Supplemental Material

Item 3.

PUBLIC HEARING REGARDING PROPOSED ISSUANCE BY THE PAJARO VALLEY HEALTH CARE DISTRICT (PVHCD) OF ITS GENERAL OBLIGATION BONDS IN ONE OR MORE SERIES IN AN AMOUNT NOT TO EXCEED $61,000,000 (BONDS) AND APPROVING RELATED DOCUMENTS AND ACTIONS

Attachments B and C: Bond Resolution and Fiscal Agent Agreement.

Contact: Julie Peterson, Chief Financial Officer

Updated Information from Board Packet Report:

Attachments B and C: Bond Resolution and Fiscal Agent Agreement – Updated documents.

Published:

Date: June 25, 2024

Time: 3:30 pm

RESOLUTION NO. ____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PAJARO VALLEY HEALTH CARE DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS AND APPROVING RELATED DOCUMENTS AND ACTIONS WITH RESPECT THERETO

WHEREAS, pursuant to California Health and Safety Code Sections 32000 *et seq*. (the "Local Health Care District Law"), the Board of Directors (the "Board") of the Pajaro Valley Health Care District (the "District"), in the Counties of Santa Cruz and Monterey, State of California, ordered a special district election to be held on March 5, 2024, for the purpose of submitting to the electors within the District the following measure (the "Bond Measure"):

> "To improve the quality of healthcare at Watsonville Community Hospital; expand/renovate the emergency room; upgrade imaging systems including x-rays, MRI and CT scanners; purchase the hospital property; modernize healthcare facilities to expand services; replace roofs/plumbing; shall Pajaro Valley Health Care District's measure authorizing $116,000,000 in bonds at legal rates, generating approximately $6,800,000 annually at an average rate of $24 per $100,000 of assessed valuation while bonds are outstanding, with citizen oversight and all funds under local control, be adopted?"

WHEREAS, more than two-thirds of the qualified voters of the District, voting at the election, approved the Bond Measure, which authorized the issuance by the District of general obligation bonds in the aggregate principal amount of $116,000,000 to finance the acquisition of the Watsonville Community Hospital property, improvements to the Watsonville Community Hospital, and all related projects that may be undertaken by the District in accordance with the Bond Measure (the "Project");

WHEREAS, the District is empowered to issue general obligation bonds which are authorized by two-thirds of the qualified electors of the District pursuant to the Local Health Care District Law and Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (collectively, the "Act");

WHEREAS, for the purpose of financing a portion of the Project, the District has determined at this time to issue its General Obligation Bonds, Series 2024, in the maximum original principal amount of $61,000,000 (the "Bonds") as the first series of bonds issued under the Bond Measure;

WHEREAS, the Bonds are proposed to be issued under a Fiscal Agent Agreement by and between the District and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent");

WHEREAS, the District has determined that a negotiated sale of the Bonds to Stifel, Nicolaus & Company, Incorporated, (the "Underwriter") in accordance with the terms of a Bond Purchase Agreement between the District and the Underwriter (the "Bond Purchase Agreement") will result in a lower overall cost to the District than a public sale;

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the Board has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds; and

WHEREAS, in accordance with Government Code Section 5852.1, the District has obtained and disclosed the information set forth in the staff report accompanying this item;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows;

Section 1. Recitals. Each of the above recitals is true and correct and is adopted by the Board.

Section 2. Issuance of Bonds; Fiscal Agent Agreement. The issuance of the Bonds in a principal amount not to exceed $61,000,000, with a true interest cost not to exceed 7.00%, a final maturity not to exceed 30 years from their date of issuance, and an Underwriter's discount not to exceed 0.35% of the original principal amount of the Bonds, is hereby authorized with the exact principal amount to be determined by the official signing the Bond Purchase Agreement in accordance with Section 5 below. The Board hereby determines that it is prudent in the management of its fiscal affairs to issue the Bonds. The Bonds shall mature on the dates and pay interest at the rates set forth in the Bond Purchase Agreement to be executed on behalf of the District in accordance with Section 5 hereof. All other provisions of the Bonds shall be governed by the terms and conditions set forth in the Fiscal Agent Agreement, the form of which is on file with the Clerk of the Board and presented to this meeting, and which is hereby approved. The Fiscal Agent Agreement shall be executed by the Chair of the Board, the Chief Executive Officer or the Chief Financial Officer (each an "Authorized Officer"), and attested by the Secretary of the Board, with such additions thereto and changes therein as the Authorized Officer executing the same deems necessary to enhance the security for the Bonds, to cure any ambiguity or defect therein if such addition or change does not materially alter the substance or content thereof, to insert the offering price(s), interest rate(s), selling compensation, principal amount per maturity, redemption dates and prices and such other related terms and provisions as limited by Section 5 hereof, or to conform any provisions therein to the Bond Purchase Agreement (defined below). Approval of such changes shall be conclusively evidenced by the execution and delivery of the Fiscal Agent Agreement by an Authorized Officer.

The Bonds may be issued in one or more series, and any series may be issued on a federally taxable basis pursuant to Government Code Section 5900 et seq. If multiple series of the Bonds are issued, each Authorized Officer is hereby authorized to give unique series designations to each such series as may be necessary or appropriate.

It is the purpose and intent of the Board that this resolution constitutes approval of the issuance of the Bonds by the District for the purposes of Section 147(f) of the Code to the extent that the Bonds are issued as qualified 501(c)(3) bonds for purposes of Section 147(f). Each Authorized Officer is hereby authorized to determine, upon consultation with Bond Counsel and the Municipal Advisor, whether or not the Bonds will be issued as qualified 501(c)(3) bonds in order to maximize flexibility in the future operating plans for the Watsonville Community Hospital and to achieve the lowest borrowing cost.

Section 3. Execution of Bonds. The Bonds shall be executed on behalf of the District by the manual or facsimile signature of an Authorized Officer, and attested with the manual or facsimile signature of the Secretary of the Board.

Section 4. Covenants. The covenants set forth in the Fiscal Agent Agreement to be executed in accordance with Section 2 above are hereby approved, shall be deemed to be covenants of the Board and shall be complied with by the District and its officers. The Fiscal Agent Agreement shall constitute a contract between the District and the Owners of the Bonds.

Section 5. Bond Purchase Agreement. The form of the Bond Purchase Agreement between the District and the Underwriter, on file with the Clerk of the Board and presented to this meeting, is hereby approved and any Authorized Officer is hereby authorized to execute the Bond Purchase Agreement, with such additions thereto and changes therein relating to dates and numbers as are necessary to conform the Bond Purchase Agreement to the dates, amounts and interest rates applicable to the Bonds as of the sale date; provided, however, that the principal amount of the Bonds, the true interest cost with respect to the Bonds and the Underwriter's discount shall not exceed the maximums set forth in Section 2 above.

Approval of such additions and changes shall be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. Subject to Section 2, each Authorized Officer is authorized to determine the day on which the Bonds are to be priced in order to attempt to produce the lowest borrowing cost for the District and may reject any terms presented by the Underwriter if determined not to be in the best interest of the District.

Section 6. Professional Services. In connection with the sale and issuance of the Bonds, the Board hereby confirms the engagement of Isom Advisors to act as municipal advisor ("Municipal Advisor") to the District, and the firm of Jones Hall, A Professional Law Corporation, to act as bond counsel ("Bond Counsel") and disclosure counsel to the District. Any Authorized Officer is hereby authorized and directed to execute an agreement with each such firm, in the respective forms on file with the Clerk of the Board.

Section 7. Other Actions. Each Authorized Officer and the other officers and staff of the District responsible for the fiscal affairs of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish the issuance, sale and delivery of the Bonds in accordance with the provisions of this Resolution and the fulfillment of the purposes of the Bonds as described in the Fiscal Agent Agreement, including without limitation any actions necessary or convenient to obtain municipal bond ratings. Each Authorized Officer may approve the purchase of a municipal bond insurance policy if the Authorized Officer, in consultation with the District's municipal advisor and bond counsel, concludes such purchase would be beneficial for the Bonds. Any actions previously taken by an Authorized Officer in connection with the issuance of the Bonds is hereby ratified and confirmed. If any Authorized Officer is unavailable to sign any document authorized for execution herein, any other member of the Board or any Authorized Officer, or his or her written designee, may sign such document.

Section 8. Effective Date. This Resolution shall be effective as of the date of its adoption.

