Washington Township Health Care District
2000 Mowry Avenue, Fremont, California 94538-1716 | 510.797.1111
Kimberly Hartz, Chief Executive Officer

BOARD OF DIRECTORS MEETING

Wednesday, November 11, 2020 – 6:00 P.M.
Meeting Conducted by Zoom
Join from PC, Mac, Linux, iOS or Android:
https://us02web.zoom.us/j/81465717861?pwd=RU4vU3l6aGcwZXdQdmFYdVFoaXFGUT09
Password: 362382

AGENDA

		PRESENTED BY:
I.	**CALL TO ORDER & PLEDGE OF ALLEGIANCE**	Michael J. Wallace Board President
II.	**ROLL CALL**	Dee Antonio District Clerk
III.	**CONSENT CALENDAR** *Items listed under the Consent Calendar include reviewed reports and recommendations and are acted upon by one motion of the Board. Any Board Member or member of the public may remove an item for discussion before a motion is made.*	Michael J. Wallace Board President *Motion Required*

A. Consideration of Minutes of the Regular Meetings of the District Board: October 14, October 19, October 26, and October 28, 2020

B. Consideration of Medical Staff Credentialing Action Items (October 19, 2020)

C. Consideration of Non-Budgeted Capital Request: Pneumatic Tube System Upgrade ($201,294.00)

D. Consideration of Budgeted Capital Request: FY21 PACS Upgrade Project ($237,220.00)

E. Consideration of Budgeted Capital Request: Epic Infrastructure Upgrade Project ($261,477.00)

F. Consideration of Unbudgeted Capital Request: Paving of the Old Emergency Room Parking Lot ($62,288.00)

IV. COMMUNICATIONS

A. Oral

This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not on the agenda and within the subject matter of jurisdiction of the Board.. "Request to Speak" cards should be filled out in advance and presented to the District Clerk. For the record, please state your name.

B. Written

V. COMMENDATION: Scott Haggerty
Alameda County Board of Supervisors

VI. PRESENTATIONS	
A. Cancer Immunotherapy	David Lee, M.D. Medical Director, UCSF-WHHS Oncology Program
B. UCSF Cardiothoracic Surgery Residency Program/CT Fellowship Program	Ramin Beygui, M.D., M.Sc. Professor of Surgery, Division of Adult Cardiothoracic Surgery, UCSF Medical Director, Cardiothoracic Surgery, Washington Hospital Health System Jeffrey Stuart, M.D. Chief Medical Officer
C. Veterans Day Recognition	Kimberly Hartz Chief Executive Officer
VII. REPORTS	**PRESENTED BY:**
A. Medical Staff Report	Prasad Kilaru, M.D. Chief of Medical Staff
B. Quality Report: Quality Dashboard Quarter Ending September 30, 2020	Mary Bowron, DNP, RN, CIC, CNL, CPHQ Chief of Quality & Resource Management

	C. Finance Report	Chris Henry Vice President & Chief Financial Officer
	D. Hospital Operations Report	Kimberly Hartz Chief Executive Officer
VIII.	**ACTION ITEM** A. Consideration of Resolution No. 1218 Approving the Issuance and Sale of and Determining to Proceed with the Negotiated Sale of Certain Revenue Refunding Bonds of the District in an Aggregate Principal Amount not to Exceed $51,000,000 Approving the Execution and Delivery of a Supplemental Indenture, a Bond Purchase Contract, an Escrow Agreement, a Continuing Disclosure Agreement, a Preliminary Official Statement and Certain Other Actions Related Thereto	*Motion Required*
IX.	**ANNOUNCEMENTS**	Kimberly Hartz Chief Executive Officer
X.	**ADJOURN TO CLOSED SESSION** *In accordance with Section 32106 and 32155 of the California Health & Safety Code, portions of this meeting may be held in closed session.* A. Report of Medical Staff and Quality Assurance Committee, Health & Safety Code section 32155	
XI.	**RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION**	Michael J. Wallace Board President
XII.	**ADJOURNMENT**	Michael J. Wallace Board President

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the District Clerk at (510) 818-6500. Notification two working days prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, October 14, 2020 via Zoom in order to comply with California Governor Gavin Newsom's and Alameda County's mandatory orders to Shelter at Home and continue social distancing to reduce the risk of spread and the rate of transmission of COVID-19. Director Wallace called the meeting to order at 6:01 pm and led those in attendance of the meeting in the Pledge of Allegiance.

ROLL CALL

Roll call was taken: Directors present: Michael Wallace; William Nicholson, MD; Jeannie Yee; Jacob Eapen, MD; Bernard Stewart, DDS
Absent:

Also present: Kimberly Hartz, Chief Executive Officer; Dee Antonio, District Clerk

Guests: Ed Fayen, Chris Henry, Tina Nunez, Stephanie Williams, Paul Kozachenko, Prasad Kilaru MD, Mary Bowron, James McGuire MD, John Lee, Angus Cochran, Lucy Hernandez, Gisela Hernandez, Kel Kanady, Sri Boddu

OPENING REMARKS

Director Wallace welcomed any members of the general public to the meeting. He stated that Governor's Newsom's Executive Order N-29-20 explicitly waives The Brown Act provision that requires physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in, or quorum for, a public meeting. He noted that Washington Township Health Care District continues to comply with the Brown Act in providing appropriate connection information in order to provide the public the opportunity to participate in the meeting and that Public Notice for this meeting, including connection information, was posted appropriately on our website.

Mr. Wallace announced that this meeting, conducted via Zoom, will be recorded for broadcast at a later date.

When asked if any members of the general public were in attendance and/or interested in speaking, there was no response.

CONSENT CALENDAR

Director Wallace presented the Consent Calendar for consideration:

A. Minutes of the Regular Meetings of the District Board: September 9, 21, 23, and 28, 2020
B. Medical Staff Credentialing Action Items
C. Medical Staff Request for Final Approval: Amendments to the Rules and Regulations
D. Medical Staff Request for Final Approval: Amendments to the Medical Staff Organizational Manual
E. Medical Staff Request for Final Approval: Amendments to the Washington Hospital Medical Staff Professional Practice Evaluation Policy
F. Resolution No. 1217: International Union of Operating Engineers, Service Engineers (Local 39) Memorandum of Understanding
G. Budgeted Capital Request: HealthShare Interface Engine Project ($199,947.00)
H. Budgeted Capital Request: Control Air Compressor ($54,625.00)

In accordance with District law, policies, and procedures, Director Nicholson moved that the Board of Directors approve the Consent Calendar, items A through H.

Director Eapen seconded the motion.
Roll call was taken:

Michael Wallace – aye
William Nicholson, MD – aye
Jeannie Yee - aye
Jacob Eapen, MD - aye
Bernard Stewart, DDS – aye

The motion unanimously carried.

COMMUNICATIONS: ORAL

There were no Oral communications.

COMMUNICATIONS: WRITTEN

There were no Written communications.

PRESENTATION: RESULT OF ANNUAL AUDIT FY 2020

Kimberly Hartz stated that we are postponing the discussion and approval of the FY 2020 Financial Audit to October 28, 2020 as the Auditors have not yet completed their work.

PRESENTATION: COMMUNITY NEEDS ASSESSMENT

Kimberly Hartz introduced Angus Cochran, Chief Community Support Services, and Lucy Hernandez, Community Outreach Manager who presented the Community Health Needs Assessment. Mr. Cochran talked about the history of the assessment process and the purpose: understanding our community, measuring the community's health status, and developing programs to improve the health of the community.

Ms. Hernandez reviewed the 2016/2017 assessment response to the health needs identified at that time: Asthma, Behavioral Health, Cancer, Cardiovascular Disease / Stroke, Maternal & Child Health, Obesity, Diabetes, Health Eating & Active Living (HEAL), and Violence and Injury Prevention.

Ms. Hernandez talked about the 2019-2020 Community Needs Assessment, beginning with the demographics of the Primary Service Area. She reviewed the top health needs identified at this time: Behavioral Health, Housing & Homelessness, Health Eating/Active Living, Healthcare Access & Delivery, Social Determinants of Health; Diabetes, Heart Disease, Hypertension, Stroke, and Respiratory Health.

Ms. Hernandez discussed the next steps in the Community Health Improvement Plan which will be brought to the Board of Directors for discussion approval at the October 28th board meeting. The full report will be available on the Washington Hospital website: WHHS.com.

MEDICAL STAFF REPORT

Dr. Prasad Kilaru reported there are 584 Medical Staff members including 349 active members.

QUALITY REPORT: 2020 SPECIAL CARE NURSERY PROGRAM ANNUAL UPDATE

Kimberly Hartz introduced Dr. James McGuire, Medical Director of the Special Care Nursery who presented the Special Care Nursery Annual Board Report. He provided information on the SCN census and talked about the COVID-19 prevention and control measures enacted by Washington Hospital across the board and how these measures were applied in the SCN and Birthing Center. These measures include virtual rounding, donor breast milk, and the Eat, Sleep, Console protocol.

Dr. McGuire reviewed the California Quality Measures, noting that WHHS has a lower antibiotic usage than the California benchmark. He reviewed the Central Line Associated Bloodstream Infection rate and indicated that from January to June 2020, we had zero CLABSIs over 28 central line days.

Dr. McGuire talked about the Patient Experience and gave an update on patient satisfaction, referencing several positive comments from family members about the care given their infants in the SCN.

FINANCE REPORT

Chris Henry, Vice President & Chief Financial Officer, presented the Finance Report for August 2020. The average daily census was 165.2 with admissions of 842 resulting in 5,120 patient days. Outpatient observation equivalent days were 173. The average length of stay was 5.75 days. The case mix index was 1.648. Deliveries were 122. Surgical cases were 348. Joint Replacement cases were 128. Neurosurgical cases were 24. Cardiac Surgical cases were 5. The Outpatient visits were 6,773 and Emergency visits were 5,646. Total productive FTEs were 1,546.9. FTEs per adjusted occupied bed were 6.39.

HOSPITAL OPERATIONS REPORT

Kimberly Hartz, Chief Executive Officer, presented the Hospital Operations Report for September 2020. Preliminary information for the month indicated gross revenue at approximately $171,974,000. The Average Length of Stay was 5.90, which was impacted by the shift in joint surgeries from inpatient to outpatient and a higher acuity. Approximately 72% of all Joint Replacements were performed as outpatient surgeries. There were 4,279 patient days. The Average Daily Census was 142.6. There were 367 Surgical Cases and 380 Cath Lab procedures at the Hospital. Deliveries were 113. Non-Emergency Outpatient visits were 7.092. Total Government Sponsored Preliminary Payor Mix was 72.0%, against the budget of 71.2%. Total FTEs per Adjusted Occupied Bed were 6.94. The Washington Outpatient Surgery Center had 417 cases and the clinics saw approximately 2,966 patients. Homeless Patient Total Encounters were 208 with an estimated unreimbursed cost of homeless care of $409,000 for the month of September. The estimated total unreimbursed cost of homeless care for FY21 Year-to-Date was $1.1M.

ANNOUNCEMENTS

- Washington Hospital hosted community health seminars on Facebook, YouTube and Zoom
- Thursday, September 17th: Wound Care: The Latest Treatment Options on Facebook Live with access via one of the social media channels

- Thursday, September 17th: Strengthen Your Immunity with Dr. Victoria Leiphart on Zoom
- Saturday, September 19th – October 10th: Washington Urgent Care and The Washington Township Medical Foundation hosted multiple flu vaccination drive-through clinics. More than 1,050 community members received the flu vaccine. The final drive-through clinic is scheduled for October 24th at WTMF Nakamura Clinic in Union City.
- October 6th & 7th: Medicare Open Enrollment: What You Need to Know on Facebook Live
- Wednesday, October 8th: Ortho Overuse Injuries: Prevention & Treatment with Dr. Russell Nord in a live event
- Tuesday, October 13th: Shoulder Pain: Causes and Treatment Options with Dr. John Costouros in a live event
- Saturday, October 10th: Virtual Top Hat Gala event.
- Natally Servino, Buyer for Materials Management, is the October Employee of the Month.

ADJOURNMENT

There being no further business, Director Wallace adjourned the meeting at 7:26 pm.

_____	_____
Michael J. Wallace	Bernard Stewart, DDS
President	Secretary

CALL TO ORDER

A regular meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, October 19, 2020 via Teleconference in order to comply with Alameda County's orders as revised on August 20, 2020 to slow the spread of COVID-19 and reduce the rate of transmission by sheltering at home and continued social distancing. Director Wallace called the meeting to order at 6:02 p.m. and led those present in the Pledge of Allegiance.

ROLL CALL

Roll call was taken. Directors present: Michael Wallace; William Nicholson, MD; Jeannie Yee; Jacob Eapen, MD; Bernard Stewart, DDS

Absent:

Also present: Kimberly Hartz, Chief Executive Officer; Ed Fayen, Executive Vice President; Chris Henry, Vice President; Tina Nunez, Vice President; Stephanie Williams, Vice President; Paul Kozachenko, Legal Counsel; Dee Antonio, District Clerk

COMMUNICATIONS

There were no oral communications.

There were no written communications.

ADJOURN TO CLOSED SESSION

In accordance with Health & Safety Code Sections 32106 and 32155 and California Government Code 54956.9(d)(2), Director Wallace adjourned the meeting to closed session at 6:05 p.m., as the discussion pertained to a trade secret pursuant to Health & Safety Code section 32106, a Report of Medical Staff and Quality Assurance pursuant to Health & Safety Code Section 32155, and a Conference Involving Personnel Matters: Chief Executive Officer. Mr. Wallace stated that the public has a right to know what, if any, reportable action takes place during closed session. Since this is a Teleconference/Zoom call and we have no way of knowing when the closed session will end, the public was informed they could contact the District Clerk for the Board's report beginning October 20, 2020. He indicated that the minutes of this meeting will reflect any reportable actions.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

Director Wallace reconvened the meeting to open session at 7:27 p.m. and reported that no reportable action was taken in Closed Session.

ADJOURNMENT

There being no further business, Director Wallace adjourned the meeting at 7:27 pm.

_____ _____

Michael J. Wallace
President

Bernard Stewart, DDS
Secretary

CALL TO ORDER

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, October 26, 2020 via Zoom in order to comply with Alameda County's orders as revised on October 23, 2020 to slow the spread of COVID-19 and reduce the rate of transmission by sheltering at home and continued social distancing. Director Nicholson called the meeting to order at 7:30 a.m.

ROLL CALL

Roll call was taken. Directors present: William Nicholson, MD; Bernard Stewart DDS; Jeannie Yee
Excused: Jacob Eapen; Michael Wallace

Also present: Prasad Kilaru, MD; Kranthi Achanta, MD; Shakir Hyder, MD; Tim Tsoi, MD; Jan Henstorf, MD; Jeff Stuart, MD; Kimberly Hartz, Chief Executive Officer; Stephanie Williams, Vice President & Chief Nursing Officer

COMMUNICATIONS

There were no oral or written communications.

ADJOURN TO CLOSED SESSION

Director Nicholson adjourned the meeting to closed session at 7:30 a.m. as the discussion pertained to Medical Audit and Quality Assurance Matters pursuant to Health & Safety Code Sections 1461 and 32155.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

Director Nicholson reconvened the meeting to open session at 8:30 a.m. and reported no reportable action taken in closed session.

ADJOURNMENT

There being no further business, the meeting adjourned at 8:30 a.m.

_____ _____

Michael Wallace
President

Bernard Stewart
Secretary

CALL TO ORDER

A regular meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, October 28, 2020 via Zoom in order to comply with Alameda County's orders as revised on October 23, 2020 to slow the spread of COVID-19 and to maintain restrictions on movement and public gathering. Director Wallace called the meeting to order at 6:00 p.m. and led those present in the Pledge of Allegiance.

ROLL CALL

Roll call was taken. Directors present: Michael Wallace; William Nicholson, MD; Jeannie Yee; Jacob Eapen, MD; Bernard Stewart, DDS

Also present: Kimberly Hartz, Chief Executive Officer; Ed Fayen, Executive Vice President; Chris Henry, Vice President; Tina Nunez, Vice President; Stephanie Williams, Vice President; Paul Kozachenko, Legal Counsel; Dee Antonio, District Clerk

Guests: Will Cobb, Consultant; Sarah Ramos, Consultant; Angus Cochran, Lucy Hernandez, Dan Nardoni

OPENING REMARKS

Director Wallace welcomed any members of the general public to the meeting. He stated that Governor's Newsom's Executive Order N-29-20 explicitly waives The Brown Act provision that requires physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in, or quorum for, a public meeting. He noted that Washington Township Health Care District continues to comply with the Brown Act in providing appropriate connection information in order to provide the public the opportunity to participate in the meeting and that Public Notice for this meeting, including connection information, was posted appropriately on our website.

Mr. Wallace announced that this meeting, conducted via Zoom, will be recorded for broadcast at a later date.

When asked if any members of the general public were in attendance and/or interested in speaking, there was no response.

COMMUNICATIONS

There were no oral communications.

There were no written communications.

CONSENT CALENDAR

Director Wallace presented the Consent Calendar for consideration:

A. Amendments to the Pension Investment and Other Post-Retirement Benefits Investment Policies

In accordance with District law, policies, and procedures, Director Nicholson moved that the Board of Directors approve the Consent Calendar, item A.

Director Eapen seconded the motion.
Roll call was taken:

Michael Wallace – aye
William Nicholson, MD – aye
Jeannie Yee - aye

Jacob Eapen, MD - aye
Bernard Stewart, DDS – aye

The motion unanimously carried.

PRESENTATION:

RESULT OF ANNUAL AUDIT FY 2020

Chris Henry introduced Will Cobb and Sarah Ramos from Price Waterhouse Cooper who presented the FY 2020 audit results report to the Board of Directors. They noted there were no uncorrected misstatements identified for fiscal year 20; there was one uncorrected misstatement related to fiscal year 19; there were no material weaknesses identified; and, there were audit adjustments to several presentation and disclosure matters and related internal control findings. The following transactions were determined to be significant and unusual during fiscal 2020: CARES Act funding; Medicare Accelerated and Advance Payments; Warm Springs joint real-estate purchase. It was also noted that the District was significantly impacted by COVID-19, which resulted in a reduction in revenue and increased expenses.

The audit noted no instances of fraud at the District. There was discussion regarding the Adjustments proposed by PwC and booked by management. Management concluded that the revisions and reclassifications to prior year are not material, individually and in the aggregate, to the previously issued June 30, 2019 financial statements. Based upon guidance included in Government Accounting Standards, the District determined that the inclusion of a cash flow statement for the Foundation was not required. As a result, the fiscal year 2019 cash flow statement is not included in the fiscal year 20 financial statements. Management has concluded, and PwC concurs, that this uncorrected misstatement is not material to the previously issued June 30, 2019 financial statements.

Other required communications to the Board included:

- There were no conditions and events that were identified that indicate there is substantial doubt about the District's ability to continue as a going conern.
- No disagreements with management.
- No identification of any potential or known fraud. No indications of management override identified through the audit procedures performed in response to the presumed significant risk related to management override of controls.

CONSIDERATION OF ANNUAL AUDIT FISCAL YEAR 2020

In accordance with District Law, Policies and Procedures, Director Nicholson moved for acceptance of the Audit Report for Fiscal Year ending June 30, 2020 as presented and that the Secretary be directed to publish the report in accordance with applicable law and Hospital Policies and Procedures.

Director Yee seconded the motion.

Roll call was taken:

Michael Wallace – aye
William Nicholson, MD – aye
Jeannie Yee - aye

Jacob Eapen, MD - aye
Bernard Stewart, DDS – aye

The motion unanimously carried.

CONSIDERATION OF 2020 COMMUNITY NEEDS ASSESSMENT HEALTH IMPROVEMENT PLAN

In accordance with District Law, Policies and Procedures, Director Nicholson moved that the Board of Directors approve the 2020 Community Needs Assessment Health Improvement Plan and that the Board authorize the Chief Executive Officer to move forward with its implementation.

Director Yee seconded the motion.

Roll call was taken:

Michael Wallace – aye
William Nicholson, MD – aye
Jeannie Yee - aye
Jacob Eapen, MD - aye
Bernard Stewart, DDS – aye

The motion unanimously carried.

CONSIDERATION OF COMMERCIAL GUARANTY AND GOVERNMENTAL CERTIFICATE IN CONNECTION WITH A FINANCING OF TENANT IMPROVEMENTS FOR AMBULATORY SURGERY CENTER

Director Wallace recused himself from participating in discussion of or taking action on this item as he is the Chairman of the Board of Fremont Bank and this action involves Fremont Bank. First Vice President Nicholson assumed the duties of President and chaired the meeting on this item; Director Wallace logged out of the meeting.

In accordance with District Law, Policies and Procedures, Director Yee moved that the Board of Directors

(1) Authorize Kimberly Hartz, Ed Fayen, and Chris Henry to execute the Commercial Guaranty on behalf of the District;
(2) Authorize Dr. Bernard Stewart, Secretary of the Board, to execute the Governmental Certificate to the Commercial Guaranty; and
(3) Authorize the Chief Executive Office of the District to take any and all actions necessary to execute any and all instruments and do any and all things deemed by her to be necessary, or desirable, to carry out the intent and purposes of this motion.

Director Eapen seconded the motion.

Roll call was taken:

Michael Wallace – recused
William Nicholson, MD – aye
Jeannie Yee - aye
Jacob Eapen, MD - aye
Bernard Stewart, DDS – aye

The motion carried.

ANNOUNCEMENTS

Kimberly Hartz made the following announcements:

- The search for Executive Director of the Charitable Foundation has been put on hold. Sara Gemski has been appointed Interim Executive Director at this time.
- The Top Hat Event has netted $192,000.
- A Commendation will be awarded to Alameda County Supervisor Scott Haggerty at the November 11th Board Meeting.

ADJOURN TO CLOSED SESSION

In accordance with Health & Safety Code Sections 32106 and 32155 and California Government Code 54956.9(d)(2), Director Wallace adjourned the meeting to closed session at 7:02 p.m., as the discussion pertained to a trade secret pursuant to Health & Safety Code section 32106 Trade Secrets discussion and a Report of Medical Staff and Quality Assurance pursuant to Health & Safety Code Section 32155. Mr. Wallace stated that the public has a right to know what, if any, reportable action takes place during closed session. Since this is a teleconference call and we have no way of knowing when the closed session will end, the public was informed they could contact the District Clerk for the Board's report beginning October 29, 2020. He indicated that the minutes of this meeting will reflect any reportable actions.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

Director Wallace reconvened the meeting to open session at 7:21 p.m. and reported that no reportable action was taken in Closed Session.

ADJOURNMENT

There being no further business, Director Wallace adjourned the meeting at 7:21 pm.

_____ _____

Michael J. Wallace
President

Bernard Stewart, DDS
Secretary

Washington Hospital Healthcare System
SINCE 1948

Memorandum

DATE: November 2, 2020

TO: Kimberly Hartz, Chief Executive Officer

FROM: Prasad Kilaru, MD
Chief of Staff

SUBJECT: Final Credentials Actions

The Medical Executive Committee approved the Credential Action Items on October 19, 2020. Please accept this memorandum as a formal request for consideration of approval by the Board of Directors of the Credential Action Items as attached.

WASHINGTON HOSPITAL MEDICAL STAFF
FINAL CREDENTIALS ACTION ITEMS October 26, 2020

The following written communication received from Prasad Kilaru, MD, Chief of Staff, dated October 13, 2020 requesting approval of Medical Staff Credentialing Action Items as follows:

Initial Appointments – Two Year
Amano, Joshua PA-C; Anzo, Jennifer PA-C; Ashbaugh, Shane PA-C; Grewall, Pam MD; Hanyu-Deutmeyer, Aaron DO; Ranzenbach, Edward PA-C; Singa, Ramesh MD; Tsui, Cynthia MD

Initial Appointments – One Year
None

Temporary Privileges
Agrawal, Harsh MD; Amano, Joseph PA-C; Anzo, Jennifer PA-C; Ashbaugh, Shane PA-C; Beygui, Ramin MD; Lee, Teng MD; Mahadevan, Vaikom MD; Ranzenbach, Edward PA-C

Disaster Privileges – approved while application is waiting for Board approval
None

LocumTenens
None

30 Days Extension Request – Application Not Complete
None

Waiver Request
Wat, Stephen DDS

Reappointments – Two Year
Chen, Kwan MD; Dao, Jackelynn NP; Dolgasheva, Assoi MD; Hsieh, Kisseng MD; Hua, Nancy MD; Jhaveri, Soham DO; Lee, Connie MD; Lipson, Brian MD; Martin Dianne MD; Morrissey. Kevin MD; Shah, Shaista MD; Suri, Rajesh MD; Wat, Stephen DDS; Wong, Helen MD; Wright, Richard MD; Yu, Stanley MD

Reappointments – One Year
Ahuja, Rajiv MD; Bindal, Ashwani MD; Cheng, David MD; Iocco, John MD; Lee, Teng MD; Mahal, Anmol MD; Pavesi, Marco MD

Addition of Physician Supervisor
None

Conditional Reappointments
None

Non-Reappointments – Deemed to Have Resigned
None

Transfer in Staff Category
None

Completion of Proctoring Prior to Eligibility for Advancement in Staff Category
Hans, Kulbinder NP

Completion of Proctoring and Advancement in Staff Category
Herscu, Gabriel MD; Hiraoka, Toshi MD; Lee, Cindy NP; Lee, Teng MD; Ly, Johnathan MD; Penner, Mark DO; Tran, Thuy Nhu CCP

Extension of Proctorship and Provisional Category 1-year
None

New Privilege Requests
Agrawal, Harsh MD; Bauer, Kevin MD; Beygui, Ramin MD; Lee, Teng MD; Mahadevan, Vaikom MD

Delete Privilege Requests
Iocco, John MD; Rajan, Jay MD

Conflict of Interest Statement Updated
Ahuja, Rajiv MD; Mahal, Anmol MD

Leave of Absence
None

Reinstatement of Leave of Absence
None

Withdrawal of Application
None

Suspensions / Relinquishment
None

Resignations
Busby, William MD; Myint, Kyaw MD; Shih, Chia-Ding DPM

Washington Hospital Healthcare System

SINCE 1948

Memorandum

DATE: October 26, 2020

TO: Kimberly Hartz, Chief Executive Officer

FROM: Edward Fayen, Executive Vice President & Chief Operating Officer

SUBJECT: **Pneumatic Tube System Upgrade**

The Pneumatic Tube System provides the ability for various departments throughout the hospital to send and receive medications and lab specimens. The first phase of the system upgrade was developed with the construction of the Morris Hyman Pavilion. This second phase is to upgrade the transfer table, which is the heart of the system. Currently the 5th and 6th floors of the main tower have reduced capacity of the blowers to move the tubes and have caused the shutdown of those locations on numerous occasions. If the transfer table fails completely, it will ultimately shut down the entire system for months. This upgrade is vital to the integrity of the main tower system.

