

RESOLUTION NO. 002-2026

RESOLUTION OF THE BOARD OF DIRECTORS OF WATSONVILLE COMMUNITY HOSPITAL AUTHORIZING EXECUTION AND DELIVERY OF A BUSINESS LOAN AGREEMENT WITH THE COMMUNITY HEALTH TRUST OF PAJARO VALLEY AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the Community Health Trust of Pajaro Valley Santa Cruz County Bank (“CHT”) agrees to Loan Watsonville Community Hospital (“WCH”) \$2,000,000; and

WHEREAS, the Loan will be funded once WCH receives clearance from its existing lenders around March 1, 2026, or another mutually agreed upon date; and

WHEREAS, the Loan will accrue simple interest at the prevailing UBS rate applicable to CHT at the time funds are disbursed, and interest begins accruing on the date the Loan is funded.

NOW, THEREFORE, it is hereby resolved by the Board of Directors of Watsonville Community Hospital as follows:

Section 1. First Month Interest Forgiveness. CHT agrees to forgive all interest accrued during the first 30 days after funding, and the following:

- If WCH repays the Loan within the first 30 days, no interest will be owed;
- If WCH repays after 30 days, interest accrues beginning on day 31.

Section 2. Repayment Date. WCH agrees to repay the full \$2,000,000 principal plus any applicable interest no later than July 31, 2026, unless another date is agreed upon in writing. If loan is not paid in full by agreed upon date, the first month interest forgiveness will be voided and an interest rate equal to the prevailing rate multiplied by two will be applied to the loan from the first day of default until fully paid. WCH may repay the loan early without penalty, and

Section 3. Approval of Financing Plan and Documents. The Board hereby approves the financing plan outlined herein. To that end, the Board hereby approves each of the following financing documents in substantially the respective forms as presented to the Board at this meeting, together with any changes therein or additions thereto deemed advisable by an Authorized Officer, whose execution thereof shall be conclusive evidence of such approval.

Section 4. No fees. No additional fees, penalties, or charges, excluding accrued interest, shall apply to this Loan.

*Watsonville Community Hospital
Resolution Approving
Community Health Trust Loan*

Section 5. Effective Date. This Resolution shall take effect from and immediately after the date of its passage and adoption.

PASSED AND ADOPTED by the Board of Directors of Watsonville Community Hospital this 25th day of February 2026, by the following vote:

AYES: Directors Friel, Gallagher, Pimental, and Chair Nuñez

NOES: None

ABSENT: None

ABSTAIN: None

ATTEST:
Signed by:


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Alexandra Friel
Board Secretary

Signed by:


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Tony Nuñez
Chair of the Board

*Watsonville Community Hospital
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