s fiscal year 2016 operating plan and budget provides for a minus 3.1% return on equity and a 1.0% return on gross revenue. However, projected fiscal year 2016 return on equity is targeting 4.95% and return on gross revenue is targeting 6.5%. The District Board approved the reduced return on equity based on the additional depreciation costs anticipated with the completion of the Western Addition to Tahoe Forest Hospital and several general obligation bond (Measure C) projects.

Over the past several years, the District has consistently maintained a market share of approximately 60% for its service area. This strong market dominance along with a combined Medicare/Medicaid payor mix of 53% as of the fiscal year ended June 30, 2015, have provided positive margins for the District over those years. The District’s service area has enjoyed a growth rate of more than twice that of the state of California over the past twenty-five years and has generally experienced lower unemployment rates than the state of California as a whole. The economic base of the District’s service area continues to remain strong, with available jobs growing in market segments other than simply the recreation and resort industries.

Over the past ten years, the District has made substantial investments in its Health Facilities through the construction of a \$5,700,000 medical office complex adjacent to Tahoe Forest Hospital and the purchase of an acute care health facility located in nearby Incline Village, Nevada, for \$3,500,000. The District completed a \$5,800,000 expansion to its Tahoe Forest Hospital facility with the addition of two new operating suites and an upgrade of its central plant, among other improvements. In 2006/2007, the District opened the new 40,000 square foot, \$36,000,000, Western Addition including medical, surgical, intensive care beds and expanded space for ancillary and admissions services. The District maintains a liquidity position with its day’s cash on hand of 164 days as of December 31, 2015, and a good leverage position as indicated by its present debt to capital ratio of 24% for revenue based debt.

Both Tahoe Forest Hospital and Incline Village Community Hospital are designated as Critical Access Hospitals, and they are the only acute care hospitals located within the District’s primary service area. The District operates the closest hospitals to twelve of the most active winter ski resorts in California.

The District desires to remain an independently governed community health services provider that delivers highly competent and personalized emergency, primary, and prevention services with a focus on operational excellence and innovation. The District’s “Vision” is “To serve our region by striving to be the best mountain health system in the nation” and the District’s “Mission” is “We exist to make a difference in the health of our communities through excellence and compassion in all we do.”

### Health Facilities Utilization

The table below provides selected statistical indicators of inpatient and outpatient activity for the Health Facilities during the past five fiscal years ended June 30, 2015, and for the six-month period ended December 31, 2014 and 2015:

	Fiscal Year Ended June 30					Six Months Ended Dec. 31	
	2011	2012	2013	2014	2015	2014	2015
<b>Acute Care:</b>							
Licensed Beds	29	29	29	29	29	29	29
Patient Days	5,409	5,179	5,122	4,935	4,735	2,325	2,228
Admissions	1,812	1,718	1,705	1,658	1,724	852	812
Occupancy	51%	49%	48%	47%	45%	44%	42%
Acute Length of Stay (Days)	3.0	3.0	3.0	3.0	2.7	2.7	2.7
Emergency Room Visits	17,348	16,235	16,324	16,264	16,351	8,134	8,876
Total Surgery Cases	1,751	1,986	1,906	1,938	1,873	955	914
<b>Skilled Nursing:</b>							
Licensed Beds	37	37	37	37	37	37	37
Patient Days <sup>(1)</sup>	11,446	11,828	11,723	12,133	12,086	6,365	5,763
Occupancy <sup>(1)</sup>	85%	88%	87%	90%	90%	93%	85%
<b>Combined:</b>							
Licensed Beds	66	66	66	66	66	66	66
Patient Days	16,855	17,007	16,845	17,068	16,821	8,690	7,991
Occupancy	70%	71%	70%	71%	70%	72%	66%

Source: District records.

<sup>(1)</sup> The District has utilized licensed medical/surgical beds when the need has arisen for the treatment of patients who require skilled nursing care.

## Sources of Patient Service Revenue

The District participates in the Medicare and Medi-Cal/Medicaid programs. The percentage of gross patient revenues derived from Medicare, Medi-Cal/Medicaid, managed care contracts and commercial insurance for each of the past five fiscal years ended June 30, 2015, and for the six-month period ended December 31, 2014 and 2015, is set forth below.

	Percent of Gross Patient Service Revenue Fiscal Year Ended June 30					Six Months Ended Dec. 31	
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Medicare	32%	34%	33%	34%	36%	37%	36%
Medi-Cal/Medicaid <sup>(1)</sup>	10	11	15	14	18	18	17
Commercial, HMO, PPO & Private	<u>58</u>	<u>55</u>	<u>52</u>	<u>52</u>	<u>46</u>	<u>45</u>	<u>47</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Source: District records.

<sup>(1)</sup> Less than 1% of the District's revenues are derived from the Nevada Medicaid program.

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 program, known as Medi-Cal in California, under which the Health Facilities furnish services to program eligible persons.

The Health Facilities' inpatient acute and outpatient services rendered to Medicare program beneficiaries are reimbursed under a cost reimbursement methodology pursuant to their designation as a "Critical Access Hospital." Effective July 1, 2007, Tahoe Forest Hospital received Critical Access Hospital Designation. Costs incurred are reimbursed at tentative rates with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2013, and final settlements have been received through that date.

Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed based upon a rate per day. Outpatient services rendered are paid at prospectively determined rates per procedure. Medi-Cal cost reports have been audited by the Medi-Cal fiscal intermediary through June 30, 2013, and final settlements have been received through that date.

Adults who do not meet Medi-Cal eligibility criteria but who are medically indigent, as defined by California law, are eligible for medical services under the state-funded "MIA" program. Placer County administers the MIA program by contracting with providers on a per diem basis for patients requiring inpatient services. Nevada County contracts with the State of California to administer its MIA program, with the District receiving reimbursement on a cost-based methodology for patients treated at the Health Facilities. The MIA contract accounts for less than 1% of gross patient revenues of the District.

The District has contracts with approximately 42 prepaid plans and preferred provider discount contractors which comprise approximately 46% of its revenues for the fiscal year ended June 30, 2015. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established rates and prospectively determined daily rates.

## Affiliations

**Tahoe Forest Health System Foundation.** The Tahoe Forest Health System Foundation (the "Foundation") was organized in 1987 and is a California nonprofit 501(c)(3) public benefit corporation organized for the purpose of soliciting and distributing contributions and property to facilitate the building of a healthier community and the ongoing enhancement of the District's health care system. The Foundation contributed a total of approximately \$6 million in community wide contributions towards the construction and equipping of the Western Addition. Donations to the Foundation are passed directly to the District, either to restricted purchases or programs per the donor's directions or retained in the Foundation's general funds. Of those funds, 15% are withheld each year and will be distributed to the District in amounts and in periods determined by the Foundation's board of trustees, who may also restrict the use of the general funds for plant replacement or expansion or other specific purposes. The Foundation has a membership of over 5,000 donors and a governing board of eight trustees. The Foundation

has raised just over \$12.2 million for Tahoe Forest Hospital since 2000 and distributed approximately \$1,703,000 to the District over the past two fiscal years. The Foundation is not liable for repayment of the Bonds.

***Incline Village Community Hospital Foundation.*** The Incline Village Community Hospital Foundation (the “Incline Village Foundation”) was organized in 2004 and is an independent Nevada nonprofit 501(c)(3) corporation organized for the purpose of soliciting and distributing contributions and property for the benefit of the Incline Village Community Hospital. The Incline Village Foundation concluded a capital campaign that contributed a total of approximately \$1.5 million in community wide contributions towards the construction and equipping of the emergency room expansion and remodel of Incline Village Community Hospital. A second capital campaign generated approximately \$500,000 in contributions to renovate and equip Incline Village Community Hospital’s imaging department. The Incline Village Foundation’s general funds, which represent its unrestricted resources, will be distributed to the District in amounts and in periods determined by the Incline Village Foundation’s board of trustees, who may also restrict the use of the general funds for plant replacement or expansion or other specific purposes. The Incline Village Foundation has a membership of over 1,500 donors and a governing board of approximately sixteen trustees. The Incline Village Foundation has raised just over \$3.7 million for Incline Village Community Hospital improvements since 2004 and distributed approximately \$1,721,000 to the District over the past two fiscal years. The Foundation is not liable for repayment of the Bonds.