This item was not approved in the FY 21 Capital Budget. The remaining balance from the approved Siemens upgrade of $219, 670.00 will be used to fund this upgrade.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to proceed with the upgrade to the transfer table for the pneumatic tube system for a total amount not to exceed **$201,294.00.**

EF/tl

Washington Hospital Healthcare System

SINCE 1948

Memorandum

DATE: November 4, 2020

TO: Kimberly Hartz, Chief Executive Officer

FROM: John Lee, Chief Information Officer

SUBJECT: FY21 PACS Upgrade Project

As WHHS continues to evolve and provide state-of-the-art patient care, Information Systems is working with the Medical Imaging department to upgrade infrastructure to meet new requirements. As part of the upgrades for our PACS (Picture Archiving and Communication System), we need to update our infrastructure to meet new security standards. We also need to replace our current PACS viewers, which will no longer be supported by our vendor.

Most of our PACS hardware systems are running on Windows 7 and need to be upgraded to Windows 10. Some of the hardware is at end of life and is not compatible with Windows 10. In addition, PACS servers need to be upgraded from Windows server version 2008 to version 2012. For viewing images, the iConnect Access Zero footprint universal viewer will be replacing our current Web Ambassador and ZDA viewers for radiology images.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to enter into the necessary contracts and proceed with the purchase of hardware, software and implementation services for a total amount not to exceed **$237,220.00** for this approved project in the fiscal year 2021 Capital budget.

Washington Hospital Healthcare System

SINCE 1948

Memorandum

DATE: **November 4, 2020**

TO: Kimberly Hartz, Chief Executive Officer

FROM: John Lee, Chief Information Officer

SUBJECT: Epic Infrastructure Upgrade Project

Information Systems currently performs software upgrades to our Epic electronic medical record system twice per year. Approximately every five years, hardware infrastructure needs to also be upgraded in order to support application performance requirements. Our current Epic servers and parts of our client infrastructure need to be upgraded prior to go live of the February 2021 Epic version. We have identified this equipment to be replaced and request approval in order to remain on schedule to support upcoming Epic version upgrades. It is critical to stay current with Epic versions in order to benefit from new system functionality as well as receive regulatory compliance updates that are only available in the latest Epic versions.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to enter into the necessary contracts and proceed with the purchase of hardware and associated software for a total amount not to exceed **$261,477.00** for this approved project in the fiscal year 2021 Capital budget.

Washington Hospital Healthcare System

SINCE 1948

Memorandum

DATE: November 6, 2020

TO: Kimberly Hartz, Chief Executive Officer

FROM: Edward Fayen, Executive Vice President & Chief Operating Officer

SUBJECT: **Paving of the Old Emergency Room Parking Lot**

Since the completion of the Morris Hyman Critical Care Pavilion in November 2018, the area immediately to the west of the Pavilion has been left unimproved and fenced off from the public. As we are moving towards winter, it is not practical that we continue to provide COVID testing outdoors. In addition, we need to centralize other lab testing and EKG's for pre-op patients. With this in mind, we recommend paving over the former vehicle turnaround space and foundation of the former modular ED waiting and registration building that was removed after the completion of the Morris Hyman Pavilion.

We plan to utilize the old ER space in the main hospital building for a new pre-op testing service. The paving will allow easy parking and access to the main hospital building for this pre-op service.

The cost of the paving and striping is $62,688.00. It was not in the FY 2021 capital budget.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to proceed with the paving of the old emergency room parking lot for a total amount not to exceed **$62,688.00.**

EF/tl

Washington Hospital Healthcare System

WASHINGTON HOSPITAL

MONTHLY OPERATING REPORT

September 2020

Washington Hospital Healthcare System

WASHINGTON HOSPITAL
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September 2020

Washington Hospital Healthcare System

SINCE 1948

Memorandum

DATE: November 5, 2020

TO: Board of Directors

FROM: Kimberly Hartz, Chief Executive Officer

SUBJECT: Washington Hospital – September 2020 Operating & Financial Activity

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SUMMARY OF OPERATIONS – (Blue Schedules)

1. **Utilization – Schedule Board 3**

	September Actual	September Budget	Current 12 Month Avg.
ACUTE INPATIENT:			
Average Daily Census	142.6	138.8	144.4
# of Admissions	797	845	848
Patient Days	4,279	4,163	4,406
Discharge ALOS	5.90	4.93	5.12
OUTPATIENT:			
OP Visits	7,092	7,077	6,649
ER Visits	4,742	5,978	4,581
Observation Equivalent Days – OP	214	159	177

Comparison of September acute inpatient statistics to those of the budget showed a lower level of admissions and a higher level of patient days. The average length of stay (ALOS) based on discharged days was above budget. Outpatient visits were higher than budget. Emergency Room visits were below budget for the month.

2. **Staffing – Schedule Board 3**

Total paid FTEs were 137.5 above budget. Total productive FTEs for September were 1,366.5, 141.0 above the budgeted level of 1,225.5. Nonproductive FTEs were 3.5 below budget. Productive FTEs per adjusted occupied bed were 6.13, 0.51 above the budgeted level of 5.62. Total FTEs per adjusted occupied bed were 6.94, 0.48 above the budgeted level of 6.46.

3. **Income - Schedule Board 1**

For the month of September the Hospital realized a loss of $2,610,000 from operations.

Total Gross Patient Service Revenue of $171,974,000 for September was 3.6% above budget.

Deductions from Revenue of $134,045,000 represented 77.94% of Total Gross Patient Service Revenue. This percentage is above the budgeted amount of 77.63%, primarily due to payor mix.

Total Operating Revenue of $38,244,000 was $756,000 (2.0%) above the budget.

Total Operating Expense of $40,854,000 was $2,982,000 (7.9%) above the budgeted amount.

The Total Non-Operating Loss of $216,000 for the month includes an unrealized loss on investments of $239,000 and property tax revenue of $1,447,000.

The Total Net Loss for September was $2,826,000, which was $2,512,000 less than the budgeted loss of $314,000.

The Total Net Loss for September using FASB accounting principles, in which the unrealized loss or income on investments, net interest expense on GO bonds and property tax revenues are removed from the non-operating income and expense, was $2,889,000 compared to a budgeted loss of $589,000.

4. **Balance Sheet – Schedule Board 2**

There were no noteworthy changes in assets and liabilities when compared to August 2020.

KIMBERLY HARTZ
Chief Executive Officer

KH/CH

Washington Hospital Healthcare System

WASHINGTON HOSPITAL
STATEMENT OF REVENUES AND EXPENSES
September 2020
GASB FORMAT
(In thousands)

September						YEAR TO DATE			
ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.			ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
					OPERATING REVENUE				
$ 109,956	$ 105,600	$ 4,356	4.1%	1	INPATIENT REVENUE	$ 346,370	$ 318,671	$ 27,699	8.7%
62,018	60,449	1,569	2.6%	2	OUTPATIENT REVENUE	178,803	181,861	(3,058)	-1.7%
171,974	**166,049**	**5,925**	3.6%	3	**TOTAL PATIENT REVENUE**	**525,173**	**500,532**	**24,641**	4.9%
(130,365)	(125,497)	(4,868)	-3.9%	4	CONTRACTUAL ALLOWANCES	(397,947)	(376,896)	(21,051)	-5.6%
(3,680)	(3,401)	(279)	-8.2%	5	PROVISION FOR DOUBTFUL ACCOUNTS	(11,569)	(10,253)	(1,316)	-12.8%
(134,045)	**(128,898)**	**(5,147)**	-4.0%	6	**DEDUCTIONS FROM REVENUE**	**(409,516)**	**(387,149)**	**(22,367)**	-5.8%
77.94%	**77.63%**			7	**DEDUCTIONS AS % OF REVENUE**	**77.98%**	**77.35%**		
37,929	**37,151**	**778**	2.1%	8	**NET PATIENT REVENUE**	**115,657**	**113,383**	**2,274**	2.0%
315	337	(22)	-6.5%	9	OTHER OPERATING INCOME	862	1,009	(147)	-14.6%
38,244	**37,488**	**756**	2.0%	10	**TOTAL OPERATING REVENUE**	**116,519**	**114,392**	**2,127**	1.9%
					OPERATING EXPENSES				
18,885	16,333	(2,552)	-15.6%	11	SALARIES & WAGES	57,736	50,611	(7,125)	-14.1%
6,034	6,359	325	5.1%	12	EMPLOYEE BENEFITS	20,006	19,487	(519)	-2.7%
4,993	4,740	(253)	-5.3%	13	SUPPLIES	15,608	15,325	(283)	-1.8%
4,875	4,742	(133)	-2.8%	14	PURCHASED SERVICES & PROF FEES	14,533	14,148	(385)	-2.7%
2,065	1,696	(369)	-21.8%	15	INSURANCE, UTILITIES & OTHER	5,349	5,080	(269)	-5.3%
4,002	4,002	-	0.0%	16	DEPRECIATION	12,006	12,006	-	0.0%
40,854	**37,872**	**(2,982)**	-7.9%	17	**TOTAL OPERATING EXPENSE**	**125,238**	**116,657**	**(8,581)**	-7.4%
(2,610)	**(384)**	**(2,226)**	-579.7%	18	**OPERATING INCOME (LOSS)**	**(8,719)**	**(2,265)**	**(6,454)**	-284.9%
-6.82%	**-1.02%**			19	**OPERATING INCOME MARGIN %**	**-7.48%**	**-1.98%**		
					NON-OPERATING INCOME & (EXPENSE)				
283	316	(33)	-10.4%	20	INVESTMENT INCOME	942	949	(7)	-0.7%
36	-	36	0.0%	21	REALIZED GAIN/(LOSS) ON INVESTMENTS	58	-	58	0.0%
(1,864)	(1,925)	61	3.2%	22	INTEREST EXPENSE	(5,564)	(5,772)	208	3.6%
121	275	(154)	-56.0%	23	RENTAL INCOME, NET	495	810	(315)	-38.9%
-	(39)	39	100.0%	24	BOND ISSUANCE COSTS	-	(116)	116	100.0%
-		-	0.0%	25	FEDERAL GRANT REVENUE	1,069	-	1,069	0.0%
1,447	1,443	4	0.3%	26	PROPERTY TAX REVENUE	4,294	4,329	(35)	-0.8%
(239)	-	(239)	0.0%	27	UNREALIZED GAIN/(LOSS) ON INVESTMENTS	(80)	-	(80)	0.0%
(216)	**70**	**(286)**	-408.6%	28	**TOTAL NON-OPERATING INCOME & EXPENSE**	**1,214**	**200**	**1,014**	507.0%
$ (2,826)	**$ (314)**	**$ (2,512)**	-800.0%	29	**NET INCOME (LOSS)**	**$ (7,505)**	**$ (2,065)**	**$ (5,440)**	-263.4%
-7.39%	**-0.84%**			30	**NET INCOME MARGIN %**	**-6.44%**	**-1.81%**		
$ (2,889)	**$ (589)**	**$ (2,300)**	-390.5%	31	**NET INCOME (LOSS) USING FASB PRINCIPLES****	**$ (8,286)**	**$ (2,880)**	**$ (5,406)**	-187.7%
-7.55%	**-1.57%**				**NET INCOME MARGIN %**	**-7.11%**	**-2.52%**		

******NET INCOME (FASB FORMAT) EXCLUDES PROPERTY TAX INCOME, NET INTEREST EXPENSE ON GO BONDS AND UNREALIZED GAIN(LOSS) ON INVESTMENTS

Washington Hospital Healthcare System

WASHINGTON HOSPITAL
BALANCE SHEET
September 2020
(In thousands)

	ASSETS AND DEFERRED OUTFLOWS	September 2020	Audited June 2020
	CURRENT ASSETS		
1	CASH & CASH EQUIVALENTS	$ 48,696	$ 68,355
2	ACCOUNTS REC NET OF ALLOWANCES	71,044	61,017
3	OTHER CURRENT ASSETS	12,894	12,523
4	TOTAL CURRENT ASSETS	132,634	141,895
	ASSETS LIMITED AS TO USE		
6	BOARD DESIGNATED FOR CAPITAL AND OTHER	215,725	214,744
7	REVENUE BOND FUNDS	10,860	10,923
8	BOND DEBT SERVICE FUNDS	10,471	31,387
9	OTHER ASSETS LIMITED AS TO USE	10,081	10,155
10	**TOTAL ASSETS LIMITED AS TO USE**	247,137	267,209
12	**OTHER ASSETS**	231,202	222,268
13	**OTHER INVESTMENTS**	11,733	11,679
14	**NET PROPERTY, PLANT & EQUIPMENT**	670,949	684,274
15	**TOTAL ASSETS**	**$ 1,293,655**	**$ 1,327,325**
16	**DEFERRED OUTFLOWS**	50,732	62,304
17	**TOTAL ASSETS AND DEFERRED OUTFLOWS**	**$ 1,344,387**	**$ 1,389,629**

	LIABILITIES, NET POSITION AND DEFERRED INFLOWS	September 2020	Audited June 2020
	CURRENT LIABILITIES		
1	CURRENT MATURITIES OF L/T OBLIG	$ 9,920	$ 9,500
2	ACCOUNTS PAYABLE	18,835	18,669
3	OTHER ACCRUED LIABILITIES	111,708	116,193
4	INTEREST	4,912	11,247
5	TOTAL CURRENT LIABILITIES	145,375	155,609
	LONG-TERM DEBT OBLIGATIONS		
6	REVENUE BONDS AND OTHER	216,451	223,881
7	GENERAL OBLIGATION BONDS	329,042	331,992
	OTHER LIABILITIES		
10	NET PENSION LIABILITY	20,902	31,798
11	SUPPLEMENTAL MEDICAL RETIREMENT	40,970	42,578
12	WORKERS' COMP AND OTHER	8,556	8,440
14	**NET POSITION**	524,329	531,834
15	**TOTAL LIABILITIES AND NET POSITION**	**$ 1,285,625**	**$ 1,326,132**
16	**DEFERRED INFLOWS**	58,762	63,497
17	**TOTAL LIABILITIES, NET POSITION AND DEFERRED INFLOWS**	**$ 1,344,387**	**$ 1,389,629**

Washington Hospital Healthcare System

WASHINGTON HOSPITAL
OPERATING INDICATORS
September 2020

12 MONTH AVERAGE	September ACTUAL	September BUDGET	September FAV (UNFAV) VAR	September % VAR.			YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE FAV (UNFAV) VAR	YEAR TO DATE % VAR.
						PATIENTS IN HOSPITAL				
144.4	142.6	138.8	3.8	3%	**1**	ADULT & PEDS AVERAGE DAILY CENSUS	155.4	139.8	15.6	11%
5.8	7.1	5.3	1.8	34%	**2**	OUTPT OBSERVATION AVERAGE DAILY CENSUS	6.2	5.4	0.8	15%
8.0	7.8	9.2	(1.4)	-15%	**3**	NURSERY AVERAGE DAILY CENSUS	7.7	9.6	(1.9)	-20%
158.2	157.5	153.3	4.2	3%	**4**	TOTAL	169.3	154.8	14.5	9%
3.5	3.3	3.4	(0.1)	-3%	**5**	SPECIAL CARE NURSERY AVERAGE DAILY CENSUS *	3.3	3.6	(0.3)	-8%
4,406	4,279	4,163	116	3%	**6**	ADULT & PEDS PATIENT DAYS	14,297	12,864	1,433	11%
177	214	159	55	35%	**7**	OBSERVATION EQUIVALENT DAYS - OP	571	494	77	16%
848	797	845	(48)	-6%	**8**	ADMISSIONS-ADULTS & PEDS	2,472	2,604	(132)	-5%
5.12	5.90	4.93	0.97	20%	**9**	AVERAGE LENGTH OF STAY-ADULTS & PEDS	5.77	4.94	0.83	17%
						OTHER KEY UTILIZATION STATISTICS				
1.522	1.679	1.443	0.236	16%	**10**	OVERALL CASE MIX INDEX (CMI)	1.648	1.493	0.155	10%
						SURGICAL CASES				
139	158	159	(1)	-1%	**11**	JOINT REPLACEMENT CASES	434	490	(56)	-11%
22	27	22	5	23%	**12**	NEUROSURGICAL CASES	74	60	14	23%
9	12	7	5	71%	**13**	CARDIAC SURGICAL CASES	23	31	(8)	-26%
173	170	190	(20)	-11%	**14**	ALL OTHERS	541	568	(27)	-5%
343	367	378	(11)	-3%	**15**	TOTAL CASES	1,072	1,149	(77)	-7%
360	380	352	28	8%	**16**	TOTAL CATH LAB PROCEDURES	1,108	1,088	20	2%
124	113	132	(19)	-14%	**17**	DELIVERIES	367	426	(59)	-14%
6,649	7,092	7,077	15	0%	**18**	OUTPATIENT VISITS	21,133	21,478	(345)	-2%
3,724	3,482	3,924	(442)	-11%	**19**	EMERGENCY VISITS, EXCLUDING RSTU VISITS	10,479	11,846	(1,367)	-12%
857	1,260	2,054	(794)	-39%	**20**	RSTU VISITS	5,973	6,298	(325)	-5%
						LABOR INDICATORS				
1,305.4	1,366.5	1,225.5	(141.0)	-12%	**21**	PRODUCTIVE FTE'S	1,371.4	1,233.0	(138.4)	-11%
178.8	181.1	184.6	3.5	2%	**22**	NON PRODUCTIVE FTE'S	172.3	188.7	16.4	9%
1,484.2	1,547.6	1,410.1	(137.5)	-10%	**23**	TOTAL FTE'S	1,543.7	1,421.7	(122.0)	-9%
6.10	6.13	5.62	(0.51)	-9%	**24**	PRODUCTIVE FTE/ADJ. OCCUPIED BED	5.82	5.62	(0.20)	-4%
6.94	6.94	6.46	(0.48)	-7%	**25**	TOTAL FTE/ADJ. OCCUPIED BED	6.55	6.47	(0.08)	-1%

* included in Adult and Peds Average Daily Census

RESOLUTION NO. 1218

RESOLUTION OF THE BOARD OF DIRECTORS OF WASHINGTON TOWNSHIP HEALTH CARE DISTRICT APPROVING THE ISSUANCE AND SALE OF AND DETERMINING TO PROCEED WITH THE NEGOTIATED SALE OF CERTAIN REVENUE REFUNDING BONDS OF THE DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $51,000,000 APPROVING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, A BOND PURCHASE CONTRACT, AN ESCROW AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A PRELIMINARY OFFICIAL STATEMENT AND CERTAIN OTHER ACTIONS RELATED THERETO

WHEREAS, the Washington Township Health Care District (the "District"), County of Alameda, State of California (the "State") a local healthcare district, is duly organized and existing under the laws of the State, particularly the Local Health Care District Law, constituting Division 23 of the Health and Safety Code of the State (the "Law"); and

WHEREAS, the District has previously issued and sold certain of its revenue bonds, including, *inter alia*, its Revenue Bonds, 2010 Series A (the "2010 Prior Bonds"), the proceeds of which were applied to (i) finance or reimburse the District for expenditures made for additions, improvements and betterments to certain of the District's facilities; (ii) fund a reserve fund for the 2010 Prior Bonds; and (iii) finance the costs of issuing the 2010 Prior Bonds; and

WHEREAS, the 2010 Prior Bonds were issued as Additional Bonds pursuant to the Law and that certain Indenture, dated as of July 1, 1993 (the "Original Indenture"), by and between the District and Union Bank, N.A., as the initial trustee (the "Initial Trustee"), as subsequently supplemented and amended (as so amended, the "Indenture"); and

WHEREAS, pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Refunding Law"), the District may determine to refund any of its outstanding revenue bond obligations upon favorable terms, subject to certain requirements; and

WHEREAS, this Board of Directors of the District (the "Board") has determined that conditions in the municipal markets are favorable for the refunding of all or a portion of the remaining outstanding 2010 Prior Bonds (such 2010 Prior Bonds to be refunded, hereafter, the "Refunded Bonds") on a current basis; and

WHEREAS, in order to effect the refunding of the Refunded Bonds, this Board, acting under and pursuant to the Refunding Law, has determined that the public interest and necessity require the authorization, sale and issuance of hospital revenue refunding bonds designated as the District's Revenue Refunding Bonds, 2020 Series A (the "Bonds") with such insertions as shall be appropriate to describe the authorizations for said Bonds, or any other changes as are agreed to by an Authorized Officer, as evidenced by his or her execution thereof, and shall be revenue

obligations of the District, secured by the pledge of Revenues, to be issued, in an estimated amount not to exceed $51,000,000 in aggregate principal amount; and

WHEREAS, the Bonds shall be issued as Additional Bonds pursuant to the Indenture; and

WHEREAS, the Board has also determined that market conditions and other factors make it necessary and advisable for the Board to sell the Bonds pursuant to a negotiated sale to BofA Securities, Inc., as successor in interest thereto, as underwriter (the "Underwriter"); and

WHEREAS, there have been presented to this meeting of the Board forms of the following documents for consideration in connection with the proposed issuance of the Bonds:

(a) A form of Tenth Supplemental Indenture (the "Tenth Supplemental Indenture"), by and between the District and U.S. Bank National Association, as Trustee (the "Trustee");

(b) A form of Escrow Deposit and Trust Agreement (the "Escrow Agreement"), by and between the District and the Trustee, in its capacity as escrow agent for the Refunded Bonds;

(c) A form of Bond Purchase Contract (the "Purchase Contract"), by and between the District and the Underwriter, pursuant to which the Bonds will be purchased;

(d) A form of Preliminary Official Statement (the "Preliminary Official Statement"), pursuant to which the Bonds will be marketed by the Underwriter; and

(e) A form of Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), to be entered into by the District with Hilltop Securities for the purposes of compliance with Rule 15c2-12 of the Securities Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"); and

WHEREAS, pursuant to Senate Bill 450 (Chapter 625, Statutes of 2017) ("**SB 450**"), effective January 1, 2018, the District has disclosed prior to adoption of this Resolution the following good faith estimates of certain information provided to the District by the Underwriter: (a) the true interest cost of the Bonds is estimated to be 6.0%, (b) the finance charge, or amount paid to third parties (which includes Underwriter's discount) in connection with the sale, of the Bonds is estimated to be $800,000, (c) the amount of proceeds received by the District from the sale of the Bonds is expected to be $51,000,000, and (d) the sum total of all payments the District will make to the final maturity of the Bonds is expected to be $66,000,000; and

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of the Bonds, and the indebtedness of the District, including the proposed issue of the Bonds, is within all limits proscribed by law;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Washington Township Health Care District, County of Alameda, State of California, as follows:

1. Recitals. The Board determines that the foregoing recitals are true and correct.

2. Definitions. The capitalized terms as used herein shall, for all purposes of this Resolution, have the meanings set forth in the Recitals hereof, in the Indenture or as ascribed to them below, unless the context clearly requires some other meaning.

(a) "Bond Counsel" means Nixon Peabody LLP, or any other attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax status of securities issued by public entities.

(b) "Closing Date" means the date upon which there is an exchange of Bonds for the proceeds representing the purchase price of the Bonds by the Underwriter.

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

(d) "Cost of Issuance" means all items of expense directly or indirectly reimbursable to the District relating to the issuance, execution and delivery of the Bonds and refunding of the Refunded Bonds including, but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, legal fees and charges, fees and expenses of the Trustee, financial and other professional consultant fees, Bond Counsel Fees, costs of obtaining credit ratings, municipal bond insurance premiums, if such insurance is determined to be advisable, and all charges and expenses in connection with the foregoing.

(e) "Owner" shall mean the registered owner, as indicated in the registration books of the Trustee, of any Bond.

(f) "Resolution" means this Resolution.

(g) "Special Counsel" means Mary K. Norvell, Attorney at Law.

(h) "Tax and Nonarbitrage Certificate" means the certificate of the District to be delivered on the Closing Date, setting forth the requirements of the Code applicable to the Bonds.

3. Purpose of Bonds. That for the purpose of providing funds to (i) refund the Refunded Bonds, and (ii) pay the cost of issuance of the Bonds, the Board hereby authorizes the issuance of the Bonds in accordance with the requirements of the Refunding Law and the

Indenture, in an aggregate principal amount not to exceed $51,000,000 which is expected to be issued to refund the Refunded Bonds and to finance the payment of fees and expenses incurred in connection therewith. The true interest cost of the Bonds shall not exceed 6.0% per annum, payable semiannually.

4. Appointment of Consultants; Terms and Conditions of Sale; Approval of Legal Documents.

(a) The Board hereby confirms the appointment of Mary K. Norvell, Attorney at Law, as Special Counsel to the District, C. Gordon Howie, as financial consultant to the District, Nixon Peabody LLP, as Bond Counsel to the District, BofA Securities, Inc., as successor in interest thereto, as Underwriter and Wells Consultancy LLC, as special legal consultant to the District in connection with the sale and issuance of the Bonds.

(b) The Bonds shall be issued upon the terms and conditions established in the Tenth Supplemental Indenture, and shall be issued in fully registered form, in the authorized denominations of $5,000 or any integral multiple thereof, substantially in the form appended to the Tenth Supplemental Indenture.

