



P. O. Box 95
San Andreas, CA 95249
(209) 754-4468 Phone
(209) 754-2537 Fax

**Meeting of the Board of Directors
Wednesday Aug. 22, 2018
7:30 am
Mark Twain Medical Center Classroom 2
768 Mountain Ranch Rd,
San Andreas, CA**

Agenda

Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

1. Call to order:
2. Roll Call:
3. Approval of Agenda: Action
4. Public Comment on matters not listed on the Agenda:

The purpose of this section of the agenda is to allow comments and input from the public on matters within the jurisdiction of the Mark Twain Health Care District not listed on the Agenda. (The public may also comment on any item listed on the Agenda prior to Board action on such item.) **Limit of 3 minutes per speaker.** The Board appreciates your comments however it will not discuss and cannot act on items not on the agenda.

This Institution is an Equal Opportunity Provider and Employer

Agenda – Aug. 22, 2018 MTHCD Board Meeting

5. Consent Agenda: Action

All Consent items are considered routine and may be approved by the District Board without any discussion by a single roll-call vote. Any Board Member or member of the public may remove any item from the Consent list. If an item is removed, it will be discussed separately following approval of the remainder of the Consent items.

A. Correspondence:

- General Election Notice & Posting - Calaveras Elections Dept. (July 17, 2018):
- Additional Premises Letter (8-1-2018) & Schedule 2:
- USDA Concurrence to Contract Award to Diede Construction (8-3-2018)
- Report of Proposed Debt - CA Debt Invest Advisory Commission - Report (8-3-2018)
- Common Ground Request for Grant - Care for the Caregiver Conf. (8-10-2018)
- Skylar Foust – Thank you (8-4-2018)

B. Un-Approved Minutes:

- Un-Approved Finance Committee Meeting Minutes for July 18, 2018
- Un-Approved Board Meeting Minutes for July 25, 2018

6. New Business:

A. Todd Aquilina, Umpqua Investments:.....Ms. Atkinson

7. MTHCD Reports:

A. Presidents Report:Ms. Reed

- Association of California Health Care Districts (ACHD):

B. Executive Director Report:.....Dr. Smart

- Strategic Plan Matrix:
- Application for District Credit Card with Umpqua Bank:
 - **Resolution 2018 - 17**
- Community Out Reach:

C. Corp. Board Report:Ms. Reed / Ms. Atkinson

8. Committee Reports:

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Agenda – Aug. 22, 2018 MTHCD Board Meeting

A. Finance Committee:.....Ms. Atkinson / Ms. Radford

- Financial Update:.....Mr. Krieg
- Recommendation - Approval of July 2018 Financial Statements: **Action**Ms. Atkinson
- Accounting Services:.....Dr. Smart / Ms. Atkinson

B. Ad Hoc Lease Review Committee:.....Ms. Reed / Ms Atkinson

C. Ad Hoc Policy Committee:.....Ms. Atkinson / Ms Al-Rafiq

D. Ad Hoc Real Estate:Ms. Reed / Ms Al-Rafiq

- **Update on the Valley Springs Health and Wellness Center:**.....Dr. Smart

- **Resolutions 2018 - 15 and 2018 - 16**

- **USDA Loan:**.....Ms. Reed / Dr. Smart

- **TEFRA Public Hearing:**

- LEASE/LEASEBACK TRANSACTIONS WITH THE PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, IN THE MAXIMUM PRINCIPAL AMOUNT OF \$7,460,000, FOR THE PURPOSE OF FINANCING THE COSTS OF CONSTRUCTION AND EQUIPPING OF A NEW ONE-STORY, APPROXIMATELY 10,102 SQUARE FOOT COMPREHENSIVE RURAL HEALTH CLINIC FACILITY.

- **Resolution 2018 - 15: Action by Roll Call Vote:**

- RESOLUTION APPROVING THE EXECUTION AND DELIVERY BY THE MARK TWAIN HEALTH CARE DISTRICT OF A LEASE/LEASEBACK TRANSACTION BY AND BETWEEN THE MARK TWAIN HEALTH CARE DISTRICT AND THE PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA

- **Rescind Resolution 2018 – 10 (Approved - Jun 27, 2018): Action**

- **Resolution 2018 – 16: Action by Roll Call Vote:**

- RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF CERTIFICATES OF PARTICIPATION RELATING THERETO TO FINANCE CAPITAL PROJECTS AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

- **Valley Springs Health & Wellness Center – Award Bid”**Dr. Smart

- **Resolution 2018 – 14: Action by Roll Call Vote**

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□ Notice of Award - Bid (\$5.555 Million) to Diede Construction, Inc.:

- Project Manager:.....Pat Van Lieshout
- Opinion of Probable Costs:.....Mr. Krieg

- **Update on Valley Springs Property - Phase II:**..... Al-Rafiq / Ms. Reed

E. Ad Hoc Community Grant:.....Ms. Radford / Ms. Sellick

F. Stay Vertical Calaveras Update:.....Steve Shetzline

9. Board Comment and Request for Future Agenda Items:

A. Announcements of Interest to the Board or the Public:

10. Next Meeting:

- A. September 20, 2018 (Special Board Meeting)
- B. September 26, 2018 (Regular Board Meeting)

11. Closed Session:Ms. Reed

A. Significant Exposure to Litigation Pursuant to Govt. Code (§ 54956.9 (b)).....Dr. Smart

12. Reconvene to Open Session:

A. Report of Action taken (if any) in Closed Session:

13. Adjournment: Action:

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Agenda – Aug. 22, 2018 MTHCD Board Meeting



COUNTY OF CALAVERAS

REBECCA TURNER
Clerk-Recorder-Registrar of Voters

891 Mountain Ranch Road, San Andreas, CA 95249

Recorder: (209) 754-6372
Elections: (209) 754-6376
Clerk: (209) 754-6371
Fax: (209) 754-6733

July 17, 2018

RE: Notice of General District Election

Notice is hereby given that the General Election will be held in this district on November 6, 2018.

- Mark Twain Health Care District

The names of the offices for which candidates may be nominated are as follows.

- 3 Directors, 4 year terms & 1 Director, 2 year term

Declaration of candidacy forms for eligible candidates desiring to file for any of the elective offices may be obtained from the Election Department, Government Center, 891 Mountain Ranch Rd, San Andreas, CA 95249. Forms shall be available commencing on July 16, 2018 and shall be filed with the Election Official, no later than 5:00 p.m., August 10, 2018.

In the event there are no nominees or an insufficient number of nominees for any elective office and a petition for an election is not timely filed, an appointment to such elective offices shall be made pursuant to section 10515 of the Elections Code.

Enclosed is a copy of the Legal Notice Publication, for posting in your district office, pursuant to Election Code Section 12113.

Amie Yopez
Election Coordinator
(209) 754-6376
ayopez@co.calaveras.ca.us

Calaveras County Legal

LEGAL NOTICE

NOTICE IS GIVEN that the positions listed below are open for the November 6, 2018 Statewide General Election

Qualifications: The candidate must be a registered voter and reside within the City or District. If the election is by trustee or division the candidate must reside within that division or trustee area.

School Districts

Calaveras Office of Education - 2 Members, 4 year terms
 Trustee Area No. 1 & 3
 San Joaquin Delta - 3 Members, 4 year terms
 Trustee Area No. 3, 4 & 7 Trustee areas 3, 4 & 7 do not extend into Calaveras.
 Yosemite - 1 Member, 4 year term
 Trustee Area No. 1
 Calaveras Unified School District - 3 Members, 4 year terms
 Trustee Area No. 2, 4 & 5
 Bret Harte Union - 2 Members, 4 year terms
 Mark Twain Union Elementary - 2 Members, 4 year terms
 Vallecito Union - 3 Members, 4 year terms, 1 Member, 2 year term
City of Angels
 City Council - 2 Council Members, 4 year terms
 City Clerk - 1 Member, 4 year term
 City Treasurer - 1 Member, 4 year term

Health Care District

Mark Twain - 3 Directors, 4 year terms, 1 Director, 2 year term

Community Services Districts

Appaloosa Road - 3 Directors, 4 year terms
 Circle XX - 3 Directors, 4 year terms
 Copper Cove/Rocky Road - 2 Directors, 4 year terms
 Lynn Park Acres - 2 Directors 4 year terms, & 1 Director, 2 year terms
 Middle River - 2 Directors 4 year terms, 1 Director, 2 year term
 Mountain Ranch - 3 Directors, 4 year terms
 Saddle Creek - 3 Directors, 4 year terms
 Three Cent Flat - 3 Directors, 4 year terms, 2 Directors, 2 year terms
 Wallace - 3 Directors, 4 year terms, 2 Directors, 2 year terms

Water Districts

Calaveras County
 Division 2 - 4 year term
 Division 3 - 4 year term
 Division 4 - 4 year term
Fire Protection Districts
 Altaville-Melones - 2 Directors, 4 year terms
 Calaveras Consolidated - 5 Directors, 4 year terms
 Central Calaveras - 3 Directors, 4 year terms
 Copperopolis - 2 Directors, 4 year terms, 1 Director, 2 year term
 Ebbetts Pass - 2 Directors, 4 year terms, 1 Director, 2 year term
 Mokelumne Hill - 3 Directors, 4 year terms
 Murphys - 3 Directors, 4 year terms, 1 Director, 2 year term
 San Andreas - 3 Directors, 4 year terms
 West Point - 3 Directors, 4 year terms, 1 Director, 2 year term

Public Utility Districts

Calaveras - 3 Directors, 4 year terms, 1 Director, 2 year term
 Union - 3 Directors, 4 year terms
 Valley Springs - 3 Directors, 4 year terms

Recreation & Park Districts

San Andreas - 3 Directors, 4 year terms

Secretary Districts

Mokelumne Hill - 3 Directors, 4 year terms, 1 Director, 2 year term
 Murphys - 2 Directors, 4 year terms, 1 Director, 2 year term

Veterans Memorial Districts

Angels Camp - 3 Directors, 4 year terms, 1 Director, 2 year term (2 shall be Veterans)
 Ebbetts Pass - 2 Directors, 4 year terms, 2 Directors, 2 year terms (2 shall be Veterans)
 Jenny Lind - 3 Directors, 4 year terms (1 shall be a Veteran)
 Mokelumne Hill - 3 Directors, 4 year terms, (2 shall be Veterans)
 San Andreas - 3 Directors, 4 year terms (1 shall be a Veteran)
 West Point Veterans - 2 Directors, 4 year terms, 1 Director, 2 year term (2 shall be Veterans)

NOTICE IS FURTHER GIVEN that the filing period opens July 16, 2018 and closes at 5:00 p.m. on August 10, 2018, after which time no declarations of

candidate will be accepted for filing. If an incumbent does not file his or her declaration of candidacy on or before August 10, 2018 the filing period will be extended to August 15, 2018 for anyone other than the incumbent for that particular office.

NOTICE IS FURTHER GIVEN that the hours for filing nomination papers and declarations of candidacy will be from 8:00 a.m. to 4:00 p.m. Mondays through Fridays excluding holidays. On filing deadlines the office hours will be extended to 5:00 p.m. During this filing period nomination papers and declarations of candidacy can be obtained from the Elections Department, Government Center, at 891 Mountain Ranch Road, San Andreas, CA. For additional information contact the County Elections Office at (209) 754-8376.

Rebecca Turner
 Calaveras County Clerk-Recorder
 /Registrar of Voters

Published: July 13, 2018 VSN

**PROOF OF PUBLICATION
 (2015-5 C.C.P.)**

FILED

JUL 16 2018

CALAVERAS COUNTY
 Rebecca Turner, County Clerk
 Deputy

This space is for the County Clerk's filing Stamp

STATE OF CALIFORNIA
 County of Calaveras

I am a citizen of the United States and a resident of the County aforesaid. I am over the age of eighteen years. I am the principal clerk of the printer of The Valley Springs News, a newspaper of general circulation, printed bi-weekly in the Township of Valley Springs, California, County of Calaveras, that the notice of which the annexed is printed copy (set in type) not smaller than nonpareil, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates: to wit:

all in the year 2018

July 13th

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Dated at Valley Springs, California

this 16th day of July, 2018

Signature

Cheryl Hauer

THE Valley Springs NEWS

1906 Vista Del Lago, Ste. L
 P.O. Box 1297, Valley Springs, CA 95252
 (209) 772-2234



**MARK TWAIN
HEALTH CARE DISTRICT**

P. O. Box 95
San Andreas, CA 95249
(209) 754-4468 Telephone
(209) 754-2537 Fax

August 1, 2018

Corporate Board
Mark Twain Medical Center
768 Mountain Ranch Road
San Andreas, CA 95249

MTMC Board of Trustees:

This letter is in response to your letter dated July 2, 2018. In that letter you requested that certain properties be added to the "Additional Premises" schedule 2 (SEC. 3.6(B)(1)) of the current lease. Your request was forwarded to the Mark Twain Health Care District Board of Directors, (the "Board").

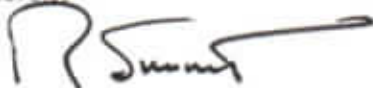
The Board's understanding from your Chief Financial Officer is that these properties are leased, not owned by Mark Twain Medical Center. Given that information, there does not appear to be any financial impact or obligation to the District since the District has exercised its option not to pay any MTMC utilities under the current lease.

On July 25th the Board discussed and took action on your request. The following properties were added to the "Additional Premises" schedule of the current lease:

- 700 Mountain Ranch Road, San Andreas, CA
- 702 Mountain Ranch Road, San Andreas, CA (including storage facility in rear)

The updated schedule is attached.

Sincerely,



Randy Smart MD
Executive Director
Mark Twain Health Care District

Cc: MTMC CFO, MTMC CEO, Colin Coffey (Archer Norris)

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Schedule 2
Additional premises
(Sect. 3.6 (B) (I))

FMC – Angels Camp	222 S. Main St Angels Camp, Ca 95222
FMC – Arnold	2182 Hwy 4 (Suite A-100) Arnold, CA 95223
FMC - Copperopolis	3505 Spangler Lane (Suite 400) Copperopolis, CA 95228
FMC – Valley Springs	1919 Vista Del Lago Drive (Suites 9A, 9B &10) Valley Springs, CA 95252
Specialty Care Center – Angels Camp	585 Stanislaus Street (Suite A) Angels Camp, CA 95222
Medical Office Building Space for Specialty Time- Share Subleases	700 Mountain Ranch Rd (Suite C) San Andreas, CA 95249
Medical Office Building	700 Mountain Ranch Rd (Suite A & B) San Andreas, Ca 95249
Medical Office Building and Storage Unit	702 Mountain Ranch Road San Andreas, CA 95249

Mark Twain Health Care District Mission Statement

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Rural Development

August 3, 2018

California State Office

-via email only-

Mailing Address:
1116 Singingwood Ct., 4
Walnut Creek, CA
94595

TO: Randall Smart MD
Executive Director
Mark Twain Health Care District
rwsmart@pacbell.net

Voice 530.204.7801
Fax: 530.792.5837

SUBJECT: Valley Springs Medical Clinic
Agency concurrence to Contract Award

USDA Rural Development has reviewed documentation submitted for the subject project and concurs with your recommendation to award the contract to Diede Construction, Inc (CA License #632667) in the amount of \$5,555,000.00, which is the amount of the base bid with no add or deduct alternates included. The District is authorized to issue a Notice of Award. Please submit four hard-copies of items 1-4 from the accompanying checklist to this office at the address below.

Once these documents are received and accepted, the Agency will issue written concurrence to the contract documents. You are advised that the agreement is not in full force and effect unless and until approved by the Agency by execution of the contract concurrence document. The Agency will retain two copies of all documents and will return two copies to you.

Prior to scheduling a preconstruction conference, we will need items 5-9 from the accompanying checklist.

If you have any questions or need additional information, do not hesitate to contact either Jose Guardado or me.

Sincerely,

Judy Moran, Architect

[Judy.moran@ca.usda.gov](mailto:judy.moran@ca.usda.gov)

Mailing Address: 1116 Singingwood Court #4, Walnut Creek, CA 94595

cc: Jose Guardado (jose.guardado@ca.usda.gov)
Anita Lopez (anita.lopez@ca.usda.gov)
Katie Schmitt (Kaitlin.schmitt@ca.usda.gov)
Gary Hicks (gary@glhicks.com)
Pat Van Lieshout (casp.fmq@outlook.com)

USDA is an equal opportunity provider, employer and lender.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.



CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

915 CAPITOL MALL ROOM 400
PO BOX 942809
SACRAMENTO, CA 94209-0001
TELEPHONE: (916) 653-3269
FAX: (916) 654-7440

August 3, 2018

TO: Blythe Fleet
Quint & Thimmig LLP
900 Larkspur Landing Circle Ste 270
Larkspur, CA 94939-1726

FROM: Mark Campbell, Executive Director

RE: ACKNOWLEDGEMENT OF REPORT OF PROPOSED DEBT ISSUANCE

California Government Code Section 8855(i) requires written notice to be given to the California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the proposed sale of any debt issue.

CDIAC acknowledges receipt of your notice of the following proposed debt issuance:

CDIAC Number: 2018-1849
Issuer: Mark Twain Health Care District
Project: Certif of Participation (2018 Cap Improvement Proj) Series B
Proposed Amount: \$678,000
Proposed Sale Date: September 12, 2018
Date Notice Received: August 03, 2018

Issuers may electronically file the Report of Final Sale (RFS) through CDIAC's website, using the following CDIAC number and password, which are unique to this filing and must be used for any subsequent reporting under this CDIAC number.

CDIAC Number: 2018-1849
Password: 413100

In accordance with Government Code Section 8855(j), the RFS for this issue must be submitted not later than 21 days after the sale of the debt. The RFS may be submitted electronically at <http://www.treasurer.ca.gov/cdiac/reporting.asp>. An official statement or other financing documents must accompany the RFS.

Any questions regarding reporting requirements may be directed to CDIAC's Data Unit by email at CDIAC_Issuance@treasurer.ca.gov or by telephone at (916) 653-3269.

Cc: Randy Smart
Executive Director



80 Ridge Road Suite A Sutter Creek, CA 95685
(209) 223-3015 Phone (209) 233-3641 FAX
San Andreas Office - 423 E St. Charles Street (209) 498-2246
www.commongroundseniorservices.org
Non Profit Tax ID # 68-0463039

August 10, 2018

Mark Twain Health Care District
768 Mt Ranch Road
San Andreas CA 95249

To Whom It May Concern:

The Calaveras Senior Network is a group of local senior service providers who meet once a month to share information and concerns regarding services, clients, and other important information regarding our older adult population. This group has been meeting monthly for over 15 years; attendees include members from a variety of organizations such as Public Health Department, Hospice organizations, Health & Human Services, DRAIL, Murphys Senior Center, Mark Twain Medical Center, Common Ground Senior Services, Assist Care, and many others.

This Network has identified a serious concern for Caregivers that are caring for a loved one with a serious medical condition. These conditions include, but not limited to, Parkinson's Disease, Alzheimer and other types of Dementia, MS, along with those that are frail and elderly; the majority of people with these conditions are no longer able to be left alone. A long-standing issue for folks in these situations is that there are very few options for any type of respite care, educational resources or assistance with care. Additionally, many of these individual Caregivers no longer can socialize and are lacking support options. The resources that are available in Calaveras County usually have a large fee associated with these types of services, that many cannot afford. According to the *National Institute on Aging's* website, research has shown a strong correlation between social interactions and the health and well-being among older adults (see attached).

After years of discussion on this issue, the Network Group has developed a *Care for the Caregiver* Conference that will take place on November 2nd. This event will include educational speakers with strategies for coping, and breakout sessions for them to discuss personal issues for the Caregivers. In an effort to make it convenient for Caregivers to attend, this event will host a respite center for those affected with diseases, which will also allow them to participate in some socialization activities.

We are reaching out to the Health Care District for sponsorship of this event. Attached is a budget for the event. I would like to request \$2,000.00 from the Health Care District, however, any amount would be most helpful to achieve our goals. Should the Health Care District decide to assist with this event, please make the check payable to Common Ground Senior Services, who is the "pass-through" agency for funds for the Senior Network. Please feel free to contact me with any comments, questions, or concerns.

Sincerely,

Kathi Toepel
Associate Director

Caring for the Caregiver Conference

2018 November 2nd

Proposed Budget

Item	Number	Unit Cost	Total	Description
Meal Cost	90	\$15.50	\$1,395.00	90 Attendees @ \$15.50 per meal
Beverages	90	\$1.50	\$135.00	90 Attendees @ \$1.50 per beverage
Marketing	3	\$350	\$1,050.00	Three marketing advertisements
Hall Rentals	2	\$350	\$700.00	Rental of two spaces
Food Supplies	90	\$5.00	\$450.00	Plates, napkins, cups, utensils, etc
Activity Supplies	90	\$7.00	\$630.00	Art and craft supplies
Mileage	500	\$0.57	\$282.50	Mileage reimbursement for speakers
Speaker Fees & expenses	2	\$300.00	\$600.00	Hotel, reimbursements
Event Handouts	90	\$3.50	\$315.00	Giveaways
Printing	5	\$75.00	\$375.00	Flyers, posters

Total

\$5,932.50



National Institute on Aging

Research Suggests a Positive Correlation between Social Interaction and Health

Several research studies have shown a strong correlation between social interaction and health and well-being among older adults and have suggested that social isolation may have significant adverse effects for older adults. For example, study results indicate that:

- Social relationships are consistently associated with biomarkers of health.
- Positive indicators of social well-being may be associated with lower levels of interleukin-6 in otherwise healthy people. Interleukin-6 is an inflammatory factor implicated in age-related disorders such as Alzheimer's disease, osteoporosis, rheumatoid arthritis, cardiovascular disease, and some forms of cancer.
- Some grandparents feel that caring for their grandchildren makes them healthier and more active. They experience a strong emotional bond and often lead a more active lifestyle, eat healthier meals, and may even reduce or stop smoking.
- Social isolation constitutes a major risk factor for morbidity and mortality, especially in older adults.
- Loneliness may have a physical as well as an emotional impact. For example, people who are lonely frequently have elevated systolic blood pressure.
- Loneliness is a unique risk factor for symptoms of depression, and loneliness and depression have a synergistic adverse effect on well-being in middle-aged and older adults.

More research is needed to understand the actual links to positive health and determine the importance of social interactions as they relate to disability, falls, memory, and overall health benefits for older adults.

Dear Mark Twain Health Care District,

Thank you so much for naming me a winner of your Ken McInturf Student Scholarship back in May. I have been using the same laptop since middle school, so being able to receive a nice, new one to start off with at UC Davis is greatly appreciated.

Thank you again!

Skylar Foust



P. O. Box 95
San Andreas, CA 95249
(209) 754-4468 Phone
(209) 754-2537 Fax

**Special Finance Committee Meeting
Wednesday July 18, 2018
9:00 am
Mark Twain Medical Center Education Center - Classroom 5
San Andreas, CA**

Un-Approved Minutes

Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

1. Call to order:

Ms. Atkinson, Treasurer, called the meeting to order at 9:00am

2. Roll Call:

Present for roll call was Ms. Atkinson, MSW, Ms. Radford, FNP and Mr. Mark Smith.

3. Approval of Agenda: Action

Ms. Radford moved to approve the Agenda. Mr. Smith provided his second. The motion passed 3-0.

4. Public Comment On Matters Not Listed On The Agenda:

Hearing none.

5. Consent Agenda: Action

A. Un-Approved Minutes:

- **Un-Approved Finance Committee Meeting Minutes for June 13, 2018:**

Mr. Krieg: Requested the wording be changed to read “Mr. Malcoun will add another column to the List of Renters and Leases Schedule to reflect the rate increase”. (pkt. pg. 4).

This Institution is an Equal Opportunity Provider and Employer

Minutes - July 18, 2018 MTHCD Special Finance Committee Meeting

B. Bank and Investment Statements:

- Bank of Stockton (6-30-2018):

C. County Auditor / Controller' May Repot:

Ms. Radford moved to approve the Consent Agenda as amended. Mr. Smith provided his second and the motion passed 3-0.

6. New Business:

A. Acknowledgement of Report of Proposed Debt Issuance- State of CA:

Ms. Atkinson: This item is for your information.

7. Controller's Report: Action

- **Financial Status, Trends, Long-Term Views and Cashflow:**
- **June Financials Will Be Presented to The Committee:**
- **Financial Dashboard:**

Mr. Krieg: Reviewed the June Financials and answered questions saying because this meeting is a week later the final figures are in for the month; his department is in the process of doing the last of the year-end figures so he needs to know if there are additional expenses for the 17-18 year; total revenue was up 4% for the month due to higher tax revenue than budgeted; expenses were over budget by 28% because of higher legal fees; the fiscal year will likely be above budget due to higher operational consulting fees; the MTMC Corp. Minority Interest increase for June was pushing \$500k; the District's cash and investments are up from the June 2017 amounts. The Financial Dashboard June amounts are all in the "green".

Mr. Smith: Requested adding the net income ratio of the total revenue and days cash- on-hand to the schedules.

Mr. Smith moved to approve the June Financials. Ms. Radford provided her second and the motion passed 3-0.

Mr. Malcoun: Added a column on the List of Renters and Leases stating "Increase Rate (%)".

8. Treasurer's Report:

Ms. Atkinson: Jeff Kantor, Umpqua Investments will be attending a meeting on July 26th.

- **Investments Policy No. 22: Action**

Ms. Atkinson: Investment Policy No. 22 is still being reviewed by staff. Mr. Smith will research Cal-Trust Investment options and report back to the Finance Committee. She and Mr. Smith will work with Dr. Smart then bring it back for Finance Committee consideration in August.

- **New Accounting Services and Discussion:**

Ms. Atkinson: A list is being compiled of possible vendors to consider for the new accounting services needed by the District when the lease becomes effective.

Mr. Krieg: Per the old lease his department will be attending to the District's accounting needs until Dec. 2019.

- **Report on Special Districts' Leadership Training:**

Ms. Atkinson: Just returned from a CSDA Leadership training which was very well done and focused on governance and finance. The District's policies met ACHD's Certification and are good but there are several more that are needed. She's part of the Ad Hoc Policy Review Committee so will be working on the additional policies the District should have.

9. Comment and Future Agenda Items:

Hearing none.

10. Next Meeting:

- The next meeting will be August 8, 2018

11. Adjournment: Action

Ms. Radford moved to adjourn the meeting at 10:50am. Mr. Smith provide his second and the motion passed 3-0.



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Meeting of the Board of Directors
Wednesday July 25, 2018
7:30 am
Mark Twain Medical Center Classroom 2
768 Mountain Ranch Rd,
San Andreas, CA

UN- Approved Minutes

Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

1. Call to order:

The meeting was called to order by President, Lin Reed at 7:31 am.

2. Roll Call:

Present for roll call was Lin Reed, MBA OTR/L; Ann Radford, FNP; Susan Atkinson, MSW; and Talibah Al-Rafiq. Debbie Sellick CMP was absent.

3. Approval of Agenda: Action

Dr. Smart: Requested the *Valley Springs Health & Wellness Center – Bid Award* be changed from an action item to information only and that *SLF Feasibility Study Presentation* by Ron Regan be moved forward when Mr. Regan arrives. (pkt. pg. 4)

4. Public Comment on matters not listed on the Agenda:

Hearing none.

5. Consent Agenda: Action

This Institution is an Equal Opportunity Provider and Employer

Agenda – July 25, 2018 MTHCD Board Meeting

A. Correspondence:

- Bank of Stockton Letter – Fee Adjustment (7-13-2018)
- Doris Barger Golf Tournament – Thank You (7-19-2018)
- Kalani McKinley – Thank You (7-13-18)

B. Un-Approved Minutes:

- Un-Approved Finance Committee Meeting Minutes for June 13, 2018
- Un-Approved Special Board Meeting Minutes for June 20, 2018
- Un-Approved Meeting Minutes for June 27, 2018

Ms. Al-Rafiq: Regarding June 27, 2018 Minutes. Requested the following wording be added to the *Update On VS Property – Phase II* item; They are not interested in a second project “until the Stockton project is completed”.

Ms. Al-Rafiq moved to approve the Consent Agenda. Ms. Atkinson provided her second and the motion passed 4-0.

6. New Business:

A. MTMC Request to Amend Schedules & Exhibit “Additional Premises”:

- MTMC Letter (July 2, 2018) Schedules & Exhibits Section that MTMC has leased since the 6th Amendment are 700 Mt. Ranch Rd and 702 Mt. Ranch Rd which includes a small storage building: **Action**

Dr. Smart: It seems practical for the Board to approve the addition of the two mentioned (above) premises that MTMC (pkt. pg. 23) has leased since the 6th Amendment was added to the current lease. Doing so will add them to the new lease. In the new lease the District will be paying the utilities for these premises. Building 700 is owned by Jake Koplen. Building 702 (formally known as the SOMO building) is still owned by Dr. Oliver etc.

Ms. Reed: Reflected to the negotiations of the 6th Amendment. As agreed the District had been paying the utilities for these buildings. It was an oversight that MTMC had not requested the two premises be added so to approve is to correct that oversight.

Ms. Al-Rafiq moved to approve. Ms. Atkinson provided her second and the motion passed 4-0.

- **Resource Connection - Child Advocacy Program Presentation:**

Kelli Coane: Presented a handout showing the success of the Calaveras Children’s Advocacy Center in Valley Springs. The handout included statistics and success stories about the program. She mentioned how much the donated doll house (by MTMC Volunteer, Diana Rodrigues) had added to the program. The program is getting referrals from the local schools, so she needs another therapist.

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Agenda – July 25, 2018 MTHCD Board Meeting

Staff will forward to the Board her “wish list” of items she could use. She will be having an open house (TBA).

Ms. Al-Rafiq: Stated the program was effective and a perfect fit for the District.

7. MTHCD Reports:

A. Presidents Report:

- **Association of California Health Care Districts (ACHD):**

Ms. Reed: She will be attending the ACHD meetings at the end of August and is pleased each of the Board will be attending the annual meeting in Sept.

B. Executive Director Report:

- **Strategic Plan Matrix:**

Dr. Smart: Referenced the Matrix (pkt. pg. 34); (line 5) He will be meeting with Cheryl Duncan next week regarding the Valley Springs RHC 1206B; (line 7) the next meeting will be Aug. 7th for the VS Ancillary Functions with MTMC; (line 21) the reserve account will be coming from the Finance Committee to the Board; (line22) is on-going;

Ms. Al-Rafiq: Requested Senior Living Opportunities be added to line 36 of the Matrix.

- **ACHD Nomination:**

Dr. Smart: Thanked Ms. Radford for assisting in his preparation of the ACHD Nomination to recognize the District. The results will be announced at the September Annual Meeting.

- **CPPA Energy Efficiency Grant: Board Approved on 6-27-2018:**

Dr. Smart: The CPPA Grant was approved and he will be working with Chris Roberts to proceed with the LED lighting for the Materials Storage Area.

- **Nylen Properties Corp. Purchase of Building:**

Dr. Smart: The District received notification (pkt. pg. 35) of the July 3, 2018 purchase of the Diede Building (# 704). The District leases the ground floor. The notification states there will be no changes to the lease terms except the new payee is Arnaudo Bros, LP. 3439 Brookside Rd (Suite 104) Stockton, CA 95219

- **Stay Vertical Calaveras – Contract: Action**

Dr. Smart: Stay Vertical Calaveras is a program to prevent falls. The contract has returned from legal and Mr. Shetzline will be obtaining insurance and signing the contract. Legal describes the program as what the District should be doing (Health & Safety Code) and no policy is needed.

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Agenda – July 25, 2018 MTHCD Board Meeting

Mr. Shetzline: Appreciates the good PR he has been receiving and requested Board members save Sat. September 22 for the “kick off” event. Starting in September he will report (monthly) at District Board meetings.

Ms. Atkinson: Requested minor changes; to the font and to change the County name to Calaveras.

Ms. Atkinson moved to approve the amended contract. Ms. Al-Rafiq provided her second and the motion passed 4-0.

C. Corp. Board Report:

Ms. Reed: Announced Mr. Diehl’s last day at the hospital will be July 31, 2018 and on behalf of the Board she thanked him for his service and wished him well. Larry Philipp (retired) will be returning as the interim CEO: a new surgeon has started; the SOMO building got state certification on July 24, 2018; the AC Clinic is moving along at the City in hopes of an August 2019 completion simultaneously with the VS Clinic; referencing the quality report the hospital is number one in cleanliness of all Dignity hospitals.

Ms. Atkinson: The Pharmacy remodel started July 16, 2018 after an OSHPD delay; the project has been approved by the Pharmaceutical Board.

- **MTMC Digital X-Ray Capital Request: Action**

Ms. Atkinson: Observed the Digital Radiography (X-Ray) Equipment some months ago and see it as State of the Art.

Gary Arvin: Currently CAH’s are not required to have this equipment but he anticipates it will be required in the future. There is a 2-day training included in the pkg.

Dr. Smart: The X-Ray equipment would be an asset on the books and the District would be obligated to buy it back less depreciation. In January the assets will exceed the \$8million cap. Anything over the cap and Dignity pays at 8%. Another option is to go through the District Grant Process. There is a \$1million commitment in the new lease and Dignity could match the donation.

Ms. Reed: Of the two options she prefers approval now as the new lease is delayed to an unknown time and there is the \$8mill cap.

Ms. Atkinson moved to approve the capital request for the X-Ray equipment. Ms. Radford provided her second and the motion passed 4-0.

8. Committee Reports:

A. Finance Committee:

- **CSDA Leadership Training:**

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Agenda – July 25, 2018 MTHCD Board Meeting

Ms. Atkinson: Attended an excellent CSDA training through their scholarship program. She was the only one from a HCD. Many of the 50 (+/-) attendees were combined districts. She learned a lot and that the District needs additional policies, so she suggested the District consider the purchase of a \$250 policy booklet.

- **Financial Update:**

Mr. Krieg: The year-end is completed, and operating income is up by \$35k. The YTD profit was \$445k (up by 10.2%). Expenses were up due to consultant fees. The tax revenues were up some. The Minority Interest MTMC increased in June by \$497,475 versus a budget profit of \$32,362. Cash and Investments for June 30, 2018 is \$1.85million vs June 30, 2017 at \$1.75million.

Recommendation - Approval of June 2018 Financial Statements: Action

Ms. Al-Rafiq moved to approve the June Financial Statements. Ms. Radford provided her second and the motion passed. 4-0

- **Update on Investment Policy NO. 22**

Ms. Atkinson: Policy 22 is very complicated but is still being worked on. Mr. Smith will research Cal-Trust for the Finance Committee to consider. The goal is to present the policy at the August Finance Committee meeting and then have a recommendation for the August Board meeting.

- **Pending Accounting Services RFP & Extension of Current Services:**

Dr. Smart: The current lease provides for the District to have an accounting contract with the hospital. A new firm will be needed going into the new lease. He has contacted ACHD, CSDA and others to compile a list to consider for him to call and ask for proposals. On July 26th he will be meeting with Rick Wood, CFO for CSDA who has a service for small districts.

Ms. Atkinson: Added MAZE Associates to the list. Some 30 years ago they were of service to the hospital.

- **JWT & Associates, LLP – Letter of Engagement: Action**

Dr. Smart: JWT & Associates was approved in concept and for budget now we have a letter of engagement for the Board to act on. Staff will contact Mr. Ware to add that he will present to the Board when the audit is complete.

Mr. Krieg: Finds the auditor's September or October schedule to be at the District per usual.

Ms. Al-Rafiq approved the engagement letter as amended. Ms. Atkinson provided her second and the motion passed 4-0.

B. Ad Hoc Lease Review Committee:

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Agenda – July 25, 2018 MTHCD Board Meeting

Ms. Reed: The Lease Review Committee is back to meeting twice a week and hopes to have it complete by the end of September.

Dr. Smart: There are a lot of individual documents (8 or 9) to review and exchange discussions with Dignity. On August 17 the two parties will meet for a day-long meeting.

C. Ad Hoc Policy Committee:

- **Policy Updates – Policies 5, 6, 7, 8, 12 and 13: Action**
 - **Policy Number 5, Committees of the Board; Public Info. Officer; Auditors:** Pulled and referred to the Policy Committee.
 - **Policy Number 6, Board Meetings: Location, Time, Date and Quorum:**
 - **Policy Number 7, Attendance at Meetings:** Pulled and referred to the Policy Committee.
 - **Policy Number 8, Agenda:**
 - **Policy Number 12, Conflict of Interest Code and Ethics:**
 - **Policy Number 13, Appointments to District Board:**

Policy No. 5 and 7 were pulled from consideration for the Policy Committee to address.

Ms. Radford moved to approve Policy No. 6, 8, 12 and 13. Ms. Al-Rafiq provided her second and the motion passed 4-0.

D. Ad Hoc Real Estate:

- **Update on Valley Springs Health and Wellness Center**
 - **USDA Loan:**

Dr. Smart: The Valley Springs Health and Wellness Center project went out to bid; four bids were opened on July 3rd; Diede Construction was the lowest bid yet some \$2million over the Aspen Street Architect estimated cost for the project; in researching, State-wide, the going rate is \$549 sq.ft. USDA suggested the District increase the loan to the original amount and apply for an additional \$800k which was done on July 9th but have yet to receive a reply; per the USDA loan construction must begin no later than September 28, 2018; a special Board meeting is likely; the ground-breaking ceremony will be postponed; we would expect the architect to know the going rates and hearing the Board expecting a better outcome will be increasing the meetings to every 2 weeks.

- **Project Manager:** Mr. Van Lieshout was not available.

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- **Opinion of Probable Costs**

Mr. Krieg: Construction for the VS Clinic increased by \$70,455. due to Aspen Street Architect. Capitalized Lease negotiation cost increased by \$14,947.

- **Valley Springs Health & Wellness Center - Bid Award: Action**

- **Letter of Intent – Diede Construction (7-17-2018)**

Dr. Smart: This item has been changed to information only because USDA must approve before moving forward with Diede Construction. A meeting will be scheduled to consider areas where the District can find some cost savings i.e.: changing out the copper gutters.

- **Update on Valley Springs Property - Phase II:**

- **SLF Feasibility Study Presentation:**

Ron Regan: Went over his June Feasibility Study stating he based the information on a 15-mile radius which took in parts of Amador County and Modesto as well as VS and SA. He owns 4 facilities in Amador County that are private so cost more; the best option is for a 49-bed facility which is more economical because the requirements are the same regarding staff etc.; it's hard to quantitate outward migration; he believes VS is the perfect location for a facility and funding might be available through HUD if partner with MTMC. He suggested staff email additional questions to him and he'd be glad to reply.

9. Board Comment and Request for Future Agenda Items:

A. Announcements of Interest to the Board or the Public:

Dr. Smart: Regarding the purchase of iPads; has put funds in the budget for a purchase so now need a tech and equipment policy to cover use, maint. and upgrade so it has been forwarded to the Policy Committee. He will reach out to CSDA for a sample policy.

Board members will not be available next week so there will be no special Board meeting.

10. Next Meeting:

A. Aug 22, 2018

11. Closed Session: None Needed

12. Reconvene to Open Session: Not Applicable

13. Adjournment: Action:

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Agenda – July 25, 2018 MTHCD Board Meeting

Ms. Atkinson moved to adjourn the meeting at 10:04am. Ms. Radford provided her second and the motion passed 4-0.

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Agenda – July 25, 2018 MTHCD Board Meeting

ACHD Advocate

In this edition

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From the Desk of Ken Cohen, Executive Director

This month, Sheila Johnston and I had the opportunity to visit Palm Drive Healthcare District, Healdsburg District Hospital and West Side Healthcare District. We appreciate the District leadership who spent time sharing their experiences and challenges with ACHD. We would also like to recognize and highlight West Side Health Care District on the expansion of their outpatient clinic and for inviting ACHD to participate in the groundbreaking event. Our Districts continue to provide important access to critical services in their communities. Regardless of challenges, Districts never waiver in addressing the health of the communities they serve.



ACHD held our second annual Wellness Summit in Sacramento. The Wellness Summit is a one day event focused solely on community health. Sessions included identifying trends, research in public health, opportunities to partner with counties to address behavioral health, and preventing employee burnout. Our speakers from Desert Healthcare District, the Public Health Institute, Stanford Health Improvement Network (Stanford University) and San Bernardino County provided great ideas on how to advance community health in their Districts. The Wellness Summit was well attended and our Members continue to learn best practices on community engagement and community and employee health improvement. ACHD looks forward to hosting the next Wellness Summit in July 2019.

As our Membership continues to drive change, please note that dues invoices were mailed the last week of June and we would appreciate your processing these promptly. Through your support, ACHD serves Healthcare Districts through Advocacy and Education programs and services. To learn more about the benefits of Membership, please click [here](#). To access a Membership Brochure, please click [here](#).

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Annual Meeting Registration is Open!



Annual Meeting is a great opportunity to network with your peers and learn how your District can Evolve Through Innovation. Our [66th Annual Meeting](#) will be hosted at the [Cliffs Resort](#) in Pismo Beach on September 12 - 14, 2018.

Our sessions this year will cover a variety of topics, ranging from Social Determinants of Health, Seismic Retrofitting, Children's Health, Emotional Health, Utilizing Technology to increase Access to Health, and Behavioral Health Policy. We will also host a CEO Roundtable and energy breaks! We have designed many breakout sessions to cater to Districts operating hospitals and Districts that focus on community health.

During Annual Meeting, Districts will hear from a variety of industry experts. These experts will encourage your Districts to think about innovative solutions that can be applied in all health care settings. ACHD will also present the many ways we are embracing innovation and will highlight our enhanced Certification Program during the State of the Association.

ACHD will highlight the innovate initiative of Healthcare Districts and encourage Districts throughout the conference to think about initiatives you can implement based on the needs of the community. Our conference will inspire innovation for every member of your Healthcare District.

Is your District ready to think outside the box? Be sure to register today for Annual Meeting. We hope to see you there!

For more information about Annual Meeting, click [here](#). To register for Annual Meeting, click [here](#).

Contact [Sheila Johnston](#) with any questions.

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Trustee Spotlight: Don Parazo, M.D., Antelope Valley Healthcare District

In an effort to show our appreciation to Healthcare District Leaders, ACHD will begin highlighting the invaluable contributions of Trustees in their community. We recognize that the work and passion of our Trustees often go unrecognized and it is our goal is to share the positive impacts Trustees make in their communities.



I am finishing my fourth term as a Trustee with the Antelope Valley Healthcare District and it has been a privilege to continue serving our District. When I started serving the District as a first-time board member, it was a world of confusion for me, and at times frightening, and required quite an adjustment. The first year for any new Trustee, is immensely challenging. Many first-time Healthcare District Trustees may not have mentors who have the experience or effective leadership skills, to guide a newcomer to be an effective board member.

When I began attending ACHD meetings, it was there that I found both mentors and friends, who took me under their wings. ACHD members and staff continue to be a resource and have taught me skills I've needed to be an effective board member. I believe that their mentoring has helped and assisted me in accomplishing numerous positive outcomes for the Healthcare District, city and medical group.

During my tenure as a board member for the Antelope Valley Healthcare District, a partially built skilled nursing facility was transformed into a Woman & Infant's Pavilion, the only obstetrics facility in the Antelope Valley. The center also has a high patient satisfaction and quality indicators. The new City of Hope Cancer Treatment Center has brought not only outstanding physicians to our facility but also brought a highly regarded reputation for quality patient care. Passage of Measure H (which received public support by 3:1) changed our governance and will bring stability to the District.

Working with other Healthcare Districts has enabled us to replicate and implement their programs in our community. We introduced the Walking School Bus program in the City of Lancaster after visiting Beach Cities Health District and seeing the program in action along with partnerships with our school superintendent and council members. A visit to

the Camarillo Healthcare District, a District that is a leader in senior care, motivated my own medical group to have a Senior Center and Senior Urgent Care.

Working specifically with ACHD, I had the privilege assisting in the initiation of the Healthcare Districts certification, which showed Sacramento that we are an organization committed to accountability and transparency. I was also involved in the origination of the very first Healthcare District Day along with our then Assemblymember, Steve Fox, who graciously helped us with that project. The organization has allowed me to be a successful Trustee in our Healthcare District, as well as improving my district, community and medical group. Healthcare Districts are the only true community-controlled healthcare facilities left and are sadly disappearing.

When ACHD staff asked me to tell my story, it would not be complete without including my many years of association with ACHD. I encourage all our Trustees to interact with ACHD and attend their many educational functions. I credit ACHD with helping me transition from a novice Trustee to a more effective seasoned Trustee for the 'Antelope Valley Hospital District'.

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Legislative Update

The ACHD Advocacy Team continues to engage with legislation that may impact Healthcare Districts as the Legislature returns for its final four week of the 2017-18 legislative session. The Legislature returned from summer recess on August 6 and will conclude all work at midnight on August 31. Some legislative deadlines to note include August 17, which marks the last day for fiscal committees to meet and report bills. View committee hearings and floor sessions on [CalChannel](#).

We are pleased to report that ACHD's Advocacy Committee voted to take a support position on [AB 2019 \(Aguiar-Curry\)](#). AB 2019 requires Healthcare Districts to include additional transparency items on their website, limits the authority of Healthcare Districts' use of design build for housing projects, creates guidelines and specific requirements on Healthcare Districts' grants policies.

Recent amendments were placed into the bill as a result of ACHD's advocates strongly negotiating with the author's staff to find a compromise for Healthcare Districts.

ACHD's Advocacy Team is working with Aguilar-Curry, and her staff, to better understand the various types of Healthcare Districts and the important role they play in their unique communities. She, along with her staff, visited two Healthcare Districts she represents over the legislative summer recess. We are working to plan more District visits during the legislative interim.

As always, find up to date information on legislation ACHD is actively working on [here](#). Stay tuned for ACHD's end of session legislative report in September. Please contact [Amber King](#) with questions.

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ACHD Webinar Education Series

ACHD's Webinar Education Series continued this month. Steve Rousso, Partner with Wipfli CPAs and Consultants presented on "An Overview of Clinics: Funding, Management and Reimbursement." This topic set a record for registration and attendance on a single webinar! To access a recording of the webinar, click [here](#). Mr. Rousso will be attending our upcoming [Annual Meeting](#) and hosting a Clinic roundtable for attendees. More details on this roundtable will be announced soon.

On August 23, ACHD continues our series on Clinics. Kiki Nocella, Director, Wipfli CPAs and Consultants will present valuable programs that are available to attract and retain clinical staff.

To register for the webinar, click [here](#).

As a reminder, all webinars are available on demand. To access past webinar recordings, click [here](#).



Please contact [Sheila Johnston](#) with any questions.

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Webinar on the Go!

ACHD routinely uses the Webinar Platform to share information with Healthcare Districts and Partners. Many attendees utilize mobile devices to access a webinar. To assist users in a seamless webinar experience, we have outlined some tips on how best to utilize mobile devices.

Why download the app?

We encourage all attendees to download the GotoWebinar App (App) from your mobile device. The App is available for download for Android and Apple devices. The App will help connect users to webinars and ensure full participation! Entering a webinar through the App allows for a seamless audio and video connection from both smartphones and tablets, without requiring users to 'dial-in' to a webinar.

To access instructions on how to use GotoWebinar on your mobile devices, click [here](#).

Please contact [Sheila Johnston](#) with any questions.

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In Case You Missed It... Healthcare District News from Around the State



(Sequoia Healthcare District) Redwood-City area seniors have access to resource hotline

70 Strong connects seniors to community services, specific support groups, caregiver resources and even tax prep service locations. 70 Strong is an initiative of Sequoia Healthcare District in partnership with Peninsula Family Service. For more information, click [here](#).

West Side Healthcare District breaks ground on \$9m outpatient clinic

West Side Health Care District is building a \$9 million outpatient clinic to replace the area's long-defunct acute care hospital, the Taft Midway Driller reports. For more information, click [here](#).

Kern Valley Healthcare District has new doctor at expanded health center

Primary care physicians are few and far between in the Kern River Valley (KRV), so the addition of a new family medicine doctor in our community is big news. Adding to that good fortune, she is working in a health center with four recently- built exam rooms waiting to be filled with new patients. For more information, click [here](#).

Desert Healthcare District's "Coachella Valley Grown" physicians stay here is good news for desert dwellers

As reported recently by The Desert Sun's Sherry Barkas, the valley's Family Medicine Residency Program celebrated the graduation of its first class on June 30. The program - a partnership linking Desert Regional Medical Center, Desert Healthcare District and the University of California, Riverside School of Medicine - was created to help ease the shortage of doctors in the desert. Seven residents were in the initial class that began three years ago. Six of those graduates will be staying on in the Coachella Valley to practice medicine. For more information, click [here](#).

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Become a Certified Healthcare District, Today

The Association of California Healthcare Districts (ACHD) is leading the way for Healthcare Districts to play a major role in the transformation of California's evolving health care landscape by helping them meet the changing needs of their local communities.

As public entities and as leaders in health, Healthcare Districts have well defined responsibilities for serving the public, adapting to their health care needs and conducting business in a manner that is open and transparent - a role that only Healthcare Districts can fill.

To assist ACHD Members in demonstrating their commitment to exemplary compliance in meeting the health and governance needs of the public, ACHD has developed a core set of standards, referred to as Best Practices in Governance. Healthcare Districts that show their voluntary compliance with these practices are eligible to be designated by ACHD as a Certified Healthcare District. To learn more about this program, [click here](#).

Please contact [Sheila Johnston](#) with any questions.

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Become a Member of CAPP Today



The Association of California Healthcare Districts (ACHD) is a member of Californians Allied for Patient Protection (CAPP), the coalition created to protect access to health care through California's Medical Injury Compensation Reform Act (MICRA). ACHD continues to strongly support the preservation of MICRA.

In 2014, California voters definitively rejected Proposition 46, an attempt by the trial lawyers to quadruple MICRA's non-economic damages cap. Had this ballot measure passed, California would have seen higher health care costs and decreased access to care, especially among vulnerable populations who are most in need. Despite this victory, the battle to protect MICRA continues.

ACHD is strongly urging its members to individually become supporters of the CAPP coalition.

There is **no cost** to be a member of CAPP, and you will be in good company. Seven out of 10 Board Members are already CAPP members, with more than 1,000 other organizations representing community clinics, hospitals, physicians, nurses, EMTs, labor unions, local governments, dentists and other health care providers. A complete coalition list can be found on the CAPP website at www.micra.org.

As a CAPP member, you will receive quarterly newsletters with updates on legislative activities concerning MICRA and direct access to the CAPP staff to be your one stop resource on MICRA. Additionally, CAPP holds events for legislators in their legislative district and CAPP members are invited to attend free of cost.

Please take a moment to complete and return the [CAPP Coalition Sign-Up Form](#). Thank you for endorsing this important organization and its goal to preserve MICRA.

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2018 Calendar of Events is on ACHD.org

ACHD is pleased to announce that our events for 2018 are now loaded on our website! Our calendar features committee and Board meetings, and all educational events for the entire year. To access our calendar, [click here](#) and once you find an event, simply click on the event title to save the event into your calendar.



For more information, contact [Sheila Johnston](#).

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About ACHD:

The Association of California Healthcare Districts (ACHD) represents Healthcare Districts throughout the state. The Association serves the diverse needs of California's Healthcare Districts by enhancing public awareness, training and educating its members and advocating for legislation and regulatory policies that allow Healthcare Districts to deliver the best possible health services to Californians. Learn more at achd.org.

Resources

[Legislative Reports](#)

[ACHD Message](#)

[Certified Healthcare District](#)

[Board Self-Assessment Tool](#)

[CEO Evaluation](#)

[Californians Allied for Patient Protection](#)

Connect with ACHD on social media



ACHD, 1215 K Street, Suite 2005, Sacramento, CA, 95814 · www.achd.org

Mark Twain Health Care District Strategic Matrix 2018

	A	B	C	D
1	Strategic Action Item			
2		Person Resonsible	Expected Date	Completed
3				
4	Valley Springs RHC	Real Estate Com		
5	Develop Budget /Operational Plan for VS RHC 1206B	Smart		
6	Electronic Medical Records linked to billing & compatik	Smart		
7	Explore leasing ancillary functions from MTMC	Smart	To Meet Aug 7	
8	Gantt Chart From Walter	Smart		3/12/2018
9	Physical Address (Pending Name for Access Street)	Stout		6/14/2018
10				
11				
12	MTHCD Public Image and Communication			
13	District Name Change			
14	Public Relations Strategy			
15	In-Kind Funding			
16	Doodle Scheduling On-Line	Stout		4/28/2018
17	Explore Options as District "convener" of County Care			
18				
19	Accounting Service	Finance Comm		
20	Plan/Contract for New District Accounting Services		May Agenda	
21	Written Plan for reserve accounts (ex. Seismic Retrofit)	Smart & Krieg		
22	Storage boxes	Smart		
23	Financial Report Dashboard	Kreig		
24				
25	District Records			
26	Fine-Tune District Records Disaster Plan	Stout & Computer		
27	Develop Record retention plan (state law) Attny	Policy Committee		
28	District Records-Back UP	Stout		6/14/2018
29				
30	Committee Structure	Reed		
31	Executive Committee			
32	Community Advisory Committee			
33				
34	Phase II Development	Al-Rafiq		
35	Pace Program - Welbe Health - July Open House Set up	Al-Rafiq		
36	Senior Living Opportunities	Al-Rafiq		
37				
38	Explore Potential Partnerships in County	Sellick & Reed		
39	Behavioral Health-Proposal to Follow	Sellick & Reed		
40	Veterans - On Hold	Atkinson & Radford		6/5/2018
41	Opioid Coalition	Radford & Dr. Smart		
42				
43				
44				
45				



MARK TWAIN HEALTH CARE DISTRICT

P. O. Box 95
San Andreas, CA 95249
(209) 754-4468 Telephone
(209) 754-2537 Fax

RESOLUTION 2018 - 17

I, the undersigned, hereby certify to Umpqua Bank (“Bank”) that I am Secretary of the Mark Twain Health Care District (MTHCD) (“Public Agency”), located in San Andreas, and that I have been duly elected and am presently serving in that capacity. I further certify that the following resolutions have been duly adopted by the Board of Directors, or other governing body, of the Public Agency and such resolutions are in full force and effect as of the date hereof and have not been revoked or rescinded as of this date: August 22, 2018.

1. The Umpqua Bank Commercial Card Agreement (“Agreement”) is approved.
2. The official(s) designated below (“Authorized Official(s)”) is/are duly elected and holding the office shown, authorized to borrow money on behalf and in the name of the MTHCD, execute any notes, drafts, agreements and other documents and instruments, pledge and encumber property of the MTHCD (including, without limitation, bank accounts), and name the individuals at the MTHCD who shall be authorized to instruct Umpqua Bank to issue credit cards to one or more employees of the Corporation, and the signatures below are the genuine signatures of such persons.

AUTHORIZED OFFICIALS(S):

Dr. Randall Smart	Executive Director	
_____	_____	_____
Printed name	Title	Signature
_____	_____	_____
Printed name	Title	Signature
_____	_____	_____
Printed name	Title	Signature
_____	_____	_____
Printed name	Title	Signature

3. The resolutions shall continue to be in full force and effect until express written notice of their rescission, modification or termination has been received by the Bank. Any and all prior resolutions received and certified by the Bank shall continue to have full force and effect until the Bank receives such written notice. Any rescission, modification or termination of a resolution

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must be accompanied by written notification to the Bank. Umpqua Bank shall be fully protected on relying on this certification and shall be indemnified and saved harmless in any claims, demands, expenses, loss or damage resulting from or growing out of honoring the signature of any officer or employee so certified.