PASSED AND ADOPTED by the Board of Directors of the Pajaro Valley Health Care District at a regular meeting thereof held this _____ day of _____, 2024, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

_____

_____
Jose A. Nuñez
Chair of the Board

ATTEST:

_____
James Joseph Gallagher
Secretary of the Board

FISCAL AGENT AGREEMENT

Between the

PAJARO VALLEY HEALTH CARE DISTRICT

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Fiscal Agent

Dated as of June 1, 2024

Relating to

$_____
Pajaro Valley Health Care District
(Counties of Santa Cruz and Monterey, California)
General Obligation Bonds
Series 2024

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FISCAL AGENT AGREEMENT

This Fiscal Agent Agreement (this "Agreement") is made and entered into and dated as of June 1, 2024, between the Pajaro Valley Health Care District, a health care district organized and existing under the laws of the State of California (the "District") and U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, as Fiscal Agent (the "Fiscal Agent").

WHEREAS, more than two-thirds of the qualified voters of the District, voting at a special district election held on March 5, 2024, authorized the issuance by the District of general obligation bonds in the principal amount of $116,000,000 (the "Authorization") to finance the acquisition of the Watsonville Community Hospital property and improvements to the Watsonville Community Hospital (collectively, the "Project"); and

WHEREAS, the District is empowered to issue general obligation bonds which are authorized by two-thirds of the qualified electors of the District pursuant to Chapter 4, commencing with Section 32300, of Division 23 of the California Health and Safety Code, and Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (collectively, the "Act"); and

WHEREAS, for the purpose of financing a portion of the Project, the District has determined at this time to issue its General Obligation Bonds, Series 2024, in the aggregate principal amount of $_____ (the "Bonds") as the first series of bonds issued under the Authorization and the Act; and

NOW THEREFORE, the District and the Fiscal Agent agree 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 Agreement, have the meanings ascribed to them below, unless the context clearly requires some other meaning.

"**Act**" means, collectively, Chapter 4, commencing with Section 32300, of Division 23 of the California Health and Safety Code, and Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

"**Agreement**" means this Fiscal Agent Agreement, as now or hereafter amended in accordance with its terms.

"**Authorization**" means the approval by more than two-thirds of the qualified voters of the District, voting at a special district election held on March 5, 2024, authorized the issuance by the District of general obligation bonds in the maximum principal amount of $116,000,000 to finance the Project.

"Beneficial Owner" means any person who 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 or depositories including, but not limited to, through the Nominee.

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

"**Bond Counsel**" means any attorney or firm of attorneys nationally recognized as expert in matters pertaining to the legality and tax exempt status of securities issued by public entities.

"**Bond Proceeds Fund**" means the Fund by that name established by Section 4.02 hereof.

"**Bond Year**" means the one-year period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary of the Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"**Bonds**" means the Pajaro Valley Health Care District (Counties of Santa Cruz and Monterey, California) General Obligation Bonds, Series 2024, at any time Outstanding under this Agreement.

"**Business Day**" means a day that is not a Saturday or Sunday or legal holiday on which a banking institution in California or any state in which a Principal Office of the Fiscal Agent is located.

"**Capitalized Interest Account**" means the account by that name within the Bond Fund established by Section 4.04 hereof.

"**CDIAC**" means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

"**Chief Financial Officer**" means the duly appointed and acting financial officer of the District.

"**Closing Date**" means _____, 2024, being the date upon which there is delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

"**Continuing Disclosure Certificate**" means that certain Continuing Disclosure Certificate referenced in Section 5.06, 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 Account**" means the account within the Bond Proceeds Fund by that name established by Section 4.02 hereof.

"**Counties**" means the Counties of Santa Cruz and Monterey, California.

"**County Auditor**" means, respectively, the Santa Cruz County Auditor-Controller Treasurer Tax Collector and the Monterey County Auditor-Controller.

"**Debt Service**" means, during any period of computation, the amount obtained for such period by totaling (a) the principal amount of all Outstanding Bonds coming due and payable by their terms in such period, and (b) the interest which would be due during such period on the Bonds which would be Outstanding in such period if the Bonds are retired as scheduled, but deducting and excluding from such aggregate amount the amount of Bonds no longer Outstanding.

"**Debt Service Fund**" means the fund by that name established by Section 4.03 hereof.

"**Defeasance Obligations**" means any of the following which at the time acquired or made are legal investments for the District (under applicable State of California laws and the investment policy of the District) for the moneys held hereunder then proposed to be invested therein:

(a) cash;

(b) Federal Securities;

(c) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(d) The interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form; and

(e) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Rural Economic Community Development Administration (formerly the Farmers Home Administration); (iii) obligations of the Federal

Financing Bank; (iv) debentures of the Federal Housing Administration; (v) participation certificates of the General Services Administration; (vi) guaranteed Title XI financings of the U.S. Maritime Administration; and (vii) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development.

"**District**" means the Pajaro Valley Health Care District, located within the Counties of Santa Cruz and Monterey, California, organized and operating as a health care district under the California Health and Safety Code, and any successor to the District.

"**District Officer**" means the Chair of the Board, the Chief Executive Officer or the Chief Financial Officer, or any other officer or person authorized by resolution of the Board of Directors of the District to act on behalf of the District with respect to this Agreement and the Bonds.

"Event of Default" has the meaning assigned to such term in Section 7.01.

"**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 Tax 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 Tax 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 Tax 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 notes, bonds, bills or certificates of indebtedness or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States.

"**Fiscal Agent**" means U.S. Bank Trust Company, National Association, the fiscal agent appointed by the District for the Bonds, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, all as provided in this Agreement.

"**Information Service**" means the Electronic Municipal Market Access (EMMA) system maintained by the Municipal Securities Rulemaking Board, accessible at the emma.msrb.org website, and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the District may designate in a written request delivered to the Fiscal Agent.

"**Interest Payment Dates**" means each February 1 and August 1, commencing on February 1, 2025.

"**Issuance Expenses**" means all items of expense payable or reimbursable directly or indirectly by the District and related to the authorization, sale and issuance of the Bonds, which

include, without limitation: printing costs; costs of reproducing and binding documents; closing costs; filing and recording fees; initial fees and charges of the Fiscal Agent including its first annual administration fee and fees and expenses of its counsel; expenses incurred by the District in connection with the Authorization and the issuance of the Bonds; Original Purchaser's discount; legal fees and charges, including bond counsel, disclosure counsel, and municipal advisor; charges for execution, transportation and safekeeping of the Bonds; and other costs, charges and fees in connection with the foregoing. For purposes of the Tax Code, the Issuance Expenses shall constitute "costs of issuance" for the Bonds.

"**Local Health Care District Law**" means Chapter 4, commencing with Section 32300, of Division 23 of the California Health and Safety Code.

"**Nominee**" means the nominee of the Securities Depository as determined from time to time in accordance with Section 2.11.

"**Officer's Certificate**" means a written certificate, order, requisition or statement signed by a District Officer.

"**Original Purchaser**" means Stifel, Nicolaus & Company, Incorporated, the first purchaser of the Bonds from the District.

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

(i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation;

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

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

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

"**Participant**" means those broker-dealers, banks and other financial institutions from time to time for which the Securities Depository holds Bonds as a securities depository.

"**Participating Underwriter**" has the meaning given in the Continuing Disclosure Certificate.