(c) The Chief Executive Officer of the District, the Senior Associate Administrator and the Chief Financial Officer of the District or any designee of any of the foregoing (each, an "Authorized Officer") and each of them acting alone is hereby authorized, in the name and on behalf of the District, to execute the Purchase Contract in substantially the same form as submitted to this Board, with such additional information included therein as is dependent upon pricing of the Bonds and with such additions, changes or corrections therein as the Authorized Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by such Authorized Officer's execution thereof, so long as the aggregate principal amount of the Bonds shall not exceed Fifty-One Million Dollars ($51,000,000), so long as the Underwriter's discount with respect to the Bonds shall not exceed 1.0% of the principal amount of the Bonds and so long as the true interest cost of the Bonds shall not exceed 6.0% per annum. The final maturity of the Bonds shall not be later than July 1, 2038, the final maturity date of the Refunded Bonds. The Bonds may be sold at par, at a discount or with an original issue premium.

(d) The District acknowledges receipt from the Underwriter of its letter respecting compliance with Rule G-17 of the Municipal Securities Rulemaking Board (the "MSRB").

5. Supplemental Indenture. The proposed form of the Tenth Supplemental Indenture presented to and considered by the Board at this meeting is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed, for and in the name of the District, to execute and deliver to the Trustee the Tenth Supplemental Indenture in

substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Tenth Supplemental Indenture by said Authorized Officer. The Bonds may be issued as serial Bonds or term Bonds and shall be subject to optional redemption prior to their respective maturity dates, or mandatory sinking fund redemption, on the dates and at the prices as set forth in the Tenth Supplemental Indenture.

6. Escrow Agreement. The proposed form of the Escrow Agreement presented to and considered by the Board at this meeting is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed, for and in the name of the District, to execute and deliver to the Escrow Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such requirement or approval to be conclusively evidenced by the execution of the Escrow Agreement by said Authorized Officer.

7. Preliminary Official Statement and Official Statement. The Preliminary Official Statement relating to the Bonds presented to and considered by the Board at this meeting is hereby approved. This Board also hereby authorizes the use and distribution of: (a) a Preliminary Official Statement in substantially the form presented to this Board with such changes as the Authorized Officer executing the certificate described below may approve, such approval to be conclusively evidenced by the execution of such certificate by such Authorized Officer; (b) an official statement in substantially the form of the Preliminary Official Statement with such changes as may be necessary or desirable in connection with the sale of the Bonds as determined by the Authorized Officer executing the same (the "Official Statement"), such determination to be conclusively evidenced by the execution and delivery of the Official Statement by such Authorized Officer and (c) any amendments or supplements to the Preliminary Official Statement or the Official Statement which an Authorized Officer may deem necessary or desirable, such determination to be conclusively evidenced by the execution of such amendment or supplement or of a certificate as described below by such Authorized Officer. The Authorized Officers are, and each of them acting alone is, hereby authorized to approve such additions, deletions or changes to the Preliminary Official Statement and Official Statement, as are necessary or desirable to effect the purposes of this Resolution and to comply with applicable laws and to deliver copies of the Preliminary Official Statement and the Official Statement to the Underwriter and prospective purchasers of the Bonds, and to execute the Official Statement. Upon approval of the Preliminary Official Statement by an Authorized Officer (such approval to be evidenced by execution of a certificate substantially in the form of Exhibit A attached hereto and by this reference incorporated herein, with such changes as may be necessary or advisable), such Preliminary Official Statement shall be deemed final as of its date except for the omission of certain information as provided in and pursuant to the Rule.

8. Continuing Disclosure Agreement. The form of Continuing Disclosure Agreement, substantially in the form appended to the Preliminary Official Statement and presented to and considered by the Board at this meeting, is hereby approved and the Board hereby authorizes any Authorized Officer to execute the Continuing Disclosure Agreement with such changes therein as may be approved by the Authorized Officer executing the same. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Agreement in order to assist the Underwriter in complying with

the requirements of the Rule. Any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Section; however, noncompliance with this Section shall not constitute a default under or cause the acceleration of the Bonds.

9. Purchase Contract. The form of the Purchase Contract is approved. The Authorized Officers are, and each of them acting alone is, authorized and directed to execute and deliver the Purchase Contract for and in the name and on behalf of the District, with such additions, changes or corrections therein as the Authorized Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District including, without limitation (i) such changes as are necessary to reflect the final terms of the Bonds to the extent such terms differ from those set forth in this Resolution, such approval to be conclusively evidenced by such Authorized Officer's execution thereof and (ii) any other documents required to be executed thereunder. The Authorized Officers are, and each of them acting alone is, hereby authorized and directed to determine the specific maturities and amounts of the 2010 Prior Bonds or portions thereof to be refunded, based upon market conditions existing at the time of the pricing of the Bonds.

10. Payment of the Bonds. The Bonds shall be payable solely from the Revenues to be received by the District from the operation of its health care facilities and shall not be deemed to constitute a debt or liability of the District under any constitutional charter or statutory debt limitation. Neither the faith and credit nor the taxing power of the District shall be pledged to the payment of the principal of or interest on the Bonds.

11. Tax Covenants of the District.

(a) The District covenants that it will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such Section is applicable to the Bonds.

(b) The District covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Code.

(c) The District covenants that it shall comply with the provisions of the Tax and Nonarbitrage Certificate.

12. Notice of Redemption. In connection with the current refunding of the Refunded Bonds, the Authorized Officers are hereby authorized to order the Trustee, in its capacity as trustee for the 2010 Prior Bonds, to send out a notice of redemption on the day next occurring after the sale of the Bonds, conditioned upon the issuance of the Bonds and the receipt by the Trustee of sufficient moneys to pay the redemption price of the Refunded Bonds on the redemption date, to the owners of the Refunded Bonds in accordance with Section 4.03 of the Indenture in order to effect redemption of the Refunded Bonds at the earliest possible date.

13. Necessary Acts and Conditions. This Board determines that all acts and conditions necessary to be performed by the Board or which have been precedent to in the issuing of the Bonds in order to make them legal, valid and binding revenue bonds of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds; and that due provision has been made for levying and collecting Revenues in an amount sufficient to pay principal of and interest on the Bonds when due.

14. Approval of Actions. Members of the Board and Authorized Officers of the District are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, certificates, instruments, and agreements supplemental to the foregoing, which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution, and to take all additional actions as may do the same in order to permit the issuance of the Bonds in the manner and on the terms set forth in this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

15. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Washington Township Health Care District, duly called and at which a quorum was present and acting throughout, conducted at a location freely accessible to the public this 11th day of November, 2020, in Fremont, California, by the following vote:

AYES: Members: _____

NOES: Members: _____

ABSENT: Members: _____

ABSTENTIONS: Members: _____

_____
President, Board of Directors

Attest:

_____
Secretary, Board of Directors

EXHIBIT A

FORM OF 15C2-12 CERTIFICATE

With respect to the proposed sale of its Revenue Refunding Bonds, 2020 Series A, in the maximum aggregate amount of not to exceed $51,000,000, the Washington Township Health Care District (the "**District**") has delivered to you a Preliminary Official Statement, dated as of the date hereof (the "**Preliminary Official Statement**"). The District, for purposes of compliance with Rule 15c2-12 of the Securities Exchange Act of 1934, as amended ("**Rule 15c2-12**"), deems the Preliminary Official Statement to be final as of its date, except for the omission of no more than the information permitted under Rule 15c2-12.

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

Dated: _____ __, 2020

By: [form only]
Authorized Officer

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

TENTH SUPPLEMENTAL INDENTURE

Dated as of December 1, 2020

Respecting

$[PAR AMOUNT]
WASHINGTON TOWNSHIP HEALTH CARE DISTRICT
REVENUE REFUNDING BONDS,
2020 SERIES A

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THIS TENTH SUPPLEMENTAL INDENTURE (the "Tenth Supplemental Indenture"), made and entered into as of the first day of December, 2020, by and between Washington Township Health Care District, a local health care district of the State of California (the "State"), formerly known as Washington Township Hospital District (the "District"), and U.S. Bank National Association, a national banking association having a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created (the "Trustee");

W I T N E S S E T H:

WHEREAS, the District is a political subdivision of the State of California, organized and existing under and pursuant to The Local Health Care District Law, constituting Division 23 of the Health and Safety Code of the State (the "Law"); and

WHEREAS, the District has previously issued and sold certain of its revenue bonds, including, *inter alia,* its Revenue Bonds, 2010 Series A (the "2010 Prior Bonds"), the proceeds of which were applied to (i) finance or reimburse the District for expenditures made for additions, improvements and betterments to certain of the District's facilities; (ii) fund a reserve fund for the 2010 Prior Bonds; and (iii) finance the costs of issuing the 2010 Prior Bonds; and

WHEREAS, pursuant to the provisions of the Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "Refunding Law"), the District may determine to refund any of its outstanding revenue bond obligations upon favorable terms, subject to certain requirements; and

WHEREAS, the District has determined that the conditions in the financial markets are favorable for the refunding of a portion of or all of the remaining outstanding 2010 Prior Bonds (hereinafter, the "Refunded Bonds") on a current basis; and

WHEREAS, the District has determined to issue its Washington Township Health Care District Revenue Refunding Bonds, 2020 Series A (the "2020 Bonds"), in the aggregate principal amount of [_____] dollars ($[Par Amount]), pursuant to the Refunding Law to (i) effect the refunding of the Refunded Bonds and (ii) to pay the costs of issuance of the 2020 Bonds; and

WHEREAS, the District has previously entered into an indenture, dated as of July 1, 1993, with Union Bank, N.A., a national banking association having a principal corporate trust office in San Francisco, California, formerly known as Union Bank of California, N.A., as trustee (the "Initial Trustee"), subsequently amended by certain Supplemental Indentures, dated as of March 15, 1994, April 1, 1999, June 1, 2007, December 1, 2009, November 1, 2010, November 1, 2015, April 1, 2017, June 1, 2017 and July 1, 2019 (as so amended, the "Existing Indenture" and, taking into account and including this Tenth Supplemental Indenture, the "Indenture"); and

WHEREAS, the District has appointed U.S. Bank National Association as successor trustee under the Existing Indenture (the "Trustee"); and

WHEREAS, Section 3.05 of the Existing Indenture provides that the District may by supplemental indenture establish one or more other series of Additional Bonds secured by the pledge made under the Existing Indenture equally and ratably with the bonds then outstanding thereunder; and

WHEREAS, the District desires to issue the 2020 Bonds as Additional Bonds pursuant to the terms of the Existing Indenture; and

WHEREAS, in order to provide for the authentication and delivery of the 2020 Bonds from time to time, to establish and declare the terms and conditions upon which the 2020 Bonds are to be issued and secured, and to secure the payment of the principal thereof and premium (if any) and interest thereon, the District has authorized the execution and delivery of this Tenth Supplemental Indenture; and

WHEREAS, the 2020 Bonds, the Trustee's certificate of authentication and the assignment to appear thereon, shall be in substantially the form, respectively, set forth on Exhibit A to this Tenth Supplemental Indenture, which is incorporated herein by this reference with necessary or appropriate variations, omissions and insertions, as permitted or required by this Tenth Supplemental Indenture; and

WHEREAS, all acts and proceedings required by law necessary to make the 2020 Bonds, when executed by the District, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal limited obligations of the District, and to constitute this Tenth Supplemental Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Tenth Supplemental Indenture has been in all respects duly authorized;

NOW, THEREFORE, THIS TENTH SUPPLEMENTAL INDENTURE WITNESSETH, that in order to declare the terms and conditions upon and subject to which the 2020 Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2020 Bonds by the holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the District does hereby covenant and agree with the Trustee as follows:

SECTION 1. Definitions.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Indenture. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of the Indenture and of any certificate, opinion or other document herein or therein mentioned, have the meanings herein specified.

2020 Continuing Disclosure Agreement

"2020 Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement, dated the date of issuance and delivery of the 2020 Bonds, between the District and Hilltop Securities Inc., Dallas, Texas, as Dissemination Agent, as originally executed and as it may be amended in accordance with its terms.

2020 Bonds

"2020 Bonds" means the Washington Township Health Care District Revenue Refunding Bonds, 2020 Series A, issued under this Tenth Supplemental Indenture.

2020 Tax and Nonarbitrage Certificate

"2020 Tax and Nonarbitrage Certificate" means the Tax and Nonarbitrage Certificate entered into by the District at the time of issuance and delivery of the 2020 Bonds , as the same may be amended or supplemented in accordance with its terms.

SECTION 2. Terms of the 2020 Bonds.

(a) Terms of the 2020 Bonds. A Series of Bonds is hereby created and additionally designated as the District's "Revenue Refunding Bonds, 2020 Series A." The aggregate principal amount of 2020 Bonds which may be issued and Outstanding under this Tenth Supplemental Indenture shall not exceed [_____] ($[_____]). The 2020 Bonds shall be issued as fully registered Bonds in denominations of $5,000 or any integral multiple thereof. The 2020 Bonds shall be dated as of and bear interest from their date of delivery, and interest thereon shall be payable on January 1, 2021, and semiannually thereafter on January 1 and July 1 in each year (each, an "Interest Payment Date"). The 2020 Bonds shall mature on the following dates in the following amounts and shall bear interest at the following rates per annum (based upon a 360-day year comprised of twelve thirty-day months):

Maturity Date (July 1)	**Principal Amount**	**Interest Rate**

Maturity Date (July 1)	Principal Amount	Interest Rate

* Term Bonds

(b) Additional Terms of the 2020 Bonds. The 2020 Bonds shall be registered initially in the name of "Cede & Co.," as nominee of the Securities Depository, and shall be evidenced by one 2020 Bond for each maturity of the 2020 Bonds in the principal amount of such maturity of the 2020 Bonds. Registered ownership of the 2020 Bonds, or any portion thereof, may not thereafter be transferred except as set forth herein. The 2020 Bonds shall bear such distinguishing numbers and letters as may be specified by the Trustee.

The principal or Redemption Price of the 2020 Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office. Payment of the interest on any 2020 Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the registered owner thereof as of the close of business on the Record Date for each Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date to the registered owner at his or her address as it appears on such registration books or at such address as may have been filed with the Trustee for that purpose; provided that upon a written request received by the Trustee on or before the Record Date preceding the Interest Payment Date from a Bondholder of $1,000,000 or more in principal amount of 2020 Bonds , a payment shall be made on the Interest Payment Date by wire transfer in immediately available funds to an account designated by such Bondholder to the Trustee.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Bondholder on such Record Date and shall be paid to the Person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Bondholders not less than ten (10) days prior to such Special Record Date.

The 2020 Bonds shall be subject to redemption as provided in Section 5 of this Tenth Supplemental Indenture and in Article IV of the Existing Indenture.

SECTION 3. Issuance of the 2020 Bonds.

At any time after the execution of this Tenth Supplemental Indenture, the District may execute and the Trustee shall manually authenticate and, upon order of the District, deliver the 2020 Bonds in the aggregate principal amount of [_____] dollars ($[_____]).

SECTION 4. Application of Proceeds of the 2020 Bonds and Transfer of Additional Amounts.

(a) The proceeds received from the sale of the 2020 Bonds shall be deposited in trust with the Trustee, who shall forthwith set aside or apply such funds as follows:

(i) The Trustee shall set aside in the Costs of Issuance Fund the sum of $[_____];

(ii) The Trustee shall deposit the amount of $[_____] into Optional Redemption Account of the Redemption Fund, and the District hereby directs the Trustee to transfer such amount to the escrow fund (the "Escrow Fund") established under that Escrow Deposit and Trust Agreement, dated as of December 1, 2020, by and between the District and the Trustee, in its capacity as escrow agent, representing the principal amount of the Refunded Bonds.

(b) In addition to the above, the District hereby directs the Trustee to transfer the sum of $[_____] from the 2010 Reserve Fund for the Refunded Bonds, the sum of $_____ from the Revenue Fund for the Refunded Bonds and the sum of $_____ from the 2010 Project Account in the Project Fund for the Refunded Bonds and deposit such amounts in the Escrow Fund.

SECTION 5. Terms of Redemption of the 2020 Bonds.

(a) Optional Redemption. The 2020 Bonds maturing on or after July 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the District, in whole or in part on any date (in such maturities as are designated by the District, or if the District fails to designate such maturities, in inverse order of maturity, and by lot within a maturity), from any source of available moneys, on or after July 1, 20__, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date fixed for redemption.

The redemption notice to be mailed by the Trustee in connection with such optional redemption of the 2020 Bonds (in accordance with Section 4.03 of the Existing Indenture) shall include language to the effect that such redemption notice may be rescinded at the option of the District and that such redemption shall be conditioned upon sufficient monies being on deposit in either the Optional Redemption Account of the Redemption Fund or in an escrow fund to effect such a redemption on the applicable redemption date in accordance with the redemption provisions of the Existing Indenture.

(b) Mandatory Sinking Account Redemption. The 2020 Bonds maturing on July 1, 20__ are also subject to redemption prior to their respective stated maturities on any July 1 on or after July 1, 20__, in part, by lot, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, by application of Mandatory Sinking Account Payments in the following amounts and upon the following dates:

Mandatory Sinking Account Payment Date (July 1)	Mandatory Sinking Account Payment

† Maturity.

.

(c) Notice of Redemption. Notwithstanding the provisions of Section 4.03 of the Existing Indenture, and pursuant to Section 5(a) of the Eighth Supplemental Indenture, the Trustee shall mail a notice of redemption of the 2020 Bonds no less than twenty (20) and no more than forty-five (45) days prior to any date scheduled for the optional redemption thereof.

SECTION 6. Additional Covenants.

(a) The District shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the 2020 Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the District agrees to comply with the provisions of the 2020 Tax and Nonarbitrage Certificate. This covenant shall survive payment in full or defeasance of the 2020 Bonds.

(b) The District hereby undertakes all responsibility for compliance with continuing disclosure requirements set forth in the 2020 Continuing Disclosure Agreement. Notwithstanding any other provision of this Tenth Supplemental Indenture, failure of the District to comply with the 2020 Continuing Disclosure Agreement shall not be considered as an Event of Default; however, the Trustee, at the request of any Participating Underwriter (as defined in the 2020 Continuing Disclosure Agreement) or the Holders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding 2020 Bonds shall, but only to the extent indemnified to its satisfaction from any liability or expense, including fees and expenses of its attorneys, or any Holder or Beneficial Owner (as defined in the 2020 Continuing Disclosure Agreement) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations or to cause the Trustee to comply with its obligations under this Section.

SECTION 7. Amendments.

In accordance with the provisions of Section 12.01(B)(1) of the Existing Indenture, the District hereby amends Item 1 of Exhibit C of the Existing Indenture to add the following Permitted Encumbrances, evidenced by UCC Financing Statements on file with the California Secretary of State:

CA S/S File No:	19-7717045607
Filing Date :	06/11/2019
Debtor	Washington Township Health Care District 2000 Mowry Avenue Fremont CA 94538
Secured Party :	Stryker Sales Corporation 600 South 4th Street Minneapolis, MN 55415
CA S/S File No:	19-7729859198
Filing Date :	08/27/2019
Debtor	Washington Township Health Care District 2000 Mowry Avenue Fremont CA 94538
Secured Party :	Stryker Sales Corporation P.O. Box 35701 Billings, MT 59107
CA S/S File No:	19-7744721800
Filing Date :	11/04/2019
Debtor	Washington Township Health Care District 2000 Mowry Avenue Fremont CA 94538
Secured Party :	Zimmer US, Inc. 200 West Ohio Avenue, Suite 100 Dover, OH 44622

SECTION 8. Ratification.

This Tenth Supplemental Indenture is entered into to provide for the issuance of the 2020 Bonds, which will provide moneys needed to refund the Refunded Bonds and to pay the costs of issuance of the 2020 Bonds. As amended and supplemented hereby, the Existing Indenture is in all respects ratified and confirmed, and the Existing Indenture as so amended and supplemented hereby shall be read and construed as one and the same instrument.

SECTION 9. Execution in Counterparts.

This Tenth Supplemental Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed an original; and all such counterparts, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, WASHINGTON TOWNSHIP HEALTH CARE DISTRICT has caused this Tenth Supplemental Indenture to be signed in its name by the Chief Executive Officer and attested by the Secretary of its Board of Directors, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Tenth Supplemental Indenture to be signed in its corporate name all as of the day and year first above written.

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____
Chief Executive Officer

ATTEST:

_____
Secretary, Board of Directors

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By_____
Authorized Officer

EXHIBIT A

[FORM OF 2020 BOND]

NUMBER R-___ $_____

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT
REVENUE REFUNDING BOND
2020 SERIES A

INTEREST RATE:	DATE OF DELIVERY:	MATURITY DATE:	CUSIP:
____%	December ___, 2020	_____, 20__	940204___

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____DOLLARS

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT (the "District"), a local health care district of the State of California (the "State"), organized and existing under and pursuant to The Local Health Care District Law, constituting Division 23 of the Health and Safety Code of the State (the "Law"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to Cede & Co. or registered assigns, on the maturity date stated above (subject to any right of prior redemption hereinafter mentioned), the principal sum stated above, in lawful money of the United States of America; and to pay interest thereon (but only out of the Revenues and other assets pledged therefor) in like lawful money from the date hereof until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the rate per annum stated above, payable on January 1, 2021, and semiannually thereafter on January 1 and July 1 in each year. The principal (or redemption price) hereof is payable at the principal corporate trust office of U.S. Bank National Association (together with any successor, the "Trustee"), in San Francisco, California, or at such place as may be designated by the Trustee pursuant to the Indenture. Interest is payable by check or draft mailed on each interest payment date to the registered holder hereof as of the 15th day of the month preceding each interest payment date (except as otherwise provided in the Indenture) at the address shown on the registration books maintained by the Trustee; provided, however, that the holder of $1,000,000 or more in aggregate principal amount of Bonds may be paid by wire transfer to an account upon written request filed with the Trustee on or before the record date for the applicable interest payment date.

This Bond is one of a duly authorized issue of bonds of the District designated as "Washington Township Health Care District Revenue Refunding Bonds, 2020 Series A" (the "Bonds"), issued in the aggregate principal amount of [_____] dollars ($[_____]),as otherwise provided in the Indenture hereinafter mentioned, which issue consists or may consist of one or more series of varying dates, maturities, interest rates, redemption and other provisions, issued pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the

Government Code of the State (the "Refunding Law"), and pursuant to an indenture, originally dated as of July 1, 1993, as amended, by and between the District and the predecessor to the Trustee, and as supplemented by a supplemental indenture, dated as of March 15, 1994, a second supplemental indenture, dated as of April 1, 1999, a third supplemental indenture, dated as of June 1, 2007, a fourth supplemental indenture, dated as of December 1, 2009, a fifth supplemental indenture, dated as of November 1, 2010, a sixth supplemental indenture, dated as of November 1, 2015, and a seventh supplemental indenture, dated as of April 1, 2017, an eighth supplemental indenture dated as of June 1, 2017, a ninth supplemental indenture, dated as of July 1, 2019, and a tenth supplemental indenture, dated as of December 1, 2020, each by and between the District and the Trustee (such indenture, as so amended and supplemented, is referred to herein as the "Indenture").

Reference is hereby made to the Indenture (a copy of which is on file at said office of the Trustee) and to the Law for a description of the rights thereunder of the registered holders of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the District thereunder. The registered holder of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Bonds and the interest thereon are payable from Revenues (as that term is defined in the Indenture) and are secured by a pledge and assignment of said Revenues and of amounts held in the funds and accounts established pursuant to the Indenture (other than the Rebate Fund), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are limited obligations of the District and are not a lien or charge upon the funds or property of the District, except to the extent of the aforesaid pledge and assignment. Neither the faith and credit nor the taxing power of the District are pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of California or any other political subdivision thereof, and neither said State nor any other political subdivision thereof is liable for the payment thereof.

The Bonds are subject to redemption prior to their respective stated maturities at the option of the District as a whole on any date, or in part on any interest payment date, from certain moneys derived from hazard insurance or condemnation proceeds received with respect to the Facilities (as that term is defined in the Indenture), in each case under the circumstances prescribed and as provided in the Indenture, at the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium.

The 2020 Bonds maturing on or after July 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the District, in whole or in part on any date (in such maturities as are designated by the District, or if the District fails to designate such maturities, in inverse order of maturity, and by lot within a maturity), from any source of available moneys, on or after July 1, 20___, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date fixed for redemption.

The 2020 Bonds maturing on July 1, 20__ are also subject to redemption prior to their respective stated maturities on any July 1 on or after July 1, 20__, in part, by lot, at the

principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, by application of Mandatory Sinking Account Payments in the following amounts and upon the following dates:

Mandatory Sinking Account Payment Date (July 1)	Mandatory Sinking Account Payment

† Maturity.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default (as that term is defined in the Indenture) shall occur and be continuing, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the holders of not less than a majority in aggregate principal amount of the Bonds then-Outstanding or by the Trustee.

The Bonds are issuable as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged, at the designated office of the Trustee, for a like aggregate principal amount of Bonds of the same series and maturity of other authorized denominations.

This Bond is transferable by the registered holder hereof, in person or by his attorney duly authorized in writing, at the designated office of the Trustee or such other place as designated by the Trustee pursuant to the Indenture, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, of the same series and maturity for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

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

The Indenture and the rights and obligations of the District and of the registered holders of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided

that no such modification or amendment shall (i) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any mandatory sinking account payment provided for in the Indenture for the payment of the Bonds of this maturity, or reduce the rate of interest hereon, or extend the time of payment of interest hereon, or reduce any premium payable upon the redemption hereof, without the consent of the registered holder hereof, or (ii) reduce the percentage of Bonds the consent of the registered holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged as security for the Bonds prior to or on a parity with the lien created by the Indenture, or deprive the registered holders of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the registered holders of all Bonds then Outstanding, all as more fully set forth in the Indenture.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Refunding Law and by the Constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by the Law, or by the Constitution and laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

IN WITNESS WHEREOF, WASHINGTON TOWNSHIP HEALTH CARE DISTRICT has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the President of its Board of Directors and attested by the facsimile signature of the Secretary of its Board of Directors, all as of the date of delivery specified above.

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: /form only/
President, Board of Directors

ATTEST:

/form only/
Secretary, Board of Directors

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture, which has been authenticated on the date set forth below.

Dated: _____, 2020

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: /form only/
Authorized Officer

ASSIGNMENT AND TRANSFER

For value received, the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____, attorney, to transfer the same on the books of the within-named Trustee, with full power of substitution in the premises.