IN WITNESS WHEREOF, I have subscribed my name to this document on the 22 day of August 2018.

x

Ann Radford, Secretary

Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

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Mark Twain Health Care District

768 Mountain Ranch Road
San Andreas, CA 95249
209 754 3521 Telephone

To: Board of Directors
Finance Committee

From: J.R. Krieg, Controller

Subject: July 2018 Financial Results

Date: August 15, 2018

memorandum

MARK TWAIN HEALTH CARE DISTRICT:

For July, the Statement of Revenues and Expenses for the District reported operating income **before** all grants and sponsorships of \$67,407.

It should be noted that the FY2019 budget was based on the assumption that the new lease agreement with Dignity Health would be effective as of July 1, 2018, but at month end the lease was not finalized, therefore the comparison with budget is not applicable for this memo.

Total revenues for the month were 15% above prior year due to higher anticipated tax revenues and investment income. Tax revenues include an adjustment related to the final receipt for the previous fiscal year property taxes in July which was higher than anticipated at year end.

Total expenses for the month were 44% above prior year.

In July, \$8,750 was paid under **Grants and Sponsorships** for the Stay Vertical program; additionally, \$27,500 was paid under **Golden Health Community Grants**.

Operating income in July **after** all grants and sponsorships was a **profit** of \$31,157.

The Minority Interest in Mark Twain Medical Center Corporation for July **decreased** by <\$399,264>.

The District's cash and investments balance as of July 31, 2018 is \$1,832,882 as compared to the unaudited June 30, 2018 yearend balance of \$1,859,306.

"Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides competent, professional and compassionate healing".

**MARK TWAIN HEALTH CARE DISTRICT
JULY 2018**

**MARK TWAIN HEALTH CARE DISTRICT
STATEMENT OF REVENUES AND EXPENSES
JULY 2018**

JULY					Year-to-date					
<u>Actual</u>	<u>Budget</u>	<u>Var %</u>	<u>Last Yr</u>	<u>Var %</u>	<u>Line #</u>	<u>Actual</u>	<u>Budget</u>	<u>Var %</u>	<u>Last Yr</u>	<u>Var %</u>
\$26,587	\$104,222	-74%	\$25,837	3%	1	\$26,587	\$104,222	-74%	\$25,837	3%
481	481	0%	481	0%	2	481	481	0%	481	0%
18,656	18,932	-1%	18,325	2%	3	18,656	18,932	-1%	18,325	2%
93,805	82,667	13%	77,083	22%	4	93,805	82,667	13%	77,083	22%
0	33,377	-100%	0	0%	5	0	33,377	-100%	0	0%
1,108	0	0%	55	1910%	6	1,108	0	0%	55	1915%
0	0	0%	0	0%	7	0	0	0%	0	0%
\$140,638	\$239,679	-41%	\$121,781	15%		\$140,638	\$239,679	-41%	\$121,781	15%
Revenue										
16,336	16,667	-2%	16,964	-4%	8	16,336	16,667	-2%	16,964	-4%
1,257	1,160	8%	-	0%	9	1,257	1,160	8%	0	0%
1,868	1,667	12%	1,250	49%	10	1,868	1,667	12%	1,250	49%
5,000	5,000	0%	0	0%	11	5,000	5,000	0%	0	0%
0	0	0%	50	-100%	12	0	0	0%	50	-100%
12,685	5,000	154%	0	0%	13	12,685	5,000	154%	0	0%
6,055	5,833	4%	6,055	0%	14	6,055	5,833	4%	6,055	0%
0	56,250	-100%	0	0%	15	0	56,250	-100%	0	0%
0	417	-100%	1,165	-100%	16	0	417	-100%	1,165	-100%
19,332	19,419	0%	18,853	3%	17	19,332	19,419	0%	18,853	3%
2,026	4,884	-59%	1,571	29%	18	2,026	4,884	-59%	1,571	29%
7,500	1,583	374%	1,138	559%	19	7,500	1,583	374%	1,138	559%
0	500	-100%	0	0%	20	0	500	-100%	0	0%
16	2,500	-99%	1,573	-99%	21	16	2,500	-99%	1,573	-99%
0	1,667	-100%	311	-100%	22	0	1,667	-100%	311	-100%
1,156	2,500	-54%	1,312	-12%	23	1,156	2,500	-54%	1,312	-12%
0	417	-100%	589	-100%	24	0	417	-100%	589	-100%
\$73,231	\$125,464	-42%	\$50,831	44%		\$73,231	\$125,464	-42%	\$50,831	44%
Expenses										
\$67,407	\$114,215	-41%	\$70,950	-5%		\$67,407	\$114,215	-41%	\$70,950	-5%
Operating Income (Loss) Before Grants and Sponsorships										
8,750	2,250	289%	0	0%	29	8,750	2,250	289%	0	0%
0	200	-100%	0	0%	30	0	200	-100%	0	0%
\$8,750	\$2,450	257%	\$0	0%		\$8,750	\$2,450	257%	\$0	0%
27,500	0	0%	0		31	27,500	0	0%	0	
36,250	2,450	1380%	0		32	36,250	2,450		0	
Grants and Sponsorships:										
\$31,157	\$111,765	-72%	\$70,950			\$31,157	\$111,765	-72%	\$70,950	-56%
Operating Income (Loss) After Grants and Sponsorships										
(\$427,287)	(\$96,324)	344%	(\$598,709)	-29%	33	(\$427,287)	(\$96,324)	344%	(\$598,709)	-29%
28,023	19,102	47%	72,800	-62%	34	28,023	19,102	47%	72,800	-62%
(\$399,264)	(\$77,222)	417%	(\$525,909)	-24%		(\$399,264)	(\$77,222)	417%	(\$525,909)	-24%
(\$368,107)	\$34,543	-1166%	(\$454,959)	-19%		(\$368,107)	\$34,543	-1166%	(\$454,959)	-19%
Other Income/Expense										
Net Income (loss)										

MARK TWAIN HEALTH CARE DISTRICT
BALANCE SHEET
JULY 2018

ASSETS	JULY	JUNE	LIABILITIES AND NET ASSETS	JULY	JUNE
	2018	2018		2018	2018
<u>CURRENT ASSETS</u>			<u>CURRENT LIABILITIES</u>		
Cash and cash equivalents	\$1,121,705	\$1,149,008	Accounts payable and accrued expenses	\$74,849	\$118,841
Umpqua Investments	711,177	710,298	Deferred Rental Revenue	38,617	38,617
Investments - CDARS	0	0	Security Deposits	3,275	3,275
Due from Calaveras County	82,667	49,415	Due to MTMC Corporation - rental clearing	44,822	47,458
Security Deposit	0	0	Payroll Liabilities	11,667	11,655
Accrued Interest Receivable	0	0			
Accounts Receivable (net)	57,063	76,166	Total Current liabilities	<u>\$173,230</u>	<u>\$219,845</u>
Prepaid expenses and other	14,211	15,369			
	<u>\$1,986,823</u>	<u>\$2,000,256</u>			
Total current assets					
<u>LONG TERM INVESTMENTS</u>					
Minority Interest in MTMC	\$14,437,651	\$14,836,915			
	<u>\$14,437,651</u>	<u>\$14,836,915</u>			
Total LT Investments					
<u>PROPERTY, PLANT AND EQUIPMENT</u>					
Land and land improvements	\$1,339,564	\$1,339,564			
Buildings and improvements	4,568,729	4,568,729			
Construction in Progress (Valley Springs)	601,422	601,422			
Equipment	698,156	698,156			
	<u>\$7,207,871</u>	<u>\$7,207,871</u>			
Total gross PPE					
Accumulated Depreciation	(5,320,831)	(5,318,899)			
	<u>\$1,887,040</u>	<u>\$1,888,972</u>			
Net property, plant and equipment					
<u>OTHER ASSETS</u>			<u>NET ASSETS (Fund Balances)</u>		
Capitalized Lease Negotiation	341,143	341,143	Fund balance - District	\$4,012,577	\$3,567,543
Payroll Clearing	-	-	Fund balance - Minority Interest in MTMC	14,836,915	15,427,656
Intangible assets	1,957	2,051	Fund balance - District CY	31,157	445,034
	<u>\$343,100</u>	<u>\$343,194</u>	Fund balance - Minority Interest CY	(399,264)	(590,741)
Total other assets			Total net assets	<u>\$18,481,385</u>	<u>\$18,849,492</u>
Total Assets	<u>\$18,654,614</u>	<u>\$19,069,337</u>	Total Liabilities and Net Assets	<u>\$18,654,614</u>	<u>\$19,069,337</u>

Rolling 12 Month Financial Statements Revenue and Expense

	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Revenue												
Rental revenue	\$25,837	\$25,837	\$25,837	\$25,837	\$25,837	\$25,837	\$25,837	\$26,587	\$26,587	\$26,587	\$26,587	\$26,587
Land rental revenue	481	481	481	481	481	481	481	481	481	481	481	481
MOB Lease Rent	18,325	18,458	18,391	18,391	18,078	18,178	18,330	18,330	18,330	18,330	18,330	18,656
District Tax Revenue	77,083	77,083	77,083	77,083	77,083	120,146	83,235	83,235	83,235	77,978	77,978	93,805
Interest/Investment Income	169	164	169	163	169	169	264	294	247	229	222	1,108
Other Miscellaneous Income	(388)	77	204	(705)	3,257	(1,145)	(1,274)	(723)	0	263	5,112	0
Total revenue	\$121,507	\$122,099	\$122,165	\$121,251	\$124,905	\$163,665	\$126,873	\$128,204	\$128,880	\$123,868	\$128,710	\$140,638
Expenses												
Salaries & Benefits	0	0	0	0	0	0	0	0	0	0	0	16,336
Payroll Expense	16,365	22,091	20,956	22,483	20,358	14,416	23,722	20,062	18,710	17,197	17,540	1,257
Insurance	1,250	1,250	2,286	1,250	1,535	1,250	1,250	1,535	1,250	2,500	1,670	1,868
Legal Fees	5,082	7,513	872	1,628	0	2,154	933	1,285	0	0	35,794	5,000
Audit/Accounting Fees	173	157	67	10,009	8,282	50	153	51	86	102	51	0
Operational Consulting Fees	4,351	2,729	1,800	7,454	26,600	62,365	92,730	34,379	5,000	11,284	1,500	12,685
MTMC Administrative Services	6,055	6,055	6,055	6,055	6,055	6,055	6,055	6,055	6,055	6,055	6,055	6,055
Utilities	0	0	0	0	0	0	0	0	0	0	0	0
Valley Springs Repairs/Maintenance - Rental	21,538	1,563	12,921	9,164	7,222	153	1,022	244	(1,053)	(955)	4,609	0
MOB Rent	18,853	18,853	18,853	18,853	18,853	18,853	18,853	18,853	18,853	18,853	18,853	19,332
Depreciation and Amortization	2,419	2,419	2,419	3,560	2,028	2,028	2,028	2,028	2,028	2,028	2,026	2,026
Dues and Subscriptions	1,205	1,138	1,138	3,771	1,163	2,388	1,168	1,164	1,138	(675)	0	7,500
Travel, Meals and Lodging	1,129	2,124	5,354	(800)	3,161	1,744	37	1,583	635	1,346	2,507	16
Community Education & Marketing	1,560	3,344	3,969	0	1,000	0	0	0	0	0	1,200	0
Other Miscellaneous Expenses	3,080	1,863	4,257	975	2,740	1,492	2,396	2,255	1,854	2,700	1,745	1,156
Total expenses	\$83,060	\$71,099	\$87,947	\$84,402	\$100,997	\$112,948	\$153,847	\$92,994	\$54,556	\$60,436	\$93,550	\$73,231
Operating Income (Loss) Before Programs & Events	\$38,447	\$51,000	\$34,218	\$36,849	\$23,908	\$50,717	(\$26,974)	\$35,210	\$74,324	\$63,433	\$35,160	\$67,407
Grants and Sponsorships:												
Stay Vertical	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,750
Chronic Disease Program	0	0	0	0	0	0	0	0	0	0	0	0
High School Scholarship	0	0	0	3,956	0	0	0	0	0	0	0	0
Community Health Programs	0	0	1,532	0	0	0	0	0	0	0	0	0
Outpatient Telehealth	0	0	0	0	0	0	0	0	0	0	0	0
Total Sponsorships	0	0	1,532	3,956	0	0	0	0	0	0	0	8,750
Golden Health Community Grants	0	0	0	0	0	0	0	0	41,925	0	0	27,500
Total Grants and Sponsorships	0	0	1,532	3,956	0	0	0	0	41,925	0	0	36,250
Operating Income (Loss) After Grants and Sponsorships	\$38,447	\$51,000	\$32,686	\$32,893	\$23,908	\$50,717	(\$26,974)	\$35,210	\$32,399	\$63,433	\$35,160	\$31,157
Other Income/Expense												
Minority Interest in MTMC Operations	(\$443,877)	(\$295,078)	(\$747,794)	(\$505,890)	\$1,421,946	\$95,636	(\$16,292)	\$220,938	(\$420,714)	(\$231,063)	\$463,762	(\$427,287)
Minority Interest in MTMC Investments	75,107	70,483	60,095	41,557	23,519	97,626	9,833	(34,303)	2,197	13,768	33,713	28,023
Total Other Income/Expense	(\$368,770)	(\$224,595)	(\$687,699)	(\$464,333)	\$1,445,465	\$193,262	(\$6,459)	\$186,635	(\$418,517)	(\$217,295)	\$497,475	(\$399,264)
Net Income (loss)	(\$330,323)	(\$173,595)	(\$655,013)	(\$431,440)	\$1,469,373	\$243,979	(\$33,433)	\$221,845	(\$386,118)	(\$153,862)	\$532,635	(\$368,107)

Rolling 12 Month Financial Statements Balance Sheet

ASSETS	August 2017	September 2017	October 2017	November 2017	December 2017	January 2018	February 2018	March 2018	April 2018	May 2018	June 2018	July 2018
CURRENT ASSETS												
Cash and cash equivalents	\$1,042,680	\$968,939	\$832,628	\$852,538	\$742,485	\$1,206,877	\$1,092,996	\$977,959	\$939,515	\$1,241,630	\$1,149,008	\$1,121,705
Umpqua Investments	705,395	705,471	705,675	704,921	708,177	707,032	705,758	705,035	705,035	705,186	710,298	711,177
Investments - CDARS	0	0	0	0	0	0	0	0	0	0	0	0
Due from Calaveras County	154,166	231,249	308,332	385,415	462,498	33,294	116,529	199,764	282,999	(28,563)	49,415	82,667
Security Deposit	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Receivable (net)	66,601	119,031	123,727	59,132	119,322	117,180	55,601	62,399	54,581	53,266	74,938	57,063
Prepaid expenses and other	20,925	18,538	16,150	13,763	11,375	8,988	6,600	4,213	1,825	1,250	15,369	14,211
Total current assets	\$1,989,768	\$2,043,229	\$1,986,512	\$2,015,768	\$2,043,858	\$2,073,371	\$1,977,484	\$1,949,370	\$1,983,955	\$1,972,770	\$1,999,028	\$1,986,823
Minority Interest in MTMC	\$14,532,977	\$14,308,382	\$13,620,683	\$13,156,350	\$14,601,815	\$14,795,077	\$14,788,618	\$14,975,253	\$14,556,736	\$14,339,441	\$14,836,915	\$14,437,651
PROPERTY, PLANT AND EQUIPMENT												
Land and land improvements	\$1,339,564	\$1,339,564	\$1,339,564	\$1,339,564	\$1,339,564	\$1,339,564	\$1,339,564	\$1,339,564	\$1,339,564	\$1,339,564	\$1,339,564	\$1,339,564
Buildings and improvements	4,568,729	4,568,729	4,568,729	4,568,729	4,568,729	4,568,729	4,568,729	4,568,729	4,568,729	4,568,729	4,568,729	4,568,729
Construction in Progress (Valley Springs)	358,893	358,893	361,810	363,628	364,038	364,038	407,134	463,639	467,289	530,967	601,422	601,422
Equipment	698,157	698,157	698,157	698,157	698,156	698,156	698,156	698,156	698,156	698,156	698,156	698,156
Total gross PPE	\$6,965,343	\$6,965,343	\$6,968,260	\$6,970,078	\$6,970,487	\$6,970,487	\$7,013,583	\$7,070,088	\$7,073,738	\$7,137,416	\$7,207,871	\$7,207,871
Accumulated Depreciation	(5,288,165)	(5,290,491)	(5,292,815)	(5,296,282)	(5,298,215)	(5,300,149)	(5,302,083)	(5,304,017)	(5,305,951)	(5,307,885)	(5,318,899)	(5,320,831)
Net property, plant and equipment	\$1,677,178	\$1,674,852	\$1,675,445	\$1,673,796	\$1,672,272	\$1,670,338	\$1,711,500	\$1,766,071	\$1,767,787	\$1,829,531	\$1,888,972	\$1,887,040
OTHER ASSETS												
Capitalized Lease Negotiation	267,146	272,929	274,346	277,761	277,761	289,968	318,671	323,587	323,587	326,196	341,143	341,142
Payroll Clearing	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	2,991	2,897	2,803	2,709	2,615	2,521	2,427	2,333	2,239	2,145	2,051	1,957
Total other assets	\$270,137	\$275,826	\$277,149	\$280,470	\$280,376	\$292,488	\$321,098	\$325,920	\$325,826	\$328,341	\$343,194	\$343,099
Total assets	\$18,470,060	\$18,302,289	\$17,559,789	\$17,126,384	\$18,598,321	\$18,831,274	\$18,798,701	\$19,016,614	\$18,634,304	\$18,470,083	\$19,068,109	\$18,654,614
LIABILITIES AND NET ASSETS												
CURRENT LIABILITIES												
Accounts payable and accrued expenses	\$106,124	\$112,179	\$27,624	\$27,624	\$33,679	\$27,624	\$27,624	\$27,624	\$33,678	\$27,624	\$117,612	\$74,849
Deferred Rental Revenue	38,189	38,087	38,036	37,986	38,138	38,290	38,290	38,290	38,290	38,290	38,617	38,617
Deferred Tax Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Security Deposits	3,275	3,275	3,275	3,275	3,275	3,275	3,275	3,275	4,275	3,275	3,275	3,275
Due to MTMC Corporation - rental clearing	73,824	71,187	68,551	65,914	63,278	60,641	58,004	55,368	52,731	50,095	47,458	44,822
Payroll Liabilities	6,321	8,704	8,460	9,182	8,176	5,690	9,185	7,890	7,280	6,613	11,655	11,667
Total current liabilities	\$227,733	\$233,432	\$145,946	\$143,981	\$146,546	\$135,519	\$136,378	\$132,447	\$136,254	\$125,897	\$218,617	\$173,230
NET ASSETS (Fund Balances)												
Fund balance - District	\$3,604,722	\$3,604,722	\$3,604,722	\$3,604,722	\$3,604,722	\$3,604,722	\$3,604,722	\$3,604,722	\$3,604,722	\$3,604,722	\$3,567,543	\$4,012,577
Fund balance - Minority Interest in MTMC	15,427,656	15,427,656	15,427,656	15,427,656	15,427,656	15,427,656	15,427,656	15,427,656	15,427,656	15,427,656	15,427,656	14,836,915
Fund balance - District CY	104,629	155,753	188,439	221,332	245,239	295,957	268,983	304,193	336,593	400,025	445,034	31,157
Fund balance - Minority Interest CY	(894,679)	(1,119,273)	(1,806,973)	(2,271,306)	(825,841)	(632,580)	(639,038)	(452,403)	(870,920)	(1,088,216)	(590,741)	(399,264)
Total net assets	\$18,242,327	\$18,068,857	\$17,413,843	\$16,982,403	\$18,451,775	\$18,695,755	\$18,662,323	\$18,884,167	\$18,498,050	\$18,344,186	\$18,849,492	\$18,481,384
Total Liabilities and net assets	\$18,470,060	\$18,302,289	\$17,559,789	\$17,126,384	\$18,598,321	\$18,831,274	\$18,798,701	\$19,016,614	\$18,634,304	\$18,470,083	\$19,068,109	\$18,654,614

MARK TWAIN HEALTH CARE DISTRICT

BALANCE SHEET

BUDGET FISCAL YEAR 2019

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Projected FY2018
ASSETS													
Cash and Cash Equivalents	12,904,649	13,314,073	13,208,033	13,107,835	13,003,369	12,906,912	13,354,893	12,655,781	12,535,969	12,314,665	12,588,669	11,964,382	939,515
Umpqua Investments	705,035	705,035	705,035	705,035	705,035	705,035	705,035	705,035	705,035	705,035	705,035	705,035	705,035
Due from Calaveras County	127,667	165,333	248,000	330,667	413,333	496,000	33,067	115,733	198,400	281,067	(33,067)	49,600	45,000
Accounts Receivable (net)	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Prepaid Expenses	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Current Assets	13,812,351	14,259,441	14,236,068	14,218,536	14,196,738	14,182,947	14,167,994	13,551,550	13,514,404	13,375,766	13,335,637	12,794,017	1,764,550
Minority Interest in MTMC	295,900	295,900	295,900	295,900	295,900	295,900	295,900	295,900	295,900	295,900	295,900	295,900	14,795,900
Property Plant & Equipment	6,606,450	6,606,450	6,606,450	6,606,450	6,606,450	6,606,450	6,606,450	7,206,450	7,206,450	7,206,450	7,206,450	7,206,450	6,606,450
Construction in Progress (Valley Springs)	467,289	785,927	1,279,726	1,798,526	2,292,325	2,637,193	3,130,992	3,624,792	4,118,591	4,612,391	5,106,190	5,600,000	467,289
Accumulated Depreciation	(5,311,753)	(5,313,687)	(5,315,621)	(5,317,555)	(5,319,489)	(5,321,423)	(5,323,357)	(5,325,291)	(5,327,225)	(5,329,159)	(5,331,093)	(5,333,027)	(5,309,819)
Net PP&E (Capital Assets)	1,761,986	2,078,690	2,570,555	3,087,421	3,579,286	3,922,220	4,414,085	5,505,951	5,997,816	6,489,682	6,981,547	7,473,423	1,763,920
Capital Leaseback	8,421,391	8,410,741	8,400,048	8,389,313	8,378,535	8,367,715	8,356,852	8,345,946	8,334,996	8,324,004	8,312,968	8,301,888	0
Capitalized Lease Negotiation	322,688	321,789	320,890	319,992	319,093	318,194	317,295	316,396	315,497	314,598	313,700	312,801	323,587
Intangible Assets	0	0	0	0	0	0	0	0	0	0	0	0	2,051
Total Assets	24,614,316	25,366,561	25,823,462	26,311,161	26,769,552	27,086,975	27,552,126	28,015,742	28,458,614	28,799,950	29,239,752	29,178,028	18,650,008
LIABILITIES													
Accounts Payable & Accrued Expenses	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Deferred Rent Revenue	5,938,290	5,838,290	5,738,290	5,638,290	5,538,290	5,438,290	5,338,290	5,238,290	5,138,290	5,038,290	4,938,290	4,838,290	38,290
Security Deposits	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275	4,275
Due to MTMC - Rental Clearing	-	-	-	-	-	-	-	-	-	-	-	-	47,457
Payroll Liabilities	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
USDA Construction Loan	-	785,927	1,279,726	1,798,526	2,292,325	2,637,193	3,130,992	3,624,792	4,118,591	4,612,391	5,106,190	5,600,000	0
Total Liabilities	5,985,065	6,670,992	7,064,791	7,483,591	7,877,390	8,122,258	8,516,057	8,909,857	9,303,656	9,697,456	10,091,255	10,485,065	132,522
NET POSITION (FUND BALANCE)													
Designated Fund Reserve	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	-
Debt Service Reserve	2,667	5,334	8,001	10,668	13,335	16,002	18,669	21,336	24,003	26,670	29,337	32,000	-
PP&E Valley Springs Clinic Reserve	600,000	600,000	600,000	600,000	600,000	600,000	600,000	-	-	-	-	-	-
Invested in Capital Assets	10,183,377	9,703,504	9,690,877	9,678,208	9,665,496	9,652,742	9,639,945	10,227,105	10,214,221	10,201,295	10,188,325	10,175,311	1,763,920
Unrestricted Fund Balance	843,207	1,386,731	1,459,792	1,538,695	1,613,330	1,695,974	777,455	857,445	916,733	874,530	930,835	485,652	16,753,566
Total Fund Balance	18,629,251	18,695,569	18,758,670	18,827,571	18,892,162	18,964,718	19,036,069	19,105,886	19,154,958	19,102,495	19,148,497	18,692,963	18,517,486
Total Liabilities and Fund Balance	24,614,316	25,366,561	25,823,462	26,311,161	26,769,552	27,086,975	27,552,126	28,015,742	28,458,614	28,799,950	29,239,752	29,178,028	18,650,008

MARK TWAIN HEALTH CARE DISTRICT

STATEMENT OF REVENUES & EXPENSES

BUDGET FISCAL YEAR 2019

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
INCOME													
550.10 · Rental Revenue	104,222	56,765	56,765	56,765	56,765	56,765	56,765	56,765	56,765	56,765	56,765	56,765	728,633
550.20 · Land Rental Revenue	481	481	481	481	481	481	481	481	481	481	481	481	5,777
550.30 · MOB Rental Revenue	18,932	18,932	18,932	18,932	18,932	18,932	18,932	18,932	18,932	18,932	18,932	18,932	227,181
560.10 · District Tax Revenue	82,667	82,667	82,667	82,667	82,667	82,667	82,667	82,667	82,667	82,667	82,667	82,667	992,000
570.10 · Interest Income (Investments)	-	-	-	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	13,333	120,000
570.20 · Other Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	-	-
570.30 · Lease Interest Income	33,377	33,335	33,293	33,250	33,208	33,165	33,122	33,079	33,036	32,993	32,949	32,905	397,712
TOTAL INCOME	239,678	192,179	192,137	205,428	205,386	205,343	205,300	205,257	205,214	205,171	205,127	205,083	2,471,303
EXPENSE													
66000 · Payroll Expenses	1,160	1,160	1,160	1,160	1,160	1,160	1,281	1,281	1,665	1,665	1,665	1,665	16,184
700.00 · Benefits	-	-	-	-	-	-	-	-	1,325	1,325	1,325	1,325	5,300
705.10 · Salaries	16,667	16,667	16,667	16,667	16,667	16,667	16,667	16,667	21,667	21,667	21,667	21,667	220,000
710.81 · Insurance - D & O	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,000
715.23 · Legal Fees	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
715.24 · Audit Fees	-	-	-	6,000	5,500	-	-	-	-	-	-	-	11,500
715.26 · Operational Consulting	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
720.64 · Accounting Services	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	5,833	70,000
731.00 · Community Education & Marketing	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,000
732 · Election Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
734.00 · MOB Rent	19,419	19,419	19,419	19,419	19,419	19,419	19,419	19,419	19,419	19,419	19,419	19,419	233,024
735.00 · Depreciation & Amortization	4,884	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	2,833	36,045
737.01 · Valley Springs Rental	417	417	417	417	417	417	417	417	417	417	417	417	5,000
740.xx · Board Stipends	500	500	500	500	500	500	500	500	500	500	500	500	6,000
740.86 · Dues & Subscriptions	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	19,000
740.87 · Outside Training/Conferences	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000
740.88 · Travel, Meals & Lodging	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000
740.89 · Office Supplies and Expense	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
740.90 · Other Miscellaneous Expenses	417	417	417	417	417	417	417	417	417	417	417	417	5,000
FROM: Grants & Sponsorships	2,450	2,450	3,250	3,250	6,450	2,450	2,450	2,450	2,450	102,450	2,450	502,450	635,000
FROM: Valley Springs Clinic	-	-	-	-	-	-	-	-	12,500	12,500	12,500	12,500	50,000
FROM: Utilities	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	675,000
FROM: Debt Service	-	-	2,374	3,866	5,433	6,925	7,966	9,458	10,950	12,442	13,933	15,425	88,772
TOTAL EXPENSES	127,913	125,862	129,036	136,528	140,795	132,787	133,949	135,441	156,142	257,634	159,125	660,617	2,295,826
NET INCOME / <LOSS>	111,765	66,317	63,101	68,900	64,591	72,556	71,352	69,817	49,072	(52,463)	46,002	(455,533)	175,477

Financial Dashboard

Metric	Source and Location	Jul '18	Aug '18	Sep '18	Oct '18	Nov '18	Dec '18	Jan '19	Feb '19	Mar '19	Apr '19	May '19	Jun '19	FY19 YTD Sum
Net Income (Loss)	Bottom Line All In	(368,107)												
...budget		34,543												
Operating Income Before Grants	Before Grants and Sponsorships and MI	67,407												
...budget		114,215												
Total Revenue	Lines 1-6	140,638												
...budget		239,679												
Total Operating Expenses	Lines 7-24	73,231												
...budget		125,464												
Total Grants and Sponsorships	Line 30	36,250												
...budget		2,450												
Investment Income Misc Income	Lines 5-6	229												
...budget		0												
Legal Fees	Line 9	5,000												
...budget		5,000												
Operational Consulting Fees	Line 12	12,685												
...budget		5,000												
Valley Springs Repairs	Line 16	0												
...budget		417												
Dues and Subscriptions	Line 20	7,500												
budget		1,583												
Travel Meals Lodging	Line 21	16												
budget		2,500												
Office Supplies	Line 23	1,156												
budget		2,500												
Other Miscellaneous	Line 24	0												
budget		417												
Minority Interest - Operations	Line 31	(427,287)												
budget		(96,324)												
Minority Interest - Investments	Line 32	28,023												
budget		19,102												

Color Code Key
Red: unfavorable to budget/target
Yellow* - unfavorable, but near budget/target
Green: favorable to budget/target

*Yellow threshold varies by metric

Mark Twain Healthcare District
Simplified Cash Flow
July 2018

CASH RECEIVED

Mark Twain Medical Center	\$	23,200
Stockton Cardiology		3,392
Mark Twain Medical Center		15,265
Rental Income - Valley Springs		750
Jake Koplen		481
Calaveras County		60,554
Umpqua Bank		229
reimbursement - Insurance		344
reimbursement - SDLF		625
reimbursement - MTMC utilities		52,805
Total Cash Received in Month	\$	<u>157,645</u>

Comment

Pymt-Hospital Lease Agreement
MOB rental suite 101
Pymt-MOB rental suites 102,103,104,105
1 Month rent
Land Lease - parcel #5
Property Tax Revenue #3
Money Market interest/Investments
Against Expense
Against Expense
utilities

CASH PAID OUT

IRS/EDD - Payroll & Taxes		17,580
Check Register	\$	<u>167,367</u>
NET CHANGE IN CASH BALANCE	\$	<u>(27,302)</u>

See check register for detail

Mark Twain Healthcare District
Check Register
July 2018

Type	Date	Num	Name	Memo	Clr	Amount
100.30 - Umpqua Bank Checking						
Check	07/02/2018	14677	CPUD plant maint		√	(1,686.23)
Check	07/02/2018	14678	AT&T 795-2997749		√	(134.62)
Check	07/02/2018	14679	City of Angels		√	(170.40)
Check	07/02/2018	14680	PG&E 46578486352 VS Clinic # 10		√	(181.89)
Check	07/02/2018	14681	PG&E 46995152991 VS Clinic # 9		√	(259.15)
Check	07/02/2018	14682	Kirk Stout		√	(1,247.68)
Check	07/02/2018	14683	San Andreas Sanitary District-plant maint		√	(8,675.92)
Check	07/02/2018	14684	The Valley Springs News		√	(79.20)
Check	07/02/2018	14685	Randy Smart			(291.40)
Check	07/02/2018	14686	Lin Reed		√	(1,117.36)
Check	07/03/2018	14687	San Andreas Medical & Professional Office	VOID:	√	0.00
Check	07/06/2018	14688	Mark Twain Medical Center			(246.00)
Check	07/06/2018	14689	USPS	BRM Replenishment	√	(72.00)
Check	07/06/2018	14690	Al-Rafiq, Talibah		√	(44.53)
Check	07/06/2018	14691	Calaveras First		√	(1,200.00)
Check	07/06/2018	14692	Kirk Stout		√	(3,265.97)
Check	07/06/2018	14693	Van Lieshout, Patrick		√	(5,500.00)
Check	07/06/2018	14694	Kittelson & Associates		√	(1,750.00)
Check	07/06/2018	14695	Randy Smart			(710.00)
Check	07/06/2018	14696	ACHD		√	(7,500.00)
Check	07/06/2018	14697	Clark Pest Control		√	(95.00)
Check	07/06/2018	14698	Peggy Stout		√	(23.98)
Check	07/06/2018	14699	Peggy Stout		√	(23.98)
Check	07/06/2018	14700	AT&T OneNet		√	(1,111.22)
Check	07/06/2018	14701	Calaveras Telephone		√	(466.08)
Check	07/06/2018	14702	Columbia Communications, Inc.		√	(664.00)
Check	07/06/2018	14703	PG&E 74021406306 SAFMC		√	(734.62)
Check	07/06/2018	14704	PG&E 89195984003 Cancer/Infusion		√	(609.33)
Check	07/06/2018	14705	PG&E 71068388090 Pain Mgmt		√	(775.91)
Check	07/06/2018	14706	PG&E 39918320076 Cancer		√	(253.38)
Check	07/06/2018	14707	J.S. West		√	(133.66)
Check	07/09/2018	14708	CPPA Plant Maint		√	(27,868.98)
Check	07/09/2018	14709	Gateway Press		√	(27.89)
Check	07/09/2018	14710	PG&E 2306121143-1 ortho		√	(847.23)
Check	07/11/2018	14711	Debbie Sellick		√	(125.21)
Check	07/19/2018	14712	Aspen Street Architects		√	(4,271.98)
Check	07/19/2018	14713	PG&E 42630399709 Hospital		√	(6,543.96)
Check	07/19/2018	14714	Campora Propane	Acct # 502288		(113.75)

Mark Twain Healthcare District
Check Register
 July 2018

Type	Date	Num	Name	Memo	Clr	Amount
Check	07/19/2018	14715	Tribble and Ayala			(51.00)
Check	07/19/2018	14716	Archer Norris			(15,687.00)
Check	07/19/2018	14717	AT&T 754-9362			(689.00)
Check	07/19/2018	14718	AT&T 0518795579001			(37.44)
Check	07/19/2018	14719	AT&T 457-7			(4.67)
Check	07/19/2018	14720	Arnaudo Bros., L.P.			(19,331.89)
Check	07/19/2018	14721	Cal.net-Motherlode		√	(31.36)
Check	07/19/2018	14722	Streamline	Invoice 96546		(200.00)
Check	07/24/2018	14723	Alliant Insurance		√	(962.12)
Check	07/24/2018	14724	La Contenta Plaza			(1,228.37)
Check	07/24/2018	14725	Hicks, Gary			(12,685.00)
Check	07/25/2018	14726	Susan Atkinson		√	(391.13)
Check	07/26/2018	14727	Murphys Senior Center			(27,500.00)
Check	07/26/2018	14728	Steve Shetzline			(8,750.00)
Check	07/26/2018	14729	Cardmember Service			(995.24)
Total 100.30 · Umpqua Bank Checking						(167,366.73)

Mark Twain Healthcare District Miscellaneous Expense Detail

July 2018

	<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
740.00 - Miscellaneous						
740.86 - Dues & Subscriptions						
	Check	07/06/2018	14696	ACHD	ACHD 2018-2019 membership	7,500.00
	General Journal	07/31/2018	11405		adjust to actual	0.00
Total 740.86 - Dues & Subscriptions						<u>7,500.00</u>
740.87 - Outside Training/Conferences						
	Check	07/25/2018	14726	Susan Atkinson	CSDA Leadership Academy	65.66
	Check	07/26/2018	14729	Cardmember Service	ACT meeting registration	250.00
	General Journal	07/26/2018	11407		SDLF refund	(625.00)
Total 740.87 - Outside Training/Conferences						<u>(309.34)</u>
740.88 - Travel, Meals & Lodging						
	Check	07/25/2018	14726	Susan Atkinson	Reimburse for mileage - June 2018	325.47
Total 740.88 - Travel, Meals & Lodging						<u>325.47</u>
740.89 - Office Supplies and Expense						
	Check	07/02/2018	14684	The Valley Springs News	Inv # 2553 - CPA firm publication	79.20
	Check	07/06/2018	14689	USPS	Post office box - 1 year	72.00
	Check	07/09/2018	14709	Gateway Press	Inv # 54309	27.89
	Check	07/19/2018	14721	Cal.net-Motherlode	Email account	31.36
	Check	07/19/2018	14722	Streamline	Monthly member fee - inv 97760	200.00
	Check	07/26/2018	14729	Cardmember Service	office supplies/expense	88.38
	Check	07/26/2018	14729	Cardmember Service	Wine and Roses 6/13 & 6/18	785.98
	Check	07/26/2018	14729	Cardmember Service	Return merch to staples	(129.12)
Total 740.89 - Office Supplies and Expense						<u>1,155.69</u>
Total 740.00 - Miscellaneous						<u>8,671.82</u>
						<u><u>8,671.82</u></u>

**Mark Twain Health Care District
List of Renters and Leases
July 31, 2018**

8/15/2018

Name	Contract Date	Commencement Date	CPI Increase Date	Increase Rate (%)	Lease Term	expire date	MOB Suite	Location	District Pays Utilities	Type	Monthly Rent	Sq ft Rate	CAM	Total	Sq Ft.	Comments
							First Floor	704 Mountain Ranch Rd, Building E								
Stockton Cardiology	8/15/2007	8/14/2017	8/14/2018	2.0	3 years	8/14/2020	101	see above	N	Office	\$ 2,839.30	2.23	\$ 552.50	\$ 3,391.80	1,276	Current thru 07/2018
Multi-Specialty Clinic	9/1/2012	9/1/2017	9/1/2018	3.0	5 years	9/1/2022	102	see above	Y	Clinic	\$ 2,768.57	2.17	\$ 552.50	\$ 3,321.07	1,276	Current thru 07/2018
San Andreas FMC	7/1/2014	7/1/2014	7/1/2018	CPI	5 years	7/1/2019	103/104	see above	Y	Clinic	\$ 7,244.50	3.14	*	\$ 7,244.50	2,304	Current thru 07/2018
San Andreas FMC	7/1/2014	7/1/2014	7/1/2018	CPI	5 years	7/1/2019	105	see above	Y	Office	\$ 3,870.46	2.35	\$ 552.50	\$ 4,422.96	1,644	Current thru 07/2018
Total MOB lease income											\$ 16,722.83		\$ 1,657.50	\$ 18,380.33	6,500	
Valley Springs Rental																
Resource Connection	3/1/2018	3/1/2018	2/1/2019		1 Year	3/1/2019	N/A	1934 Highway 26	Y	Office	\$ 750.00	N/A	N/A	\$ 750.00		Current thru 07/2018
Hospital Lease Agreement w/ Corporation																
Mark Twain Medical Center	1/1/1990	1/1/1990			30 years	12/31/2019		768 Mountain Ranch	Reimburse	Hospital	\$ 23,200.00		NA	\$ 23,200.00		
Office Lease																
San Andreas Medical and Professional Offices (Diede)	3/1/2007	3/1/2007		3.0	20 years	2/28/2027	First Floor	704 Mountain Ranch Rd, Building E	N	Office	\$ 15,959.70		\$ 2,893.39	\$ 18,853.09	6,500	Rent increases 3% each year.
Land Lease																
Jake Koplen	5/3/1994	5/3/1994			50 years	5/2/2044		Parcel 5, 700 Mountain Ranch Road, MOB Bldgs A, B, C	Y	Land	\$ 481.42		NA	\$ 481.42	NA	At term of lease Improvements (buildings) become District property. May terminate lease after 35 years and purchase Improvements.
San Andreas Medical and Professional Offices (Arnaudo Bros.)	5/20/2004	5/20/2004			50 years	5/19/2054		Parcel 3, Building E (MOB Property)	N	Land	\$ 1 / Yr		NA	\$ 1 / Yr	NA	At term of lease Improvements (buildings) become District property. May terminate lease after 35 years and purchase Improvements.

* CAM charges included in rent

LEASE AGREEMENT

Dated as of September 1, 2018

by and between the

PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, as Lessor

and the

MARK TWAIN HEALTH CARE DISTRICT, as Lessee

Up to \$6,782,000
Certificates of Participation, Series A
(2018 Capital Improvement Project)
Evidencing the Direct, Undivided Fractional Interests of the
Owners Hereof in Series A Lease Payments to be Made by the
MARK TWAIN HEALTH CARE DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the Public Property Financing Corporation of California

Up to \$678,000
Certificates of Participation, Series B
(2018 Capital Improvement Project)
Evidencing the Direct, Undivided Fractional Interests of the
Owners Hereof in Series B Lease Payments to be Made by the
MARK TWAIN HEALTH CARE DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the Public Property Financing Corporation of California

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LEASE AGREEMENT

This LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of September 1, 2018, by and between the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation organized and existing under the laws of the State of California, as lessor (the "Corporation"), and the MARK TWAIN HEALTH CARE DISTRICT, a health care district organized and existing under and by virtue of the laws of the State of California, as lessee (the "District");

WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of September 1, 2018 (the "Site and Facility Lease"), the District has leased those certain parcels of real property and the improvements thereon situated in Calaveras County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Property"), to the Corporation, all for the purpose of enabling the District to (a) finance a portion of the costs of construction and equipping of a new one-story, approximately 10,102 square foot comprehensive rural health clinic facility in the Calaveras County community of Valley Springs on the western edge of the District's service area (the "Project"), and (b) pay for a portion of the Delivery Costs associated with issuing the Certificates;

WHEREAS, the Corporation proposes to lease the Property to the District pursuant to this Lease Agreement and to assign its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the District, to the Mark Twain Health Care District Treasurer, as trustee (the "Trustee"), pursuant to that certain Assignment Agreement, dated as of September 1, 2018, by and between the Corporation and the Trustee;

WHEREAS, pursuant to that certain Trust Agreement, dated as of September 1, 2018, by and among the District, the Corporation and the Trustee, the Trustee will execute and deliver certificates of participation, each evidencing a direct, fractional interest in a portion of the Lease Payments (the "Series A Certificates"), and (b) certificates of participation, each evidencing a direct, fractional interest in a portion of the Lease Payments (the "Series B Certificates" and, with the Series A Certificates, the "Certificates"); and

WHEREAS, the proceeds of the Certificates will be applied by the District to (a) finance the Project, and (b) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease Agreement shall have the respective meanings specified in Section 1.01 of the Trust Agreement, dated as of September 1, 2018, by and among the District, the Corporation and the Trustee.

Section 1.2. 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 mean and 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 Lease Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.3. Exhibits. The following exhibits are attached to, and by this reference made a part of, this Lease Agreement:

Exhibit A: The description of the Property.

Exhibit B: The schedule of the principal component of the Series A Lease Payments and the Series B Lease Payments to be paid by the District hereunder with respect to the Property, showing the Lease Payment Date and amount of each such Lease Payments.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the District. The District represents, covenants and warrants to the Corporation as follows:

(a) *Due Organization and Existence.* The District is a healthcare District, organized and existing under and by virtue of the laws of the State, has full legal right, power and authority under the laws of the State to enter into the Site and Facility Lease and this Lease Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the District has duly authorized the execution and delivery by the District of the Site and Facility Lease and this Lease Agreement.

(b) *Due Execution.* The representative of the District executing the Site and Facility Lease and this Lease Agreement has been fully authorized to execute the same by a resolution duly adopted by the Board of Directors of the District.

(c) *Valid, Binding and Enforceable Obligations.* The Site and Facility Lease and this Lease Agreement have been duly authorized, executed and delivered by the District and constitute the legal, valid and binding agreements of the District enforceable against the District in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of the Site and Facility Lease and this Lease Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease or this Lease Agreement or the financial condition, assets, properties or operations of the District.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Site and Facility Lease and this Lease Agreement, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the District or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease and this Lease Agreement or upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that

would have a material adverse effect on the consummation of the transactions contemplated by this Lease Agreement, or the financial condition, assets, properties or operations of the District.

(g) *Sufficient Funds*. The District reasonably believes that sufficient funds can be obtained to make all Lease Payments and all other amounts required to be paid pursuant to this Lease Agreement.

(h) *No Defaults*. The District has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease Agreement, or under any of its bonds, notes, or other debt obligations.

(i) *Fee Title*. The District is the owner in fee of title to the Property. No lien or encumbrance on the Property materially impairs the District's use of the Property for the purposes for which it is, or may reasonably be expected to be, held.

(j) *Use of the Property*. During the term of this Lease Agreement, the Property will be used by the District only for the purpose of performing one or more governmental or proprietary functions of the District consistent with the permissible scope of the District's authority.

(k) *Change in Financial Condition*. The District has experienced no material adverse change in its financial condition since June 30, 2017.

(l) *Regulations*. This Lease Agreement is given as evidence of a loan to the District made by the United States of America pursuant to the Consolidated Farm and Rural Development Act and shall be subject to the applicable present regulations of the United States Department of Agriculture, Rural Housing Service, and to its applicable future regulations not inconsistent with the express provisions hereof.

Section 2.2. Representations, Covenants and Warranties of Corporation. The Corporation represents, covenants and warrants to the District as follows:

(a) *Due Organization and Existence*. The Corporation is a nonprofit public benefit corporation, duly organized and existing under the laws of the State, has full legal right, power and authority to enter into the Site and Facility Lease, this Lease Agreement and the Assignment Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the Corporation has duly authorized the execution and delivery by the Corporation of the Site and Facility Lease, this Lease Agreement and the Assignment Agreement.

(b) *Due Execution*. The representative of the Corporation executing the Site and Facility Lease, this Lease Agreement and the Assignment Agreement is fully authorized to execute the same under official action taken by the Board of Directors of the Corporation.

(c) *Valid, Binding and Enforceable Obligations*. The Site and Facility Lease, this Lease Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.

(d) *No Conflicts*. The execution and delivery of the Site and Facility Lease, this Lease Agreement and the Assignment Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule

or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Site and Facility Lease, this Lease Agreement or the Assignment Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the Corporation or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site and Facility Lease, this Lease Agreement or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site and Facility Lease, this Lease Agreement or the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

ARTICLE III

DRAW DOWN LEASE; DEPOSIT AND APPLICATION OF FUNDS

Section 3.1. Draw Down Lease. This Lease Agreement is a draw down lease agreement. Amounts advanced to the District shall be applied to pay the costs of the Project. The total principal amount of this Lease Agreement is hereby expressly limited to \$7,460,000, provided that the principal component of the Lease Payments at any time shall include only those portions of the principal component of Lease Payments that have been advanced from time to time by the Original Purchaser. The Original Purchaser shall fund the purchase price of the principal component of the Lease Payments as requested by the District from time to time pursuant to the submittal by the District of an advance request, substantially in the form attached as Exhibit E to the Trust Agreement, approved by the Original Purchaser. Amounts required to pay costs of the Project shall be paid by the District. Following each such draw-down, the aggregate principal component of Lease Payments shall be deemed outstanding and such amount so drawn down shall begin to accrue interest. The first draw-down, on the Closing Date, shall be the amount set forth in Section 3.2.

Section 3.2. Deposit of and Application of Funds. On the Closing Date, from the amounts paid by the Original Purchaser of \$384,591.92 (which represents the initial advance of the principal amount of this Lease Agreement paid to the District) and the District shall apply such sum to reimburse previously expended Project Costs.

ARTICLE IV

AGREEMENT TO LEASE; TERM OF THIS LEASE AGREEMENT;
LEASE PAYMENTS

Section 4.1. Sublease of Property by the Corporation Back to the District.

(a) The Corporation hereby subleases the Property to the District, and the District hereby subleases the Property from the Corporation, upon the terms and conditions set forth in this Lease Agreement.

(b) The leasing of the Property by the District to the Corporation pursuant to the Site and Facility Lease shall not affect or result in a merger of the District's subleasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site and Facility Lease.

Section 4.2. Term. The Term of this Lease Agreement commences on the date of recordation of this Lease Agreement or a memorandum hereof and ends on September 1, 2048, or the date on which all of the Lease Payments have been paid in full pursuant to the terms of this Lease Agreement.

Section 4.3. Lease Payments.

(a) *Obligation to Pay.* The District agrees to pay to the Corporation, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the principal amounts specified in Exhibit B attached hereto (including any supplements thereto) and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in Exhibit B; *provided, however*, that if any Lease Payment Date is not a Business Day, such Lease Payment shall be due on the next succeeding Business Day. The Lease Payments payable in any Rental Period with respect to the Property shall be for the use of the Property during such Rental Period. Each semiannual payment of interest shall be in the amount of one half of the annual amount of interest due.

The interest component of the Series A Lease Payments shall be calculated based on an interest rate of 3.625% per annum. Interest shall be computed on the basis of a year of 365 days and actual days elapsed. The interest component of the Series B Lease Payments shall be calculated based on an interest rate of 3.875% per annum. Interest shall be computed on the basis of a year of 365 days and actual days elapsed.

(b) *Additional Payments.* In addition to the Lease Payments set forth herein, the District agrees to pay as Additional Payments all of the following:

(i) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, *ad valorem* and specific lien special assessments and gross receipts taxes, if any, levied upon the Property or upon any interest of the Corporation therein or in this Lease Agreement; *provided, however*, the District may, at the District's expense and in its name, in good faith contest any such taxes and assessments and, in the event of such contest, may permit such taxes and assessments to remain unpaid during the period of such contest and appeal therefrom unless the Corporation shall notify the District that, in the opinion of Special Counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property, or any portion thereof, will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes and assessments or provide the Corporation with full security against any loss which may result from

nonpayment, in form satisfactory to the Corporation, and subject to the prior approval of the Owner;

(ii) insurance premiums, if any, on all insurance required under the provisions of Article V hereof;

(iii) any other reasonable fees, costs or expenses incurred by the Corporation in connection with the execution, performance or enforcement of this Lease Agreement or any of the transactions contemplated hereby or related to the Property, including, without limitation, any amounts which may become due; provided, however, the District shall not be responsible for any costs incurred by the Corporation associated with any assignment made by the Corporation; and

(iv) any amounts required to be paid as rebate to the United States pursuant to the Tax Certificate.

Amounts constituting Additional Payments payable hereunder shall be paid by the District directly to the person or persons to whom such amounts shall be payable. The District shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Corporation to the District stating the amount of Additional Payments then due and payable and the purpose thereof.

(c) *Effect of Prepayment.* If the District prepays the Lease Payments in part but not in whole under Section 10.1, the principal components of the remaining Lease Payments will be reduced in inverse order of payment date.

(d) *Fair Rental Value.* The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Property for such Rental Period, and will be paid by the District in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments due during each Rental Period are not in excess of the fair rental value of the Property during such Rental Periods. In making this determination, consideration has been given to the estimated fair market value of the Property, the estimated replacement cost of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the District and the general public.

(e) *Source of Payments; Budget and Appropriation.* The Lease Payments are payable from Pledged Revenues, subject to the provisions of Sections 6.1 and 9.1. The District covenants to take such action as may be necessary to include all Lease Payments in each of its annual budgets during the Term of this Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The covenants on the part of the District herein contained constitute duties imposed by law and it is the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the District.

(f) *Allocation of Lease Payments.* All Lease Payments received shall be applied first to the interest components of the Lease Payments due hereunder, then to the principal components of the Lease Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

(g) *No Offsets.* Notwithstanding any dispute between the Corporation, or the Trustee as the Corporation's assignee, and the District, the District shall make all Lease Payments when due without deduction or offset of any kind and shall not withhold any Lease Payments pending the final resolution of such dispute.

(h) *Assignment.* The District understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee under the Assignment Agreement executed concurrently herewith, and the District hereby assents to such assignment. The Corporation hereby directs the District, and the District hereby agrees, to pay to the Trustee (or to the Original Purchaser, so long as the Original Purchaser is the Owner), all payments payable by the District pursuant to this Section 4.3 and all amounts payable by the District pursuant to Article IX hereof. Lease Payments will be paid through the Pre-Authorized Debt Payment Process (so long as the Original Purchaser is the Owner), to be established by the District and approved by the Original Purchaser prior to the Closing Date.

Section 4.4. Quiet Enjoyment. Throughout the Term of this Lease Agreement, the Corporation will provide the District with quiet use and enjoyment of the Property and the District will peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease Agreement. The Corporation will, at the request of the District and at the District's cost, join in any legal action in which the District asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation and the Original Purchaser have the right to inspect the Property as provided in Sections 5.12(c) and 7.2.

Section 4.5. Title. At all times during the Term of this Lease Agreement, the District shall hold title to the Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of Section 7.2.

Upon the termination of this Lease Agreement (other than under Section 8.2(b) hereof), all right, title and interest of the Corporation in and to the Property shall be transferred to and vested in the District. Upon the payment in full of all Lease Payments allocable to the Property, or upon the deposit by the District of security for such Lease Payments as provided in Section 9.1, all right, title and interest of the Corporation in and to the Property shall be transferred to and vested in the District. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate any such transfer.

Section 4.6. Limitations on Future Obligations Secured by Pledged Revenues.

(a) *No Obligations Superior to the Lease Payments.* In order to protect the availability of the Pledged Revenues and the security for the principal or sinking fund installments and interest with respect to the Certificates and any Parity Debt, the District hereby agrees that the District shall not, so long as the Lease Payments are unpaid or any Parity Debt is outstanding, issue or incur any obligations payable from Pledged Revenues superior to its payment obligations with respect to this Lease Agreement or such Parity Debt.

(b) *Parity Debt.* The District further covenants that, except for obligations issued or incurred to redeem the Certificates or any Parity Debt in full, the District shall not issue or incur any Parity Debt unless:

(i) The District is not in default under the terms of this Lease Agreement or any similar agreement relating to Parity Debt;

(ii) Pledged Revenues, calculated pursuant to generally accepted accounting principles, as shown by the audited financial statements of the District for the latest Fiscal Year, shall have amounted to at least 1.35 times the sum of the maximum principal or sinking fund installments and interest with respect to the Certificates and the maximum annual debt service on all proposed and existing Parity Debt coming due and payable in that current and any future Fiscal Year to be outstanding immediately subsequent to the incurring of such Parity Debt;

(iii) Interest with respect to such Parity Debt shall be paid on March 1 and September 1;

(iv) Principal with respect to such Parity Debt shall be paid on September 1; and

(v) the District shall have received the prior written consent of the Original Purchaser if the Original Purchaser is an Owner.

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

(i) The District is not in default under the terms of this Lease Agreement or any similar agreement relating to Parity Debt;

(ii) Pledged Revenues, calculated pursuant to generally accepted accounting principles, as shown by the audited financial statements of the District for the latest Fiscal Year, shall have amounted to at least 1.20 times the sum of the maximum principal or sinking fund installments and interest with respect to the Certificates, the maximum annual debt service on all Parity Debt and the maximum annual debt service on all Subordinate Debt coming due and payable in that current and any future Fiscal Year to be outstanding immediately subsequent to the incurring of such Subordinate Debt;

(iii) Interest with respect to such Subordinate Debt shall be paid on March 1 and September 1;

(iv) Principal with respect to such Subordinate Debt shall be paid on September 1; and

(v) the District shall have received the prior written consent of the Original Purchaser if the Original Purchaser is an Owner.