"**Permitted Investments**" means any of the following which at the time acquired or made are legal investments for the District (under applicable State of California laws and the District's investment policy) for the moneys held hereunder then proposed to be invested therein:

(i) Federal Securities;

(ii) obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America:

(A) Export-Import Bank, (B) Farm Credit System Financial Assistance Corporation, (C) Rural Economic Community Development Administration (formerly the Farmers Home Administration), (D) General Services Administration, (E) U.S. Maritime Administration, (F) Small Business Administration, (G) Government National Mortgage Association (GNMA), (H) U.S. Department of Housing & Urban Development (PHA's), (I) Federal Housing Administration, and (J) Federal Financing Bank;

(iii) direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (A) senior debt obligations rated Aaa by Moody's and AAA by S&P issued by Fannie Mae, the Federal Home Loan Mortgage Corporation (FHLMC) or the Student Loan Marketing Association (SLMA), (B) obligations of the Resolution Funding Corporation (REFCORP), (C) senior debt obligations of the Federal Home Loan Bank System, (D) consolidated systemwide bonds and notes of the Farm Credit System, and (E) senior debt obligations of other government-sponsored agencies;

(iv) U.S. dollar denominated interest-bearing demand or time deposits (including certificates of deposit), including those placed by a third party pursuant to a separate agreement between the District and the Fiscal Agent, banking deposit products, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, interest bearing money market accounts or deposit accounts in federal or state chartered savings and loan associations or in federal or State of California banks (including the Fiscal Agent, its parent, if any, and affiliates), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated in the highest short-term rating category by S&P and Moody's, or (ii) such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation;

(v) commercial paper which is rated at the time of purchase in the single highest classification, A-1+ by S&P and P-1 by Moody's and which matures not more than 270 days after the date of purchase;

(vi) investments in a money market fund registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, comprised of investments described in clauses (i), (ii) or (iii) or of repurchase agreements comprised of such investments, and having a rating of "AAAm-G" or "AAAm" by S&P or "AAA" by Moody's, which fund may include a fund for which the Fiscal Agent, its affiliates or subsidiaries provide investment, advisory or other services;

(vii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice, and (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or (B) with the prior written consent of S&P, which are fully secured as to principal and interest and redemption premiums, if any, by an escrow consisting only of cash or obligations described in paragraph (ii) of this

definition, above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(viii) municipal obligations with a rating of at least A2/A or higher by both Moody's and S&P;

(ix) investment agreements, supported by appropriate opinions of counsel, with notice to S&P and Moody's;

(x) the Local Agency Investment Fund of the State of California, created pursuant to 11429.1 of the California Government Code, but only, in the case of funds held by the Fiscal Agent, to the extent any monies invested by the Fiscal Agent are subject to deposit and withdrawal solely by the Fiscal Agent;

(xi) obligations with a maximum remaining maturity of not more than five years issued by any corporation organized and operating within the United States of America having assets in excess of $500,000,000, which obligations are rated in one of the two highest rating categories (without regard to numeric or other modifier) by Moody's and S&P;

(xii) shares in a joint exercise of powers authority or California common law trust (including the California Asset Management Program) established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53601(p) of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended; and

(xiii) other forms of investments (including repurchase agreements) with notice to S&P and Moody's.

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

"**Principal Office**" means the principal corporate trust office of the Fiscal Agent in San Francisco, California, provided that for purposes of payment, transfer, exchange, surrender and cancellation of Bonds such term means the principal corporate trust office of the Fiscal Agent in St. Paul, Minnesota or such other office as the Fiscal Agent may from time to time designate.

"**Project**" means the acquisition of the Watsonville Community Hospital property, improvements to the Watsonville Community Hospital, and all related projects that may be undertaken by the District under the Authorization.

"**Project Costs**" means (i) all eligible costs of payment of, or reimbursement for, acquisition, construction, and improvement of any Project including, but not limited to, architect

and engineering fees, contractor payments, costs of feasibility and other reports, inspection costs, performance bond premiums and permit fees, provided that any such costs are directly related to the acquisition, construction or improvement of real property, provided that such costs are treated as capital costs on the books of the District, and (ii) Issuance Expenses.

"**Record Date**" means the 15th calendar day of the month preceding each Interest Payment Date, whether or not such day is a Business Day.

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

"Securities Depository" means any securities depository appointed to act as Depository under Section 2.11 hereof.

"**Supplemental Agreement**" means any agreement supplemental to or amendatory of this Agreement, entered into in accordance with Article VIII hereof.

"**Project Account**" means the Account within the Bond Proceeds Fund by that name established by Section 4.02 hereof.

"**Tax 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 proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

Section 1.02. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.03. Authority for this Agreement. This Agreement is being entered into pursuant to the authority set forth in the Act and this Agreement 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 timely payment of principal of and premium, if any, and the interest on all the Bonds pursuant to the provisions of the Act.

ARTICLE II

THE BONDS

Section 2.01. Authorization. The Bonds are hereby authorized to be issued by the District in the initial aggregate principal amount of $_________ under and subject to the terms of the Act and which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained.

Section 2.02. Terms of Bonds.

(a) Denominations; Numbering. The Bonds shall be issued as fully registered Bonds, without coupons, in the denomination of $5,000 each or any integral multiple of $5,000. Bonds shall be lettered and numbered as the Fiscal 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 or any violation of the District's contract with such Owners and shall not impair the effectiveness of any such notice.

(d) Maturities. The Bonds shall bear interest at the rate or rates set forth below, payable on each Interest Payment Date, and shall mature and become payable as to principal on August 1 of the years and in the amounts as set forth below.

Maturity Date (August 1)	Principal Amount	Interest Rate
Total		

(e) Calculation of Interest. 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 15th 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 on or prior to January 15, 2025, in which event it shall bear interest from the date of original issuance and authentication of the Bonds;

provided, however, that if at the time of registration and 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 composed of twelve 30-day months.

(f) Payment. Interest on the Bonds (including the final interest payment upon maturity) is payable by check mailed on the applicable Interest Payment Date to the Owner thereof at his or her address as it appears on the registration books maintained by the Fiscal Agent at the close of business on each Record Date, or at such other address as the Owner may have filed with the Fiscal Agent for that purpose; provided that an Owner of $1,000,000 or more aggregate principal amount of Bonds, or the Owner of all of the Bonds at the time Outstanding, shall, at his or her option, receive payment of interest by wire transfer to an account in the United States of America designated by such Owner to the Fiscal Agent no later than the Record Date immediately preceding the applicable Interest Payment Date. Principal of the Bonds is payable in lawful money of the United States of America at the Office of the Fiscal Agent.

Section 2.03. Redemption.

(a) Redemption.

(i) Optional Redemption. The Bonds maturing on or before August 1, 20__, are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 20__, are subject to redemption prior to their respective maturity dates as a whole, or in part, on any date, from any moneys provided at the option of the District, in each case on and after August 1, 20__, at a redemption price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

(ii) Mandatory Sinking Payment Redemption. The Bonds maturing on August 1, 20__ (the "20__ Term Bonds"), are subject to mandatory sinking payment redemption in part on August 1, 20__and on each August 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

20__ Term Bonds

Redemption Date (August 1)	Sinking Payments
20__ (maturity)	

The amounts in the foregoing tables shall be reduced as a result of any prior partial optional redemption of the Bonds under Section 2.03(a)(i) as specified in writing by a District Officer to the Fiscal Agent.

(b) Notice to Fiscal Agent. The District shall give the Fiscal Agent written notice of its intention to optionally redeem Bonds under Section 2.03(a)(i) not less than 45 days prior to the applicable redemption date and shall specify the principal amount of Bonds to be redeemed.

(c) Purchase of Bonds in Lieu of Redemption. In lieu of any redemption under Section 2.03(a), moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of a written direction of a District Officer requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such written direction may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with this Agreement.

(d) Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 20 days but not more than 60 days prior to the date fixed for redemption, to the Original Purchaser, to the Securities Depositories, to the Information Service, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice shall

(i) state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and Bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and Bond number of each Bond to be redeemed or shall state that all Bonds between two stated Bond numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption;

(ii) state as to any Bond called in part the principal amount thereof to be redeemed;

(iii) require that the Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price or such other place of payment as may be designated in said notice;

(iv) state that further interest on the Bonds will not accrue from and after the redemption date; and

(v) for optional redemption state whether the notice is conditioned on the availability of funds.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Upon surrender of Bonds redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

(e) Selection of Bonds for Redemption. Whenever provision is made in this Agreement for the redemption of less than all of the Bonds of a single maturity, the Fiscal Agent shall select the Bonds of that maturity to be redeemed by lot in any manner which the Fiscal Agent in its sole discretion deems appropriate. For purposes of such selection, the Fiscal Agent shall treat each Bond as consisting of separate $5,000 portions and each such portion shall be subject to redemption as if such portion were a separate Bond.

(f) Conditional Redemption Notice and Rescission of Redemption. Any notice of optional redemption under Section 2.03(a)(i) may specify that redemption of the Bonds designated for redemption on the specified date will be subject to the receipt by the District or the Fiscal Agent, as applicable, of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the District nor the Fiscal Agent will have any liability to the Owners of any Bonds, or any other party, as a result of the District's failure to redeem the Bonds designated for redemption as a result of insufficient moneys therefor.