***Tahoe Forest Hospital Auxiliary.*** The Tahoe Forest Hospital Auxiliary (the “Auxiliary”) was formed in 1978 and has been an active participant in the delivery of healthcare services at Tahoe Forest Hospital since that time. The Auxiliary provides volunteer support to the Health Facilities in several areas, including fundraising, office staff assistance, operating of the gift shop, the thrift shop, staffing of health fairs, the Health Facilities’ lobby, assisting patients, among other services. Auxiliary volunteers provide in excess of 10,000 hours annually in support of the Health Facilities and their patients. The Auxiliary is not liable for repayment of the Bonds.

***Tahoe Institute for Rural Health Research.*** The Tahoe Institute for Rural Health Research (the “Research Institute”) was formed in 2009 by the District as a California nonprofit public benefit corporation and has applied to the Internal Revenue Service for a determination of charitable, exempt status under Sections 501(a) and 501(c)(3) of the Code. The District is the sole member of the Research Institute. It is anticipated that the Research Institute will be a vehicle through which scientific research and collaboration with medical practitioners will produce innovative solutions for rural health care issues. The Research Institute is not liable for repayment of the Bonds.

***UC Davis Health System.*** The District has entered into a participation and license agreement with the UC Davis Health System pursuant to its UC Davis Cancer Care Network to provide cancer care expertise and support to the District and to patients treated at the District’s cancer center facilities. Advanced cancer therapies and clinical trial opportunities are made available to oncology patients treated at the Cancer Center. The affiliated status affords the District expertise, technology and training opportunities not otherwise available to its oncology programs. The District is also a site for the UC Davis Rural Prime Program that, among other benefits, provides access to ongoing training and support for over twenty of the District’s medical staff members who serve on the volunteer medical staff of UC Davis Medical Center located in Sacramento, California. The Tahoe Institute for Rural Health Network has also entered into a separate affiliation agreement with UC Davis Health System for the sharing of resources relating to research opportunities. The UC Davis Health System is not liable for payment of the Bonds.

***Other Affiliations.*** The District contracts with various other medical providers to provide clinical and professional services in the areas of radiology, pathology, anesthesia, emergency medicine, and mobile lithotripsy. The District plans for and evaluates potential affiliations as part of its overall strategic planning. Tahoe Forest Hospital has a number of training affiliations with various colleges and educational institutions to advance its employees’ training in medicine, nursing and other ancillary medical professional fields. Tahoe Forest Hospital has a number of training affiliations with various colleges and educational institutions to advance its employees’ training in medicine, nursing and other ancillary medical professional fields. Some of these affiliations include: University of Nevada Reno Medical School, Sierra College, California State College – University at Chico, Touro University California – College of Osteopathic Medicine, UC Davis Medical School, Walden University, Arizona School of Health Sciences, ATSU, Des Moines University – College of Osteopathic Medicine, Graceland University – School of Nursing, Stanford University – Foothill College School of Physician Assistants, Harvard Medical School, and Samuel Merritt University. No other affiliation agreements are in place and no serious discussions are occurring with other potential affiliation partners.

## **Public and Professional Liability Insurance Considerations**

The District currently carries healthcare entity comprehensive liability insurance through a pooled self-insurance program insuring the Health Facilities and all District employees, while acting within the scope of their duties, against malpractice liability with limits of \$10,000,000 per claim and \$20,000,000 annual aggregate under a claims-made policy. The District's current healthcare entity comprehensive liability coverage contract is in continuous effect through June 30, 2016. The District contracts such coverage through a joint powers authority ("BETA Risk Management Authority") under California law authorizing governmental agencies, such as local health care districts, to join together for insurance purposes. Currently, 102 Members representing health care districts, nonprofit healthcare providers, city and county hospitals participate in BETA Risk Management Authority. Coverage is on a claims-made basis.

BETA Risk Management Authority is funded by monthly contributions paid by the health care providers (Members) participating in BETA Risk Management Authority. The contributions are used to fund a reserve for expected losses to be paid by BETA Risk Management Authority on a pooled, self-insured basis. The amount of the monthly contribution to be paid by a Member is based on independent actuarial computations taking 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, 2015, the District paid \$433,791 in net contributions to BETA Risk Management Authority.

At June 30, 2015, BETA Risk Management Authority had a reserve for claims and claims expenses relating to the District of \$31,550. For the fiscal year ended June 30, 2015, BETA Risk Management Authority paid claims and claims expenses on behalf of the District totaling \$55,555.

The District 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 District which exceed insurance coverage. The District does not currently have any pending malpractice or professional liability claims or lawsuits for compensatory damages not covered by insurance. In California, district health facilities like the Health Facilities are not subject to punitive damage awards. Property damage is covered by Driver Alliant Insurance Services.

The District does not maintain separate flood insurance coverage or earthquake insurance covering its Health Facilities against damages caused by flooding or seismic activity. The District is self-insured for employee medical, dental and vision insurance and for workers' compensation losses.

## **Workman's Compensation Insurance Considerations**

The District is self-insured for workers' compensation losses. A third party administers this coverage for the District. The District funds its losses based on future claims projections developed by the third-party administrator. A stop-loss insurance contract executed with an insurance carrier covers individuals claims in excess of \$500,000 per plan year with an aggregate limit of \$1,000,000. There were no significant changes in insurance coverage from the prior year. The liability for unpaid claims is estimated using development factors, including actual claims paid industry standards and actuarial factors.

The District estimates its liability for claims pending and incurred but not reported as of June 30, 2015 and 2014 to be \$404,807 and \$1,006,475, respectively. For the fiscal year ended June 30, 2015, the District paid workers' compensation claims and claims expenses totaling \$603,700 and incurred claims and claims adjustment expense of \$2,032. [The District is unaware of any claims pending and incurred but not reported that would materially change the amount of the District's currently estimated liability.]

## **Employees' Retirement Plan**

The District does not participate in the California Public Employees' Retirement System (CalPERS) or any other defined benefit plan.

The District is the administrator for a defined contribution pension plan covering employees who complete 1,000 hours of service in a calendar year. The District is required to make annual contributions equal to 3% of each employee's annual compensation plus 3% of each employee's annual compensation in excess of the social security tax wage base. Employee contributions are voluntary and limited to 10% of an employee's annual compensation.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The deferred compensation plan, available to all employees, permits them to defer a portion of their current salary until future years. The District matches participation deferrals from 3% to 7% of compensation for full-time and regular part-time participants. Employee contributions are limited to the maximum amount allowable by law. Since January 1, 2006, the employer matching contributions under this deferred compensation plan have been deposited into employee accounts in a money purchase pension plan.

Total employer contributions under the above benefit programs were \$2,175,058 and \$2,582,757 in 2014 and 2015, respectively.

### **Capital Expenditures**

Aside from construction and equipping costs related to the Project to be funded from the general obligation bonds, total capital expenditures of approximately \$21,766,000 are expected to occur over the next three years beginning in the fiscal year ended June 30, 2016. As for the other planned capital expenditures over the next three years, they represent regular annual expenditures made in connection with the normal routine maintenance and equipment replacement for the District's Health Facilities, information technology expenditures and equipment related to the Project that cannot be funded with general obligation bond proceeds. These capital expenditures are planned to be funded from capital lease obligations, cash reserves and community based contributions.

### **Seismic Compliance**

California Senate Bill 1953 ("SB 1953"), signed into law in 1994, is part of the California Health and Safety Code. SB 1953 and regulations promulgated thereunder required hospital acute care buildings to meet more stringent seismic guidelines, in certain cases by 2008. In fiscal year 2013, the District received approval of a time extension until January 1, 2015, from the Office of Statewide Health Planning and Development of the State of California for compliance with SB 1953. As of January 1, 2015, the buildings on the District's health care campus to which the extension applied no longer housed any acute care services. The construction of the Project and its component parts have placed the District in compliance with SB 1953.

## **LEGAL MATTERS**

### **No 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 or existence of the District is being contested.

### **Limitation on Remedies**

The opinion of Bond Counsel as to the rights of owners and the enforceability thereof, attached hereto as APPENDIX A, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against healthcare districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. However, health care districts may petition for bankruptcy relief pursuant to Article 5 of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended.