(d) *Short Term Indebtedness Secured by Accounts Receivable*. The District may issue or incur Short Term Indebtedness without satisfying the requirements of paragraph (b) above in an amount not exceeding 10% of the District's gross revenues as shown on its most recent audited financial statements.

(e) *No Limitation on Obligations Secured by Revenues Other Than Pledged Revenues*. Nothing in this Lease Agreement shall limit the District from issuing or incurring obligations payable from voter approved *ad valorem* taxes or voter approved parcel taxes or other approved taxes or assessments.

(f) *Pro Rata Application of Pledged Revenues*. If, at any time, there is a deficiency in Pledged Revenues available to pay the principal or sinking fund installments and interest with respect to the Certificates and any amounts due with respect to Parity Debt, available Pledged Revenues shall be applied on a *pro rata* basis to the payment of such principal or sinking fund installments

and interest with respect to the Certificates and to the payment of amounts with respect to such Parity Debt then due.

ARTICLE V

MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the District and the District shall pay, or otherwise arrange, for the payment of all utility services supplied to the Property which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only a leasehold interest in the Property, as hereinbefore more specifically set forth. The District waives the benefits of subsections 1 and 2 of section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the District under the terms of this Lease Agreement.

The District shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District shall be obligated to pay only such installments as are required to be paid during the Term of this Lease Agreement as and when the same become due.

The District may, at the District's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the District that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation. The District shall provide the Corporation with written notice of any such contest and shall provide such updates on the contest as the Corporation may reasonably request.

Section 5.2. Modification of Property. The District shall, at its own expense, have the right to remodel the Property or to make additions, modifications and improvements to the Property. All additions, modifications and improvements to the Property shall thereafter comprise part of the Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Property, substantially alter its nature or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. The District will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the District pursuant to this Section 5.2; provided that if any such lien is established and the District shall first notify the Corporation of the District's intention to do so, the District may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal

therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the District.

Section 5.3. Public Liability and Property Damage Insurance. The District shall maintain or cause to be maintained, throughout the Term of this Lease Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the Corporation, the District and the Trustee and their respective members, officers, agents and employees. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the District, and may be maintained through a joint exercise of powers authority created for such purpose or in the form of self-insurance by the District. Said policy or policies shall provide for indemnification of said parties against direct or consequential loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$50,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the District and may be maintained in the form of in the form of self-insurance by the District. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.4. Fire and Extended Coverage Insurance; No Earthquake Insurance. The District shall maintain, or cause to be maintained throughout the Term of the Lease Agreement, insurance against loss or damage to any part of the Property constituting structures, by fire and lightning, with extended coverage and vandalism and malicious mischief insurance; *provided, however,* that the District shall not be required to maintain earthquake insurance with respect to the Property. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of such portion of the Property, if any. Such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the District and may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose. The Net Proceeds of such insurance shall be applied as provided in Section 6.2(a) hereof.

Section 5.5. Insurance Net Proceeds; Form of Policies. Each policy or other evidence of insurance required by Sections 5.3, 5.4, 5.5 and 5.6 hereof shall provide that all proceeds thereunder shall be payable to the Trustee and shall be applied as provided in Section 6.2 hereof. Insurance must be provided by an insurer rated "A" or better by S&P or A.M. Best Company. The District shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. All policies evidencing required insurance shall provide thirty (30) days' prior written notice to the District and the Trustee of any cancellation, reduction in amount or material change in coverage. The Trustee shall not be responsible for the sufficiency of any insurance herein required, including any forms of self-insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

Section 5.6. Advances. If the District shall fail to perform any of its obligations under this Article V, the Corporation or the Trustee may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the District shall be obligated to repay all such advances as soon as possible, with interest at a rate equal to the rate then payable with respect to the Certificates from the date of the advance to the date of repayment.

Section 5.7. Installation of District's Equipment. The District may, at any time and from time to time in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Property. All such items shall remain the sole property of the District in which neither the Corporation nor the Trustee shall have any interest and may be modified or removed by the District at any time provided that the District shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the District from purchasing or leasing items to be installed pursuant to this Section 5.7 under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Section 5.8. Liens. The District shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than the respective rights of the Corporation and the District as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the District shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The District shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.9. No Condemnation. The District hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain outstanding and unpaid, the District will not exercise the power of condemnation with respect to the Property. The District further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the District should fail or refuse to abide by such covenant and condemns the Property, the appraised value of the Property shall not be less than the greater of (i) if the Certificates are then subject to redemption, the principal and interest components of the Certificates Outstanding through the date of their redemption, or (ii) if the Certificates are not then subject to redemption, the amount necessary to defease the Certificates to the first available redemption date in accordance with the Trust Agreement.

Section 5.10. Tax Covenants.

(a) *Generally*. The District will 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, the interest components of the Lease Payments to become includable in gross income of the Owner for federal income tax purposes and will deliver a tax certificate on the Closing Date.

(b) *Private Activity Bond Limitation*. The District will ensure that the proceeds of the Lease Payments are not so used as to cause the District's obligations hereunder to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) *Federal Guarantee Prohibition.* The District will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Lease Payments to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(d) *No Arbitrage.* The District will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Lease Payments 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 Lease Payments to be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code.

(e) *Arbitrage Rebate.* The District will take any and all actions necessary to assure compliance with Section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Lease Payments.

(f) *Small Issuer Exemption from Bank Nondeductibility Restriction.* The District hereby designates the Lease Agreement for purposes of paragraph (3) of section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in section 141 of the Code, except qualified 501(c)(3) bonds as defined in section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including this Lease Agreement, has been or will be issued by the District, including all subordinate entities of the District, during the calendar year 2018.

ARTICLE VI

DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Eminent Domain. If all of the Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary.

Notwithstanding the foregoing, the District hereby covenants and agrees, to the extent it may lawfully do so, that so long as any Certificates remain outstanding and unpaid, the District will not exercise the power of condemnation with respect the Property. The District further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the District should fail or refuse to abide by such covenant and condemns the Property, the appraised value of the Property shall not be less than the greater of (i) if such Certificates are then subject to redemption, the principal and interest components of the Certificates outstanding through the date of their redemption, or (ii) if such Certificates are not then subject to redemption, the amount necessary to defease such Certificates to the first available redemption date in accordance with the Trust Agreement.

Section 6.2. Application of Net Proceeds.

(a) *From Insurance Award*. The Net Proceeds of any insurance award resulting from any damage to or destruction of any portion of the Property constituting structures, if any, by fire or other casualty shall be paid by the District to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund held by the Trustee and applied as set forth in Section 5.01 of the Trust Agreement.

(b) *From Eminent Domain Award*. The Net Proceeds of any eminent domain award resulting from any event described in Section 6.1 hereof shall be paid by the District to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 5.02 of the Trust Agreement.

ARTICLE VII

DISCLAIMER OF WARRANTIES; ACCESS; INDEMNIFICATION

Section 7.1. Disclaimer of Warranties. THE CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY. IN NO EVENT SHALL THE CORPORATION OR ITS ASSIGNS BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE SITE AND FACILITY LEASE, THIS LEASE AGREEMENT OR THE TRUST AGREEMENT FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE DISTRICT'S USE OF THE PROPERTY.

Section 7.2. Access to the Property. The District agrees that the Corporation and any Corporation Representative, and the Corporation's successors or assigns, shall have the right at all reasonable times to enter upon and to examine and inspect the Property. The District further agrees that the Corporation, any Corporation Representative, and the Corporation's successors or assigns, shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the District to perform its obligations hereunder. All such access to the Property shall first require reasonable notice.

Section 7.3. Release and Indemnification Covenants. The District shall and hereby agrees to indemnify and save the Corporation and the Trustee and their officers, agents, directors, employees, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on the Property by the District, (ii) any breach or default on the part of the District in the performance of any of its obligations under this Lease Agreement or the Trust Agreement, (iii) any act or omission of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (iv) any act or omission of any sublessee of the District with respect to the Property, (v) the authorization of payment of Project Costs, (vi) the authorization of payment of the Delivery Costs, (vii) the clean-up of any Hazardous Substances or toxic wastes from the Property, or (viii) any claim alleging violation of any Applicable Environmental Laws, or the authorization of payment of the costs thereof. Such indemnification shall include the costs and expenses of defending any claim or liability arising under this Lease Agreement or the Trust Agreement and the transactions contemplated thereby. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct, negligence or breach of duty under this Lease Agreement by the Corporation, its officers, agents, directors, employees, successors or assigns.

Section 7.4. Reserve Fund. The District agrees to establish a separate debt service reserve fund in an amount at least equal to an average annual Lease Payments. This reserve will be accumulated at the rate of at least one-tenth (1/10) of an average annual Lease Payments per year until the required level of one average annual Lease Payment is reached.

ARTICLE VIII

ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1. Assignment by the Corporation. The Corporation's rights under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the District under this Lease Agreement (but except for its rights to give consents and approvals hereunder), have been assigned to the Trustee pursuant to the Assignment Agreement.

Section 8.2. Assignment and Subleasing by the District. This Lease Agreement may not be assigned by the District. The District may sublease the Property or any portion thereof, but only with the written consent of the Owner and delivery to the Owner of a certificate as to, all of the following conditions:

(a) This Lease Agreement and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District;

(b) The District shall, within thirty (30) calendar days after the delivery thereof, furnish or cause to be furnished to the Owner, the Trustee a true and complete copy of such sublease;

(c) No such sublease by the District shall cause the Property to be used for a purpose other than as may be authorized under the provisions of the Constitution and laws of the State; and

(d) The District shall furnish the Owner and the Trustee with a written opinion of Special Counsel, which shall be an Independent Counsel, stating that such sublease does not cause the interest components of the Lease Payments to become subject to State personal income taxes.

Notwithstanding the foregoing, the District may, with the prior written consent of the Owner, sublease the Property to the Corporation in connection with a future certificates of participation or lease revenue bond financing without the necessity to comply with any of the foregoing conditions.

Section 8.3. Amendment of Lease Agreement. This Lease Agreement may be amended with the prior written consent of the District, the Corporation and the Original Purchaser (at the Original Purchaser's sole discretion) provided such amendment does not, in the Original Purchaser's sole judgment, adversely affect the Original Purchaser.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The following shall be “events of default” under this Lease Agreement and the terms “Events of Default” and “Default” shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(a) Failure by the District to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Lease Agreement (including failure to request appropriation pursuant to Section 4.4(d) hereof) or under the Trust Agreement, other than as referred to in clause (a) of this Section 9.1, for a period of thirty (30) calendar days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation, the Trustee or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then outstanding; *provided, however*, if the failure stated in the notice can be corrected, but not within the applicable period, the Corporation, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected.

(c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar acts which may hereafter be enacted.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 hereof shall have happened and be continuing, it shall be lawful for the Trustee, as assignee of the Corporation, to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement. Each and every covenant hereof to be kept and performed by the District is expressly made a condition and upon the breach thereof, the Trustee, as assignee of the Corporation, may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate this Lease Agreement; provided, that no such termination shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. In the event of such default and notwithstanding any re-entry by the Trustee, as assignee of the Corporation, the District shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein contained and, in any event such rent and/or damages shall be payable to the Trustee, as assignee of the Corporation, at the time and in the manner as herein provided, to wit:

(a) In the event the Trustee, as assignee of the Corporation, does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the District agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Trustee, as assignee of the Corporation, for any deficiency arising out of the re-leasing of the Property, or, in the event the Trustee, as assignee of the Corporation, is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as

hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Trustee, as assignee of the Corporation, or any suit in unlawful detainer, or otherwise, brought by the Trustee, as assignee of the Corporation, for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Trustee, as assignee of the Corporation. The District hereby irrevocably appoints the Trustee, as assignee of the Corporation, as the agent and attorney-in-fact of the District to enter upon and re-lease the Property in the event of default by the District in the performance of any covenants herein contained to be performed by the District and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place within Calaveras County, for the account of and at the expense of the District, and the District hereby exempts and agrees to save harmless the Trustee, as assignee of the Corporation, from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Trustee, as assignee of the Corporation, or its duly authorized agents in accordance with the provisions herein contained. The District hereby waives any and all claims for damages caused or which may be caused by the Trustee, as assignee of the Corporation, in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the District that may be in or upon the Property. The District agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Trustee, as assignee of the Corporation, to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease Agreement shall vest in the Trustee, as assignee of the Corporation, to be effected in the sole and exclusive manner hereinafter provided for in paragraph (b) hereof.

(b) In an Event of Default hereunder, the Trustee, as assignee of the Corporation, at its option may terminate this Lease Agreement and re-lease all or any portion of the Property. In the event of the termination of this Lease Agreement by the Trustee, as assignee of the Corporation, at its option and in the manner hereinafter provided on account of default by the District (and notwithstanding any re-entry upon the Property by the Trustee, as assignee of the Corporation, in any manner whatsoever or the re-leasing of the Property), the District nevertheless agrees to pay to the Trustee, as assignee of the Corporation, all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments. Any surplus received by the Trustee, as assignee of the Corporation, from such re-leasing shall be credited towards the Lease Payments next coming due and payable. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Trustee, as assignee of the Corporation, shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Trustee, as assignee of the Corporation, shall have given written notice to the District of the election on the part of the Trustee, as assignee of the Corporation, to terminate this Lease Agreement. The District covenants and agrees that no surrender of the Property and/or of the remainder of the Term of the Lease Agreement or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Trustee, as assignee of the Corporation, by such written notice.

Section 9.3. No Remedy Exclusive. No remedy herein is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement now or hereafter existing at law or in equity. No delay or omission 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 thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand, pay to the nondefaulting party the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred by the nondefaulting party; *provided, however*, that the Trustee shall not be required to expend its own funds for any payment described in this Section 9.4.

Section 9.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6. Application of Proceeds. All net proceeds received from the re-lease or other disposition of the Property under this Article IX, and all other amounts derived by the Corporation or the Trustee as a result of an Event of Default hereunder, shall be transferred to the Trustee promptly upon receipt thereof and after payment of all fees and expenses of the Trustee, including indemnifications and attorneys' fees, shall be deposited by the Trustee in the Lease Payment Fund to be applied to the Lease Payments in order of payment date.

Section 9.7. Trustee and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article IX have been assigned by the Corporation to the Trustee under the Assignment Agreement, to which assignment the District hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Certificates as provided in the Trust Agreement and herein.

Section 9.8. No Right to Terminate for Corporation Default. The District shall not have the right to terminate this Lease Agreement as a remedy for a default by the Corporation in the performance of its obligations hereunder.

ARTICLE X

PREPAYMENT OF LEASE PAYMENTS

Section 10.1. Optional Prepayment. The District may prepay the principal component of the Lease Payments on any date upon at least thirty (30) calendar days' notice to the Owner, at a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with accrued interest to the date fixed for prepayment, without premium. Prepayments of the principal component of the Lease Payments, or any portion thereof, may be made at any time, at the option of the District. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of prepaying principal components of the Lease Payments, shall, after payment of interest, be applied to the principal component of Lease Payments last to become due under this Lease Agreement and shall not affect the obligation of the District to pay the remaining scheduled principal components of the Lease Payments.

Section 10.2. Mandatory Prepayment From Net Proceeds of Insurance or Eminent Domain. The District shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part in such order of prepayment as shall be selected by the District on any date, together with any accrued and unpaid interest, and any other costs related to such prepayment, from and to the extent of any proceeds of insurance award or condemnation award with respect to the Property to be used for such purpose under Section 6.2. The District and the Corporation hereby agree that such proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the District's obligations under this Section 10.2. Prepayments of the principal component of the Lease Payments, or any portion thereof, may be made at any time, at the option of the District. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of prepaying principal components of the Lease Payments, shall, after payment of interest, be applied to the principal component of Lease Payments last to become due under this Lease Agreement and shall not affect the obligation of the District to pay the remaining scheduled principal components of the Lease Payments.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail in first-class form with postage fully prepaid:

- If to the District: Mark Twain Health Care District
P.O. Box 95
San Andreas, CA 95249
Attention: Executive Director
Telephone: (209) 728-7711
- If to the Corporation: Public Property Financing Corporation of California
c/o Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attention: Treasurer
Phone: (805) 719-1237
- If to the Original Purchaser: United States of America, acting through the
Rural Housing Service
3800 Cornucopia Way, Suite E
Modesto, CA 95358
Attention: Mr. Jose Guardado
Telephone: (209) 538-3783
- If to the Trustee: Mark Twain Health Care District Treasurer
c/o Mark Twain Health Care District
P.O. Box 95
San Andreas, CA 95249
Attention: Executive Director
Telephone: (209) 728-7711

The Corporation, the District, the Original Purchaser and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the District and their respective successors and assigns.

Section 11.3. Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the District hereby agrees that the Lease Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 11.5. Further Assurances and Corrective Instruments. The Corporation and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the

Property hereby leased or intended so to be or for carrying out the expressed intentions of this Lease Agreement.

Section 11.6. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.7. Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.8. Corporation and District Representatives. Whenever under the provisions of this Lease Agreement the approval of the Corporation or the District is required, or the Corporation or the District is required to take some action at the request of the other, such approval or such request shall be given for the Corporation by a Corporation Representative and for the District by a District Representative, and each party hereto shall be authorized to rely upon any such approval or request.

Section 11.9. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Corporation has caused this Lease Agreement to be executed in its name by its duly authorized officers; and the District has caused this Lease Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

PUBLIC PROPERTY FINANCING
CORPORATION OF CALIFORNIA, as
Lessor

By _____
Stefan A. Morton
Treasurer

MARK TWAIN HEALTH CARE DISTRICT,
as Lessee

By _____
Randall Smart, M.D.
Executive Director

Attest:

Ann Radford
Secretary

EXHIBIT A

DESCRIPTION OF THE PROPERTY

The Property consists of the Project being the new one-story, approximately 10,102 square foot comprehensive rural health clinic facility in the Calaveras County community of Valley Springs on the western edge of the District's service area.

All that certain real property situated in Calaveras, State of California, described as follows:

All that portion of the Southeast 1/4 of Section 26, T.4N., R.10E., MDM and more particularly described as follows:

Beginning at the Southwest corner of Adjusted Parcel 4 as shown on Parcel Map for Lot Line Adjustment recorded in Book 13 at Page 38 of Parcel Maps in the office of the Calaveras County Recorder, said corner being a 5/8" iron pipe tagged LS 5443 said corner also being the point of beginning of this description; thence S. 54 01'08" E., 147.19 feet to a 5/8" rebar tagged RCE 24569; thence S. 52 16'18"E., 165.33 feet to a 5/8" rebar tagged RCE 24569; thence through a curve concave to the southeast with a radius of 4050.00 feet, a length of 141.54 feet, a central angle of 02 00'09" and a radial bearing of S. 54 31'39"E. to a 5/8" rebar tagged LS 4222; thence N. 37 28'30" E., 133.50 feet to a 5/8" rebar tagged LS 4222; thence N. 37 28'30" E., 63.53 feet to a point; thence N. 52 31'30"W., 310.00 feet to a point; thence S. 37 28'29"W., 36.00 feet to a 5/8" rebar tagged LS 4222; thence S. 37 28'29"W., 305.65 feet to a 5/8" iron pipe tagged LS 5443, said point being the point of beginning of the herein described Adjusted Parcel 4 encompassing 2.41 acres more or less.

EXHIBIT B

SCHEDULE OF PRINCIPAL COMPONENT OF LEASE PAYMENTS

Lease Payment Date	Series A Principal Component	Series B Principal Component	Total
8/15/19	\$ 121,000	\$ 12,000	\$ 133,000
8/15/20	133,000	13,000	146,000
8/15/21	138,000	13,000	151,000
8/15/22	142,000	14,000	156,000
8/15/23	149,000	14,000	163,000
8/15/24	154,000	15,000	169,000
8/15/25	160,000	15,000	175,000
8/15/26	166,000	16,000	182,000
8/15/27	172,000	17,000	189,000
8/15/28	178,000	17,000	195,000
8/15/29	184,000	18,000	202,000
8/15/30	190,000	19,000	209,000
8/15/31	197,000	19,000	216,000
8/15/32	205,000	20,000	225,000
8/15/33	212,000	21,000	233,000
8/15/34	219,000	22,000	241,000
8/15/35	228,000	23,000	251,000
8/15/36	236,000	24,000	260,000
8/15/37	245,000	25,000	270,000
8/15/38	253,000	25,000	278,000
8/15/39	263,000	26,000	289,000
8/15/40	272,000	27,000	299,000
8/15/41	282,000	29,000	311,000
8/15/42	292,000	30,000	322,000
8/15/43	303,000	31,000	334,000
8/15/44	314,000	32,000	346,000
8/15/45	326,000	33,000	359,000
8/15/46	337,000	35,000	372,000
8/15/47	349,000	36,000	385,000
8/15/48	362,000	37,000	399,000
Total	<u>\$6,782,000</u>	<u>\$678,000</u>	<u>\$7,460,000</u>

(1) Interest on these dates will be based upon the amount of principal drawn during the preceding six month period. The interest component of the Series A Lease Payments will be paid at the rate of 3.625% per annum. The interest component of the Series B Lease Payments will be paid at the rate of 3.875% per annum.

SITE AND FACILITY LEASE

Dated as of September 1, 2018

by and between the

MARK TWAIN HEALTH CARE DISTRICT, as Lessor

and the

PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, as Lessee

Up to \$6,782,000
Certificates of Participation, Series A
(2018 Capital Improvement Project)
Evidencing the Direct, Undivided Fractional Interests of the
Owners Hereof in Series A Lease Payments to be Made by the
MARK TWAIN HEALTH CARE DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the Public Property Financing Corporation of California

Up to \$678,000
Certificates of Participation, Series B
(2018 Capital Improvement Project)
Evidencing the Direct, Undivided Fractional Interests of the
Owners Hereof in Series B Lease Payments to be Made by the
MARK TWAIN HEALTH CARE DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the Public Property Financing Corporation of California

SITE AND FACILITY LEASE

This SITE AND FACILITY LEASE (this "Site and Facility Lease"), dated as of September 1, 2018, is by and between the MARK TWAIN HEALTH CARE DISTRICT, a health care district organized and existing under and by virtue of the laws of the State of California, as lessor (the "District"), and the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation organized and existing under the laws of the State of California, as lessee (the "Corporation");

WITNESSETH:

WHEREAS, the Corporation intends to assist the District to finance the costs of construction and equipping of a new one-story, approximately 10,102 square foot comprehensive rural health clinic facility in the Calaveras County community of Valley Springs on the western edge of the District's service area (the "Project"), by leasing certain land and improvements to the District pursuant to a Lease Agreement, dated as of September 1, 2018, a memorandum of which is recorded concurrently herewith (the "Lease Agreement"); and

WHEREAS, the District proposes to enter into this Site and Facility Lease with the Corporation as a material consideration for the Corporation's agreement to lease such land and improvements to the District;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

Section 1. Definitions. Capitalized terms used, but not otherwise defined, in this Site and Facility Lease shall have the meanings ascribed to them in the Lease Agreement.

Section 2. Site and Facility Lease. The District hereby leases to the Corporation and the Corporation hereby leases from the District, on the terms and conditions hereinafter set forth, those certain parcels of real property and the improvements thereon situated in Calaveras County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (the "Property").

Section 3. Term. The term of this Site and Facility Lease shall commence on the Closing Date and shall end on September 1, 2048. When all Lease Payments shall be fully paid or provision made for such payment in accordance with Section 4.3 or 10.1 of the Lease Agreement, the term of this Site and Facility Lease shall end.

Section 4. Advance Rental Payment. The District agrees to lease the Property to the Corporation in consideration of the payment by the Corporation of an advance rental payment of seven million four hundred sixty thousand dollars (\$7,460,000). The District and the Corporation agree that by reason of the sale of the Certificates and deposit of proceeds pursuant to the provisions of the Trust Agreement, dated as of September 1, 2018, by and among the District, the Corporation and the Mark Twain Health Care District Treasurer, as trustee thereunder (the "Trust Agreement"), the advance rental payment referenced in the preceding sentence shall be deemed to have been paid.

Section 5. Purpose. The Corporation shall use the Property solely for the purpose of leasing the Property to the District pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the District under the Lease Agreement, the Corporation and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. District's Interest in the Property. The District covenants that it is the owner in fee of the Property.

Section 7. Assignments and Subleases. Unless the District shall be in default under the Lease Agreement, the Corporation may not assign its rights under this Site and Facility Lease or sublet the Property, except as provided in the Lease Agreement and the Assignment Agreement, without the prior written consent of the District and the Owner.

Section 8. Right of Entry. The District reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 9. Termination. The Corporation agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Property at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the District. No termination, assignment (other than to the Trustee in accordance with the Assignment Agreement), transfer, release, disposition or sublease of this Site and Facility Lease, the Property or any portion thereof shall be permitted without the prior written consent of the Owner.

Section 10. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for thirty (30) calendar days following notice and demand for correction thereof to the Corporation, the District may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof and the District shall have no right to terminate this Site and Facility Lease as a remedy for such default; *provided, however*, that so long as any Certificates are Outstanding and unpaid in accordance with the terms thereof, the Lease Payments assigned by the Corporation to the Trustee under the Assignment Agreement shall continue to be paid to the Trustee.

Section 11. Quiet Enjoyment. The Corporation, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy all of the Property subject to the provisions of the Lease Agreement and the Trust Agreement.

Section 12. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Corporation are solely liabilities of the Corporation and the District hereby releases each and every, member, director, officer, employee and agent of the Corporation of and from any personal or individual liability under this Site and Facility Lease. No member, director, officer, employee or agent of the Corporation shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Corporation hereunder.

Section 13. Taxes. All assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property (including both land and improvements) will be paid in accordance with the Lease Agreement.

Section 14. Eminent Domain. In the event the whole or any part of the Property thereon is taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the then unpaid Certificates including the unpaid principal and interest with respect to any then outstanding Certificates and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the District.

Section 15. Use of the Proceeds. The District and the Corporation hereby agree that the lease to the Corporation of the District's right and interest in the Property pursuant to Section 2 serves the public purposes of the District by providing funds to enable the District to finance the Project.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, and, if to the District, addressed to the District in care of the Executive Director, Mark Twain Health Care District, P.O. Box 95, San Andreas, CA 95249, if to the Corporation, addressed to the Corporation in care of the Treasurer, Public Property Financing Corporation of California, c/o Municipal Finance Corporation, 2945 Townsgate Road, Suite 200, Westlake Village, CA 91361, and if to the Original Purchaser, the USDA Rural Development, 3800 Cornucopia Way, Suite E, Modesto, CA 95358, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 18. Binding Effect. This Site and Facility Lease shall inure to the benefit of and shall be binding upon the District and the Corporation and their respective successors and assigns.

Section 19. Amendment. This Site and Facility Lease may not be amended except as permitted under Section 9.01 of the Trust Agreement.

Section 20. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site and Facility Lease.

Section 21. Applicable Law. This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 22. Execution in Counterparts. This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

[Remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the District and the Corporation have caused this Site and Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

MARK TWAIN HEALTH CARE DISTRICT,
as Lessor

By _____
Randall Smart, M.D.
Executive Director

Attest:

Ann Radford
Secretary

PUBLIC PROPERTY FINANCING
CORPORATION OF CALIFORNIA, as
Lessee

By _____
Stefan A. Morton
Treasurer

EXHIBIT A

DESCRIPTION OF THE PROPERTY

The Property consists of the Project being the new one-story, approximately 10,102 square foot comprehensive rural health clinic facility in the Calaveras County community of Valley Springs on the western edge of the District's service area.

All that certain real property situated in Calaveras, State of California, described as follows:

All that portion of the Southeast 1/4 of Section 26, T.4N., R.10E., MDM and more particularly described as follows:

Beginning at the Southwest corner of Adjusted Parcel 4 as shown on Parcel Map for Lot Line Adjustment recorded in Book 13 at Page 38 of Parcel Maps in the office of the Calaveras County Recorder, said corner being a 5/8" iron pipe tagged LS 5443 said corner also being the point of beginning of this description; thence S. 54 01'08" E., 147.19 feet to a 5/8" rebar tagged RCE 24569; thence S. 52 16'18"E., 165.33 feet to a 5/8" rebar tagged RCE 24569; thence through a curve concave to the southeast with a radius of 4050.00 feet, a length of 141.54 feet, a central angle of 02 00'09" and a radial bearing of S. 54 31'39"E. to a 5/8" rebar tagged LS 4222; thence N. 37 28'30" E., 133.50 feet to a 5/8" rebar tagged LS 4222; thence N. 37 28'30" E., 63.53 feet to a point; thence N. 52 31'30"W., 310.00 feet to a point; thence S. 37 28'29"W., 36.00 feet to a 5/8 rear tagged LS 4222; thence S. 37 28'29"W., 305.65 feet to a 5/8" iron pipe tagged LS 5443, said point being the point of beginning of the herein described Adjusted Parcel 4 encompassing 2.41 acres more or less.

TRUST AGREEMENT

Dated as of September 1, 2018

by and among

MARK TWAIN HEALTH CARE DISTRICT TREASURER, as Trustee,

the

PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA

and the

MARK TWAIN HEALTH CARE DISTRICT

Up to \$6,782,000
Certificates of Participation, Series A
(2018 Capital Improvement Project)
Evidencing the Direct, Undivided Fractional Interests of the
Owners Hereof in Series A Lease Payments to be Made by the
MARK TWAIN HEALTH CARE DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the Public Property Financing Corporation of California

Up to \$678,000
Certificates of Participation, Series B
(2018 Capital Improvement Project)
Evidencing the Direct, Undivided Fractional Interests of the
Owners Hereof in Series B Lease Payments to be Made by the
MARK TWAIN HEALTH CARE DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the Public Property Financing Corporation of California

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TRUST AGREEMENT

This TRUST AGREEMENT, dated as of September 1, 2018, by and among the MARK TWAIN HEALTH CARE DISTRICT TREASURER, as trustee (the "Trustee"), the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), and the MARK TWAIN HEALTH CARE DISTRICT, a health care district, organized and existing under the laws of the State of California (the "District");

WITNESSETH:

WHEREAS, the District and the Corporation have entered into a lease agreement, dated as of the date hereof (the "Lease Agreement"), whereby the Corporation has agreed to lease certain real property and improvements (collectively, the "Property") to the District and the District has agreed to lease the Property from the Corporation;

WHEREAS, for the purpose of obtaining the moneys required to be deposited by it with the Trustee all for the purpose of enabling the District to (a) finance a portion of the costs of construction and equipping of a new one-story, approximately 10,102 square foot comprehensive rural health clinic facility in the Calaveras County community of Valley Springs on the western edge of the District's service area (the "Project"), the Corporation proposes to assign and transfer certain of its rights under the Lease Agreement to the Trustee, and the Trustee has agreed to execute and deliver (i) certificates of participation, each evidencing a direct, fractional interest in a portion of the lease payments made by the District under the Lease Agreement (the "Series A Certificates"), and (ii) certificates of participation, each evidencing a direct, fractional interest in a portion of the lease payments made by the District under the Lease Agreement (the "Series B Certificates" and, with the Series A Certificates, the "Certificates"), to provide the moneys required herein to be deposited by the Corporation; and

WHEREAS, the proceeds of the Certificates, together with other available moneys, will be applied by the District to (a) finance a portion of the Project, and (b) pay a portion of the Delivery Costs incurred in connection with the execution, delivery and sale of the Certificates;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. The terms defined in Exhibit A attached hereto and by this reference incorporated herein, as used and capitalized herein, shall, for all purposes of this Trust Agreement, have the meanings ascribed to them in said Exhibit A unless the context clearly requires some other meaning.

Section 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

Section 1.03. 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 mean and 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 Trust Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.04. Exhibits. The following exhibits are attached to, and by reference made a part of, this Trust Agreement:

EXHIBIT A: DEFINITIONS

EXHIBIT B: FORM OF THE SERIES A CERTIFICATES

EXHIBIT C: FORM OF THE SERIES A CERTIFICATES

EXHIBIT D: DESCRIPTION OF THE PROJECT

EXHIBIT E-1: FORM OF SERIES A ADVANCE REQUEST

EXHIBIT E-2: FORM OF SERIES B ADVANCE REQUEST

EXHIBIT F: FORM OF PURCHASER'S LETTER

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

Section 2.01. Authorization. The Trustee is hereby authorized and directed upon written request from the Corporation to execute and deliver, to the Original Purchaser, (a) the Series A Certificates in an aggregate principal amount of up to six million seven hundred eighty-two thousand dollars (\$6,782,000) evidencing direct, undivided fractional interests of the Owners thereof in the Series A Lease Payments, and (b) the Series B Certificates in an aggregate principal amount of up to six hundred seventy-eight thousand dollars (\$678,000) evidencing direct, undivided fractional interests of the Owners thereof in the Series B Lease Payments. In no event shall the Certificates be deemed an obligation, liability or debt of the Trustee.

Section 2.02. Date; Payment of Interest. Each Certificate shall be dated as of the Closing Date. Interest with respect thereto shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (ii) it is executed after a Regular Record Date and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (iii) it is executed on or before January 15, 2019, in which event interest with respect thereto shall be payable from the Closing Date; *provided, however*, that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates. Payment of defaulted interest shall be paid by wire or check mailed to the Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than ten (10) calendar days prior to such special record date. However, defaulted interest, if any, shall be paid via a pre-authorized debit as long as the Original Purchaser is the Owner.

Notwithstanding the foregoing, so long as the Owner is the United States of America, acting through the Rural Housing Service, the Trustee shall not make debt service payments to the Owner, Certificates do not need to be presented to the Trustee for the payment of principal and the Trustee is not required to mail a notice of redemption for sinking fund payments. Payments will be made by the District directly to the Original Purchaser, unless otherwise requested by the Original Purchaser, by the Pre-Authorized Debit (PAD) payment process.

Section 2.03. Maturity; Interest Rates; Percentages.

(a) *Maturity; Interest Rates; Draw Down Certificates*.

(i) **Series A Certificates**. The Series A Certificates in the principal amount of up to \$6,782,000, shall mature on September 1, 2048, and interest represented thereby shall be computed at the rate of 3.625% per annum. Interest with respect to the Series A Certificates shall be computed on the basis of a year of 365 days and actual days elapsed. Each semiannual payment of interest shall be in the amount of one half of the annual amount of interest due.

(ii) **Series B Certificates**. The Series B Certificates in the principal amount of up to \$678,000, shall mature on September 1, 2048, and interest represented thereby shall be computed at the rate of 3.875% per annum. Interest with respect to the Series B Certificates shall be computed on the basis of a year of 365 days and actual days elapsed.

Each semiannual payment of interest shall be in the amount of one half of the annual amount of interest due.

(b) *Payments With Respect to Certificates Equal to Total Lease Payments.* The total principal and interest due with respect to all Certificates shall not exceed the total Lease Payments due under the Lease Agreement.

(c) *Draw Down Certificates.* The Certificates are draw-down certificates. Amounts advanced to the District shall be applied to pay the costs of the Project. The total principal amount of the Certificates that may be delivered hereunder is hereby expressly limited to the total amounts specified in paragraph (a) (the "Authorized Amounts"), provided that the amount of Certificates Outstanding at any time shall include only those Certificates for which the purchase price has been advanced from time to time by the Original Purchaser. No Certificates may be delivered under the provisions of this Trust Agreement except in accordance with this Article II. The Original Purchaser shall fund the purchase price of the Certificates from time to time pursuant to the submittal by the District of an advance request, substantially in the form attached hereto as Exhibit E-1 (for the Series A Certificates) and as Exhibit E-2 (for the Series B Certificates), approved by the Original Purchaser. The Trustee shall record such information in the Certificate recordkeeping system maintained by the Trustee. Following each such draw-down, the aggregate amount of Certificates purchased shall be deemed Outstanding and such amount so drawn down shall begin to accrue interest. The first draw-down, on the Closing Date, derived from the proceeds of the Series A Certificates, shall be \$350,591.92 and the District shall apply such sum to reimburse previously expended Project Costs, as described in Section 2.07. The first draw-down, on the Closing Date, derived from the proceeds of the Series B Certificates, shall be \$34,000.00 and the District shall apply such sum to reimburse previously expended Project Costs, as described in Section 2.07.

Section 2.04. Interest. Interest represented by the Certificates shall be payable on each Interest Payment Date to and including the date of maturity or redemption, whichever is earlier, as provided in Section 2.10 hereof. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six-month period preceding each Interest Payment Date. The portion of Lease Payments designated as interest with respect to any Certificate shall be computed by multiplying the portion of Lease Payments designated as principal with respect to such Certificate by the rate of interest applicable to such Certificate.

Section 2.05. Forms. The Certificates shall be delivered in the form of fully registered Certificates without coupons in the denomination of \$1,000 or any integral multiple thereof. The Series A Certificates shall be numbered consecutively, beginning with RA-1. The Series A Certificates shall be substantially in the form set forth in Exhibit B attached hereto and by this reference incorporated herein. The Series B Certificates shall be numbered consecutively, beginning with RB-1. The Series B Certificates shall be substantially in the form set forth in Exhibit C attached hereto and by this reference incorporated herein.

Section 2.06. Execution. The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized officer or signatory of the Trustee. If any officer or signatory whose signature appears on any Certificate ceases to be such officer or signatory before the date of delivery of said Certificate, such signature shall nevertheless be as effective as if the officer or signatory had remained in office until such date.

Section 2.07. Application of Proceeds and Other Moneys.

(a) *Series A Certificates.* The initial proceeds received by the District from the sale of the Series A Certificates (\$350,591.92), being the first advance and first draw-down of the Series A Certificates, shall forthwith be applied to reimburse the District for prior Project Costs.

(b) *Series B Certificates.* The initial proceeds received by the District from the sale of the Series B Certificates (\$34,000.00), being the first advance and first draw-down of the Series B Certificates, shall be applied to reimburse the District for prior Project Costs.

Section 2.08. Transfers.

(a) The registration of the Certificates may, on and after September 1, 2018, in accordance with their terms, be transferred in whole or in part, upon the Registration Books by the person in whose name it is registered, in person or by his attorney duly authorized in writing upon surrender of the Certificates for cancellation at the Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever the Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a Certificate for like aggregate principal amount. The District shall pay any costs of the Trustee incurred in connection with such transfer, except that the Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee shall not be required to transfer (i) the Certificates during the period between the date fifteen (15) calendar days prior to the date of selection of Certificates for redemption and such date of selection, or (ii) any Certificates selected for redemption.

(b) Ownership of the Certificates may be transferred in whole or in part, but only to a person or persons that the Owner reasonably believes is either:

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

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

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

in each case that executes and delivers to the Trustee an investor letter in substantially the form attached hereto as Exhibit F.

Section 2.09. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like maturity and principal amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed in accordance with Section 10.06 hereof, and the Trustee shall deliver a certificate of destruction to the District. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor and maturity and numbered as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee

for each new Certificate delivered under this Section 2.09 and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.09. Any Certificate delivered under the provisions of this Section 2.09 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any substitute Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder; the Trustee shall consider only the substitute Certificate as Outstanding for such purpose. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a new Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trustee.

Section 2.10. Payment. Except as otherwise provided herein, payment of interest due with respect to any Certificate on any Interest Payment Date shall be made to the person appearing on the Certificate Register as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by wire transfer in immediately available funds to an account in the United States designated by such Owner in a written request. Any such written request shall remain in effect until rescinded in writing by the Owner. The principal and redemption price with respect to the Certificates at maturity or upon prior redemption shall be payable by check or draft denominated in lawful money of the United States of America. So long as the Original Purchaser is the Owner of the Certificates, payments will be paid through the Pre-Authorized Debt Payment Process, to be established by the District and approved by the Owner prior to the Closing Date.

Section 2.11. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the holding and ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of the authority of such officer or member.

(b) The fact of the holding of Certificates by any Owner and the amount, the maturity and the numbers of such Certificates and the date of his holding the same may be proved by reference to the Certificate Register maintained by the Trustee provided for in Section 2.12 hereof. The Trustee may conclusively assume that such ownership continues until transfer as provided in Section 2.08(a) hereof.

Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein

stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.12. Certificate Register. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient books for the registration and transfer of the Certificates which shall be open at all reasonable times with reasonable prior notice during normal business hours of the Trustee to inspection by the District and the Corporation; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided.

ARTICLE III

REDEMPTION OF CERTIFICATES

Section 3.01. Redemption.

(a) *Optional Redemption.*

(i) **Series A Certificates.** The Series A Certificates are subject to optional redemption prior to maturity in whole or in part on any date at a redemption price equal to the principal amount of the Series A Certificates to be redeemed, together with accrued interest, without premium, to the date fixed for redemption, from the proceeds of the optional prepayment of Series A Lease Payments made by the District pursuant to the Lease Agreement.

(ii) **Series B Certificates.** The Series B Certificates are subject to optional redemption prior to maturity in whole or in part on any date at a redemption price equal to the principal amount of the Series B Certificates to be redeemed, together with accrued interest, without premium, to the date fixed for redemption, from the proceeds of the optional prepayment of Series B Lease Payments made by the District pursuant to the Lease Agreement.

(b) *Mandatory Redemption.*

(i) **Series A Certificates.** The Series A Certificates are subject to mandatory redemption in part on September 1, 2019, and on each September 1 thereafter, to and including September 1, 2048, from the principal components of scheduled Series A Lease Payments required to be paid by the District pursuant to the Lease Agreement with respect to each such redemption date, 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, as follows:

Year (September 1)	Principal Amount of Certificates to be Redeemed
2019	\$121,000
2020	133,000
2021	138,000
2022	142,000
2023	149,000
2024	154,000
2025	160,000
2026	166,000
2027	172,000
2028	178,000
2029	184,000
2030	190,000
2031	197,000
2032	205,000
2033	212,000
2034	219,000
2035	228,000
2036	236,000
2037	245,000
2038	253,000
2039	263,000
2040	272,000
2041	282,000
2042	292,000
2043	303,000
2044	314,000
2045	326,000
2046	337,000
2047	349,000
2048†	362,000

†Maturity.

(ii) **Series B Certificates.** The Series B Certificates are subject to mandatory redemption in part on September 1, 2019, and on each September 1 thereafter, to and including September 1, 2048, from the principal components of scheduled Series B Lease Payments required to be paid by the District pursuant to the Lease Agreement with respect to each such redemption date, 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, as follows:

Year (September 1)	Principal Amount of Certificates to be Redeemed
2019	\$12,000
2020	13,000
2021	13,000
2022	14,000
2023	14,000
2024	15,000
2025	15,000
2026	16,000
2027	17,000
2028	17,000
2029	18,000
2030	19,000
2031	19,000
2032	20,000
2033	21,000
2034	22,000
2035	23,000
2036	24,000
2037	25,000
2038	25,000
2039	26,000
2040	27,000
2041	29,000
2042	30,000
2043	31,000
2044	32,000
2045	33,000
2046	35,000
2047	36,000
2048†	37,000

†Maturity.

(c) *Redemption From Net Proceeds of Insurance, Condemnation or Eminent Domain Award.* The Certificates are subject to mandatory redemption in whole or in part on any date from the Net Proceeds of an insurance, condemnation, or eminent domain award to the extent credited towards the prepayment of the Series A Lease Payments and the Series B Lease Payments by the District, pro rata, pursuant to Section 10.2 of the Lease Agreement, 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.

Section 3.02. Selection of Certificates for Redemption. Whenever provision is made in this Trust Agreement for the redemption of Certificates and less than all Outstanding Certificates are called for redemption, the Certificates shall be called for redemption in inverse order of sinking fund payment date. The Trustee shall promptly notify the Owner, the District and the Corporation in writing of the Certificates so selected for redemption.

Section 3.03. Notice of Redemption. Notice of any optional redemption shall be given by the Trustee on behalf and at the expense of the District by mailing a copy of a redemption notice by first class mail at least thirty (30) calendar days and not more than sixty (60) calendar days prior to the date fixed for redemption to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate Register maintained by the Trustee; *provided, however,* that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Certificates.

All notices of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price, (iii) if less than all Outstanding Certificates are to be redeemed, the principal amounts and redemption dates, and (iv) that on the redemption date the redemption price will become due and payable with respect to each such Certificate or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date.

The District shall deposit, or cause to be deposited, with the Trustee on or prior to the applicable redemption date, an amount of money sufficient to pay the redemption price of all the Certificates or portions of Certificates which are to be redeemed on such redemption date.

Notice of redemption having been given as aforesaid, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) interest with respect to such Certificates or portions of Certificates shall cease to be payable. Such Certificates shall be paid by the Trustee at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest.

Section 3.04. Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption, including interest to the applicable redemption date having been set aside in the Lease Payment Fund, the Certificates to be redeemed shall become due and payable on said redemption date, and said Certificates shall be paid at the unpaid principal amount with respect thereto, plus redemption premium, if any, and any unpaid and accrued interest to said redemption date.

If, on said redemption date, moneys for the redemption of all the Certificates to be redeemed, together with interest to said redemption date, shall be held by the Trustee so as to be available therefor on such redemption date, and, if notice of redemption thereof shall have been given as aforesaid, then, from and after said redemption date, interest with respect to the Certificates to be redeemed shall cease to accrue and become payable. If said moneys shall not be so available on said redemption date, interest with respect to such Certificates shall continue to be payable at the same rates as it would have been payable had the Certificates not been called for redemption. All moneys held by or on behalf of the Trustee for the redemption of particular Certificates shall be held in trust for the account of the Owners of the Certificates so to be redeemed.

ARTICLE IV

LEASE PAYMENTS; LEASE PAYMENT FUND

Section 4.01. Assignment of Rights in Lease Agreement. The Corporation has, in the Assignment Agreement, transferred, assigned and set over to the Trustee certain of its rights but none of its obligations set forth in (a) the Lease Agreement, including but not limited to all of the Corporation's rights to receive and collect Lease Payments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease Agreement or pursuant hereto and (b) the Site and Facility Lease. All Lease Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee and all of the Lease Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof.

Section 4.02. Establishment of Lease Payment Fund. The Trustee shall establish a special fund designated as the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the District nor the Corporation shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 4.03. Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to this Trust Agreement or the Lease Agreement, and any other moneys required to be deposited therein pursuant to the Lease Agreement or pursuant to this Trust Agreement.

Section 4.04. Application of Moneys. All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest with respect to the Certificates as the same shall become due and payable in accordance with the provisions of Article II and Article IV hereof.

Section 4.05. Surplus. Any surplus remaining in the Lease Payment Fund after redemption and/or payment of all Certificates, including accrued interest (if any) and payment of any applicable fees and expenses to the Trustee, or provision for such redemption or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the District.

ARTICLE V

INSURANCE AND CONDEMNATION FUND; INSURANCE;
EMINENT DOMAIN

Section 5.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award.

(a) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the District in the event of any such damage or destruction shall be paid to the Trustee by the District pursuant to Section 6.2(a) of the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" to be established by the Trustee when deposits are required to be made therein.

(b) Within ninety (90) calendar days following the date of such deposit, the District shall determine and notify the Trustee in writing of its determination either (i) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the District, or (ii) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property.

(c) In the event the District's determination is as set forth in clause (i) of paragraph (b) above, such Net Proceeds shall be transferred by the Trustee to the Lease Payment Fund, applied to the prepayment of Lease Payments pursuant to Section 10.2 of the Lease Agreement and applied to the redemption of Certificates as provided in Section 4.04 hereof; *provided, however,* that in the event of damage or destruction of the Property in full, such Net Proceeds may be transferred to the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to Section 10.2 of the Lease Agreement, otherwise such Net Proceeds shall be applied to the replacement, repair, restoration, modification or improvement of the Property; *provided further, however,* that in the event of damage or destruction of the Property in part, such Net Proceeds may be transferred to the Lease Payment Fund and applied to the prepayment of Lease Payments only if the resulting Lease Payments represent fair consideration for the remaining portions of the Property, evidenced by a certificate signed by a District Representative and a Corporation Representative.

(d) In the event the District's determination is as set forth in clause (ii) of paragraph (b) above, Net Proceeds deposited in the Insurance and Condemnation Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the District, and disbursed by the Trustee upon receipt of requisitions signed by a District Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee shall not be responsible for the representations made in such requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the District.

Section 5.02. Application of Net Proceeds of Eminent Domain Award. If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.2(b) of the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(a) If the District has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under the Lease Agreement, and (ii) such proceeds are not needed for repair or rehabilitation of the Property, the District shall so certify to the Trustee and the Trustee, at the District's written request, shall transfer such proceeds to the Lease Payment Fund to be credited towards the prepayment of the Lease Payments pursuant to Section 10.2 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in Section 4.01(b) hereof.

(b) If the District has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under the Lease Agreement, and (ii) such proceeds are needed for repair, rehabilitation or replacement of the Property, the District shall so certify to the Trustee and the Trustee, at the District's written request, shall pay to the District, or to its order, from said proceeds such amounts as the District may expend for such repair or rehabilitation, upon the filing with the Trustee of requisitions of the District Representative in the form and containing the provisions set forth in Section 5.01 hereof. The Trustee shall not be responsible for the representations made in such requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein.

(c) If (i) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under the Lease Agreement or (ii) all of the Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments pursuant to Section 10.2 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in 3.01(c) hereof.

(d) In making any determination under this Section 5.02, the District may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Trustee. Any such determination by the District shall be final.

Section 5.03. Cooperation. The Corporation and the Trustee shall cooperate fully with the District, at the expense of the District, in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Lease Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Property or any portion thereof. Neither the Trustee nor the Corporation shall be obligated to join in such action if it believes it will be exposed to liability or has not been indemnified to its satisfaction from any loss, liability or expense including, but not limited to, reasonable attorneys' fees and expenses.

ARTICLE VI

MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 6.01. Amendments Permitted. This Trust Agreement and the rights and obligations of the Owners of the Certificates, the Lease Agreement and the rights and obligations of the parties thereto, the Site and Facility Lease and the rights and obligations of the parties thereto and the Assignment Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of at least fifty percent (50%) in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 6.03 hereof, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Certificate; or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of a Lease Agreement; or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 6.02 hereof. So long as the Original Purchaser is the Owner, no rescheduling or re-amortization is permitted.

This Trust Agreement and the rights and obligations of the Owners of the Certificates and the Lease Agreement and the rights and obligations of the respective parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but with the consent of the Original Purchaser so long as it is the Owner, but only to the extent permitted by law and only (1) to add to the covenants and agreements of the Corporation or the District, (2) to cure, correct or supplement any ambiguous or defective provision contained herein or therein and which shall not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners of the Certificates, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of a nationally recognized bond counsel, materially adversely affect the interests of the Owners of the Certificates; (4) to add to the rights of the Trustee, or (5) to maintain the rating or ratings assigned to the Certificates. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto, as the case may be.

This Trust Agreement and the Lease Agreement may not be modified or amended at any time by a supplemental agreement which would modify any of the rights and obligations of the Trustee without its written assent thereto.

The Trustee shall be furnished with an opinion of Independent Counsel that any amendment entered into hereunder complies with the provisions of this Article VI and the Trustee may rely conclusively on such opinion.

Section 6.02. Procedure for Amendment with Written Consent of Certificate Owners. This Trust Agreement and the Lease Agreement may be amended by supplemental agreement as provided in this Section 6.02 in the event the consent of the Owners of the Certificates is required pursuant to Section 6.01 hereof. A copy of such supplemental agreement (or a summary thereof), together with a request to the Certificate Owners for their consent thereto, shall be mailed by first class mail, postage prepaid, by the Trustee at the expense of the District, to each Owner of a Certificate at his address as set forth on the Registration Books, 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 6.02 provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of at least fifty percent (50%) in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 6.03 hereof) and a notice shall have been mailed as hereinafter in this Section 6.02 provided. Each such consent shall be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which proof shall be such as is permitted by Section 2.11 hereof. Any such consent shall be binding upon the Owner of the Certificate 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 Trustee prior to the date when the notice hereinafter in the following paragraph of this Section 6.02 provided for has been mailed.

After the Owners of the required percentage of Certificates shall have filed their consents to such supplemental agreement, the Trustee shall mail by first class mail, postage prepaid, a notice at the expense of the District, to the Owners of the Certificates in the manner hereinbefore provided in this Section 6.02 for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section 6.02 (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section 6.02 to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates 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 (60) day period.

Section 6.03. Disqualified Certificates. Certificates owned or held by or for the account of the District or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the District (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding (unless all such Certificates are owned or held, in which case all such Certificates shall be deemed Outstanding) for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement; *provided, however*, that the Trustee shall not be liable for determining whether Certificates are owned or held by the District or any such other person unless such Certificates are registered in the name of the District on the Registration Books.

Section 6.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article VI, this Trust Agreement or a Lease Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or a Lease Agreement, as the case may be, for any and all purposes.

Section 6.05. Endorsement or Replacement of Certificates Delivered After Amendments. The District may determine that Certificates delivered after the effective date of any action taken as provided in this Article VI shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for such purpose at the Office of the Trustee, a suitable notation shall be made on such Certificate. The District may determine that the delivery of substitute Certificates, so modified as in the opinion of the District is necessary to conform to such Certificate Owners' action, is necessary and such substitute Certificates shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the Office of the Trustee, at the expense of the District, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

Section 6.06. Amendatory Endorsement of Certificates. The provisions of this Article VI shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that proper notation thereof is made on such Certificates.

ARTICLE VII
COVENANTS

Section 7.01. Compliance With and Enforcement of Site and Facility Lease and Lease Agreement. The District covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Site and Facility Lease, and the Lease Agreement. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Site and Facility Lease and the Lease Agreement.

The District and the Corporation will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of their respective Lease Agreement. The Corporation and the District, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Property, which may or can in any manner affect such estate of the District or the Corporation, will deliver the same, or a copy thereof, to the Trustee.

Section 7.02. Observance of Laws and Regulations. The District and the Corporation will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District or the Corporation, respectively, including its right to exist and carry on business as a public entity, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 7.03. Prosecution and Defense of Suits. The District shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Certificate Owner harmless from all loss, cost, damage and expense, including reasonable attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 7.04. Recordation and Filing. The District shall record and file, or cause to be recorded and filed, the Site and Facility Lease, the Lease Agreement (or a memorandum thereof), the Assignment Agreement and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

Section 7.05. Budgets. The District shall supply to the Trustee and to the Original Purchaser as soon as practicable, but not later than September 1 in each year, a written determination by a District Representative that the District has made adequate provision in its annual budget for the payment of Lease Payments due under the Lease Agreement in the Fiscal Year covered by such budget and for the Reserve Fund required by Section 7.4 of the Lease Agreement. The determination given by the District to the Trustee and to the Original Purchaser shall be that the amounts so budgeted are fully adequate for the payment of all Lease

Payments and Additional Payments due under the Lease Agreement in the annual period covered by such budget.

Section 7.06. Further Assurances. The Corporation and the District will 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 Trust Agreement, the Site and Facility Lease and the Lease Agreement, or as may be requested by the Trustee and for the better assuring and confirming unto the Owners of the Certificates and the Trustee the rights and benefits provided herein.

Section 7.07. Satisfaction of Conditions Precedent. The District hereby certifies, recites and declares that all acts, conditions and things required by the constitution and statutes of the State, the Site and Facility Lease and the Lease Agreement and this Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

ARTICLE VIII

LIMITATION OF LIABILITY

Section 8.01. Limited Liability of District. Except for the payment of Lease Payments when due in accordance with the Lease Agreement and the performance of the other covenants and agreements of the District contained in the Site and Facility Lease, the Lease Agreement and this Trust Agreement, the District shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee, except as expressly set forth herein.