Dated: _____

By: _____

Social Security Number or Other Taxpayer Identification Number of Transferee:

Signature Guaranteed By:

_____

_____

NOTE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of this Bond in every particular, without alteration, enlargement or any change.

ESCROW DEPOSIT AND TRUST AGREEMENT

by and between

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee and as Escrow Agent

Dated as of December 1, 2020

relating to:

Washington Township Health Care District
Revenue Refunding Bonds
2020 Series A

ESCROW DEPOSIT AND TRUST AGREEMENT

THIS ESCROW DEPOSIT AND TRUST AGREEMENT, dated as of December 1, 2020 (this "Escrow Agreement"), is made by and between the WASHINGTON TOWNSHIP HEALTH CARE DISTRICT, a local health care district of the State of California, formerly known as Washington Township Hospital District (the "District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee under the hereinafter defined Indenture (the "Trustee") and as escrow agent hereunder (the "Escrow Agent").

W I T N E S S E T H:

WHEREAS, the District has previously entered into an indenture, dated as of July 1, 1993, with Union Bank, N.A., a national banking association, formerly known as Union Bank of California, N.A., as trustee, subsequently amended by certain Supplemental Indentures, dated as of March 15, 1994, April 1, 1999, June 1, 2009, December 1, 2009, November 1, 2010, November 1, 2015, April 1, 2017, June 1, 2017, July 1, 2019 and that certain Tenth Supplemental Indenture, dated as of December 1, 2020 (the "Tenth Supplemental Indenture"), by and between the District and the Trustee (as so amended, the "Indenture"); and

WHEREAS, the District has previously appointed U.S. Bank National Association as successor trustee under the Indenture; and

WHEREAS, pursuant to the Indenture, the District has previously issued $60,725,000 principal amount of its Washington Township Health Care District Revenue Bonds, 2010 Series A (the "2010 Bonds") of which $48,630,000 are currently outstanding; and

WHEREAS, the District is, simultaneously with the execution of this Escrow Agreement, issuing $[_____] aggregate principal amount of its Washington Township Health Care District Revenue Refunding Bonds, 2020 Series A (the "2020 Bonds"), under the terms of the Tenth Supplemental Indenture; and

WHEREAS, the 2020 Bonds are being issued to, among other things, defease and currently refund all of the outstanding 2010 Bonds (the "Refunded Bonds");

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

Section 1. Appointment of Escrow Agent. The District hereby appoints U.S. Bank National Association to serve as escrow agent hereunder with such duties and responsibilities as are set forth herein.

Section 2. Creation of Escrow Fund**.** There is hereby created and established with the Escrow Agent a special and irrevocable escrow fund designated the "Escrow Fund," which shall be a special trust account established in escrow held by the Escrow Agent and administered as set forth herein. Only the Escrow Agent shall have the right of withdrawal from the Escrow Fund, which constitutes a special trust account for the sole benefit of the Owners of the Refunded Bonds (the "Owners"). The Escrow Deposit (as defined herein) held in the Escrow Fund shall be segregated and kept separate and apart from any and all other funds or securities

held in trust by the Escrow Agent and by the Trustee. The District shall have no legal, equitable or beneficial right, title or interest on amounts on deposit in the Escrow Fund. Moneys deposited into the Escrow Fund shall be used only for the purposes set forth in Section 4 hereof.

Section 3. Defeasance and Redemption of Refunded Bonds.

(a) The District, by funding the Escrow Fund, intends to defease the Refunded Bonds and redeem those Refunded Bonds coming due on or after July 1, 2021, all in accordance with their terms, and hereby irrevocably instructs the Escrow Agent to redeem on [January 4, 2021] those Refunded Bonds coming due after [January 4, 2021] (the "Redemption Date") at the redemption price (the "Redemption Price"), all as shown on Schedule A, in accordance with their terms and the terms of the Indenture. The District hereby designates the Escrow Fund as a special trust fund, set aside for the regularly scheduled payment and redemption of the Refunded Bonds as described in the preceding sentence, irrevocably pledged by the District for such purpose. The District hereby creates a security interest in the Escrow Fund in favor of the Escrow Agent for the benefit of the Owners of the Refunded Bonds, which security interest (x) is binding in accordance herewith effective as of the date hereof, and (y) immediately attaches to the Escrow Fund effective as of the date hereof, without need for physical delivery, recordation, filing or further act, all in accordance with California Government Code section 5451. The District hereby directs the Escrow Agent to provide notice to the Owners of the Refunded Bonds, and to the Information Services and Securities Depositories (as defined in the Indenture), that the District has defeased such bonds on [December 16, 2020] from the Escrow Deposit. A copy of the notice is appended hereto as Schedule C to this Agreement.

(b) The Escrow Deposit shall be applied, in accordance with Section 4(a) hereof, on the Redemption Date, for the redemption of the Refunded Bonds at the Redemption Price. The Escrow Agent agrees to apply the proceeds thereof to the redemption of such Refunded Bonds as aforesaid. Any moneys remaining in the Escrow Fund following the Redemption Date which have not been applied for the payment or redemption of the Refunded Bonds shall be transferred to the District after payment of any unpaid fees and expenses of the Escrow Agent.

(c) The District has heretofore directed the Escrow Agent to provide notice to the Owners of those Refunded Bonds, and to the Information Services and Securities Depositories (as defined in the Indenture), that the District has called such bonds for redemption on the Redemption Date from the Escrow Deposit. A copy of the notice so given is appended hereto as Schedule B to this Agreement.

(d) The Escrow Agent hereby accepts the duties and obligations of escrow holder hereunder and agrees to effect the purposes of this Escrow Agreement by the payment and redemption of the Refunded Bonds on the dates and at the prices shown on Schedule A, solely from the Escrow Deposit deposited hereunder.

Section 4. Deposit to the Escrow Fund.

(a) Concurrently with the execution and delivery of this Escrow Agreement, the District hereby directs the Escrow Agent, in its capacity as trustee under the Indenture to deposit the sum of $_____ (the "Escrow Deposit") to the Escrow Fund, which is derived from:

i. $_____ transferred from the 2010 Reserve Fund established under the Indenture for the 2010 Bonds;

ii. $_____ from the Revenue Fund established under the Indenture for the 2010 Bonds;

iii. $_____ from the 2010 Project Account established under the Indenture for the 2010 Bonds; and

iv. $_____ of the proceeds of the 2020 Bonds, transferred from the Optional Redemption Account of the Redemption Fund.

(b) The Escrow Agent is hereby irrevocably instructed to apply the moneys described in Sections 4(a) hereof to pay all of the principal of and accrued and unpaid interest on, and to redeem, all of the Refunded Bonds on the Redemption Date. The Escrow Agent hereby acknowledges receipt of the Escrow Deposit, as described in paragraph (a) above, and that such amounts were deposited in the Escrow Fund. Except as provided in paragraph (a) above, there are no amounts transferred from the funds and accounts established for the Refunded Bonds. To the extent the total of the Escrow Deposit exceeds the amount required to fund the Escrow Fund, the amount of the Escrow Deposit in excess of such amount shall be transferred to the Trustee to be applied in accordance with the Tenth Supplemental Indenture.

Section 5. Investment of Escrow Fund. The Escrow Agent shall hold the Escrow Deposit uninvested and in cash and disburse such amounts as provided herein**.**

Section 6. Creation of Lien on Escrow Fund. The Escrow Deposit shall constitute an irrevocable deposit for the benefit of the holders of the Refunded Bonds. The holders of the Refunded Bonds are hereby granted an express lien on the Escrow Fund and all moneys from time to time held therein for the payment of amounts described in Section 7 below.

Section 7. Use of Escrow Fund. The Escrow Agent shall, on the Redemption Date, pay all of the principal of and accrued and unpaid interest on, and redeem all of the Refunded Bonds, pursuant to the Indenture, as further described in Section 4 hereof.

The Escrow Agent shall retain all unclaimed moneys uninvested and in cash. Following payment in full of the Refunded Bonds, the Escrow Agent shall transfer all amounts then remaining in the Escrow Fund for deposit into the account of the Interest Fund for the 2020 Bonds established under the Indenture to be used to pay interest on the 2020 Bonds. At such time as no amounts remain in the Escrow Fund, such fund shall be closed.

Section 8. Notice of Redemption. The Escrow Agent and the District hereby acknowledge that the notice of redemption of the Refunded Bonds to the owners of such Refunded Bonds, and other parties, was delivered on [December 4, 2020] in the manner and as required pursuant to the Indenture.

Section 9. Liability of Escrow Agent.

(a) The Escrow Agent shall have no lien whatsoever on the Escrow Fund or the Escrow Deposit.

(b) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of any moneys deposited into the Escrow Fund to pay the principal of and the accrued and unpaid interest on the Refunded Bonds.

(c) No provision of this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds.

(d) The Escrow Agent may consult with bond counsel to the District or with such other counsel of its own choice subject to reasonable approval by the District (which may but need not be counsel to the District) and the opinion of such counsel shall be full and complete authorization to take or suffer in good faith any action in accordance with such opinion of counsel.

(e) Whenever in the administration of this Escrow Agreement the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or not taking any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or misconduct on the part of the Escrow Agent, be deemed to be conclusively proved and established by a certificate of an Authorized Representative of the District, and such certificate shall, in the absence of negligence or misconduct on the part of the Escrow Agent, be full warrant to the Escrow Agent for any action taken or not taken by it under the provisions of this Escrow Agreement in reliance thereon. The Escrow Agent hereby represents that, as of the date hereof, it does not need any further certificate or direction from any other party in order to carry out the terms of this Escrow Agreement.

(f) The Escrow Agent may conclusively rely, as to the truth and accuracy of the statements and correctness of the opinions and the calculations provided, and shall be protected and indemnified as set forth in Section 13 herein, in acting, or refraining from acting, upon any written notice, instruction, request, certificate, document or opinion furnished to the Escrow Agent signed or presented by the proper party, and it need not investigate any fact or matter stated in such notice, instruction, request, certificate or opinion.

(g) The Escrow Agent shall not have any liability hereunder except to the extent of its own negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages.

(h) The Escrow Agent shall not be responsible for any of the recitals or representations contained herein.

(i) The Escrow Agent's rights to indemnification hereunder shall survive its resignation or removal and the termination of the Agreement.

Section 10. Successor Escrow Agent. Any company into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any company resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent shall be a party or any company succeeding to the corporate trust business of the Escrow Agent, shall be the successor Escrow Agent under this Escrow Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding. The Escrow Agent shall give written notice to the District upon or prior to the occurrence of such an event.

Section 11. Termination. This Escrow Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the provisions hereof shall have been made. The District hereby directs the Escrow Agent to, and the Escrow Agent shall, distribute any moneys remaining in the Escrow Fund at the time of such termination to the account in the Interest Fund for the 2020 Bonds established under the Indenture.

Section 12. Tax-Exempt Nature of Interest on the Refunded Bonds. The District covenants and agrees for the benefit of the holders of the Refunded Bonds that it will not direct or permit any thing or act to be done in such manner as would cause interest on the Refunded Bonds to be included in the gross income of the recipients thereof for federal income tax purposes under the Code, nor will it use any of the proceeds received from the sale of the 2020 Bonds, directly or indirectly, in any manner which would result in the 2020 Bonds being classified as "arbitrage bonds" within the meaning of the Code.

Section 13. Compensation and Indemnity of Escrow Agent. For acting under this Escrow Agreement, the Escrow Agent shall be entitled to payment of fees for its services as agreed between the Escrow Agent and the District, including, without limitation, reasonable compensation for all services rendered in the execution, exercise and performance of any of the duties of the Escrow Agent to be exercised or performed pursuant to the provisions of this Escrow Agreement, and all reasonable expenses, disbursements and advances incurred in accordance with any provisions of this Escrow Agreement (including the reasonable compensation and expenses and disbursements of independent counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder and out-of-pocket expenses including, but not limited to, postage, insurance, wires, stationery, costs of printing forms and letters and publication of notices of redemption); however, such amount shall never be payable from or become a lien upon the Escrow Fund, which funds shall be held solely for the purposes and subject to the liens set forth in Section 6 of this Escrow Agreement. To the extent permitted by law, the District agrees to indemnify and hold the Escrow Agent harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all costs, expenses (including reasonable attorneys' fees of counsel reasonably acceptable to the District), losses and damages suffered by it as a result thereof, including the costs and expenses of defending against any such claims, suits or actions, where and to the extent such claim, suit or action arises out of the performance by the Escrow Agent of its duties under this Escrow Agreement; provided, however, that such indemnification shall not extend to claims, suits and actions brought against the Escrow Agent which result in a judgment being entered, settlement being reached or other disposition made based upon the Escrow Agent's negligence or willful misconduct. The indemnification provided for in this Escrow Agreement shall never be payable from or become a lien upon the Escrow Fund, which

Escrow Fund shall be held solely for the purpose and subject to the lien set forth in Sections 6, respectively, of this Escrow Agreement. The obligations of the District under this Section 13 shall remain in effect and continue notwithstanding the termination of this Escrow Agreement and the resignation or the removal of the Escrow Agent.

Section 14. Third-Party Beneficiaries and Amendments. The owners of the Refunded Bonds are hereby recognized as third-party beneficiaries of this Escrow Agreement to the extent of their interests in the Escrow Fund as set forth in Sections 6 and 7 hereof.

Section 15. Replacement and Resignation of Escrow Agent. The District may remove the Escrow Agent by notice in writing delivered to the Escrow Agent ten (10) days prior to the proposed removal date. The Escrow Agent may resign by notifying the District in writing at least ten (10) days prior to the proposed effective date of the resignation. No removal or resignation of the Escrow Agent under this Section shall be effective until a new Escrow Agent, approved by the District, has taken office and delivered a written acceptance of its appointment to the retiring Escrow Agent and to the District. Immediately thereafter, the retiring Escrow Agent shall transfer all property held by it as Escrow Agent to the successor Escrow Agent, the removal or resignation of the Escrow Agent shall then, but only then, become effective and the successor Escrow Agent shall have all the rights, powers and duties of the Escrow Agent under this Escrow Agreement. If the Escrow Agent is removed or resigns or for any reason is unable or unwilling to perform its duties under this Escrow Agreement, the District shall promptly appoint a successor Escrow Agent. If a successor Escrow Agent has not been appointed and has not accepted such appointment by the end of the 10-day period, the Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent.

Section 16. Severability. If any one or more of the provisions of this Escrow Agreement should be determined by a court of competent jurisdiction to be contrary to law, such provision shall be deemed and construed to be severable from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 17. Successors and Assigns. All of the covenants and agreements in this Escrow Agreement contained by or on behalf of the District, the Trustee or the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 18. Governing Law. This Escrow Agreement shall be governed by the applicable laws of the State of California.

Section 19. Headings. Any headings preceding the text of the several Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Escrow Agreement, nor shall they affect its meaning, construction or effect.

Section 20. Amendments. The District, the Trustee and the Escrow Agent shall not modify this Escrow Agreement in any manner that is materially adverse to the rights of the

owners of the Refunded Bonds without the consent of all of the owners of the Refunded Bonds affected by such modification which have not been paid in full.

Section 21. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Agreement to be executed by their duly authorized officers as of the date first above written.

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____
Chief Executive Officer

U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent

By_____
Authorized Officer

SCHEDULE A

PAYMENT AND REDEMPTION SCHEDULE

Bonds Maturing (July 1)	Principal Amount	Redemption Date	Redemption Price	CUSIP (940204)

* Term Bond

SCHEDULE B

CONDITIONAL NOTICE OF REDEMPTION TO THE OWNERS OF WASHINGTON TOWNSHIP HEALTH CARE DISTRICT REVENUE BONDS, 2010 SERIES A

Notice is hereby given, pursuant to the terms of Section 4.03 of the Indenture, dated as of July 1, 1993, as supplemented by the Fifth Supplemental Indenture, dated as of November 1, 2010 (as supplemented, the "Indenture") by and between the Washington Township Health Care District (the "District") and U.S. Bank National Association, acting as successor trustee (the "Trustee"), to the owners of certain Revenue Bonds, 2010 Series A, issued by the District on December 1, 2010, as set forth below (the "Refunded Bonds"), that the Refunded Bonds maturing in the years and bearing the CUSIP numbers set forth below, are subject to optional redemption in accordance with the Indenture, and have been called for redemption, subject to the condition set forth below, on [January 4, 2021] (the "Redemption Date").

The District will deposit with the Trustee a portion of the proceeds of the District's Revenue Bonds, 2010 Series A, which, together with other available moneys, will be sufficient to pay the Redemption Price of the Refunded Bonds listed below, subject to the provisions of the succeeding paragraph, and pursuant to the provisions of the Indenture.

Bonds Maturing (July 1)	Principal Amount	Redemption Price	CUSIP[(1)] (940204)

* Term Bond

HOLDERS OF THE REFUNDED BONDS ARE FURTHER NOTIFIED THAT THE REDEMPTION OF THE REFUNDED BONDS ON [JANUARY 4, 2021] IS CONDITIONED UPON THE ISSUANCE AND DELIVERY OF THE WASHINGTON TOWNSHIP HEALTH CARE DISTRICT REVENUE REFUNDING BONDS, 2020 SERIES A AND THE RECEIPT BY THE TRUSTEE ON OR PRIOR TO THE REDEMPTION DATE OF MONEYS SUFFICIENT TO PAY THE REDEMPTION PRICE OF AND ACCRUED INTEREST ON THE REFUNDED BONDS ON THE REDEMPTION DATE. IN THE EVENT SUFFICIENT MONEYS ARE NOT ON DEPOSIT ON THE REQUIRED DATE, THEN THIS NOTICE SHALL BE OF NO FORCE AND EFFECT AND THE REFUNDED BONDS SHALL NOT BE SUBJECT TO REDEMPTION ON THE REDEMPTION DATE.

If sufficient moneys for the payment of the Redemption Price of the Refunded Bonds, are on deposit with the Trustee on the Redemption Date, (1) there will become due and payable on each of the Refunded Bonds the Redemption Price thereof, together with accrued interest thereon to the Redemption Date, (2) from and after the Redemption Date interest thereon shall cease to accrue, (3) said Refunded Bonds shall cease to be entitled to any benefit or security under the Indenture, (4) the Owners of said Refunded Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof, and (4) such Refunded Bonds are required

to be surrendered to the Trustee for payment. If such moneys and securities are not sufficient on the Redemption Date, the Refunded Bonds shall remain outstanding and shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

The Refunded Bonds called for redemption must be surrendered for payment by hand or by mail at the following locations:

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

1-800-934-6802

If the Bonds are mailed, the use of registered, insured mail is recommended.

No representation is made as to the correctness of the CUSIP number(s) either as printed on any Refunded Bond or as contained herein and any error in the CUSIP number(s) shall not affect the validity of the proceedings for redemption of the Refunded Bonds.

IMPORTANT NOTICE: Federal law requires the Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit **www.irs.gov** for additional information on the tax forms and instructions.

Dated: ____[December 4, 2020]

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: U.S. BANK NATIONAL ASSOCIATION, as Trustee

* Notice must be mailed at least 30 days, but not more than 60 days, prior to the scheduled redemption date in accordance with Section 4.03 of the Indenture.

SCHEDULE C

NOTICE OF DEFEASANCE TO THE OWNERS OF WASHINGTON TOWNSHIP HEALTH CARE DISTRICT REVENUE BONDS, 2010 SERIES A

Notice is hereby given to the owners of certain Revenue Bonds, 2010 Series A, set forth below, (the "Bonds"), issued by the Washington Township Health Care District (the "District") on December 1, 2010, that the Bonds maturing in the years and bearing the CUSIP numbers set forth below, shall be defeased in accordance with that certain Indenture, dated as of July 1, 1993, as supplemented by the Fifth Supplemental Indenture, dated as of November 1, 2010 (as so supplemented, the "Indenture"), by and between U.S. Bank National Association, as successor trustee (the "Trustee") and the District:

Bonds Maturing (July 1)	Principal Amount	Redemption Price	CUSIP[(1)] (940204)

* Term Bond

(1) The Trustee shall not be held responsible for the selection or use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the Bond Owners.

With respect to the Bonds coming due after [January 4, 2021] (the "Redemption Date"), (1) there will become due and payable on each of the Bonds the Redemption Price thereof, together with accrued interest thereon to the Redemption Date; (2) from and after the Redemption Date interest thereon shall cease to accrue; (3) said Bonds shall cease to be entitled to any benefit or security under the Indenture; (4) the Owners of said Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof; and (5) such Bonds are required to be surrendered to the Trustee for payment. If such moneys are not sufficient on the Redemption Date, such Bonds shall remain outstanding and shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

The Bonds called for redemption must be surrendered for payment by hand or by mail at the following locations:

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

1-800-934-6802

If the Bonds are mailed, the use of registered, insured mail is recommended.

No representation is made as to the correctness of the CUSIP number(s) either as printed on any Bond or as contained herein and any error in the CUSIP number(s) shall not affect the validity of the proceedings for redemption of the Bonds.

IMPORTANT NOTICE: Federal law requires the Trustee to withhold taxes at the applicable rate from the payment if an IRS Form W-9 or applicable IRS Form W-8 is not provided. Please visit **www.irs.gov** for additional information on the tax forms and instructions.

Dated: _December 4, 2020

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: U.S. BANK NATIONAL ASSOCIATION, as Trustee

$[PAR AMOUNT]
Washington Township Health Care District
Revenue Refunding Bonds
2020 Series A

BOND PURCHASE CONTRACT

December __, 2020

Washington Township Health Care District
2000 Mowry Avenue
Fremont, California 94538

Ladies and Gentlemen:

BofA Securities, Inc., as underwriter (the "Underwriter"), hereby offers to enter into this Bond Purchase Contract (the "Bond Purchase Contract") with Washington Township Health Care District, a local health care district duly organized and validly existing under and pursuant to the laws of the State of California (the "Issuer"), whereby the Underwriter will purchase and the Issuer will sell the Bonds (as defined and described below). The Underwriter is making this offer subject to the acceptance by the Issuer at or before 5:00 p.m., Pacific Time, on the date hereof. If the Issuer accepts this Bond Purchase Contract, this Bond Purchase Contract shall be in full force and effect in accordance with its terms and shall bind both the Issuer and the Underwriter. The Underwriter may withdraw this Bond Purchase Contract upon written notice delivered by the Underwriter to an authorized officer of the Issuer at any time before the Issuer accepts this Bond Purchase Contract. Terms used but not defined in this Bond Purchase Contract are defined in the Indenture or the Official Statement (each as defined below).

1. Purchase and Sale.

(a) Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the following bonds: $[PAR AMOUNT] aggregate principal amount of Washington Township Health Care District Revenue Refunding Bonds, 2020 Series A (the "Bonds"), dated the Closing Date (as hereinafter defined), all bearing interest and maturing on the dates and in the amounts set forth in Schedule I hereto. The aggregate purchase price for the Bonds shall be $_____ (representing the aggregate principal amount of the Bonds, less an Underwriter's discount of $_____, [plus] [net] original issue [premium] of $_____).

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in, that certain Indenture, dated as of July 1, 1993, as supplemented by a Supplemental Indenture, dated as of March 15, 1994, a

Second Supplemental Indenture, dated as of April 1, 1999, a Third Supplemental Indenture, dated as of June 1, 2007, a Fourth Supplemental Indenture, dated as of December 1, 2009, a Fifth Supplemental Indenture, dated as of November 1, 2010, a Sixth Supplemental Indenture, dated as of November 1, 2015, a Seventh Supplemental Indenture, dated as of April 1, 2017, an Eighth Supplemental Indenture, dated as of June 1, 2017, a Ninth Supplemental Indenture, dated as of July 1, 2019, and a Tenth Supplemental Indenture, dated as of December 1, 2020 (as so supplemented, the "Indenture"), each by and between the Issuer and U.S. Bank National Association, as successor trustee (the "Trustee"). The Bonds shall be limited obligations of the Issuer payable solely from amounts derived by the Issuer from its operations and certain other amounts held under the Indenture, to the extent and as more particularly described in the Indenture.

(c) The Issuer acknowledges and agrees that: (i) the Underwriter is not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Issuer and the Underwriter and the Underwriter has financial and other interests that differ from those of the Issuer; (iii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer and has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriter has to the Issuer with respect to the transaction contemplated hereby are expressly set forth in this Bond Purchase Contract; and (v) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

2. Description and Purpose of the Bonds. The proceeds to be received from the sale of the Bonds will be used to (i) refund, on a current basis, the Issuer's outstanding Revenue Bonds, 2010 Series A (the "2010 Bonds"), and (ii) pay the costs of issuing the Bonds.

The Issuer approved the issuance of the Bonds pursuant to Section 53580 *et seq.* of the Government Code of the State of California (the "Law") and Resolution No. ____ (the "Resolution") adopted by the Issuer on _____, 2020.

3. Public Offering. The Underwriter hereby represents that it has been duly authorized to execute this Bond Purchase Contract and to perform its obligations as set forth herein. The Underwriter agrees to make an initial *bona fide* public offering of the Bonds at the price or prices described in Schedule I hereto; *provided, however*, that the Underwriter reserves the right to change such initial public offering prices as the Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Bonds (but in all cases subject to the requirements of Section 8 hereof), and may offer and sell the Bonds to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter at prices lower than the public offering prices or yields greater than the yields set forth therein (but in all cases subject to the requirements of Section 8 hereof).

4. Delivery of the Official Statement and Other Documents.

(a) The Issuer has approved and delivered or caused to be delivered to the Underwriter copies of the Preliminary Official Statement dated November __, 2020, which, together with the cover page and appendices thereto, is herein referred to as the "Preliminary Official Statement." It is acknowledged by the Issuer that the Underwriter may deliver the Preliminary Official Statement and a final Official Statement (as hereinafter defined) electronically over the internet and in printed paper form. For purposes of this Bond Purchase Contract, the printed paper form of the Preliminary Official Statement and the Official Statement are deemed controlling. The Issuer deems the Preliminary Official Statement final as of its date, and as of the date hereof, for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) thereof.