The Bond Resolution and the State Government Code require the Counties to annually levy *ad valorem* property taxes without limitation as to rate or amount upon all property within the District subject to such taxation by the District (except certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The District will calculate the tax rate on an annual basis based on the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds and all parity debt issued by the District pursuant to Measure C, and the Counties will levy and collect the *ad valorem* taxes. The Counties on behalf of the District are thus expected to be in possession of the annual property taxes to repay the Bonds until they transfer such funds to the District for subsequent transfer to the Paying Agent. The District is legally obligated to use *ad valorem* taxes only for repayment of its general obligations bonds and for no other use. See "SECURITY FOR THE BONDS" and "DISTRICT FINANCIAL MATTERS – Property Tax Collection Procedures" herein.

In 2015, California legislation, effective January 1, 2016, provides a “statutory lien” against *ad valorem* taxes collected to pay general obligation bonds of issuers, like the District. This has strengthened the position of holders of California general obligation bonds as secured creditors in the event of Chapter 9 bankruptcy proceedings taken by the District. However, the statutory lien is not a bar to use of the *ad valorem* tax revenues during the bankruptcy proceedings if “adequate protection” is provided, and it is not a guaranty of full or timely repayment of such general obligation bonds, although it should materially increase the likelihood of a higher recovery over unsecured general obligations bonds in a Chapter 9 bankruptcy proceeding.

### **Legality for Investment in California**

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, are eligible for security for deposits of public moneys in California.

### **Tax Matters**

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become 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 Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

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.

The Code includes provisions for an alternative minimum tax (“AMT”) for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would generally include certain tax-exempt interest, but not interest on the Bonds.

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 Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. 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 Investors Service ("Moody's") has assigned a rating of "\_\_\_" (with stable outlook) to the Bonds. No application was made 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 rating mentioned above will remain in effect for any given period of time or that the ratings might not be lowered or withdrawn entirely by Moody's, if in its judgment circumstances so warrant. The Underwriters (defined below) 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.

### **UNDERWRITING**

The Bonds are being purchased by the underwriters listed on the cover of this Official Statement (the "Underwriters") at a purchase price of \$\_\_\_\_\_ (being equal to the aggregate principal amount of the Bonds (\$\_\_\_\_\_,000.00), plus a net original issue premium of \$\_\_\_\_\_, and less \$\_\_\_\_\_ retained by the Underwriters to pay the Underwriters' discount).

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 Underwriters.

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

Piper has also entered into a distribution agreement (the "UnionBank Distribution Agreement") with UnionBank Investment Securities LLC ("UnionBank") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the UnionBank Distribution Agreement, UnionBank will purchase Bonds from Piper at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that UnionBank sells.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and certain of their affiliates may have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans and/or credit default swaps) for their own account and for the accounts of their



customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

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 page of this Official Statement. The offering prices or yields may be changed from time to time without notice by the Underwriters.

### **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. During the past five years the District has had continuing disclosure obligations with respect to its 2006 Revenue Bonds (see “INTRODUCTION – Revenue Bonds Outstanding,” herein) and with respect to the 2008 Bonds, the 2010 Bonds, the 2012 Bonds and the 2015 Bonds. The 2002 Revenue Bonds and the 2015 Revenue Bonds did not require continuing disclosure of the District. The 2008 Bonds were no longer outstanding after March 10, 2015.

The District’s continuing disclosure submissions since 2011 with respect to the 2006 Revenue Bonds, the 2008 Bonds, the 2010 Bonds and the 2012 Bonds pertaining to annual and quarterly (as applicable) disclosure of financial information and operating data have not fully complied with its continuing disclosure obligations.

Rating changes affecting the 2008 Bonds during the last five years were disclosed late. The rating on most maturities of the 2008 Bonds began as a Moody’s rating of Aaa based on the bond insurance on such maturities of the 2008 Bonds provided by Assured Guaranty Corp. The rating on such insured maturities changed each time Moody’s rating of Assured Guaranty Corp. changed. Assured Guaranty Corp.’s rating fell from the Aaa rating at the time the 2008 Bonds were issued to Aa2 in November 2010, to Aa3 in November 2009 to A3 in January 2013. The underlying Moody’s rating of A2 on the 2008 Bonds not insured by Assured Guaranty Corp. was upgraded to Aa3 in June 2010.

At its meeting on November 25, 2014, the Board of Directors of the District adopted policies and procedures that pertain to the District’s obligations of continuing disclosure. Those policies and procedures establish that the Chief Financial Officer of the District is responsible for ensuring the District’s compliance with its continuing disclosure undertakings, specify periodic training of personnel involved in the continuing disclosure process, time deadlines for providing continuing disclosure information to the dissemination agent, confirmation through Electronic Municipal Market Access (“EMMA”) that postings have been made as required, periodic review and update of the continuing disclosure procedures, and other matters intended to achieve full and timely compliance by the District.

Set forth below in table form is information outlining separately the required Annual Report, quarterly financial information (as applicable) and operating data disclosures pertaining to the 2006 Revenue Bonds, the 2008 Bonds, the 2010 Bonds, the 2012 Bonds and the 2015 Bonds (for example, the annual audit, tax information and other operating data as required by the applicable official statement). The table shows the date each filing was required and the actual date of posting on EMMA. In no case 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. On February 6, 2014, a notice filing was posted on EMMA with respect to each bond issue outstanding at that time containing information about the District’s continuing disclosure filing history over the previous five years. The following table covers the District’s filing history with EMMA over the past five years.

<b><u>2006 Revenue Bonds</u></b>	<b><u>Due Date</u></b>	<b><u>Date Posted</u></b>
2010 Annual Report	12/31/10	12/28/10
2010 Operating Data <sup>(1)</sup>	12/31/10	11/08/11
2011 Annual Report	12/31/11	11/08/11
2011 Operating Data <sup>(1)</sup>	12/31/11	11/08/11
2012 Annual Report	12/31/12	11/15/12
2012 Operating Data <sup>(1)</sup>	12/31/12	11/15/12
2013 Annual Report	12/31/13	02/20/14
2013 Operating Data <sup>(1)</sup>	12/31/13	01/27/15
2014 Annual Report	12/31/14	12/29/14
2014 Operating Data <sup>(1)</sup>	12/31/14	12/29/14
2015 Annual Report	12/31/15	01/04/16
2015 Operating Data <sup>(1)</sup>	12/31/15	12/31/15
Quarterly Financials (12/31/10)	01/31/11	04/26/11
Quarterly Financials (03/31/11)	04/30/11	05/18/11
Quarterly Financials (06/30/11)	07/31/11	08/02/11
Quarterly Financials (09/30/11)	10/31/11	11/04/11
Quarterly Financials (12/31/11)	01/31/12	08/28/13
Quarterly Financials (03/31/12)	04/30/12	04/30/12
Quarterly Financials (06/30/12)	07/31/12	08/17/12
Quarterly Financials (09/30/12)	10/31/12	08/28/13
Quarterly Financials (12/31/12)	01/31/13	08/28/13
Quarterly Financials (03/31/13)	04/30/13	06/24/13
Quarterly Financials (06/30/13)	07/31/13	08/28/13
Quarterly Financials (09/30/13)	10/31/13	11/25/13
Quarterly Financials (12/31/13)	01/31/14	02/20/14
Quarterly Financials (03/31/14)	04/30/14	01/27/15
Quarterly Financials (06/30/14)	07/31/14	07/29/14
Quarterly Financials (09/30/14)	10/31/14	10/24/14
Quarterly Financials (12/31/14)	01/31/15	01/22/15
Quarterly Financials (03/31/15)	04/30/15	04/28/15
Quarterly Financials (06/30/15)	07/31/15	07/30/15
Quarterly Financials (09/30/15)	10/31/15	10/31/15
Quarterly Financials (12/31/15)	01/31/16	01/25/16

<b><u>2008 Bonds*</u></b>	<b><u>Due Date</u></b>	<b><u>Date Posted</u></b>
2010 Annual Report	03/31/11	12/28/10
2010 Operating Data <sup>(2)</sup>	03/31/11	05/23/12
2011 Annual Report	03/31/12	11/08/11
2011 Operating Data <sup>(2)</sup>	03/31/12	05/23/12
2012 Annual Report	03/31/13	11/15/12
2012 Operating Data <sup>(2)</sup>	03/31/13	04/01/14
2013 Annual Report	03/31/14	04/01/14
2013 Operating Data <sup>(2)</sup>	03/31/14	04/01/14
2014 Annual Report	03/31/15	12/09/14
2014 Operating Data <sup>(2)</sup>	03/31/15	02/03/15