Section 8.02. No Liability of District or Corporation for Trustee Performance. Neither the District nor the Corporation shall have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 8.03. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the District, the Corporation, the Trustee and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the District, the Corporation, the Trustee and said Owners.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 9.01. Assignment of Rights. Pursuant to the Assignment Agreement, the Corporation has transferred, assigned and set over to the Trustee all of the Corporation's rights in and to (a) the Site and Facility Lease and (b) the Lease Agreement (excepting only the Corporation's rights to give approvals and consents, and its obligations thereof), including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation pursuant to the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

Section 9.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and shall upon request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, and upon payment of its reasonable fees and expenses, including reasonable counsel fees, and being indemnified to its satisfaction therefor shall, exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement.

Section 9.03. Application of Funds. All moneys held by the Trustee in the funds and accounts held hereunder and all moneys received by the Trustee or the Owner pursuant to any right given or action taken under the provisions of this Article IX or Article VIII of the Lease Agreement shall be applied by the Trustee and the Owner in the following order upon presentation of the several Certificates, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest (interest payable first, then principal), with interest on the overdue principal and installments of interest at the rate per annum payable with respect to the Certificates, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 9.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, or if there shall be nonpayment of principal or interest with respect to the Certificates, the Trustee in its discretion may and shall, upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon payment of its fees and expenses, including counsel fees, and being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as shall be deemed most effectual in support of any of its rights or duties hereunder. If one or more Events of Default shall occur and be continuing, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Property and for any property securing the Certificates and the revenues, income, produce, and profits thereon. In the case of any receivership, insolvency, bankruptcy, reorganization, or other judicial proceedings affecting the District or the Property, the Trustee shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Trustee and Owners allowed in such proceedings for the entire amount due and

payable under this Trust Agreement at the time of the institution of such proceedings, and also for any additional amount which may become due and payable thereafter, without prejudice to the right of any Owner to file a claim on his or her own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its reasonable legal fees and expenses in accordance with this Section 9.04. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Certificate Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Certificates or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Certificate Owners so affected.

Section 9.05. Non-waiver. Nothing in this Article IX or in any other provision of this Trust Agreement or in the Certificates, shall affect or impair the obligation of the District to pay or prepay the Lease Payments as provided in the Lease Agreement, or affect or impair the right of action, which is absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article IX to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 9.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 9.07. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however,* that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of a majority in aggregate principal amount of the Certificates Outstanding. So long as the Original Purchaser is the Owner, it shall control all remedies.

Section 9.08. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least twenty-five percent (25%) in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates

of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's fractional interest in the Lease Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section 9.08 or any other provision of this Trust Agreement.

Section 9.09. Parties Interested Herein. Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the Corporation, the Trustee, and the Owners, their officers, employees and agents, and the Owners right, remedy or claim under or by reason of this Trust Agreement, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Corporation, the Trustee and the Owners, their officers, employees and agents, and the Owners.

ARTICLE X
MISCELLANEOUS

Section 10.01. Records. The Trustee shall keep records in accordance with corporate trust industry standards of all moneys received and disbursed by it under this Trust Agreement, which shall be available for inspection by the District, the Corporation, any Owner of at least five percent (5%) of the Outstanding principal amount of the Certificates, or the agent of any of them, at any time during regular business hours on any Business Day upon reasonable prior notice.

Section 10.02. Notices. All written notices to be given under this Trust Agreement shall be given by first class mail, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States first class mail, postage prepaid to the address set forth below:

- | | |
|-------------------------------|---|
| If to the District: | Mark Twain Health Care District
P.O. Box 95
San Andreas, CA 95249
Attention: Executive Director
Telephone: (209) 728-7711 |
| If to the Corporation: | Public Property Financing Corporation of California
c/o Municipal Finance Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attention: Treasurer
Phone: (805) 719-1237 |
| If to the Original Purchaser: | United States of America, acting through the
Rural Housing Service
3800 Cornucopia Way, Suite E
Modesto, CA 95358
Attention: Mr. Jose Guardado
Telephone: (209) 538-3783 |
| If to the Trustee: | Mark Twain Health Care District Treasurer
c/o Mark Twain Health Care District
P.O. Box 95
San Andreas, CA 95249
Attention: Executive Director
Telephone: (209) 728-7711 |

The Trustee agrees to notify the Corporation and the Original Purchaser in the event of any prepayment by the District of Lease Payments under the Lease Agreement and upon the termination of the Lease Agreement.

Section 10.03. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 10.04. Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever in this Trust Agreement the Corporation, the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all

the covenants and agreements in this Trust Agreement contained by or on behalf of the Corporation, the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.05. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 10.06. Destruction of Canceled Certificates. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the District of any Certificates, the Trustee may, in lieu of such cancellation and delivery, destroy such Certificates and, upon request of the District, deliver a certificate of such destruction to the District.

Section 10.07. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 10.08. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by first class mail, postage prepaid, or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 10.09. Payments Due on Other than Business Day. If the date for making any payment as provided in this Trust Agreement is not a Business Day, such payment may be made on the next succeeding Business Day with the same force and effect as if done on the date provided therefore herein.

Section 10.10. Payment of Unclaimed Moneys. Notwithstanding any provisions of this Trust Agreement and subject to the escheat laws of the State, any moneys held by the Trustee in trust for the payment of the principal or interest due with respect to any Certificates and remaining unclaimed two years from the date of deposit of such funds, or if the law shall have been changed and the District has notified the Trustee of such change or the Trustee notifies the District, then on the date thirty (30) calendar days prior to the then applicable escheat provision of State law, shall, on such date, be repaid to the District (without liability for interest) free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the District as aforesaid, the Trustee may (at the cost and request of the District) first mail to the Owners to whom such amounts have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the amounts so payable and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof. The Trustee shall not be liable for any interest on funds held by it. The District shall not be liable for any interest on the sums paid to it pursuant to this Section 10.10 and shall not be regarded as a trustee of such money.

Section 10.11. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never

been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

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

MARK TWAIN HEALTH CARE DISTRICT
TREASURER, as Trustee

By _____
Susan Atkinson
Treasurer

PUBLIC PROPERTY FINANCING
CORPORATION OF CALIFORNIA

By _____
Stefan A. Morton
Treasurer

MARK TWAIN HEALTH CARE DISTRICT

By _____
Randall Smart, M.D.
Executive Director

Attest:

Ann Radford
Secretary

EXHIBIT A
DEFINITIONS

"Additional Payments" means the payments so designated and required to be paid by the District pursuant to the Lease Agreement.

"Applicable Environmental Laws" means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), 42 USC sections 9601 *et seq.*; the Resource Conservation and Recovery Act ("RCRA"), 42 USC sections 6901 *et seq.*; the Federal Water Pollution Control Act, 33 USC sections 1251 *et seq.*; the Clean Air Act, 42 USC sections 7401 *et seq.*; the National Environmental Policy Act ("NEPA"), 42 USC section 4321 *et seq.*, the California Hazardous Waste Control Law ("HWCL"), California Health & Safety Code sections 25100 *et seq.*; the Hazardous Substance Account Act ("HSAA"), California Health & Safety Code sections 25300 *et seq.*; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), California Water Code sections 1300 *et seq.*; the Air Resources Act, California Health & Safety Code sections 3900 *et seq.*; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code sections 25249.5 *et seq.*; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

- (a) the existence, cleanup, and/or remedy of contamination on property;
- (b) the protection of the environment from spilled, deposited, or otherwise emplaced contamination;
- (c) the control of hazardous wastes; or
- (d) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

"Assignment Agreement" means the Assignment Agreement, dated as of September 1, 2018, by and between the Corporation and the Trustee, together with any duly authorized and executed amendments thereto.

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

"Business Day" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State are closed or are required to close or a day on which the New York Stock Exchange is closed.

"Certificates" means, collectively, the Series A Certificates and the Series B Certificates.

"Closing Date" means September 5, 2018, the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase price of the Certificates by the Original Owner.

"Code" or *"Tax Code"* means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Lease Agreement or the Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

“Corporation” means the Public Property Financing Corporation of California, a nonprofit public benefit corporation organized and existing under and by virtue of the laws of the State.

“Corporation Representative” means the Chairman, the Treasurer, the Secretary or the designee of any such official, or any other person authorized by resolution delivered to the Trustee to act on behalf of the Corporation under or with respect to the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the District or the Corporation relating to the execution and delivery of the Site and Facility Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, costs for statistical data, initial fees and charges of the Trustee (including the fees and expenses of its counsel), financing discounts, legal fees and charges, insurance fees and charges (including title insurance), financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates, and charges and fees in connection with the foregoing.

“District” means Mark Twain Health Care District, a health care district, organized and existing under and by virtue of the laws of the State.

“District Representative” means the President, Secretary and Treasurer of the Board, the Executive Director or the designee of any such official, or any other person authorized by resolution delivered to the Corporation and the Owner to act on behalf of the District under or with respect to the Site and Facility Lease, the Lease Agreement and the Trust Agreement.

“Event of Default” means an event of default under the Lease Agreement.

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

“Governmental Authority” means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, city or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

“Hazardous Substance” means any substance that shall, at any time, be listed as “hazardous” or “toxic” in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Property, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC sections 3011 *et seq.*).

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Corporation, the District or the Trustee.

"Insurance and Condemnation Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Interest Payment Date" means the first (1st) day of March and September in each year, commencing March 1, 2019, so long as any Certificates are Outstanding.

"Lease Agreement" means that certain agreement for the lease of the Property by the Corporation to the District, dated as of September 1, 2018, together with any duly authorized and executed amendments thereto.

"Lease Payment Date" means the fifteenth (15th) day of February and August in each year during the Term of the Lease Agreement, commencing February 15, 2019. Notwithstanding the foregoing, so long as the Owner is the United States of America, acting through the Rural Housing Service, the Lease Payment Date shall be the Interest Payment Date.

"Lease Payment Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Lease Payments" means, collectively, the Series A Lease Payments and the Series B Lease Payments.

"Loan Resolution" means, collectively, Form RD 1942-47, "Loan Resolution (Public Bodies)," adopted for the Series A Certificates and the Series B Certificates by the District on August 8, 2018.

"Net Proceeds," when used with respect to insurance or condemnation proceeds, means any insurance proceeds or condemnation award paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

"Original Purchaser" means United States of America acting through the Rural Housing Service, the first purchaser of the Certificates upon their delivery on the Closing Date.

"Outstanding," when used as of any particular time with respect to Certificates, means (subject to the provisions of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except:

(a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Certificates for the payment or redemption of which funds or Defeasance Obligations in the necessary amount shall have theretofore been deposited with the Trustee or an escrow holder (whether upon or prior to the maturity or redemption date of such Certificates), provided that, if such Certificates are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

"Owner" or *"Certificate Owner"* or *"Owner of a Certificate,"* or any similar term, when used with respect to a Certificate means the person in whose name such Certificate shall be registered on the Registration Books.

"Parity Debt" means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Pledged Revenues equally and ratably with the Lease Agreement.

"Permitted Encumbrances" means, as of any particular time: (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the District may, pursuant to provisions of the Lease Agreement, permit to remain unpaid; (b) the Site and Facility Lease; (c) the Lease Agreement; (d) the Assignment Agreement; (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (f) easements, rights-of-way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the District certifies in writing will not materially impair the use of the Property; (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Lease Agreement and to which the Corporation and the District agree in writing do not reduce the value of the Property, and (h) a security interest in the District's accounts receivable to provide short-term borrowing as permitted under Section 4.6(d) of the Lease Agreement.

"Pledged Revenues" means all legally available funds of the District including, without limitation, the District's general purpose operating *ad valorem* property tax revenues and the net revenues derived by the District from the operation of its facilities.

"Project" means the construction and equipping of a new one-story, approximately 10,102 square foot comprehensive rural health clinic facility in the Calaveras County community of Valley Springs on the western edge of the District's service area.

"Property" means that certain real property and improvements more particularly described in the Assignment Agreement, the Site and Facility Lease and in the Lease Agreement.

"Registration Books" means the records maintained by the Trustee pursuant to the Trust Agreement for registration of the ownership and transfer of ownership of the Certificates.

"Regular Record Date" means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

"Rental Period" means each twelve-month period during the Term of the Lease Agreement commencing on September 2 in any year and ending on September 1 in the next succeeding year.

"Series A Certificates" means the certificates of participation to be executed and delivered pursuant to the Trust Agreement which evidence direct, undivided fractional interests of the Owners thereof in the Series A Lease Payments.

"Series A Lease Payments" means the payments required to be paid by the District pursuant to the Lease Agreement, including any prepayment thereof pursuant to the Lease Agreement, which payments consist of an interest component and a principal component, as set forth in the Lease Agreement.

"Series A Owner" or *"Series A Certificate Owner"* or *"Series A Owner of a Certificate,"* or any similar term, when used with respect to a Series A Certificate means the person in whose name such Series A Certificate shall be registered on the Registration Books.

“Series B Certificates” means the certificates of participation to be executed and delivered pursuant to the Trust Agreement which evidence direct, undivided fractional interests of the Owners thereof in the Series B Lease Payments.

“Series B Lease Payments” means the payments required to be paid by the District pursuant to the Lease Agreement, including any prepayment thereof pursuant to the Lease Agreement, which payments consist of an interest component and a principal component, as set forth in the Lease Agreement.

“Series B Owner” or *“Series B Certificate Owner”* or *“Series B Owner of a Certificate,”* or any similar term, when used with respect to a Series B Certificate means the person in whose name such Series B Certificate shall be registered on the Registration Books.

“Short-Term Indebtedness” means indebtedness of the District which (a) has a final maturity not more than 365 days after the date of creation thereof, and (b) is not, pursuant to the terms of a revolving credit or similar agreement or otherwise, renewable or extendible at the option of the District to a date or for a period or periods ending more than 365 days after the date of creation thereof, unless, by the terms of such agreement, no indebtedness is permitted to be outstanding thereunder for a period of at least thirty (30) consecutive days during each period of twelve (12) consecutive months beginning with the effective date of such agreement.

“Site and Facility Lease” means the Site and Facility Lease, dated as of September 1, 2018, by and between the District, as lessor, and the Corporation, as lessee, together with any duly authorized and executed amendments thereto.

“Special Counsel” means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the District of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

“State” means the State of California.

“Subordinate Debt” means indebtedness or other obligations (including leases and installment sale agreements) hereafter issued or incurred and secured by a pledge of and lien on Pledged Revenues which by its terms is subordinate to the payment of the principal or sinking fund installments and interest with respect to the Certificates and any Parity Debt and subordinate to the security and right to payment of the principal or sinking fund installments and interest with respect to the Certificates and any Parity Debt in the event of default or default under such Subordinate Debt.

“Term of the Lease Agreement” means the time during which the Lease Agreement is in effect, as provided in the Lease Agreement.

“Trust Agreement” means the Trust Agreement, dated as of September 1, 2018, by and among the District, the Corporation and the Trustee, together with any duly authorized amendments thereto.

“Trustee” means the Mark Twain Health Care District Treasurer, or any successor thereto, acting as Trustee pursuant to the Trust Agreement.

EXHIBIT B

FORM OF THE SERIES A CERTIFICATES

THIS SERIES A CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS SERIES A CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH SECTION 2.08 OF THE TRUST AGREEMENT DESCRIBED HEREIN.

**Certificate of Participation
(2018 Capital Improvement Project), Series A
Evidencing a Direct, Undivided Fractional Interest of the
Owners Hereof in Series A Lease Payments to be Made by the
MARK TWAIN HEALTH CARE DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the Public Property Financing Corporation of California**

RATE OF INTEREST	MATURITY DATE	DATED DATE
3.625%	September 1, 2048	September 5, 2018

REGISTERED OWNER: UNITED STATES OF AMERICA
ACTING THROUGH THE RURAL HOUSING SERVICE

PRINCIPAL AMOUNT: UP TO SIX MILLION SEVEN HUNDRED EIGHTY-TWO
THOUSAND DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Series A Certificate"), is the owner of a direct, undivided, fractional interest in the lease payments (the "Series A Lease Payments") to be paid by the Mark Twain Health Care District, a health care district, duly organized and existing under the laws of the State of California (the "District"), pursuant to that certain Lease Agreement, dated as of September 1, 2018, by and between the Public Property Financing Corporation of California, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation") and the District (the "Lease Agreement"), which Series A Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to the Mark Twain Health Care District Treasurer, as trustee (the "Trustee") in San Andreas, California.

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Series A Lease Payments designated as principal coming due on such date, and to receive on March 1 and September 1 of each year, commencing March 1, 2019 (each, an "Interest Payment Date"), computed on the basis of a year of 365 days and actual days elapsed, until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Series A Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Series A Certificate unless (i) this Series A Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment

Date, or (ii) this Series A Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) this Series A Certificate is executed on or before February 15, 2019, in which event interest shall be payable from the Dated Date stated above; *provided, however*, that if, as of the date of execution of any Series A Certificate, interest is in default with respect to any Outstanding Series A Certificates, interest represented by such Series A Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Series A Certificates. Payment of defaulted interest shall be paid by check of the Trustee mailed to the registered owners of the Series A Certificates as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the registered owners of the Series A Certificates not less than ten (10) calendar days prior to such special record date. However, defaulted interest, if any, shall be paid via a pre-authorized debit as long as Registered Owner specified above is the Owner. Said direct, undivided fractional share of the portion of the Series A Lease Payments designated as interest is the result of the multiplication of the aforesaid Series A Lease Payments designated as principal by the Rate of Interest per annum identified above. Interest represented hereby is payable in lawful money of the United States of America by check mailed by the Trustee on each Interest Payment Date by first class mail to the Owner at his address as it appears on the registration books of the Trustee, as of the close of business on the fifteenth (15th) day of the month immediately preceding each Interest Payment Date. Principal represented hereby is payable in lawful money of the United States of America by check of the Trustee upon presentation and surrender hereof at the office of the Trustee. Each semiannual payment of interest shall be in the amount of one half of the annual amount of interest due.

This Series A Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement by and among the Trustee, the Corporation and the District, dated as of September 1, 2018 (the "Trust Agreement"). The District is authorized to enter into the Site and Facility Lease, the Lease Agreement and the Trust Agreement under the laws of the State of California. Reference is hereby made to the Site and Facility Lease, the Lease Agreement and the Trust Agreement (copies of which are on file with the Trustee) for a description of the terms on which the Series A Certificates are delivered, the rights thereunder of the registered owners of the Series A Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the District under the Lease Agreement, all of the provisions of which the Owner of this Series A Certificate, by acceptance hereof, assents and agrees.

The District is obligated under the Lease Agreement to pay Series A Lease Payments from any source of legally available moneys and the District has covenanted in the Lease Agreement to make the necessary annual appropriations therefor. The obligation of the District to pay the Series A Lease Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Series A Lease Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Pursuant to the Lease Agreement, the District has agreed to establish a separate debt service reserve account in an amount at least equal to an average annual Series A Lease Payment. This reserve will be accumulated at the rate of at least one-tenth (1/10) of an average annual Lease Payment per year until the required level of one average annual Series A Lease Payment is reached.

This is a draw-down certificate. The principal amount of this Series A Certificate as of any given date shall be equal to (i) the total amount of principal advanced by the Original Purchaser, less (ii) any payment of principal on the Series A Certificate received by the Owner.

Principal amounts advanced by the Original Purchaser shall be noted on the principal draw-down schedule attached to this Series A Certificate.

This Series A Certificate is subject to optional redemption prior to maturity in whole or in part on any date at a redemption price equal to the principal amount of the Series A Certificates to be redeemed, together with accrued interest, without premium, to the date fixed for redemption, from the proceeds of the optional prepayment of Series A Lease Payments made by the District pursuant to the Lease Agreement.

This Series A Certificate is subject to mandatory redemption in part on September 1, 2019, and on each September 1 thereafter, to and including September 1, 2048, from the principal components of scheduled Series A Lease Payments required to be paid by the District pursuant to the Lease Agreement with respect to each such redemption date, 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, as follows:

Year (September 1)	Principal Amount of Certificates to be Redeemed
2019	\$ 121,000
2020	133,000
2021	138,000
2022	142,000
2023	149,000
2024	154,000
2025	160,000
2026	166,000
2027	172,000
2028	178,000
2029	184,000
2030	190,000
2031	197,000
2032	205,000
2033	212,000
2034	219,000
2035	228,000
2036	236,000
2037	245,000
2038	253,000
2039	263,000
2040	272,000
2041	282,000
2042	292,000
2043	303,000
2044	314,000
2045	326,000
2046	337,000
2047	349,000
2048†	362,000

†Maturity.

In the event that the Trustee shall redeem the Series A Certificates in part but not in whole pursuant to optional redemption as provided above, the amount of such Series A Certificates subject to mandatory redemption in each subsequent year shall be reduced in inverse order of sinking fund payment date.

Notice of optional redemption is to be given by the Trustee by mailing a redemption notice by first class mail at least thirty (30) calendar days and not more than sixty (60) calendar days prior to the date fixed for redemption to the registered owner of the Series A Certificate or Series A Certificates to be redeemed at the address shown on the Series A Certificate registration books maintained by the Trustee. Notice of redemption having been given as aforesaid, the Series A Certificates or portions of Series A Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) interest with respect to such Series A Certificates or portions of Series A Certificates shall cease to be payable.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the registered owners of at least fifty percent (50%) in aggregate principal amount of the Series A Certificates then outstanding and may be amended without such consent under certain circumstances; provided that no such amendment shall impair the right of any registered owner to receive, in any case, such registered owner's fractional share of any Series A Lease Payment or prepayment thereof in accordance with such registered owner's Certificate, without the consent of such registered owner. Notwithstanding the foregoing, so long as the Registered Owner specified above is the Owner all amendments shall require registered owner consent.

This Series A Certificate is transferable and exchangeable by the Owner, in person or by his attorney duly authorized in writing, but only in the manner, subject to the limitations and upon payment of any charges provided in the Trust Agreement and upon surrender and cancellation of this Series A Certificate. Upon such transfer, a new Series A Certificate or Series A Certificates of an authorized denomination or denominations for the same aggregate principal amount will be delivered to the transferee in exchange for this Series A Certificate. The District, the Corporation and the Trustee may treat the Owner as the absolute owner hereof for all purposes, whether or not the payments represented by this Series A Certificate shall be overdue and the District, the Corporation and the Trustee shall not be affected by any notice to the contrary.

The Trustee has no obligation or liability to the registered owners of the Series A Certificates to make payments of principal or interest with respect to the Series A Certificates. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Series A Certificates, the various funds and accounts established under the Trust Agreement. The Trustee makes no representation concerning the recitals contained in the Trust Agreement or in this Series A Certificate.

This Series A Certificate is given as evidence of a loan to the District made by the United States of America pursuant to the Consolidated Farm and Rural Development Act and shall be subject to the applicable present regulations of the United States Department of Agriculture, Rural Housing Service, and to its applicable future regulations not inconsistent with the express provisions hereof.

THE LEASE AGREEMENT HAS BEEN DESIGNATED BY THE DISTRICT AS A "QUALIFIED TAX-EXEMPT OBLIGATION" WITHIN THE MEANING OF SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986.

The District has certified, recited and declared that all conditions, things and acts required by the constitution and statutes of the State of California, the Site and Facility Lease, the Lease Agreement and the Trust Agreement and all requirements of the United States of America, acting through the Rural Housing Service, including the Loan Resolution (as defined

in the Trust Agreement), to exist, to have happened and to have been performed precedent to and in the delivery of this Series A Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Series A Certificate has been executed by the Mark Twain Health Care District Treasurer, as trustee, acting pursuant to the Trust Agreement.

Date of Execution:

MARK TWAIN HEALTH CARE DISTRICT
TREASURER, as Trustee

By _____
Authorized Signatory

ASSIGNMENT

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

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

the within Series A Certificate and do(es) hereby irrevocably constitute and appoint

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

Dated: _____

Signature Guaranteed:

NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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

EXHIBIT C

FORM OF THE SERIES B CERTIFICATES

THIS SERIES A CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THIS SERIES B CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH SECTION 2.08 OF THE TRUST AGREEMENT DESCRIBED HEREIN.

**Certificate of Participation
(2018 Capital Improvement Project), Series B
Evidencing a Direct, Undivided Fractional Interest of the
Owners Hereof in Series B Lease Payments to be Made by the
MARK TWAIN HEALTH CARE DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the Public Property Financing Corporation of California**

RATE OF INTEREST	MATURITY DATE	DATED DATE
3.875%	September 1, 2048	September 5, 2018

REGISTERED OWNER: UNITED STATES OF AMERICA
ACTING THROUGH THE RURAL HOUSING SERVICE

PRINCIPAL AMOUNT: UP TO SIX HUNDRED SEVENTY-EIGHT THOUSAND DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Series B Certificate"), is the owner of a direct, undivided, fractional interest in the lease payments (the "Series B Lease Payments") to be paid by the Mark Twain Health Care District, a health care district, duly organized and existing under the laws of the State of California (the "District"), pursuant to that certain Lease Agreement, dated as of September 1, 2018, by and between the Public Property Financing Corporation of California, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation") and the District (the "Lease Agreement"), which Series B Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to the Mark Twain Health Care District Treasurer, as trustee (the "Trustee") in San Andreas, California.

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Series B Lease Payments designated as principal coming due on such date, and to receive on March 1 and September 1 of each year, commencing March 1, 2019 (each, an "Interest Payment Date"), computed on the basis of a year of 365 days and actual days elapsed, until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Series B Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Series B Certificate unless (i) this Series B Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Series B Certificate is executed after the close of business on the fifteenth (15th) day of the

month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) this Series B Certificate is executed on or before February 15, 2019, in which event interest shall be payable from the Dated Date stated above; *provided, however*, that if, as of the date of execution of any Series B Certificate, interest is in default with respect to any Outstanding Series B Certificates, interest represented by such Series B Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Series B Certificates. Payment of defaulted interest shall be paid by check of the Trustee mailed to the registered owners of the Series B Certificates as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the registered owners of the Series B Certificates not less than ten (10) calendar days prior to such special record date. However, defaulted interest, if any, shall be paid via a pre-authorized debit as long as Registered Owner specified above is the Owner. Said direct, undivided fractional share of the portion of the Series B Lease Payments designated as interest is the result of the multiplication of the aforesaid Series B Lease Payments designated as principal by the Rate of Interest per annum identified above. Interest represented hereby is payable in lawful money of the United States of America by check mailed by the Trustee on each Interest Payment Date by first class mail to the Owner at his address as it appears on the registration books of the Trustee, as of the close of business on the fifteenth (15th) day of the month immediately preceding each Interest Payment Date. Principal represented hereby is payable in lawful money of the United States of America by check of the Trustee upon presentation and surrender hereof at the office of the Trustee. Each semiannual payment of interest shall be in the amount of one half of the annual amount of interest due.

This Series B Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement by and among the Trustee, the Corporation and the District, dated as of September 1, 2018 (the "Trust Agreement"). The District is authorized to enter into the Site and Facility Lease, the Lease Agreement and the Trust Agreement under the laws of the State of California. Reference is hereby made to the Site and Facility Lease, the Lease Agreement and the Trust Agreement (copies of which are on file with the Trustee) for a description of the terms on which the Series B Certificates are delivered, the rights thereunder of the registered owners of the Series B Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the District under the Lease Agreement, all of the provisions of which the Owner of this Series B Certificate, by acceptance hereof, assents and agrees.

The District is obligated under the Lease Agreement to pay Series B Lease Payments from any source of legally available moneys and the District has covenanted in the Lease Agreement to make the necessary annual appropriations therefor. The obligation of the District to pay the Series B Lease Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Series B Lease Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Pursuant to the Lease Agreement, the District has agreed to establish a separate debt service reserve account in an amount at least equal to an average annual Series B Lease Payment. This reserve will be accumulated at the rate of at least one-tenth (1/10) of an average annual Lease Payment per year until the required level of one average annual Series B Lease Payment is reached.

This is a draw-down certificate. The principal amount of this Series B Certificate as of any given date shall be equal to (i) the total amount of principal advanced by the Original Purchaser, less (ii) any payment of principal on the Series B Certificate received by the Owner.

Principal amounts advanced by the Original Purchaser shall be noted on the principal draw-down schedule attached to this Series B Certificate.

This Series B Certificate is subject to optional redemption prior to maturity in whole or in part on any date at a redemption price equal to the principal amount of the Series B Certificates to be redeemed, together with accrued interest, without premium, to the date fixed for redemption, from the proceeds of the optional prepayment of Series B Lease Payments made by the District pursuant to the Lease Agreement.

This Series B Certificate is subject to mandatory redemption in part on September 1, 2019, and on each September 1 thereafter, to and including September 1, 2048, from the principal components of scheduled Series B Lease Payments required to be paid by the District pursuant to the Lease Agreement with respect to each such redemption date, 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, as follows:

Year (September 1)	Principal Amount of Certificates to be Redeemed
2019	\$ 12,000
2020	13,000
2021	13,000
2022	14,000
2023	14,000
2024	15,000
2025	15,000
2026	16,000
2027	17,000
2028	17,000
2029	18,000
2030	19,000
2031	19,000
2032	20,000
2033	21,000
2034	22,000
2035	23,000
2036	24,000
2037	25,000
2038	25,000
2039	26,000
2040	27,000
2041	29,000
2042	30,000
2043	31,000
2044	32,000
2045	33,000
2046	35,000
2047	36,000
2048†	37,000

†Maturity.

In the event that the Trustee shall redeem the Series B Certificates in part but not in whole pursuant to optional redemption as provided above, the amount of such Series B Certificates subject to mandatory redemption in each subsequent year shall be reduced in inverse order of sinking fund payment date.

Notice of optional redemption is to be given by the Trustee by mailing a redemption notice by first class mail at least thirty (30) calendar days and not more than sixty (60) calendar days prior to the date fixed for redemption to the registered owner of the Series B Certificate or Series B Certificates to be redeemed at the address shown on the Series B Certificate registration books maintained by the Trustee. Notice of redemption having been given as aforesaid, the Series B Certificates or portions of Series B Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) interest with respect to such Series B Certificates or portions of Series B Certificates shall cease to be payable.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the registered owners of at least fifty percent (50%) in aggregate principal amount of the Series B Certificates then outstanding and may be amended without such consent under certain circumstances; provided that no such amendment shall impair the right of any registered owner to receive, in any case, such registered owner's fractional share of any Series B Lease Payment or prepayment thereof in accordance with such registered owner's Certificate, without the consent of such registered owner. Notwithstanding the foregoing, so long as the Registered Owner specified above is the Owner all amendments shall require registered owner consent.

This Series B Certificate is transferable and exchangeable by the Owner, in person or by his attorney duly authorized in writing, but only in the manner, subject to the limitations and upon payment of any charges provided in the Trust Agreement and upon surrender and cancellation of this Series B Certificate. Upon such transfer, a new Series B Certificate or Series B Certificates of an authorized denomination or denominations for the same aggregate principal amount will be delivered to the transferee in exchange for this Series B Certificate. The District, the Corporation and the Trustee may treat the Owner as the absolute owner hereof for all purposes, whether or not the payments represented by this Series B Certificate shall be overdue and the District, the Corporation and the Trustee shall not be affected by any notice to the contrary.

The Trustee has no obligation or liability to the registered owners of the Series B Certificates to make payments of principal or interest with respect to the Series B Certificates. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Series B Certificates, the various funds and accounts established under the Trust Agreement. The Trustee makes no representation concerning the recitals contained in the Trust Agreement or in this Series B Certificate.

This Series B Certificate is given as evidence of a loan to the District made by the United States of America pursuant to the Consolidated Farm and Rural Development Act and shall be subject to the applicable present regulations of the United States Department of Agriculture, Rural Housing Service, and to its applicable future regulations not inconsistent with the express provisions hereof.

THE LEASE AGREEMENT HAS BEEN DESIGNATED BY THE DISTRICT AS A "QUALIFIED TAX-EXEMPT OBLIGATION" WITHIN THE MEANING OF SECTION 265(b)(3) OF THE INTERNAL REVENUE CODE OF 1986.

The District has certified, recited and declared that all conditions, things and acts required by the constitution and statutes of the State of California, the Site and Facility Lease, the Lease Agreement and the Trust Agreement and all requirements of the United States of America, acting through the Rural Housing Service, including the Loan Resolution (as defined

in the Trust Agreement), to exist, to have happened and to have been performed precedent to and in the delivery of this Series B Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Series B Certificate has been executed by the Mark Twain Health Care District Treasurer, as trustee, acting pursuant to the Trust Agreement.

Date of Execution:

MARK TWAIN HEALTH CARE DISTRICT
TREASURER, as Trustee

By _____
Authorized Signatory

ASSIGNMENT

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

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

the within Series B Certificate and do(es) hereby irrevocably constitute and appoint

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

Dated: _____

Signature Guaranteed:

NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

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

EXHIBIT D

DESCRIPTION OF THE PROJECT

Proceeds of the Certificates will be used to finance the costs of construction and equipping of a new one-story, approximately 10,102 square foot comprehensive rural health clinic facility in the Calaveras County community of Valley Springs on the western edge of the District's service area.

All that certain real property situated in Calaveras, State of California, described as follows:

All that portion of the Southeast 1/4 of Section 26, T.4N., R.10E., MDM and more particularly described as follows:

Beginning at the Southwest corner of Adjusted Parcel 4 as shown on Parcel Map for Lot Line Adjustment recorded in Book 13 at Page 38 of Parcel Maps in the office of the Calaveras County Recorder, said corner being a 5/8" iron pipe tagged LS 5443 said corner also being the point of beginning of this description; thence S. 54 01'08" E., 147.19 feet to a 5/8" rebar tagged RCE 24569; thence S. 52 16'18"E., 165.33 feet to a 5/8" rebar tagged RCE 24569; thence through a curve concave to the southeast with a radius of 4050.00 feet, a length of 141.54 feet, a central angle of 02 00'09" and a radial bearing of S. 54 31'39"E. to a 5/8" rebar tagged LS 4222; thence N. 37 28'30" E., 133.50 feet to a 5/8" rebar tagged LS 4222; thence N. 37 28'30" E., 63.53 feet to a point; thence N. 52 31'30"W., 310.00 feet to a point; thence S. 37 28'29"W., 36.00 feet to a 5/8" rebar tagged LS 4222; thence S. 37 28'29"W., 305.65 feet to a 5/8" iron pipe tagged LS 5443, said point being the point of beginning of the herein described Adjusted Parcel 4 encompassing 2.41 acres more or less.

EXHIBIT E-1

FORM OF SERIES A ADVANCE REQUEST

**Up to \$6,782,000
Certificates of Participation, Series A
(2018 Capital Improvement Project)
Evidencing the Direct, Undivided Fractional Interests of the
Owners Hereof in Series A Lease Payments to be Made by the
MARK TWAIN HEALTH CARE DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the Public Property Financing Corporation of California**

ADVANCE REQUEST

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Executive Director of the Mark Twain Health Care District, a healthcare district duly organized and existing under the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same on behalf of the District;

(ii) that the undersigned is a duly designated District Representative, as such term is defined in that certain Trust Agreement, dated as of September 1, 2018 (the "Trust Agreement"), by and among the Public Property Financing Corporation of California, the District and the Mark Twain Health Care District Treasurer, as trustee (the "Trustee");

(iii) that the District hereby requests that the United States of America, acting through the Rural Housing Service, as Original Purchaser (as defined in the Trust Agreement), advance the sum of \$_____ to the District, being a draw-down and additional purchase price of the Certificates (as defined in the Trust Agreement), as contemplated by the Trust Agreement, with interest to accrue on such amount when advanced;

(iv) that such advance will be applied to the payment or reimbursement of the Project Costs (as defined in the Trust Agreement) listed on Exhibit A attached to this Advance Request;

(v) that no Event of Default has occurred or is continuing under the Trust Agreement or the Lease Agreement (as defined in the Trust Agreement") and each representation and warranty set forth in such documents remains true and correct except for such representations and warranties that are no longer true due to the passage of time;

(vi) that the total amount drawn down to date is \$_____; and

(viii) that this advance request [IS] [IS NOT] the final advance request.

Dated: _____, 20__

MARK TWAIN HEALTH CARE DISTRICT

By _____
Name _____
Title _____

APPROVED:

UNITED STATES OF AMERICA, ACTING
THROUGH THE RURAL HOUSING
SERVICE

By _____
Name _____
Title _____

EXHIBIT A TO ADVANCE REQUEST

Amount of Advance

Description of Project Cost

EXHIBIT E-2

FORM OF SERIES B ADVANCE REQUEST

**Up to \$678,000
Certificates of Participation, Series B
(2018 Capital Improvement Project)
Evidencing the Direct, Undivided Fractional Interests of the
Owners Hereof in Series B Lease Payments to be Made by the
MARK TWAIN HEALTH CARE DISTRICT
As the Rental for Certain Property Pursuant to a Lease
Agreement with the Public Property Financing Corporation of California**

ADVANCE REQUEST

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Executive Director of the Mark Twain Health Care District, a healthcare district duly organized and existing under the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same on behalf of the District;

(ii) that the undersigned is a duly designated District Representative, as such term is defined in that certain Trust Agreement, dated as of September 1, 2018 (the "Trust Agreement"), by and among the Public Property Financing Corporation of California, the District and the Mark Twain Health Care District Treasurer, as trustee (the "Trustee");

(iii) that the District hereby requests that the United States of America, acting through the Rural Housing Service, as Original Purchaser (as defined in the Trust Agreement), advance the sum of \$_____ to the District, being a draw-down and additional purchase price of the Certificates (as defined in the Trust Agreement), as contemplated by the Trust Agreement, with interest to accrue on such amount when advanced;

(iv) that such advance will be applied to the payment or reimbursement of the Project Costs (as defined in the Trust Agreement) listed on Exhibit A attached to this Advance Request;

(v) that no Event of Default has occurred or is continuing under the Trust Agreement or the Lease Agreement (as defined in the Trust Agreement") and each representation and warranty set forth in such documents remains true and correct except for such representations and warranties that are no longer true due to the passage of time;

(vi) that the total amount drawn down to date is \$_____; and

(viii) that this advance request [IS] [IS NOT] the final advance request.

Dated: _____, 20__

MARK TWAIN HEALTH CARE DISTRICT

By _____
Name _____
Title _____

APPROVED:

UNITED STATES OF AMERICA, ACTING
THROUGH THE RURAL HOUSING
SERVICE

By _____
Name _____
Title _____

EXHIBIT A TO ADVANCE REQUEST

Amount of Advance

Description of Project Cost

EXHIBIT F
FORM OF PURCHASER'S LETTER

Mark Twain Health Care District
P.O. Box 95
San Andreas, CA 95249

[Re: Certificates of Participation, Series A (2018 Capital Improvement Project) Evidencing the Direct, Undivided Fractional Interests of the Owners Hereof in Lease Payments to be Made by the Mark Twain Health Care District as the Rental for Certain Property Pursuant to a Lease Agreement with the Public Property Financing Corporation of California]

[Re: Certificates of Participation, Series A (2018 Capital Improvement Project) Evidencing the Direct, Undivided Fractional Interests of the Owners Hereof in Lease Payments to be Made by the Mark Twain Health Care District as the Rental for Certain Property Pursuant to a Lease Agreement with the Public Property Financing Corporation of California]

Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of the above-referenced certificates of participation (the "Certificates") does hereby certify, represent and warrant for the benefit of the Mark Twain Health Care District (the "District") and the Mark Twain Health Care District Treasurer, as trustee (the "Trustee") that:

(a) The Purchaser (MARK OR INDICATE APPROPRIATELY):

[] is a qualified institutional buyer" (a "Qualified Institutional Buyer") within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"),

[] is an "accredited investor" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (an "Accredited Investor"), or

[] a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to Qualified Institutional Buyers or Accredited Investors.

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

(c) The Purchaser is not now and has never been controlled by, or under common control with, the District. The District has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the District or with any affiliate in connection with the Certificates, other than as disclosed to the District.

(d) The Purchaser has authority to purchase the Certificates and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Certificates. The individual who is signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

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

(f) The Purchaser acknowledges that it has the right to sell and transfer the Certificates, subject to compliance with the transfer restrictions set forth in Section 2.08 of the Trust Agreement, dated as of September 1, 2018, by and among the District, the Public Property Financing Corporation of California and the Trustee (the "Trust Agreement"), including in certain circumstances the requirement for the delivery to the District and the Trustee of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the provisions of Section 2.08 of the Trust Agreement shall cause the purported transfer to be null and void.

(g) Neither the Trustee nor the District's and the District's bond counsel, or any of their employees, counsel or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the District or its financial condition, the provision for payment of the Certificates, or the sufficiency of any security therefor. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Certificates.

(h) The Purchaser acknowledges that the Certificates are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the District has not undertaken to provide any continuing disclosure with respect to the Certificates, except as otherwise provided in the Trust Agreement.

The Purchaser acknowledges that the sale of the Certificates to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Trust Agreement.

[PURCHASER]

By _____
Name _____
Title _____

MARK TWAIN HEALTH CARE DISTRICT

RESOLUTION NO. 2018 - 15

RESOLUTION APPROVING THE EXECUTION AND DELIVERY BY THE MARK TWAIN HEALTH CARE DISTRICT OF A LEASE/LEASEBACK TRANSACTION BY AND BETWEEN THE MARK TWAIN HEALTH CARE DISTRICT AND THE PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA

RESOLVED, by the Board of Directors (the "Board") of the Mark Twain Health Care District (the "District"), as follows:

WHEREAS, the District proposes to enter into a lease/leaseback transaction with the Public Property Financing Corporation of California (the "Corporation"), in the maximum principal amount of \$7,460,000, for the purpose of financing the costs of construction and equipping of a new one-story, approximately 10,102 square foot comprehensive rural health clinic facility in the Calaveras County community of Valley Springs on the western edge of the District's service area on a site at the corner of Vista del Lago and North Highway 26, Valley Springs, California (the "Project");

WHEREAS, the Project will be owned by the District and will be operated by the District and/or by a nonprofit public benefit corporation, such decision to be determined at a later date;

WHEREAS, section 147(f) of the Internal Revenue Code of 1986, requires the Board, as the elected representative of the District, the host jurisdiction of such facilities, to approve the execution and delivery by the District of the proposed financing after a public hearing following reasonable notice;

WHEREAS, a public hearing was held by the Board on Wednesday, August 22, 2018, at the hour of 7:30 A.M., in the Mark Twain Medical Center Classroom 2, at 768 Mountain Ranch Road, San Andreas, California, following duly published notice thereof, and all persons desiring to be heard have been heard; and

WHEREAS, it is in the public interest and for the public benefit that the Board, as the elected representative of the District, the host jurisdiction of such facilities, approve the execution and delivery by the District of the proposed financing;

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

Section 1. The Board hereby finds, determines and declares that execution and delivery by the District of a lease/leaseback transaction with the Corporation in the maximum aggregate principal amount of \$7,460,000, for the purposes described above, is hereby approved.

Section 2. Resolution 2018-9, adopted by the Board on June 27, 2018, is hereby rescinded.

Section 3. This Resolution shall take effect upon its adoption by this Board.

* * * * *

I, the undersigned Secretary of the Board of Directors of the Mark Twain Health Care District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board at a meeting thereof on the 22nd day of August, 2018, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

Ann Radford, Secretary

MARK TWAIN HEALTH CARE DISTRICT

RESOLUTION NO. 2018-10

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF CERTIFICATES OF PARTICIPATION RELATING THERETO TO FINANCE CAPITAL PROJECTS AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

RESOLVED, by the Board of Directors (the "Board") of the Mark Twain Health Care District (the "District"), as follows:

WHEREAS, the District, with the assistance of the Public Property Financing Corporation of California (the "Corporation"), has determined at this time, due to interest rates available through the Rural Housing Service of the United States of America and for other reasons, to finance the costs of construction and equipping of a new one-story, approximately 10,102 square foot comprehensive rural health clinic facility in the Calaveras County community of Valley Springs on the western edge of the District's service area (the "Project") and to implement a lease financing for such purposes; and

WHEREAS, pursuant to a letter of conditions, dated September 28, 2015, as amended, the United States of America, acting through the Rural Housing Service, has agreed to purchase obligations of the District evidenced by the Certificates (hereinafter defined); and

WHEREAS, it is in the public interest and for the public benefit that the District authorize and direct execution of the Lease Agreement (hereinafter defined) and certain other financing documents in connection therewith; and

WHEREAS, the documents below specified shall be filed with the District and the members of the Board, with the aid of its staff, shall review said documents.

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

Section 1. Certificates of Participation (2018 Capital Improvement Project) (the "Certificates") are hereby authorized to be executed and delivered pursuant to the provisions of the Trust Agreement (as hereinafter defined), to finance the Project.

Section 2. The Board hereby designates the Mark Twain Health Care District Treasurer to act as trustee for the financing (the "Trustee").

Section 3. The below-enumerated documents, in the forms on file with the Secretary, be and are hereby approved, and the President and the Treasurer of the Board, the Executive Director of the District, or the designee thereof, or the assignee of any such official (each, a "Designated Officer"), are hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such officials, and the Secretary is hereby authorized and directed to attest to such official's signature:

(a) a site and facility lease, by and between the District, as lessor, and the Corporation, as lessee, pursuant to which the District will lease certain property and improvements thereon (the "Property") to the Corporation, for the purpose of leasing the Property to the District pursuant to the Lease Agreement;

(b) a lease agreement relating to the Property, between the Corporation, as lessor, and the District, as lessee (the "Lease Agreement"), so long as the principal amount of the Lease Agreement is not greater than \$6,000,000, the interest rate payable with respect to the Lease Agreement does not exceed 3.625% and the Lease Agreement shall be for a term ending no later than August 1, 2048; and

(c) a trust agreement, by and among the Corporation, the District and the Trustee, relating to the execution and delivery of the Certificates (the "Trust Agreement").

Section 4. The Designated Officers and all other appropriate officials of the District are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to affect the purposes of this resolution and the financing herein authorized.

Section 5. This Resolution shall take effect upon its adoption by this Board.

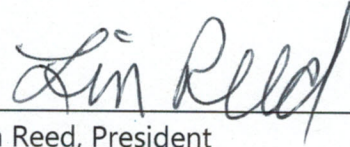
I, the undersigned hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Board Directors of the Mark Twain Health Care District in a regular meeting assembled on the 27th day of June, 2018, by the following vote to wit:

AYES: Ms. Radford, Ms. Atkinson, Ms. Sellick, Ms. Al-Rafiq and Ms. Reed

NOES: None

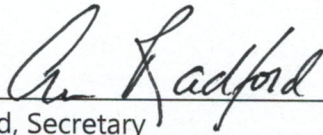
ABSENT: None

ABSTENTIONS: None



Lin Reed, President

Attest:



Ann Radford, Secretary

MARK TWAIN HEALTH CARE DISTRICT

RESOLUTION NO. 2018 – 16

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF CERTAIN LEASE FINANCING DOCUMENTS IN CONNECTION WITH THE OFFERING AND SALE OF CERTIFICATES OF PARTICIPATION RELATING THERETO TO FINANCE CAPITAL PROJECTS AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

RESOLVED, by the Board of Directors (the "Board") of the Mark Twain Health Care District (the "District"), as follows:

WHEREAS, the District, with the assistance of the Public Property Financing Corporation of California (the "Corporation"), has determined at this time, due to interest rates available through the Rural Housing Service of the United States of America and for other reasons, to finance a portion of the costs of construction and equipping of a new one-story, approximately 10,102 square foot comprehensive rural health clinic facility in the Calaveras County community of Valley Springs on the western edge of the District's service area (the "Project") and to pay a portion of the costs of issuing the Certificates (herein defined) and to implement a lease financing for such purposes; and

WHEREAS, pursuant to a letter of conditions, dated September 28, 2015, as amended, the United States of America, acting through the Rural Housing Service, has agreed to purchase obligations of the District evidenced by the Certificates (hereinafter defined); and

WHEREAS, it is in the public interest and for the public benefit that the District authorize and direct execution of the Lease Agreement (hereinafter defined) and certain other financing documents in connection therewith; and

WHEREAS, the documents below specified shall be filed with the District and the members of the Board, with the aid of its staff, shall review said documents.

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

Section 1. Certificates of Participation, Series A (2018 Capital Improvement Project) (the "Series A Certificates") are hereby authorized to be executed and delivered pursuant to the provisions of the Trust Agreement (as hereinafter defined), to finance a portion of the Project. Certificates of Participation, Series B (2018 Capital Improvement Project) (the "Series B Certificates" and, with the Series A Certificates, the "Certificates") are hereby authorized to be executed and delivered pursuant to the provisions of the Trust Agreement to finance a portion of the Project.

Section 2. The Board hereby designates the Mark Twain Health Care District Treasurer to act as trustee for the financing (the "Trustee").

Section 3. The below-enumerated documents, in the forms on file with the Secretary, be and are hereby approved, and the President and the Treasurer of the Board, the Executive Director of the District, or the designee thereof, or the assignee of any such official (each, a "Designated Officer"), are hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such officials, and the Secretary is hereby authorized and directed to attest to such official's signature:

(a) a site and facility lease, by and between the District, as lessor, and the Corporation, as lessee, pursuant to which the District will lease certain property and improvements thereon (the "Property") to the Corporation, for the purpose of leasing the Property to the District pursuant to the Lease Agreement;

(b) a lease agreement relating to the Property, between the Corporation, as lessor, and the District, as lessee (the "Lease Agreement"), so long as the principal amount of the Lease Agreement is not greater than \$7,460,000, the interest rate payable with respect to the Lease Agreement does not exceed 3.875% and the Lease Agreement shall be for a term ending no later than September 1, 2048; and

(c) a trust agreement, by and among the Corporation, the District and the Trustee, relating to the execution and delivery of the Certificates (the "Trust Agreement").

Section 4. The Designated Officers and all other appropriate officials of the District are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to affect the purposes of this resolution and the financing herein authorized.

Section 5. Resolution 2018-10, adopted by the Board on June 27, 2018, is hereby rescinded.

Section 6. This Resolution shall take effect upon its adoption by this Board.

* * * * *

I, the undersigned hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Board Directors of the Mark Twain Health Care District in a regular meeting assembled on the 22nd day of August, 2018, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

Lin Reed, President

Attest: _____
Ann Radford, Secretary

Memorandum

Date: August 21, 2018

TO: Directors, Mark Twain Health Care District

FROM: Executive Director, MTHCD

RE: Recommendation for Bid Award for the Construction of the Valley Springs Health and Wellness Center, 51 Wellness Way, Valley Springs, CA

-
1. On July 3, 2018 at 10 am at Aspen Street Architects, ASAI, Angels Camp, CA, bidding for construction of the Valley Springs Health and Wellness Center was closed and the bids were unsealed. There were four (4) bidders, see Bid Analysis, attachment 1. The lowest responsible bid was Diede Construction, Inc. The Diede bid was approximately \$1.9 million above budget. ASAI then proceeded with contractor vetting, the results of which are seen at attachment 2.
 2. Regarding the increased cost of the construction, I contacted our project financial consultant, Gary Hicks, and the USDA area specialist, Jose Guardado regarding District options for supplemental financing. Both encouraged the District to apply to USDA for supplemental funding. That application has been submitted requesting an additional \$678,000 at 3.875%, (just .250% higher than the existing loan's interest rate) and adjusting the original loan amount back to \$6,782,000 (3.625%), the original amount approved by USDA in 2015. The total loan amount would now be \$ 7,460,000. Projected debt service payments for the first loan are found at attachment 3, USDA 30-Year Level Debt Service in Arrears. The application for supplemental funding was approved by USDA on July 30, 2018, with the issuance of the 6th Amendment to the Letter of Conditions and the receipt and execution of Form RD 1940-1 Request for Obligation of Funds relating to the supplemental funding. The District's projected Project Sources and Uses of Funds is found at attachment 4.
 3. I discussed these issues with the District's Rural Health Clinic operational consultant, Kelly Hohenbrink. His opinion is that because the Valley Spring RHC project will have a reimbursement methodology based on actual costs, that the increased debt service incurred by the supplemental funding would be captured in the first-year cost-capture period and reimbursed at cost. He related that if the RHC is operated efficiently by experienced managers the clinic would still be self-sustaining at the increased debt service payment amounts after the first two to three years.
 4. I am now recommending the District Board approve the attached resolution and subsequently award the bid to Diede Construction, Inc. I am reasonably satisfied that the construction loan is affordable for the District, and the project is in the best interests of the county.

Respectfully,

Randy Smart
Executive Director

Mark Twain Health Care District Mission Statement

"Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care".

This Institution is an Equal Opportunity Provider and Employer

Aspen Street Architects, Inc.

Project Name: Mark Twain Healthcare District - Valley Springs Medical Center														BID ANALYSIS		
Bid Opening Date: Wednesday, July 03, 2018 @ 10:00 AM														ASAI Project # 90056.56		
	Contractor Name	Bid Form	Addenda Acknowledged - 4 Issued	Designation of Subcontractors	CA Contractor License Number	Noncollusion Affidavit	Form RD 400-6 Compliance Statement	Notice to Prospective Subcontractors of Requirements for Certifications of Non-segregated Facilities	U.S. Dept. Of Agriculture Cert. Regarding Debarment, Suspension, Ineligibility & Voluntary Exclusion - Lower Tier Covered Transactions	RD Instruction 1940-Q Certification For Contracts, Grants and Loans	10% Bid Bond	Certificate - Worker's Compensation	Deduct-Alternate #1: Modification of Cabinet Scope	Add-Alternate #2: IT Wiring Cable Installation	Deduct-Alternate #3: Public Sidewalk at Highway	Total Base Bid
1	Diede Construction, Inc. Time Rec'd: 9:56AM	x	x	x	x	x	x	x	x	x	x		(\$85,000.00)	\$53,000.00	(\$17,000.00)	\$5,555,000
2	Royce Construction & Design, Inc. Time Rec'd: 9:55AM	x	x	x	x	x	x	x	x	x	x	x	(\$20,000.00)	\$29,000.00	(\$8,781.00)	\$5,700,000
3	Bobo Construction, Inc. Time Rec'd: 9:55AM	x	x	x	x	x					x		(\$20,000.00)	\$78,000.00	(\$5,000.00)	\$6,271,722
4	RMC Constructors, Inc Time Rec'd: 9:53AM	x	x	x	x	x	x	x	x	x	x		(\$93,430.00)	\$7,673.00	(\$26,583.00)	\$7,222,832
5																
6																
7																
8																
9																
10																

Attachments |

Contractor Vetting Results For:
Mark Twain Health Care District
Valley Springs Medical Center
ASAI Job No: 90056.56

Bid Opening Date: Wednesday, July 3, 2018 @ 10:00 AM
Vetting Start Date: 07/05/18 Vet End Date: 07/30/18

Diede Construction, Inc.
Attention: Steven L. Diede, President
12393 N. Highway 99
Lodi, CA 95240
Mailing: PO Box 1007, Woodbridge, CA 95258
Ph: 209-369-8255
Fax: 209-268-0600

California License Number: 632667
License Status: This license is current and active

Other License Comments:

Classification: Corporation – A, B, C-2, C-8, C15, C39, C-61/D8, C27

Certifications: ASB – Asbestos (Bidding Purposes Only) & HAZ – Hazardous Substance Removal

Diede Construction, Inc.: DIR Registration Number: 1000002716
Expiration Date: June 30, 2019

Do all Subcontractors licenses check out? Yes

- 1) K. W. Emerson, Inc. – Grading & Paving - #225085
License Status: This license is current and active
Classification: A
- 2) Artificial Turf & Landscaping, Inc – Landscaping - #1001046
License Status: This license is current and active
Classification: C27, C-61/D59, C-61/D34
- 3) David Hall Masonry, Inc. – Masonry - #379966
License Status: This license is current and active.
Classification: C29, B
- 4) Allen's Cabinet & Fixture Inc. – Architectural Casework - #719680
License Status: This license is current and active.
Classification: C-6
- 5) Delta Painting & Coating, Inc.- Membrane Roofing - #492186
License Status: This license is current and active.
Classification: C33, C39, B, C43
- 6) V. B. Glass Co., Inc. – Glazing - #414203
License Status: This license is current and active
Classification: C17
- 7) D. L. Starr Enterprises, Inc. – Lath & Plaster - #686679
License Status: This license is current and active.
Classification: B, C-9, C35

- 8) Climer Drywall Inc. – Gypsum Board - #1000810
License Status: This license is current and active.
Classification: C-9
- 9) D C Painting & Construction – Painting - #940860
License Status: This license is current and active.
Classification: B, C33
- 10) Ceiling Experts, Inc. – Acoustical Ceiling – #917629
License Status: This license is current and active.
Classification: C-2
- 11) Pro West Wall Products – FRP - #1014800
License Status: This license is current and active.
Classification: C-61/D12
- 12) Harold W. Thomson, Inc. – Flooring - #258611
License Status: This license is current and active.
Classification: C15
- 13) Cen-Cal Fire Systems, Inc. – Fire Sprinklers - #488547
License Status: This license is current and active.
Classification: C16
- 14) Schweiger Plumbing, Inc. – Plumbing - #482314
License Status: This license is current and active.
Classification: A, B, C16, C36
- 15) AMS Heating, Inc. – HVAC - #767349
License Status: This license is current and active.
Classification: C20, C43, C36, C-4
- 16) B&H Electric, Inc. – Electrical - #678435
License Status: This license is current and active.
Classification: C10

Bid Bond, verify this bond is for this project and is equal to 10% of the bid.