Additionally, the District may rescind any optional redemption of the Bonds under Section 2.03(a)(i), and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission. Neither the District nor the Fiscal Agent will have any liability to the Owners of any Bonds, or any other party, as a result of the District's decision to rescind a redemption of any Bonds under this Agreement.

(g) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed and purchased by the Fiscal Agent under this Section shall be canceled by the Fiscal Agent. The Fiscal Agent shall destroy the canceled Bonds and issue a certificate of destruction thereof to the District, upon request of the District.

Section 2.04. Form of Bonds. The Bonds, the form of the Fiscal Agent's certificate of authentication and registration and the form of assignment to appear thereon shall be substantially in the form, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, as set forth in Exhibit A attached hereto and hereby made a part hereof.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the District by the facsimile signatures of a District Officer and countersigned by the facsimile of its Secretary of the Board who are in office on the date hereof 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 purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the purchaser. Any Bond may be signed and countersigned on behalf of the District by such persons as at the actual date of the execution of such Bond are the proper officers of the District although at the nominal date of such Bond any such person was not such officer of the District.

Only such Bonds as bear thereon a certificate of authentication and registration in the form set forth in Exhibit A executed and dated by the Fiscal Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of the Fiscal 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 Agreement.

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 at the Fiscal Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Fiscal Agent, duly executed. The District may charge a reasonable sum for each new Bond issued upon any transfer and the Fiscal 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 Fiscal Agent shall authenticate and deliver a new Bond or Bonds of the same maturity, for like aggregate principal amount.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Fiscal Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Bond issued upon any exchange (except in the case of any exchange of temporary Bonds for definitive Bonds) and the Fiscal 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.

Section 2.08. Bond Register. The Fiscal 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 Fiscal 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 Agreement 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 of the Fiscal Agent and the Fiscal 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 Agreement 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 such Bond, shall execute, and the Fiscal 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 Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal 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 the District and the Fiscal Agent shall be given, the District, at the expense of the Owner, shall execute, and the Fiscal 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 Fiscal 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 Agreement with all other Bonds issued pursuant to this Agreement.

Section 2.11. Book-Entry; Limited Obligation of District. The Bonds may be issued in the form of a separate single fully registered Bond (which may be typewritten) for each maturity. The ownership of such Bond shall be registered in the registration books kept by the Fiscal Agent in the name of the Nominee, as nominee of the Securities Depository. The initial Securities Depository is The Depository Trust Company and the initial Nominee is Cede & Co.

With respect to Bonds registered in the registration books kept by the Fiscal Agent in the name of the Nominee, the District and the Fiscal Agent shall have no responsibility or obligation to such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Fiscal Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Securities Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than as shown in the registration books kept by the Fiscal Agent, of any notice with respect to the Bonds, (iii) the payment to any Participant or any other Person, other than a Nominee as shown in the registration books kept by the Fiscal Agent, of any principal of, premium, if any, or interest on the Bonds, or (iv) the selection by the Securities Depository or any direct or indirect Participant of any Person to receive payment in the event of a partial redemption of the Bonds. The District and the Fiscal Agent may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Fiscal Agent as the absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving

notices of matters with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes whatsoever.

The Fiscal Agent shall pay all principal, premium, if any, and interest with respect to the Bonds, only to or upon the order of the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Fiscal Agent Agreement. Upon delivery by the Securities Depository to the Nominee, the Fiscal Agent and the District of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions regarding the payment of the principal of and interest on the Bonds set forth in Section 2.02(e), the word Nominee in this Agreement shall refer to such new nominee of the Securities Depository.

Section 2.12. Representation Letter. In order to qualify the Bonds for the Securities Depository's book-entry system, the District has executed, or shall execute, and deliver to such Depository a letter from the District representing such matters as shall be necessary to so qualify the Bonds (the "Representation Letter"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.11 hereof or in any other way impose upon the District or the Fiscal Agent any obligation whatsoever with respect to Persons having interests in the Bonds other than the Owners. In the written acceptance of the Fiscal Agent, such Fiscal Agent shall agree to take all actions necessary for all representations of the District in the Representation Letter with respect to the Fiscal Agent to at all times be complied with. In addition to the execution and delivery of the Representation Letter, the District shall take any other actions, not inconsistent with this Agreement, to qualify the Bonds for the Securities Depository's book-entry system.

Section 2.13. Transfers Outside Book-Entry System. The District may, by written request, at any time or for any reason, remove the Securities Depository and appoint a successor or successors thereto. In the event (i) the Securities Depository determines not to continue to act as securities depository for the Bonds, or (ii) the District determines that the Securities Depository shall no longer so act, then the District will discontinue the book-entry system with the Securities Depository. If the District fails to identify another qualified securities depository to replace the Securities Depository then the Bonds shall no longer be restricted to being registered in the registration books kept by the Fiscal Agent in the name of the Nominee, but shall be registered in whatever name or names Owners of such Bonds transferring or exchanging such Bonds shall designate, in accordance with the provisions of Section 2.06.

Section 2.14. Payments and Notices to the Nominee. Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of the Nominee, all payments of principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed in writing by the Securities Depository.

ARTICLE III

ISSUE AND SALE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance and Delivery of Bonds. At any time after the execution of this Agreement the District may issue and deliver Bonds in the initial aggregate principal amount of $_____.

The District Officers are hereby authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Bonds in accordance with the provisions of the Act, the Resolution and this Agreement, to authorize the payment of Issuance Costs and costs of the Project from the proceeds of the Bonds, and to do and cause to be done any and all acts and things necessary or convenient for delivery of the Bonds to the Original Purchaser.

The Fiscal Agent shall deliver the Bonds to or upon the order of the Original Purchaser, upon receipt of a written request of the District.

Section 3.02. Application of Proceeds of Sale of Bonds. Upon the receipt of the purchase price for the Bonds, the proceeds thereof shall be paid to the Fiscal Agent who shall forthwith set aside, pay over and deposit and transfer (the Fiscal Agent authorized to establish a temporary fund or account to make such transfers) such proceeds as follows:

(a) Deposit $_____ in the Capitalized Interest Account of the Bond Fund.

(b) Deposit $_____ in the Costs of Issuance Account of the Bond Proceeds Fund.

(c) Deposit $_____ in the Project Account of the Bond Proceeds Fund, representing the remainder of the proceeds of the Bonds.

The purchase price of the Bonds is $_____, representing the original principal amount of $_____, plus [net] original issue premium of $_____, less an Original Purchaser's discount of $_____.

ARTICLE IV

SECURITY FOR THE BONDS; FUNDS AND ACCOUNTS

Section 4.01. Security for the Bonds.

(a) General. The Bonds are general obligations of the District. The Board has the power to direct each County to levy *ad valorem* taxes upon all property within the District that is subject to taxation by the District, without limitation of rate or amount, for the payment of the principal of and interest and premium, if any, on the Bonds and any other bonds of the District, including refunding bonds, hereafter issued pursuant to voter approved measures of the District ("Parity District Bonds") when due.

The District hereby pledges all revenues from the property taxes collected from the levy by each County for the District's payment of the Bonds, and amounts on deposit in the Debt Service Fund and Bond Fund established hereunder, to the District's payment of the principal or redemption price of and interest on the Bonds. This pledge shall be valid and binding from the date hereof for the benefit of the owners of the Bonds.

Pursuant to Senate Bill 222 effective January 1, 2016, voter-approved general obligation bonds which are secured by ad valorem tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. In addition, the District hereby grants a consensual lien on said revenues. Said liens attach automatically and are valid and binding from the time the bonds are executed and delivered. The liens are enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the liens and without the need for any further act

(b) Limitation of Liability. No part of any fund or account of either County is pledged or obligated to the payment of the Bonds, and the principal of and interest on Bonds do not constitute a debt of either County, the State of California, or any of its political subdivisions other than the District, or any of the officers, agents or employees thereof.

No part of any revenues, fund or account of the Corporation is pledged or obligated to the payment of the Bonds, and the principal of and interest on Bonds do not constitute a debt of the Corporation or any of the officers, agents or employees thereof.

In no event are the Bonds secured by any funds or properties of the District other than *ad valorem* taxes levied on taxable property in the District. However, in the event there is a shortfall in ad valorem property taxes to pay principal of and interest on the Bonds and any Parity District Bonds, the District is required by Section 32127 of the Local Health Care District Law to use moneys, if any, in its maintenance and operation fund of the District to make up any shortfall; provided, however, that the Bonds and any Parity District Bonds are not secured by any of such revenues.