<u>2010 Bonds</u> <sup>(4)</sup>	<u>Due Date</u>	<u>Date Posted</u>
2010 Annual Report	04/01/11	12/28/10
2010 Operating Data <sup>(2)</sup>	04/01/11	05/23/12
2011 Annual Report	04/01/12	11/08/11
2011 Operating Data <sup>(2)</sup>	04/01/12	05/23/12
2012 Annual Report	04/01/13	11/15/12
2012 Operating Data <sup>(2)</sup>	04/01/13	04/03/14
2013 Annual Report	04/01/14	02/20/14
2013 Operating Data <sup>(2)</sup>	04/01/14	04/03/14
2014 Annual Report	04/01/15	02/03/15
2014 Operating Data <sup>(2)</sup>	04/01/15	02/03/15
2015 Annual Report	04/01/16	01/25/16
2015 Operating Data <sup>(2)</sup>	04/01/16	03/15/16

<u>2012 Bonds</u>	<u>Due Date</u>	<u>Date Posted</u>
2012 Annual Report	04/01/13	03/29/13
2012 Operating Data <sup>(2)</sup>	04/01/13	04/03/14
2013 Annual Report	04/01/14	04/01/14
2013 Operating Data <sup>(2)</sup>	04/01/14	04/03/14
2014 Annual Report	04/01/15	02/03/15
2014 Operating Data <sup>(2)</sup>	04/01/15	02/03/15
2015 Annual Report	04/01/16	03/11/16
2015 Operating Data <sup>(2)</sup>	04/01/16	03/15/16

<u>2015 Bonds</u>	<u>Due Date</u>	<u>Date Posted</u>
2015 Annual Report	03/31/16	03/11/16
2015 Operating Data <sup>(2)</sup>	03/31/16	03/15/16

<sup>(1)</sup> Consists of utilization data, medical staff data, payor mix, debt service coverage ratio and days cash on hand.

<sup>(2)</sup> Consists of assessed values in the District, property tax levies, collections and delinquencies.

\* The 2008 Bonds were no longer outstanding after March 10, 2015.

## **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

The Verification Agent will examine the arithmetical accuracy of certain computations included in the schedules relating to the refunding of the 2010 Bonds. See "REFINANCING PLAN." The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

## **FINANCIAL ADVISOR**

G.L. Hicks Financial, LLC has served as financial advisor to the District for purposes of assisting with the development and implementation of a bond structure in connection with the Bonds. G.L. Hicks Financial, LLC is an independent advisory firm 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 foregoing and subsequent 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 such 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.

TAHOE FOREST HOSPITAL DISTRICT

By: \_\_\_\_\_

Title: Chief Financial Officer

**APPENDIX A**

**Form of Final Opinion of Bond Counsel**

**APPENDIX B**

**Audited Financial Statements of the District for the  
Fiscal Years Ended June 30, 2015 and 2014**

**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](http://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 Paying Agent or Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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 TRUST AGREEMENT 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.

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**BOARD OF DIRECTORS  
TAHOE FOREST HOSPITAL DISTRICT  
COUNTIES OF PLACER AND NEVADA, STATE OF CALIFORNIA**

**RESOLUTION NO. 2016-05**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE TAHOE FOREST  
HOSPITAL DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF THE  
DISTRICT'S 2016 GENERAL OBLIGATION REFUNDING BONDS**

Adopted March 29, 2016

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**BOARD OF DIRECTORS  
TAHOE FOREST HOSPITAL DISTRICT  
COUNTIES OF PLACER AND NEVADA, STATE OF CALIFORNIA**

**RESOLUTION NO. 2016-05**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE TAHOE FOREST  
HOSPITAL DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF THE  
DISTRICT'S 2016 GENERAL OBLIGATION REFUNDING BONDS**

RESOLVED, by the Board of Directors (the "Board") of the Tahoe Forest Hospital District (the "District"), as follows:

WHEREAS, at the September 25, 2007 election, the District received authorization by a vote in excess of two-thirds of the voters voting, to issue \$98,500,000 of general obligation bonds (the "2007 Authorization") for the sole purposes of financing acquisition or improvement of real property for hospital purposes.

WHEREAS, on August 3, 2010, the District issued its "Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010)" (the "2010 Bonds"), in the original principal amount of \$43,000,000, issued for authorized hospital purposes pursuant to the 2007 Authorization, of which \$42,785,000 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 redemption of all outstanding 2010 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 TAHOE FOREST HOSPITAL 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 Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2016 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.

*“Counties”* means Placer and Nevada Counties, 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 President of the Board, the Vice President 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 Deposit and Trust Agreement, dated the Closing Date, by and between the District and the Escrow Bank, providing for the defeasance and redemption of the 2010 Bonds.

*“Escrow Bank”* means U.S. Bank National Association, 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 August 1, 2016, and with respect to principal, August 1, of each year commencing on August 1, 2016.

*“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 U.S. Bank National Association, 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.

*"Principal Office"* means the principal corporate trust office of the Paying Agent in San Francisco, California.

*"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.

*"2010 Bonds"* means the Tahoe Forest Hospital District General Obligation Bonds, Election of 2007, Series B (2010) , in the original principal amount of \$43,000,000, issued for authorized hospital purposes, of which \$42,785,000 principal amount remains outstanding.

*"Underwriters"* means Hilltop Securities Inc., Piper Jaffray & Co. and Raymond James & Associates, 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 2010 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 "Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2016 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 Identification 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, 2040. 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 July 15, 2016, 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 "Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2016 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 Standard & Poor's Credit Ratings Services 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 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) The Paying Agent shall transfer to the Escrow Bank the proceeds of the Bonds required to provide for the defeasance of the 2010 Bonds, for deposit in the escrow fund held by the Escrow Bank under and pursuant to the Escrow Agreement (as shall be designated by the District on or prior to the Closing Date).

Section 3.04. Security for the Bonds. There shall be levied by Placer and Nevada Counties 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 Counties 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 Counties 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 specified in the 2007 Authorization 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 for the 2007 Authorization. The lien shall automatically attach without further action or authorization by the District or the Counties. 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 ESCROW 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 2010 Bonds shall be refunded; *provided, however,* the net present value savings to be realized by the District with respect to the 2010 Bonds as a result of the issuance of the Bonds shall not be less than 5% of the outstanding principal balance of the 2010 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-1, 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 Underwriter, shall not exceed 0.75% 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 Underwriters, that a private placement of all or a portion of the Bonds, will produce greater present value savings of the 2010 Bonds to be refunded, 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 Underwriters. A Bond Purchase Agreement, in the form attached hereto as Exhibit B-2, 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. 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 public offering basis, the Bond Purchase Agreement approved by this paragraph shall relate only to the portion of the Bonds sold pursuant to a private placement.

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. 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).

Section 5.07. Continuing Disclosure. If the Bonds are sold pursuant to a public offering, 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.

## ARTICLE VI

### THE PAYING AGENT

Section 6.01. Appointment of Paying Agent. U.S. Bank National Association 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 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 Counties and their 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 on 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 VI 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 and 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 Tahoe Forest Hospital District Board of Directors held on the 29th day of March, 2016, by the following vote:

AYES: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

\_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

\_\_\_\_\_  
Charles Zipkin, M.D.  
President, Board of Directors  
Tahoe Forest Hospital District

ATTEST:

\_\_\_\_\_  
Martina Rochefort  
Clerk, Board of Directors  
Tahoe Forest Hospital District

**EXHIBIT A**

**FORM OF BOND**

**United States of America  
State of California  
Placer and Nevada Counties**

**TAHOE FOREST HOSPITAL DISTRICT  
2016 General Obligation Refunding Bond**

<b>INTEREST RATE:</b> _____ %	<b>MATURITY DATE:</b> August 1, _____	<b>ISSUE DATE:</b> May 12, 2016	<b>CUSIP</b>
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REGISTERED OWNER: CEDE& CO.