Surety Firm: Travelers Casualty and Surety Company of America

Contact: Stephanie Agapoff, Supervisor Surety Dpt. InterWest Insurance, Services, LLC

Phone: 916-609-8490 / 800-444-4134

Email: sagapoff@iwins.com

Comments: 07/09/18 at 9:56 AM - spoke with Stephanie Agapoff who confirmed 10% Bid Bond issued for Mark Twain Health Care District – Valley Springs Medical Center for \$5 Mil.

Reference #1: 07/09/18 called Julie and left a message for Dan? Voice Mail Message Rec'd when called. Advised vetting Diede Const. Julie was a contact for Reference. 07/11/18 Dan returned my message, Julie is no longer there, Dan doesn't have a lot of info., nor know who to recommend to contact for reference info.

Name of Reference	Contact:	Phone:
Shasta Community Health Center	Julie Johnston	530-246-5778
Are you pleased with the quality of work performed on your project?		
Did they complete scheduled tasks for your project on time ?		
Do you feel that your project was properly staffed ?		
Contract Change Orders . Were there any, if so, your feeling on the reasoning?		
How were their people skills ? Were they easy to communicate with?		
Would you do more projects with this company? Why?		
Other Comments?		

Reference #2:

Name of Reference	Contact:	Phone:
Yosemite Pathology Medical Group	Megan Dooley	209-577-1200
Are you pleased with the quality of work performed on your project?	Very pleased	
Did they complete scheduled tasks for your project on time ?	Yes, they did.	
Do you feel that your project was properly staffed ?	Yes	
Contract Change Orders . Were there any, if so your feeling on the reasoning?	Did have change orders most all initiated by Owner. Very accommodating and great relationship with crew.	
How were their people skills ? Were they easy to communicate with?	Very good people skills worked mainly with 3 individuals who were very helpful.	
Would you do more projects with this company? Why?	Yes	
Other Comments?	No	

Reference #3: Ed Gonzales no longer with Mark Twain Rural Health Clinic

Name of Reference Mark Twain Rural Health Clinic	Contact: Ed Gonzales	Phone: 209-754-2526
Are you pleased with the quality of work performed on your project?		
Did they complete scheduled tasks for your project on time?		
Do you feel that your project was properly staffed?		
Contract Change Orders. Were there any, if so your feeling on the reasoning?		
How were their people skills? Were they easy to communicate with?		
Would you do more projects with this company? Why?		
Other Comments?		

Reference #4: Larry Cornish retired no longer with Mark Twain

Name of Reference Mark Twain Cardiology & Physical Therapy Remodel	Contact: Larry Cornish	Phone: 209-754-2526
Are you pleased with the quality of work performed on your project?		
Did they complete scheduled tasks for your project on time ?		
Do you feel that your project was properly staffed ?		
Contract Change Orders . Were there any, if so your feeling on the reasoning?		
How were their people skills ? Were they easy to communicate with?		
Would you do more projects with this company? Why?		
Other Comments?		

Reference #5: Called left message 07/09/18 AM / Message 07-11-18 PM

Name of Reference Lodi Memorial Hospital	Contact: Nancy Reich / Laura	Phone: 209-339-7612
Are you pleased with the quality of work performed on your project?	Diede has completed several projects for them. All went well.	
Did they complete scheduled tasks for your project on time ?	Yes, met all the project needs with a very flexible schedule	
Do you feel that your project was properly staffed ?	Yes	
Contract Change Orders . Were there any, if so your feeling on the reasoning?	Yes, there were changes order that were driven by the Owner. Owner felt all were priced fairly and held to their contract.	
How were their people skills ? Were they easy to communicate with?	Very easy to communicate with.	
Would you do more projects with this company? Why?	Yes, they are currently working on a Contract for Lodi Memorial now.	
Other Comments?		

Reference #6:

Name of Reference Mark Twain Cardiology & Physical Therapy Remodel	Contact: Shong Leng Lee, AOR	Phone: 209-736-0882
Are you pleased with the quality of work performed on your project?	Yes	
Did they complete scheduled tasks for your project on time ?	Yes	
Do you feel that your project was properly staffed ?	Yes	
Contract Change Orders . Were there any, if so your feeling on the reasoning?	Yes, they were caused by unforeseen conditions with existing building construction with no available as-built drawings during project design.	
How were their people skills ? Were they easy to communicate with?	Excellent, everyone communicated well.	
Would you do more projects with this company? Why?	Yes, because the Contractor is open to work with the design team on resolving construction issues with reasonable compensation.	
Other Comments?		

Reference #7: 07/26/18 called Mike, he is out for week – they will have someone call me back ASAP.

Name of Reference	Contact:	Phone:
Mark Twain Rural Health Clinic	Mike Navarro, AOR	209-522-8900
Are you pleased with the quality of work performed on your project?		
Did they complete scheduled tasks for your project on time ?		
Do you feel that your project was properly staffed ?		
Contract Change Orders . Were there any, if so your feeling on the reasoning?		
How were their people skills ? Were they easy to communicate with?		
Would you do more projects with this company? Why?		
Other Comments?		

Reference #8: 07/27/18 contacted Dan – left message for him to return my call

Name of Reference	Contact:	Phone:
Los Rios Community College District	Dan McKechnie	916-856-3432
Are you pleased with the quality of work performed on your project?	Absolutely	
Did they complete scheduled tasks for your project on time ?	Certainly did.	
Do you feel that your project was properly staffed ?	Yes	
Contract Change Orders . Were there any, if so your feeling on the reasoning?	Owner requested Change Orders were issued. The Contractor was fair in pricing and was not a change order driven contractor.	
How were their people skills ? Were they easy to communicate with?	Excellent	
Would you do more projects with this company? Why?	Yes	
Other Comments?	They are a top-notch firm.	

**Mark Twain Health Care District
Project Sources and Uses of Funds**

Project Costs:	9/28/2015	8/14/2017	12/4/2017	4/24/2018	7/27/2018
	Original	Update	Update	Update	Final
Administrative & Legal Fees	\$ 547,500	\$ 477,500 *	\$ 477,500 **	\$ 530,075	\$ 530,075
Financing Costs	410,846	500,060	500,000	325,000 ***	275,000 ***
Land Acquisition	890,000	890,000	890,000	890,000	890,000
Furniture Fixtures & Equip. Allow.	700,000	350,000	350,000	350,000	350,000
Structured Cabling/IT Allow.	500,000	250,000	250,000	250,000	250,000
Architect/Engineer Fees	348,313	433,600 *	433,600 **	433,600	480,665
3rd Party Project Management	45,000	100,000 *	210,300 **	157,725	269,820
Construction Cost	4,692,543	3,544,438 *	3,587,575 **	3,587,575	5,585,000
Construction Cost Addition - sidewalk	-	-	-	25,000	-
Contingency	808,944	845,441 *	738,837 **	713,837	634,895
Total	\$ 8,943,146	\$ 7,391,039	\$ 7,437,812	\$ 7,262,812	\$ 9,265,455
Sources of Funds:					
Equity - MTHCD (project related costs)	\$ 961,146	\$ 961,039	\$ 1,037,812	\$ 1,062,812	\$ 1,205,455
Equity - MTHCD (F, F & E including IT costs)	1,200,000	600,000	600,000	600,000	600,000
USDA Community Facilities Direct Loans	6,782,000	5,830,000	5,800,000	5,600,000	7,460,000
Total	\$ 8,943,146	\$ 7,391,039	\$ 7,437,812	\$ 7,262,812	\$ 9,265,455

* Included in \$5,400,979 construction cost total.
 ** Included in \$5,447,812 construction cost total.
 *** Excludes Capitalized interest during construction for 4/24/18 and 7/29/2018.

Attachment 4

MARK TWAIN HEALTH CARE DISTRICT
\$7,460,000 USDA DIRECT LOANS
DEBT SERVICE PAYMENTS

Payment Dates	Total Debt Service Payments		Combined Debt Service
	\$6,782,000	\$678,000	
9/1/2018	\$ -	\$ -	\$ -
10/1/2018	\$ 1,510.42	\$ -	\$ 1,510.42
11/1/2018	\$ 3,625.00	\$ -	\$ 3,625.00
12/1/2018	\$ 5,739.58	\$ -	\$ 5,739.58
1/1/2019	\$ 7,854.17	\$ -	\$ 7,854.17
2/1/2019	\$ 9,968.75	\$ -	\$ 9,968.75
3/1/2019	\$ 12,083.33	\$ -	\$ 12,083.33
4/1/2019	\$ 14,197.92	\$ -	\$ 14,197.92
5/1/2019	\$ 16,312.50	\$ -	\$ 16,312.50
6/1/2019	\$ 18,427.08	\$ -	\$ 18,427.08
7/1/2019	\$ 20,487.29	\$ -	\$ 20,487.29
8/1/2019	\$ 20,487.29	\$ 1,866.46	\$ 22,353.75
9/1/2019	\$ 141,487.29	\$ 14,189.38	\$ 155,676.67
9/1/2020	\$ 374,461.25	\$ 38,807.50	\$ 413,268.75
9/1/2021	\$ 374,640.00	\$ 38,303.75	\$ 412,943.75
9/1/2022	\$ 373,637.50	\$ 38,800.00	\$ 412,437.50
9/1/2023	\$ 375,490.00	\$ 38,257.50	\$ 413,747.50
9/1/2024	\$ 375,088.75	\$ 38,715.00	\$ 413,803.75
9/1/2025	\$ 375,506.25	\$ 38,133.75	\$ 413,640.00
9/1/2026	\$ 375,706.25	\$ 38,552.50	\$ 414,258.75
9/1/2027	\$ 375,688.75	\$ 38,932.50	\$ 414,621.25
9/1/2028	\$ 375,453.75	\$ 38,273.75	\$ 413,727.50
9/1/2029	\$ 375,001.25	\$ 38,615.00	\$ 413,616.25
9/1/2030	\$ 374,331.25	\$ 38,917.50	\$ 413,248.75
9/1/2031	\$ 374,443.75	\$ 38,181.25	\$ 412,625.00
9/1/2032	\$ 375,302.50	\$ 38,445.00	\$ 413,747.50
9/1/2033	\$ 374,871.25	\$ 38,670.00	\$ 413,541.25
9/1/2034	\$ 374,186.25	\$ 38,856.25	\$ 413,042.50
9/1/2035	\$ 375,247.50	\$ 39,003.75	\$ 414,251.25
9/1/2036	\$ 374,982.50	\$ 39,112.50	\$ 414,095.00
9/1/2037	\$ 375,427.50	\$ 39,182.50	\$ 414,610.00
9/1/2038	\$ 374,546.25	\$ 38,213.75	\$ 412,760.00
9/1/2039	\$ 375,375.00	\$ 38,245.00	\$ 413,620.00
9/1/2040	\$ 374,841.25	\$ 38,237.50	\$ 413,078.75
9/1/2041	\$ 374,981.25	\$ 39,191.25	\$ 414,172.50
9/1/2042	\$ 374,758.75	\$ 39,067.50	\$ 413,826.25
9/1/2043	\$ 375,173.75	\$ 38,905.00	\$ 414,078.75
9/1/2044	\$ 375,190.00	\$ 38,703.75	\$ 413,893.75
9/1/2045	\$ 375,807.50	\$ 38,463.75	\$ 414,271.25
9/1/2046	\$ 374,990.00	\$ 39,185.00	\$ 414,175.00
9/1/2047	\$ 374,773.75	\$ 38,828.75	\$ 413,602.50
9/1/2048	\$ 375,122.50	\$ 38,433.75	\$ 413,556.25
Totals	\$ 11,147,206.88	\$ 1,137,290.83	\$ 12,284,497.71

Payment Dates	Total Interest Payments		Combined Interest Expense	Fiscal Yr. Ended	Interest Expense
	\$6,782,000	\$678,000			
9/1/2018	\$ -	\$ -	\$ -		
10/1/2018	\$ 1,510.42	\$ -	\$ 1,510.42		
11/1/2018	\$ 3,625.00	\$ -	\$ 3,625.00		
12/1/2018	\$ 5,739.58	\$ -	\$ 5,739.58		
1/1/2019	\$ 7,854.17	\$ -	\$ 7,854.17		
2/1/2019	\$ 9,968.75	\$ -	\$ 9,968.75		
3/1/2019	\$ 12,083.33	\$ -	\$ 12,083.33		
4/1/2019	\$ 14,197.92	\$ -	\$ 14,197.92		
5/1/2019	\$ 16,312.50	\$ -	\$ 16,312.50		
6/1/2019	\$ 18,427.08	\$ -	\$ 18,427.08		
7/1/2019	\$ 20,487.29	\$ -	\$ 20,487.29	2019	Capitalized
8/1/2019	\$ 20,487.29	\$ 1,866.46	\$ 22,353.75		
9/1/2019	\$ 20,487.29	\$ 2,189.38	\$ 22,676.67		
9/1/2020	\$ 241,461.25	\$ 25,807.50	\$ 267,268.75	2020	\$ 267,754.38
9/1/2021	\$ 236,640.00	\$ 25,303.75	\$ 261,943.75	2021	\$ 262,831.25
9/1/2022	\$ 231,637.50	\$ 24,800.00	\$ 256,437.50	2022	\$ 257,355.21
9/1/2023	\$ 226,490.00	\$ 24,257.50	\$ 250,747.50	2023	\$ 251,695.83
9/1/2024	\$ 221,088.75	\$ 23,715.00	\$ 244,803.75		
9/1/2025	\$ 215,506.25	\$ 23,133.75	\$ 238,640.00		
9/1/2026	\$ 209,706.25	\$ 22,552.50	\$ 232,258.75		
9/1/2027	\$ 203,688.75	\$ 21,932.50	\$ 225,621.25		
9/1/2028	\$ 197,453.75	\$ 21,273.75	\$ 218,727.50		
9/1/2029	\$ 191,001.25	\$ 20,615.00	\$ 211,616.25		
9/1/2030	\$ 184,331.25	\$ 19,917.50	\$ 204,248.75		
9/1/2031	\$ 177,443.75	\$ 19,181.25	\$ 196,625.00		
9/1/2032	\$ 170,302.50	\$ 18,445.00	\$ 188,747.50		
9/1/2033	\$ 162,871.25	\$ 17,670.00	\$ 180,541.25		
9/1/2034	\$ 155,186.25	\$ 16,856.25	\$ 172,042.50		
9/1/2035	\$ 147,247.50	\$ 16,003.75	\$ 163,251.25		
9/1/2036	\$ 138,982.50	\$ 15,112.50	\$ 154,095.00		
9/1/2037	\$ 130,427.50	\$ 14,182.50	\$ 144,610.00		
9/1/2038	\$ 121,546.25	\$ 13,213.75	\$ 134,760.00		
9/1/2039	\$ 112,375.00	\$ 12,245.00	\$ 124,620.00		
9/1/2040	\$ 102,841.25	\$ 11,237.50	\$ 114,078.75		
9/1/2041	\$ 92,981.25	\$ 10,191.25	\$ 103,172.50		
9/1/2042	\$ 82,758.75	\$ 9,067.50	\$ 91,826.25		
9/1/2043	\$ 72,173.75	\$ 7,905.00	\$ 80,078.75		
9/1/2044	\$ 61,190.00	\$ 6,703.75	\$ 67,893.75		
9/1/2045	\$ 49,807.50	\$ 5,463.75	\$ 55,271.25		
9/1/2046	\$ 37,990.00	\$ 4,185.00	\$ 42,175.00		
9/1/2047	\$ 25,773.75	\$ 2,828.75	\$ 28,602.50		
9/1/2048	\$ 13,122.50	\$ 1,433.75	\$ 14,556.25		

Totals

\$ 4,365,206.88 \$ 459,290.83 \$ 4,824,497.71

Agreement Between Owner and Contractor

by and between

Mark Twain Health Care District and

Diede Construction, Inc.

Project:

Valley Springs Health Clinic Facility

Effective Date:

_____, 2018

AGREEMENT BETWEEN OWNER AND CONTRACTOR

This Agreement Between Owner and Contractor (this "Agreement") is made and entered into as of the ___ day of _____, 2018 (the "Effective Date"), by and between Mark Twain Health Care District, a local healthcare district organized under the Local Healthcare District Law ("Owner"), and Diede Construction, Inc., a California Corporation ("Contractor").

1.0. PROJECT

1.0.1 General Project Description and Site Location:

Valley Springs health clinic facility project consisting of an approximately 10,000 square foot building (including approximately 8,500 square feet of finished construction and approximately 1,500 square feet of shell construction) located at Vista Del Largo West, Valley Springs, California.

1.0.2 Owner's Representative:

Name: Pat Van Lieshout, PM

1.0.3 Contractor's Representative:

Name: _____

1.0.4 Contractor's Consultants and Contractors:

Firm Name: _____

Each of the agreements with Contractor's consultants and other Subcontractors shall conform to the requirements for Subcontracts under this Agreement, including Sections 11.0.4 and 11.0.5.

1.0.5 Addresses For Notices:

When notice is required to be sent pursuant to and in accordance with Section 35, such notice shall be sent to the persons identified in Sections 1.0.2, 1.0.3 and 1.0.4, and as follows:

Mark Twain Health Care District:

Randall Smart, Executive Director
P. O. Box 95
San Andreas, California 95249
Telephone: (209) 728-7711
Fax: (209) 754-2537

Diede Construction, Inc.:

P.O. Box 1007
Woodbridge, CA 95228
12393 N. Hwy. 99
W. Frontage Road
Lodi, CA 95240
Telephone: (209) 369-8255
Fax: (209) 368-0600

with a copy to:

Colin Coffey
Archer Norris
2033 North Main Street, Suite 800
Walnut Creek, CA 94596

with a copy to:

with a copy to:

1.0.6 Project Specific Requirements.

1.0.6.1 Generally. Without limiting the generality of any term or condition of this Agreement, the parties shall in addition to this Agreement comply with the project specific qualifications and/or exceptions, if any, as set forth in Section 1.0.6.3 of this Agreement.

1.0.6.2 Requirement That Project-Specific Requirements Be Included In Section 1.0.6.3.

(a) Definition. The term "Contractor Qualification" means any document, attachment, appendix, or exhibit that was prepared by or on behalf of Contractor and that does or purports to set forth any qualification, assumption, statement, clarification, provision, exception, exclusion, requirement or similar term that purports to or would, if enforced, in any way affect, limit, modify, or interpret any term or provision of this Agreement, or any other Contract Document.

(b) Contractor Qualifications Not Included in Section 1.0.6.3 Are Voidable. SUBJECT ONLY TO SECTION 1.0.6.2(c) OF THIS AGREEMENT, AND NOTWITHSTANDING ANY OTHER TERM OF THIS AGREEMENT OR ANY CONTRACT DOCUMENT WHATSOEVER, CONTRACTOR EXPRESSLY UNDERSTANDS, ACKNOWLEDGES, AND AGREES THAT AS A MATERIAL TERM OF THIS AGREEMENT, OWNER REQUIRES THAT ANY AND ALL CONTRACTOR QUALIFICATIONS BE INCLUDED IN SECTION 1.0.6.3 OF THIS AGREEMENT. SUBJECT ONLY TO SECTION 1.0.6.2(c) OF THIS AGREEMENT, AND NOTWITHSTANDING ANY OTHER TERM OF THIS AGREEMENT OR ANY CONTRACT DOCUMENT WHATSOEVER, ANY CONTRACTOR QUALIFICATION THAT IS NOT EXPRESSLY INCLUDED IN SECTION 1.0.6.3 OF THIS AGREEMENT SHALL, IN OWNER'S SOLE AND UNREVIEWABLE DISCRETION, BE VOIDABLE IN WHOLE OR IN PART. ANY CONTRACTOR QUALIFICATION (OR PORTION THEREOF) SO VOIDED BY OWNER SHALL BE OF NO FORCE OR EFFECT WHATSOEVER, REGARDLESS OF WHETHER OR NOT: (i) IT IS ATTACHED TO THIS AGREEMENT OR INCLUDED IN OR AS PART OF ANY APPENDIX, EXHIBIT, OR

ATTACHMENT TO ANY OF THE CONTRACT DOCUMENTS; (ii) ANY EMPLOYEE, AGENT, OR REPRESENTATIVE OF OWNER OF ANY NATURE HAD ANY NOTICE OR KNOWLEDGE OF THE CONTRACTOR QUALIFICATION EITHER BEFORE OR AFTER EXECUTION OF THE AGREEMENT; AND/OR (iii) IT WAS USED OR RELIED UPON BY CONTRACTOR IN ANY BID, ESTIMATE, ALLOWANCE, OR IN ESTABLISHING THE CONTRACT OR OTHERWISE IN ANY WAY FORMED THE BASIS THEREOF.

(c) Scope of Work Exclusions. Contractor may, as part of Appendix A to this Agreement only, include a list of exclusions that will not be included as part of the Work of the Agreement, provided, however, that such exclusions must be set forth on a separate page(s) and shall solely be limited to stating those construction services that Contractor will not perform and/or those materials or equipment that Contractor will not deliver as part of the Work; provided further, that the existence of such document shall be expressly called out in Section 1.0.6.3 of this Agreement. If the list of exclusions otherwise permitted by this Section 1.0.6.2(c) of this Agreement does not meet the foregoing conditions, it shall be subject to the terms of Section 1.0.6.2(b) of this Agreement and shall not be excepted from the scope of that Section 1.0.6.2(b) by the terms of this Section 1.0.6.2(c).

1.0.6.3 Project Specific Contract Qualifications and Exceptions.

.1 Pursuant to Sections 1.0.6.2(b) and 1.0.6.2(c), the Work Exclusions and Clarifications set forth in the Exhibits of Appendix A to this Agreement are hereby incorporated into the Agreement.

.2 Preliminary completion dates in accordance with Section 3.0.2.1 are based upon issuance of a Building Permit from Calaveras County, California and issuance by Owner of a Notice to Proceed by no later than July 20, 2018. Contractor proposes to achieve Substantial Completion for the Project by May 17, 2019.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK BY THE PARTIES]

2.0 RULES OF CONSTRUCTION AND DEFINITIONS

2.0.1 Rules of Construction. Unless otherwise stated, the following rules of construction apply to this Agreement and all other Contract Documents:

2.0.1.1 Words of one gender include the corresponding words of other genders; and words in the singular include words in the plural and vice versa.

2.0.1.2 Words indicating persons, parties, or entities (and the like) include firms, associations, partnerships (including limited partnerships), limited liability companies (and the like), corporations and other legal entities, including public and governmental bodies, as well as natural persons.

2.0.1.3 References to a statute refer to the statute, as amended, and any successor statute, and to all regulations promulgated under or implementing the statute or successor statute, as in effect at the relevant time.

2.0.1.4 References to a governmental or quasi-governmental entity also refer to an entity that succeeds to the functions of the governmental or quasi-governmental entity.

2.0.1.5 Headings preceding sections of text and any table of contents are solely for convenience of reference, are not part of the document, and are not to affect its meaning, interpretation or effect. Whenever in this Agreement a reference is made to a "Section", such reference will include all sections and subsections in such section.

2.0.1.6 The word "including" means "including, but not limited to" and the word "include" or "includes" means "include, among others."

2.0.1.7 All exhibits, attachments, schedules and Addenda, which are attached to this Agreement, and by this reference are deemed incorporated into this Agreement.

2.0.2 Definitions. Whether used in this Agreement, any of the other Contract Documents, or any Modification, the following terms have the meanings ascribed to them below:

2.0.2.1 "Actions" includes all suits, actions, causes of action, arbitrations, disputes, demands, claims, and controversies.

2.0.2.2 "Addenda" means all written or graphic instruments, including but not limited to, drawings and specifications, by additions, deletions, clarifications, and/or corrections.

2.0.2.3 "Additional Insureds" means: (a) Mark Twain Health Care District and all of its Affiliates and all of their respective directors, managers, members, partners, venturers, agents, representatives, servants, attorneys, insurers, officers, employees and the successors and assigns of the same; (b) any individual facility on which or at which the Work is being performed, when acting as an operating division of Owner and its respective directors, managers, members, partners, venturers, agents, representatives, servants, attorneys, insurers, officers, employees and the successors and assigns of the same; and (c) all other Persons reasonably related to the Project that Owner hereafter requests in writing to be named as an

additional insured. Additional Insureds shall not, in any way, be obligated to pay any amounts including deductibles, self-insured retentions, or copayments on the policy of the primary insured.

2.0.2.4 "Affiliate" means any entity controlled by, under common control with, or controlling Owner. For purposes of this definition, "control" (including the terms "controlling," "controlled by," and "under common control with") means possession, direct or indirect, or the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

2.0.2.5 "Allowance" means an amount stated in the Schedule of Values as established by Owner and Contractor to cover a particular expense or line item and to be expended in accordance with the requirements of this Agreement.

2.0.2.6 "Applicable Laws" includes: (a) all applicable city, county, State and federal laws, ordinances, statutes, rules, and regulations, including those relating to wages, hours, desegregation, employment discrimination, affirmative action obligations, immigration, hazardous materials (including hazardous waste), and safety (including OSHA and its hazardous communication standard); (b) all applicable State laws specified in the State Addendum; (c) all applicable federal regulations, whether or not expressly incorporated herein by reference; and (d) all applicable building codes in affect at the date of this Agreement, building permits, governmental stipulations and conditions, design guidelines, covenants, conditions and restrictions, or other private or public use restrictions affecting the Site or the Work, including all other safety rules applicable to the Work or the Site communicated by Owner to Contractor. Contractor will be responsible for familiarity with the Americans with Disabilities Act ("ADA") (42 U.S.C. § 12101 et seq.). The Work will be performed in compliance with ADA regulations.

2.0.2.7 "Applicable Permits" means all licenses, permits and approvals, waivers, exemptions, variances, authorizations or orders by Approving Authorities required to be obtained or maintained in connection with construction of the Project, Site, performance of the Work, or the ownership or operation of the Project.

2.0.2.8 "Application for Payment" means an itemized application prepared by Owner or Contractor and certified by Contractor as due and owing and submitted by Contractor to Owner requesting payment for completed Work during the previous Billing Cycle in accordance with this Agreement.

2.0.2.9 "Approving Authorities" includes each city, town, county, state, federal governmental agency and authority, and any and all other applicable governmental or quasi-governmental entities, or agencies, property owner associations and utilities providers, in each case to the extent having jurisdiction over the Site, the Project, the Work or any portion of the Site, the Project, or the Work.

2.0.2.10 "As-Built Drawings" means the Drawings revised to Owner's reasonable satisfaction to show: (a) changes made in the Work during the construction process; and (b) the Project and Work as built upon Final Completion in AutoCAD format.

2.0.2.11 "Best Efforts" shall have the meaning ascribed to it by the common law of the State.

2.0.2.12 "Billing Cycle" means thirty (30) Days, unless another period of time as may be specified in this Agreement, including the State Addendum.

2.0.2.13 "Business Day" means all Days of the year except Saturday, Sunday and legal holidays of the United States of America and the State.

2.0.2.14 "Change Order" means a written instrument substantially in the form set forth on USDA Form RD 1924-7, whether prepared by Contractor or Owner, and signed by Owner and Contractor, stating their agreement upon all of the following: (a) the scope of the change in the Work; (b) the amount of the adjustment in the Contract Price, if any; (c) the extent of the adjustment in the Contract Time, if any; (d) the reason for the change pursuant to the Change Order Template; and (e) the funding source for the change.

2.0.2.15 "Conditional Waiver for Final Payment" means the Conditional Waiver and Release on Final Payment as set forth in the State Addendum.

2.0.2.16 "Conditional Waiver for Progress Payment" means the Conditional Waiver and Release on Progress Payment as set forth in the State Addendum.

2.0.2.17 "Construction Contingency" means an amount equal to five percent (5.0%) of the Cost of the Work included within the Contract Price for costs which could not be anticipated at the time of bidding. This Construction Contingency is not guaranteed to be paid to the Contractor and can be used only with the prior written approval of the Owner, which approval will not be unreasonably withheld. All Construction Contingency funds left unused at Substantial Completion are to be credited 100% to the Owner. Applications for payment shall separately identify any amount to be applied against the Construction Contingency, and shall include only costs subject to reimbursement under Section 12.0.6.2 and no costs prohibited by Section 12.0.6.3.

2.0.2.18 "Contract Documents" means the contract documents for the Project consisting of this Agreement, the Drawings, the Specifications, all Addenda (other than those portions of the Addenda relating to bidding requirements), and all Modifications for the Project. The term Contract Documents do not include the Notice to Bidders, the Instructions to Bidders, Proposal Forms (except for those permitted by this Agreement to be part of the Contract Price Proposal Amendment), Contractor's Bid or portions of Addenda relating to any of these, or any other documents, including sample forms, unless specifically enumerated in this Agreement.

2.0.2.19 "Contractor" means the Person specified in the opening paragraph of this Agreement.

2.0.2.20 "Contract Price" means the amount specified in this Agreement for the Project as set forth in Section 4.0.1.

2.0.2.21 "Contractor's Representative" means the Person identified in Section 1.0.3.

2.0.2.22 "Contract Time" means the number of Days specified in the Contract Price Proposal Amendment within which Contractor shall achieve Substantial Completion of the Project.

2.0.2.23 "Cost of the Work" shall have the meaning set forth in Section 12.0.6.

2.0.2.24 "Costs" includes all damages, liabilities, losses, fines, penalties, levies, attachments, interest and expenses of any kind or nature, including (a) costs to repair or replace defective work and materials; (b) attorneys' fees; (c) expert and consultant fees and expenses; and (d) court costs, negotiation costs, mediation costs and other administrative or legal costs.

2.0.2.25 "Day" means a calendar day and the term "Days" means consecutive calendar days.

2.0.2.26 "Documentation" includes all Drawings, Shop Drawings, operating manuals, Procedures Manuals, Quality Control Manuals, plans, photographs, models, studies, Specifications, reports, design analysis, computer data, information, work product, proposals, and any other similar documents or material gathered, prepared, or used in connection with the Work.

2.0.2.27 "Drawings" includes the documents showing the design, location, and dimensions of the Work, generally including plans, elevations, sections, details, schedules, and diagrams.

2.0.2.28 "Effective Date" is the date specified in this Agreement and is the date from which this Agreement governs the relationship between Owner and Contractor.

2.0.2.29 "Engineers" means the engineer(s), if any, specified in this Agreement or any subsequent engineer specified in writing by Owner.

2.0.2.30 "Excused Delay" shall have the meaning set forth in Section 7.0.4.6.

2.0.2.31 "Field Order" means a written instrument prepared by Contractor or Owner and signed by Owner, stating their agreement to a Minor Change In the Work, that will not result in an adjustment in the Contract Price or the Contract Time, unless and until a Change Order is prepared and approved by Owner.

2.0.2.32 "Final Completion" shall have the meaning set forth in Section 8.0.2.3.

2.0.2.33 "Final Completion Date" shall be the date specified in the Contract Price Proposal Amendment.

2.0.2.34 "Final Payment" means the final unpaid balance of the Contract Price, including Retainage, but subject to deductions, offsets and withholdings in accordance with the Contract Documents.

2.0.2.35 "Force Majeure" means an event that is reasonably not anticipated by either party and not within the reasonable control of the party claiming suspension or delay of its performance due to the event. Force Majeure includes, without limitation, unusually adverse weather, strike, lockout, act of a public enemy, war, terrorism, blockade, insurrection, riot or act of God. Force Majeure does not include shortages of labor or materials, delays in transportation of materials, the inability of Contractor to comply with any Applicable Laws or orders of governmental authorities, or any other delay or act which is caused in whole or in part by Contractor, its subcontractors, or anyone for whose acts they may be liable, and which is in their reasonable control.

2.0.2.36 "Hazardous Substance, Pollutant or Contaminant" means any substance, compound, material, chemical, or waste, including petroleum and any fraction thereof, that is hazardous, toxic, infectious, radioactive or that otherwise is determined to be detrimental to or injurious of human health or the environment or that is regulated under any federal, state, or local environmental laws or under guidelines promulgated pursuant to those laws in existence at the time of execution of this Agreement.

Environmental laws shall include the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. § 9601, et seq., the Resource Conservation Act (RCRA), 42 U.S.C. § 6941, et seq., the Clean Water Act (CWA), 33 U.S.C. § 1251, et seq., the Toxic Substances Control Act (TSCA), 15 U.S.C. § 26011, et seq., the Safe Drinking Water Act (SDWA), 42 U.S.C. § 200h, et seq., the Clean Air Act (CAA), 42 U.S.C. § 7401 et seq., and any other similar federal, State, or local statute, rule, regulation, or ordinance in existence at the time of execution of this Agreement.

2.0.2.37 "Indemnitees" includes Owner, the Additional Insureds, the Participants, and each Affiliate of Owner, and their respective successors, heirs, assigns, directors, officers, board members, members, partners, representatives, attorneys, insurers, agents, employees, architects, engineers, consultants, and space planners.

2.0.2.38 "Intellectual Property" means any patent, copyright, improvement, invention, secret process, trade secret, trademark, service mark, trade name or any other intellectual property right or similar proprietary right of any kind.

2.0.2.39 "Interest Rate" means 5.0% per annum.

2.0.2.40 "Liquidated Damages Amount" means the liquidated damages that the parties agree Owner will incur if Contractor fails to achieve Substantial Completion by the Substantial Completion Date.

2.0.2.41 "Milestone" shall mean a principal event specified in the Project Schedule relating to an intermediate completion date.

2.0.2.42 "Minor Change in the Work" shall have the meaning set forth in Section 12.0.4.

2.0.2.43 "Modification" means: (a) a written amendment to this Agreement signed by Owner and Contractor; (b) a Change Order; (c) a Construction Change Directive; or (d) a written order for: a Minor Change in the Work issued by Owner. No verbal agreement with any officer, agent, representative, or employee of Owner, either before or after execution of this Agreement, shall modify any of the terms or obligations of this Agreement and no such verbal agreement shall in any way bind Owner.

2.0.2.44 "Monthly Progress Report" means a written report issued monthly by Contractor containing the following information: (a) a description of the status of supplies and of Contractor's and Subcontractors' activities and engineering, procurement, manufacturing and construction progress as compared with the Project Schedule (as updated from time to time); (b) certification that all amounts due to all Subcontractors for which Contractor has received payment from Owner have been paid unless Contractor identifies disputed and unpaid amounts; (c) an identification and evaluation of problems and deficiencies in the Work (including an evaluation of any factors which are anticipated to have a material effect on the Project Schedule) and planned corrective actions; (d) a detailed description of the Milestones achieved and the Work performed prior to the last date covered by the Monthly Progress Report and the extent to which Progress Payments therefore have been received; (e) the status of material and equipment deliveries; (f) safety statistics required under Applicable Laws; (g) quality assurance reports from (1) manufacturing and fabrication facilities of Contractor and all Subcontractors, and (2) Contractor with respect to all construction activity at the Site; (h) bulk material installation curves; and (i) such other information as may be requested by Owner from time-to-time.

2.0.2.45 "Notice to Proceed" means a notice given by Owner to Contractor notifying Contractor to commence work under this Agreement.

2.0.2.46 "OSHPD" means the California Office of Statewide Health Planning and Development.

2.0.2.47 "Owner" means the Person so identified in the opening paragraph of this Agreement.

2.0.2.48 "Owner's Representative" means the Person identified in Section 1.0.2.

2.0.2.49 "Participants" means entities participating with Owner, as owners, leaseholders, or tenants in common, in Owner's operations or other facilities related to the Project, and each additional entity who may acquire an ownership or leasehold interest in these facilities or any other facility owned in whole or part or operated by Owner. When entering into this Agreement for Participants, Owner is acting as their agent. All benefits, rights, and remedies of Owner under this Agreement, including those pertaining to indemnity, insurance, and ownership, shall also inure to the benefit of each Participant if this Agreement involves a Site owned or leased by Owner and those Participants.

2.0.2.50 "Person" means natural person, associations, partnerships (including general, limited, and limited liability partnerships), limited liability companies, corporations (including professional corporations), governmental and quasi-governmental bodies and entities, and all other entities of any nature whatsoever.

2.0.2.51 "Product Data" shall have the meaning set forth in Section 10.0.12.2.

2.0.2.52 "Project Manuals" means the manual that provides the guidelines by which the normal working relationships will be conducted between Owner and its representative and Contractor.

2.0.2.53 "Project" means the Work, as an integrated whole, including all equipment, labor, systems and materials to be furnished to Owner by Contractor under this Agreement; all as described in greater detail in Section 1.0.1 and in Appendix A.

2.0.2.54 "Project Delivery Model" means Owner's Standard Templates and Process delivered to Contractor current as of the Effective Date of this Agreement.

2.0.2.55 "Project Schedule" means the Project Schedule for the Project and the Work prepared in accordance with Section 9.0.1.

2.0.2.56 "Project Management Team" shall have the meaning set forth in Section 13.1.

2.0.2.57 "Punch List" shall have the meaning set forth in Section 17.0.1.

2.0.2.58 "Quality Control Manuals" means the manual conforming to the quality assurance program included in the Contract Documents which Contractor shall adhere to in the performance of the Work.

2.0.2.59 "Record Drawings" means the Drawings revised to Owner's satisfaction to show: (a) changes made in the Work during the construction process; and (b) the Project and Work as built upon Final Completion in AutoCAD format using Owner's Standards Manual.

2.0.2.60 "Retainage" means the percentage of the progress payments withheld by Owner pursuant to, and as specified in, this Agreement, unless otherwise modified by the Contract Price Proposal Amendment.

2.0.2.61 "Schedule of Values" means a statement furnished by Contractor to Owner reflecting the portions of the Contract Price for the various parts of the Work and used as the basis for reviewing and evaluating Contractor's Applications for Payments.

2.0.2.62 "Shop Drawings" shall have the meaning set forth in Section 10.0.12.1.

2.0.2.63 "Site" means that certain real property including all ingress and egress rights and all improvements thereon upon which the Work is to be performed for the Project.

2.0.2.64 "Social Security Act" means Section 932 of the Omnibus, Reconciliation Act of 1980 (P.L. 96.499) and the regulations issued in implementation thereof.

2.0.2.65 "Specifications" includes the documents prepared by Owner consisting of the written requirements for materials, equipment, construction systems, standards, and workmanship for the Work and performance of related services.

2.0.2.66 "State" means the state in which the Project is located.

2.0.2.67 "State Addendum" means the State Addendum attached hereto as Appendix D and incorporated into this Agreement specifying the various State and local law requirements applicable to the State in which the Project is located.

2.0.2.68 "Subcontractor" means: (a) any subcontractor, material-man, manufacturer, distributor, supplier, or vendor of any tier which either supplies goods, equipment, material or services or both are provided to Contractor in connection with the Work or the Project; (b) any consultant or other Person which either directly or indirectly perform any of the Work for Contractor, including subcontractors of Contractor's subcontractors; and (c) all of the suppliers, subcontractors, subconsultants, employees, agents, successors, and assigns of those Persons referred to in clauses (a) and (b) of this definition.

2.0.2.69 "Substantial Completion" means the stage in the progress of the Work when the Work is complete in accordance with the Contract Documents so that Owner can occupy and fully utilize the Work for its intended use; provided, however, the Work will not be considered Substantially Complete until all of the following conditions are satisfied: (a) all systems included in the Work are operational as designed; (b) designated or required governmental inspections and certifications have been made and posted by the Approving Authorities; (c) designated instruction and training by Contractor of Owner's personnel in the operation of all systems has been completed; and (d) all final finishes within the Contract Documents are in place. In general, upon Substantial Completion, the only remaining Work will be minor in nature, so that Owner could occupy and fully utilize the Work on the date of Substantial Completion and the completion of the Work by Contractor shall not interfere with or restrict Owner's (or those claiming by, through or under Owner) normal business operations. As a further condition to Substantial Completion, Contractor must certify that all remaining Work is minor in nature and will be completed within the Close-Out Period or within such other period as Owner agrees to in writing. The authority to determine whether Contractor has achieved Substantial Completion is vested in Owner, whose decision is final and binding. Owner may, but shall not be required to, designate a discreet portion of the Project Substantially Complete.

2.0.2.70 "Substantial Completion Date" means the last Day of the Contract Time.

2.0.2.71 "Unconditional Waiver for Final Payment" means the Unconditional Waiver and Release on Final Payment set forth in the State Addendum.

2.0.2.72 "Unconditional Waiver for Progress Payment" means the Unconditional Waiver and Release on Progress Payment as set forth in the State Addendum.

2.0.2.73 "Unexcused Delay" shall have the meaning set forth in Section 7.0.4.6.

2.0.2.74 "Warranty Repair" shall have the meaning set forth in Section 16.0.3.

2.0.2.75 "Work" means all necessary and reasonably inferable, construction and other related services required by the Contract Documents for the Project, whether completed or partially completed, and includes all other labor, design, materials, equipment, and services provided or to be provided by Contractor to fulfill Contractor's obligations under the Contract Documents. The term "Work" as used herein may constitute the whole or a part of the Project. If part of the Work involves demolition, the definition of Work also includes demolition and all activities related to demolition.

3.0 SCOPE OF WORK

3.0.1 Scope of Work. Contractor shall furnish all necessary labor, supervision, tools, materials, equipment, supplies, transportation, facilities and other services to execute the Work described in the Contract Documents, except as specifically and expressly excluded in this Agreement (and specifically identified as being provided by Owner or others or that it is not part of the Project), and shall perform all Work set forth in Appendix A. Contractor shall perform all Work in strict accordance with the Project Schedule and this Agreement.

3.0.2 Time Parameters. The time parameters set forth on Appendix B attached hereto are established by the parties relative to the Work.

3.0.3 Alternates. Following is a list of alternates that form a part of the Work and which may be more fully detailed in Appendix A:

N/A

Any Alternates not listed are not part of this Agreement, unless approved by Owner through an appropriate Modification.

4.0 CONTRACT PRICE; TRADE DISCOUNTS.

4.0.1 Contract Price. Subject to the terms and conditions stated in the Contract Documents, for all Work properly performed in accordance with the Contract Documents, Owner shall pay Contractor the Contract Price. The Contract Price shall be Five Million, Five Hundred and Fifty-five Thousand Dollars (\$5,555,000.00), subject to additions and deductions as provided herein. Contractor accepts such payment as adequate and complete compensation for the full, timely, and proper performance of the Work in accordance with the Contract Documents. The Contract Price may be adjusted only by Owner authorized Change Orders in accordance with Section 12.0. The Contract Price is the total amount payable by Owner to the Contractor for the performance of all of the Work under the Contract Documents.

4.0.2 Trade Discounts. All trade discounts, rebates and refunds, and all returns from sale of salvage or surplus materials and equipment shall accrue to Owner, and Contractor shall use its Best Efforts to secure the same for Owner's benefit.

5.0 CONTRACTOR'S OBLIGATIONS

5.0.1 Qualifications of Personnel.

(a) Contractor is properly equipped, organized and financed to perform the Work, and will conform to all requirements of this Agreement. Contractor acknowledges that Owner is relying upon the expertise of Contractor, its employees, consultants, and other Subcontractors in providing the knowledge or skills to enable it to independently perform the Work. The signing of any Drawing or approval of any document by Owner shall not limit, reduce, or relieve Contractor from any liability Contractor otherwise has under this Agreement or as otherwise provided by Applicable Law for professional or other errors and/or omissions in the performance of the Work.

(b) Contractor shall endeavor to ensure that all persons who perform the Work will be appropriately experienced and properly licensed and qualified to perform the Work. Owner will be entitled to rely upon any assistance, guidance, direction, advice or other services provided by Contractor. Contractor shall, if so requested by Owner, remove from the performance of the Work any person Owner reasonably deems incompetent, careless, ineffective or otherwise objectionable.

5.0.2 Project Manual. Contractor shall compile the Project Manual.

5.0.3 Project Administration Services.

5.0.3.1 Coordination of Services. Contractor shall integrate the activities of Owner's consultants, including without limitation, Owner's Representative, into the Project Schedule. Contractor shall coordinate flow of information between all team members.

5.0.3.2 Standard of Performance. Contractor shall coordinate and ensure the expeditious construction of the Project in accordance with the design documents, all Applicable Laws and the other terms and provisions of the Contract Documents. Contractor shall require the Subcontractors to perform the subcontracts in accordance with the relevant requirements of this Agreement and all Applicable Laws. Contractor shall establish and maintain Project management control systems and provide construction management services in accordance with Best Efforts, the Contract Documents, and all Applicable Laws. Contractor shall not, and shall cause its Subcontractors not to, use or occupy the Site for any purpose other than the completion of the Project in strict accordance with the provisions of this Agreement, including the use of all easements, if any, only for the purposes indicated by the easement drawings, nor in a manner that would (a) violate any Applicable Laws; or (b) constitute a public or private nuisance or waste. All manufactured articles, materials, and equipment shall be applied, installed, connected, erected, used, cleaned and conditioned in accordance with the manufacturers' written specifications or instructions. In case of any difference or conflicts between the requirements of the manufacturers' instructions or specifications and the technical sections of the Specifications, Contractor must within five (5) Days report any difference or conflict to Owner.

5.0.3.3 Schedule of Values. The Contractor shall submit to the Owner and the Architect, before the first payment hereunder, a Schedule of Values allocating the entire Contract Sum to the various portions of the Work and prepared in a form and supported by such data to substantiate its accuracy as the Owner or the Architect may require. The Schedule of Values, unless objected to by the Owner or Architect shall be used as the basis for reviewing the Contractor's Applications for Payment.

6.0 CONSTRUCTION SERVICES

6.0.1 Commencement. Construction of the Project will commence upon the issuance by Owner of a written Notice to Proceed.

7.0 CONTRACT TIME, CONSTRUCTION SCHEDULE, AND DELAYS

7.0.1 Project Schedule. The Project Schedule is attached as Appendix B to this Agreement.

7.0.2 Updated Project Schedule. With each Application for Payment submitted by Contractor in accordance with this Agreement, other than the final Application for Payment, Contractor shall submit to Owner and Owner's consultant, if any, a current Project Schedule revised to indicate the portion of the Work executed during the time period covered by the Application for Payment, all progress slippages occurring during previously covered time periods, the corrective actions taken for the slippage carryover into the time period covered by the Application for Payment, specific detail as to any future corrective actions to be taken in the future, the anticipated delays or difficulties, and all other information required to adequately present the actual status of the progress of the Work as of the date of the Application for Payment as may be further required by Owner.

7.0.3 Failure to Meet Project Schedule: Acceleration. If Contractor falls behind the Project Schedule to such an extent that Owner determines that Contractor shall be unable to achieve an established milestone date or the date of Substantial Completion set forth in the Project Schedule (as such date may be extended as provided in the Contract Documents), then Contractor shall, within five (5) Days following Owner's request therefore, provide to Owner, in writing, a detailed explanation of the measures Contractor shall take in order to recover from the delay so that the progress of the Work complies with the Project Schedule. If, in Owner's good faith business judgment, Contractor's intended recovery measures will not cause Contractor to recover from the delay and provided such delay is an Unexcused Delay, Owner may, but shall not be required to, direct Contractor to accelerate the progress of the Work, at Contractor's sole cost and expense (and which acceleration costs shall not cause an adjustment to the Contract Price), in which case Contractor shall so accelerate the Work. The methods of acceleration may, at Owner's election, include employing additional forces and/or paying additional overtime wages and the actual, reasonably necessary, compression and inefficiency costs attributable to acceleration, as may be required in order to assure that the progress of the Work is in compliance with the Project Schedule and assure timely Substantial Completion of the Work. The cost of such overtime work, together with the actual, reasonably necessary compression and inefficiency costs attributable to such acceleration shall be borne entirely by Contractor, shall not be the basis for an adjustment to the Contract Price. Owner's failure to make a request in accordance with this section shall not relieve Contractor of any liability or responsibility for failure to meet the Project Schedule.

7.0.4 Excused Delays and Unexcused Delays.

7.0.4.1 If, and only in the event a delay in the progress of the Work was an Excused Delay, Contractor shall be entitled to have the Contract Time extended by the period of one (1) Business Day for each Business Day that is lost on the critical path as a result of the Excused Delay; provided, however, as a condition precedent to such time extension and to the right to seek compensation in the event of an Excused Delay under Section 7.0.4.3, Contractor must give written notice to Owner of the occurrence of the event giving rise to such delay within seven (7) Business Days following the start of the occurrence of such event and comply with Section 12.0. Contractor shall exercise all reasonable due diligence to overcome and mitigate the effect of all Excused Delays and all Unexcused Delays,

7.0.4.2 Contractor waives claims for additional compensation and any and all actual, special, direct, indirect, incidental, consequential, exemplary, and other damages and Costs arising from an Unexcused Delay. In addition, Contractor waives and shall have no right to an extension in the Contract Time for an Unexcused Delay.

7.0.4.3 Subject to the conditions precedent stated in Sections 7.0.4.1 and 7.0.4.5, in the event of an Excused Delay, Contractor may seek additional compensation for such Excused Delay in accordance with Section 12.0; provided, however, in no event shall the amount of such compensation exceed the actual, direct, and immediate expenses resulting from the Excused Delay and, in no event shall such compensation include any claims for special indirect, incidental, consequential, or exemplary damages. Without limiting the generality of the foregoing, compensable direct and immediate costs do not include, and Contractor shall not be compensated for, salaries of management, supervisory or support staff at the main office, salaries, extended or unabsorbed home office overhead, loss of anticipated profit, damages, lost opportunity, equipment depreciation and like items, which claims are hereby waived.

7.0.4.4 If Contractor claims additional compensation under Section 7.0.4.3 and/or entitlement to an extension of the Contract Time under Section 7.0.4.1, Contractor shall provide such documentation of the delay event and the actual cost thereof as is reasonably required by Owner.

7.0.4.5 In the event of concurrent delays, and as a condition precedent to any remedy for a delay, Contractor shall be required to segregate days of delay attributable separately to Excused Delays and Unexcused Delays to be entitled to any remedy.

7.0.4.6 An "Excused Delay" is a delay that: (a) was not due to the fault, in whole or in part, directly or indirectly, of Contractor, any of its Subcontractors, or anyone for whom Contractor or any of its Subcontractors may be responsible; (b) could not have been avoided by Contractor through the exercise of reasonable care; (c) was the result of an event that was reasonably unforeseen at the time the Agreement was executed; (d) was or caused a delay in the critical path of the Work and the scheduled date of Substantial Completion; and (e) was solely limited to and the result of a Force Majeure Event or a delay caused by the Owner or a party for whom the Owner is responsible. Any delay, disruption, hindrance, or acceleration that is not an Excused Delay is an "Unexcused Delay".

7.0.4.7 Contractor understands that if Substantial Completion is not attained by the Substantial Completion Date, Owner will suffer damages which are difficult to determine and accurately specify. Contractor agrees that if Substantial Completion is not attained by ninety (90) days after the Substantial Completion Date (the "LD Date"), Contractor shall pay Owner Two Thousand Dollars (\$2,000) as the Liquidated Damages Amount for each day that Substantial Completion extends beyond the LD Date. The

liquidated damages provided herein shall be in lieu of all liability for any and all extra costs, losses, expenses, claims, penalties and any other damages, whether special or consequential, and of whatsoever nature incurred by Owner which are occasioned by any delay in achieving Substantial Completion but which shall not be in lieu of any damages, claims, injuries or harm suffered by Owner as it pertains to, arises from or is related to the performance of the Work including, but not limited to, construction defects.

Liquidated Damages Amount: \$2,000.00 for each day that Substantial Completion extends beyond the LD Date.

7.0.4.8 The Contractor and Owner waive claims against each other for indirect, special and consequential damages arising out of or relating to this Agreement. This mutual waiver includes (i) damages incurred by the Owner for rental expenses, for losses of use, income, profit, financing, business and reputation, and for loss of management or employee productivity or of the services of such persons; and (ii) damages incurred by the Contractor for principal office expenses including the compensation of personnel stationed there, for losses of financing, business and reputation, and for loss of profit except anticipated profit arising directly from the Work. This mutual waiver is applicable, without limitation, to all consequential damages due to either party's termination in accordance with this Agreement. Nothing contained in this Section 7.0.4.8 shall be deemed to preclude an award of liquidated damages, when applicable, in accordance with the requirements of the Agreement. This Section 7.0.4.8 shall take precedence over any other provision of the Agreement which provides that the Contractor is responsible for expenses, costs or damages.

8.0 PAYMENT

8.0.1 Progress Payments.

8.0.1.1 Timing of Payment. Subject to the State Addendum and Owner's right to withhold payments as provided in this Agreement, if Contractor submits an Application for Payment to Owner in accordance with Section 8.0.1.2, Owner will certify and approve those portions of Contractor's Application for Payment, if any, which are appropriate for approval within seven (7) Days after Owner receives the Application for Payment from Contractor. Owner will pay Contractor the certified and approved amount twenty-one (21) Days after Owner's written approval of the Application for Payment.

8.0.1.2 Applications for Payment.

(a) On or about the 25th day of each month, Contractor shall submit to Owner an itemized Application for Payment for operations completed in accordance the Contract Documents. The period covered by each Application for Payment shall be the current calendar month, or portion thereof in the case of the first Application for Payment.

(b) As conditions precedent to Owner's obligation to review, approve, certify, or pay an Application for Payment, each Application for Payment shall:

(i) Except as otherwise required by the USDA as set forth in Article 38 below, be set forth on a standard form AIA G702 and Attachments A-C as included in Appendix C (the "Owner's Forms"). The Application for Payment shall be completed per the Schedule of Values.