Section 4.02. Bond Proceeds Fund.

(a) Creation. There is hereby created a fund to be known as the "Pajaro Valley Health Care District General Obligation Bonds Bond Proceeds Fund" (the "Bond Proceeds Fund"), and within such fund separate accounts designated the "Project Account" and the "Costs of Issuance Account," each of which shall be maintained by the Fiscal Agent as a separate fund or account,

distinct from all other funds and accounts of the District, into which shall be paid on receipt thereof, the portion of the Bond proceeds designated in Section 3.02 hereof.

(b) Application of Project Account. Moneys in the Project Account shall be held by the Fiscal Agent for the benefit of the District and shall be disbursed for the payment or reimbursement of costs of the Project. . At any time on or after the Closing Date, the Fiscal Agent shall disburse amounts in the Project Account for Project Costs upon receipt of a certificate requesting disbursement executed or approved by a District Officer substantially the form set forth in Exhibit C hereto. The Fiscal Agent shall be fully protected in relying upon any such certificate without independent inquiry or investigation.

Moneys in the Project Account shall be invested in accordance with Section 4.04. Interest earnings and profits from such investment shall be deposited and credited by the Fiscal Agent to the Project Account.

Upon the filing of written direction of a District Officer stating that the Project has been completed and that all costs of the Project have been paid, or that any such costs are not required to be paid from the Project Account, the Fiscal Agent shall transfer the amount, if any, remaining in the Project Account to the Bond Fund to be used to pay to pay interest on the Bonds on the next Interest Payment Date, and the Project Account shall be closed.

(c) Application of Costs of Issuance Account. At any time on or after the Closing Date, the Fiscal Agent shall disburse amounts in the Costs of Issuance Account for Issuance Expenses upon receipt of a certificate requesting disbursement executed or approved by a District Officer substantially the form set forth in Exhibit B hereto. The Fiscal Agent shall be fully protected in relying upon any such certificate without independent inquiry or investigation. The Fiscal Agent shall transfer any amounts remaining in the Costs of Issuance Account six months after the Closing Date to the Capitalized Interest Account and applied to pay interest on the Bonds on the next Interest Payment Date, and the Costs of Issuance Account shall be closed.

Section 4.03. Debt Service Fund.

(a) Creation. There is hereby created a fund to be known as the "Pajaro Valley Health Care District General Obligation Bonds Measure N Debt Service Fund" (the "Debt Service Fund"), which shall be maintained by the Chief Financial Officer as a separate fund, distinct from all other funds of the District. All taxes levied by the Counties, at the request of the District, for the District's payment of the principal of and interest on the Bonds shall be deposited in the Debt Service Fund promptly upon apportionment of said levy to the District. The Debt Service Fund constitutes the Interest and Sinking Fund within the meaning of the Local Health Care District Law.

(b) Application of Debt Service Fund. As soon as practical after receipt of any tax revenues from the Counties, the Chief Financial Officer shall transfer moneys on deposit in the Debt Service Fund sufficient to pay the principal of and interest and premium, if any, on the Bonds next coming due to the Fiscal Agent for deposit in the Bond Fund, for application by the Fiscal Agent on the next succeeding Interest Payment Date to the payment of principal of and interest and premium, if any, on the Bonds, as set forth in Section 4.04 hereof. Funds for the payment of principal of and interest and premium, if any, on the Bonds shall be transferred to the Fiscal Agent no later than 10:30 A.M. CST, in order to be credited to the Bond Fund on the day of transfer.

Section 4.04. Bond Fund.

(a) Creation. There is hereby created a fund to be known as the "Pajaro Valley Health Care District General Obligation Bonds Bond Fund" (the "Bond Fund"), which shall be maintained by the Fiscal Agent as a separate fund, to the credit of which deposits shall be made as required by Section 4.03, and any other amounts required to be deposited therein by this Agreement or the Act. There is also hereby created in the Bond Fund an account held by the Fiscal Agent and designated as the "Capitalized Interest Account," to the credit of which deposits shall be made as provided in Section 3.02.

Moneys in the Bond Fund and the accounts therein shall be held by the Fiscal Agent for the benefit of the Owners, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners.

(b) Application of Bond Fund. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners the principal of, and interest and premium, if any, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the mandatory sinking payments.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make all of the payments of the principal of, and interest and any premium on, the Bonds then due, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

(c) Application of Capitalized Interest Account. The Fiscal Agent shall withdraw from the Capitalized Interest Account and transfer to the Bond Fund the following amounts on the following dates for the purpose of paying interest then due on the Bonds:

February 1, 2025: $_____
August 1, 2025: $_____

On August 2, 2025, the Fiscal Agent shall transfer all remaining amounts in the Capitalized Interest Account to the Bond Fund, and the Fiscal Agent shall close the Capitalized Interest Account.

Section 4.05. Deposit and Investment of Moneys in Funds.

(a) Investments. Moneys in the Costs of Issuance Account, the Project Account and the Bond Fund shall be invested by the Fiscal Agent, at the written direction of the Chief Financial Officer, in Permitted Investments maturing prior to the date on which such moneys are required to be paid out hereunder.

Moneys in the Debt Service Fund shall be invested by the Chief Financial Officer in Permitted Investments maturing prior to the date on which such moneys are required to be paid out hereunder.

Obligations purchased as an investment of moneys in any of such funds and accounts shall at all times be deemed to be part of each such respective fund and account so invested, and

all interest, gain or loss on the investment of moneys in such respective fund and accounts shall be credited or charged thereto.

The Fiscal Agent or an affiliate may act as principal or agent of the District in the making or disposing of any investment. Subject to Section 6.07, the Fiscal Agent shall not be responsible for any loss in the disposing of any investment or any other consequences for investments made in accordance with this Section. The Fiscal Agent may conclusively rely upon the District's written instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification to the Fiscal Agent that such directed investments constitute Permitted Investments. The Fiscal Agent shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter (including for reinvestment purposes), absent receipt of written notice to the contrary.

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 Fiscal Agent shall furnish the District periodic cash transaction statements which shall include detail for all investment transactions made by the District hereunder.

The Fiscal Agent may elect, but shall not be obligated, to credit the funds and accounts held by it with moneys representing income or principal payments due on, or sales proceeds due in respect of, investments in such funds and accounts, or to credit to investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The District acknowledges that the legal obligation to pay the purchase price of any investment arises immediately at the time of the purchase. Notwithstanding anything else in this Agreement, (i) any such crediting of funds or assets shall be provisional in nature, and the Fiscal Agent shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Agreement shall constitute a waiver of any of the Fiscal Agent's rights as a securities intermediary under Uniform Commercial Code § 9-206.

(b) Acquisition, Disposition and Valuation of Investments. The District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Agreement, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Tax Code) at Fair Market Value. 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 Tax Code).

ARTICLE V

OTHER COVENANTS OF THE DISTRICT

Section 5.01. Punctual Payment. The District will punctually pay, or cause to be paid, the principal of and interest and premium, if any, on the Bonds, in strict conformity with the terms of the Bonds and of this Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement 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 Agreement, 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 have not been 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.

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 Agreement, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Agreement.

Section 5.05. Tax Covenants.

(a) Generally. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Bonds to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The District shall assure that the proceeds of the Bonds are not used in a manner which would cause the Bonds to become "private activity bonds" within the meaning of section 141(a) of the Code or to meet the private loan financing test of Section 141(c) of the Code.

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

(d) No Arbitrage. The District shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and

intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(e) Rebate of Excess Investment Earnings. The District shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America under Section 148(f) of the Code, at the times and in the manner required under the Code. The District shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Code, such payments to be made from any source of legally available funds of the District. The District shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection.

The Fiscal Agent has no duty to monitor the compliance by the District with any of the covenants contained in this Section.

Section 5.06. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered a default hereunder; however, any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the District of its obligations thereunder, including seeking mandate or specific performance by court order.

Section 5.07. State Reporting Requirements. No later than January 31 of each calendar year (commencing with the first January 31 following the Closing Date), a District Officer shall provide to CDIAC the annual report information required by Section 8855(k)(1) of the California Government Code.

None of the District, its officers, agents and employees, the District Officers, or the Fiscal Agent shall be liable for any inadvertent error in reporting the information required by this Section.