PRINCIPAL SUM: \_\_\_\_\_ DOLLARS

The TAHOE FOREST HOSPITAL DISTRICT, a 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 July 15, 2016, 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 August 1, 2016, 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 U.S. Bank National Association (the "Paying Agent"), in San Francisco, California. 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 "Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2016 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. 2016-05 of the District adopted March 29, 2016 (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 Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010), 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 Placer and Nevada Counties 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.

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
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†Maturity

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
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†Maturity

The Bonds are issuable as fully registered Bonds, without coupons, in denominations of \$100,000 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 San Francisco, California, 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 Tahoe Forest Hospital District has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of the President of its Board of Directors and the Secretary of the Board of Directors, all as of the Issue Date stated above.

TAHOE FOREST HOSPITAL DISTRICT

By \_\_\_\_\_  
President 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:

U.S. BANK NATIONAL ASSOCIATION, 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-1

### FORM OF BOND PURCHASE AGREEMENT (Public Offering)

Tahoe Forest Hospital District  
10121 Pine Avenue  
Truckee, California 96160

Ladies and Gentlemen:

Hilltop Securities Inc. (the "Representative"), on behalf of itself and Piper Jaffray & Co. and Raymond James & Associates, Inc. (collectively, the "Underwriters"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Tahoe Forest Hospital 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 2016 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 a net 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 2012-25 (May 7, 2012), 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 March 29, 2016 (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 Placer and Nevada Counties (the "Counties") 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 August 1, 2016, 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 Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010) (the "2010 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. The Underwriters agree to make a bona fide public offering of all the Bonds at the initial public offering price or yield to be set forth on the cover page of the Official Statement and Appendix A hereto. Subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering price or yield as it deems necessary in connection with the marketing of the Bonds.

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 April 5, 2016 (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., California time, on May 12, 2016, 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 deliver to the Representative (except as otherwise provided in the Resolution), through the facilities of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the District and the Representative may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and in Larkspur, California, the other documents hereinafter mentioned; and the Representative will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of U.S. Bank National Association, as paying agent (the "Paying Agent"), on behalf of the District.

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 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 Escrow Agreement, to be dated May 12, 2016, by and between the District and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), relating to the defeasance of the 2010 Bonds (the "Escrow Agreement"), the Paying Agent/Bond Registrar/Costs of Issuance Agreement, to be dated May 12, 2016, by and between the District and U.S. Bank National Association, 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"), 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 Resolution, the Escrow Agreement 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 Escrow Agreement, the Paying Agent 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 Escrow Agreement, the Paying Agent 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 Placer and Nevada Counties, 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 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 Escrow Agreement, the Paying Agent Agreement and the Resolution shall be in full force and effect and shall not have been amended, modified 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 Escrow Agreement, the Paying Agent 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(e) 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, or

(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 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 Colantuono, Highsmith & Whatley, PC, as District counsel ("District Counsel"), to the effect that (1) the District is a 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 Escrow Agreement, the Paying Agent 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), Appendix A to the Official Statement, 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) **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 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) **Arbitrage.** A non-arbitrage certificate of the District in a form satisfactory to Bond Counsel;

(8) **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;

(9) **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.

(10) **Official Statement.** Certificates of the appropriate officials of the District evidencing their determinations respecting the Official Statement in accordance with the Rule and not more than 25 copies of the Official Statement;

(11) **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);

(12) **Escrow Agreement;**

(13) **Paying Agent Agreement;**

(14) **Defeasance Opinion.** Opinion of Bond Counsel as to the legal defeasance of the 2010 Bonds;

(15) **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; and

(16) **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 May 12, 2016, 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. Crystal Betts, Chief Financial Officer, Tahoe Forest Hospital District, 10121 Pine Avenue, Truckee, CA 96160, or if to the Underwriters, to Hilltop Securities Inc., 2533 South Coast Highway 101, Suite 250, Cardiff, CA 92007, Attention: Mr. Michael Cavanaugh, Senior Vice President.

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,

HILLTOP SECURITIES INC.,  
PIPER JAFFRAY & CO. and  
RAYMOND JAMES & ASSOCIATES, INC., as  
Underwriters

By HILLTOP SECURITIES INC., as  
Representative

By \_\_\_\_\_  
Kelly Jocoy  
Senior Vice President

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

TAHOE FOREST HOSPITAL DISTRICT

By \_\_\_\_\_  
Crystal Betts  
Chief Financial Officer

Time of Execution: \_\_\_\_\_

APPENDIX A

**INTEREST RATES, REOFFERING PRICES, MATURITIES AND  
OPTIONAL AND SINKING FUND REDEMPTION PROVISIONS**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP Number</u>
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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.* 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 August 1, \_\_\_\_, to and including August 1, \_\_\_\_, in the principal amounts as set forth in the following table:

Date of Sinking Fund Redemption <u>(August 1)</u>	<u>Sinking Fund Installment Amount</u>
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†Maturity

## EXHIBIT B-2

### FORM OF BOND PURCHASE AGREEMENT (Private Placement)

Tahoe Forest Hospital District  
10121 Pine Avenue  
Truckee, California 96160

Ladies and Gentlemen:

The undersigned, \_\_\_\_\_ (the "Purchaser"), offers to enter into this bond purchase and rate lock agreement (this "Bond Purchase Agreement") with the Tahoe Forest Hospital District (the "District"), which, upon each parties acceptance hereof, will be binding upon the District and the Purchaser. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the delivery of such acceptance to the Purchaser at or prior to 5:00 P.M., Pacific 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 Purchaser hereby agrees to purchase, for reoffering to the public, and the District hereby agrees to issue and execute and cause U.S. Bank National Association, San Francisco, California (the "Paying Agent"), to authenticate and deliver to the Purchaser for such purpose, all (but not less than all) of \$\_\_\_\_\_ in aggregate principal amount of the District's Tahoe Forest Hospital District 2016 General Obligation Refunding Bonds (the "Bonds").

The purchase price of the Bonds shall be \$\_\_\_\_\_ (being equal to the aggregate principal amount of the Bonds).

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 Purchaser; (ii) in connection with such transaction, including the process leading thereto, the Purchaser is acting solely as a principal and not as an agent or a fiduciary of the District; (iii) the Purchaser has neither assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering of the Bonds or the process leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has advised or is currently advising the District on other matters) nor has it assumed any other obligation to the District except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Purchaser has 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.

2. The Bonds. The Bonds are issued under Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code and pursuant to a resolution adopted by the Board of Directors of the District on March 29, 2016 (the "Resolution").

The Bonds are general obligation bonds of the District, and Placer and Nevada Counties (the "Counties") 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 August 1, 2016, 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 Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010) (the "2010 Bonds"), and (b) pay for costs of issuance of the Bonds.

### 3. Private Placement; Bonds Constitute Investment of Purchaser.

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

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

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

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

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

(f) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

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

(h) The Purchaser has been informed that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the District has not undertaken to provide any continuing disclosure with respect to the Bonds.

4. Use of Documents. The District hereby authorizes the Purchaser to use, in connection with the offer and sale of the Bonds, this Bond Purchase Agreement, the Resolution, the Escrow Deposit and Trust Agreement, dated April 12, 2016, by and between the District and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), relating to the defeasance of the 2010 Bonds (the "Escrow Agreement"), and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Purchaser in connection with the transactions contemplated by this Bond Purchase Agreement.

5. Closing. At 8:00 A.M., California time, on April 12, 2016, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Purchaser (the "Closing"), the District will deliver to the Purchaser (except as otherwise provided in the Resolution), at the offices of Bond Counsel, or at such other place as both parties may mutually agree upon, the Bonds, duly executed and

registered in the name of the Purchaser, and the other documents hereinafter mentioned; and we will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to or upon the order of the Paying Agent on behalf of the District.

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

(a) *Due Organization.* The District is a 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 and the Escrow 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, the Escrow 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 Escrow Agreement 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 and the Escrow Agreement constitute the valid and legally binding obligations 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; and (v) the District has duly authorized the consummation by it of all transactions contemplated by the Resolution, this Bond Purchase Agreement and the Escrow Agreement. The District will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Resolution, the Escrow Agreement or this Bond Purchase Agreement without the prior written consent of the Purchaser prior to the Closing Date.