(ii) Show the percentage completion of each line item as of the end of the period covered by the Application for Payment, and state the amount of the payment requested by Contractor that is calculated in strict accordance with Section 8.0.1.3. No progress payment shall be due in an amount that exceeds the amount calculated in strict accordance with Section 8.0.1.3. The "percentage of completion" shall be the lesser of: (1) the percentage of that portion of the Work which has actually been completed, or (2) the percentage obtained by dividing (A) the expense which has actually been incurred by Contractor on account of that portion of the Work for which Contractor has made or will make actual payment within seven (7) days of receipt of payment from Owner by (B) the share of the Contract Price allocated to that portion of the Work in the Schedule of Values.

(iii) Be notarized and supported by all documentation, information, calculations, or other data as is necessary to meet the requirements of this Section 8.0.1, together with such other documentation, information, calculations, or other data substantiating Contractor's right to payment as Owner or Architect may reasonably require from time-to-time. Such documentation, information, calculations, or other data shall include:

(1) Fully executed lien waivers in accordance with the requirements of the State Addendum.

(2) Contractor's Certification that the portion of the Work for which payment is requested has been completed in accordance with the Contract Documents.

(3) Contractor's Certification that As-Built Drawings for the Project are up-to-date reflecting all approved changes made to the Work that varies from the construction Drawings as of the date of the Application for Payment is made.

(4) A monthly report on the Project that contains the following: (A) the current status of the Project as compared to the as-planned schedule; (B) an updated Construction Schedule in accordance with Section 7.0.2; (C) the current status of the Project as compared as-planned Project cost; (D) a statement of all open and unresolved issues (and all issues resolved since the last report, if applicable); (E) an updated copy of all Project logs required to be maintained pursuant to Section 20.0.2; (F) pictures indicating the current status of the Project and, if appropriate, pictures related to any of the open and unresolved issues identified in subsection (D) above; and (G) the requirements identified in Section 2.0.2.44.

(5) To the extent not previously provided to Owner, a complete, executed copy of each subcontract for which any Application for Payment requests amounts owing pursuant to a subcontract with a Subcontractor.

(6) Such other documentation, information, calculations, or other data as is required by the Owner.

(iv) Be hand-delivered to Owner's designated representative for receiving Applications for Payment

(c) Pursuant to Section 12.0.3.8, Applications for Payment may include requests for payment on account of changes in the Work that have been properly authorized by a Construction Change Directive, or by interim determinations of Owner, but not yet included in Change Orders.

(d) Unless otherwise provided in the Contract Documents, Applications for Payment may include materials and equipment delivered and suitably stored at the site for subsequent incorporation in the Work. If approved in advance in writing by Owner, Applications for Payment may similarly include materials and equipment suitably stored off the site at a location agreed upon in writing. Payment for materials and equipment stored on or off the site shall be conditioned upon compliance by Contractor with written procedures approved in advance in writing by Owner to establish Owner's title to such materials and equipment or otherwise protect Owner's interest, and shall include the costs of applicable insurance, storage and transportation to the site for such materials and equipment stored off the site. Except with Owner's prior written approval, Contractor shall not make advance payments to suppliers for materials or equipment, which have not been delivered and stored at the Site.

(e) Unless otherwise provided in the Contract Documents, or as otherwise agreed by Owner in advance in writing, payments to Subcontractors shall be subject to Retainage of not less than ten percent (10%), which shall be reflected in the amount requested for payment to Subcontractors in each Application for Payment. Owner and Contractor shall agree upon a mutually acceptable procedure for review and approval of payments and retention for Subcontractors.

(f) Applications for Payment shall not include requests for payment for portions of the Work for which Contractor does not intend to pay to a Subcontractor, unless such Work has been performed by others whom Contractor intends to pay. With each Application for Payment, Contractor shall include a written notice, on Contractor's letterhead, stating the name of, and amount owed, to such Subcontractor which has requested payment and which has not been included on the Application for Payment.

(g) In taking action on Contractor's Applications for Payment, Owner shall be entitled to rely on the accuracy and completeness of all documentation, information, calculations, or other data furnished by Contractor.

(h) The parties may agree to establish an informal process for the submittal, prior to the submission of a finalized Application for Payment, of draft Applications for Payment to Owner for review and approval pursuant to this Agreement. Pursuant to any such informal process, Owner may preliminarily review and preliminarily approve draft Applications for Payment submitted by Contractor. Contractor agrees that it may not and shall not rely on any such process, review and/or approval as a basis for payment under this Agreement or any statute applicable to payment. The parties further agree that Contractor's submission of a draft or preliminary Application for Payment for Owner's review and/or approval thereof does not constitute the actual submission of an Application for Payment in accordance with this Agreement, does not trigger any time frames or obligations of Owner hereunder, and does not trigger any statute applicable to payment. Further, nothing in any such process, review and/or approval shall be deemed to be Owner's approval of such preliminary Application for Payment or part thereof. Moreover, nothing in any such process, review and/or approval shall relieve Contractor from its obligation to submit a finalized Application for Payment, nor preclude Owner from exercising any right of withholding or any other right provided for herein or in any applicable statute.

8.0.1.3 Calculation of Requested Payment. The amount of Contractor's request for each progress payment (as reflected in its Application for Payment) shall be computed as follows:

(a) Take that portion of the Contract Price allocable to the properly completed Work as determined by multiplying the percentage of completion of each portion of the Work (which percentage shall be calculated in accordance with Section 8.0.1.2(b)(ii)) by the share of the Contract Price allocated to that portion of the Work in the Schedule of Values.

(b) Add that portion of the Contract Price properly allocable to materials and equipment described in Section 8.0.1.2(d).

(c) Subtract Retainage to be held by Owner. Unless otherwise provided in the Contract Documents, Retainage shall be held by Owner until final payment is due and shall be in an amount equal to ten percent (10%) of the sum of the amounts specified in Sections 8.0.1.3 (a) and 8.0.1.3(b).

(d) Subtract the aggregate of previous payments made by Owner.

(e) Subtract amounts, if any, for which Owner has withheld payment or nullified a certification or approval of payment, and/or for which Owner has withheld and/or is withholding payment as provided in Section 8.0.3 or otherwise in this Agreement.

8.0.2 Final Payment.

8.0.2.1 Timing of Final Payment; Conditions. Subject to the State Addendum and Owner's right to withhold payments as provided in Section 8.0.3 or elsewhere in this Agreement, Owner shall make Final Payment to Contractor within thirty-five (35) Days after both the occurrence of Final Completion and Owner's certification and approval of Contractor's Application for Final Payment. Owner shall certify and approve, if at all, Contractor's Application for Final Payment within thirty (30) days of Contractor's submission of a complete Application for Final Payment; provided, however, Owner shall not be required to certify and approve Contractor's Final Application for Payment until the occurrence of Final Completion, which shall be a condition precedent to Owner's obligation to make Final Payment to Contractor. As a further condition precedent to Owner's obligation to make Final Payment to Contractor, Contractor shall deliver to Owner Conditional Waivers for Final Payment from Contractor and Subcontractors contemporaneously with its receipt of Final Payment. Within ten (10) Days after Final Payment, Contractor shall provide to Owner Unconditional Waivers for Final Payment from Contractor and each of the Subcontractors.

8.0.2.2 Application for Final Payment. Upon the occurrence of Final Completion, Contractor may submit an Application for Final Payment. Except as otherwise provided in this section, an Application for Final Payment shall conform in all respects and be subject to the requirements and conditions of Section 8.0.2 and, in addition, shall include all documentation and requirements of Final Completion, unless previously submitted to Owner as part of the close-out of the Project. No Retainage shall be withheld from Final Payment, except in accordance with Section 8.0.3.

8.0.2.3 Final Completion. Final Completion shall be deemed to occur when all of the following occur, each of which shall be deemed a condition precedent to the occurrence of Final Completion:

- (a) All of the Work is complete and conforms to the requirements of the Contract Documents in all respects and Contractor has otherwise fully performed all of Contractor's obligations under the Contract Documents, except for Contractor's responsibility to satisfy requirements, if any, which necessarily survive Final Payment;
- (b) Owner accepts the interior and exterior of all of the Work;
- (c) Owner is satisfied that all Punch List items have been completed in accordance with the Contract Documents;
- (d) All Approving Authorities have approved of the Work unless not approved for reasons beyond Contractor's Control;
- (e) A complete set of As-Built Drawings have been delivered to Owner in full size sets of drawings each page stamped and signed as "Record Drawings" with an electronic copy in Autocad and PDF formats. ;
- (f) Contractor has submitted acceptable evidence to Owner of the receipt of final inspection and approval of the Work from all the Approving Authorities;
- (g) Owner has received all backup and supporting information as required by the Contract Documents; and
- (h) Owner has received:
 - (i) A Conditional Waiver for Final Payment from Contractor and each of the Subcontractors relating to all Work;
 - (ii) An affidavit executed by Contractor stating that any and all fees and monies due to Subcontractors through the date of Contractor's last payment request have been paid in full and the Subcontractors for the Work through the date of Contractor's Final Payment have been paid or will be paid within thirty (30) Days after Final Payment in full for all labor, equipment, services, or materials provided to the Project with the proceeds of the Final Payment;
 - (iii) The Guarantee Certificates in accordance with Section 16.0.5 and
 - (iv) All operation and maintenance manuals for all equipment and/or systems installed as part of the Work.
 - (v) All other invoices or documentation as Owner may reasonably request.

8.0.2.4 Waiver of Claims. Acceptance of Final Payment by Contractor or a Subcontractor constitutes a waiver of all claims by the payee, except only those claims previously made to Owner in writing and specifically identified by that payee as unsettled at the time of submitting the Application for Final Payment.

8.0.3 Owner's Right to Withhold.

8.0.3.1 Withholding. Owner may withhold from monthly progress payments and the Final Payment an amount sufficient to adequately protect Owner from loss relating to any of the following:

- (a) Defective Work not remedied, materials not furnished, clean-up not performed, or any other non-conforming aspects of the Work;
- (b) Actions, levies, attachments, or court orders filed, or which Owner on the basis of reasonable evidence believes are likely to be filed (including claims covered by insurance until the claims are accepted by the insurance carrier in an amount reasonably necessary to protect Owner's interest);
- (c) Contractor's failure to make payments properly to Subcontractors for labor, materials or equipment, transportation or shipping costs or any other claims arising out of the Work;
- (d) Damage to any portion of the Work, Owner's property, and/or Owner unless such damage is covered by Builder's Risk Policy insurance and Owner has actually received sufficient funds from the insurer to cover such damage;
- (e) Unsatisfactory prosecution of the Work by Contractor, unsatisfactory job progress by Contractor, and/or delays caused by Contractor;
- (f) Failure of the Work to have progressed to the point indicated by the Application for Payment or required by the Project Schedule;
- (g) Any of the representations or certifications of Contractor under any of the Contract Documents or in an Application for Payment is materially false or misleading;
- (h) Contractor's failure to deliver insurance certificates, bonds, or other documents required under this Agreement;
- (i) The filing by Contractor of a petition for bankruptcy or petition of reorganization;
- (j) Reasonable evidence that Contractor cannot complete the Work for the unpaid balance of the Contract Price;
- (k) Contractor's failure to comply with any other conditions in connection with the Work or provisions of the Contract Documents; and/or
- (l) Any reason that is provided to Owner under any Applicable Laws.

8.0.3.2 Payment of Withheld Amounts. When, to the reasonable satisfaction of Owner, Contractor removes the cause or grounds for withholding of payment, Contractor may include in its next regularly scheduled Application for Payment the amounts so withheld. However, as a condition precedent to Owner's obligation to pay such amounts, Owner may require that Contractor furnish releases in a form satisfactory to Owner.

8.0.3.3 Obligation to Continue Work. Notwithstanding any dispute between Owner and Contractor, including any withholding made in good faith by Owner, Contractor shall carry on the Work and maintain its progress notwithstanding such withholding or dispute, so long as Owner continues to make payments

to Contractor of all undisputed items and amounts not in dispute. Except to the extent specifically provided for in paragraph 18.0.7 of this Agreement, Contractor has no right to terminate this Agreement, to directly or indirectly stop or delay the Work, or any part thereof, or to stop or delay delivery of any materials or parts required to be delivered or to otherwise default under this Agreement. Upon giving Owner seven (7) Days written notice of any material default by Owner of its obligations under this Section 8.0, Contractor has the right to stop work upon an additional seven (7) days' notice. Owner's right to withhold from progress payments and Final Payments will remain in effect even though Contractor, if requested by Owner, has posted payment and performance bonds.

8.0.4 Retainage.

8.0.4.1 Withholding. Pursuant to Section 8.0.1.3(c), Owner shall withhold Retainage from each Progress Payment to contractor to ensure proper and timely completion of the Work.

8.0.4.2 Payment of Retainage. Subject to the other terms and conditions of this Agreement, Owner shall pay Retainage to Contractor in accordance with Section 8.0.2.

8.0.4.3 Early Release of Retainage. When the Work is fifty percent (50%) completed, Contractor may request that Owner release up to one-half (1/2) of the Retainage held by Owner at that point; provided, however, Contractor may only make such request only if Contractor is making satisfactory progress on this Agreement and there is no specific cause or claim requiring a greater amount to be retained. Owner may, in its reasonable discretion and upon such request, pay the amount requested, but there shall be no obligation on the part of Owner to do so.

8.0.5 Payment and Acceptance Not a Waiver. No payment by Owner under the Contract Documents, in whole or in part, will be construed to be an acceptance of any Work not conforming to the Contract Documents. Owner's acceptance of any portion or all of the Work shall not affect, diminish, or limit Owner's rights to subsequently reject or require correction of Work that was not performed in accordance with the requirements of the Contract Documents.

8.0.6 Right To Offset; Interest on Unpaid Amounts. Owner shall have the right to deduct all Costs caused by any breach of this Agreement by Contractor from any funds that have not been paid to Contractor under this Agreement. If Contractor is obligated to pay any Costs pursuant to this Agreement or in the event Owner has the right to deduct any Costs from any funds to be paid to Contractor under this Agreement, and the unpaid funds are insufficient to cover such Costs, then Contractor shall pay to Owner the sum or the amount of the insufficiency within fifteen (15) Days following Owner's demand, together with interest on the amount of the insufficiency, from the date of notice to Contractor and until paid to Owner, at the Interest Rate.

8.0.7 Retention of Lien Waivers. Duplicate originals of all lien waivers executed by Contractor and all Subcontractors shall remain on file at Contractor's office for inspection by Owner during construction and for a minimum period of one (1) year from the date of Final Payment.

8.0.8 Interest. Late payments shall bear interest at the Interest Rate.

9.0 PRE-JOB CONFERENCE AND SAFETY

9.0.1 Pre-Job Conference. Before Contractor begins any Work at the Site, a pre-job conference between Owner and Contractor's Representatives will be held to discuss security, safety, storage, construction, employee access and parking, limitations on Contractor use of Owner equipment and facilities, if any, Contractor's plans for proceeding with the Work, Contractor's compliance with the Project Delivery Model and any other necessary matters.

9.0.2 Meetings. During performance of the Work, Contractor must hold regular safety meetings in accordance with Applicable Laws to instruct its personnel on safety practices and construction requirements, and provide a written report of each safety meeting to Owner.

9.0.3 Safety. Contractor is responsible for initiating, maintaining and supervising all safety precautions and programs in accordance with Contractor's safety program attached as Appendix E and all Applicable Laws in connection with the performance of the Work. Contractor shall take special precautions for safety of, and shall provide special protection to prevent damage, injury or loss to (a) employees and other persons on the Site who may be affected thereby; (b) the Work and materials and equipment to be incorporated in or used on the Project; and (c) other property at the Site or adjacent thereto.

9.0.4 Accident Investigation. Upon the occurrence of any accident, whether involving Contractor's employees or other Persons while Contractor is performing its Work, Contractor agrees to cooperate with Owner in a fact-finding investigation to determine the cause of any accident or near accident.

9.0.5 Utilities Shutdown Process. Contractor shall give Owner fourteen (14) Days written notice prior to any shut down in utilities. In an emergency situation, advanced shut down notice may be less than fourteen (14) Days. Contractor shall coordinate and complete all shut down of utilities in strict accordance with the Utilities Shutdown Process agreed to with Owner.

9.0.6 Infection Control Procedures The Infection Control Procedures must, at a minimum, meet infection control requirements of the CDC, JCAHO and AIA guidelines for hospital construction and comply with all Applicable Laws.

9.0.7 Weekly Safety Meetings. The Contractor will hold weekly meetings with its Subcontractors to review Subcontractor compliance with the Contractor's Health and Safety Program.

9.0.8 Material Safety Data Sheets ("MSDS"). The Contractor must comply with all requirements of the Hazardous Communications Standard (Title 29, Code of Federal Regulations, Part 1910, as amended). The Contractor will, at a minimum: (i) Keep all MSDS on file electronically at the Project site, with regularly updated lists of the MSDS; (ii) Cause all Subcontractors and employees to clearly label all hazardous compounds as to content with appropriate warnings noted and the name and address of the manufacturer listed; and (iii) Ensure that all Subcontractors and employees using hazardous compounds are trained in protective handling and are knowledgeable about the potential hazards.

9.0.9 Daily Jobsite Walks. The Contractor will also conduct daily jobsite inspections to verify that the construction work is being performed in a safe and workmanlike manner and in accordance with the Contractor's Health and Safety Program. The Contractor will provide written notice to its Subcontractors demanding immediate correction of any known safety violation.

9.0.10 Confined Space Program. Contractor will establish a Confined Spaced Program that meets or exceeds the requirements of the Contractor’s Health and Safety program and that complies with all applicable requirements of the OSHA Standard for Confined Spaces (29 CFR section 1910.146, as amended), and any applicable state and local safety regulations. Contractor represents and warrants that before it assigns any employee to work at Owner’s facility, that Contractor’s employee will be trained in accordance with applicable confined spaces procedures and all confined space training will comply with the OSHA Standard for Confined Spaces (29 CFR section 1910.146, as amended), and any applicable state and local safety regulations.

9.0.11 Lockout/Tagout Program. Contractor will establish a lockout/tagout program that meets or exceeds the requirements described in the Contractor’s Health and Safety program and that complies with all applicable requirements of the OSHA Standard for Control of Hazardous Energy (29 CFR section 1910.147, as amended), and any applicable state and local safety regulations. Contractor represents and warrants that before it assigns any employee to work at Owner’s facility, that Contractor’s employees will be trained in accordance with applicable lockout/tagout procedures and all lockout/tagout training will comply with the OSHA Standard for Control of Hazardous Energy (29 CFR section 1910.147, as amended), and any applicable state and local safety regulations.

10.0 CONTRACTOR'S GENERAL OBLIGATIONS

10.0.1 Performance of Work.

10.0.1.1 Generally. Contractor shall complete all Work in accordance with all requirements and time frames set forth in the Contract Documents or reasonably inferable there from and in accordance with all Applicable Laws. Unless otherwise provided in the Contract Documents, Contractor, as part of the Contract Price, shall provide and pay for labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services necessary for proper execution and completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work.

10.0.1.2 Order and Discipline. Contractor shall enforce strict discipline and good order among Contractor's employees, its Subcontractors, consultants and other persons carrying out this Agreement. Contractor shall not permit employment of unfit persons or persons not skilled in tasks assigned to them.

10.0.1.3 Permits, Fees and Notices.

(a) Unless otherwise provided in the Contract Documents, Owner shall secure and pay for the building permit, other permits and governmental fees, licenses and inspections necessary for proper execution and completion of the Work which are customarily secured and legally required after or at the time of execution of this Agreement.

(b) Contractor shall comply with and give notices required by laws, ordinances, rules and regulations and lawful orders of public authorities bearing on performance of the Work.

(c) If Contractor performs Work knowing it to be contrary to laws, statutes, ordinances, building codes, and rules and regulations without such notice to Owner, Contractor shall assume full responsibility for such Work and shall bear the attributable costs.

(d) The Contractor will assist with verification that the Owner has paid applicable fees and assessments and Contractor will file all documents required for the approvals of OSHPD and other governmental authorities having jurisdiction over the Project, including Change Orders and Project completion filings. The Contractor will secure and provide copies of all permits and approvals required by governmental authorities for execution and inspection of the Work. The cost and fees associated with permits and inspection will be paid by Owner without mark-up.

10.0.1.4 Supervision and Construction Procedures.

(a) Contractor shall supervise and direct the Work, using Contractor's best skill and attention. Contractor shall be solely responsible for and have control over design, construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work under this Agreement.

(b) Contractor shall be responsible to Owner for acts and omissions of Contractor's employees, Subcontractors and their agents and employees, and other persons performing portions of the Work under a contract with Contractor.

(c) Contractor shall not be relieved of its obligations to perform the Work in accordance with the Contract Documents by activities or duties of Owner in its administration of this Agreement, or by tests, inspections or approvals required or performed by persons other than Contractor.

(d) Contractor shall inspect portions of the Project related to Contractor's Work in order to determine that such portions are in proper condition to receive subsequent Work.

10.0.2 Site Access. Contractor shall provide Owner and its designees with access to the Site at all times and arrange for Owner (or its designees access) (at reasonable times and upon reasonable notice) to access the engineering, manufacturing and fabricating premises of Contractor and all Subcontractors sufficient to permit Owner (or its designees) to inspect the Work being performed and monitor compliance by Contractor and the Subcontractors with the terms of this Agreement. Owner shall bear its own costs for any visits to such premises of Contractor and its Subcontractors.

10.0.3 Site Regulations. Contractor, while performing Work at the Site, shall abide by and adhere to Owner's Site regulations, including those specified in the Project Delivery Model, including environmental protection, loss control, dust control, safety, and security. Owner shall endeavor to provide such regulations to Contractor prior to the pre-construction meeting. Owner reserves the right to make reasonable modifications to the Site Regulations from time to time and with reasonable notice to Contractor.

10.0.4 Physical Site Conditions. Contractor shall satisfy itself concerning the general and local conditions, and other site-specific restrictions affecting the Site or the Work. The failure of Contractor to acquaint itself with such conditions and restrictions will not relieve it from the responsibility for properly estimating either the foreseeable difficulties or the foreseeable costs of performing the Work and completing its obligations under the Contract Documents and will not be grounds for adjusting the Contract Price or the Contract Time.

10.0.5 Project Specific Representations and Requirements. Execution of this Agreement by Contractor is a representation that: (a) Contractor has studied the Contract Documents and that they are

full and complete to the best of contractor's knowledge, that they contain no apparent ambiguities, errors, or omissions affecting constructability of the Project or the Work, and that they are sufficient to enable Contractor to complete the Work in accordance with all Applicable Laws; (b) Contractor has satisfied itself as to the accessibility and general character of the Site, the nature and scope of the Work to be conducted on the Site and verification of field conditions and all other information which Contractor deemed relevant to its assessment of the condition of the Site, the character of the equipment and facilities needed for the Work, the general and local conditions under which the Work is to be performed, and all other matters which could in any way affect the Work, the Contract Price or the Contract Time; (c) all of the Work required to be undertaken by Contractor pursuant to the Contract Documents, are covered by and included within the Contract Price and the Project Schedule; and (d) Contractor is fully aware of the time limitations for performance of the Work; and (e) the Contract Price, when agreed to, includes any and all costs as required by the Contract Documents.

10.0.6 Performance Requirements.

10.0.6.1 Personnel. Contractor shall provide suitably trained and skilled personnel to perform the Work. Owner's Representative has the right, at any time, to reject any personnel of Contractor or Subcontractor considered by Owner, in its reasonable discretion, to be not qualified to perform the assigned Work, without limiting or waiving any other rights or remedies of Owner. If Contractor changes or replaces any of its personnel for performance of the Work, any replacement personnel shall have capabilities at least equal to those replaced and Contractor must bear all associated costs which are not reimbursable by Owner, and which are not Costs of the Work.

10.0.6.2 Quality of Equipment and Material. Contractor shall, when specified to be provided by Contractor, provide and use only the equipment, tools, materials and facilities as are capable of producing the quality and quantity of Work required by the Contract Documents within the times specified in the Contract Documents. Upon written notice from Owner, Contractor shall promptly remove from the Site all unsatisfactory or unnecessary equipment, facilities, and material furnished or provided by Contractor.

10.0.6.3 Title to Work and Responsibility for Work. Contractor warrants that: (a) title to all Work for which Owner has made payments is vested in Owner and all such Work shall be free and clear of all liens, claims, security interests, or other encumbrances whatsoever; (b) the vesting of title in Owner shall not impose any obligations on Owner or relieve Contractor of any of its obligations under this Agreement; (c) Contractor shall remain responsible for damage to or loss of the Work, whether completed or under construction, until responsibility for the Work has been accepted by Owner in the manner set forth in the Contract Documents; and (d) no Work shall be acquired by Contractor, or by any other Person performing Work at the site or furnishing materials or equipment for the Project, subject to an agreement under which an interest therein or an encumbrance thereon is retained by the seller thereof or otherwise imposed by Contractor or such other Person.

10.0.6.4 Artifacts. In the event that any Indian relics or items with archaeological or historical value are discovered, Contractor shall immediately stop Work, notify Owner, and await a decision by Owner before proceeding with any portion of the Work that might disturb or endanger the discovery. Neither Contractor, its Subcontractors, nor any of their representatives or employees have property rights in any relics or items. Contractor shall be entitled to a time extension and costs incurred due to any delay caused by discovery of any Indian relics or other items with archaeological or historical value.

10.0.6.5 Protection of Property. Contractor shall not damage, close, or obstruct any easement, utility installation, highway, road, or other property until permits therefore have been obtained. If facilities are closed, obstructed, damaged, or rendered unsafe by Contractor's operations, Contractor shall, at its expense, make the repairs in a manner acceptable to Owner and provide all temporary barriers, lights, and other signals as necessary or required for safety and as requested by Owner.

10.0.7 Independent Contractor. Contractor shall act as an independent contractor and not as an agent of Owner in performing the Work and the other obligations required under the Contract Documents.

10.0.8 Discipline. Contractor shall, at all times, enforce strict discipline and good order among its employees and the employees of any Subcontractor and restrict employees to designated areas where the Work is to be performed. Contractor shall not employ any person who is incompetent, disorderly, discourteous, or intemperate, or who may create hazardous, unsafe conditions or otherwise affect the quality or completion of the Work.

10.0.9 Accident and Damage Prevention. Contractor shall perform the Work in a safe manner and at all times conduct all operations in a manner to avoid risk of bodily harm to either persons, or damage to any property, or both. Contractor shall promptly take all precautions that are necessary and adequate to protect against any conditions that involve a risk of bodily harm to persons or a risk of damage to any property. Contractor shall continuously inspect all Work, materials, and equipment to discover and determine any possible conditions, and be solely responsible for the discovery, determination, and correction of all conditions.

10.0.10 General Representations and Warranties. Contractor represents and warrants to Owner that as of the time of execution of this Agreement:

10.0.10.1 Organization and Qualification. It is an entity duly organized, validly existing and in good standing under the Applicable Laws of the State of its organization, has the lawful power to engage in the business it presently conducts and contemplates conducting, and is duly licensed and qualified to perform the Work and is in good standing as a domestic or foreign entity in each jurisdiction where it conducts business.

10.0.10.2 Power and Authority. It has the power to make and carry out this Agreement and to perform its obligations under this Agreement and all such actions have been duly authorized by all necessary company proceedings on its part.

10.0.10.3 No Conflict. The execution, delivery and performance of this Agreement will not conflict with, result in the breach of, constitute a default under or accelerate performance required by any of the terms of its certificate of organization or the by-laws or any Applicable Laws or any covenant, agreement, understanding, decree or order to which it is a party or by which it or any of its properties or assets is bound or affected.

10.0.10.4 Validity and Binding Effect. This Agreement has been duly and validly executed and delivered by Contractor. This Agreement constitutes a legal, valid and binding obligation of Contractor, enforceable in accordance with its terms, except to the extent that its enforceability may be limited by Bankruptcy Laws affecting the rights of creditors generally or by general principles of equity. No material

authorization, approval, exemption or consent by any Approving Authority (other than the applicable permits listed in this Agreement as Contractor's responsibility) is required to be obtained by Contractor in connection with the authorization, execution, delivery and carrying out of the terms of this Agreement.

10.0.10.5 Litigation. There are no Actions or investigations pending or, to its knowledge, threatened against it at law or in equity before any court or before any Approving Authority whether or not covered by insurance which-in Contractor's reasonable opinion individually or in the aggregate may result in any materially adverse effect on its business, properties or assets or its condition, financial or otherwise, and in any impairment of its ability to perform its obligations under this Agreement. Contractor has no knowledge of any violation or default with respect to any order, writ, injunction or any decree of any court or any Approving Authority that may result in any such materially adverse effect or such impairment.

10.0.10.6 Patents, Licenses, Franchises. It owns, possesses or will obtain all the patents, trademarks, service marks, trade names, copyrights, licenses, franchises, permits and rights with respect to the foregoing necessary to perform the Work and to carry on its business as presently conducted and presently planned to be conducted without conflict with the rights of others.

10.0.10.7 Compliance with Laws. It has complied with all Applicable Laws such that it has not been subject to any fines, penalties, injunctive relief or criminal liabilities, which in the aggregate have materially affected or may materially affect its business operations or financial condition or its ability to perform the Work.

10.0.10.8 Disclosure. No representation or warranty by it contained in this Agreement contains or will contain any untrue statement of material fact or omits or will omit to state a material fact necessary to make such representation or warranty not misleading in light of the circumstances under which it was made.

10.0.11 Cutting and Patching.

10.0.11.1 Contractor shall be responsible for cutting, fitting or patching required to complete the Work or to make its parts fit together properly.

10.0.11.2 Contractor shall not damage or endanger a portion of the Work or fully or partially completed construction of Owner's own forces or of other Contractors by cutting, patching, excavating or otherwise altering such construction. Contractor shall not cut or otherwise alter such construction by other Contractors or by Owner's own forces except with written consent of Owner, Owner and such other Contractors; such consent shall not be unreasonably withheld. Contractor shall not unreasonably withhold from the other Contractors or Owner Contractor's consent to cutting or otherwise altering the Work.

10.0.12 Shop Drawings, Product Data and Samples.

10.0.12.1 "Shop Drawings" are drawings, diagrams, schedules and other data specially prepared for the Work by Contractor or a Subcontractor, Sub-subcontractor, manufacturer, supplier or distributor to illustrate some portion of the Work.

10.0.12.2 "Product Data" are illustrations, standard schedules, performance charts, instructions, brochures, diagrams and other information furnished by Contractor to illustrate materials or equipment for some portion of the Work.

10.0.12.3 "Samples" are physical examples that illustrate materials, equipment or workmanship and establish standards by which the Work will be judged.

10.0.12.4 Shop Drawings, Product Data, Samples and similar submittals are not Contract Documents. The purpose of their submittal is to demonstrate for those portions of the Work for which submittals are required the way Contractor proposes to conform to the information given and the design concept expressed in the Contract Documents. Review by Owner shall only be for general conformance with the Contract Documents and shall not relieve Contractor of its responsibility to construct the Work in accordance with the Contract Documents.

10.0.12.5 Contractor shall review, approve and submit to Owner, in accordance with the schedule and sequence approved by Owner, Shop Drawings, Product Data, Samples and similar submittals required by the Contract Documents. Contractor shall cooperate with Owner in the coordination of Contractor's Shop Drawings, Product Data, Samples and similar submittals with related documents submitted by other Contractors. Submittals made by Contractor, which are not required by the Contract Documents, may be returned without action.

10.0.12.6 Contractor shall perform no portion of the Work requiring submittal and review of Shop Drawings, Product Data, Samples or similar submittals until the respective submittal has been approved by Owner. Such Work shall be in accordance with approved submittals.

10.0.12.7 By approving and submitting Shop Drawings, Product Data, Samples and similar submittals, Contractor represents that Contractor has determined and verified materials, field measurements and field construction criteria related thereto, or will do so, and has checked and coordinated the information contained within such submittals with the requirements of the Work and of the Contract Documents.

10.0.12.8 Contractor shall not be relieved of responsibility for deviations from requirements of the Contract Documents by Owner's approval of Shop Drawings, Product Data, Samples or similar submittals unless Contractor has specifically informed Owner in writing of such deviation at the time of submittal and Owner has given written approval to the specific deviation. Contractor shall not be relieved of responsibility for errors or omissions in Shop Drawings, Product Data, Samples or similar submittals by Owner's review and/or approval thereof.

10.0.12.9 Contractor shall direct specific attention, in writing or on resubmitted Shop Drawings, Product Data, Samples or similar submittals, to revisions other than those requested by Owner on previous submittals.

10.0.12.10 Informational submittals upon which Owner is not expected to take responsive action may be so identified in the Contract Documents.

10.0.12.11 When professional certification of performance criteria of materials, systems or equipment is required by the Contract Documents, Owner shall be entitled to rely upon the accuracy and completeness of such calculations and certifications.

11.0 SUBCONTRACTS

11.0.1 Licensed Subcontractors. Contractor shall not subcontract any part of the Work or any of its obligations under the Contract Documents except to licensed contractors who have demonstrated the professional, technical, and financial ability to perform the Work, and only after notifying Owner in advance of the execution of subcontract. Unless otherwise stated in the Contract Documents, Contractor, as soon as practicable after award of this Agreement, shall furnish in writing to Owner the names of the Subcontractors for each of the principal portions of the Work and update the Subcontractor list periodically upon Owner's request. Contractor shall not contract with any Subcontractor to whom Owner has made reasonable and timely objection. If the proposed but rejected Subcontractor was reasonably capable of performing the Work, the Contract Price and Contract Time shall be increased or decreased by the difference, if any, occasioned by the requested change, and an appropriate Modification will be issued before commencement of the substitute Subcontractor's Work. Contractor shall not be required to contract with anyone to whom Contractor has made reasonable objection. Contractor shall ensure that licenses held by its Subcontractors and consultants remain in good standing throughout the performance of the Work and completion of the Project.

11.0.2 Payment of Subcontractors. Contractor shall promptly pay all monies owed to Subcontractors for goods or services provided to Contractor in connection with this Agreement in accordance with Applicable Laws and this Agreement.

11.0.3 Responsibility of Contractor. Contractor is fully responsible to Owner for the performance of all Subcontractors to assure that the Work is performed in accordance with the Contract Documents. Contractor shall obligate each Subcontractor to agree to comply with all applicable provisions of the Contract Documents. Contractor shall specifically bring to each Subcontractor's attention and obtain each Subcontractor's consent to the notice requirements contained in any State Addendum and any other requirements required by this Agreement to be incorporated into Contractor's subcontracts with Subcontractors.

11.0.4 No Contract With Subcontractors. This Agreement does not create any contractual obligations of Owner to any Subcontractor, nor, specifically, does this Agreement obligate Owner to pay or see that payment is made to any Subcontractor. The foregoing notwithstanding, Owner shall be an intended third-party beneficiary of each subcontract.

11.0.5 Subcontract Requirements. Contractor shall prepare all subcontracts so as to conform to each of the requirements of this Agreement and contain each of the provisions required of subcontracts in this Agreement.

11.0.6 Owner's Review of Subcontracts. Prior to the execution of any subcontract by Contractor, Contractor shall provide such subcontract to Owner for review. Owner, within fourteen (14) days of receipt of the subcontract, may reasonably object to any Subcontractor or subcontract proposed by Contractor. Contractor shall not contract with any Subcontractor if Owner has made a reasonable and timely objection to Contractor. If Owner makes such objection, Contractor, as required by the circumstances and after consultation with Owner, shall: (1) not contract with such Subcontractor; (2) shall modify the subcontract to a form acceptable by Owner and/or Architect; or (3) shall propose another

Subcontractor to Owner. Owner's review of, failure to review, objection to, or failure to object to any subcontract will not relieve Contractor of any of its obligations under this Agreement.

12.0 CHANGES IN THE WORK

12.0.1 Generally.

12.0.1.1 Changes in the Work may be accomplished after execution of this Agreement, and without invalidating this Agreement, by Change Order, Construction Change Directive or order for a Minor Change in the Work, subject to the limitations stated in this Section 12.0 and elsewhere in the Contract Documents.

12.0.1.2 A Change Order shall be based upon agreement among Owner and Contractor. A Construction Change Directive does not require agreement by Contractor. An order for a Minor Change in the Work may be issued by Owner alone.

12.0.1.3 Changes in the Work shall be performed under applicable provisions of the Contract Documents, and Contractor shall proceed promptly, unless otherwise provided in the Change Order, Construction Change Directive or order for a Minor Change in the Work.

12.0.1.4 Submission. All claims for additional compensation or deductions due to changes in the Contract Price or extensions in Contract Time will be presented in writing to the PMT for review. The PMT will either discuss the proposed change at its regular weekly meeting or will call a special meeting to meet and review the proposed change. At the conclusion of the meeting either a Change Order under Section 12.0.2 or, if a consensus is not reached, a Construction Change Directive under Section 12.0.3 may be issued.

12.0.2 Change Orders.

12.0.2.1 A Change Order is a written instrument prepared by Contractor and signed by Owner and Contractor, stating their agreement upon all of the following:

- (a) the change in the Work;
- (b) the amount of the adjustment, if any, in the Contract Price; and
- (c) the extent of the adjustment, if any, in the Contract Time.

12.0.2.2 Methods used in determining adjustments to the Contract Price may include those listed in Section 12.0.3.3.

12.0.3 Construction Change Directives.

12.0.3.1 A Construction Change Directive is a written order prepared by Owner and signed by Owner, directing a change in the Work prior to agreement on adjustment, if any, in the Contract Price or Contract Time, or both. Owner may by Construction Change Directive, without invalidating this Agreement, order changes in the Work within the general scope of this Agreement consisting of additions, deletions or other revisions, the Contract Price and Contract Time being adjusted accordingly.

12.0.3.2 A Construction Change Directive shall be used in the absence of agreement on the terms of a Change Order.

12.0.3.3 If the Construction Change Directive provides for an adjustment to the Contract Price, the adjustment shall be based on one of the following methods:

(a) mutual acceptance of an amount properly itemized and supported by sufficient substantiating data to permit evaluation;

(b) unit prices stated in the Contract Documents or subsequently agreed upon; or

(c) add the following: (1) the Cost of the Work for the change determined in accordance with Section 12.0.6; and (2) an amount equal to the Cost of the Work for the change multiplied by five percent (5%), which the parties agree is a reasonable percentage to cover all of Contractor's overhead and profit.

12.0.3.4 Upon receipt of a Construction Change Directive, Contractor shall promptly proceed with the change in the Work involved and advise Owner of Contractor's agreement or disagreement with the method, if any, provided in the Construction Change Directive for determining the proposed adjustment in the Contract Price and/or Contract Time.

12.0.3.5 A Construction Change Directive signed by Contractor indicates the agreement of Contractor therewith, including any adjustment in the Contract Price and Contract Time or the method for determining them. Such agreement shall be effective immediately and shall be recorded as a Change Order.

12.0.3.6 If Contractor does not respond promptly or disagrees with the method for adjustment of the Contract Price, the method and the adjustment shall be determined by Owner on the basis of reasonable expenditures and savings of those performing the Work attributable to the change, including, in case of an increase or decrease in the Contract Price, an allowance for the Contractor's overhead and profit. In such case, Contractor shall keep and present, in such form as Owner may prescribe, an itemized accounting together with appropriate supporting data.

12.0.3.7 The amount of credit to be allowed by Contractor to Owner for a deletion or change that results in a net decrease in the Contract Price shall be actual net cost as agreed to by Owner and Contractor. When both additions and credits covering related Work or substitutions are involved in a change, the Allowance for overhead and profit shall be figured on the basis of net increase, if any, with respect to that change.

12.0.3.8 Pending final determination of the total cost of a Construction Change Directive to Owner, amounts not in dispute for such changes in the Work shall be included in Applications for Payment accompanied by a Change Order indicating the parties' agreement with part or all of such costs. For any portion of such cost that remains in dispute, either party may assert a claim therefore; provided, however, that no such disagreement or claim shall delay the progress of the Work.

12.0.3.9 When Owner and Contractor agree concerning the adjustments in the Contract Price and Contract Time, or otherwise reach agreement upon the adjustments, such agreement shall be effective immediately and shall be recorded by preparation and execution of an appropriate Change Order.

12.0.4 Minor Changes in the Work. Owner will have authority to order minor changes in the Work not involving adjustment in the Contract Price or extension of the Contract Time and not inconsistent with the intent of the Contract Documents ("Minor Change in the Work"). Such changes shall be effected by written order and shall be binding on Owner and Contractor. Contractor shall carry out such written orders promptly. If Contractor believes that a Minor Change in the Work ordered by Owner will require an adjustment in the Contract Price or extension of the Contract Time, Contractor shall promptly advise Owner and may submit a proposal to Owner; provided, however, that any such proposal or claim shall be deemed waived if not made prior to the execution of such Work.

12.0.5 Changes Performed by Subcontractors. The amount of profit and overhead charged by Subcontractors shall be limited as follows:

12.0.5.1 For the Subcontractor performing the actual work that is the subject of the Change Order, such Subcontractor shall not charge Owner more than 5% overhead and 10% profit above the Cost of such Change Order.

12.0.5.2 Any Subcontractor, holding the contract of a lower tier Subcontractor, may only charge a 5% markup on such lower tier Subcontractor's Change Order Work.

12.0.5.3 Notwithstanding the foregoing, Contractor may only mark up any Change Order Work of any of its Subcontractor by an amount not to exceed 5%.

12.0.6 Cost of the Work.

12.0.6.1 Cost of the Work Defined. The term "Cost of the Work" shall mean those costs necessarily and actually incurred by Contractor in the proper performance of the Work as expressly set forth in Section 12.0.6.2, but excluding all costs specified in Section 12.0.6.3, and further excluding all costs otherwise excluded by the Contract Documents or expressly required by the Contract Documents to be provided by Contractor as no additional cost to Owner. Notwithstanding anything to the contrary in the Contract Documents, Contractor shall provide the costs in Section 12.0.6.2 at rates that are not higher than those customarily paid at the place of the Project except with the specific and express prior written consent of Owner and any costs exceeding such rates shall not be part of the Cost of the Work.

12.0.6.2 Costs To Be Reimbursed.

- (a) Labor Costs.
 - (i) Wages of-construction workers directly employed by Contractor to perform the construction of the Work at the site or, with Owner's prior written agreement, at off-site workshops.
 - (ii) Wages or salaries of Contractor's supervisory and administrative personnel when stationed at the site. In addition to the foregoing, and with Owner's prior written approval, the wages or salaries of specifically identified employees of Contractor not stationed at the site, but only for that portion of their time spent in performing their duties directly associated with the Project.

(iii) Wages and salaries of Contractor's supervisory or administrative personnel engaged, at factories, workshops or on the road, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of their time required for the Work.

(iv) Costs paid or incurred by Contractor for payroll taxes, worker's compensation insurance, contributions, assessments and benefits required by law or collective bargaining agreements, and, for personnel not covered by such agreements, the following additional benefits: sick leave, medical and health benefits, holidays, vacations and pensions, provided that such costs are based on wages and salaries included in the Cost of the Work under Sections 12.0.6.2(a)(i) through 12.0.6.2(a)(iii); provided, however, that the cost of bonuses, if any, paid by Contractor shall be excluded in accordance with Section 12.0.6.3(b).

(b) Subcontract Costs. Payments made by Contractor to Subcontractors in accordance with the requirements of the subcontracts.

(i) Subcontractor Bonding Costs.

(c) Self-Performed Work Costs.

(i) Upon Owner's prior written approval, the cost, established on a lump sum or unit price basis, of Work performed by Contractor with Contractor's own forces, provided the following conditions are met ("Self-Performed Work"): (i) Self-Performed Work must be Work ordinarily provided by subcontractors on a lump sum or unit price basis; (ii) the cost of Self-Performed Work shall not exceed the lowest subcontractor bid submitted to Contractor on a competitive basis or, in Owner's sole discretion, an amount calculated or established by means that ensures a fair, reasonable, and competitive price for such Work as compared the costs customarily paid for the Work in question at the place of the Project; and (iii) Contractor shall prepare a report for Owner for all Self-Performed Work (on a line item-by-line item basis separately for each category of Self-Performed Work) show all estimated labor costs, material costs, other costs, overhead, and profit for such Work.

(ii) Contractor shall maintain separate cost and accounting records for all Self-Performed Work. Notwithstanding the fact that any Self-Performed Work is performed on a lump sum or unit price basis, Owner may, in its sole discretion, audit the costs of such Work that such costs are fair and reasonable as compared the costs customarily paid for the Work in question at the place of the Project.

(d) The cost of any Work performed by Contractor's own forces that does not meet the conditions of Section 12.0.6.2(c)(i) shall be reimbursed in accordance with the remaining provisions of this Section 12.0.6.2. The cost of any Work reimbursed as Self-Performed Work shall not be reimbursed pursuant to the other provisions of this Section 12.0.6.2.

(e) Costs of Materials and Equipment Incorporated In the Completed Construction.

(i) Costs, including -transportation, of materials and equipment incorporated or to be incorporated in the completed construction.

(ii) Costs of materials described in the preceding Section 12.0.6.2(c)(i) in excess of those actually installed but required to provide reasonable allowance for waste and for spoilage. Unused

excess materials, if any, shall be handed over to Owner at the completion of the Work or, at Owner's option, shall be sold by Contractor; amounts realized, if any, from such sales shall be credited to Owner as a deduction from the Cost of the Work.

(f) Costs of Other Materials and Equipment, Temporary Facilities and Related Items.

(i) Costs, including transportation, installation, maintenance, dismantling and removal of materials, supplies, temporary facilities, machinery, equipment, and hand tools not customarily owned by the construction workers, which are provided by Contractor at the site and fully consumed in the performance of the Work; and cost less salvage value on such items if not fully consumed, whether sold to others or retained by Contractor; provided, however, that Owner may, at Owner's sole discretion, forego the credit of salvage value and retain ownership of such unconsumed materials. Cost for items previously used by Contractor shall mean fair market value.

(ii) Rental charges for temporary facilities, machinery, equipment, and hand tools not customarily owned by the construction workers, which are provided by Contractor at the site, whether rented from Contractor or others, and costs of transportation, installation, minor repairs and replacements, dismantling and removal thereof. Rates and quantities of equipment rented shall be subject to Owner's prior written approval but in no event shall the rental rates for machinery and equipment furnished by the Contractor from its own stock exceed seventy-five percent (75%) of the published rental rates based on the local prevailing rental rates, and in no event shall the total rental on any piece of machinery or equipment furnished by the Contractor from its own stock exceed eighty percent (80%) of its fair market value at the time it was first utilized on the Project. If the total rental cost of any item is anticipated at the time of contracting to exceed fifty percent (50%) of the fair market value of such item, Contractor shall present to Owner an analysis of and opportunity to purchase rather than rent the item; if Owner, in its sole discretion, chooses to purchase the item, such cost shall be part of the Cost of the Work and title to such property shall vest in Owner upon completion of the Work. Unless otherwise designated by Owner in writing, the fair market value of any item shall be established by the lowest blue book price most recently published for such item. The fair market value of any item not listed in a blue book shall be established by any method reasonably established by Owner in consultation with Construction Manager and/or Architect. Rental charges for vehicles are not covered by this Section 12.0.6.2(f)(ii), but rather are covered by Section 12.0.6.2(f)(iii).

(iii) Rental charges for vehicles used in the performance of the Work. Rates and quantities of vehicles rented shall be subject to Owner's prior written approval but in no event shall the rental rates for vehicles furnished by the Contractor exceed the lesser of the actual rental cost of such vehicles or the lowest available rate prevailing in the place of the project for a one-half ton, two-wheel drive pickup truck. If the rental cost of any vehicle is anticipated at the time of contracting to exceed fifty percent (50%) of the fair market value of such vehicle, Contractor shall present to Owner an analysis of and opportunity to purchase rather than rent the vehicle; if Owner, in its sole discretion, chooses to purchase the vehicle, such cost shall be part of the Cost of the Work and title to such vehicle shall vest in Owner upon completion of the Work. Unless otherwise designated by Owner in writing, the fair market value of any vehicle shall be established by the lowest blue book price most recently published for such vehicle.

(iv) Costs of removal of debris from the site.

(v) Reproduction costs, costs of telegrams, facsimile transmissions and long-distance telephone calls, postage and express delivery charges, and telephone service at the site.

(vi) That portion of the reasonable travel and subsistence expenses of Contractor's personnel incurred while traveling to locations more than 100 miles from the location of the Project in discharge of duties connected with the Work, provided however, travel to and from the Site, regardless of distance, is not a reimbursable cost.

(g) Miscellaneous Costs.

(i) The premiums for the insurance and the bonds required by the Contract Documents Insurance (except for Builders Risk) shall be at the rate of **\$8.53/\$1,000** of construction. **[Confirm.]**

(ii) Transaction privilege, sales or similar taxes applicable to the Project and not otherwise subject to an exemption or exclusion.

(iii) Fees and assessments for the building permit and for other permits, licenses and inspections for which Contractor is required by the Contract Documents to pay.

(iv) The reasonable costs of defending suits or claims for infringement of patent or other intellectual property arising if use of such patent or other intellectual property is required by the Contract Documents (Owner, at its sole option, may assume control of defense of such suit or claim); payments made, in accordance with legal judgments against Contractor resulting from such suits or claims and payments of settlements made with the City's consent.

(v) Royalties and license fees paid for the use of a particular design, process or product required by the Contract Documents.

(vi) Deposits lost for causes other than Contractor's, Subcontractor's, or anyone they might be responsible for, negligence or material failure to fulfill a specific responsibility to Owner as set forth in the Contract Documents or any subcontract.

(h) Emergencies and Repairs. The Cost of the Work shall also include costs that are reasonably incurred by Contractor in taking action to prevent threatened damage, injury or loss in case of an emergency affecting the safety of Persons and/or property.

12.0.6.3 Costs Not To Be Reimbursed. The Cost of the Work shall not include:

(a) Salaries and other compensation of Contractor's personnel stationed at Contractor's principal office or offices other than the site office, except as specifically provided in Section 12.0.6.2(a)(iv).

(b) Employee bonuses or incentive program payments provided by the Contractor, whether or not the employee in question is stationed at the site.

(c) Expenses of Contractor's principal office and offices other than the site office except as specifically provided in Section 12.0.6.2.

(d) Overhead and general expenses, except as may be expressly included in Section 12.0.6.2; in no event shall the Cost of the Work include home office overhead, whether absorbed, unabsorbed, or extended home office overhead.

(e) Contractor's capital expenses, including interest on Contractor's capital employed for the Work.

(f) Rental costs of machinery and equipment, except as specifically provided in Section 12.0.6.2(e)(ii).

(g) Except only to the extent that the costs enumerated in this Section 12.0.6.3(g) are covered by the Builders' Risk policy of insurance required by this Contract and the proceeds of such policy are actually paid to Owner on account of such costs, costs incurred due to the negligence, reckless, or willful misconduct or breach of contract by Contractor, any Subcontractor, anyone directly or indirectly employed by them, or anyone for whom they are liable, or to the failure of Contractor to fulfill a specific responsibility to Owner set forth in the Contract Documents, .

(h) Fees for inspections, tests or of testing laboratories for inspections or tests required to investigate and/or correct defective or nonconforming Work.

(i) Any cost that is:

(i) Not specifically and expressly described and included in Section 12.0.6.2;

(ii) Expressly excluded from the Cost of the Work by this Section 12.0.6.3 (whether or not included in Section 12.0.6.2) or any other provision of the Contract Documents; and/or

(iii) Expressly stated to be at the cost or expense of Contractor (or by other words of similar meaning).

13.0 – PROJECT MANAGEMENT TEAM

13.1 Project Management Team (“PMT”). The PMT includes an “**Owner’s Representative,**” who will receive opinions and advice from the Owner’s facility advisory committee and a “**Contractor’s Representative,**” who will receive opinions and advice from the Architect of record, design professionals, and relevant Subcontractors. The PMT provides executive level guidance for collaborative planning, design management and construction of the Project to achieve the overall project objective. The PMT is responsible for reviewing Project progress and for developing benchmarks, metrics, or standards for progress evaluation. The Owner’s Representative, the Owner’s facility advisory committee, the Contractor’s Representative, the Architect of record, design professionals, and the relevant Subcontractors are all members of the PMT. The Owner’s Representative and Contractor’s Representative must attend all PMT meetings and are responsible for inviting all other necessary PMT members to attend based upon the agenda for each particular Project meeting. The Owner’s Representative and Contractor’s Representative are encouraged to collaborate with the other PMT members regarding the design and development of the Project. However, only the Owner’s Representative and the Contractor’s Representative will have voting rights and decision making authority.

13.1.1 The Owner's Representative is: **Pat Van Lieshout, PM**, and in his absence the Chief Executive Officer or a Chief Financial Officer.

13.1.2 The Contractor's Representative is: _____.

13.2 Authority and Responsibility. The PMT will manage and coordinate implementation of the project objective and provide direction to the Contractor's Team and other Subcontractors. The PMT is authorized to manage and direct the Project, subject to the requirement that PMT decisions be unanimous. The PMT is not, however, authorized to direct the actions of the Contractor's employees and is not responsible for any failure of the Contractor to perform its obligations under the Contract Documents.

14.0 SPECIAL REQUIREMENTS

14.0.1 Owner and Contractor Representatives. In Sections 1.0.2 and 1.0.3, Owner and Contractor, respectively, shall each designate a representative or representatives authorized to initiate and receive all communications relating to the day-to-day activities under this Agreement. Each party shall advise the other party in writing of the name, address and telephone number (day and night) of the designated representative(s) and inform the other party of any subsequent change in designation.

14.0.2 Commercial Activities. Contractor shall not (a) establish any commercial activity or issue concessions or permits of any kind to third-parties for establishing commercial activities on lands owned or controlled by Owner, or (b) allow its employees or Subcontractors to engage in any commercial activities on lands owned or controlled by Owner.

14.0.3 Manufacturers' Nameplates. Manufacturers' nameplates shall not be attached to ornamental and miscellaneous metal work, doors, frames, millwork, elevator cabs, and similar factory fabricated products on which, in Owner's opinion, the nameplates would be objectionable. This provision does not apply to underwriters' labels when required, or to the manufacturers' name and rating plates on mechanical and electrical equipment.

14.0.3.1 Manufacturers' Instructions. All manufactured articles, materials, and equipment shall be applied, installed, connected, erected, used, cleaned and conditioned in accordance with the manufacturers' written specifications or instructions. In case of any difference or conflicts between the requirements of the manufacturers' instructions or specifications and the technical sections of the specifications, Contractor must within five (5) Days report any difference or conflict to Owner.

14.0.3.2 Contractor's Nameplate. Contractor or Subcontractors shall not attach or imprint any nameplate or stamp recognizing their construction of the Project or a portion of the Work without Owner's prior written consent.

14.0.4 Fire Control. Contractor shall ignite and maintain any fires only within designated areas, and will be liable for all Costs from fire due directly or indirectly to its own activities, or to those of its employees or of its Subcontractors, or any of their representatives or employees.

14.0.5 Explosives. Explosives are not be used in the performance of the Work without giving Owner at least two (2) Days advance written notice of any intended use of explosives, and then all such use shall be done strictly in accordance with Applicable Laws. Contractor is solely responsible for the proper

handling, transporting, storage, permitting and use of explosives, and must coordinate and receive approval from Owner as to actual time and place of usage.