(b) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing Date, the Issuer shall deliver to the Underwriter a final Official Statement relating to the Bonds dated the date hereof (such Official Statement, including the cover page, and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the Issuer, Bond Counsel, Underwriter's Counsel and the Underwriter, is referred to herein as the "Official Statement") and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with Rule 15c2-12 and with the rules of the Municipal Securities Rulemaking Board (the "MSRB") and to meet potential customer requests for copies of the Official Statement. The Underwriter agrees to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the Issuer, with the MSRB on its Electronic Municipal Markets Access ("EMMA") system. An Authorized Officer of the Issuer shall execute the Official Statement. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Issuer shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Underwriter. The Underwriter hereby agrees to cooperate and assist in the preparation of the Official Statement. The Issuer hereby agrees to deliver to the Underwriter an electronic copy of the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission (the "SEC") including in a word searchable pdf format and including any amendments thereto. The Issuer hereby ratifies, confirms and consents to and approves the use and distribution by the Underwriter, before the date hereof, of the Preliminary Official Statement and hereby authorizes the Underwriter to use the Official Statement and the Indenture in connection with the public offering and sale of the Bonds.

(c) In order to assist the Underwriter in complying with Rule 15c2-12, the Issuer will undertake, pursuant to the Continuing Disclosure Agreement, dated December __, 2020 (the "Continuing Disclosure Agreement"), by and between the Issuer and Hilltop Securities Inc., as dissemination agent for the Issuer (the "Dissemination Agent"), to provide annual and other required financial information and notices of the occurrence of specified events. A description of the Continuing Disclosure Agreement is set forth in, and a form of such agreement is attached as an appendix to, the Preliminary Official Statement and the Official Statement.

(d) In connection with the refunding of the 2010 Bonds, the Issuer will enter into the Escrow Deposit and Trust Agreement, dated as of December 1, 2020 (the "Escrow Agreement"), with U.S. Bank National Association, as successor trustee and escrow agent for the 2010 Bonds.

(e) The Underwriter's obligations under this Bond Purchase Contract shall be subject, in addition to the conditions described in Section 7 below, to the receipt, on or prior to the date hereof, of (i) a letter from PricewaterhouseCoopers LLP addressed to the Issuer and the Underwriter, dated the date hereof (the "AUP Letter"), with work extending to a date not more than five business days prior to the date hereof, in the form attached hereto as Exhibit E, and (ii) a letter from PricewaterhouseCoopers LLP, dated the date of the Preliminary Official Statement, and a second letter, dated the date of the Official Statement, each addressed and provided to the Issuer, agreeing to the use of its report dated _____, 2020, in the Preliminary Official Statement and the Official Statement, respectively.

5. Representations, Warranties and Agreements. The Issuer represents and warrants to and agrees with the Underwriter that, as of the date hereof and as of the Closing Date:

(a) The Issuer is a local health care district validly existing under the Constitution and Sections 32000 *et seq.* of the Health and Safety Code of the State of California and has and, at Closing (as hereinafter defined), will have, full legal right, power and authority under laws of the State of California and the Resolution (1) to enter into, execute and deliver this Bond Purchase Contract, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, (2) to approve and execute the Official Statement, (3) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Resolution as provided herein, (4) to operate its health facilities and conduct the business thereof as set forth in and described in the Official Statement, and (5) to carry out, give effect to and consummate the transactions described in this Bond Purchase Contract, the Resolution, the Indenture, the Escrow Agreement and the Official Statement;

(b) The Issuer has complied and at the Closing Date will be in compliance in all respects with the terms of the laws of the State of California, the Bond Purchase Contract, the Indenture, the Escrow Agreement and the Resolution, as they pertain to the transactions described therein and in the Official Statement;

(c) The Issuer has duly and validly adopted the Resolution, has duly authorized and approved the execution and delivery of the Bonds, this Bond Purchase Contract, the Continuing Disclosure Agreement, the Indenture, the Escrow Agreement and the Official Statement and has duly authorized and approved the performance by the Issuer of its obligations contained in and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions described in each of said documents;

(d) The official of the Issuer executing this Bond Purchase Contract, the Official Statement, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement is authorized to execute the same on behalf of the Issuer;

(e) The Issuer has executed and delivered, or will execute and deliver on or before the Closing Date, this Bond Purchase Contract, the Official Statement, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement. The Issuer's obligations contained in the

Resolution, this Bond Purchase Contract, the Continuing Disclosure Agreement, the Escrow Agreement and the Indenture constitute, or will constitute as of the Closing Date, as applicable, legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except as enforcement of each document may be limited by bankruptcy, insolvency, reorganization, moratorium and fraudulent conveyance laws, laws affecting the enforcement of creditors' rights generally, the application of principles of equity and judicial discretion, and the covenant of good faith and fair dealing, which may be implied by law into contracts; and the Bonds, when issued, delivered and paid for in accordance with the Indenture and this Bond Purchase Contract, will constitute legal, valid and binding limited obligations of the Issuer entitled to the benefits of the Indenture and enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and fraudulent conveyance laws, laws affecting the enforcement of creditors' rights generally, the application of principles of equity and judicial discretion, and the covenant of good faith and fair dealing, which may be implied by law into contracts; and, upon the issuance, authentication and delivery of the Bonds, the Indenture will provide, for the benefit of the owners and holders, from time to time, of the Bonds, the legally valid and binding pledges it purports to create, as set forth therein;

(f) The Issuer is not in any material way in breach of or default under any applicable constitutional provision, applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree, except as set forth in the Preliminary Official Statement and the Official Statement, or any escrow agreement, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, and no event has occurred and is continuing that, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument, except as expressly set forth in the Preliminary Official Statement and the Official Statement;

(g) The passage of the Resolution, the execution and delivery of the Bonds, this Bond Purchase Contract, the Continuing Disclosure Agreement, the Indenture, the Escrow Agreement and the Official Statement, and the consummation of the transactions herein and therein contemplated will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, applicable law, judgment, decree, loan agreement, indenture, bond, note, ordinance or resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer's property or assets are otherwise subject or bound, nor will any such passage, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Indenture;

(h) The Bonds and the Indenture conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement, and the Bonds, when delivered in accordance with the Indenture and paid for by the Underwriter on the Closing Date as provided herein, will be validly issued and outstanding general obligations of the Issuer entitled to all the benefits and security of the Indenture;

(i) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority (except in connection with Blue Sky proceedings), legislative body, board,

agency or commission having jurisdiction of the matter, which are required in connection with the authorization, approval, execution and delivery of the Bonds, this Bond Purchase Contract, the Resolution, the Indenture, the Escrow Agreement and the Official Statement and the consummation of any transaction herein or therein contemplated have been duly obtained and are in full force and effect;

(j) No action, suit or proceeding at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened and no inquiry or investigation before or by any regulatory agency, public board or body is pending or threatened, in either case, in any way (1) affecting the existence of the Issuer or the titles of its officers to their respective offices; (2) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds, or the application of the proceeds thereof, or the collection of revenues pledged thereto; (3) contesting or affecting the validity or enforceability of the Bonds, the Resolution, this Bond Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or any action of the Issuer described in any of said documents; (4) contesting in any way the completeness or accuracy of the Official Statement or any supplement or amendment thereto; or (5) which, if adversely determined, could materially adversely affect the operating condition of the Issuer or the transactions described in the Bonds, the Official Statement or this Bond Purchase Contract; (6) contesting the powers of the Issuer or its authority with respect to the Bonds, the Resolution, this Bond Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or any action of the Issuer contemplated by any of said documents or by the Official Statement; or (7) which would adversely affect the exclusion of interest paid on the Bonds from gross income for purposes of federal income taxation, nor, to the knowledge of the Issuer, is there any basis therefor. The Issuer shall advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds;

(k) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter (1) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (2) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Issuer be required to qualify as a foreign corporation or take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject;

(l) Except for information which is permitted to be omitted pursuant to Rule 15c2-12(b)(1), the Preliminary Official Statement (and except for the information under the caption "UNDERWRITING" and the information contained in APPENDIX D – "FORM OF BOND COUNSEL OPINION" and APPENDIX F – "BOOK ENTRY SYSTEM"), as of its date and as of the date hereof, was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(m) At the time of the Issuer's acceptance hereof and at the Closing Date, the Official Statement (except for the information under the caption "UNDERWRITING" and the information contained in APPENDIX D – "FORM OF BOND COUNSEL OPINION" and APPENDIX F – "BOOK ENTRY SYSTEM"), as amended or supplemented pursuant to this Bond Purchase Contract, is and will be true and correct in all material respects and does not and will not contain any untrue or misleading statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(n) The financial statements of the Issuer as of June 30, 2020, and 2019 fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth. Except as disclosed in the Preliminary Official Statement and the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the Issuer or in its operations since June 30, 2020, and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change;

(o) The health care facilities operated by the Issuer are duly licensed under the laws of the State of California or accredited by The Joint Commission and by all local, state and federal agencies whose license and accreditation is necessary for the full utilization and operation of such health care facilities and except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, the Issuer has good and marketable title to its health care facilities free and clear from all encumbrances other than Permitted Encumbrances (as defined in the Indenture);

(p) Any certificate signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Bond Purchase Contract shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein;

(q) If, between the date of this Bond Purchase Contract and the Closing Date, an event occurs, of which the Issuer has knowledge, which might or would cause the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, the Issuer will notify the Underwriter, and if, in the opinion of the Underwriter or the Issuer, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer promptly will amend or supplement the Official Statement in a form and in a manner reasonably approved by the Underwriter, provided that all expenses thereby incurred will be paid by the Issuer;

(r) The Issuer will apply or cause to be applied the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Resolution and the Indenture, and the Issuer will not take or omit to take any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(s) If the Preliminary Official Statement or the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the time of that date

that is 25 days from the "end of the underwriting period" (as defined in Rule 15c2-12), the Preliminary Official Statement or the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(t) The representations, warranties and agreements in this Section 5 shall survive the Closing under this Bond Purchase Contract and shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter or any person who controls the Underwriter of any matters described in or related to the transactions contemplated hereby and by the Official Statement, the Indenture, the Escrow Agreement and the Resolution;

(u) This Bond Purchase Contract shall be binding upon and inure solely to the benefit of the Underwriter and the Issuer and persons controlling the Underwriter, and their respective officers past, present and future directors, officers, employees and agents and personal representatives, successors and assigns, and no other person or firm shall acquire or have any right under or by virtue of this Bond Purchase Contract. No recourse under or upon any obligation, covenant or agreement contained in this Bond Purchase Contract shall be had against any officer or director of the Issuer, except as may be caused by their bad faith;

(v) Between the date hereof and the time of the Closing, the Issuer shall not offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues which will secure the Bonds, without the prior written consent of the Underwriter;

(w) The Issuer confirms that the information contained in the Preliminary Official Statement was deemed final for purposes of Rule 15c2 12, except for information permitted to be omitted therefrom by Rule 15c2-12;

(x) Except as described in the Preliminary Official Statement and the Official Statement, the Issuer has not failed during the previous five (5) years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement delivered by the Issuer under Rule 15c2-12; [CONFIRM.]

(y) The Issuer, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest; and

(z) Except as otherwise set forth in the Preliminary Official Statement and the Official Statement, (i) all agreements between the Issuer and non-governmental third-party payors under which the Issuer receives payment for health care services provided to members/beneficiaries of such payors and with respect to which the Issuer receives a significant portion of its gross revenues are in effect (although may be subject to negotiation of new agreements or extensions of existing agreements); and (ii) the Issuer is entitled to payment from Medicare and Medi-Cal (Medicaid) for health care services provided to Medicare and Medi-Cal beneficiaries.

The execution and delivery of this Bond Purchase Contract by the Issuer shall constitute a representation by the Issuer to the Underwriter that the representations, warranties and agreements contained in this Section 5 are true as of the date hereof. If any of the provisions in this Section shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Bond Purchase Contract and such invalidity, illegality or unenforceability shall not affect any other provision of this Bond Purchase Contract, and this Bond Purchase Contract shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

6. Closing. At 8:00 a.m., Pacific Time, on December __, 2020, or at such other time or date as the Underwriter and the Issuer may mutually agree upon (the "Closing Date"), the Issuer will deliver or cause to be delivered to the Underwriter, at the offices of Nixon Peabody LLP ("Bond Counsel"), One Embarcadero Center, 18th Floor, San Francisco, California 94111, or at such other place as the Underwriter and the Issuer may mutually agree upon, the Bonds, through the facilities of The Depository Trust Company, New York, New York ("DTC"), duly executed and authenticated, and the other documents specified in Section 7. On the Closing Date, (a) upon satisfaction of the conditions herein specified, the Underwriter shall accept the delivery of the Bonds, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Issuer and (b) the Issuer shall deliver or cause to be delivered the Bonds to the Underwriter through the facilities of DTC in definitive or temporary form, duly executed by the Issuer and in the authorized denominations as specified by the Underwriter, and the Issuer shall deliver the other documents hereinafter mentioned (such delivery and payment being herein referred to as the "Closing"). The Bonds shall be made available to the Underwriter at least one (1) business day before the Closing Date for purposes of inspection. Notwithstanding the foregoing, neither the failure to print CUSIP numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds on the Closing Date in accordance with the terms of this Bond Purchase Contract. Upon initial issuance, the ownership of such Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

7. Conditions Precedent. The Underwriter has entered into this Bond Purchase Contract in reliance upon the representations and agreements of the Issuer contained herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date.

(a) The Underwriter's obligations under this Bond Purchase Contract are and shall be subject to the following further conditions:

(i) The representations of the Issuer contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(ii) At the time of the Closing, the Official Statement, the Resolution, this Bond Purchase Contract, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(iii) The Issuer shall perform or have performed all of its obligations required under or specified in the Bonds, the Resolution, the Indenture, the Escrow Agreement, this Bond Purchase Contract, the Continuing Disclosure Agreement and the Official Statement to be performed at or prior to the Closing.

(iv) The Issuer shall have delivered to the Underwriter copies of the final Official Statement by the time, and in the numbers, required by Section 4 of this Bond Purchase Contract.

(v) As of the date hereof and at the time of Closing, all necessary official action of the Issuer relating to the Bonds, the Resolution, this Bond Purchase Contract, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(vi) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in the Issuer, the Law, the Resolution, this Bond Purchase Contract, the Indenture, the Escrow Agreement, the Bonds or the Continuing Disclosure Agreement, as the foregoing matters are described in the Official Statement, which in the reasonable judgment of the Underwriter materially impairs the investment quality of the Bonds.

(vii) At or prior to the Closing, the Underwriter shall receive the following documents (in each case with only such changes as the Underwriter shall approve):

(1) The approving opinion of Bond Counsel relating to the Bonds, dated the Closing Date, substantially in the form attached as Appendix D to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter;

(2) The supplemental opinion of Bond Counsel, addressed to the Underwriter, dated the Closing Date, in substantially the form attached hereto as Exhibit B;

(3) The opinion of Norton Rose Fulbright US LLP, counsel to the Underwriter, dated the Closing Date, to the effect that (i) the Bonds are exempt from registration under the Securities Act of 1933, as amended, the Bonds are municipal securities within the meaning of the Securities Exchange Act of 1934, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended; (ii) based upon information made available to such counsel in the course of such counsel's participation in the transaction as counsel to the Underwriter and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, no facts came to such counsel's attention that caused them to believe that the Preliminary Official Statement as of its date and the Official Statement as of its date and as of the Closing Date (except for any financial statements or the statistical data, the information regarding DTC, the book-entry system and the information contained in Appendices B, C, D and F included in the Preliminary Official Statement and the Official Statement, as to which no opinion or view need be expressed), contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in

order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (iii) assuming the enforceability of the Continuing Disclosure Agreement, the continuing disclosure undertaking contained in the Continuing Disclosure Agreement satisfies the requirements contained in paragraph (b)(5) of Rule 15c2-12;

(4) The opinion of counsel to the Issuer, dated the Closing Date and addressed to the Underwriter and Bond Counsel, in substantially the form attached hereto as Exhibit C;

(5) A certificate of an Authorized Officer, dated the Closing Date, to the effect that (i) the representations and agreements of the Issuer contained herein are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date; (ii) no litigation or proceeding against it is pending or threatened that would (a) contest the right of the officers or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization, valid existence or powers of the Issuer, (c) contest the validity, due authorization and execution of the Bonds, the Resolution, the Official Statement, the Indenture, the Escrow Agreement or this Bond Purchase Contract, or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from issuing and delivering the Bonds or making payments on the Bonds pursuant to the Indenture; (iii) the Resolution have been duly passed by the Issuer, are in full force and effect and have not been modified, amended or repealed; (iv) there have been no material adverse changes in the operations or financial condition of the Issuer nor in the general economy of the service area of the Issuer, except as described in the Preliminary Official Statement and the Official Statement; and (v) no event affecting the Issuer has occurred since the date of the Official Statement that would cause, as of the Closing Date, any statement or information contained in the Official Statement to contain any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

(6) Executed or certified copies of the Tenth Supplemental Indenture, this Bond Purchase Contract, the Continuing Disclosure Agreement and the Escrow Agreement;

(7) A Tax and Non-Arbitrage Certificate of the Issuer, in form satisfactory to Bond Counsel, executed by such officials of the Issuer as shall be satisfactory to the Underwriter and Bond Counsel;

(8) A certified copy of the Resolution;

(9) Evidence satisfactory to the Underwriter of the rating of ["Baa1"] assigned to the Bonds by Moody's Investors Service;

(10) A letter from PricewaterhouseCoopers LLP, dated the Closing Date, extending the AUP Letter to a date not more than five (5) business days prior to the Closing Date, addressed to the Issuer and the Underwriter;

(11) A certificate of an authorized officer of the Trustee, dated the Closing Date, in substantially the form attached hereto as Exhibit D, and an opinion of counsel to the Trustee, dated the Closing Date, in substantially the form attached hereto as Exhibit F;

(12) Two copies of the Official Statement executed on behalf of the Issuer by an Authorized Officer;

(13) Evidence that a Form 8038-G relating to the Bonds has been executed by the Issuer and will be filed with the Internal Revenue Service within the applicable time limit;

(14) A copy of the Blue Sky Memorandum with respect to the Bonds;

(15) A copy of the Issuer's executed Blanket Letter of Representation to The Depository Trust Company;

(16) A verification report relating to the 2010 Bonds;

(17) A defeasance opinion of Bond Counsel relating to the 2010 Bonds; and

(18) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, counsel for the Underwriter or Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer contained herein and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and all conditions precedent to the issuance of additional Bonds pursuant to the Indenture shall have been fulfilled.

8. Establishment of Issue Price.

(a) The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate, substantially in the form attached hereto as Exhibit A, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) [Except for the maturities set forth in Schedule I attached hereto as "hold-the-offering-price maturities" (each a "Restricted Maturity"),] the Issuer represents that it will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). [If, as of the date hereof, the 10% test has not been satisfied as to any maturity of the Bonds for which the Issuer has elected to utilize the 10% test, the Underwriter agrees to promptly report to the Issuer the prices at which it sells

Bonds of that maturity or maturities to the public. That reporting obligation shall continue until the earlier of the date upon which the 10% test has been satisfied as to the Bonds of that maturity or maturities or the Closing Date.]

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Bond Purchase Contract at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Bond Purchase Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Underwriter agree that the restrictions set forth in the next sentence shall apply (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any Restricted Maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of a Restricted Maturity to any person at a price that is higher than the initial offering price of such Restricted Maturity to the public during the period starting on the sale date and ending on the earlier of the following:

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

(2) the date on which the Underwriter has sold at least 10% of the Bonds of the particular Restricted Maturity to the public at a price that is no higher than the initial offering price of such Restricted Maturity to the public.

The Underwriter shall promptly advise the Issuer when it has sold 10% of the Bonds of the particular Restricted Maturity to the public at a price that is not higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriter confirms that any selling group agreement and any retail or other third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter, and (C) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an regulatory underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below). The Issuer acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail or other third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as

set forth in the retail or other third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail or other third-party distribution agreement, to comply with its corresponding agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to any Restricted Maturity.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) "public" means any person other than a regulatory underwriter or a related party to a regulatory underwriter,

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

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

(iv) "sale date" means the date of execution of this Bond Purchase Contract by all parties.

9. Termination. If the Issuer shall be unable to satisfy the conditions of the Underwriter's obligations contained in this Bond Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Bond Purchase Contract, this Bond Purchase Contract may be terminated by the Underwriter at, or at any time before, the time of the Closing. Notice of such termination shall be given by the Underwriter to the Issuer in writing, or by telephone confirmed in writing. The performance by the Issuer of any or all conditions contained in this Bond Purchase Contract for the benefit of the Underwriter may be waived by the Underwriter.

(a) The Underwriter shall also have the right, before the time of Closing, to cancel its obligation to purchase the Bonds, by written notice by the Underwriter to the Issuer, if between the date hereof and the time of Closing:

(i) Any event or circumstance occurs or information becomes known, which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement of a material fact set forth in the Preliminary Official Statement and the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(ii) The market for the Bonds or the market prices of the Bonds at the initial offering prices set forth in the Official Statement or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the reasonable judgment of the Underwriter, by:

(1) An amendment to the Constitution of the United States or the State of California shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of the State of California legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to the State of California or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of California or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of California authority, with respect to federal or State of California taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the reasonable judgment of the Underwriter, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Issuer, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State of California legislation; or

(2) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(3) The declaration of a general banking moratorium by federal, New York or California authorities; or

(4) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

(5) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(6) The general suspension of trading on any national securities exchange; or

(iii) Legislation enacted, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Bonds, other securities of the Issuer or obligations of the general character of the Bonds are not exempt from registration under the Securities Act of 1933 (the "1933 Act"), or that the Indenture is not exempt from qualification under the Trust Indenture Act; or

(iv) Any change in or particularly affecting the Issuer, the Law, the Resolution, the Bonds, the Indenture, the Escrow Agreement, the Continuing Disclosure Agreement or the collection of revenues pledged to payment of the Bonds as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the reasonable judgment of the Underwriter materially impairs the investment quality of the Bonds; or

(v) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as described herein or in the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(vi) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, or the execution and delivery of any documents, as described herein or in the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, each as amended and as then in effect; or

(vii) Any litigation has been instituted or is pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Bonds, the

Resolution, this Bond Purchase Contract, the Continuing Disclosure Agreement, the Indenture, the Escrow Agreement or the existence or powers of the Issuer with respect to its obligations under the Bonds, this Bond Purchase Contract or the Continuing Disclosure Agreement; or

(viii) A reduction or withdrawal in the following assigned rating, or, as of the Closing Date, the failure by Moody's Investors Service to assign the rating of ["Baa1"] to the Bonds.

10. Amendments to Official Statement. During the period commencing on the Closing Date and ending twenty-five (25) days after the end of the underwriting period, the Issuer shall advise the Underwriter if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or "potential customer" (as defined for purposes of Rule 15c2-12). If any such event occurs and in the reasonable judgment of the Underwriter and the Issuer, an amendment or supplement to the Official Statement is appropriate, the Issuer shall, at its expense, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter) that will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser or "potential customer," not misleading.

11. Expenses. All reasonable expenses and costs of the Issuer incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriter, including the costs of printing or reproduction of the Bonds and the Official Statement in reasonable quantities, fees of consultants, fees of rating agencies, advertising expenses, fees and expenses of the Trustee and its counsel and fees and expenses of counsel to the Issuer, counsel to the Underwriter and Bond Counsel, shall be paid by the Issuer from the proceeds of the Bonds or other revenues of the Issuer. The Issuer shall be solely responsible for and shall pay for any expenses incurred by the Underwriter on behalf of the Issuer's employees and representatives which are incidental to implementing this Bond Purchase Contract, including, but not limited to, meals, transportation, lodging, and entertainment of those employees and representatives. All out-of-pocket expenses and costs of the Underwriter incurred under or pursuant to this Bond Purchase Contract, including, without limitation, California Debt Investment and Advisory Commission fees, meals and travel expenses, shall be paid by the Underwriter (which may be included as an expense component of the Underwriter's discount).

12. Use of Documents. The Issuer hereby authorizes the Underwriter to use, in connection with the public offering and sale of the Bonds, this Bond Purchase Contract, the Preliminary Official Statement, the Official Statement, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement, and the information contained herein and therein.

13. Notices. Any notice or other communication to be given to the Issuer under this Bond Purchase Contract may be given by delivering the same in writing to 2000 Mowry Avenue, Fremont, California 94538, Attention: Chris Henry, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to BofA

Securities, Inc., 555 California Street, Suite 1160, CA5-705-11-00, San Francisco, California 94104, Attention: Ed Wohlleb.

14. Benefit. This Bond Purchase Contract is made solely for the benefit of the Issuer and the Underwriter (including their respective successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Issuer contained in this Bond Purchase Contract and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds hereunder; or (iii) any termination of this Bond Purchase Contract, other than pursuant to Section 9.

15. Attorneys' Fees. In the event of a dispute arising under this Bond Purchase Contract, the prevailing party shall have the right to collect from the other party its reasonable costs and necessary disbursements and attorneys' fees incurred in enforcing this Bond Purchase Contract.

16. Governing Law. This Bond Purchase Contract shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State of California. This Bond Purchase Contract shall be enforceable in the State of California, and any action arising hereunder shall be filed and maintained in Alameda County, California.

17. Counterparts. This Bond Purchase Contract may be executed in several counterparts, each of which shall be deemed an original hereof.

18. Miscellaneous. This Bond Purchase Contract contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

Very truly yours,

By: BofA SECURITIES, INC., as Underwriter

By: _____
Authorized Representative

Approved and Agreed to: _____, 2020

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____
Authorized Officer

SCHEDULE I

Maturity Schedule

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	Price
	$	%	%	%

$_____ _____% Term Bonds due July 1, 20__; Price _____% Yield _____%
$_____ _____% Term Bonds due July 1, 20__; Price _____% Yield _____%

(A) Represents a Maturity which satisfies the 10% test.
(H) Represents a Maturity subject to the hold-the-offering-price rule.
(C) Priced to optional redemption date of _____, 20__.