(c) *Consents.* Other than the approving vote of the electorate of the District and adoption of the Resolution, 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.

(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 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 *ad valorem* 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 Escrow Agreement or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Resolution, the Escrow Agreement 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 Escrow Agreement or the Resolution, (b) declare this Bond Purchase Agreement or the Escrow 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 Purchaser, the District will not have issued, nor will Placer and Nevada Counties, on behalf of the District issue, any bonds, notes or certificates of participation.

(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.

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

(j) *Financial Statements.* The financial statements of the District provided to the Purchaser fairly present the financial position of the District as of the dates indicated and the results of its operations for the periods specified.

7. Application of Proceeds. The District covenants and agrees with the Purchaser that the District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution;

8. Conditions to Closing. The Purchaser has 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 Purchaser's obligations under this Bond Purchase Agreement are and shall be subject at the option of the Purchaser, 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 Purchaser 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) this Bond Purchase Agreement, the Escrow Agreement and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Purchaser; (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 its obligations required under or specified in the Resolution, this Bond Purchase Agreement or the Escrow Agreement to be performed at or prior to the Closing;

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

(i) 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:

(A) 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



(B) 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 Act of 1933, as amended;

(ii) 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;

(iii) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Purchaser, impractical or inadvisable to proceed with the offering or delivery of the Bonds;

(iv) 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;

(v) 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 Purchaser;

(vi) 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, is or would be in violation of the federal securities laws, as amended and then in effect; or

(vii) the withdrawal or downgrading of any rating of the Bonds by a national rating agency.

(d) *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 Purchaser:

(i) **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;

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

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

(A) this Bond Purchase Agreement and the Escrow Agreement have been duly executed and delivered by the District and, assuming due authorization, execution and delivery by and validity against the other parties thereto, are valid and binding agreements 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; and

(B) the Bonds are not subject to the registration requirements of the Securities Act and the Resolution is exempt from qualification under the Trust Indenture Act; and

(iv) **Additional Certificates.** Certificates signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Bond Purchase Agreement and the Escrow 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, the Escrow Agreement 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, and (iv) the Bonds being delivered on the date of the Closing to the Purchaser under this Bond Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution;

(v) **Tax Matters.** An arbitrage certificate of the District in a form satisfactory to Bond Counsel;

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

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

(B) 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.

(vii) **Escrow Bank Certificate.** A certificate signed by appropriate officials of the Escrow Bank, to the effect that:

(A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake the trust of the Escrow Agreement;

(B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of the trust of the Escrow Agreement; and

(C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreement, or which would affect the validity or enforceability of the Escrow Agreement, or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreement, or any other agreement, document or certificate related to such transactions;

(viii) **Defeasance Opinion.** The opinions of Bond Counsel as to the legal defeasance of the 2010 Bonds; and

(ix) **Other Documents.** Such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser 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; and

(e) *Termination.* Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by May 12, 2016, 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 Purchaser under Section 10 hereof.

If the District shall be unable to satisfy the conditions to the Purchaser's obligations contained in this Bond Purchase Agreement or if the Purchaser's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be canceled by the Purchaser 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 Purchaser may be waived by the Purchaser in writing at its sole discretion.

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

10. Costs and Expenses. The District shall pay any expenses incident to the performance of its obligations hereunder from the proceeds of the Bonds. All out-of-pocket expenses of the Purchaser shall be paid by the Purchaser.

11. 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 \_\_\_\_\_, \_\_\_\_\_, Tahoe Forest Hospital District, 10121 Pine Avenue, Truckee, CA 96160, or if to the Purchaser, to \_\_\_\_\_.

12. 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 among the District and the Purchaser. This Bond Purchase Agreement is made solely for the benefit of the District and the Purchaser (including the successors or assigns of the Purchaser). 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 Purchaser, (b) delivery of and payment by the Purchaser for the Bonds hereunder, and (c) any termination of this Bond Purchase Agreement.

13. 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.

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

Very truly yours,

\_\_\_\_\_, as Purchaser

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

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

TAHOE FOREST HOSPITAL DISTRICT

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**EXHIBIT A**

**INTEREST RATES, REOFFERING PRICES, MATURITIES, DEBT SERVICE, AND OPTIONAL AND MANDATORY REDEMPTION PROVISIONS**

**Maturity Schedule**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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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.* The Bonds 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:

<u>Date of Sinking Fund Redemption (August 1)</u>	<u>Sinking Fund Installment Amount</u>	<u>Date of Sinking Fund Redemption (August 1)</u>	<u>Sinking Fund Installment Amount</u>
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†Maturity

## EXHIBIT C

### FORM OF PAYING AGENT AGREEMENT

THIS PAYING AGENT/BOND REGISTRAR/COSTS OF ISSUANCE AGREEMENT (this "Agreement"), is entered into as of May 12, 2016, by and between the TAHOE FOREST HOSPITAL DISTRICT (the "District") and U.S. BANK NATIONAL ASSOCIATION (the "Bank"), relating to the \$\_\_\_\_\_ Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2016 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 U.S. Bank National Association, 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 \$\_\_\_\_\_ Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2016 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 Tahoe Forest Hospital 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.

“2010 Bonds” means the Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010).

“Underwriters” means Hilltop Securities Inc., Piper Jaffray & Co. and Raymond James & Associates, 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. Cancelled Bonds. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the District, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled 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 cancelled by the Bank. All cancelled 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 U.S. Bank National Association, as paying agent for the 2010 Bonds and as escrow bank, to provide for the defeasance and redemption of the 2010 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 Fund").

Section 5.02. Investment. The Custodian and Disbursing Agent will hold funds in the Costs of Issuance Fund until August 12, 2016, 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 before August 12, 2016, will be transferred to the Placer and Nevada Counties Treasurer-Tax Collector for deposit in the Debt Service Fund maintained for the District.

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 services; 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 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 name 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.

TAHOE FOREST HOSPITAL DISTRICT

By \_\_\_\_\_  
Crystal Betts  
Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION, as  
Paying Agent

By \_\_\_\_\_  
Andrew Fung  
Vice President

EXHIBIT A

DEBT SERVICE SCHEDULE

Interest Payment Date	Principal	Interest	Total
08/01/2016			
02/01/2017			
08/01/2017			
02/01/2018			
08/01/2018			
02/01/2019			
08/01/2019			
02/01/2020			
08/01/2020			
02/01/2021			
08/01/2021			
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08/01/2038			
02/01/2039			
08/01/2039			
02/01/2040			
08/01/2040			

## EXHIBIT D

### FORM OF ESCROW AGREEMENT

This Escrow Deposit and Trust Agreement (this "Escrow Deposit and Trust Agreement"), dated May 12, 2016, is by and between the TAHOE FOREST HOSPITAL DISTRICT, a health care district duly created and existing pursuant to the laws of the State of California (the "District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as escrow bank (the "Escrow Bank").

#### WITNESSETH:

WHEREAS, the Board of Directors (the "Board") of the District has, heretofore issued the District's Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010) (the "2010 Bonds"), in the original principal amount of \$43,000,000, issued for authorized hospital purposes, of which \$42,785,000 principal amount remains outstanding;

WHEREAS, the 2010 Bonds were issued under and pursuant to a resolution of the Board, adopted on June 22, 2010 (the "2010 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 provide for the payment of principal of and interest on the 2010 Bonds to and including August 1, 2018, and to redeem, on August 1, 2018, all 2010 Bonds then outstanding, and it is desirable to enter into this Escrow Deposit and Trust Agreement to do so;

WHEREAS, the Board, by resolution adopted on March 29, 2016 (the "Refunding Bond Resolution"), has authorized the issuance and sale of the District's \$\_\_\_\_\_ 2016 General Obligation Refunding Bonds (the "2016 Refunding Bonds"), and has determined to use a portion of the proceeds of the 2016 Refunding Bonds to provide for the payment of principal of and interest on the 2010 Bonds to and including August 1, 2018, and for the redemption of the outstanding 2010 Bonds in full on August 1, 2018 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof (the "Redemption Price");

WHEREAS, the District, in the Refunding Bond Resolution, has directed that a portion of the proceeds of the sale of the 2016 Refunding Bonds be deposited hereunder, and that such amount will be in an amount sufficient to provide for the redemption of the 2010 Bonds on the Redemption Date at the Redemption Price;

WHEREAS, the Escrow Bank has full powers to perform the duties and obligations to be undertaken by it pursuant to this Escrow Deposit and Trust 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 2010 Bonds.* The District hereby irrevocably elects to pay and discharge all indebtedness payable by the District under the 2010 Bond Resolution with respect to the 2010 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 by the Escrow Bank for the benefit of the owners of the 2010 Bonds, to be known as the "Escrow Fund." Upon the issuance of the 2016 Refunding Bonds, there shall be deposited into the Escrow Fund an amount equal to \_\_\_\_\_, derived from the proceeds of the 2016 Refunding Bonds.