14.0.6 Cleanup. Contractor shall maintain and leave the Site in a neat, clean, and safe condition. Upon completion of any portion of the Work, Contractor shall promptly remove all of its equipment and surplus material not to be used at or near the same location during later stages of Work. Contractor shall properly dispose of all excess building materials, rubbish, unused material, and equipment no longer needed by Owner and restore the Site, including driveways, landscape, utilities, and painted surfaces, to pre-construction condition. In the event of Contractor's failure to comply with the foregoing, the same may be accomplished by Owner at Contractor's expense, which will be deducted from any amount due or to become due to Contractor under this Agreement. Upon completion, Contractor shall leave the Site in a broom-clean condition with all surfaces vacuumed, dusted and polished. All cleanup work will be performed to the reasonable satisfaction of Owner.

14.0.7 Procurement. Contractor shall procure and pay for, in Contractor's name as an independent contractor and not as agent for Owner, all materials, equipment, supplies, manufacturing and related services (whether on or off the Site) for construction of and incorporation into the Project which are required for completion of the Work in accordance with this Agreement and are not explicitly specified to be furnished by Owner pursuant to the Contract Documents.

14.0.8 Delivery, Unloading, and Storage.

.1 Duties. Unless specified in this Agreement, Contractor shall deliver to the Site, unload, properly secure and store, and handle all material furnished by either Owner or Contractor, and may be required to unload, properly secure and store, and handle all other material and equipment, in accordance with any specifications supplied by the manufacturer or by Owner, which arrives at the Site after Contractor has begun the Work.

.2 Facilities. The storage facilities and methods of storing are subject to inspection by Owner.

.3 Records. Contractor shall keep complete and accurate records for Owner's inspection of all material and equipment received, stored, and issued for use in the performance of the Work.

14.0.9 Equipment, Tools, or Facilities Supplied by Owner.

14.0.9.1 Use. Owner may make available to Contractor certain equipment, including special tools and facilities for the performance of the Work on an as-available basis. If specified in this Agreement that any equipment is made available to Contractor, Owner may recall the equipment at any time without notice to Contractor. Owner will not be liable to Contractor for any Costs or delay damages.

14.0.9.2 Risk. Contractor must assure itself of the conditions and the safety of all equipment before use and assume all risks and responsibilities during use. The cost of repairs or replacement to correct any overstress or damage resulting from Contractor's use will be at Contractor's expense.

14.0.10 Title to Material Found at or Removed from the Site. Unless Owner provides Contractor with written approval to the contrary, Owner retains all right, title and interest to all water, soil, stone, gravel, sand, minerals, timber, and all other material of value developed or obtained in the excavation or other

operations by Contractor, any Subcontractors, or their representatives or employees. To the extent Owner approves of Contractor's retention of such materials, the value of all such materials-removed under this section shall decrease the Contract Price.

14.0.11 Subsurface Conditions.

.1 Investigations. Where Owner has made investigations of subsurface conditions in areas where the Work is to be performed and makes information available to Contractor, it is understood that the investigations were only for the purpose of study and design and that there is no warranty, either express or implied, that these investigations or records are representative of the conditions existing throughout the area. Owner has no responsibility with respect to the sufficiency or accuracy of the investigations, records, or interpretations setting forth any information provided Contractor. Nothing in this section requires Owner to make any investigations or to make available to Contractor any information from investigations actually made.

.2 Latent Conditions. Contractor shall notify Owner in writing within fifteen (15) Business Days of Contractor's discovery of any, (a) subsurface or latent physical conditions at the Site differing materially from those indicated in the Contract Documents: or (b) unknown physical conditions at the Site of any unusual nature, differing materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in this Agreement before the conditions are disturbed. Owner, as promptly as practical, will investigate the conditions. If the conditions do materially differ and cause an increase or decrease in the Contract Price or Contract Time, then a Change Order will be prepared by Owner to make the necessary adjustments in accordance with this Agreement.

14.0.12 Pollution.

.1 Air and Water. Contractor shall not discharge into the atmosphere any smoke, dust, or other contaminants and will prevent the introduction of any substance or material into any underground aquifer, stream, river, lake, or other body of water that may pollute the water, in violation of any Applicable Laws.

.2 Liability and Responsibility. Contractor is liable for the release of any hazardous substances and for any pollution related to the Work, to the extent that such release is caused by the negligence of Contractor or anyone for whom Contractor is responsible. Should such a release or pollution occur, Contractor shall abate and remove same as required by all Applicable Laws including decontamination, removal, and disposal of any contamination soil, replacement of contaminated soil so removed, and repair of any damage, all at Contractor's sole cost and expense.

14.0.13 Environmental Protection.

.1 Site Clearing. The impact of Site clearing and grading activities, if any, will be minimized by careful planning and supervision, including considerations of soil stability, protection of adjacent vegetation, selectivity in the choice of access and construction road routes, and the protection of drainage or stream banks.

.2 Soil. Soil that has been excavated by Contractor during performance of the Work must be removed from the area and properly disposed of in accordance with all Approving Authorities' requirements if it is determined that removed soil is unsuitable as backfill material.

.3 Chemicals. Growth retardants, chemicals, and biocides are not permitted during construction except where specified in the Contract Documents.

.4 Petroleum Products. Contractor shall not dispose of, or drain, any petroleum derived products at or near the Site. Should a spillage occur, Contractor shall be responsible for excavation of spill area and replacement with clean fill material.

.5 Personnel Instructions. When appropriate, all of Contractor's personnel utilized at the Site will be instructed by Contractor in methods of avoiding damage to the natural environment.

.6 Dewatering. If any dewatering is necessary, the resulting water will be properly discharged or disposed of by Contractor as directed by Owner.

.7 Excess Concrete. All excess concrete and concrete truck wash waste must be properly disposed of off Site, or disposed of by Contractor as directed by Owner.

.8 Dust Control. During performance of the Work, Contractor shall continuously monitor and maintain control of dust at all excavations, embankments, haul roads, access roads, waste disposal area, borrow areas, and all other Work areas as required to reasonably minimize the amount of dust and to allow for the proper performance of the Work. Contractor is solely responsible for dust control and will comply with all Applicable Laws. Water sprinkling and chemicals may be permitted for dust control if approved by the Approving Authorities.

14.0.14 Handling Of Asbestos.

.1 Contractor Compliance. Contractor is cautioned that the Work that Contractor is to perform may involve asbestos, which can be hazardous to health. Unless specifically noted in the Contract Documents, Contractor's obligations expressly exclude any Work of any nature associated or connected with the identification, abatement, cleanup, control, removal, or disposal of asbestos in or on the Project site. In the event that asbestos is involved in performing the Work, Contractor is responsible for being fully aware of and must take all special precautions necessary or appropriate for the protection of the health and safety of all individuals, handling the material containing asbestos. At a minimum, Contractor shall comply with all Applicable Laws and related requirements of OSHA, of the U.S. Environmental Protection Agency, and of any other federal, state, and local authorities, including those contained in 29 C.F.R. 1910.1001 and 29 C.F.R. 1926.58, as applicable, and any other related regulations.

.2 Procedures. Contractor is responsible for establishing and enforcing appropriate procedures for the use of proper personal protective equipment and special clothing, monitoring of personnel and the work environment, posting of proper warning signs and labels, conducting of proper medical examinations, and maintaining appropriate health and medical records for all personnel involved in the handling of any materials containing asbestos. Contractor shall make its own

determination of the actual precautions to be taken. Any communications or approvals by Owner will not relieve Contractor from its responsibility.

.3 No Re-Use. Contractor shall not re-use any removed material that is known to contain asbestos.

14.0.15 Hazardous Substance, Pollutant or Contaminant.

.1 Generally. With regard to all Hazardous Substances, Pollutant, or Contaminants, including hazardous waste, Contractor shall specifically comply with: the Occupational Safety and Health Act, the Emergency Planning and Community Right-To-Know Act, the Resources Conservation and Recovery Act, the Superfund Amendments and Reauthorization Act, the Comprehensive Environmental Response Compensation and Liability Act, the National Pollution Discharge Elimination System Act, the OSHA Hazard Communication Standard (29 C.F.R. Subpart Z), and other similar laws, rules, and regulations including those listed in the definition of Hazardous Substance, Pollutant or Contaminant and specified in the State Addendum.

.2 Procedures. In the event Contractor encounters on the Site Hazardous Materials or any substance reasonably believed to be a Hazardous Material, Contractor upon recognizing the condition shall immediately stop Work in the area affected only and report the condition to Owner in writing. The Work in the affected area shall not thereafter be resumed except by written agreement of Owner and Contractor if in fact the material or substance encountered is a Hazardous Material and has not been rendered harmless. The Work in the affected area shall be resumed in the absence of a Hazardous Material, or when it has been rendered harmless. Provided Contractor has fulfilled its obligations under this Section 14.0.15.2 and any Applicable Laws, and provided that Contractor is not responsible for bringing the Hazardous Material or substance reasonably believed to be a Hazardous Material on to the site, if the Hazardous Material causes an increase or decrease in the Contract Price or Contract Time, then a Change Order will be prepared by Owner to make the necessary adjustments in accordance with this Agreement.

.3 Indemnity for Existing Hazardous Substance, Pollutant, or Contaminant. Owner shall defend, indemnify and hold harmless Contractor from and against any and all claims, damages, losses and expenses including reasonable attorney's fees and court costs resulting from the presence of any Hazardous Substance, Pollutant, or Contaminant at the Site prior to the commencement of the Work by Contractor; provided, however, Owner shall not have any of the foregoing obligations to the extent any such claims, damages, losses or expenses arise out of or result from a breach of this Contract by Contractor or the acts, errors, omissions or misconduct of Contractor, its Subcontractors, or anyone for whose actions they may be liable; provided further, without limiting the generality of the foregoing proviso, Contractor shall be fully responsible pursuant to Section 23.0 for any exacerbation of any preexisting Hazardous Substance, Pollutant, or Contaminant condition caused by Contractor's negligence including, without limitation, any negligent release or discharge of a previously contained preexisting Hazardous Substance, Pollutant, or Contaminant condition. The foregoing obligations shall not be construed to negate, abridge, or reduce other rights or obligations which would otherwise exist as to a party described in this Section 14.0 or otherwise under this Agreement.

14.0.16 Material Safety Data Sheets (MSDS). Contractor shall submit a MSDS, as defined and prescribed in 29 C.F.R. § 1900.1200, two (2) Business Days before initial delivery of any Hazardous Substance, Pollutant or Contaminant. Submission of a MSDS for any subsequent delivery of such Hazardous Substance, Pollutant or Contaminant is not required, so long as Contractor has records indicating a current MSDS has been submitted to Owner and there has been no change affecting the characteristics and/or composition of the substance since such submission.

14.0.17 Container Labeling. Any Hazardous Substance, Pollutant, or Contaminant shall be properly labeled before being delivered to the Site, in accordance with OSHA and any other applicable labeling requirements, including those for preservation of labels from manufacturer's containers and the labeling of secondary containers.

14.0.18 Project Administration Software. For all aspects of the Project, Contractor shall use the project administration software adopted by Owner as of the date of the Agreement.

14.0.19 Further Assistance. Contractor shall execute and deliver all further instruments and documents, and provide further reasonable assistance, including assisting Owner in filing a notice of completion with the appropriate state and local lien recording offices, that may be necessary or that Owner may reasonably request to enable Contractor to complete performance of the Work or to otherwise effectuate the purposes or intent of this Agreement.

15.0 INSPECTION AND TESTING

15.0.1 Access. All Work performed and all material furnished shall at all times be subject to inspection by Owner. If Contractor covers all or any portion of the Work prior to any inspection or tests, as required, the cost of any necessary uncovering and replacing will be paid by Contractor at no cost to Owner.

15.0.2 General Tests. Except for those tests that are required by the Contract Documents to be performed by Owner, Contractor shall perform all other testing required directly or indirectly by the Contract Documents after giving Owner written notice of the pending tests. Upon Owner's request, Contractor shall do the tests in the presence of Owner.

15.0.3 Rejection. Owner shall notify Contractor in writing when Owner determines that material furnished by Contractor or Contractor's workmanship during performance of the Work, or during any applicable warranty period, is defective or not in compliance with the Contract Documents. Contractor shall, at its own expense, take all necessary action to correct the defects.

15.0.4 Additional Testing. If Owner requests additional testing, the tests will be performed at Owner expense, except all Costs relating to additional tests for rejected or non-conforming Work will be at Contractor's sole expense and will not be included in the Contract Price.

15.0.5 No Owner Obligation. Owner is not obligated to inspect the Work. Neither the inspection nor testing of Work and material, or any part thereof, by Owner or Owner's Representative, nor the lack of same relieves Contractor of its responsibilities for performing and providing the Work in accordance with the Contract Documents.

15.0.6 Testing. As part of the Work, Contractor shall perform the following tests (the "Project Tests"). Owner may waive any such Project Tests.

15.0.6.1 Performance Tests. When the Project is Substantially Complete and is sufficiently complete so that all systems are capable of safe operation in accordance with all Applicable Laws, Best Efforts, Operating Manuals, and all Approving Authorities, Contractor shall test the Project in accordance with Applicable Laws, this Agreement and all Project Specific tests. Contractor shall give Owner at least five (5) (but not more than twenty (20)) Days' prior written notice of the date on which Contractor intends to commence the initial Performance Test and at least five (5) Days' prior written notice of the commencement date of any subsequent Performance Tests. Owner shall have the right to suspend or delay any Performance Test for a reasonable period. Contractor shall not attempt to perform any Performance Test if Owner gives notice to Contractor that an aspect of the Project has not been completed by Contractor, the completion of which is required for the safe operation of all or any part of the Project during the Performance Test in accordance with Applicable Laws, Best Efforts, Approving Authorities and the Operating Manuals.

15.0.6.2 Standard Tests. Once the Project is sufficiently complete so that all systems are capable of safe operation in accordance with this Agreement, all Applicable Laws, the requirements of all Approving Authorities, and the operating manuals for all equipment, Contractor shall test the Project to determine compliance with the requirements of such authorities and any further standard testing requirements. Should the Project not demonstrate compliance with the Standard Requirements during the Standard Test designed to determine compliance therewith, Contractor shall follow the Correction Procedures described in Section 15.0.9 until the Standard Tests are satisfied.

15.0.7 Non-Required Tests. If Owner requests that tests be performed of any portion of the Work, which tests are not otherwise required to be performed pursuant to this Agreement, Owner will pay the cost of such testing, if any, and Contractor may request the costs be paid as a Change Order or Construction Change Directive providing for an equitable adjustment to the Contract Price, Contract Time, and Project Schedule to the extent of any impact of such testing, unless such tests reveal the Work to be defective, in which case Contractor shall pay the cost of such testing and shall not receive any extensions to the Contract Time or the Project Schedule.

15.0.8 Testing Procedures. Contractor shall provide Owner with proposed test and commissioning procedures, standards, protective settings, and the testing and commissioning program to be followed by Contractor, which will be consistent with this Agreement, all Applicable Laws, the requirements of the Approving Authority, and the operating manuals, together with any applicable requirements, not less than fourteen (14) Days prior to the date on which Contractor anticipates the commencement of any of the Project Tests. Contractor and Owner shall cooperate reasonably to reach agreement on such test and commissioning procedures, standards, protective settings, and test and commissioning program to be followed by Contractor not less than seven (7) Days prior to the date on which Contractor anticipates commencing the Project Tests.

15.0.9 Correction Procedures. In the event that the Project Tests are unsatisfactory, Contractor shall follow the procedures and take the actions described below (the "Correction Procedures") until such time as the applicable testing requirements are satisfied. All Correction Procedures (including repairs and replacements pursuant thereto) shall be consistent with this Agreement, all Applicable Laws, the

requirements of the Approving Authority, and the operating manuals, together with any applicable requirements. Contractor shall, at its own expense: (a) Correct any defect or deficiency in the Work and take such other steps (including such repairs and replacements) as are necessary to cause the Project to meet the applicable requirements; (b) conduct such further tests as are necessary to demonstrate that the Project complies with the applicable requirements.

15.0.10 Start-up and Initial Operation. The Work shall include the startup of components, calibration of controls and equipment, tuning, initial operation of the Project and each portion thereof, all function and verification tests, and all other startup and initial operation functions pertaining to the Project. At all times during the performance of the Work, Contractor shall use reasonable efforts to minimize (consistent with all Applicable Laws, Best Efforts and the terms of this Agreement) the use of fuels, utilities, consumables, waste disposal services, electricity, water, chemicals and spare parts.

15.0.11 Personnel Training. Prior to startup of the Project, Contractor shall provide training to Owner's, or its designee's, personnel in the operation and maintenance of the Project, including on the job and safety training. Such training shall be designed to offer basic instruction and training and shall be of such quality so as to provide operation and maintenance personnel with a comprehensive coverage of the operational and maintenance aspects of the Project. Training shall include instruction from the Subcontractors, as appropriate, including those Subcontractors related to the following components of the Project: water and waste disposal systems and control systems. Contractor shall provide appropriate manuals and other written materials as part of the training program.

16.0 WARRANTY AND GUARANTEE

16.0.1 Warranty Period. Except for title, the guarantees and warranties specified in this Section 16.0 are applicable for a period equal to the greater of: (a) 366 Days after Substantial Completion, or (b) such longer period as jurisdiction of the Work is retained by any governmental authority. Such period shall be the "Warranty Period." The guarantees and warranties of title shall not expire.

16.0.2 General. Contractor unconditionally guarantees and warrants that all equipment, materials and personal property furnished or sold to Owner by Contractor is new, of good quality, free from defects in design, workmanship and material, strictly conforms to the requirements of the Contract Documents, is suitable for the use intended, and vests in Owner free from any security interest, lien or encumbrance. In addition, Contractor warrants that all labor performed will be of good quality and performed in a thorough, workmanlike manner and in strict conformance with the Contract Documents. Contractor warrants and guarantees that any corrective work will also meet the warranty requirements stated in this Section. Nothing contained in this section excludes or modifies any duty, obligation, or liability that Contractor, or any Subcontractor has assumed under the Contract Documents, or any warranties, expressed or implied, provided by law, or any warranty provided by any third party. Contractor assigns to Owner, or otherwise gives to Owner, the benefit of all warranties and guarantees, which Contractor has or to which Contractor is entitled from Subcontractors and manufacturers, covering all equipment and material installed in the Work or worked on at the Site. In no event will any assigned warranty be deemed to reduce, diminish or otherwise limit the scope or period in any warranty given by Contractor as otherwise provided in this Section 16.0. Contractor shall deliver to Owner all operating and training manuals applicable to all or any portion of the Work.

16.0.3 Breach of Warranty. If within any guarantee or warranty period, repairs or changes are required in connection with the Work, as the result of the use of materials, equipment, or workmanship which are inferior, defective, or not in strict accordance with the terms of the Contract Documents (the "Warranty Repair"), Contractor shall, and without expense to Owner, repair and correct the Work to the condition required under the Contract Documents and to Owner's reasonable satisfaction in accordance with Section 16.0.4.

16.0.4 Warranty Repair Process.

16.0.4.1 Discovery. Owner shall provide Contractor with written notification of the discovery of any required Warranty Repair within the applicable Warranty Period. Upon receipt of notification of request for a repair, Contractor shall start the warranty repair, as soon as possible, but in all events the Warranty Repair shall be completed no later than ten (10) Days (excluding Sections 16.0.4.2 and 16.0.4.3) after receipt of the notification by Contractor. In the event that the warranty repair by its very nature and with the expenditure of all due diligence and Best Efforts on the part of Contractor, cannot be completed within ten (10) Days, Contractor shall complete the Warranty Repair within a reasonable amount of additional time.

16.0.4.2 HVAC. All Warranty Repairs concerning heating, ventilation, air conditioning, plumbing or electrical, Contractor must commence within twenty-four (24) hours and use its Best Efforts to complete the warranty repair within forty-eight (48) hours of notification by Owner. In the event that the warranty repair by its very nature and with expenditure of Contractor's Best Efforts cannot be completed within such forty-eight (48) hour period, Contractor shall complete the Warranty Repair within a reasonable amount of additional time, not to exceed thirty (30) days.

16.0.4.3 Emergency. In the event that an Emergency should result as a direct or indirect result of any item that would be subject to the warranty repair obligations of Contractor, Owner will have the right to immediately repair the item, without waiving the guarantee or the warranty repair obligations set forth in this Agreement. For the purpose of this section, an "Emergency" is defined as any Warranty Repair that causes any portion of the Project to be: (i) unsafe; or (ii) uninhabitable.

16.0.4.4 Owner Correction. In the event Contractor fails to fully and completely comply with the requirements in this Section 16.0.4, Owner may commence and complete the warranty repair, in any reasonable manner that Owner may deem fit. Owner has the right to immediately deduct or charge Contractor for all Costs reasonably incurred by Owner under this Section 16.0.4, plus a reasonable fee for administrative and supervisory activities, from amounts due and payable to Contractor. In the event Contractor fails or refuses to pay Owner within thirty (30) Days of demand, interest will be assessed and begin to accrue at the Interest Rate from the date payment was demanded until payment is received by Owner.

16.0.5 Guarantee Certificates. On or before the Final Completion Date, Contractor shall submit Guarantee Certificates in duplicate, duly signed, bound together in book form, including a list of Subcontractors to contact regarding guarantee and warranty services. Guarantee Certificates will be furnished for overall general construction and for each Subcontractor in a form satisfactory to Owner.

17.0 CLOSE OUT

17.0.1 Punch List. When Contractor considers that the Work, or a designated portion thereof acceptable to Owner, is Substantially Complete, Contractor shall prepare for submission to Owner a list of all items yet to be completed or corrected (the "Punch List"). Failure to include any items on the Punch List will not alter the responsibility of Contractor to complete all Work in accordance with the Contract Documents. Owner has the right to add items to the Punch List from time-to-time during the Close Out Period. When Owner, on the basis of an inspection, determines that the Work is Substantially Complete, a certificate will be prepared by Contractor for Owner's approval, if appropriate in Owner's sole and absolute discretion, that will: (a) establish the occurrence of Substantial Completion; (b) state the responsibilities of Owner and Contractor for security, maintenance, heat, utilities, damage to Work, insurance, and correction of the items listed on the Punch List; and (c) fix the estimated cost to complete all the listed items.

17.0.2 Partial Occupancy or Use. Owner may occupy or use any completed or partially completed portion of the Work at any stage when authorized by the applicable Approving Authorities having jurisdiction over the Work. Such partial occupancy or use may commence whether or not the portion is Substantially Complete, provided Owner and Contractor have accepted in writing the responsibilities assigned to each of them for payments, Retainage, if any, security, maintenance, heat, utilities, damage to the Work and insurance, and have agreed in writing concerning the period for completion and/or correction of the Work and commencement of warranties required by the Contract Documents. When Contractor considers a portion Substantially Complete, Contractor shall prepare and submit a list to Owner. Consent of Contractor to partial occupancy or use shall not be unreasonably withheld. Immediately prior to partial occupancy or use, Owner and Contractor shall jointly inspect the area to be occupied or portion of the Work to be used in order to determine and record the condition of the Work. Partial occupancy or use of a portion or portions of the Work does not constitute acceptance of Work not complying with the requirements of the Contract Documents.

17.0.3 As-Built Drawings. As part of the Work, Contractor shall provide Owner with one final set of As-Built Drawings. As-Built Drawings shall be maintained in accordance with the following: As-Built Drawings shall be updated on a monthly basis to reflect all changes and variations in the Work from the Construction Drawings. Contractor's failure to update the As-Built Drawings shall be justification to withhold payment from Contractor. The As-Built Drawings will be completed, signed, dated, and delivered to Owner no later than the Final Completion Date or the date of Owner's occupancy of the Project, whichever is earlier. In addition to withholding the Final Payment, upon failure of Contractor to deliver to Owner the As-Built Drawings within the time limit specified" Owner may have the As-Built Drawings completed by another contractor or Owner's employees and the cost thereof charged to Contractor or deducted from the Final Payment.

18.0 SUSPENSION AND TERMINATION

18.0.1 Effect. The termination of this Agreement by whatever means shall not affect the warranty provisions in any manner whatsoever. This Agreement commences on the execution of this Agreement and remains in effect until the Work is performed to completion in accordance with the Contract Documents, unless terminated earlier in accordance with this Section 18.0.

18.0.2 Suspension. Owner may, by written notice, direct Contractor to suspend performance on any or all of the Work for a specified period of time. Upon receipt of a suspension notice, Contractor shall: (a)

discontinue Work except as provided in this section; (b) place no further orders or subcontracts; (c) suspend all orders and subcontracts except as necessary to comply with this section or as otherwise reasonably approved by Owner after Contractor's Consultation with Owner; (d) protect and maintain the Work; and (e) otherwise mitigate Owner and Contractor's costs and liabilities for those areas of Work suspended. If any suspension unreasonably delays the progress of the Work and is not occasioned by the fault or negligence of Contractor, the Contract Price may be adjusted on the basis of the additional direct expenses actually incurred by Contractor to perform the Work as a direct result of the suspension, provided that any claim for adjustment is supported by appropriate cost documentation, subject to audit, and is asserted within ten (10) Business Days after the date Owner issues an order for resumption of the Work.

18.0.3 Termination For Convenience. Owner may, in its sole discretion, terminate any or all Contracts at any time, or may terminate all or any portion of the Work not then completed by giving Contractor ten (10) Days written notice of termination. Provided that Contractor has fully complied with and is not otherwise in breach under the Contract Documents, Owner shall pay to Contractor the proportional amount of the Contract Price Cost for the Work completed, including fee on Cost of Work Completed, and any costs incurred with Owner's written approval in connection with the termination of the Work, less any prior payments by Owner to Contractor. Contractor shall not be entitled to any further payment whatsoever. If any Termination for Cause by Owner is later held or adjudged to be improper or without cause, such termination it shall be deemed and converted to a Termination for Convenience and shall be treated in accordance with this section.

18.0.4 Immediate Termination if Adverse Financial Condition. In Owner's sole discretion, this Agreement will immediately terminate upon written notice by Owner to Contractor in the event that: (a) a material adverse change in the financial condition of Contractor occurs which affects, will affect or may affect Contractor's performance under this Agreement; (b) Contractor makes an assignment for the benefit of creditors; (c) proceedings are filed by or against Contractor under federal bankruptcy or state insolvency statutes or Contractor takes advantage of any insolvency statute or similar statute; or (d) a receiver or trustee is appointed for the property and assets of Contractor and the receivership is not discharged within thirty (30) Days of the appointment.

18.0.5 Termination for Cause. Owner may terminate this Agreement upon 10 days' notice and opportunity to cure for any of the reasons expressly permitted by this Agreement or if Contractor:

- .1 Refuses or fails to supply enough properly skilled workers or proper materials;
- .2 Fails to make payment to Subcontractors for materials or labor in accordance with the respective agreements between Contractor and the Subcontractors;
- .3 Disregards Applicable Laws or orders of Approving Authorities;
- .4 Abandons the Work;
- .5 Fails to perform acceptable Work;
- .6 Fails to meet milestones of the Project Schedule;

- .7 Is unable to continue because of financial problems;
- .8 Assigns this Agreement without prior written approval from Owner; or
- .9 Is otherwise guilty of a material breach of the Contract Documents.

18.0.6 Contractor's Obligations After Termination Notice. Upon receipt of a termination notice under Sections 18.0.3, 18.0.4, or 18.0.5, Contractor shall, unless the notice specifies otherwise: (a) immediately discontinue performance of the terminated Work, except as necessary to preserve and protect any Work in progress; (b) place no additional orders or subcontracts; (c) use its Best Efforts to obtain termination of all orders and subcontracts related to the Work, upon terms satisfactory to Owner; and (d) otherwise minimize costs to Owner and Contractor. Contractor shall within two (2) Days contact Owner's Representative for clarification if it is unable to determine the actions necessary to preserve and protect any Work in progress.

18.0.7 Termination by Contractor. Contractor may terminate this Agreement if the Work is stopped for a period of thirty (30) consecutive Days without a suspension of work order from Owner, provided such stoppage occurs through no fault of Contractor, any Subcontractor, or their agents or employees or any other persons or entities performing portions of the Work under a direct or indirect contract with Contractor, for any of the following reasons:

- .1 Issuance of an order of a court or other public authority having jurisdiction which requires all Work to be stopped;
- .2 An act of government, such as a declaration of national emergency, which requires all Work to be stopped; or
- .3 Because Owner has not certified an Application for Payment and has not notified Contractor of the reason for withholding certification or because Owner has not made payment on a certified Application for Payment within the time stated in the Contract Documents.

19.0 DOCUMENTATION

19.0.1 Title. The Documentation is Owner's property and must be delivered to Owner upon completion or termination of the Work, or at any time upon the written request of Owner.

19.0.2 Format of Documentation. Documentation prepared by Contractor shall be prepared in accordance with the Contract Documents and in a format approved by Owner.

19.0.3 Submittal to Owner. Contractor shall provide Owner with all Documentation provided by Contractor, including those of any Subcontractor. Owner has the right to review and comment on any Documentation, but will not be obligated to do so. Any action taken by Contractor as a result of Owner's comments remain the sole discretion of Contractor, but Contractor must submit a full and complete explanation of any action, including the decision to take no action. Acceptance or incorporation of Owner's comments will not relieve Contractor from responsibility for the correctness of the Work and the Documentation furnished by Contractor or within Contractor's expertise.

19.0.4 Review of Owner Documentation. Contractor shall review all Documentation provided by Owner in connection with the Work, as well as Documentation prepared by Contractor, and must immediately notify Owner of any defects or deficiencies discovered in Contractor's review.

19.0.5 Conflicts and Errors. Contractor shall advise Owner of all material conflicts, errors, omissions or discrepancies in the Documentation within seven (7) Days of discovery by Contractor. All Work, affected by reasonably discoverable conflicts, errors, omissions or discrepancies, which is performed by Contractor prior to resolution by Owner, will be at Contractor's sole risk, without relief of any manner under the Contract Documents.

20.0 ACCOUNTING AND AUDITING

20.0.1 Contractor's Records. Contractor shall check all materials, equipment, and labor entering into the Work Site and keep detailed accounts as may be necessary for proper financial management under this Agreement. Contractor's accounting system must be satisfactory to Owner. Upon Owner's request, Owner will be afforded access to all Contractor's records, books, correspondence, instructions, Drawings, As-Built Drawings, receipts, vouchers, memoranda and all other similar data relating to this Agreement. Upon such request, all such documentation shall be provided at Contractor's offices at the address for Notices in the Agreement or such other place as the parties may agree. Contractor shall preserve all records for a period of four (4) years, or for such longer period as may be required by Applicable Laws, after Final Payment. All documentation shall be retained in accordance with Generally Accepted Accounting Principles or such other standards as are reasonable and customary in the construction industry for the place of the Project.

20.0.2 Project Logs. In addition to all other records, Contractor shall maintain current and complete logs of all Change Orders, Construction Change Directives, Minor Changes in the Work, Requests for Information, Submittals, and other transmittals, correspondence, related to the Project. The log shall indicate the up-to-date status of each document.

20.0.3 Billing Format. Contractor shall provide, among other systems agreed upon by Owner and Contractor, the monthly billing on Owner's billing form or similar billing format approved by Owner.

20.0.4 Auditing of Contractor. At any time, Owner has the right to audit Contractor's Applications for Payment and books and records (hard copy, as well as computer readable data if it can be made available). Contractor agrees to provide Owner all information reasonably requested to audit the Contract Price and any fees, claims, change order requests or other costs, damages or amounts requested or claimed or paid for the Work. Owner shall be afforded access to all of Contractor's records, and shall be allowed to interview any of Contractor's employees pursuant to the provisions of this Section 20.0 throughout the term of this Agreement and for a period of four (4) years after Final Payment or longer if required by law. All audits will take place at Contractor's office within the State, with full cooperation by Contractor. Contractor shall provide all information from its Subcontractors that Owner requests in connection with the audit to Owner for its review and/or reproduction. Contractor shall require its Subcontractors to comply with the provisions of this Section 20.0 by insertion of the requirements hereof in Contractor's contracts with its Subcontractors. Daily records of Contractor's employees and agents pertaining to the Work must be kept and made available, upon ten (10) Days' notice, to Owner at Owner's office for examination during normal business hours. If, as a result of an audit, Owner finds that it has been

overcharged for any costs, fees or services in excess of the amount submitted on an Application for Payment or paid, Contractor shall immediately remit the amount of the overcharge to Owner. If the overcharge is in excess of three (3) percent of the amount submitted on an Application for Payment or paid, Contractor shall also remit to Owner: (a) the costs of the audit incurred by Owner, and (b) interest on the amount of the overcharge at the Interest Rate from the date of the initial overcharge. If Contractor does not remit within five (5) Days of Owner's demand, Owner may deduct the amount owed to Owner from any amounts owed to Contractor.

21.0 TAXES

21.0.1 All Taxes. Contractor shall pay when due all sales, excise, privilege, gross receipts, use, compensation and like taxes or assessments in existence at the time of execution of the Agreement imposed or levied by: (a) the State, (b) any city, town, county or other political division, (c) any Approving Authorities, or (d) any other applicable tax authority, in connection with this Agreement or the Work.

21.0.2 All Benefits. Contractor shall pay when due: all taxes and contributions for unemployment insurance, retirement benefits, life insurance, pensions, annuities and like benefits now or hereafter imposed by Applicable Laws or collective bargaining agreements with respect to persons employed by Contractor or any Subcontractor in connection with this Agreement or the Work.

21.0.3 Deductions and Exemptions. Contractor shall obtain for the benefit of Owner all applicable current and future tax deductions or exemptions and reimburse Owner in an amount equal to any tax savings that Contractor may realize as a result of the deductions and exemptions. Furthermore, Contractor, at no additional cost to Owner, shall cooperate with Owner in any manner permitted by Applicable Law to prevent or avoid any applicable tax.

22.0 LAWS AND REGULATIONS

22.0.1 Applicable Laws and Permits. Contractor shall: (a) comply with all Applicable Laws applicable to the Work, the Site and the Project; (b) procure and pay for all permits and inspections as required by the Contract Documents; and (c) furnish any and all security, deposits, notices or bonds required to permit performance of the Work. Contractor shall be liable for any damages that result from Contractor's failure to comply with the Applicable Laws. Further, Contractor covenants and warrants that it will observe and strictly comply with all Applicable Laws in connection with the performance of the Work. If Contractor performs any portion of the Work that it knows to be or reasonably should know is contrary to the Applicable Laws without written notice to Owner, Contractor shall assume appropriate responsibility for such Work and bear the costs attributable to correction at no Cost to Owner.

22.0.2 Separate Contracts. The Owner shall provide for coordination of the activities of the Owner's own forces and of each separate contractor with the Work of the Contractor, who shall cooperate with them. The Contractor shall participate with and the Owner shall cause other separate contractors to participate in reviewing their construction schedules. The Contractor shall make any revisions to the construction schedule deemed necessary after a joint review and mutual agreement. The construction schedules shall then constitute the schedules to be used by the Contractor, separate contractors and the Owner until subsequently revised. Owner's separate contractors shall provide the same insurance and waivers of subrogation as the Contractor is required to provide under this Agreement.

22.0.3 Social Security Act Compliance. For the purpose of implementing the Social Security Act, Contractor agrees to comply with all statutory requirements including: (a) those statutes and regulations governing the maintenance of documentation to verify the cost of services rendered under this Agreement if a total payment of \$10,000 or more is made to Contractor during any twelve (12)-month period; (b) until the expiration of ten (10) years after the furnishing of services and Work pursuant to this Agreement, Contractor must make available, upon written request of the Secretary or Comptroller General, or any of their duly authorized representatives, this Agreement and books, documents and records of Contractor that are necessary to certify the nature and extent of costs under this Agreement; and (c) if Contractor carries out any portion of the duties of this Agreement through a subcontract with a value or cost of \$10,000 or more over a twelve (12) month period and with a related organization (as that term is defined with regard to a provider in 42 C.F.R. § 405.427(b), et seq.), the subcontract must contain a clause to the effect that until the expiration of ten (10) years after the furnishing of services and Work pursuant to the subcontract, the related organization will make available, upon written request of the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, books, documents and records of such organization that are necessary to verify the nature and extent of costs under the subcontract.

22.0.4 Equal Opportunity. Contractor shall comply with the affirmative action and equal employment opportunity policies of Owner and with all equal employment opportunity requirements adopted by any governmental authority including the Civil Rights Act of 1964, Executive Orders 11246, 11375 and 11478, and any state fair employment practices act. Contractor shall likewise require its subcontractors and suppliers to comply with all equal employment opportunity requirements.

22.0.5 Ethical Conduct and Legal Compliance. Owner is a recognized leader in terms of fair and ethical dealings and expects Contractor, subcontractors and their employees to carry out their responsibilities with honesty, fairness and dignity.

22.0.6 Owner's Instructions, Training in Owner's Procedures. Contractor shall ensure that it and its Subcontractors and their respective employees, servants and agents shall, whenever on Owner's premises or performing the Work, obey all Project rules, instructions and directions (including the Project Delivery Model) applicable to the Work or Site or issued by Owner.

22.0.7 Collective Bargaining Agreements. Contractor is aware of, and familiar with, all collective bargaining agreements which do or may pertain to or affect the Work, or other work at the Site, including all collective bargaining agreements to which Contractor is or may become a signatory, as well as collective bargaining agreements to which the Subcontractors are signatories, Contractor shall perform the Work in compliance with the provisions of all collective bargaining agreements binding upon Contractor, not interfere with or cause the breach of any collective bargaining agreements that Contractor is not a signatory, and take all action necessary and reasonable to assure that there will be no delays, work stoppages; excessive labor costs, or other labor difficulties of any kind due to or arising out of, any collective bargaining agreements or due to, or arising out of, any labor disputes, Contractor shall plan and conduct its operations so that its employees will work in a harmonious relationship with other groups of workmen at the Site, so that there will be no delay, endangerment, or avoidable interference with the operations of others, all to the best interest of Owner. Notwithstanding anything to the contrary herein, nothing in this Agreement shall require Contractor to perform the Work with 100% union labor.

23.0 INDEMNIFICATION

23.0.1 General. To the fullest extent permitted by law, and without limiting any indemnification otherwise provided at law or in equity, Contractor shall fully protect, indemnify, defend (with counsel reasonably acceptable to Owner), and hold harmless the Indemnitees for, from and against all Actions and Costs arising out of or resulting from, either directly or indirectly, any of the following:

.1 Work, performance of the Work or the incorporation of any defective materials into the Work or the Project, provided that the Actions or Costs are (a) attributable to (1) bodily injury, sickness, disease or death, or (2) any destruction, injury or damage to property, and (b) caused in whole or in part by an act or omission or the negligence of Contractor, any Subcontractor or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable;

.2 Liens. Any lien or claim by any Subcontractor, manufacturer, or other entity or person supplying labor, equipment, services, or materials related to the Work, provided that Owner is not in default of the payment provisions of this Agreement;

.3 Hazardous Substance, Pollutant, or Contaminant. The introduction, uncovering, release of suspected or confirmed asbestos, polychlorinated biphenyl (PCBs), petroleum based substances, or any Hazardous Substance, Pollutant, or Contaminant caused by the negligence of or the failure to comply with the terms and conditions of the Contract Documents by Contractor or any Subcontractor or any entity or person for whom any of them is responsible;

.4 Intellectual Property. The infringement of any Intellectual Property right unless such item or process is specified in the Contract Documents;

.5 Taxes. Contractor's failure to pay any and all sales, excise, privilege, gross receipts, use, compensation and like taxes or assessments, now or hereafter imposed or levied by (a) the State, (b) any city, town, county or other political division, (c) any Approving Authority, or (d) any other applicable tax authority, in connection with this Agreement or the Work performed;

.6 Labor. Contractor's failure to maintain harmonious labor relations at the Site despite Contractor's Best Efforts;

.7 Employee Benefits. Contractor's failure to pay any and all taxes and contributions for unemployment insurance, retirement benefits, life insurance, pensions, annuities and any other benefits now or hereafter imposed by Applicable Laws or collective bargaining agreements with respect to persons employed by Contractor or any Subcontractor in connection with this Agreement or the Work; and/or

.8 Laws. Contractor's failure to comply with all Applicable Laws.

23.0.2 Effect of Workers' Compensation Law on Indemnification. Section 23.0.1 will not be limited in any way by any limitation on the amount or type of costs, compensation or benefits payable by or for Contractor, Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable under workers' or workmen's compensation acts, disability benefit acts, or other employee benefit acts.

23.0.3 Counsel. If any Action is brought against the Indemnites for which the Contractor’s obligation of indemnity arises under this Article 23, Contractor shall resist and defend the Action at Contractor’s cost using counsel reasonably acceptable to the Indemnites. Nothing contained in this Section 23.0.3 will be construed as prohibiting the Indemnites (at their option and sole cost and expense) from retaining their own legal counsel and defending any Action brought against them.

23.0.4 Not Limiting Insurance. Section 23.0 will not be limited by reason of any insurance coverage required under the Contract Documents.

23.0.5 Not Sole Negligence. Contractor shall not be required to defend or indemnify an Indemnitee under Section 23.1 against liability for damages caused by or resulting from the active negligence, sole negligence or willful misconduct of the Indemnitee, but such obligations shall apply in all other cases.

23.0.6 Not Limiting Other Indemnification Rights. Section 23.0.1 will not be construed to negate, abridge or reduce other rights or obligations of indemnity that would otherwise exist to an Indemnitee.

24.0 INSURANCE AND BONDS

24.1 CONTRACTOR’S LIABILITY INSURANCE

24.1.1 The Contractor shall purchase from and maintain in a company or companies lawfully authorized to do business in the jurisdiction in which the Project is located such insurance as will protect the Contractor from claims set forth below which may arise out of or result from the Contractor’s operations and completed operations under this Agreement and for which Contractor may be legally liable, whether such operations be by the Contractor or by a Subcontractor or by anyone employed by any of them, or by anyone for whose acts any them may be liable:

- .1 Claims under workers’ compensation, disability benefit and other similar employee benefit acts that are applicable to the Work to be performed;
- .2 Claims for damages because of bodily injury, occupational sickness or disease, or death of the Contractor’s employees;
- .3 Claims for damages because of bodily injury, sickness or disease, or death of any person other than the Contractor’s employees;
- .4 Claims for damages insured by usual personal injury liability coverage;
- .5 Claims for damages, other than to Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
- .6 Claims for damages of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle;
- .7 Claims for bodily injury or property damage arising out of completed operations; and
- .8 Claims involving contractual liability insurance applicable to the Contractor’s indemnity obligations hereunder.

24.1.2 The insurance required by Section 24.1.1 shall be written for not less than limits of liability specified in the Contract Documents or required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from the date of commencement of the Work until the date of final payment and termination of any coverage required to be maintained after final payment, and, with respect to the Contractor's completed operations coverage, until the expiration of the period for correction of Work or for such other period for maintenance of completed operations coverage as specified in the Contract Documents.

24.1.2.1 Prior to the commencement of Work, Contractor shall, at its own expense, procure and maintain in effect at all times during the performance of the Work under this Agreement not less than the following coverages and limits of insurance, which shall be maintained under forms of policies and from insurance companies satisfactory to Owner and Owner's lender. Such insurance shall be primary and not contributing to any insurance available to Owner and Owner's insurance shall be in excess thereto. Contractor shall provide copies of policies when requested by Owner. Contractor will disclose to Owner any deductible or self-insured retention that exceeds \$25,000 for any of the required coverages.

- .1 Workers' compensation and employer's liability insurance:
 - (1) Workers' compensation in accordance with statutory law
 - (a) A waiver of subrogation endorsement is required.
 - (2) Employers' liability insurance shall be provided in amounts not less than:
 - (a) \$1,000,000 bodily injury for each accident
 - (b) \$1,000,000 policy limit for bodily injury by disease
 - (c) \$1,000,000 each employee for bodily injury by disease
- .2 Commercial general liability insurance covering Contractor's operations with limits not less than:
 - (1) \$2,000,000 each occurrence combined single limit for bodily injury and property damage
 - (2) \$2,000,000 for personal injury
 - (3) \$4,000,000 general aggregate per project
 - (4) \$4,000,000 aggregate for products-completed operations
 - (5) The commercial general liability coverage must include:
 - (a) An endorsement providing that the general aggregate limit applies separately to this Project.
 - (b) Contractual liability including the indemnity obligations of Contractor hereunder.

- (c) Broad form property damage coverage including completed operations.
 - (d) Products and completed operation must be maintained for three (3) years after final payment with the total limits required herein. If requested by the Owner, the Contractor shall furnish certificates of insurance verifying this coverage for three (3) years after final payment.
 - (e) The commercial general liability policy must be written on an occurrence form. A "claims made" policy form or a "modified occurrence" form is not acceptable.
 - (f) Coverage for residential projects if applicable.
- 3 Business auto liability insurance insuring bodily injury and property damage with a combined single limit of not less than \$1,000,000 each accident for owned, non-owned and hired vehicles.
 - 4 Commercial umbrella insurance with a limit of not less than \$10,000,000 over the primary insurance required by this Contract with a self-insured retention of no more than \$10,000.
 - 5 If Contractor or its subcontractors are required to perform any design-build work, they must have professional liability insurance with limits of not less than \$2,000,000 each occurrence and not less than \$2,000,000 aggregate. In the event a design-build subcontractor does not carry professional liability insurance as set forth herein, Contractor shall inform Owner, in writing, that the design-build subcontractor does not carry professional liability insurance and Owner shall have the right to approve and/or reject the design-build subcontractor performing work on this Project. The coverage shall be maintained for three (3) years after final payment, with the total limits required herein. If requested by the Owner, the Contractor shall furnish certificates of insurance verifying this coverage for the three (3) years after final payment.
 - 6 If Contractor or its subcontractors are required to perform remedial hazardous material operations, they must in addition to the above requirements, carry a "contractor's pollution liability" policy with limits not less than \$2,000,000 each occurrence and not less than \$2,000,000 aggregate for bodily injury and property damage, naming Owner as additional insured. If Contractor or its subcontractors haul hazardous waste, they must carry automobile liability insurance with \$1,000,000 combined single limit each occurrence for bodily injury and property damage applicable to all hazardous waste hauling vehicles accompanied by Motor Carrier Endorsement MCS 90 and Pollution Liability-Broadened Coverage for Covered Autos CA9948 or its equivalent.

24.1.3 Certificates of insurance acceptable to the Owner shall be filed with the Owner prior to commencement of the Work and thereafter upon renewal or replacement of each required policy of insurance. These certificates and the insurance policies required by this Section 24.1 shall contain a

provision that coverages afforded under the policies will not be canceled or allowed to expire until at least thirty (30) days' prior written notice has been given to the Owner. Insurers shall be licensed to do business in the state in which the Project is located and domiciled in the USA. Insurers shall have a current A.M. Best rating of A or better with a financial size of IX or better unless otherwise specifically agreed in writing by Owner. Certificates of insurance shall be furnished to Owner with a waiver of subrogation endorsement for workers' compensation. A per project aggregate limit endorsement and additional insured endorsements shall be provided for the commercial general liability coverage to the fullest extent permitted by law. The additional insured endorsements shall be provided with the certificate of insurance naming Owner, Lender, and all of its subsidiaries, and any other party requested by Owner as additional insureds for both ongoing operations and completed operations using ISO Form CG2010 or its equivalent with respect to any liability arising out of contractor's performance of the Work and ISO Form CG2037 or its equivalent with respect to completed operations. An additional certificate evidencing continuation of liability coverage, including coverage for completed operations, shall be submitted with the final Application for Payment as required hereunder and thereafter upon renewal or replacement of such coverage until the expiration of the time required hereunder. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by the Contractor with reasonable promptness.

24.1.4 To the fullest extent permitted by law, the Contractor shall cause the commercial liability coverage required by the Contract Documents to include (1) the Owner, Owner's lender, and all of its subsidiaries, and any other party requested by Owner as additional insureds for claims caused in whole or in part by the Contractor's negligent acts or omissions during the Contractor's operations; and (2) the Owner, Owner's lender, and all of its subsidiaries, and any other party requested by Owner as additional insureds for claims caused in whole or in part by the Contractor's negligent acts or omissions during the Contractor's completed operations.

24.1.5 If the Contractor fails to purchase and maintain, or require to be purchased and maintained, any insurance required under this Section 24.1 or the Agreement, Owner may, but shall not be obligated to, upon five (5) days' written notice to the Contractor, purchase such insurance on behalf of the Contractor and shall be entitled to be reimbursed by the Contractor upon demand.

24.1.6 When any required insurance, due to the attainment of a normal expiration date or renewal date shall expire, the Contractor shall supply the Owner with Certificates of Insurance and amendatory riders or endorsements that clearly evidence the continuation of all coverage in the same manner, limits of protection, and scope of coverage as is required herein, unless otherwise agreed to in writing by the Owner. In the event any renewal or replacement policy, for whatever reason obtained or required, is written by a carrier other than that with whom the coverage was previously placed, or the subsequent policy differs in any way from the previous policy, the Contractor shall also furnish the Owner with a certified copy of the renewal or replacement policy unless the Owner provides the Contractor with prior written consent to submit only a Certificate of Insurance for any such policy. All renewal and replacement policies shall be in form and substance satisfactory to the Owner and written by carriers acceptable to the Owner, and the Owner shall have the right to obtain certified copies of the policies upon written request.

24.1.7 Contractor shall not commence Work under this Contract until Contractor has obtained all insurance required by the Contract for construction nor until such insurance has been approved by Owner. Contractor shall not allow any Subcontractor to commence Work until the insurance required of the Subcontractor has been so obtained and approved. Contractor shall require its Subcontractors to carry and maintain the same types and coverages required of Contractor under this Agreement with commercially reasonable limits on such policies. Such limits shall be at a commercially reasonable level commensurate with their respective scopes of work and risks related thereto. Each policy shall include waivers of subrogation against the Additional Insureds. The Subcontractors shall not be subject to the umbrella coverage requirement described in the Contract Documents, however, Subcontractors shall maintain their existing umbrella coverage, if any, during the term of their Subcontract with Contractor. Insurance shall be written by insurance companies acceptable to Owner and Owner's lender.

24.2 OWNER'S LIABILITY INSURANCE

The Owner shall be responsible for purchasing and maintaining Owner's usual liability insurance.

24.3 PROPERTY INSURANCE

24.3.1 The Owner shall purchase and maintain property insurance insuring the Project either by including the Project on Owner's existing property insurance policy or purchasing a builders risk policy. The property insurance shall insure perils covered by the Causes of Loss-Special Form excluding flood and earthquake unless applicable and shall be for the full insurable value of the Project. The Owner's insurance coverage includes only building materials and equipment that become a part of the project and does not include Contractor's personal property such as tools and equipment. This insurance shall include the interests of the Owner, the Contractor, Subcontractors and Sub-subcontractors in the Project.

24.3.1.1 If the Owner does not intend to purchase such property insurance required by the Contract and with all of the coverages in the amount described above, the Owner shall so inform the Contractor in writing prior to commencement of the Work. The Contractor may then effect insurance that will protect the interests of the Contractor, Subcontractors and Sub-subcontractors in the Work, and by appropriate Change Order the cost thereof shall be charged to the Owner. If the Contractor is damaged by the failure or neglect of the Owner to purchase or maintain insurance as described above, without so notifying the Contractor in writing, then the Owner shall bear all reasonable costs properly attributable thereto.

24.3.1.2 If the Owner does not intend to purchase such property insurance required by the Contract and with all of the coverages in the amount described above, the Owner shall so inform the Contractor in writing prior to commencement of the Work. The Contractor may then effect insurance that will protect the interests of the Contractor, Subcontractors and Sub-subcontractors in the Work, and by appropriate Change Order the cost thereof shall be charged to the Owner. If the Contractor is damaged by the failure or neglect of the Owner to purchase or maintain insurance as described above, without so notifying the Contractor in writing, then the Owner shall bear all reasonable costs properly attributable thereto.

24.3.1.3 This property insurance shall cover portions of the Work stored off the site, and also portions of the Work in transit.

24.3.1.4 Partial occupancy or use in accordance with Section 17.0.2 hereof shall not commence until the insurance company or companies providing property insurance have consented to such partial occupancy or use by endorsement or otherwise. The Owner and the Contractor shall take reasonable steps to obtain consent of the insurance company or companies and shall, without mutual written consent, take no action with respect to partial occupancy or use that would cause cancellation, lapse or reduction of insurance.

24.3.2 BOILER AND MACHINERY INSURANCE

The Owner shall purchase and maintain boiler and machinery insurance when applicable or as required by law, which shall specifically cover such insured objects during installation and until final acceptance by the Owner; this insurance shall include interests of the Owner, Contractor, Subcontractors and Sub-subcontractors in the Work, and the Owner and Contractor shall be named insureds.

24.3.3 LOSS OF USE INSURANCE

The Owner, at the Owner's option, may purchase and maintain such insurance as will insure the Owner against loss of use of the Owner's property due to fire or other hazards, however caused. The Owner waives all rights of action against the Contractor for loss of use of the Owner's property, including consequential losses due to fire or other hazards however caused.

24.3.4 If the Contractor requests in writing that insurance for risks other than those described herein or other special causes of loss be included in the property insurance policy, the Owner shall, if possible, include such insurance, and the cost thereof shall be charged to the Contractor by appropriate Change Order.

24.3.5 WAIVERS OF SUBROGATION

The Owner and Contractor waive all rights against (1) each other and any of their subcontractors, sub-subcontractors, agents and employees, each of the other, and (2) the Architect, Architect's consultants, separate contractors, if any, and any of their subcontractors, sub-subcontractors, agents and employees, for damages caused by fire or other causes of loss to the extent covered by property insurance obtained pursuant to this Section 24.3, except such rights as they have to proceeds of such insurance held by the Owner as fiduciary. The Owner or Contractor, as appropriate, shall require of the Architect, Architect's consultants, and separate contractors, if any, and the subcontractors, sub-subcontractors, agents and employees of any of them, by appropriate agreements, written where legally required for validity, similar waivers each in favor of other parties enumerated herein. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged.

24.3.6 A loss insured under the Owner's property insurance shall be adjusted by the Owner as fiduciary and made payable to the Owner as fiduciary for the insureds, as their interests may appear, subject to requirements of any applicable mortgagee clause. The Contractor shall pay Subcontractors their just shares of insurance proceeds received by the Contractor, and by appropriate agreements, written where

legally required for validity, shall require Subcontractors to make payments to their Sub-subcontractors in similar manner.

24.3.7 If required in writing by a party in interest, the Owner as fiduciary shall, upon occurrence of an insured loss, give bond for proper performance of the Owner's duties. The cost of required bonds shall be charged against proceeds received as fiduciary. The Owner shall deposit in a separate account proceeds so received, which the Owner shall distribute in accordance with such agreement as the parties in interest may reach, or as determined in accordance with the method of binding dispute resolution selected in this Agreement. If after such loss no other special agreement is made and unless the Owner terminates this Agreement for convenience, replacement of damaged property shall be performed by the Contractor after notification of a Change in the Work in accordance with Article 12.