Section 5.08. Levy and Collection of Taxes. Annually on or before the date specified by law (unless such information is provided to each County Auditor for the full term of the Bonds following the sale thereof), the District shall furnish to each County Auditor an estimate in writing of the amount of money, if any, necessary to be raised by taxation for all purposes required under the provisions of the Local Health Care District Law during the next ensuing fiscal year, including a tax sufficient to pay the principal of and interest and premium, if any, on all of the Bonds when due. All of the proceeds of such taxes shall be deposited in the Debt Service Fund.

ARTICLE VI

THE FISCAL AGENT

Section 6.01. Appointment of Fiscal Agent. The Fiscal Agent, at its Principal Office is hereby appointed Fiscal Agent for the Bonds to act as the agent of the District for the purpose of receiving all moneys required to be paid to the Fiscal Agent hereunder, to allocate, use and apply the same, to hold, receive and disburse fund held in the Bond Proceeds Fund, and otherwise to hold all the offices and perform all the functions and duties provided in this Agreement to be held and performed by the Fiscal Agent. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Agreement by executing and delivering to the District a written acceptance thereof; and by executing and delivering such acceptance, the Fiscal Agent shall be deemed to have accepted such duties and obligations, but only upon the terms and conditions set forth in this Agreement.

Section 6.02. Compensation. The District shall pay to the Fiscal Agent from time to time reasonable compensation for all services rendered under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Agreement and the Fiscal Agent shall have a prior lien therefor on any and all funds at any time held by it under this Agreement. The District further agrees, to the extent permitted by law, to indemnify and save the Fiscal Agent harmless against all liabilities which it may incur in the exercise and performance of its powers, functions and duties under this Agreement which are not due to its own negligence or willful misconduct including but not limited to liabilities or expenses arising out of, resulting from or in any way connected with (1) any Project or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation, operation or construction of any Project, or any part hereof; (2) the sale of any Bonds and the carrying out of any of the transactions contemplated by the Bonds and this Agreement; (3) any untrue statement or alleged untrue statement or any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document utilized in connection with the sale of the Bonds. The District further agrees, to the extent permitted by law, to pay or to reimburse the Fiscal Agent and its officers, employees and agents for any and all costs, reasonable attorneys fees, liabilities or expenses incurred in connection with any such liabilities or expenses. The District's obligations in this Section shall remain valid and binding notwithstanding maturity and payment (whether by maturity, redemption, defeasance or otherwise) of the Bonds.

Section 6.03. Resignation of Fiscal Agent. The Fiscal Agent may at any time resign and be discharged of the duties and obligations created by this Agreement by giving not fewer than 60 days written notice to the District. Such resignation shall take effect on the date on which the appointment of a successor Fiscal Agent under Section 6.05 becomes effective.

Section 6.04. Removal of Fiscal Agent. The Fiscal Agent shall be removed by the District if at any time so requested by an instrument or concurrent instruments, in writing, filed with the Fiscal Agent and the District, and signed by the Owners of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the District. The District may remove the Fiscal Agent at any time, except during the existence of an Event of Default as defined in Section 7.01 hereof, by filing with the Fiscal Agent an instrument signed by a District Officer. Such removal shall take effect on the date on which the appointment of a successor Fiscal Agent under Section 6.05 becomes effective.

Section 6.05. Appointment of Successor Fiscal Agent. If at any time the Fiscal Agent resigns or is removed, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Fiscal Agent, or of its property or affairs is appointed, the District covenants and agrees that it will thereupon appoint a successor Fiscal Agent. The District shall file notice of any such appointment made by it pursuant to the Continuing Disclosure Certificate.

If in a proper case no appointment of a successor Fiscal Agent is made pursuant to the foregoing provisions of this Section within 45 days after the Fiscal Agent has given to the District written notice, as provided in Section 6.03, or upon removal as provided in Section 6.04 after a vacancy in the office of the Fiscal Agent has occurred by reason of its inability to act or other reason set forth in this Section, the Fiscal Agent or the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Fiscal Agent. Any successor Fiscal Agent shall have a capital and surplus aggregating at least $50,000,000.

Section 6.06. Transfer of Rights and Property to Successor Fiscal Agent. Any successor Fiscal Agent appointed under this Agreement shall execute, acknowledge and deliver to its predecessor Fiscal Agent, and also to the District, an instrument accepting such appointment, and thereupon such successor Fiscal Agent, without any further act, deed or reconveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Fiscal Agent, with like effect as if originally named as Fiscal Agent; but the Fiscal Agent ceasing to act shall nevertheless, on the written request of the District, or of the successor Fiscal Agent, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Fiscal Agent all right, title and interest of the predecessor Fiscal Agent in and to any property held by it under this Agreement, and shall pay over, assign and deliver to the successor Fiscal Agent any money or other property subject to the provisions and conditions herein set forth. Should any deed, conveyance or instrument in writing from the District be required by such successor Fiscal Agent for more fully and certainly vesting in and confirming to such successor Fiscal Agent any estates, rights, powers and duties, any and all such deed, conveyances and instruments in writing shall, on request, and so far as may be authorized by law be executed, acknowledged and delivered by the District.

Any organization or entity into which the Fiscal Agent may be merged or converted or with which it may be consolidated, or any organization or entity resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any organization or entity succeeding to all or substantially all the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such organization or entity shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Section 6.07. Liability of Fiscal Agent. 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 Fiscal Agent assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Agreement, or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Fiscal Agent shall not be

liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority of aggregate principal amount of the Bonds at the time Outstanding relating to any proceeding for any remedy available to the Bondowners, or exercising any power conferred upon the Fiscal Agent under this Agreement.

The permissive right of the Fiscal Agent to do things or omit to do things under this Agreement shall not be construed as a duty.

The Fiscal 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 Fiscal Agent was negligent in ascertaining the pertinent facts. The Fiscal Agent shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement.

Except as otherwise provided herein, the Fiscal Agent shall not be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein, or in any of such agreements, documents or certificates executed in connection with the Bonds, or as to the existence of an Event of Default hereunder of thereunder. The Fiscal Agent shall not be deemed to have notice of any Event of Default hereunder or in any such document or certificate until it shall have actual knowledge thereof, or shall have received written notice thereof at its Principal Office. The Fiscal Agent shall not be responsible for the validity of any collateral given to or held by it.

The Fiscal Agent has no obligation or liability to the Bondowners for the payment of interest or principal with respect to the Bonds; but rather the Fiscal Agent's sole obligations are to administer, for the benefit of the District and the Bondowners, the various funds and accounts established in the Agreement and to perform the other duties expressly provided for herein.

The Fiscal Agent shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth herein have been met on the Closing Date or, that all documents required to be delivered on the Closing Date to the parties are actually delivered, except its own responsibility to receive the Bond proceeds and other sums required to be delivered to it and to authenticate and deliver the Bonds and other certificates expressly required to be delivered by it and its counsel. The Fiscal Agent may assume that each of the District and the Original Purchaser have waived their rights to receive documents or to require the performance of procedures if the parties to whom such documents are to be delivered or for whom such procedures are to be performed do not require delivery or performance on or prior to the Closing Date.

The Fiscal Agent shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

No provision of this Agreement shall require the Fiscal Agent to risk or expend its own funds or otherwise incur any financial liability in the performance of its duties and obligations hereunder.

The Fiscal Agent shall be responsible only for the duties specified in this Agreement and no implied duties or obligations shall be read into this Agreement against the Fiscal Agent.

The Fiscal Agent shall have the right to accept and act upon instructions or directions, including funds transfer instructions, pursuant to this Agreement sent by Electronic Means; provided, however, that the District shall provide to the Fiscal Agent an incumbency certificate listing designated persons authorized to provide such instructions ("Authorized Officers"), which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. As used in this paragraph, "Electronic Means" means a portable document format ("pdf") or other replicating image attached to an unsecured email, facsimile transmission, secure electronic transmission (containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent), or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder. If the District elects to give the Fiscal Agent instructions by Electronic Means and the Fiscal Agent in its discretion elects to act upon such instructions, the Fiscal Agent's understanding of such instructions shall be deemed controlling. The District agrees that the Fiscal Agent cannot determine the identity of the actual sender of such instructions and that the Fiscal Agent shall conclusively presume that instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such instructions to the Fiscal Agent, and the District and its Authorized Officers are responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and authentication keys provided by the Fiscal Agent, if any. The Fiscal Agent shall not be liable for any losses, costs, or expenses arising directly or indirectly from the Fiscal Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction delivered by other means. The District agrees (i) to assume all risks arising out of the use of such Electronic Means to submit instructions and direction to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized instructions and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Fiscal Agent and that there may be more secure methods of transmitting instructions than the use of Electronic Means; (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) that it will notify the Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 6.08. Notice to Fiscal Agent. The Fiscal Agent shall be protected in 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 Fiscal 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.