(b) The Escrow Bank shall invest \$\_\_\_\_\_ of the moneys deposited into the Escrow Fund pursuant to the preceding paragraph in the securities set forth in Exhibit A attached hereto and by this reference incorporated herein (the "Escrowed Federal Securities") and shall hold the remaining \$\_\_\_\_\_ 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 may rely upon the conclusion of Grant Thornton LLP, as contained in its opinion and accompanying schedules (the "Report") dated May 12, 2016, that the Escrowed Federal Securities mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to redeem the outstanding 2010 Bonds in full on the Redemption Date at the Redemption Price.

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

(e) Any money left on deposit in the Escrow Fund after payment in full of the 2010 Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be transferred to U.S. Bank National Association, the paying agent for the 2016 Refunding Bonds, to be applied to the payment of debt service on the 2016 Refunding Bonds.

(f) If the Escrow Bank learns that the Department of the Treasury or the Bureau of Public Debt will not, for any reason, accept a subscription of state and local government series securities ("SLGS") that is to be submitted pursuant to this Escrow Deposit and Trust Agreement, the Escrow Bank shall promptly request alternative written investment instructions from the District with respect to funds which were to be invested in SLGS. The Escrow Bank shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Bank shall hold such funds uninvested and without liability for interest until receipt of further written instructions from the District. In the absence of investment instructions from the District, the Escrow Bank shall not be responsible for the investment of such funds or interest thereon. The Escrow Bank may conclusively rely upon the District's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

Section 3. Instructions as to Application of Deposit.

(a) The moneys deposited in the Escrow Fund pursuant to Section 2 shall be applied by the Escrow Bank for the sole purpose of paying the principal of and interest on the 2010 Bonds to and including August 1, 2018, and redeeming the outstanding 2010 Bonds in full on the Redemption Date at the Redemption Price, all as set forth in Exhibit B attached hereto and by this reference incorporated herein.

(b) The Escrow Bank, in its capacity as paying agent for the 2010 Bonds, is hereby requested, and the Escrow Bank, in its capacity as paying agent for the 2010 Bonds, hereby agrees to give notice of the defeasance of the 2010 Bonds in the form of defeasance notice attached hereto as Exhibit C.

(c) The Escrow Bank, in its capacity as paying agent for the 2010 Bonds is hereby requested, and the Escrow Bank, as paying agent for the 2010 Bonds, hereby agrees to give notice, as soon as practicable, of the redemption of the 2010 Bonds on the Redemption Date in accordance with the applicable provisions of the 2010 Bond Resolution and the form of redemption notice attached hereto as Exhibit D.

Section 4. Investment of Any Remaining Moneys. The Escrow Bank shall invest and reinvest the proceeds received from any of the Escrowed Federal Securities, and the cash originally deposited into the Escrow Fund, for a period ending not later than the next succeeding interest payment date relating to the 2010 Bonds, in Federal Securities pursuant to written directions of the District; *provided, however*, that (a)



such written directions of the District shall be accompanied by (i) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund, together with the cash then on deposit in the Escrow Fund, together with the interest to be derived therefrom, shall be in an amount at all times at least sufficient to make the payments specified in Section 3 hereof, and (ii) an opinion of nationally recognized bond counsel ("Bond Counsel") that investment in accordance with such directions will not affect, for Federal income tax purposes, the exclusion from gross income of interest due with respect to the 2010 Bonds, and (b) if the District directs such investment or reinvestment to be made in United States Treasury Securities-State and Local Government Series, the District shall, at its cost, cause to be prepared all necessary subscription forms therefor in sufficient time to enable the Escrow Bank to acquire such securities. In the event that the District shall fail to file any such written directions with the Escrow Bank concerning the reinvestment of any such proceeds, such proceeds shall be held uninvested by the Escrow Bank. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 4 and not required for the purposes set forth in Section 2, as indicated by such verification, shall, promptly upon the receipt of such interest income by the Escrow Bank, be paid to the District.

*Section 5. Substitution or Withdrawal of Federal Securities.* The District may, at any time, direct the Escrow Bank in writing to substitute Federal Securities for any or all of the Escrowed Federal Securities then deposited in the Escrow Fund, or to withdraw and transfer to the District any portion of the Federal Securities then deposited in the Escrow Fund, provided that any such direction and substitution or withdrawal shall be simultaneous and shall be accompanied by (a) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund together with interest to be derived therefrom, or in the case of withdrawal, the Federal Securities to be remaining in the Escrow Fund following such withdrawal together with the interest to be derived therefrom, together with the cash then on deposit in the Escrow Fund, shall be in an amount at all times at least sufficient to make the payments specified in Section 3 hereof; and (b) an opinion of Bond Counsel that the substitution or withdrawal will not affect, for Federal income tax purposes, the exclusion from gross income of interest on the 2010 Bonds. In the event that, following any such substitution of Federal Securities pursuant to this Section 5, there is an amount of moneys or Federal Securities in excess of an amount sufficient to make the payments required by Section 2 hereof, as indicated by such verification, such excess shall be paid to the District.

*Section 6. Compensation to Escrow Bank.* The District shall pay the Escrow Bank full compensation for its duties under this Escrow Deposit and Trust 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 7. 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 Deposit and Trust 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 Deposit and Trust 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 Deposit and Trust 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 Deposit and Trust 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 Deposit and Trust 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 Deposit and Trust 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 Deposit and Trust 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 Deposit and Trust 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.

Anything in this Escrow Deposit and Trust 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 Deposit and Trust 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, officers, directors, employees and servants 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 Deposit and Trust 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 Deposit and Trust 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 7 shall survive the termination of this Escrow Deposit and Trust 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 Deposit and Trust 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 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.

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, either 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 8. Amendment.* This Escrow Deposit and Trust 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 2010 Bonds shall have been filed with the Escrow Bank. This Escrow Deposit and Trust 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, (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 2010 Bonds or the 2016 Refunding Bonds, and that such amendment will not cause interest on the 2010 Bonds or the 2016 Refunding Bonds to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Deposit and Trust 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 2010 Bonds.

*Section 9. 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 corporate trust office of the Escrow Bank as specified by the Escrow Bank as 2010 Paying Agent in accordance with the provisions of the 2010 Bonds 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 2010 Bond Resolution (or such other address as may have been filed in writing by the District with the Escrow Bank).

*Section 10. 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 2010 Bonds Resolution, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

*Section 11. Execution in Several Counterparts.* This Escrow Deposit and Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

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

*Section 13. Severability.* In case any one or more of the provisions contained in this Escrow Deposit and Trust Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Escrow Deposit and Trust Agreement, but this Escrow Deposit and Trust Agreement shall be construed as if such invalid or illegal or unenforceable provisions had never been contained herein.

*Section 14. Counterparts.* This Escrow Deposit and Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and such counterparts, or as many of them as the District and the Escrow Bank shall preserve undestroyed, shall together constitute but one and the same instrument.

*Section 15. Business Days.* Whenever any act is required by this Escrow Deposit and Trust 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.