EXHIBIT A
TO BOND PURCHASE CONTRACT

$[PAR AMOUNT]
Washington Township Health Care District
Revenue Refunding Bonds
2020 Series A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of BofA Securities, Inc. ("BofA Securities"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

[Select appropriate provisions below:]

1. [Alternative 1[1] – All Maturities Use General Rule: ***Sale of the Bonds***. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.][Alternative 2[2] – Select Maturities Use General Rule: ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. ***Initial Offering Price of the [Bonds] [Hold-the-Offering-Price Maturities]***.

a) [Alternative 1[3] – All Maturities Use Hold-the-Offering-Price Rule: BofA Securities offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.] [Alternative 2[4] – Select Maturities Use Hold-the-Offering-Price Rule: BofA Securities offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.]

1 If Alternative 1 is used, delete the remainder of paragraph 1 and all of paragraph 2 and renumber paragraphs accordingly.

2 If Alternative 2 is used, delete Alternative 1 of paragraph 1 and use each Alternative 2 in paragraphs 2(a) and (b).

3 If Alternative 1 is used, delete all of paragraph 1 and renumber paragraphs accordingly.

4 Alternative 2(a) of paragraph 2 should be used in conjunction with Alternative 2 in paragraphs 1 and 2(b).

b) [Alternative 1 – All Maturities use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Contract, BofA Securities has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "*hold-the offering-price rule*"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail or other third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail or other third-party distribution agreement, to comply with the hold-the-offering-price rule. BofA Securities has not offered or sold any Maturity of the unsold Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. [Alternative 2 – Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Bond Purchase Contract, BofA Securities has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "*hold-the-offering-price rule*"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail or other third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail or other third-party distribution agreement, to comply with the hold-the-offering-price rule. BofA Securities has not offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***

a) *[General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "*General Rule Maturities*."]

b) *[Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "*Hold-the-Offering-Price Maturities*."]

c) *[Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2020), or (ii) the date on which BofA Securities has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

d) *Issuer* means Washington Township Health Care District.

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

f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2020.

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents BofA Securities' interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Nixon Peabody LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds. The representations set forth herein are not necessarily based on personal knowledge.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

BofA SECURITIES, INC.

By: _____
Authorized Representative

Dated: _____, 2020

SCHEDULE A

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

(Attached)

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

EXHIBIT B
BOND PURCHASE CONTRACT

Proposed Form of Supplemental Opinion of Bond Counsel

[To be updated.]

_____, 2020

BofA Securities, Inc.
555 California Street, Suite 1160
CA5-705-11-00
San Francisco, California 94104

Washington Township Health Care District
2000 Mowry Avenue
Fremont, California 94538

Washington Township Health Care District
Revenue Refunding Bonds
2020 Series A

Ladies and Gentlemen:

This letter is addressed to you pursuant to Section 7(a)(vii)(2) of the Bond Purchase Contract, dated _____, 2020 (the "Purchase Contract"), by and between BofA Securities, Inc., as underwriter (the "Underwriter") and the Washington Township Health Care District (the "District"), providing for the purchase of the above-referenced bonds (the "Bonds"). The Bonds are being issued pursuant to the District's Resolution No. ____, adopted by the Board of Directors of the District on _____, 2020 (the "Resolution"), and an Indenture, dated as of July 1, 1993, as supplemented by a Supplemental Indenture, dated as of March 15, 1994, a Second Supplemental Indenture, dated as of April 1, 1999, a Third Supplemental Indenture, dated as of June 1, 2007, a Fourth Supplemental Indenture, dated as of December 1, 2009, a Fifth Supplemental Indenture, dated as of November 1, 2010, a Sixth Supplemental Indenture, dated as of November 1, 2015, a Seventh Supplemental Indenture, dated as of April 1, 2017, an Eighth Supplemental Indenture, dated as of June 1, 2017, a Ninth Supplemental Indenture, dated as of July 1, 2019, and a Tenth Supplemental Indenture, dated as of December 1, 2020 (as so supplemented, the "Indenture"), each by and between the District and U.S. Bank National Association, as successor trustee (the "Trustee"). Capitalized terms not otherwise defined herein

shall have the respective meanings ascribed thereto in the Indenture, if not defined in the Indenture, in the Purchase Contract.

In connection with our role as bond counsel, we have reviewed the Purchase Contract; the Resolution; the Indenture; the Escrow Agreement; opinions of counsel to the District and the Trustee; certificates of the District, the Trustee, and others; and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions or conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine or to inform any person whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

a. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

b. The statements contained in the Preliminary Official Statement and the Official Statement under the captions "THE 2020 SERIES A BONDS," "SECURITY FOR AND SOURCES OF PAYMENT FOR THE 2020 SERIES A BONDS," "TAX MATTERS," and APPENDIX D – "Form of Bond Counsel Opinion," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements purport to summarize certain provisions of the Bonds, the Resolution and the final form and content of our final legal opinion, dated the date hereof, concerning certain tax matters relating to the Bonds, are accurate in all material respects.

c. The Purchase Contract has been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a legal, valid and binding agreement of the District enforceable against each in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and equitable remedies if equitable remedies are sought, and except no opinion is expressed as to the enforceability of the indemnification, waiver, choice of law or contributions provisions contained in the Purchase Contract.

This letter is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and the Underwriter in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this letter. This letter is delivered to the Underwriter as the underwriter of the Bonds, is solely for the benefit of the Underwriter in such capacity and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any person

other than the District and the Underwriter. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

EXHIBIT C
BOND PURCHASE CONTRACT

Proposed Form of Opinion of Counsel to the District

[To be updated.]

_____, 2020

BofA Securities, Inc.
555 California Street
CA5-705-11-00
San Francisco, CA 94104

Nixon Peabody LLP
One Embarcadero Center, 32nd Floor
San Francisco, CA 94111

Re: $[PAR AMOUNT] Washington Township Health Care District
Revenue Refunding Bonds, 2020 Series A

Ladies and Gentlemen:

I have acted as special counsel to Washington Township Health Care District, a political subdivision of the State of California (the "District"), organized and existing under and pursuant to The Local Health Care District Law of the State of California (Division 23 of the California Health and Safety Code (the "Law")), in connection with the issuance of the Washington Township Health Care District Revenue Refunding Bonds, 2020 Series A (the "Bonds").

My opinion is delivered pursuant to Section 7(a)(vii)(4) of the Bond Purchase Contract dated _____, 2020, (the "Bond Purchase Contract") between BofA Securities, Inc., as underwriter (the "Underwriter"), and the District. My opinion is based on the general transaction structure described below. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Indenture (as hereinafter defined) or the Bond Purchase Contract.

The Bonds are being issued pursuant to Resolution No. ____ of the District adopted on _____, 2020 (the "Resolution"), and an Indenture, dated as of July 1, 1993, as supplemented by a Supplemental Indenture, dated as of March 15, 1994, a Second Supplemental Indenture, dated as of April 1, 1999, a Third Supplemental Indenture, dated as of June 1, 2007, a Fourth Supplemental Indenture, dated as of December 1, 2009, a Fifth Supplemental Indenture, dated as of November 1, 2010, a Sixth Supplemental Indenture dated as of November 1, 2015, a Seventh Supplemental Indenture, dated as of April 1, 2017, an Eighth Supplemental Indenture, dated as of

June 1, 2017, a Ninth Supplemental Indenture, dated as of July 1, 2019, and a Tenth Supplemental Indenture, dated as of December 1, 2020 (as so supplemented, the "Indenture"), each between the District and U.S. Bank National Association, as trustee (successor trustee to Union Bank, N.A.) (the "Trustee"). The Bonds are limited obligations of the District payable solely from the Revenues of the District and certain other amounts held by the Trustee in the funds and accounts established pursuant to the Indenture, subject to the provisions of the Indenture permitting the application thereof for other purposes and on the terms and conditions set forth therein. The Bonds are being sold to the Underwriter pursuant to the Bond Purchase Contract.

The proceeds of the Bonds will be used by the District (i) to refund, on a current basis, the District's outstanding Revenue Bonds, 2010 Series A (the "2010 Bonds"), and (ii) to pay the costs of issuing the Bonds.

In connection with the refunding of the 2010 Bonds, the Issuer will enter into the Escrow Deposit and Trust Agreement, dated as of December 1, 2020 (the "Escrow Agreement"), with U.S. Bank National Association, as trustee and escrow agent for the 2010 Bonds.

The District will undertake, pursuant to a Continuing Disclosure Agreement, dated [December __], 2020 (the "Continuing Disclosure Agreement"), between the District and [Hilltop Securities Inc.], as dissemination agent, to provide quarterly and annual reports as described therein and notices of certain events relating to the Bonds. An Official Statement, dated December ___, 2020 (the "Official Statement"), has been prepared to furnish information concerning the offering of the Bonds.

In rendering the opinions expressed herein, I have examined such documents, obtained and relied upon such certificates from public officials and officers and representatives of the District, and made such investigations of fact and law, as I have determined to be necessary or appropriate as a basis for the opinions expressed below. As to questions of fact relevant to this opinion, I have been furnished with, relied solely upon, and have not verified the accuracy of, (i) certificates and oral confirmations of public officials, (ii) certificates and oral confirmations of certain officers and authorized representatives of the District, (iii) answers given by officers and other representatives of the District to questions regarding, and documents submitted to me in response to the Due Diligence List sent to the District on February 27, 2020, and updated and sent to the District on August 24, 2020 (the "Due Diligence List") (including (A) the Alameda County Board of Supervisors Resolution No. 50910 dated June 17, 1948, declaring the District a duly organized hospital district under and pursuant to the Local Hospital District Law (now known as the Local Health Care District Law) (the "1948 Resolution"), (B) Statement of Facts Roster of Public Agencies Filing dated _____, 2020 (as of the date of this opinion not processed for filing or certified by the Secretary of State) (the "Statement"), with respect to which I have assumed (I) the accuracy of the contents and substance set forth therein, and (II) based on certain of the certifications set forth in the Officer's Certificate (as defined below), receipt of the Statement by the Secretary of State on _____, 2020, (C) the current bylaws of the District, and (D) the Resolution), (iv) representations and warranties made by the District in the agreements and certificates executed by the District in connection with the Bonds, and (v) other information provided to me by the District. I have assumed and have not verified the accuracy of the facts stated in any certificate, answers to questions or the documents provided to me in response to the information request including, without limitation, those listed above.

As described above, I have acted as special counsel to the District in matters related to the sale and delivery of the Bonds, but I am not general counsel to the District.

As used herein, the words "to my knowledge" or similar language means my actual knowledge, based solely upon [(i) my review of the Bonds, the Bond Purchase Contract, the Indenture, the Escrow Agreement and the Continuing Disclosure Agreement (collectively, the "Bond Documents"), (ii) my review of documents made available by the District in response to the Due Diligence List, and (iii) information, and representations and warranties contained in a Certificate of the Chief Executive Officer of the District, dated _____, 2020 (the "Officer's Certificate"), all without further investigation; provided that for purposes of the opinions expressed in (A) subparagraph (a) of paragraph 6, "to my knowledge" means my actual knowledge based solely on a litigation search of the docket of the federal court for the (I) Northern District of California and (II) Alameda County Superior Court performed by CLAS Worldwide Information Services as of August 18, and August 21, 2020, respectively (the "Litigation Search"), and the Officer's Certificate, both without further investigation, and (B) subparagraphs (a) through (c) of paragraph 8, "to my knowledge" means my actual knowledge based solely on the Litigation Search, without further investigation.]

The opinion in paragraph 1 is based solely upon my review of the 1948 Resolution.

In rendering this opinion, I have made the following assumptions:

- (1) the authenticity of all items submitted to me as originals, (2) the conformity to originals of all items submitted to me as certified or photostatic copies, (3) originals or certified or photostatic copies submitted have not been amended or modified after submission to me, and (4) except for the signatures on behalf of the District, the genuineness of such signatures and the legal capacity and due authority of all persons executing the same.

- All parties other than the District have: (1) the requisite corporate or other authority and power to execute, deliver and perform their obligations under the documents to which they are parties; (2) duly authorized, by all requisite corporate or other action, the execution and delivery of the documents to which they are parties; and (3) duly executed and delivered the documents to which they are parties.

- All documents to be executed by parties other than the District constitute valid and binding agreements enforceable against each of such parties thereto in accordance with their respective terms.

Based on the foregoing and subject to the qualifications set forth below, as of the date of this letter, it is my opinion that:

1. The District is a local health care district duly organized and public entity existing under the Law and Constitution of the State of California.

2. The District has all necessary power and authority to (a) enter into the Bond Documents, (b) carry out and perform all of its duties and covenants contained in the Bond

Documents and consummate the transactions described therein and in the Official Statement, (c) adopt the Resolution, and (d) approve the Official Statement.

3. The Bond Documents have been duly authorized, executed and delivered by the District.

4. The Resolution (i) approving and authorizing the Bond Documents and the issuance of the Bonds, and (ii) approving and authorizing the distribution of the Official Statement, in preliminary and final form, was duly adopted at a meeting of the District's Board of Directors with respect to which meeting all notice required by law and at which meeting a quorum was present and acting throughout, and the Resolution is in full force and effect and has not been modified, amended or rescinded.

5. The Bond Documents constitute the legal, valid and binding obligations of the District, enforceable against the District in accordance with their respective terms; except, in each such case, as such enforceability may be limited by bankruptcy, reorganization, insolvency and other similar laws affecting the enforceability of creditors' rights generally, by the application of equitable principles if equitable remedies are sought and the application of judicial discretion, by the covenant of good faith and fair dealing which by law may be implied into contracts, and except as the enforcement of indemnification provisions may be (a) held to be against public policy, or (ii) limited by applicable law.

6. The distribution of the Official Statement in preliminary and final form, the approval of the Official Statement by the District, the execution and delivery by the District of the Bond Documents, and the performance of the duties and covenants of the District contained therein, do not and will not, in any material respect, (a) constitute on the part of the District a violation or breach of or default under (with due notice or the passage of time or both): (i) the formation documents of the District, (ii) any California or federal law or administrative regulation known to me to be applicable to the District and typically applicable to transactions of the type described in the Bond Documents, (iii) any applicable court or administrative decree or order known to me, or (iv) to my knowledge, any agreements to which the District is a party or by which it or its properties are otherwise subject or bound, which violation, breach or default might have consequences that would materially and adversely affect the consummation by the District of the transactions described in the Bond Documents or the Official Statement, or the financial condition or operations of the District, or (b) to my knowledge, result in the creation or imposition of any lien, charge or encumbrance upon any of the property or assets of the District, other than Permitted Encumbrances (as defined in the Indenture).

7. No consent, permission, authorization, order or license of, or filing or registration with, any California or federal governmental authority (except as may be required under any state or federal blue sky or securities laws) and to my knowledge, no consent or approval of any trustee or holder of any indebtedness of the District is necessary in connection with the execution and delivery by the District of the Bond Documents, or the approval by the District of the Official Statement, or the distribution of the Official Statement or the consummation of the transactions described therein, except as have been obtained or made and as are in full force and effect.

8. a. Except as otherwise disclosed in the Official Statement, to my knowledge, there is no action, suit, proceeding, inquiry or investigation pending or threatened before or by any court or federal, state, municipal or other governmental authority against or affecting the District directly or indirectly challenging the consummation of the financing transactions described in, or the validity of, the Bonds or the Bond Documents, which, if determined adversely to the District, would have a material and adverse effect on such consummation or validity.

b. Except as otherwise disclosed in the Official Statement, to my knowledge, there is no action, suit, proceeding, inquiry or investigation pending or, to my knowledge, threatened before or by any court or federal, state, municipal or other governmental authority against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District, would have a material and adverse effect on the financial condition, assets or operations of the District.

c. Except as otherwise disclosed in the Official Statement, to my knowledge, the District is not in violation or breach with respect to any specific judicial or administrative adjudicative order or decree directed to or affecting the District by any federal, state or municipal court or other governmental authority which violation or breach might have consequences that would materially and adversely affect the consummation of the transactions described in the Bonds or the Bond Documents, or the financial condition or operations of the District.

9. The (a) District has all necessary power and authority required as of the date hereof to conduct the business now being conducted by it as described in the Bond Documents and the Official Statement, (b) hospital operated by the District (the "Hospital") is duly licensed by the State of California Department of Public Health as a general acute care hospital, and (c) the Hospital and the District are qualified to receive payments for its costs and expenses or to be compensated for providing health care services (to the extent such payment or compensation is available under applicable statutes, regulations, administrative practices and contracts) under the federal Medicare and California Medi-Cal programs.

10. Based on the information made available to me in the course of my review of the Preliminary Official Statement and the Official Statement, and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the information or the statements contained in the Preliminary Official Statement and the Official Statement, nothing has come to my attention that would lead me to believe that the Preliminary Official Statement, as of the date thereof and the date of the sale of the Bonds, and the Official Statement, as of the date hereof and thereof (except in each case for the financial statements or financial information (including pro forma information), demographic, statistical or economic data or forecasts, numbers, charts, tables, graphs, projections, assumptions or expressions of opinions, the information concerning The Depository Trust Company and its nominee and book-entry system, the Trustee, and Appendices A, B, C, D and F, as to all of which I express no opinion or view), contains or contained any untrue statement of a material fact or

omits or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

[The opinion expressed in clause (b) of paragraph 9 is based solely on my review of the primary operating license that has been issued for operation of the Hospital by the California Department of Public Health. In rendering such opinion, I have assumed that such operating license is in full force and effect, that the Hospital and District are in material compliance with all of the requirements for such licensure and that such operating license is the only requirement of the State of California in order for the District to be qualified to provide general acute care health services and to operate and maintain the Hospital for such purposes.]

With respect to the opinion expressed in clause (c) of paragraph 9, I have relied on representations made to me by officers of the District who are responsible for such matters, and in my opinion, it is reasonable to rely on such representations.

I express no opinion with respect to the laws of any state or jurisdiction other than California, except that I express my opinion as to federal law with respect to subparagraph (a)(ii) of paragraph 6 and paragraphs 7, 9, and 10. My opinion with respect to the enforceability of, or the effect of any fact upon, any agreement referred to herein is rendered as if such agreement were to be construed in accordance with and governed by the laws of the State of California, whether or not such agreement is to be so construed or governed. I advise you that under existing law, a provision for indemnity of any person may not be enforced to the extent such person is guilty of fraud, bad faith or willful misconduct. I further advise you that enforcement of indemnification provisions in any of the documents may be limited by applicable securities or other laws or held to be against public policy. I express no opinion as to the enforceability of any provision concerning governing or choice of law, jurisdiction, waiver or contribution.

I express no opinion as to any state or federal securities or blue sky laws or their application to any of the documents referred to herein or any transaction described in such documents, except as to the standards of materiality necessary to give my opinion in paragraph 10.

My opinions herein are based on laws, regulations, rulings and court decisions as of the date hereof.

My opinions herein are further qualified as follows: (i) as special counsel to the District in this matter, I have not rendered financial advice to it and do not represent by this letter or otherwise that I have reviewed or made any assessment about, nor do I express any opinion with respect to, the past, present or future financial condition of the District or any of its affiliates, (ii) as set forth above, I have undertaken a limited review in connection with the opinions expressed herein, and because of the complexity of the laws applicable to, and the myriad of operations and transactions entered into by, a modern hospital, healthcare system and health care district and all their related organizations, (A) there can be no assurance that all relevant facts have been revealed to me in the course of my review, and (B) my limited review would not necessarily disclose every violation of applicable law.

The opinions set forth herein are expressed as of the date of this letter, and I assume no obligation to advise you of any circumstances, events or developments which may be brought to

my attention following the date hereof and which may alter, affect or modify the opinions expressed herein.

This opinion is furnished by me as special counsel to the District and it may be relied upon only by the addressees in connection with the transactions described in the Resolution, the Indenture, the Escrow Agreement, the Bond Purchase Contract and the Official Statement. This letter shall not be used, quoted, disseminated, circulated or relied upon by any other person or entity, for any purpose without my prior written consent; except that it may be included in the transcript of documents prepared in connection with the execution and delivery of the Bonds.

Very truly yours,

MARY K. NORVELL
Attorney at law

EXHIBIT D TO
BOND PURCHASE CONTRACT

CERTIFICATE OF TRUSTEE

The undersigned hereby states and certifies as follows:

(a) the undersigned is an authorized officer of U.S. Bank National Association (the "Bank"), a national banking association duly organized and validly existing under the laws of the United States of America and serving as (1) trustee in connection with the $[PAR AMOUNT] aggregate principal amount of Washington Township Health Care District, Revenue Refunding Bonds, 2020 Series A (the "Bonds"), which are issued pursuant to that certain Tenth Supplemental Indenture, dated as of December 1, 2020, between the Bank and the Washington Township Health Care District (the "District"), which supplements the Indenture dated as of July 1, 1993, as supplemented by a Supplemental Indenture, dated as of March 15, 1994, a Second Supplemental Indenture, dated as of April 1, 1999, a Third Supplemental Indenture, dated as of June 1, 2007, a Fourth Supplemental Indenture, dated as of December 1, 2009, a Fifth Supplemental Indenture, dated as of November 1, 2010, a Sixth Supplemental Indenture, dated as of November 1, 2015, a Seventh Supplemental Indenture, dated as of April 1, 2017, an Eighth Supplemental Indenture, dated as of June 1, 2017, and a Ninth Supplemental Indenture, dated as of July 1, 2019, (as so supplemented, the "Indenture"), and (2) trustee and escrow agent in connection with that certain Escrow Deposit and Trust Agreement, dated as of December 1, 2020 (the "Escrow Agreement");

(b) to the knowledge of the undersigned officer, the compliance with the provisions on the Bank's part contained in the Indenture and the Escrow Agreement will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, or decree (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Bank pursuant to the Indenture or the Escrow Agreement under the terms of any such law, administrative regulation, judgment, or decree, except as provided in the Indenture or the Escrow Agreement, as applicable;

(c) to the knowledge of the undersigned officer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, that has been served on or threatened against the Bank affecting the existence of the Bank or the entitlement of its officers to their respective offices, or seeking to prohibit, restrain or enjoin the execution and delivery of the Indenture or the Escrow Agreement or the collection of moneys pledged or to be pledged to pay the principal, premium, if any, and interest on the Bonds or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture or the Escrow Agreement, or contesting the power or authority of the Bank to enter into, adopt or perform its obligations under the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Indenture or the Escrow Agreement;

(d) within the scope of its obligations imposed by the Resolution, the Escrow Agreement and the Indenture, the Trustee will furnish such information as it has in its possession, execute such applications and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in writing in order to enable (i) the qualification of the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate and (ii) the determination of the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, or to enable the continuance of such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Bank be required to take any action that would (i) subject it to any service of process in any jurisdiction in which it is not now so subject or (ii) result in it doing business in any jurisdiction in which it is not now so doing business.

Unless otherwise specified, all capitalized terms used herein shall be as defined in the Indenture.

Dated: _____, 2020

U.S. Bank National Association,
as Trustee

By: _____
Authorized Representative

EXHIBIT E TO
BOND PURCHASE CONTRACT

Form of Agreed Upon Procedures Letter

[To be updated.]

_____, 2020

Washington Township Health Care District
2000 Mowry Avenue
Fremont, California 94538

and

BofA Securities, Inc.
555 California Street, Suite 1160
San Francisco, California 94104
As the "Underwriter"

Ladies and Gentlemen:

We have audited the financial statements of Washington Township Health Care District (the "District") as of June 30, 2020 and 2019 and for each of the two years in the period ended June 30, 2020, included in the Appendix B of the Official Statement for $[PAR AMOUNT] aggregate principal amount of Washington Township Health Care District Revenue Refunding Bonds, 2020 Series A (the "Bonds"). Our report with respect thereto is included in Appendix B of the Official Statement. The official statement dated _____, 2020 is herein referred to as the "Official Statement."

We are independent certified public accountants with respect to the District under Rule 101 of the Code of Professional Conduct of the American Institute of Certified Public Accountants, and its rulings and interpretations.

We have not audited any financial statements of the District as of any date or for any period subsequent to June 30, 2020; although we have conducted an audit for the year ended June 30, 2020, the purpose (and therefore the scope) of the audit was to enable us to express our opinion on the financial statements as of June 30, 2020 and for the year then ended, but not on the financial statements for any interim period within that year. Therefore, we are unable to and do not express any opinion on the financial position, results of operations, or cash flows as of any date or for any period subsequent to June 30, 2020.

1. At your request, we have read the minutes of the 2020 meetings of the Board of Directors of the District as set forth in the minute books at [CUT-OFF DATE not more than 5 business days prior to the sale date], 2020, officials of the District having advised us that the minutes of all such meetings through that date were set forth therein, and have carried out other procedures to [CUT-OFF DATE], 2020 as follows:

    a. With respect to the three-month periods ended September 30, 2020 and 2019, we have:

        (i) Read the unaudited financial data of the District for the three-month periods ended September of both 2020 and 2019, furnished to us by the District, and agreed the

amounts contained therein with the District's accounting records. Officials of the District have advised us that no financial data as of any date or for any period subsequent to September 30, 2020, were available. Additionally, the financial information for the three-month periods ended September of both 2020 and 2019 is incomplete in that it omits the notes to the financial statements.

(ii) Inquired of certain officials of the District who have responsibility for financial and accounting matters as to whether (1) the unaudited financial data referred to in a(i) are stated on a basis substantially consistent with that of the audited financial statements included in Appendix B of the Official Statement, (2) at September 30, 2020 there was any decrease in total assets, increase in long-term debt, change in net investment in capital assets net position, change in restricted-expendable net position, change in restricted for minority interest net position, change in unrestricted net position, or change in total net position as compared with amounts shown in the June 30, 2020 statement of net position included in Appendix B of the Official Statement, and (3) for the period from July 1, 2020 to September 30, 2020, there were any decreases, as compared with the corresponding period in the preceding year, in total operating revenues, in net patient service revenues, in operating income, or of increase in net position after other changes.