The Fiscal Agent shall not be bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and the Owner's title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under this Agreement the Fiscal 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 Fiscal Agent, be deemed to be conclusively proved and established by a written certificate signed by a District Officer and such certificate shall be full warrant to the Fiscal Agent for any action taken or suffered under the provisions of this Agreement or any Supplemental Agreement upon the faith thereof, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 7.01. Events of Default. The following shall constitute Events of Default under this Agreement:

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

(b) if default shall be made by the District 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.

Section 7.02. Remedies of Bondowners. Upon the occurrence of an Event of Default, 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 Agreement 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; or

(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.

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

A waiver of any default by any Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Bondowners by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

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

Section 7.04. Remedies Not Exclusive. No remedy herein conferred upon the Owners of Bonds shall be exclusive of any other remedy and that each and every remedy shall be

cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Bondowners.

ARTICLE VIII

SUPPLEMENTAL AGREEMENTS

Section 8.01. Supplemental Agreements Effective Without Consent of the Owners. For any one or more of the following purposes and at any time or from time to time, the District may enter into a Supplemental Agreement, 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 Agreement, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Agreement as theretofore in effect;

(b) to add to the limitations and restrictions in this Agreement, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Agreement 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 Agreement, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Agreement;

(d) to cure any ambiguity, supply and omission, substitute any party, or cure or correct any defect or inconsistent provision in this Agreement; or

(e) to make such additions, deletions or modifications as may be necessary to assure compliance with section 148(f) of the Tax Code relating to required rebate of any amounts to the United States or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds, or

(f) to make any other change that does not materially adversely effect the holders of the Bonds.

Section 8.02. Supplemental Agreements Effective With Consent to the Owners. Any modification or amendment of this Agreement 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 Agreement, with the written consent of the Owners of at least a majority 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 or premium, if any, 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 Fiscal Agent without its written assent thereto.

Section 8.03. Owners' Meetings. The District may at any time call a meeting of the Owners. In such event the District is authorized to fix the time and place of said meeting and to

provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 8.04. Procedure for Amendment with Written Consent of Owners. The District and the Fiscal Agent may at any time enter into a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.05) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.03. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Fiscal Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the District shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Fiscal Agent. A record, consisting of the papers required by this Section 8.04 to be filed with the Fiscal Agent, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Fiscal Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the District and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 8.05. Disqualified Bonds. Bonds owned or held for the account of the District, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII.

Section 8.06. Effect of Supplemental Agreement. From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the District and all owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such

modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

Section 8.07. Endorsement or Replacement of Bonds Issued After Amendments. The District may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the District, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Office of the Fiscal Agent or at such other office as the District may select and designate for that purpose, a suitable notation shall be made on such Bond. The District may determine that new Bonds, so modified as in the opinion of the District is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Office of the Fiscal Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.08. Amendatory Endorsement of Bonds. The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him or her.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Benefits of Agreement Limited to Parties. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the District, the Fiscal Agent and the Owners of the Bonds, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement 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 Agreement. Bonds may be paid off 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 of and interest and premium, if any, on Bonds Outstanding, as and when the same become due and payable;

(ii) by depositing with the Fiscal Agent or an escrow agent, at or before maturity, money or securities in the necessary amount (as provided in Section 9.02(c)) to pay Bonds Outstanding; or

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

If the District pays 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 Officer, filed with the Fiscal Agent, signifying the intention of the District to discharge all such indebtedness and this Agreement), and notwithstanding that any Bonds have not been surrendered for payment, this Agreement and all covenants, agreements and other obligations of the District under this Agreement shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 9.02(b) and the obligation of the District to assure that no action is taken or is found to be taken that would adversely affect the exclusion of interest on the Bonds from gross income and the Tax Code. In such event, upon request of the District, the Fiscal 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 Fiscal Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to this Agreement which are not required for the payment of Bonds not theretofore surrendered for such payment.

(b) Discharge of Liability on Bonds. Upon the deposit at or before maturity, of money or securities in the necessary amount (as provided in Section 9.02(c) to pay any Outstanding Bond upon its maturity, 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 and premium, if any, 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 Fiscal Agent or an escrow 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 Fiscal 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 Fiscal Agent. Whenever in this Agreement it is provided or permitted that there be deposited with or held by the Fiscal Agent or an escrow agent money or securities in the necessary amount to pay any Bonds, the money or securities so to be deposited or held may include money or securities held by the Fiscal Agent in the funds and accounts established pursuant to this Agreement 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; or

(ii) Defeasance Obligations (not callable by the issuer thereof prior to maturity) the principal of and interest and premium, if any, on which when due, together with any lawful money of the United States of America, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal of and all unpaid interest to maturity on the Bonds to be paid, and premium, if any, as such principal, interest and premium become due;

provided, in each case, that the Fiscal Agent shall have been irrevocably instructed (by the terms of this Agreement or by request of the District) to apply such money to the payment of such principal and interest with respect to such Bonds.

(d) Payment of Bonds After Discharge of Agreement. Notwithstanding any provisions of this Agreement, any moneys held by the Fiscal Agent for the payment of the principal of, or interest or premium, if any, on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in this Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the District outright, and all liability of the Fiscal Agent with respect to such moneys shall thereupon cease.

Section 9.03. Execution of Documents and Proof of Ownership by Bondowners. Any request, declaration or other instrument which this Agreement 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, the Fiscal Agent or the Chief Financial Officer in good faith and in accordance therewith.

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

Section 9.05. Destruction of Canceled Bonds. Whenever in this Agreement provision is made for the surrender to the District of any Bonds which have been paid or canceled pursuant to the provisions of this Agreement, a certificate of destruction duly executed by the Fiscal 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 Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The District hereby declares that it would have adopted this Agreement 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 Agreement may be held illegal, invalid or unenforceable.

Section 9.07. Unclaimed Moneys. Subject at all times to applicable unclaimed property law and anything contained herein to the contrary notwithstanding, any moneys held by the Fiscal Agent for the payment and discharge of the principal of, and the interest on, the Bonds which remains unclaimed for two (2) years after the date when the payments of such principal and interest have become payable, if such moneys was held by the Fiscal Agent at such date, shall be repaid by the Fiscal Agent to the District as its absolute property, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of the principal of, and interest on, such Bonds.

Section 9.08. Notices to and Demands on District and Fiscal Agent. Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Fiscal Agent to or on the District may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the District with the Fiscal Agent) or by facsimile to:

Chief Executive Officer
Pajaro Valley Health Care District
75 Nielson Street
Watsonville, CA 95076
Email: info@pvhcd.org

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the District to or on the Fiscal Agent may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Fiscal Agent with the District) or by facsimile to:

U.S. Bank Trust Company, National Association
Attn.: Global Corporate Trust Services
One California Street, Suite 1000
San Francisco, CA 94111
Email: _____

All notices, approvals, consents, requests and any communications to the Fiscal Agent hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Fiscal Agent). Electronic signatures believed by the Fiscal Agent to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the District chooses to use electronic signatures to sign documents delivered to the Fiscal Agent, the District agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Fiscal Agent acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Fiscal Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Fiscal Agent in lieu of, or in addition to, any document signed via electronic signature.

Section 9.09. Applicable Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 9.10. Conflict with Act. In the event of a conflict between any provision of this Agreement with any provision of the Act as in effect on the Closing Date, the provision of the Act shall prevail over the conflicting provision of this Agreement.

Section 9.11. Conclusive Evidence of Regularity. Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Act relative to their issuance and the levy of the ad valorem taxes securing the payment of the Bonds.

Section 9.12. Payment on Business Day. In any case where the date of the payment of principal of or interest or premium, if any, on the Bonds or the date any action is to be taken

pursuant to this Agreement is other than a Business Day, such payment or action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 9.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the District and the Fiscal Agent have caused this Agreement to be executed as of the date first above written.