IN WITNESS WHEREOF the parties hereto have caused this Escrow Deposit and Trust Agreement to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

TAHOE FOREST HOSPITAL DISTRICT

By \_\_\_\_\_  
Crystal Betts  
Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION, as  
Escrow Bank

By \_\_\_\_\_  
Andrew Fung  
Vice President

EXHIBIT A

SCHEDULE OF ESCROW SECURITIES

Type	Maturity	Coupon	Par	Price	Cost	Accrued	Total
SLGS	8/1/16						
SLGS	2/1/17						
SLGS	8/1/17						
SLGS	2/1/18						
SLGS	8/1/18						

**EXHIBIT B**

**PAYMENT AND REDEMPTION SCHEDULE**

<u>Date</u>	<u>Maturing Principal</u>	<u>Called Principal</u>	<u>Interest</u>	<u>Redemption Premium</u>	<u>Total Payment</u>
8/1/16	\$280,000	—	\$1,083,837.50	—	\$ 1,363,837.50
2/1/17	—	—	1,078,237.50	—	1,078,237.50
8/1/17	345,000	—	1,078,237.50	—	1,423,237.50
2/1/18	—	—	1,071,337.50	—	1,071,337.50
8/1/18	420,000	\$41,740,000	1,071,337.50	—	43,231,337.50

EXHIBIT C

NOTICE OF DEFEASANCE

**Tahoe Forest Hospital District  
General Obligation Bonds, Election of 2007, Series B (2010)**

<u>Maturity Date</u>	<u>Amount Defeased</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
8/1/2016	\$ 280,000	4.000%	873822 DG2
8/1/2017	345,000	4.000	873822 DH0
8/1/2018	420,000	4.000	873822 DJ6
8/1/2019	500,000	4.000	873822 DK3
8/1/2020	585,000	4.000	873822 DL1
8/1/2021	670,000	4.000	873822 DM9
8/1/2022	770,000	4.000	873822 DN7
8/1/2023	870,000	5.000	873822 DP2
8/1/2024	980,000	5.000	873822 DQ0
8/1/2025	1,095,000	5.500	873822 DR8
8/1/2026	1,215,000	5.500	873822 DS6
8/1/2027	1,345,000	5.500	873822 DT4
8/1/2030	4,900,000	4.750	873822 DU1
8/1/2035	11,620,000	5.500	873822 DV9
8/1/2040	17,190,000	5.000	873822 DW7

NOTICE IS HEREBY GIVEN, on behalf of the Tahoe Forest Hospital District (the "District") to the owners of the outstanding Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010) (the "Bonds"), as described above, 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 and U.S. Treasury securities in an escrow fund (the "Escrow Fund"). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Deposit and Trust Agreement, dated May 12, 2016, by and between the District and U.S. Bank National Association, 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.

As evidenced by the verification report delivered to the Escrow Bank, amounts deposited in the Escrow Fund are calculated to provide sufficient moneys to pay the principal of and interest on the Bonds to and including August 1, 2018, and to redeem the outstanding Bonds in full on August 1, 2018 (the "Redemption Date"), at a redemption price equal to 100% of the principal amount thereof. From and after the Redemption Date, interest with respect to the Bonds shall cease to accrue and be payable.

Dated: \_\_\_\_\_, 2016

U.S. BANK NATIONAL  
ASSOCIATION, as Escrow Bank

## EXHIBIT D

### NOTICE OF FULL AND FINAL REDEMPTION

#### Tahoe Forest Hospital District General Obligation Bonds, Election of 2007, Series B (2010)

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>
8/3/2010	8/1/2019	8/1/2018	\$ 500,000	4.000%	873822 DK3
8/3/2010	8/1/2020	8/1/2018	585,000	4.000	873822 DL1
8/3/2010	8/1/2021	8/1/2018	670,000	4.000	873822 DM9
8/3/2010	8/1/2022	8/1/2018	770,000	4.000	873822 DN7
8/3/2010	8/1/2023	8/1/2018	870,000	5.000	873822 DP2
8/3/2010	8/1/2024	8/1/2018	980,000	5.000	873822 DQ0
8/3/2010	8/1/2025	8/1/2018	1,095,000	5.500	873822 DR8
8/3/2010	8/1/2026	8/1/2018	1,215,000	5.500	873822 DS6
8/3/2010	8/1/2027	8/1/2018	1,345,000	5.500	873822 DT4
8/3/2010	8/1/2030	8/1/2018	4,900,000	4.750	873822 DU1
8/3/2010	8/1/2035	8/1/2018	11,620,000	5.500	873822 DV9
8/3/2010	8/1/2040	8/1/2018	17,190,000	5.000	873822 DW7

NOTICE is hereby given that the Tahoe Forest Hospital District (the "District") has called for redemption on August 1, 2018 (the "Redemption Date"), the outstanding Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010), described above (the "Bonds"), in the aggregate principal amount of \$41,740,000 at a price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Price").

Payment of principal will be made upon presentation on and after August 1, 2018, at the following addresses:

U.S. Bank National Association  
Global Corporate Trust Services  
111 Fillmore Avenue E.  
St Paul, MN 55107

Owners of Bonds presenting their Bonds in person for the same day payment must surrender their Bonds by 1:00 p.m. on the Redemption Date and a check will be available for pickup after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed to the owner by first class mail.

Interest with respect to the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

If payment of the Redemption Price is to be made to the owner of the Bonds, such owner is not required to endorse the Bond to collect the Redemption Price.

Under the Economic Growth and Tax Relief Reconciliation Act of 2001 (the "Act") 28% of the Redemption Price will be withheld if a tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.



Neither the District nor U.S. Bank National Association, the Paying Agent, shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in this Redemption Notice. It is included solely for convenience of the Owners.

Dated: \_\_\_\_\_, 2018

U.S. BANK NATIONAL  
ASSOCIATION, as Paying  
Agent

## EXHIBIT E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the TAHOE FOREST HOSPITAL DISTRICT (the "District") in connection with the issuance by the District of its \$ \_\_\_\_\_ Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2016 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 March 29, 2016 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the 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 when used in this Disclosure Certificate:

*"Annual Report"* shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

*"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.

*"EMMA"* or *"Electronic Municipal Market Access"* means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

*"Listed Events"* shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

*"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 which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

*"Participating Underwriter"* shall mean the original underwriters of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

*"Rule"* shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

#### Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report*. The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2015-16 Fiscal Year, which is due not later than April 1, 2017, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent

with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-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 date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date the Dissemination Agent has not received a copy of the Annual Report the Dissemination Agent shall notify the District.

(d) *Report of Non-Compliance.* If the District is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the District shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the District is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

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

(a) *Financial Statements.* Audited financial statements of the District for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the District, the Annual Report shall also include financial and operating data with respect to the District for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the official statement for the Bonds, as follows:

- (i) Each portion of Nevada and Placer Counties assessed value of taxable property in the District as shown on the recent equalized assessment role; and
- (ii) Each portion of Nevada and Placer Counties property tax levies, collections and delinquencies for the District, for the most recent completed fiscal year.

(c) *Cross References.* 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 EMMA. The District shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the District shall provide such further 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.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The District shall, or shall cause the Dissemination Agent (if not the District) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) 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.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person.

(b) *Material Reportable Events.* The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than 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.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with EMMA, 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 Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Resolution.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA 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 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 Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of 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 such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the District. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bondholder, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the District shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the District.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the District or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the District to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the District under Section 3.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), 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 the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bondholders in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Bondholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the District shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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 Listed 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 Listed 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 Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. 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. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, 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 it 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 and expenses) 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 the same rights, privileges and immunities hereunder as are afforded to the Paying Agent under the Resolution. The obligations of the District under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Date: May 12, 2016

TAHOE FOREST HOSPITAL DISTRICT

By \_\_\_\_\_  
Crystal Betts  
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: Tahoe Forest Hospital District

Name of Issue: \$\_\_\_\_\_ Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2016 General Obligation Refunding Bonds

Date of Issuance: May 12, 2016

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 May 12, 2016, 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



# Tahoe Forest Hospital District

## Board of Directors Meeting Evaluation Form

Date: \_\_\_\_\_

		Exceed Expectations		Meets Expectations		Below Expectations
1	Overall, the meeting agenda is clear and includes appropriate topics for Board consideration	5	4	3	2	1
2	The consent agenda includes appropriate topics and worked well	5	4	3	2	1
3	The Board packet & handout materials were sufficiently clear and at a 'governance level'	5	4	3	2	1
4	Discussions were on target	5	4	3	2	1
5	Board members were prepared and involved	5	4	3	2	1
6	The education was relevant and helpful	5	4	3	2	1
7	Board focused on issues of strategy and policy	5	4	3	2	1
8	Objectives for meeting were accomplished	5	4	3	2	1
9	Meeting ran on time	5	4	3	2	1

Please provide further feedback here:

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