Those officials stated that (1) the unaudited financial data referred to in a(i) are stated on a basis substantially consistent with that of the audited financial statements included in Appendix B of the Official Statement, (2) at September 30, 2020, there was: [UPDATE - a decrease in total assets; no increase in long-term debt; a change in net investment in capital assets net position; a change in restricted-expendable net position; a change in restricted for minority interest net position; a change in unrestricted net position; and a change in total net position as compared with amounts shown in the June 30, 2020 statement of net position included in Appendix B of the Official Statement], and (3) for the period from July 1, 2020 to September 30, 2020, there were [no decreases, as compared with the corresponding period in the preceding year, in total operating revenues, in net patient service revenues, in operating income, or of increase in net position after other changes, except that at September 30, 2020 and for the three-month period then ended, there was a decrease in increase in net position after other changes and operating income from June 30, 2020 and as compared to the corresponding period in the following year, respectively, as follows (in thousands)]:

	September 30, 2020	June 30, 2020	Increase (decrease)
Total assets			
Net investment in capital assets net position			
Restricted-expendable net position			
Restricted for minority interest net position			
Unrestricted net position			
Total net position			

	For the three-months ended		
	September 30, 2020	September 30, 2019	Increase (decrease)
Operating income			
Increase in net position after other changes			

b. As mentioned in 1.a.(1), District officials have advised us that no financial data as of any date or for any period subsequent to September 30, 2020 are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after September 30, 2020 have, of necessity, been even more limited than those with respect to the periods referred to in 1a. We have inquired of certain officials of the District who have responsibility for financial and accounting matters whether (a) at [CUT-OFF DATE], 2020 there was any decrease in total assets, increase in long-term debt, change in net investment in capital assets net position, change in restricted-expendable net position, change in restricted for minority interest net position, change in unrestricted net position, or change in total net position as compared with amounts shown in the June 30, 2020 statement of net position included in Appendix B of the Official Statement; or (b) for the period from July 1, 2020 to [CUT-OFF DATE], 2020, there were any decreases, as compared with the corresponding period in the preceding year, in total operating revenues, in net patient service revenues, in operating income, or of increase in net position after other changes.

   Those officials referred to above stated that at [CUT-OFF DATE], 2020, there was [no increase in long-term debt but they cannot comment on any other changes, including in increases or decreases in total assets, net investment in capital assets net position, restricted-expendable net position, restricted for minority interest net position, unrestricted net position, total net position, total operating revenues, net patient service revenue, operating income, or increase in net position after other changes of the District for the periods referred to above].

2. At your request, we have read the items identified by you on the attached copy of the Official Statement and have performed the following procedures which were applied as indicated with respect to the letters explained below.

A	Compared to or recomputed from a corresponding amount in the District's audited financial statements including the notes to the audited financial statements included in Appendix B of the Official Statement and found such amounts to be in agreement. Specified dollar amounts and percentages were rounded as appropriate. However, we make no comment with respect to classification or reasons given for changes between periods, where applicable.
B	Compared to or recomputed from a schedule prepared by the District from its accounting records and found such amounts to be in agreement. We (a) compared the amounts on the schedule to corresponding amounts appearing in the accounting records and found such amounts to be in agreement and (b) determined that the schedule was mathematically correct. Specified dollar amounts and percentages were rounded as appropriate. However, we make no comment with respect to classification or reasons given for changes between periods, where applicable.
C	Compared to or recomputed from a schedule prepared by the District from its accounting records and found such amounts to be in agreement. We (a) compared the amounts on the schedule to corresponding amounts appearing in the accounting records and found such amounts to be in agreement and (b) determined that the schedule was mathematically correct. Specified dollar amounts and percentages were rounded as appropriate. However, we make no representations as to the reasons set forth for any increase or decrease in amounts or percentages. It should be noted that the following non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other districts:

	- "Total capitalization" - "Percent debt to capitalization" - "Income available for debt service" - "Total cash and investments" - "Total unrestricted cash and investments" - "Unrestricted cash-to-debt" - "Days cash on hand" - "Unrestricted liquidity position" - "Revenue supported debt to capitalization ratio" We make no comment about the District's definition, calculation or presentation of the above measures or their usefulness for any purposes.
D	Recomputed from the actual column for the proposed use of proceeds of the Bonds to be offered by means of this Official Statement as described under "Estimated Sources and Uses" and found such amounts to be in agreement. However, we make no comment as to whether the sale of the Bonds will be consummated and or use of proceeds as described therein will actually occur.
E	Compared to or recomputed from a corresponding amount in the District's audited financial statements including the notes to the audited financial statements which were not included or incorporated by reference in the Official Statement, but are publicly available on www.emma.msrg.org, and found such amounts to be in agreement. Specified dollar amounts and percentages were rounded as appropriate. However, we make no comment with respect to classification or reasons given for changes between periods, where applicable.

3. Our audit of the financial statements for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, nor for any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above, and, accordingly, we express no opinion thereon.

4. It should be understood that we have no responsibility for establishing (and did not establish) the scope and nature of the procedures enumerated in paragraphs 1 through 3 above; rather, the procedures enumerated therein are those that BofA Securities, Inc. asked us to perform. Accordingly, we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in the preceding paragraphs; also, such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above as set forth in the Official Statement. Further, we have addressed ourselves solely to the foregoing data and make no representations regarding the adequacy of disclosures or whether any material facts have been omitted. This letter relates only to the financial statement items specified above and does not extend to any financial statement of the District taken as a whole.

5. The foregoing procedures do not constitute an audit conducted in accordance with generally accepted auditing standards. Had we performed additional procedures or had we conducted an

audit of the District's unaudited financial statements for the three-month periods ended September 30, 2020 and 2019, in accordance with standards established by American Institute of Certified Public Accountants, other matters might have come to our attention that would have been reported to you.

6. These procedures should not be taken to supplant any additional inquiries or procedures that you would undertake in your consideration of the proposed offering.

7. This letter is solely for your information and to assist you in your inquiries in connection with the offering of the securities covered by the Official Statement, and it is not to be used, circulated, quoted, or otherwise referred to for any other purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except that reference may be made to it in any list of closing documents pertaining to the offering of the securities covered by the Official Statement.

8. We have no responsibility to update this letter for events and circumstances occurring after [CUT-OFF DATE], 2020.

Very truly yours,

PricewaterhouseCoopers LLP

EXHIBIT F TO
BOND PURCHASE CONTRACT

Proposed Form of Trustee Counsel Opinion

_____, 2020

BofA Securities, Inc.
555 California Street, Suite 1160
CA5-705-11-00
San Francisco, California 94104

Washington Township Health Care District
2000 Mowry Avenue
Fremont, CA 94111

U.S. Bank National Association
Global Corporate Trust Services
1 California Street, Suite 1000
San Francisco, CA 94111

Ladies and Gentlemen:

We have acted as special counsel to U.S. Bank National Association (the "Trustee"), in connection with the execution and delivery by the Trustee of (i) that certain Indenture, dated as of July 1, 1993, as supplemented by a Supplemental Indenture, dated as of March 15, 1994, a Second Supplemental Indenture, dated as of April 1, 1999, a Third Supplemental Indenture, dated as of June 1, 2007, a Fourth Supplemental Indenture, dated as of December 1, 2009, a Fifth Supplemental Indenture, dated as of November 1, 2010, a Sixth Supplemental Indenture, dated as of November 1, 2015, a Seventh Supplemental Indenture, dated as of April 1, 2017, an Eighth Supplemental Indenture, dated as of June 1, 2017, a Ninth Supplemental Indenture, dated as of July 1, 2019, and a Tenth Supplemental Indenture, dated as of December 1, 2020 (as so supplemented, the "Indenture"), each between the Trustee and the Washington Township Health Care District (the "District"), pursuant to which the District is issuing its Revenue Refunding Bonds, 2020 Series A (the "Bonds"), and (ii) that certain Escrow Deposit and Trust Agreement, dated as of December 1, 2020 (the "Escrow Agreement"), between the Trustee, as trustee and escrow agent. All capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Indenture.

In connection with this opinion letter, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the Indenture, the Escrow Agreement and such documents, corporate records, certificates, including certificates of public officials, and other instruments as we have deemed necessary or advisable for purposes of this opinion letter, including

those relating to the authorization, execution and delivery of the Indenture and the Escrow Agreement. In our examination and review we have assumed the genuineness of all signatures (other than the signatures of representatives of the Trustee), the legal capacity of natural persons, the authenticity of the documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such copies. Regarding documents executed by parties other than the Trustee, we have assumed (i) that each such other party had the power to enter into and perform all its obligations thereunder, (ii) the due authorization of, and the due execution and delivery of, such documents by each such party and (iii) that such documents constitute the legal, valid and binding obligations of each such party.

Based upon and subject to the foregoing, and subject to the further assumptions, limitation, qualifications and exceptions set forth herein, we are of the opinion that:

(i) the Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America and has full right, power and authority to act as Trustee under the Indenture and as trustee and escrow agent under the Escrow Agreement, and to execute and deliver the Indenture and the Escrow Agreement and comply with the terms thereof and perform its obligations thereunder; the Trustee has full right, power and authority to authenticate and deliver the Bonds, and has duly authorized the acceptance of the trust described in the Indenture.

(ii) the Bonds have been duly authenticated and delivered by the Trustee in accordance with the Indenture.

(iii) the Indenture and the Escrow Agreement have been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the District, constitute the valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms (except insofar as enforcement thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws or judicial decisions affecting the rights of creditors generally or by the application of equitable principles where equitable remedies are sought); and

(iv) the authentication and delivery of the Bonds and the execution and delivery of and performance by the Trustee of its duties under the Indenture and the Escrow Agreement will not contravene, conflict with, violate or result in a breach of the terms, conditions or provisions of, or constitute a default under the Articles of Incorporation or Bylaws of the Trustee or any law of the State of California or of the United States of America or any rule or regulation thereunder governing the Trustee, any order or decree of any court or public authority having jurisdiction, or any mortgage, indenture, contract, agreement or undertaking known to us to which the Trustee is a party or by which it is bound.

We express no opinion as to any matter other than as expressly set forth above, and, in conjunction therewith, we specifically express no opinion as to the status of the Bonds, the issuance thereof or the interest thereon under (1) any federal securities laws, including, but not limited to, the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, or any state securities or "Blue Sky" law, or (ii) federal, state or local tax law. Further, we express no

opinion on the laws of any jurisdiction other than the State of California and the United States of America.

The opinion is as of the date hereof, and we undertake no, and hereby disclaim any, obligation to advise you of any change in any matter set forth herein. Further, this opinion neither implies, nor should it be viewed to imply, an approval or recommendation of any investment in the Bonds. Finally, this opinion is solely for the benefit of the addressees, and this opinion may not be relied upon in any manner, nor used, by any other persons, except that copies may be included in transcripts of proceedings for the issuance of the Bonds.

Yours truly,

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2020

NEW ISSUE — BOOK-ENTRY ONLY **Rating[†]: Moody's: [Baa1 (Negative Outlook)]**

In the opinion of Nixon Peabody, LLP, Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the District described herein, interest on the 2020 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that, interest on the 2020 Series A Bonds is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.

$[40,440,000]*
Washington Township Health Care District
Revenue Refunding Bonds
2020 Series A

Dated: Date of Delivery **Due:** July 1, as shown on the inside cover hereof.

The Washington Township Health Care District (the "District") is issuing its Revenue Refunding Bonds, 2020 Series A (the "2020 Series A Bonds"), pursuant to an Indenture, dated as of July 1, 1993, between the District and U.S. Bank National Association, San Francisco, as successor Trustee (the "Trustee"), as supplemented and amended to date and as further supplemented and amended in connection with the issuance of the 2020 Series A Bonds (as so supplemented, the "Indenture"). The 2020 Series A Bonds are issuable in the form of fully registered bonds and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). As long as the 2020 Series A Bonds are in book-entry form, DTC will act as securities depository for the 2020 Series A Bonds, and individual purchases will be made in book-entry form only in denominations of $5,000 or any integral multiple thereof. Beneficial owners of the 2020 Series A Bonds will not receive physical certificates representing the 2020 Series A Bonds purchased but will receive a credit balance on the books of the nominees of such beneficial owners. Principal of, premium, if any, and interest on the 2020 Series A Bonds will be paid by the Trustee to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to the DTC participants for subsequent disbursement to the beneficial owners of the 2020 Series A Bonds (see "THE 2020 SERIES A BONDS—Book-Entry System" herein). Interest on the 2020 Series A Bonds is payable semiannually on January 1 and July 1 of each year commencing January 1, 2021.

The 2020 Series A Bonds are subject to optional, mandatory and special redemption prior to maturity as described herein.* See "THE 2020 SERIES A BONDS—Redemption."

The 2020 Series A Bonds will be secured under the provisions of the Indenture, and, together with any Outstanding Bonds (as defined herein) and any Additional Bonds (as defined herein), will be equally and ratably payable from Revenues (as defined herein).

THE 2020 SERIES A BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM REVENUES (DEFINED HEREIN) AND CERTAIN OTHER AMOUNTS HELD IN THE FUNDS AND ACCOUNTS UNDER THE INDENTURE AS DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE 2020 SERIES A BONDS. THE 2020 SERIES A BONDS ARE NOT A DEBT OF THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION THEREOF AND SAID STATE OR OTHER POLITICAL SUBDIVISION THEREOF IS NOT LIABLE FOR THE PAYMENT THEREOF.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this bond issue. Investors are instructed to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

SEE MATURITY SCHEDULE HEREIN

The 2020 Series A Bonds are offered when, as and if issued by the District and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and to the approving legal opinion of Nixon Peabody LLP, San Francisco, California, Bond Counsel, the approval of certain matters for the District by special counsel to the District, Mary K. Norvell, Attorney at Law, La Jolla, California, and for the Underwriter by its counsel, Norton Rose Fulbright US LLP, San Francisco, California. It is expected that the 2020 Series A Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2020.

BofA Securities

Dated: _____, 2020

[†] For an explanation of the rating, see "RATING" herein.

* Preliminary, subject to change.

**$[40,440,000]*
Washington Township Health Care District
Revenue Refunding Bonds
2020 Series A**

MATURITY SCHEDULE

Due (July 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP†
	$	%	%	

$_____ ____% Term Bonds due July 1, 20__; Priced to Yield ___%; CUSIP† _____
$_____ ____% Term Bonds due July 1, 20_; Priced to Yield ___%; CUSIP† _____

* Preliminary, subject to change.

† A registered trademark of The American Bankers Association. CUSIP data is provided by CUSIP Global Services ("CGS"), managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are provided for convenience of reference only. Neither the District nor the Underwriter assumes any responsibility for the selection or accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2020 Series A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2020 Series A Bonds.

This Official Statement does not constitute an offer to sell the 2020 Series A Bonds or the solicitation of an offer to buy, nor shall there be any sale of the 2020 Series A Bonds by any person in any state or other jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such state or jurisdiction. No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the 2020 Series A Bonds, and, if given or made, such information or representation must not be relied upon.

The information relating to DTC and the book-entry system set forth herein under the caption "THE 2020 SERIES A BONDS—Book-Entry System" and in Appendix F – "BOOK-ENTRY SYSTEM" hereto has been furnished by DTC. Such information is believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter or the District. All other information set forth herein has been obtained from the District and other sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2020 Series A Bonds made hereunder shall create under any circumstances any indication that there has been no change in the affairs of the District or DTC since the date hereof. This Official Statement is being provided to prospective investors in connection with the issuance of securities referred to herein and may not be used, in whole or in part, for any other purpose. The Underwriter has provided the following sentence for inclusion in this Official Statement: *The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.*

IN CONNECTION WITH THE OFFERING OF THE 2020 SERIES A BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2020 SERIES A BONDS OFFERED HEREBY AT LEVELS ABOVE THAT WHICH OTHERWISE MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the captions "PLAN OF FINANCING" and "BONDHOLDERS' RISKS" in the forepart of this Official Statement and the statements contained under the caption "MANAGEMENT'S DISCUSSION OF FINANCIAL OPERATIONS" in Appendix A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT."

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

The District maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2020 Series A Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

Board of Directors

Director	Term Expires	Occupation
Michael J. Wallace, President	November 2022	Chairman, Fremont Bank
William F. Nicholson, M.D., First Vice President	November 20[20]	Physician, Cardiologist
Jeanette Yee, R.N., Second Vice President	November 20[20]	Registered Nurse
Jacob Eapen, M.D., Treasurer	November 2022	Physician, Pediatrician
Bernard Stewart, D.D.S., Secretary	November 2022	Dentist

District Officials

Kimberly Hartz, Chief Executive Officer
Ed Fayen, Executive Vice President and Chief Operating Officer
Christopher N. Henry, Vice President and Chief Financial Officer
Stephanie Williams, Vice President and Chief Nursing Officer
Tina Nunez, Vice President of Ambulatory and Administrative Services

Bond Counsel

Nixon Peabody LLP
San Francisco, California

Special Counsel to the District

Mary K. Norvell, Attorney at Law
La Jolla, California

Trustee

U.S. Bank National Association
San Francisco, California

TABLE OF CONTENTS

**$[40,440,000]*
Washington Township Health Care District
Revenue Refunding Bonds
2020 Series A**

INTRODUCTORY STATEMENT

The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. All descriptions and summaries of documents referred to herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each document. All capitalized terms used in this Official Statement and not otherwise defined herein have the same meanings as in the Indenture (as defined herein). See Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE INCLUDING THE TENTH SUPPLEMENTAL INDENTURE—Definitions."

Purpose of this Official Statement

This Official Statement, including the cover page and Appendices hereto (the "Official Statement"), is provided to furnish information with respect to the sale and delivery of the $[40,440,000]* aggregate principal amount of the Washington Township Health Care District Revenue Refunding Bonds, 2020 Series A (the "2020 Series A Bonds").

The District

Washington Township Health Care District (the "District") is a California local health care district, formed in 1948, and organized pursuant to Division 23 of the Health and Safety Code (the "Local Health Care District Law") of the State of California (the "State"). The District's boundaries encompass an area of approximately 124 square miles in southern Alameda County. The District operates as the Washington Hospital Healthcare System, consisting of Washington Hospital, which is a 415-licensed bed acute care hospital located in Fremont, California (the "Hospital"), the Washington Outpatient Surgery Center, the Washington Township Medical Foundation's multi-specialty clinics, outpatient urgent care clinics, an outpatient rehabilitation center, an outpatient wound healing and hyperbaric oxygen center, an outpatient infusion center, an outpatient imaging center, an outpatient laboratory, an outpatient women's health center, a radiation oncology center, and an outpatient diabetes clinic (collectively, the "Facilities"). Through the Facilities, the District offers a full range of primary and secondary acute care health services. See Appendix A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT" for further information concerning the District and the Facilities.

On July 20, 2020, the Board of Directors of the District adopted a resolution calling an election for November 3, 2020, at which voters within the District considered authorizing $425,000,000 of general obligation bonds to fund the acquisition or improvement of real property. As of the date of this Official Statement, the District cannot yet confirm the results. If approved, the proceeds of these general obligation bonds would be used to construct new facilities and improve existing facilities used in its health care operations. General obligation bonds of the District are repaid from *ad valorem* property taxes levied throughout the District, and not from Hospital revenues. See "THE DISTRICT Bond Measure Submitted to District Voters" herein.

* Preliminary, subject to change.

The 2020 Series A Bonds

The 2020 Series A Bonds will be issued pursuant to and secured by an Indenture, dated as of July 1, 1993, as supplemented by a Supplemental Indenture, dated as of March 15, 1994, a Second Supplemental Indenture, dated as of April 1, 1999, a Third Supplemental Indenture, dated as of June 1, 2007, a Fourth Supplemental Indenture, dated as of December 1, 2009, a Fifth Supplemental Indenture, dated as of November 1, 2010, a Sixth Supplemental Indenture, dated as of November 1, 2015, a Seventh Supplemental Indenture, dated as of April 1, 2017, an Eighth Supplemental Indenture, dated as of June 1, 2017, a Ninth Supplemental Indenture, dated as of July 1, 2019, and a Tenth Supplemental Indenture, dated as of December 1, 2020 (as supplemented, the "Indenture"), each between the District and U.S. Bank National Association, as successor trustee (the "Trustee"). The proceeds of the 2020 Series A Bonds will be used by the District for the following purposes: (i) to refund, on a current basis, the District's outstanding Revenue Bonds, 2010 Series A (the "2010 Bonds"), and (ii) to pay the costs of issuing the 2020 Series A Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

2010 Bonds

In November 2010, pursuant to the Indenture, the District issued the 2010 Bonds in the aggregate principal amount of $60,725,000, of which $48,630,000 currently are outstanding. The proceeds of the 2010 Bonds were used to (i) finance or reimburse the District for expenditures made for additions, improvements and betterments to the Facilities; (ii) fund a reserve fund for the 2010 Bonds; and (iii) finance the costs of issuing the 2010 Bonds.

Outstanding Bonds

In November 2015, pursuant to the Indenture, the District issued its Revenue Refunding Bonds, 2015 Series A (the "2015 Bonds"), in the aggregate principal amount of $30,290,000, of which $21,665,000 currently are outstanding. The proceeds of the 2015 Bonds were used to (i) refund the District's Revenue Bonds, Series 1999, and (ii) finance the costs of issuing the 2015 Bonds.

In April 2017, pursuant to the Indenture, the District issued its Revenue Bonds, 2017 Series A (the "2017A Bonds"), in the aggregate principal amount of $37,655,000, of which $35,685,000 currently are outstanding. The proceeds of the 2017A Bonds were used to (i) finance certain capital expenditures for the Facilities and (ii) finance the costs of issuing the 2017A Bonds.

In June 2017, pursuant to the Indenture, the District issued its Revenue Refunding Bonds, 2017 Series B (the "2017B Bonds"), in the aggregate principal amount of $66,690,000, $63,205,000 of which currently are outstanding. The proceeds of the 2017B Bonds were used to (i) refund the District's Revenue Refunding Bonds, 2007 Series A, and (ii) pay the costs of issuing the 2017B Bonds.

In July 2019, pursuant to the Indenture, the District issued its Refunding and Revenue Bonds, 2019 Series A (the "2019 Bonds" and, together with the 2015 Bonds, the 2017A Bonds and the 2017B Bonds, the "Outstanding Bonds"), in the aggregate principal amount of $49,445,000, of which $48,045,000 currently are outstanding. The proceeds of the 2019 Bonds were used to (i) finance or reimburse the District for certain capital expenditures, (ii) refund, on a current basis, the District's Revenue Bonds, Series 2009A, and (iii) pay the costs of issuing the 2019 Bonds.

The Outstanding Bonds are secured by a pledge of the District's Revenues (as defined herein) on a parity with the 2020 Series A Bonds and any Additional Bonds (as defined herein) that may be issued in the future.

Security

For information concerning the security for the 2020 Series A Bonds, see the caption "SECURITY FOR AND SOURCES OF PAYMENT OF THE 2020 SERIES A BONDS" herein.

Additional Bonds

The District, upon compliance with the provisions of the Indenture, may issue Additional Bonds, secured on a parity with the 2020 Series A Bonds and the Outstanding Bonds, to construct projects, or to refund or advance refund any series of Outstanding Bonds or other Long-Term Indebtedness. See Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE INCLUDING THE TENTH SUPPLEMENTAL INDENTURE—ADDITIONAL BONDS—Issuance of Additional Series of Bonds." The 2020 Series A Bonds, the Outstanding Bonds and any Additional Bonds that may hereafter be issued under the Indenture are herein collectively referred to as the "Bonds."

Bondholders' Risks

There are risks associated with the purchase of the 2020 Series A Bonds. See the caption "BONDHOLDERS' RISKS" herein for a discussion of certain of these risks. In particular, health care providers such as the District have been directly affected by the outbreak of the highly contagious respiratory illness caused by the novel coronavirus ("COVID-19"). Some of the specific impacts on and risks to the operating and financial condition of the District are outlined under "BONDHOLDERS' RISKS—Ongoing Impacts of COVID-19" below and APPENDIX A – "MANAGEMENT'S DISCUSSION OF FINANCIAL OPERATIONS—Operational Impact of COVID-19."

THE DISTRICT

General

The District is a local health care district, formed in 1948, and organized pursuant to the Local Health Care District Law of the State. The District's boundaries encompass an area of approximately 124 square miles in southern Alameda County. The District operates the Washington Hospital Healthcare System. Included within the District boundaries are the cities of Fremont, Newark and Union City, the southern portions of the City of Hayward and the unincorporated area known as Sunol.

For further information regarding the District, the Facilities and various factors that could adversely affect the District and the Facilities, see "BONDHOLDERS' RISKS" herein and Appendix A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT."

Bond Measure Submitted to District Voters

On July 20, 2020, the Board of Directors of the District adopted a resolution calling an election for November 3, 2020, at which voters within the District considered authorizing $425,000,000 of general obligation bonds to fund the acquisition or improvement of real property. This measure required approval by 2/3 of the qualified voters voting at the election; while votes have been submitted, the Registrar of Voters of the County of Alameda has not yet generated his final tally and therefore, the District cannot yet confirm the results. Those results may be delayed this election cycle due to the volume of mailed ballots, but a final tally is expected to be available before December 31, 2020. If approved, the proceeds of these general obligation bonds would be used to construct new facilities and improve existing facilities used in its health care operations. General obligation bonds of the District are repaid from *ad valorem* property taxes levied throughout the District, and not from Hospital revenues. See APPENDIX A – "DISTRICT

INFORMATION—Outstanding Debt" for details regarding outstanding general obligation bonds of the District.

THE 2020 SERIES A BONDS

General

The 2020 Series A Bonds will be delivered as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof, in book-entry form only. The 2020 Series A Bonds will be dated their date of delivery, and will bear interest at the rates set forth on the cover page of this Official Statement, payable semiannually on January 1 and July 1 of each year commencing January 1, 2021. Interest on the 2020 Series A Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months. Subject to the redemption provisions set forth herein, the 2020 Series A Bonds will mature on the dates and in the amounts set forth on the cover page hereof. The principal (or redemption price) of the 2020 Series A Bonds is payable at the principal corporate trust office of U.S. Bank National Association in San Francisco, California, or at such place as may be designated by the Trustee pursuant to the Indenture. Interest is payable by check mailed on each interest payment date to the registered holder thereof as of the 15th day of the calendar month preceding each interest payment date (the "Record Date") (except as otherwise provided in the Indenture) at the address shown on the registration books maintained by the Trustee; provided, however, that the holder of $1,000,000 or more in aggregate principal amount of 2020 Series A Bonds may be paid by wire transfer to an account upon written request filed with the Trustee on or before the Record Date for the applicable interest payment date. Payments of defaulted interest shall be paid to the person in whose name the 2020 Series A Bond is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Holders not less than ten (10) days prior to such special record date.