PAJARO VALLEY HEALTH CARE DISTRICT

By:_____
Stephen Gray
Chief Executive Officer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Fiscal Agent

By:_____
Authorized Officer

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

$_____
Pajaro Valley Health Care District
(Counties of Santa Cruz and Monterey, California)
General Obligation Bonds
Series 2024

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP:

REGISTERED OWNER:

PRINCIPAL SUM: DOLLARS

The Pajaro Valley Health Care 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, 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 January 15, 2025, in which event it shall bear interest from the Issue Date stated above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond) until payment of such Principal Sum in full, at the rate per annum stated above, payable on February 1 and August 1 in each year, commencing February 1, 2025, calculated on the basis of 360-day year composed of twelve 30-day months. Principal hereof is payable at the corporate trust office of U.S. Bank Trust Company, National Association, (the "Fiscal Agent"). Interest hereon (including the final interest payment upon maturity) is payable by check or draft of the Fiscal Agent mailed by first class mail to the Owner at the Owner's address as it appears on the registration books maintained by the Fiscal Agent as of the close of business on the fifteenth day of the month next preceding such interest payment date, or at such other address as the Owner may have filed with the Fiscal Agent for that purpose.

This Bond is one of a duly authorized series of Bonds of the District designated as "Pajaro Valley Health Care District (Counties of Santa Cruz and Monterey, California) General Obligation Bonds, Series 2024" (the "Bonds"), in an aggregate original principal amount of $_____, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or other provisions) and all issued pursuant to the provisions of Chapter 4, commencing with Section 32300, of Division 23 of the California Health and Safety Code and Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (collectively, the "Act"), and a Fiscal Agent Agreement dated as of June 1, 2024 (the "Fiscal Agent Agreement") by and between

the District and the Fiscal Agent. Reference is hereby made to the Fiscal Agent Agreement (copies of which are on file at the office of the Secretary of the Board) 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 Fiscal Agent and the rights and obligations of the District thereunder, to all of the provisions of which Fiscal Agent Agreement the Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the District to finance the purchase and improvement of the Watsonville Community Hospital by the District. The issuance of the Bonds was authorized by a vote of more than two-thirds of the qualified voters of the District voting at a special municipal election held on March 5, 2024. The Bonds are the first series of bonds to be issued pursuant to such authorization.

This Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Fiscal Agent Agreement) are general obligations of the District and the Counties have the power and is obligated to levy 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 maturing on or before August 1, 20__, are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 20__, are subject to redemption prior to their respective maturity dates as a whole, or in part, on any date, from any moneys provided at the option of the District, in each case on and after August 1, 20__, at a redemption price equal to the principal amount of Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

The Bonds maturing on August 1, 20__ (the "20__ Term Bonds"), are subject to mandatory sinking payment redemption in part on August 1, 20__and on each August 1 thereafter to maturity, by lot, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, from sinking payments as follows:

20__ Term Bonds

Redemption Date (August 1)	Sinking Payments
20__ (maturity)	

The amounts in the foregoing tables shall be reduced as a result of any prior partial optional redemption of the Bonds as specified in writing by a District Officer to the Fiscal Agent.

If less than all of the Bonds are redeemed, the Bonds shall be redeemed by lot within a maturity, and among maturities in the manner specified in the Agreement. Notice of redemption with respect to the Bonds to be redeemed shall be given to the registered owners thereof, in the manner, to the extent and subject to the provisions of the Agreement.

The Bonds are issuable as fully registered Bonds, without coupons, in denominations of $5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon

payment of the charges, if any, as provided in the Fiscal Agent Agreement, 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 Principal Office of the Fiscal Agent, but only in the manner and subject to the limitations provided in the Fiscal Agent Agreement, 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 Fiscal Agent may treat the Owner hereof as the absolute owner hereof for all purposes, and the District and the Fiscal Agent shall not be affected by any notice to the contrary.

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

Unless this Bond is presented by an authorized representative of The Depository Trust Company; a New York corporation ("DTC"), to District or the Fiscal Agent for registration of transfer, exchange, or payment, and any Bond 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. 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 Fiscal Agent Agreement.

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 Fiscal Agent Agreement.

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

IN WITNESS WHEREOF, the Pajaro Valley Health Care District has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of its Chief Executive Officer and countersigned by its Secretary of the Board of Directors and its seal to be reproduced hereon, all as of the Issue Date stated above.

PAJARO VALLEY HEALTH CARE DISTRICT

By: _____
Stephen Gray
Chief Executive Officer

Attest:

By: _____
Secretary of the Board

[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Fiscal Agent Agreement.

Authentication Date: _____, 2024

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Fiscal Agent

_____
Authorized Signatory

EXHIBIT B

FORM OF COSTS OF ISSUANCE ACCOUNT REQUISITION

$_____
Pajaro Valley Health Care District
(Counties of Santa Cruz and Monterey, California)
General Obligation Bonds
Series 2024

WRITTEN REQUISITION NO. _____
FOR DISBURSEMENT FROM THE COSTS OF ISSUANCE ACCOUNT

The undersigned hereby states and certifies as follows:

(i) The undersigned is the _____ of the Pajaro Valley Health Care District (the "District"), a health care district organized and existing under the laws of the State of California, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same.

(ii) Pursuant to Section 4.02(c) of that certain Fiscal Agent Agreement, dated as of _____ 1, 2024 (the "Fiscal Agent Agreement"), by and between the District and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"), the undersigned hereby authorizes the disbursement from the Costs of Issuance Account of the Bond Proceeds Fund (the "Account") established under the Fiscal Agent Agreement, for the costs set forth on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such cost for the purposes set forth on Schedule A, and all such payments shall be made by check or wire transfer in accordance with payment instructions contained in Schedule A. The Fiscal Agent shall have no duty or obligation to authenticate such payment instructions or the authorization thereof.

(iii) The amounts to be disbursed constitute Issuance Expenses.

(iv) Such amounts are required to be disbursed pursuant to a contract entered into by or on behalf of the District, or were necessarily and reasonably incurred and such amounts are not being paid in advance of the time, if any, fixed for payment.

(v) No amount set forth in Schedule A was included in any certificate requesting disbursement of Issuance Costs previously filed with the Fiscal Agent pursuant to Section 4.02(c) of the Fiscal Agent Agreement.

Capitalized terms not otherwise defined shall have the meanings ascribed to them in the Fiscal Agent Agreement.

Dated: _____ PAJARO VALLEY HEALTH CARE DISTRICT

By _____
District Officer

SCHEDULE A

Payee	Amount

EXHIBIT C

FORM OF PROJECT ACCOUNT REQUISITION

$_____
Pajaro Valley Health Care District
(Counties of Santa Cruz and Monterey, California)
General Obligation Bonds
Series 2024

WRITTEN REQUISITION NO. _____
FOR DISBURSEMENT FROM THE PROJECT ACCOUNT

The undersigned hereby states and certifies as follows:

(i) The undersigned is the _____ of the Pajaro Valley Health Care District (the "District"), a health care district organized and existing under the laws of the State of California, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same.

(ii) Pursuant to Section 4.02(b) of that certain Fiscal Agent Agreement, dated as of _____ 1, 2024 (the "Fiscal Agent Agreement"), by and between the District and U.S. Bank Trust Company, National Association, as fiscal agent (the "Fiscal Agent"), the undersigned hereby authorizes the disbursement from the Project Account of the Bond Proceeds Fund (the "Account") established under the Fiscal Agent Agreement, for the Project Costs set forth on Schedule A attached hereto and by this reference incorporated herein, the amount set forth opposite such cost for the purposes set forth on Schedule A, and all such payments shall be made by check or wire transfer in accordance with payment instructions contained in Schedule A. The Fiscal Agent shall have no duty or obligation to authenticate such payment instructions or the authorization thereof.

(iii) The amounts to be disbursed constitute Project Costs.

(iv) Such amounts are required to be disbursed pursuant to a contract entered into by or on behalf of the District, or were necessarily and reasonably incurred and such amounts are not being paid in advance of the time, if any, fixed for payment.

(v) No amount set forth in Schedule A was included in any certificate requesting disbursement of Project Costs previously filed with the Fiscal Agent pursuant to Section 4.02(b) of the Fiscal Agent Agreement.

Capitalized terms not otherwise defined shall have the meanings ascribed to them in the Fiscal Agent Agreement.

Dated: _____ PAJARO VALLEY HEALTH CARE DISTRICT

By _____
District Officer

SCHEDULE A

Payee	Amount