24.3.8 The Owner as fiduciary shall have power to adjust and settle a loss with insurers unless one of the parties in interest shall object in writing within five days after occurrence of loss to the Owner's exercise of this power; if such objection is made, the dispute shall be resolved in the manner selected by the Owner and Contractor as the method of binding dispute resolution in the Agreement. If the Owner and Contractor have selected arbitration as the method of binding dispute resolution, the Owner as fiduciary shall make settlement with insurers or, in the case of a dispute over distribution of insurance proceeds, in accordance with the directions of the arbitrators.

24.4 PERFORMANCE BOND AND PAYMENT BOND

24.4.1 The Owner shall have the right to require the Contractor to furnish bonds covering faithful performance of the Contract and payment of obligations arising thereunder as stipulated in bidding requirements or specifically required in the Contract Documents on the date of execution of the Contract. All bonds shall be in a form acceptable to the Owner and the bonding company must have a current A.M. Best rating of not less than A with a financial size of IX or better. The bonds, if required, shall continue throughout the warranty periods specified in the Contract Documents. Contractor shall furnish subguard insurance from Zurich Insurance Company for Subcontractors designated in writing by Owner in the amount required by Owner, not to exceed \$10,000,000 per occurrence and \$20,000,000 aggregate.

24.4.2 Upon the request of any person or entity appearing to be a potential beneficiary of bonds covering payment of obligations arising under the Contract, the Contractor shall promptly furnish a copy of the bonds or shall authorize a copy to be furnished.

25.0 OWNER'S RIGHTS

25.0.1 Owner's Right to Carry Out the Work. If Contractor defaults or neglects to carry out the Work in accordance with the Contract Documents and fails after receipt of written notice from Owner to commence and continue correction of such default or neglect with diligence and promptness, Owner may after the ten (10) Days, without prejudice to other remedies Owner may have, correct such deficiencies. In such case an appropriate Modification shall be issued deducting from payments then or thereafter due Contractor the Costs of correcting such deficiencies. If payments then or thereafter due Contractor are not sufficient to cover such amounts, Contractor shall pay the difference to Owner upon demand. Nothing

in this section shall be deemed to require such notice and opportunity to cure prior to exercising rights of termination in accordance with this Agreement.

25.0.2 Owner's Right to Perform Construction and to Award Separate Contracts.

25.0.2.1 Own Forces. Owner reserves the right to perform construction or operations related to the Project with Owner's own forces, and to award separate contracts in connection with other portions of the Project or other construction or operations on the Site under conditions of this Agreement identical or substantially similar to these, including those portions related to insurance and waiver of subrogation. If Contractor claims that additional cost is involved because of such action by Owner, Contractor must make the claim as provided in Section 7.0.4.

25.0.2.2 Prime Contracts. When separate contracts are awarded for different portions of the Project or other construction or operations on the Site, the term "Contractor" in the Contract Documents in each case shall mean Contractor who executes each separate Contract.

25.0.3 Mutual Responsibility.

25.0.3.1 Storage. Contractor shall afford Owner and separate contractors reasonable opportunity for introduction and storage of their materials and equipment and performance of their activities and shall connect and coordinate Contractor's construction and operations with theirs as required by the Contract Documents.

25.0.3.2 Reports. If part of Contractor's Work depends for proper execution or results upon construction or operations by Owner or a separate contractor, Contractor shall, prior to proceeding with that portion of the Work, promptly report to Owner apparent discrepancies or defects in such other construction that would render it unsuitable for such proper execution and results. Failure of Contractor to report shall constitute an acknowledgment that Owner's or separate contractors' completed or partially completed construction is fit and proper to receive Contractor's Work, except as to defects not then reasonably discoverable.

25.0.3.3 Prompt Remedy. Contractor shall promptly remedy damage wrongfully caused by Contractor to completed or partially completed construction or to property of Owner or separate contractors at its sole cost and expense.

25.0.4 Use of Completed Portions of Work. Owner has the right to enter into, occupy, or use any portion of the Work. Any use of the Work by Owner will not be construed as an acceptance, relieve Contractor of any of its responsibilities under the Contract Documents, or constitute a waiver by Owner of any of the conditions, of this Agreement. Contractor shall not be liable for the cost of repairs, rework, or renewals that may be required due to ordinary wear and tear resulting from Owner's negligent use of the Work.

25.0.5 Cooperation with Others. Owner and other contractors and their subcontractors may be working at the Site during Contractor's performance of the Work and may interfere with the Work. Owner reserves the right to require Contractor to schedule its Work in a manner that minimizes interference with the services of any of the parties involved. Contractor shall permit other contractors employed by Owner at the Site to introduce and store materials and perform their respective work and services. Both parties shall cooperate with each other and such other contractors to coordinate Contractor's Work with the work

and services of other contractors of Owner. Contractor must notify Owner within five (5) Days of any delay in Contractor's performance of its Work under Section 25.0.4 and 25.0.5.

25.0.6 Contract Administration.

25.0.6.1 Administration. Owner will provide and be responsible for the contract administration of this Agreement as described in the Contract Documents.

25.0.6.2 Site Visits. Owner may visit the Site at intervals appropriate to the stage of construction to become generally familiar with the progress and quality of the completed Work and to determine in general if the Work is being performed in a manner indicating that the Work, when completed, will be in accordance with the Contract Documents.

25.0.6.3 Authority to Reject Work. Owner will have authority to reject Work that does not conform to the Contract Documents. Whenever Owner considers it necessary or advisable for implementation of the intent of the Contract Documents, Owner will have the authority to require additional inspection or testing of the Work in accordance with the Contract Documents, whether or not such Work is fabricated, installed or completed. However, neither this authority of Owner nor a decision made in good faith either to exercise or not to exercise such authority shall give rise to a duty or responsibility of Owner to Contractor, Subcontractors, their agents or employees, or other persons performing portions of the Work.

26.0 CONFIDENTIALITY AND ADVERTISING

26.0.1 Nonpublic Information. All information that Owner provides to Contractor or that Contractor acquires from any source in connection with this Agreement that is specifically identified as "confidential" or "proprietary" shall be deemed to be nonpublic ("Nonpublic Information") unless and until Owner specifically authorizes Contractor in writing to treat any Nonpublic Information as public. Nonpublic Information includes: (a) this Agreement; (b) any reports, Documentation, specifications, know-how, strategies or technical data, processes, business documents or information, marketing research or other data, customer or client lists, or sources of information that are owned, used, or possessed by or for the benefit of Owner; (c) all Work; and (d) all confidential information or materials obtained by Contractor from a third party in connection with performance of this Agreement unless and until Owner specifically authorizes Contractor in writing to treat the information as public. Contractor shall not publish, release, disclose, or announce to any member of the public, press, official body, or other third party any Nonpublic Information, or use any of it for Contractor's own purposes, without the prior written consent of Owner, except disclosures required by Applicable Laws. Provided however, and with Owner's prior written approval, nothing contained herein shall prohibit Contractor from using photographs of the exterior of the Project in Contractor's advertising materials.

26.0.2 Subpoenas. If Contractor receives any subpoena or court order requiring disclosure of Nonpublic Information or otherwise believes a disclosure of Nonpublic Information is required by law, Contractor must immediately notify Owner. Contractor shall, at Owner's direction, cooperate fully with Owner in challenging any subpoena or court order requiring the disclosure of Nonpublic Information. If required by Owner, Contractor shall require each person or entity to whom Nonpublic Information is provided to execute a certification that the person or entity understands the limitations on disclosure and use and will maintain the confidentiality of the Nonpublic Information and not use it other than as contemplated by

this Agreement. Neither the name of Owner nor the name of the Site can be used in any advertising or other promotional context of Contractor without Owner's prior written consent each and every time published. Owner may after approval of advertising or other promotional require Contractor to stop the advertisement or promotion immediately upon notice to Contractor. Unless the parties agree in writing otherwise, the confidentiality and other obligations imposed by this Section 26.0 will survive for a period of one (1) year after termination or expiration of this Agreement.

27.0 DEFAULT BY CONTRACTOR

27.0.1 Material Breach. Any failure or refusal of Contractor or its Subcontractors to comply with any of the material terms, conditions, and other requirements of the Contract Documents, is considered to be a material breach by Contractor of, and if Contractor fails to cure such material breach upon ten (10) days' notice and opportunity to cure, shall constitute default under, this Agreement.

27.0.2 Remedies. In the event of any material breach or default by Contractor or its Subcontractors under this Agreement, Owner may (a) suspend performance of its obligations under this Agreement until Contractor fully corrects and cures any breach or default, and the effects thereof; (b) withhold any sums due or that become due to Contractor, for whatever reason; (c) take any other lawful action, including removing and excluding Contractor from the Site, taking over any or all material and equipment on or about the Site or procured by Contractor for performance of the Work, and performing or causing to be performed any portion of the Work in progress or not yet performed or completed; and (d) terminate this Agreement for cause upon expiration of the 10-day cure period, without any further obligation to Contractor, by notifying Contractor in writing.

27.0.3 Not Exclusive. All of Owner's rights and remedies under this Agreement are cumulative and not exclusive. Any action by Owner is without any limitation on or waiver of any rights or remedies Owner may have for any and all Costs of every kind or nature (whether they arise before or after completion of the Work) arising out of any breach by Contractor of, or default under, this Agreement.

28.0 LIENS AND REIMBURSEMENT BY CONTRACTOR

28.0.1 Bonds in Lieu of Liens, Stop Notices and Claims. If any lien, encumbrance, stop notice or other claim (whether statutory or otherwise) is placed or asserted against the Project or the Site, the Owner or any Project funds, by any Subcontractors, manufacturers, or other entities supplying labor, equipment, services or materials for the Work, and provided that Owner is not in default of the payment provisions of the Contract Documents, Contractor shall provide one or more bonds to release the lien, encumbrance, stop notice or other claim in accordance with State law or satisfy the lien, encumbrance, stop notice or other claim, no later than fourteen (14) Days after the date Contractor receives notice of the lien, encumbrance, stop notice or other claim. In the event that Contractor fails to provide bonds to release such lien, encumbrance, stop notice or other claim in accordance with State law or satisfy such lien, encumbrance, stop notice or other claim within the period stated above, Owner may deduct from any payment due and owing or from any payment that may later become due and owing to Contractor an amount equal to 150% of the amount of the lien, encumbrance, stop notice or other claim plus all monies that Owner may pay in order to discharge the lien, encumbrance, stop notice or other claim, including all Costs. If any lien, encumbrance or other claim is placed against the Project or the Site, the Owner or any Project funds, by any Subcontractors, manufacturers, or other entities supplying labor, equipment,

services or materials for the Work and remains unsatisfied after all payments under this Agreement are made, Contractor shall pay to Owner upon demand an amount equal to 150% of the amount of the lien plus all monies that Owner may pay in order to discharge the lien, encumbrance, stop notice or other claim, including all Costs.

28.0.2 Reimbursement by Contractor. Contractor is to pay, unless a shorter period is specified, to Owner all Costs to be paid by Contractor pursuant to this Agreement within fifteen (15) Days following Owner's demand, together with interest at the Interest Rate on the amount demanded, from the date of notice to Contractor and until paid to Owner.

29.0 INTELLECTUAL PROPERTY

29.0.1 Infringement. Contractor has the right, at its own expense and in order to avoid claims relating to infringement of any third party's Intellectual Property rights arising from the Work, to substitute noninfringing Work, or to modify the Work so that they become noninfringing or procure the right for Owner to continue to use the Work. Any substitution or modification must meet the requirements of this Agreement.

29.0.2 Owner's Property. Unless otherwise specified in this Agreement or previously owned by Contractor or its Subcontractors, all Work will become the property of Owner. All Intellectual Property developed or prepared by Contractor or its Subcontractors, or their employees, agents, or representatives, in the performance of the Work will be expressly included as Work, unless and to the extent found by a court of competent jurisdiction to be in infringement of any third party's Intellectual Property rights. This Agreement will operate as an irrevocable, fully paid, royalty-free, worldwide assignment by Contractor to Owner of the entire interest in the Work, which assignment includes all worldwide ownership rights thereunder in perpetuity. All Work prepared by Contractor is work made for hire under the U.S. copyright laws. If the Work, or any part of it, is determined by a court of competent jurisdiction not to be a work made for hire, the Work will nonetheless be included in the irrevocable assignment to Owner described above.

30.0 ASSIGNMENT

30.0.1 Assignment of Antitrust Claims. Contractor assigns to Owner all Actions that Contractor may have arising out of, or for, any Costs sustained as a result of any price fixing or other antitrust activity in connection with the acquisition of any product used or included in the Work ("Antitrust Claims"). Contractor warrants that it has not and will not make any other assignment, and Contractor agrees that in the event it receives any payment relative to any of the Antitrust Claims it will promptly transmit that payment to Owner. Contractor agrees to allow Owner full access to all books and records pertinent to the evaluation, prosecution, or settlement of the Antitrust Claims and to cooperate fully with Owner in any efforts Owner may undertake to evaluate, prosecute, or settle any Antitrust Claims. Nothing provided in this section obligates Owner to take any action to prosecute or collect upon the Antitrust Claims.

30.0.2 No Contractor Assignments. Except as may otherwise be expressly provided herein, Contractor shall not assign the rights, nor delegate the duties, or otherwise dispose of any right, title, or interest in all or any part of this Agreement, or assign any monies due or to become due to Contractor without the prior written consent of Owner. Any approved assignment or delegation will be for the benefit of, and binding

on Contractor, assignee, and all future successors, and will not relieve Contractor, assignee, or future successors of any duties or obligations. If Owner approves any assignment of monies due or to become due to Contractor under this Agreement, then the assignment will become effective thirty (30) Days after Owner's approval.

30.0.3 Owner's Site Conveyance. Owner may elect to sell, lease, mortgage or otherwise transfer any of Owner's interest in any portion of the Project Site ("Site Conveyance"). In connection with any Site Conveyance, Contractor shall execute and deliver to Owner and will cause any Subcontractors to execute and deliver to Owner, such documents for the benefit of Owner, any purchaser and any title insurance company issuing title insurance, a release of all mechanics' and suppliers' liens and rights to the extent of payments made by Owner under this Agreement, with respect to the property which is the subject of such Site Conveyance, together with such other documents as a title company may reasonably require to induce it to issue its policy of title insurance with respect to the Site Conveyance without requiring Owner's indemnity against mechanics' and suppliers' liens. Notwithstanding any of the other provisions of this Agreement, Contractor agrees that, if Owner sells to a bona fide purchaser ("New Owner") its interest in the land on which the Project is located, Contractor shall accept the New Owner as owner under this Agreement; provided the New Owner has agreed to assume the Owner's obligations under the Agreement, and shall release Owner from any and all liability to Contractor under this Agreement, after Owner has satisfied all of its obligations hereunder which accrued prior to the date of the sale.

30.0.4 Contingent Assignment of Subcontracts. Each subcontract between Contractor and Subcontractors for a portion of the Work is assigned by Contractor to Owner provided that (a) assignment is effective only after termination of this Agreement by Owner for cause pursuant to Section 18.0; and (b) assignment is subject to the prior rights of the surety, if any, obligated under bond relating to this Agreement. The contingent assignment is for the benefit of Owner, agencies with jurisdiction over the Project and lender, if any, and each subcontract must create Owner's right to assignment in accordance with this Section 30.0.4. If the Work in connection with a subcontract has been suspended for more than ninety (90) Days after termination of this Agreement by Owner for cause pursuant to Section 18.0, the Subcontractor's compensation will be equitably adjusted for any increase in direct costs incurred by the Subcontractor as a result of the suspension. Each subcontract must specifically provide that Owner is only responsible to the Subcontractor for those obligations of Contractor that accrue subsequent to Owner's exercise of any rights under any conditional assignment.

30.0.5 Owner's Assignment. Owner has the right to assign or delegate all or any part of this Agreement without the prior written consent of Contractor; provided any assignee agrees to assume the Owner's obligations under the Agreement. Additionally, the parties hereto acknowledge and agree that Owner may assign or delegate this Agreement to any of its affiliated or subsidiary corporations without the prior written consent of Contractor; provided any assignee agrees to assume the Owner's obligations under the Agreement and otherwise complies with all other qualifications of Contractor.

31.0 CONFLICTS

31.0.1 Highest Requirement. Should a conflict be discovered within the Contract Documents, the following order of precedence shall govern:

- 31.0.1.1 All written modifications, amendments and change orders to this Agreement;

- 31.0.1.2 This Agreement, including all exhibits and attachments; and
- 31.0.1.3 Construction Documents.

Should a conflict be discovered within a single document, Contractor shall be deemed to have agreed to perform the Work to the most stringent requirement, the highest quality, and the highest quantity stated among them.

31.0.2 Amended Documents. Any Modification has priority over the document it amends, and any amended document has the same precedence classification as stated in this section for the document it is amending.

32.0 DISPUTE RESOLUTION

32.0.1 Location. The location for settlement of all Actions arising from or related to this Agreement or any breach thereof will be in the County and State of the site of the Project.

32.0.2 Procedure. In the event of any Action or other matter in question ("Dispute") between Owner and Contractor, with respect to or arising out of this Agreement or the Contract Documents, no party will institute any legal or equitable action based upon the Dispute unless and until the following conditions precedent have been satisfied:

32.0.2.1 Within thirty (30) Days after determination by any party that a Dispute exists but in no event later than the date on which the institution of legal or equitable proceedings based on the Dispute would be barred by the applicable statute of limitations, the parties will meet and confer in a good faith effort to resolve the Dispute.

32.0.2.2 In the event that Owner and Contractor are unable to resolve the Dispute in accordance with Section 32.0.2.1 above, Owner and Contractor agree that they will submit the Dispute to non-binding mediation in which both parties will participate. The non-binding mediation must be conducted in accordance with the Construction Industry Mediation Rules of the American Arbitration Association currently in effect. The Dispute must be submitted for mediation within thirty (30) Days following the meeting described in Section 32.0.2.1.

32.0.2.3 In the event that the Dispute is not resolved to the satisfaction of any party in accordance with Section 32.0.2.2, such party may then prosecute a legal or equitable action to resolve such Dispute.

32.0.2.4 The obligation to mediate this dispute, however, will not prevent either party from taking any necessary action to ensure compliance with any applicable statute of limitation, including the filing of a lawsuit in a court of competent jurisdiction, which suit shall be immediately stayed pending the outcome of the mediation.

32.0.3 Immediate Action. Notwithstanding any provision in this Section 32.0 to the contrary, Owner may immediately take any Action it reasonably determines is necessary to conduct its operations in an efficient, safe, and secure manner, including removal of Contractor and its equipment from any Site or any other interim or provisional remedy.

32.0.4 Attorney Fees. In the event any Action is brought as a result of a breach of or to enforce this Agreement, the losing party shall pay the prevailing party's reasonable attorney's fees, costs of depositions, expert witness fees, and other costs of litigation.

33.0 BONDS

33.0.1 Surety Bonds. If requested by Owner, Contractor shall furnish the following surety bonds with sureties acceptable to Owner. If so requested, the cost of such bonds shall be added to Contract Price through an appropriate Change Order

33.0.1.1 Performance Bond. Performance Bond in the amount of 100% of the anticipated price of this Agreement in a form satisfactory to Owner, covering the full performance of the Work under the Contract Documents.

33.0.1.2 Payment Bond. Payment Bond in the amount of 100% of the anticipated price of this Agreement in a form satisfactory to Owner and in compliance with State Law if permitted by Applicable Law for the avoidance of liens the payment bond shall be in a recordable form. The Payment Bond is in addition to the Performance Bond and is to cover payment of all obligations arising from this Agreement, including the payment to all Subcontractors and discharge of all liens. The Payment Bond must give labor and material suppliers direct right of action against the surety.

33.0.1.3 Other Bond. Any other bond(s) as requested by Owner at any time until all obligations and rights created by this Agreement have terminated.

33.0.2 Alternate Bonding. Should any surety upon any bond furnished in connection with this Agreement become unacceptable to Owner, or should the surety fail to furnish reports as to its financial condition as may be requested by Owner at any time while the bond is in force, Contractor shall promptly furnish an additional surety or alternate bond as may be required by Owner to protect the interests of Owner and all Subcontractors.

33.0.3 Informed Sureties. Contractor must keep the sureties informed as to all material matters affecting this Agreement, including any material changes thereto; provided, however, that Contractor's failure to so inform Surety will not affect Owner's rights under any applicable bond.

34.0 MISCELLANEOUS PROVISIONS

34.0.1 No Third Party Rights. This Agreement and all rights under this Agreement are intended for the sole benefit of the parties and, to the extent expressly provided, for the benefit of the Indemnitees, and otherwise shall not imply or create any rights on the part of, or obligations to, any other person, except as, and then only to the extent as, expressly provided in this Agreement.

34.0.2 Waiver. The failure of Owner to insist upon strict performance of any of the provisions of this Agreement, or to exercise any rights or remedies provided by this Agreement, or Owner's delay in the exercise of any right or remedies does not release Contractor from any of its responsibilities or obligations imposed by any Applicable Law or by the Contract Documents and will not be deemed a waiver of any right of Owner to insist upon strict performance of the Contract Documents or of any other provisions of this Agreement.

34.0.3 Survival of Covenants. Any term, covenant or condition of this Agreement, including sections that requires the performance of an obligation(s) or forbearance of any act(s) by either party after the expiration or termination of this Agreement will survive the expiration or termination of this Agreement. Survival will be to the extent reasonably necessary to fulfill the intent thereof, or if specified, to the extent of specification, as same is reasonably necessary to perform the obligation(s) or forbearance of any act(s) set forth in the term, covenant or condition. Notwithstanding the foregoing, in the event a specific term, covenant or condition is expressly provided for in a clear fashion as to indicate that performance of an obligation(s) or forbearance of any act(s) is no longer required then the specific will govern over this general provision of this Agreement.

34.0.4 Severability. In the event that any section or provision of this Agreement is held to be invalid, unlawful or unenforceable, the section or provision must be severed from the remainder of this Agreement and the remainder of this Agreement must remain in full force and effect.

34.0.5 Time of the Essence. Time is of the essence in the performance of the obligations under this Agreement.

34.0.6 Governing Law and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State where the Project is located and of the United States without giving effect to the doctrine of conflict of laws. This Agreement shall be deemed made and entered into in the State where the Project is located.

34.0.7 Entire Contract. The Contract Documents, together with all documents attached hereto or incorporated by reference herein, are part of this Agreement and contain the final and complete agreement between the parties for performance of the Work specified and supersede all prior and contemporaneous conduct, agreements, statements, representations, negotiations, course of conduct, course of dealing, and communications pertaining to the Work, whether written or oral. The parties will not be bound by or be liable for any statement, representation, promise, inducement, or understanding of any kind not set forth in this Agreement. Timely commencement of Contractor's performance shall be deemed an expression of Contractor's acceptance of this Agreement. If Contractor commences performance in response to a request for a quotation or proposal, there is no agreement and Contractor takes this action at its own risk. Any additional or different terms included by Contractor in its acceptance will not become part of this Agreement, nor shall Owner's acceptance of the Work be deemed an acceptance of any additional or different terms, unless the additional or different terms are expressly accepted by Owner in a Change Order that is transmitted to Contractor. This Agreement includes all documents either attached hereto or incorporated herein by reference. Specifically incorporated into this Agreement by this reference are the following Exhibits attached hereto:

Appendix A - SCOPE OF THE WORK – (CD Package);

Appendix B - CONSTRUCTION SCHEDULE – (CD Package);

Appendix C - OWNER FORMS

Appendix D - STATE ADDENDUM; and

34.0.8 Owner's Financial Arrangement. Owner and any assignee shall, at the written request of Contractor, furnish to Contractor reasonable evidence that financial arrangements have been made to fulfill Owner's obligations under this Agreement.

34.0.9 Signs. The Contractor will erect and maintain, as required by existing conditions and performance of the Work, reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations, and notifying owners and users of adjacent sites and utilities.

34.0.10 Stock and Staff. The Owner reserves the right to stock and staff any portion of the Work at any time before Final Completion of the Project, and such activities or use will not constitute acceptance of any part of the Work covered by this Agreement.

35.0 NOTICES

35.0.1 Manner of Delivery. All notices and communications required under this Agreement or any Modification must be in writing and may be: (a) delivered personally to a party; (b) delivered by facsimile or electronic mail; or (c) mailed by deposit in United States certified mail, return receipt requested; or (d) deposited with a reputable overnight delivery service. In all cases the notice must be properly addressed and all postage or delivery charges, if applicable, paid in full.

35.0.2 Effective Date of Notice. Notices will be effective: (a) on the date delivered by personal delivery, facsimile, or electronic mail; (b) three (3) Business Days following the date deposited in the United States mail; or (c) the next Business Day following delivery to a reputable overnight delivery service. Notices and communications must be delivered or mailed to the parties as specified in Section 1.0.5. Any party may change its address or addresses for purposes of this Agreement by giving written notice of the change to the other party in the manner provided above for giving notice.

36.0 OSHPD AND SIMILAR REQUIREMENTS

36.1 OSHPD. This is an OSHPD-3 project. Contractor represents and warrants: (a) that it is familiar with OSHPD, fire marshal, and other regulatory requirements in connection with the Project; (b) that it is aware that OSHPD, fire marshal, and other regulatory requirements, including without limitation, design review, approval processes, and inspection, can be time-consuming, involve long lead times, be subject to delays, and be subject to uncertainties and difficulties with respect to availability of resources and budgetary problems in connection with such governmental agencies; and (c) the Contractor has taken these circumstances into consideration in developing the Contract Time and Target Price.

36.2 Medicare Providers. If this Agreement is subject to the provisions of Section 952 of P.L. 96-499, which governs access to books and records of contractors and subcontractors of services to Medicare providers where the cost or value of the Work under the contract exceeds \$10,000 over a 12-month period, the Contractor and its Subcontractors agree to permit representatives of the Secretary of the Department

of Health and Human Services and the Comptroller General, in accordance with criteria and procedures contained in applicable Federal regulations, to have access to their books, documents and records as necessary to verify the Final Contract Price provided under this Agreement.

36.3 Title 24. The Contractor will prepare the scope for required testing and inspections per the Testing, Inspection and Observation (“**TIO**”) requirements described in Title 24, Part 1. The TIO requirements will be submitted to Owner’s Representative, with the application for building permit forms. The Contractor will coordinate with Owner’s Representative and the Owner regarding when and to what extent test, inspection and reports are necessary or appropriate under Title 24.

37.0 PREVAILING WAGE RATES

37.1 This Project is subject to California State prevailing wages. Contractor and its Subcontractors will comply with any applicable California prevailing wage laws. The Contractor acknowledges that it is aware that Public Contract Code section 20133 and California Labor Code Section 1771.5 have been amended and California Labor Code Sections 1771.3 and 1771.55 have been added to establish a State Public Works Enforcement Fund that includes authorization for direct payment of established fees to the DIR in lieu of establishing an independent labor compliance program. The Owner will pay all costs associated with compliance.

37.2 The Contractor and its Subcontractors acknowledge and agree that they have performed their own respective investigation as to the applicability of California prevailing wage laws commencing with California Labor Code Section 1720 et, seq. Contractor agrees that the Contract Price and Target Price include full compensation for all labor in compliance with California Labor Code and that no additional compensation will be owed to Contractor in the event that Contractor is required to pay higher wages or incur additional costs that Contractor contends it did not anticipate.

37.3 The Contractor is aware of the requirements of Public Contract Code Section 20133, California Labor Code Sections 1720 et seq. and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq., which require the payment of prevailing wage rates and the performance of other requirements on certain “public works” and “maintenance” projects. Because this Project involves an applicable “public works” or “maintenance” project, as defined by the prevailing wage laws, and because the total compensation is \$1,000 or more, the Contractor agrees to fully comply with the prevailing wage laws. The Contractor will obtain a copy of the prevailing rates of per diem wages at the commencement of the construction work from the DIR website at www.dir.ca.gov/dlsr/. Contractor will make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to perform construction work on the Project available to interested parties upon request, and will post copies at the Contractor’s principal place of business and at the Project site. Contractor will defend, indemnify and hold the Owner, its elected officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or allege failure to comply with the prevailing wage laws.

37.4 Under California Labor Code Section 1775, the Contractor and each Subcontractor will forfeit as a penalty to the Owner not more than fifty dollars (\$50) for each calendar day, or portion thereof, for each worker paid less than the stipulated prevailing wage rate for any construction work performed by Contractor, or by an Subcontract, in violation of the provision of the Labor Code. The amount of penalty

will be determined by the Labor Commissioner in accordance with Labor Code Section 1775 (2) (A). The difference between the stipulated prevailing wage rate and the amount paid to each worker for each calendar day or portion thereof, for which each worker was paid less than the stipulated prevailing wage rate, will be paid to each worker by the Contractor or Subcontractor.

37.5 Contractor will include a copy of the provisions of Public Contract Code Section 20133 and California Labor Code Sections 1771, 1771.3, 1771.5, 1771.55, 1773, 1773.1, 1773.9, 1775, 1776, 1777.5, 1813 and 1815 in each Subcontract. The Contractor will monitor the payment of the specified general prevailing rate of per diem wages by the Subcontractor to the employees by periodic review of the certified payroll records of the Subcontractor. Upon becoming aware of the failure of the Subcontractor to pay its workers the specified prevailing wage rate, the Contractor will diligently take corrective action to halt or rectify the failure including, but not limited to, retaining sufficient funds due the Subcontractor for construction work performed on the Project. Prior to making final payment to the Subcontractor for any portion of the construction work, the Contractor will obtain an affidavit signed under penalty of perjury from the Subcontractor that the Subcontractor has paid the specified general prevailing rate of per diem wages to its employees and any amounts due under California Labor Code Section 1813.

37.5.1 The Contractor or Subcontractor will, as a penalty to the state or political division on whose behalf the Subcontract is made, forfeit \$25 for each worker employed in the execution of the Work for each calendar day that the worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of California Labor Code Section 1813. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of the California Labor Code, or any stipulation inserted in the Subcontract, the work performed by employees of contractors in excess of 8 hours per day, and 40 hours during any one week, will be permitted upon compensation for all hours worked in excess of 8 hours per day and not less than 1 ½ times the basic rate of pay.

37.6 Contractor will post, at appropriate conspicuous points on the Project site, a schedule showing all determined general prevailing wage rates and all authorized deductions, if any, from unpaid wages actually earned.

37.7 Pursuant to Labor Code section 1775, the Division of Labor Standards Enforcement will notify the Contractor within fifteen (15) days of receipt of a complaint of the failure of a Subcontractor on the Project to pay workers the general prevailing rate of per diem wages.

37.8 Contractor agrees to comply with all provisions of the law regarding the employment of apprentices. (California Labor Code Sections 1773.3, 1777.5, 1777.6 and 3077 et. seq.) These sections which are hereby incorporated and made a part hereof, require that contractors and subcontractors employ apprentices in apprenticeable occupations in a ratio of not less than one (1) apprentice for each five (5) journeyman hours, unless an exemption is granted, and that contractors and subcontractors shall not discriminate among otherwise qualified employees as indentured apprentices on any public work solely on the grounds of race, religious creed, color, national origin, ancestry, sex, or age. Only apprentices, as defined in California Labor Code Section 3077, who are in training under written apprenticeship agreements will be employed on public works in apprenticeable occupations. The responsibility for compliance with these provisions for all apprenticeable occupations rests with the Contractor.

38.0 USDA RURAL DEVELOPMENT SUPPLEMENTAL PROVISIONS

The following USDA Rural Development Supplemental Provisions are hereby incorporated into this Agreement. The terms of the USDA Rural Development Supplemental Provisions are intended to augment the terms of the remainder of the Agreement. Therefore, the USDA Rural Development Supplemental Provisions and the remainder of the Agreement shall be construed and interpreted to the full extent possible to give effect to all such terms. To the extent any of the USDA Rural Development Supplemental Provisions conflict with any other provisions in this Agreement, the higher standard or greater requirement for Contractor shall control and prevail.

38.1 USDA RURAL DEVELOPMENT APPROVALS. The Owner is seeking financial assistance for the Project from the USDA Rural Development. If such assistance is granted, USDA approval of this Agreement, Change Orders, and pay estimates will be required, but neither USDA, nor any of its departments, entities, or employees is a party to this Agreement. Owner and Contractor will furnish Owner's attorney such evidence as required so that Owner's attorney can complete and execute the "Certificate of Owner's Attorney" before Owner submits this Agreement when executed to USDA for approval. This Agreement shall not be effective unless and until approved by a delegated representative of USDA Rural Development.

38.2 CONTRACT CHANGE ORDERS. All changes which affect the cost or time of the construction of the Project must be authorized by means of a Change Order. The Change Order will include extra Work, Work for which quantities have been altered from those shown in the bidding schedule, as well as decreases or increases in the quantities of installed units which are different than those shown in the bidding schedule because of final measurements. All changes should be recorded on a Change Order as they occur. Each Change Order must contain complete and detailed justification for all items addressed by the Change Order. All Change Orders must be executed on Form RD 1924-7, "Contract Change Order," and they must be approved by the USDA.

38.3 PAYMENT TO CONTRACTOR.

38.3.1 At least ten (10) days before each progress payment falls due (but not more often than once a month), Contractor will submit to the Architect/Engineer a partial payment estimate filled out and signed by the Contractor covering the Work performed during the period covered by the partial payment estimate and supported by such data as the Architect/Engineer may reasonably require. If payment is requested on the basis of materials and equipment not incorporated in the Work but delivered and suitably stored at or near the site, the partial payment estimate shall also be accompanied by such supporting data, such as paid invoices, or other written evidence satisfactory to the Owner; as will establish the Owner's title to the material and equipment and protect the Owner's interest therein, including applicable insurance. The Architect/Engineer will, within ten (10) days after receipt of each partial payment estimate, either indicate in writing approval of the payment, and present the partial payment estimate to the Owner, or return the partial payment estimate to the Contractor indicating in writing the reasons for refusing to approve payment. In the latter case, the Contractor may make the necessary corrections and resubmit the partial payment estimate. The Owner will, within thirty (30) days of presentation of an approved partial payment estimate, pay the Contractor a progress payment on the basis of the approved partial payment estimate less the Retainage.

38.3.2 Payments will not be made that would deplete the Retainage nor place in escrow any funds that are required for Retainage nor invest the Retainage for the benefit of the Contractor.

38.3.3 All progress payments and the final payment shall be processed on Form RD 1924-18, "Partial Payment Estimate," and all payments shall be approved by USDA.

38.4 CONTRACT SECURITY

The Contractor shall within fifteen (15) days after the receipt of the notice of award furnish the Owner with a Performance Bond and a Payment Bond in penal sums equal to the amount of the Contract Price, conditioned upon the performance by the Contractor of all undertakings, covenants, terms, conditions and agreements of the Contract Documents, and upon the prompt payment by the Contractor to all persons supplying labor and materials in the prosecution of the Work provided by the Contract Documents. Such Bonds shall be executed by the Contractor and a corporate bonding company licensed to transact such business in the state in which the work is to be performed and named on the current list of "Surety Companies Acceptable on Federal Bonds" as published in the Treasury Department Circular Number 570. The expense of these Bonds shall be borne by the Contractor. If at any time a Surety on any such Bond is declared a bankrupt or loses its right to do business in the state in which the Work is to be performed or is removed from the list of surety companies accepted on Federal Bonds, Contractor shall within twenty (20) days after notice from the Owner to do so, substitute an acceptable Bond (or Bonds) in such form and sum and signed by such other Surety or Sureties as may be satisfactory to the Owner. The Contractor shall pay the premiums on such Bond. No further payment shall be deemed due nor shall be made until the new Surety or Sureties shall have furnished an acceptable Bond to the Owner.

38.5 INSURANCE.

38.5.1 The Contractor shall purchase and maintain such liability and other insurance as is appropriate for the Work being performed and as will provide protection from claims set forth below which may arise out of or result from Contractor's performance of the Work and Contractor's other obligations under the Contract Documents, whether it is to be performed by Contractor, any Subcontractor or supplier, or by anyone directly or indirectly employed by any of them to perform any of the Work, or by anyone for whose acts any of them may be liable:

38.5.1.1 Claims under workers' compensation, disability benefits, and other similar employee benefit acts;

38.4.1.2 Claims for damages because of bodily injury, occupational sickness or disease, or death of Contractor's employees;

38.5.1.3 Claims for damages because of bodily injury, occupational sickness or disease, or death of any person other than Contractor's employees;

38.5.1.4 Claims for damages insured by reasonably available personal injury liability coverage which are sustained: (i) by any person as a result of an offense directly or indirectly related to the employment of such person by Contractor, or (ii) by any other person for any other reason;

38.5.1.5 Claims for damages, other than to the Work itself, because of injury to or destruction of tangible property wherever located, including loss of use resulting therefrom; and

38.5.1.6 Claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle.

38.5.2 The Contractor shall secure “All Risk” type Builder’s Risk Insurance for the Work to be performed. The amount of such insurance shall not be less than the Contract Price totaled in the bid. The policy shall cover not less than the losses due to fire, explosion, hail, lightning, theft, vandalism, malicious mischief, wind, collapse, riot, aircraft, and smoke during the Contract Time, and until the Work is accepted by the Owner. The policy shall name as the insured the Contractor, and the Owner.

38.5.3 Certificates of Insurance acceptable to the Owner shall be filed with the Owner prior to commencement of the Work. These Certificates shall contain a provision that coverages afforded under the policies will not be canceled unless at thirty (30) days prior Written Notice has been given to the Owner.

38.6 PRECONSTRUCTION CONFERENCE.

Prior to the start of construction, the Owner will schedule a preconstruction conference. At the conference, the Architect/Engineer will review the planned development with the Owner, resident inspector, Contractor, USDA and other interested parties.

38.7 INSPECTIONS

38.7.1 The Owner, Engineer, project inspector, and a designated representative of the USDA will make a prefinal inspection of the Work. This inspection shall be made as soon as practical after the Contractor has notified the Owner in writing that the Work is ready for this inspection. The prefinal inspection shall be made prior to acceptance of any portion of the Work as being substantially complete and prior to filing of the Notice of Completion.

38.7.2 A final inspection of all the Work will be made by the Owner, Architect/Engineer, Contractor, and a USDA representative prior to acceptance of the Work.

38.8 GUARANTEE

The Contractor shall guarantee all materials and equipment furnished and Work performed for a period of one (1) year from the date of Substantial Completion. The Contractor warrants and guarantees for a period of one (1) year from the date of Substantial Completion of the system that the completed system is free from all defects due to faulty materials or workmanship and the Contractor shall promptly make such corrections as may be necessary by reason of such defect including the repairs of the damage of other parts of the system resulting from such defects. The Owner will give notice of observed defects with reasonable promptness. In the event that the Contractor should fail to make such repairs, adjustments or other work that may be made necessary by such defects, the Owner may do so and charge the Contractor the cost thereby incurred. The Performance Bond shall remain in full force and effect throughout the guarantee period.

38.9 INDEMNIFICATION

38.9.1 The Contractor will indemnify and hold harmless the Owner and the Architect/Engineer and their agents and employees from and against all claims, damages, losses and expenses including attorney's fees arising out of or resulting from the performance of the Work, provided that any such claims, damage, loss or expense is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property including the loss of use therefrom; and is caused in whole or in part by any negligent or willful act or omission of the Contractor, and Subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable.

38.9.2 In any and all claims against the Owner or the Architect/Engineer, or any of their agents or employees, by any employee of the Contractor, any Subcontractor, anyone directly or indirectly employed by any of them or anyone for those acts any of them may be liable, the indemnification obligation shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Contractor or any Subcontractor under worker's compensation acts, disability benefit acts or other employee benefit acts.

38.10 CONFLICTS OF INTEREST

38.10.1 Contractor may not knowingly contract with a supplier or manufacturer if the individual or entity who prepared the plans and specifications has a corporate or financial affiliation with the supplier or manufacturer.

38.10.2 Owner's officers, employees, or agents shall not engage in the award or administration of this Contract if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when: (i) the employee, officer or agent; (ii) any member of their immediate family; (iii) their partner or (iv) an organization that employs, or is about to employ any of the above, has a financial interest in Contractor. Owner's officers, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from Contractor or Subcontractors.

38.11 GRATUITIES

If Owner finds after a notice and hearing that Contractor, or any of Contractor's agents or representatives, offered or gave gratuities (in the form of entertainment, gifts, or otherwise) to any official, employee, or agent of Owner or USDA in an attempt to secure this Agreement or favorable treatment in awarding, amending, or making any determinations related to the performance of this Agreement, Owner may, by written notice to Contractor, terminate this Agreement. Owner may also pursue other rights and remedies that the law or this Agreement provides. However, the existence of the facts on which Owner bases such findings shall be an issue and may be reviewed in proceedings under the dispute resolution provisions of this Agreement. In the event this Agreement is terminated, Owner may pursue the same remedies against Contractor as it could pursue in the event of a breach of this Agreement by Contractor. As a penalty, in addition to any other damages to which it may be entitled by law, Owner may pursue exemplary damages in an amount (as determined by Owner) which shall not be less than three nor more than ten times the costs Contractor incurs in providing any such gratuities to any such officer or employee.

38.12 AUDIT AND ACCESS TO RECORDS

For all negotiated Contracts and negotiated Change Orders (except those of \$10,000 or less), Owner, USDA, the Comptroller General, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Contractor, which are pertinent to this Agreement, for the purpose of making audits, examinations, excerpts and transcriptions. Contractor shall maintain all required records for three years after final payment is made and all other pending matters are closed.

38.13 SMALL, MINORITY AND WOMEN'S BUSINESSES

If the Contractor intends to let any subcontracts for a portion of the Work, the Contractor shall take affirmative steps to assure that small, minority and women's businesses are used when possible as sources of supplies, equipment, construction, and services. Affirmative steps shall consist of: (1) including qualified small, minority and women's businesses on solicitation lists; (2) assuring that small, minority and women's businesses are solicited whenever they are potential sources; (3) dividing total requirements when economically feasible, into small tasks or quantities to permit maximum participation of small, minority and women's businesses; (4) establishing delivery schedules, where the requirements of the work permit, which will encourage participation by small, minority and women's businesses; (5) using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce; (6) requiring each party to a subcontract to take the affirmative steps of this section; and (7) the Contractor is encouraged to procure goods and services from labor surplus area firms.

38.14 ANTI-KICKBACK

Contractor shall comply with the Copeland Anti-Kickback Act (18 USC 874) as supplemented in Department of Labor regulations (29 CFR Part 3). This act provides that Contractor shall be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public facilities, to give up any part of the compensation to which they are otherwise entitled. Owner shall report all suspected or reported violations to USDA.

38.15 VIOLATING FACILITIES

Where this Contract exceeds \$100,000 Contractor shall comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of this Agreement is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.
2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

38.16 STATE ENERGY POLICY

Contractor shall comply with the Energy Policy and Conservation Act (P.L. 94-163). Mandatory standards and policies relating to energy efficiency, contained in any applicable State Energy Conservation Plan, shall be utilized

38.17 EQUAL OPPORTUNITY REQUIREMENTS

38.17.1 If this Agreement exceeds \$10,000, Contractor shall comply with Executive Order 11246, entitled "Equal Employment Opportunity," as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60).

38.17.2 Contractor's compliance with Executive Order 11246 shall be based on its implementation of the Equal Opportunity Clause, specific affirmative active obligations required by the Standard Federal Equal Employment Opportunity Construction Contract Specifications, as set forth in 41 CFR Part 60-4 and its efforts to meet the goals established for the geographical area where this Agreement is performed. The hours of minority and female employment and training must be substantially uniform throughout the length of this Agreement, and in each trade, and Contractor shall make a good faith effort to employ minorities and women evenly on each of its projects. The transfer of minority or female employees or trainees from contractor to contractor or from project to project for the sole goal of meeting Contractor's goals shall be a violation of this Agreement, the Executive Order, and the regulations in 41 CFR Part 60-4. Compliance with the goals will be measured against total work hours performed.

38.17.2 Contractor shall provide written notification to the Director of the Office of Federal Contract Compliance Programs within ten (10) working days of award of any construction subcontract in excess of \$10,000 at any tier of construction work under this Agreement resulting from this solicitation. The notification shall list the name, address, and telephone number of the subcontractor; employer identification number; estimated dollar amount of subcontract; estimated starting and completion dates of the subcontract; and the geographical area in which this Agreement is to be performed.

38.18 RESTRICTIONS ON LOBBYING

Contractor and each Subcontractor shall comply with Restrictions on Lobbying (Public Law 101-121, Section 319) as supplemented by applicable USDA regulations. This Law applies to the recipients of contracts and subcontracts that exceed \$100,000 at any tier under a Federal loan that exceeds \$150,000 or a Federal grant that exceeds \$100,000. If applicable, Contractor must complete a certification form on lobbying activities related to a specific Federal loan or grant that is a funding source for this Agreement.

38.19 ENVIRONMENTAL REQUIREMENTS

When constructing a project involving trenching and/or other related earth excavations, Contractor shall comply with the following environmental constraints:

38.19.1 Wetlands-- When disposing of excess, spoil, or other construction materials on public or private property, Contractor shall not fill in or otherwise convert wetlands.

38.19.2 Floodplains-- When disposing excess, spoil, or other construction materials on public or private property, Contractor shall not fill in or otherwise convert 100 year floodplain areas delineated on the latest Federal Emergency Management Agency Floodplain Maps.

38.19.3 Historic Preservation-- Any excavation by Contractor that uncovers an historical or archaeological artifact shall be immediately reported to Owner and a representative of USDA. Construction shall be temporarily halted pending the notification process and further directions issued by USDA after consultation with the State Historic Preservation Officer (SHPO).

38.19.4 Endangered Species—Contractor shall comply with the Endangered Species Act, which provides for the protection of endangered and/or threatened species and critical habitat. Should any evidence of the presence of endangered and/or threatened species or their critical habitat be brought to the attention of Contractor, Contractor will immediately report this evidence to Owner and a representative of USDA. Construction shall be temporarily halted pending the notification process and further directions issued by USDA after consultation with the U.S. Fish and Wildlife Service.

38.20 PROJECT SIGN

The Contractor will place a project sign at a location designated by the Architect/Engineer. This sign measuring 4' x 8', will be made of 3/4" exterior grade plywood and adhere to the format and details given on the sheet at the end of this section. A professional sign maker will prepare the sign. The sign's specifications can be obtained at: <http://www.rurdev.usda.gov/SupportDocuments/UWP-eng-USDAConstSignLandscape.pdf>

39.0 EXECUTION AND EFFECTIVE DATE

The parties have caused this Agreement to be executed by their duly authorized representatives, as of the Effective Date.

“Owner”

“Contractor”

MARK TWAIN HEALTH CARE DISTRICT _____

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____, 2018

Date: _____, 2018

License No. _____



P. O. Box 95
San Andreas, CA 95249
(209) 754-4468 Telephone
(209) 754-2537 Fax

Resolution 2018 – 14

RESOLUTION OF THE BOARD OF DIRECTORS OF THE MARK TWAIN HEALTH CARE DISTRICT AWARDING THE BID TO CONSTRUCT THE VALLEY SPRINGS HEALTH AND WELLNESS CENTER (FORMERLY THE VALLEY SPRINGS MEDICAL CENTER)

RESOLVED, by the Board of Directors (the Board) of the Mark Twain Health Care District (the District):

WHEREAS, the District has resolved to build, own and operate a rural health clinic at 51 Wellness Way, in Valley Springs, CA., and

WHEREAS, the District has secured funding totaling \$7,460,000 through a 30-year loan from the United States Department of Agriculture Rural Housing Service, and it is expected that USDA will purchase Certificates of Participation, and

WHEREAS, the District invited construction bids on July 3, 2018 at 10am, wherein four bids were received, and

WHEREAS, Diede Construction Inc, 12393 N. Highway 99, Lodi, CA was the lowest responsible bidder at \$5,555,000 (five-million five-hundred, fifty-five thousand dollars),

NOW, THEREFORE, it is hereby DECLARED AND ORDERED, as follows,

Section 1. The Board authorizes appropriate officers and officials of the District to proceed with executing the Notice of Award to Diede Construction, Inc.

Section 2. All actions of the officers, agents and employees of the District that are in conformity with the purposes and intent of this Resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted,

Section 3. This Resolution shall be in full force and effect immediately upon its adoption.

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the Mark Twain Health Care District held on August 22, 2018 by the following vote:

AYES, and in favor of:

NOES:

ABSENT:

BY: _____ Date: _____
Ann Radford, Secretary

Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

This Institution is an Equal Opportunity Provider and Employer

Notice of Award

Description of Work: Valley Springs Health and Wellness Center, 51 Wellness Way, Valley Springs, CA; (previously Valley Springs Medical Center) New Construction; ASAI JOB # 90056.56

TO: Diede Construction, Inc.
12393 North Hwy 99
Lodi, CA 95240

The Mark Twain Health Care District (Owner), has considered the proposal submitted by Diede Construction Inc.

For the above described work in response to its Notice to Contractors dated July 3, 2018, 10am.

Diede Construction Inc. was determined to be the lowest responsible bidder and it therefore appears to be in the best interest of the Owner to accept the proposal in the amount of: \$ 5,555,000 (five-million five-hundred fifty-five thousand dollars).

You are hereby notified that your proposal has been accepted.

If you fail to execute the contract and furnish bonds and certificates within 10 calendar days from the date of delivery of this notice, the Owner will be entitled to consider all your rights arising out of the Owner's acceptance of your proposal as abandoned and to award the work covered by your proposal to another contractor, or to re-advertise the work or otherwise dispose thereof as the Owner may see fit.

Dated this 8th day of August 2018

Owner: Mark Twain Health Care District

ACCEPTANCE OF NOTICE

Receipt of the above Notice of Award is
Hereby acknowledged:

Randall Smart, M.D.

Executive Director

This ____ day of _____, 2018

By: _____

Title: _____

Site Square Footage		sf
Total		96,300
Bldg footprint		10,000
Parking & roads		38,246
Conc Flatwork		3,942
Landscaping		44,112

Opinion of Probable Costs

Key Project Data Information	Total Project	Site	Building	Other Costs non-grant related	ACTUAL SPEND as of 07-31-18	OVER/(UNDER)
Square Footage Totals	10,000	96,300	10,000			
Direct Construction Cost per SQFT	351		260			
Total Construction Cost per SQFT	391		290			
Total Project Cost per SQFT (including Financing)	\$ 546		\$ 389			

Direct Construction Cost						
Direct Construction Cost	\$ 3,475,000	\$ 875,000	\$ 2,600,000			\$ (3,475,000)
Monument Signs	\$ 30,000	\$ 30,000	\$ -			\$ (30,000)
	\$ -	\$ -	\$ -			
Total Direct Construction Cost	\$ 3,505,000	\$ 905,000	\$ 2,600,000	\$ -	\$ -	\$ (3,505,000)

In-Direct Construction Cost						
Labor/Material & Performance Bonds (1.5%)	\$ 52,575	\$ 13,575	\$ 39,000			\$ (52,575)
	\$ -	\$ -	\$ -			
	\$ -	\$ -	\$ -			
Total In-Direct Construction Cost	\$ 52,575	\$ 13,575	\$ 39,000	\$ -	\$ -	\$ (52,575)

Construction Contingencies / Escalation						
		10%				
Building Contingency	\$ 347,500	\$ 87,500	\$ 260,000			\$ (347,500)
	\$ -	\$ -	\$ -			
Total Construction Contingencies / Escalation	\$ 347,500	\$ 87,500	\$ 260,000	\$ -	\$ -	\$ (347,500)
Total Construction Budget	\$ 3,905,075	\$ 1,006,075	\$ 2,899,000	\$ -	\$ -	\$ (3,905,075)

Equipment Budget						
Furniture Fixtures and Equipment Allowance	\$ -			\$ 462,000		\$ (462,000)
Graphic / Signage / Artwork / Plants	\$ -					
Nursecall & Code Blue Systems	\$ -					
Intercom/Public Address/Fixed AV	\$ -					
Radio Systems	\$ -					
Dictation Systems	\$ -					
Security/Video Surveillance/Access Control	\$ -					
Television	\$ -					
Structured Cabling / IT Allowance	\$ -			\$ 330,000		\$ (330,000)
PBX -Telecom (includes VM)	\$ -					
Desktop Devices (Desktops, Laptops, Handhelds & Printers)	\$ -					
Network Electronics	\$ -					
Software Applications (Installation, Licenses etc.)	\$ -					
Time & Attendance	\$ -					
IT Construction Project Mgmt	\$ -					
IT Construction 3rd Party Resources	\$ -					
Other Equipment Costs	\$ -					
Total Equipment Budget	\$ -	\$ -	\$ -	\$ 792,000	\$ -	\$ (792,000)

Site Square Footage	sf
Total	96,300
Bldg footprint	10,000
Parking & roads	38,246
Conc Flatwork	3,942
Landscaping	44,112

Opinion of Probable Costs

Key Project Data Information	Total Project	Site	Building	Other Costs non-grant related	ACTUAL SPEND as of 07-31-18	OVER/(UNDER)
Consultant Fees						
Architect/Engineer Fees	\$ 312,870	\$ 78,370	\$ 234,500		\$ 382,007	\$ 69,137
Equipment Planner Fees	\$ -	\$ -				
Other Consultant Fees	\$ -	\$ -			\$ 6,675	\$ 6,675
Total Consultant Fees Budget	\$ 312,870	\$ 78,370	\$ 234,500	\$ -	\$ 388,682	\$ 75,812
Administrative Costs						
Permit Fees & Hook ups	\$ 410,000	\$ 260,000	\$ 150,000		\$ 18,118	\$ (391,882)
IOR/Special Inspections	\$ -					\$ -
Site Survey, Testing, Boring & Reports	\$ 67,500	\$ 27,500	\$ 40,000		\$ 15,250	\$ (52,250)
Testing Services	\$ 40,000		\$ 40,000			\$ (40,000)
Legal Fees	\$ 30,000	\$ 10,000	\$ 20,000		\$ 36,512	\$ 6,512
Move-in Start-up	\$ -			tdb		\$ -
Internal Project Management	\$ -					\$ -
3rd Party Project Management	\$ 100,000	\$ 20,000	\$ 80,000		\$ 126,820	\$ 26,820
Other Administrative Costs (includes Commissioning, Auditing, EIR)	\$ -					
Total Administrative Cost	\$ 647,500	\$ 317,500	\$ 330,000	\$ -	\$ 196,700	\$ (450,800)
Land & Site Development						
Land Acquisition	\$ -			\$ 890,000	\$ 903,112	\$ 13,112
Off Site Development	\$ -	tdb				
Total Land & Site Development Budget	\$ -	\$ -		\$ 890,000	\$ 903,112	\$ 13,112
Total (Construction+ Equipment + A/E Fees+ Admin Costs)	\$ 4,865,445	\$ 1,401,945	\$ 3,463,500	\$ 1,682,000	\$ 1,488,495	\$ (5,058,950)
Owner Reserves						
Owner's Contingency	\$ 486,545	\$ 140,195	\$ 346,350			
Project Escalation - other than construction	\$ -	\$ -	\$ -			
Total Owner Reserves	\$ 486,545	\$ 140,195	\$ 346,350	\$ -	\$ -	\$ -
Total Project Capital Cost excluding Financing	\$ 5,351,990	\$ 1,542,140	\$ 3,809,850	\$ 1,682,000	\$ 1,488,495	\$ (5,058,950)
Financing Costs (Final)	107,040	30,843	76,197		\$ 16,039	
Total Project Capital Cost including Financing	\$ 5,459,029	\$ 1,572,982	\$ 3,886,047	\$ 1,682,000	\$ 1,504,534	\$ (5,058,950)