Book-Entry System

DTC will act as securities depository for the 2020 Series A Bonds. The 2020 Series A Bonds will be issued as fully-registered bonds, registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered 2020 Series A Bond will be issued for each maturity of the 2020 Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See Appendix F – "BOOK-ENTRY SYSTEM" for more information regarding DTC and the Book-Entry System.

Redemption

Optional Redemption. The 2020 Series A Bonds maturing on or after July 1, 20__, are subject to redemption prior to their respective stated maturities, at the option of the District, in whole or in part on any date (in such maturities as are designated by the District, or if the District fails to designate such maturities, in inverse order of maturity and by lot within a maturity), from any source of available moneys, on or after July 1, 20__, at a redemption price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date fixed for redemption.

Special Redemption. The 2020 Series A Bonds are subject to redemption prior to their respective stated maturities at the option of the District as a whole on any date or in part on any interest payment date, from insurance or condemnation proceeds received with respect to the Facilities and required to be deposited in the Special Redemption Account pursuant to the Indenture, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Account Redemption. The 2020 Series A Bonds maturing on July 1, 20__ are also subject to redemption prior to their respective stated maturities on any July 1 on or after July 1, 20__, in part, by lot, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, by application of Mandatory Sinking Account Payments in the following amounts and upon the following dates:

Mandatory Sinking Account Payment Date (July 1)	Mandatory Sinking Account Payment
	$
†	

† Maturity.

The 2020 Series A Bonds maturing on July 1, 20__ are also subject to redemption prior to their respective stated maturities on any July 1 on or after July 1, 20__, in part, by lot, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, by application of Mandatory Sinking Account Payments in the following amounts and upon the following dates:

Mandatory Sinking Account Payment Date (July 1)	Mandatory Sinking Account Payment
	$
†	

† Maturity.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2020 Series A Bonds, the Trustee shall select the 2020 Series A Bonds to be redeemed, from all Bonds not previously called for redemption, in minimum denominations of $5,000, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair.

Notice of Redemption. Notice of redemption will be mailed by the Trustee not less than 20 nor more than 45 days prior to the redemption date, to (i) the respective Holders of the 2020 Series A Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee, (ii) the Securities Depositories and (iii) one or more Information Services. Each notice of redemption shall state the date of such notice, the date of issue of the 2020 Series A Bonds, the redemption date, the redemption price, the place or places of redemption, the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity, the distinctive certificate numbers of the 2020 Series A Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will

become due and payable on each of said Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Bonds then be surrendered. In addition, the notice of redemption to be mailed by the Trustee in connection with optional redemption of the 2020 Series A Bonds will include language to the effect that such redemption notice (i) may be rescinded at the option of the District and (ii) that such redemption will be conditional upon sufficient monies being on deposit in the Optional Redemption Account of the Redemption Fund to effect such a redemption on the applicable redemption date in accordance with the redemption provisions of the Indenture.

Failure by the Trustee to give notice of redemption to any one or more of the Information Services or Securities Depositories will not affect the sufficiency of the proceedings for redemption. Failure by the Trustee to mail notice to respective Holders of any 2020 Series A Bonds designated for redemption will not affect the sufficiency of the proceedings for redemption with respect to the Holders to whom such notice was mailed.

Rescission of Notice of Redemption. The District may rescind any notice of redemption to be mailed by the Trustee in connection with optional redemption of the 2020 Series A Bonds.

Effect of Redemption. Notice of redemption having been duly given as required in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the redemption date on, the 2020 Series A Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, (i) the 2020 Series A Bonds (or portions thereof) so called for redemption shall become due and payable at the redemption price specified in such notice plus interest accrued thereon to the redemption date, (ii) interest on the 2020 Series A Bonds so called for redemption shall cease to accrue, (iii) said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and (iv) the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said redemption price and accrued interest to the redemption date.

Acceleration

The 2020 Series A Bonds are subject to acceleration upon the occurrence of certain Events of Default under the Indenture as described in Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE INCLUDING THE TENTH SUPPLEMENTAL INDENTURE—EVENTS OF DEFAULT."

Annual Debt Service Requirements

The following table sets forth, for each year ending July 1, the amounts required to be made available for the payment of principal due on the 2020 Series A Bonds, for the payment of interest on the 2020 Series A Bonds and for the total debt service on the 2020 Series A Bonds and the Outstanding Bonds.

	2020 Series A Bonds				
Year Ending July 1	Principal	Total Interest	Total Debt Service on the 2020 Series A Bonds	Total Debt Service on the Outstanding Bonds	Total Debt Service

SECURITY FOR AND SOURCES OF PAYMENT OF THE 2020 SERIES A BONDS

General

The 2020 Series A Bonds are limited obligations of the District payable solely from Revenues and certain other amounts held in the funds and accounts established pursuant to the Indenture. "Revenues" include all revenues, income, receipts and money received by or on behalf of the District (other than tax revenues) including (1) gross revenues derived from its operation and possession of the Facilities (as defined in the Indenture), (2) gifts, grants, bequests, donations and contributions allocated to the Facilities, exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of Annual Debt Service (as defined in the Indenture), and (3) proceeds with respect to or related to the Facilities and derived from (a) Net Proceeds (as defined in the Indenture) of hazard insurance or condemnation awards, (b) accounts receivable, (c) securities and other investments, (d) inventory and other tangible and intangible property, (e) medical reimbursement programs and agreements, and (f) contract rights and other rights and assets now or hereafter owned by the District. The District is not obligated to pay the principal of or premium, if any, and interest on the 2020 Series A Bonds except from Revenues. The issuance of the 2020 Series A

Bonds shall not directly or indirectly or contingently obligate the District to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. Neither the faith and credit nor the taxing power of the District is pledged to the payment of the principal of or premium, if any, or interest on the 2020 Series A Bonds. The 2020 Series A Bonds are not a debt of the State of California or any other political subdivision thereof.

Pledge of Revenues

Pursuant to the Indenture, the District has agreed to create and maintain a Gross Revenue Fund and to deposit therein all of the Revenues. The District, under the Indenture, has pledged and, to the extent permitted by law, granted a security interest to the Trustee in its Revenues and the Gross Revenue Fund to secure payment of principal of and premium, if any, and interest on the Bonds, including the 2020 Series A Bonds. So long as any of the Bonds remain Outstanding, all of the Revenues shall be deposited as soon as practicable upon receipt into the Gross Revenue Fund. See Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE INCLUDING THE TENTH SUPPLEMENTAL INDENTURE" for a further discussion of the Gross Revenue Fund.

Pursuant to the Indenture, the District has pledged and granted a security interest to the Trustee in any amounts held in any fund or account established pursuant to the Indenture (other than the Rebate Fund), to secure payment of the principal of and premium, if any, and interest on the Bonds.

The pledge of Revenues of the District may, in several instances, be subordinated to the interests and claims of others. Some examples of cases of subordination or prior claims are (i) rights arising in favor of the United States of America or any agency thereof, (ii) present or future prohibitions against assignment in any federal statutes or regulations, (iii) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (iv) federal or State bankruptcy laws that may affect the enforceability of the Indenture or pledge of Revenues of the District, (v) provisions prohibiting the direct payment of amounts due to health care providers from Medicare, Medi-Cal (Medicaid) or other governmental programs to persons other than such providers, (vi) statutory liens, and (vii) certain judicial decisions that cast doubt upon the right of the Trustee, in the event of the bankruptcy of the District, to collect and retain accounts receivable from Medicare, Medi-Cal (Medicaid) and other governmental programs. In addition, it may not be possible to perfect a security interest in any manner whatsoever in certain types of Revenues of the District (*e.g.*, gifts, donations, certain insurance proceeds, Medicare and Medi-Cal (Medicaid) payments) prior to actual receipt by the District for deposit in the Gross Revenue Fund. Further, it is uncertain whether a security interest may be granted in Medicare and Medi-Cal (Medicaid) receivables. While health care providers are currently prohibited from assigning such receivables, it is unclear whether this prohibition will be interpreted so as to preclude the granting of security interests.

Limited Obligations of the District

THE 2020 SERIES A BONDS ARE LIMITED OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM REVENUES AND CERTAIN OTHER AMOUNTS HELD IN THE FUNDS AND ACCOUNTS UNDER THE INDENTURE AS DESCRIBED HEREIN. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE 2020 SERIES A BONDS. THE 2020 SERIES A BONDS ARE NOT A DEBT OF THE STATE OF CALIFORNIA OR ANY OTHER POLITICAL SUBDIVISION THEREOF AND SAID STATE OR OTHER POLITICAL SUBDIVISION THEREOF IS NOT LIABLE FOR THE PAYMENT THEREOF.

PLAN OF FINANCING

Refunding Plan

A portion of the proceeds of the 2020 Series A Bonds, together with funds held in accounts for the 2010 Bonds under the Indenture, will be deposited into an escrow fund held by U.S. Bank National Association, as successor trustee and escrow agent for the 2010 Bonds (the "Escrow Agent"), established pursuant to an escrow deposit and trust agreement, dated as of _____ __, 2020, between the District and the Escrow Agent. Such deposit will be used to pay the principal of the outstanding 2010 Bonds, together with interest accrued thereon, to and on the redemption date of the 2010 Bonds, being _____, 2020. On the date of delivery of the 2020 Series A Bonds and the escrow deposit described herein, the 2010 Bonds will be defeased and no longer outstanding under the Indenture.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the 2020 Series A Bonds:

Sources of Funds:	
Par Amount of 2020 Series A Bonds	
Net Original Issue Premium/Discount	
2010 Bond Funds on Deposit	
Total Sources of Funds	
Estimated Uses of Funds:	
Escrow Deposit for 2010 Bonds	
Costs of Issuance[(1)]	
Total Uses of Funds	

(1) Includes legal, printing, consulting, and Trustee's fees, Underwriter's discount and other costs of issuance.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement, dated the date of issuance and delivery of the 2020 Series A Bonds (the "Continuing Disclosure Agreement"), with Hilltop Securities Inc., as dissemination agent (the "Dissemination Agent"), the District has covenanted for the benefit of holders of the 2020 Series A Bonds (including Beneficial Owners of the 2020 Series A Bonds) to provide for dissemination by the Dissemination Agent of (i) certain financial information and operating data relating to the District (each an "Annual Report") by not later than six months following the end of the District's fiscal year (which date would be January 1 following the end of the District's fiscal year on the prior June 30), commencing with the report for the 2020-21 Fiscal Year, and (ii) notices of the occurrence of certain listed events. The Annual Report and notices of listed events shall be filed by the Dissemination Agent, in electronic form, with the Electronic Municipal Market Access system ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"). Additionally, the District has agreed to provide for dissemination by the Dissemination Agent to the MSRB of certain quarterly unaudited financial statements by not later than 75 days after the end of each of the District's first three fiscal quarters. The specific nature of the information to be contained in the Annual Report, the notices of listed events and the quarterly unaudited financial statements is

included in Appendix E. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

During the past five years, the District has not failed to comply, in any material respect, with any prior continuing disclosure undertaking made by the District for purposes of Rule 15c2-12. A failure by the District to comply with any provision of the Continuing Disclosure Agreement will not constitute a default or an Event of Default under the Indenture.

For a more complete description of the content, time, and place of filing of Annual Reports, the circumstances under which provisions of the Continuing Disclosure Agreement may be amended or waived, when Beneficial Owners of 2020 Series A Bonds are entitled to take action to enforce the Continuing Disclosure Agreement, limitations on enforcement of the Continuing Disclosure Agreement, and other provisions of the Continuing Disclosure Agreement, see Appendix E – "FORM OF CONTINUING DISCLOSURE AGREEMENT."

Although not required by the terms of the Continuing Disclosure Agreement or any existing continuing disclosure agreements, it is currently the District's policy to post certain information related to its board meetings on its website (http://www.whhs.com/About/Board-of-Directors.aspx). The District routinely posts certain notices, meeting agendas and board packages, and the board packages often include financial information and operating data not required to be disseminated under the Continuing Disclosure Agreement or any existing continuing disclosure agreements. There can be no assurance that this policy will continue in the future.

BONDHOLDERS' RISKS

The purchase of the 2020 Series A Bonds involves investment risks that are discussed throughout this Official Statement. Prospective purchasers of the 2020 Series A Bonds should evaluate all of the information presented in this Official Statement. This section on Bondholders' Risks focuses primarily on the general risks associated with hospital or health system operations, whereas Appendix A describes the District and the Facilities specifically. These should be read together.

General

Except as noted under "SECURITY FOR AND SOURCES OF PAYMENT OF THE 2020 SERIES A BONDS," the 2020 Series A Bonds are limited obligations of the District, payable solely from and secured by Revenues and amounts on deposit in funds and accounts held under the Indenture. No representation or assurance can be made that Revenues will be realized by the District in amounts sufficient to pay principal of and interest on the 2020 Series A Bonds.

The District is subject to a wide variety of federal and state regulatory actions and legislative and policy changes by those governmental and private agencies that administer Medicare, Medi-Cal (Medicaid) and other payors and is subject to actions by, among others, the National Labor Relations Board, The Joint Commission, the Centers for Medicare & Medicaid Services ("CMS") of the U.S. Department of Health and Human Services ("DHHS"), the Attorney General of the State, and other federal, state and local government agencies. The future financial condition of the District could be adversely affected by, among other things, changes in the method and amount of payments to the District by governmental and nongovernmental payors, the financial viability of these payors, increased competition from other health care entities, the costs associated with responding to governmental inquiries and investigations, demand for health care, other forms of care or treatment, changes in the methods by which employers purchase health care for employees, capability of management, changes in the structure of how health care is delivered and paid for (*e.g.*, accountable care organizations, value-based purchasing, bundled payments, and other health

reform payment mechanisms, including a "single-payor" system), future changes in the economy, demographic changes, availability of physicians, nurses and other health care professionals, and malpractice claims and other litigation. These factors and others may adversely affect payment by the District under the Indenture and, consequently, on the 2020 Series A Bonds.

Ongoing Impacts of COVID-19

The current international outbreak of COVID-19 is having numerous and varied medical, economic, and social impacts, any or all of which may adversely affect the District's business and financial results. The World Health Organization declared the COVID-19 outbreak to be a pandemic, and on March 13, 2020, President Trump declared it to be a national emergency. Health care providers, including the District, have cancelled or delayed non-urgent appointments and procedures, with an adverse effect on revenues. Business disruptions and government regulations could also require temporary closures of the District's facilities or the facilities of suppliers and their contract manufacturers, and a reduction in the business hours of health care facilities. A substantial portion of the State's population is subject to voluntary or involuntary quarantining, leading to general and substantial reductions in economic activity. Health care workers are disproportionately likely to become ill from COVID-19, which may limit the ability of the District to provide care. Throughout the United States, health care providers are experiencing, or expect to experience, shortages of pharmaceuticals, protective gear, testing materials, medical equipment, and blood. Even if the District were able to find alternate sources for such products, increased costs could adversely impact profitability and the financial condition of the District. Health care providers and facilities may become overburdened as and when the number of COVID-19 cases surges, limiting their ability to provide comprehensive care to patients and may result in diversion of medical resources and priorities towards the treatment of COVID-19. In addition, health care providers may be required to provide significant amounts of uncompensated care. Changes in operations at the District's facilities may result in additional costs being incurred related to adjustments to the use of various facilities and to staffing during this outbreak, including overtime wages, wages paid to employees who are unable to work due to quarantining, and utilization of more expensive contract staff to provide care. COVID-19 could severely affect the District's ability to conduct normal business operations thereby materially and adversely affecting District operating results.

National, state, and local governments have taken, and are expected to continue to take, various actions, including the passage of a wide array of laws and regulations, in an attempt to slow the spread of COVID-19 and to address the health and economic consequences of the outbreak. Many of these government actions are expected to cause substantial changes to the way health care is provided, and how society in general functions. It is not clear how long such measures will or would remain in place.

Various states, including California, and local governments have mandated general "shelter-in-place" orders that mandate or strongly encourage social distancing, face coverings, quarantine after certain interstate travel, closed or limited school systems and closed or limited non-essential business activities in an effort to slow the spread of COVID-19. While such measures are expected to assist in responding to the recent outbreak, self-quarantining, shelter-in-place orders, and suspension of voluntary health care procedures and surgeries will likely have an adverse impact on the operations and financial position of health care provider systems due to increased costs, potential reduction in overall patient volume, and shifts in payor mix. Even if such actions help reduce the rate of increase in COVID-19 cases in the near term, they may prove to be ineffective in reducing the total number of cases. Although the federal government is considering additional legislation that may assist health care providers, including economic stimulus packages and other financial assistance, passage of any such legislation is uncertain.

The federal government is working with private companies to increase the manufacture and supply of personal protective equipment, such as masks, respirators, gloves, and ventilators and other equipment needed to treat COVID-19 patients. In addition, the federal government has and may in the future, distribute

ventilators and various personal protective equipment nationwide and make certain military hospital facilities, including hospital ships, available to provide additional bed capacity for COVID-19 patients in hard-hit areas. CMS had issued guidance that all elective surgeries and procedures, including medical and dental, should be postponed nationwide to mitigate the burden on health systems due to increasing COVID-19 incidence and to make necessary facilities, equipment, supplies (including personal protective equipment), and personnel available to treat patients with COVID-19. Several state and local governments have issued directives, in varying forms, mandating such postponement. It is conceivable that these or similar orders may be re-implemented, withdrawn or altered as COVID-19 cases grow or diminish, on a national, regional, state and/or local basis.

In addition, the COVID-19 outbreak has affected, and is expected to continue to affect, travel, commerce and financial markets in the United States and globally and is widely expected to continue to affect economic growth worldwide. The COVID-19 outbreak has resulted in volatility in the U.S. and global financial markets, and significant realized and unrealized losses in investment portfolios. Financial results, generally, and liquidity, in particular, may be materially diminished. Access to capital markets may be hindered and increased costs of borrowing may occur as a result.

CPRSAA. The Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 (the "CPRSAA") was enacted on March 6, 2020. The CPRSAA provides $8.3 billion in emergency funding for federal agencies to respond to the COVID-19 outbreak. $6.2 billion was designated for DHHS, including for research and development of vaccines, therapeutics, and diagnostics. The CPRSAA also included a waiver removing restrictions on Medicare providers allowing them to offer telehealth services to beneficiaries regardless of whether the beneficiary is in a rural community.

FFCRA. After President Trump declared a national emergency with respect to the COVID-19 outbreak, the United States Congress enacted several COVID-19 related bills. President Trump signed the Families First Coronavirus Response Act (the "FFCRA") on March 18, 2020, which provides additional support for the domestic COVID-19 response. FFCRA includes provisions for establishing a federal emergency paid leave program for individuals unable to work as a result of the COVID-19, expanding state unemployment benefits, requiring employers to provide paid sick leave, providing SARS-CoV-2 diagnostic testing free of charge to consumers, and providing liability protection for "respiratory protective devices" used as part of the COVID-19 response. The FFCRA also increases the Federal Medicaid Assistance Percentage ("FMAP") for state Medicaid programs by 6.2%. The enhanced Federal funding begins the calendar quarter of the emergency period and ends in the quarter when the emergency period ends.

CARES Act. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was passed by Congress on March 27, 2020. The CARES Act provides temporary and limited relief to hospitals during the COVID-19 outbreak, including the appropriation of $100 billion under the Public Health and Social Services Emergency Fund ("Provider Relief Fund") to reimburse providers for expenses and lost revenue associated with the treatment of COVID-19 patients, expanding the Medicare Accelerated and Advance Payment Program, providing employee retention tax credits to employers affected by COVID-19, eliminating the 2% reduction in Medicare payments from sequestration during the period of May 1, 2020 through December 31, 2020, creating an add-on payment for inpatient hospitals treating COVID-19 patients, and delaying the $4 billion reduction in Medicaid funding for Medicare disproportionate share hospitals until November 30, 2020. It is not clear whether these provisions and the increased funding to hospitals provided in the CARES Act will be adequate to cover the significant costs borne by hospitals treating patients with COVID-19 or the shortfall in revenues that is anticipated from reductions in elective and other procedures during the COVID-19 outbreak.

Medicare Accelerated and Advance Payment Program. In addition to CARES Act funding, CMS expanded and streamlined the process for its Accelerated and Advance Payment Program, pursuant to which

providers can receive advance Medicare disbursements. The advance and accelerated payments are a loan that providers must pay back. On April 26, 2020, CMS announced it was suspending the Accelerated and Advance Payment Program for Part B suppliers and reevaluating all pending and new applications under the Part A program in light of the availability of the Provider Relief Fund and the significant funds available through other programs. Initially, CMS announced it would begin to offset the accelerated/advance payments 120 days after disbursement for hospitals, and any amounts remaining outstanding after one year would accrue interest at the rate of 10.25% per annum. However, on October 1, 2020, President Trump signed the Continuing Appropriations Act, 2021 and Other Extensions Act (the "Continuing Resolution"), which relaxes repayment terms for program participants. Specifically, the Continuing Resolution allows providers to extend repayment for a full year before recoupment begins and to limit claim offsets to 25% of the full Medicare payment for 11 months, followed by six months with claim offsets limited to 50% of the full amount. This effectively provides 29 months to repay the amount in full. Thereafter, the Continuing Resolution reduces the interest rate on the unpaid balance to 4%, so long as the payment was made between passage of the CARES Act and the end of the public health emergency.

Paycheck Protection Program and Health Care Enhancement Act. On April 24, 2020, President Trump signed the Paycheck Protection Program and Health Care Enhancement Act, which amends the CARES Act to increase the amounts authorized for the Paycheck Protection Program and authorizes an additional $75 billion in funding for the Provider Relief Fund for reimbursement to eligible health care providers for health care-related expenses or lost revenues that are attributable to COVID-19. It also appropriates $25 billion to the Provider Relief Fund for necessary expenses to research, develop, validate, manufacture, purchase, administer, and expand capacity for COVID-19 tests.

DHHS Notice. The CARES Act and the Paycheck Protection Program and Health Care Enhancement Act appropriated funds to reimburse eligible hospitals and other health care providers for health care related expenses or lost revenues attributable to COVID-19. These funds are distributed by the Health Resources and Services Administration ("HRSA") through the Provider Relief Fund ("PRF") established under the CARES Act. Recipients of these funds agree to certain terms and conditions, which require compliance with reporting requirements as specified by the Secretary of the DHHS. Among other things, health care providers that receive PRF payments in excess of their health care related expenses and lost revenues attributable to COVID-19 must repay the excess payments.

On September 19, 2020, DHHS issued a notice ("Notice") concerning how health care providers that received more than $10,000 in PRF payments must report their expenditures of their PRF payments to HRSA. Reports for PRF payments expended prior to January 1, 2021, must be submitted between January 15, 2021, and February 15, 2021. Health care providers that do not expend all of their PRF payments prior to January 1, 2021, must submit a second report, for the period January 1, 2021, through June 30, 2021, by July 31, 2021. All Provider Relief Funds must be expended by June 30, 2021.

The Notice also specified the formula for calculating a health care provider's lost revenues attributable to COVID-19. Providers will report health care related expenses attributable to COVID-19 that have not been reimbursed by another source, which may include general and administrative or health care related operating expenses. Funds may also be applied to lost revenues, represented as a negative change in year-over-year net patient care operating income. The reporting system will be available in early 2021, and DHHS is expected to release additional guidance regarding reporting and audit obligations, which guidance could differ significantly from that provided in the Notice. The precise impact of any violation of the Provider Relief Fund Terms and Conditions and any corresponding sanction cannot be predicted at this time, but could be negative if any such sanction is imposed. The formula for calculating lost revenues set forth in the Notice could have a potentially significant impact on whether a health care provider must repay a portion of its PRF payments. A third phase of PRF allocations was recently announced, under which $20 billion will be made available for providers that previously received, rejected or accepted PRF

payments. Applicants that have not yet received PRF payments of 2% of patient revenue will receive a payment that, when combined with prior payments (if any), equals 2% of patient care revenue. Providers that have already received payments of approximately 2% of annual revenue from patient care can submit more information and may be eligible for an additional payment. [See APPENDIX A – "MANAGEMENT'S DISCUSSION OF FINANCIAL OPERATIONS—Operational Impact of COVID-19."]

In addition, as part of the declaration of the COVID-19 pandemic as a national emergency, public assistance funding may be available from the Federal Emergency Management Agency ("FEMA") to eligible state, territorial, tribal, local government entities and certain non-profit organizations. FEMA has announced that certain emergency protective measures taken to respond to the COVID-19 emergency may be eligible for partial reimbursement under FEMA's public assistance program. As of the date of this Official Statement, the District has not applied for FEMA assistance. Management of the District is unable to determine at this time whether the District will apply for FEMA assistance in the future.

COVID-19 outbreak developments, and attendant governmental and regulatory responses, are rapidly changing. Management of the District cannot presently quantify or estimate the cumulative impact of these recent developments taken as a whole. As these actions are far-reaching and rapidly changing, management of the District cannot fully predict the impacts of the COVID-19 outbreak, whether financial or otherwise. The impact of the outbreak on the District's operations, business and financial results cannot be predicted due to the dynamic nature of the outbreak, including uncertainties relating to its duration and severity, as well as actions may be taken by governmental authorities and other institutions to contain or mitigate its impact. The continued spread of COVID-19 and containment and mitigation efforts could have a material adverse effect on the operations of the District and on the national, and global economies and the economy of the State. A variety of federal, state and local government efforts have been initiated in response to the recent COVID-19 outbreak. See APPENDIX A – "MANAGEMENT'S DISCUSSION OF FINANCIAL OPERATIONS—Operational Impact of COVID-19."

Significant Risk Areas Summarized

Certain of the primary risks associated with the operations of the District are briefly summarized in general terms below and are explained in greater detail in subsequent sections. The occurrence of one or more of these risks could have a material adverse effect on the financial condition and results of operations of the District.

Federal Health Care Reform and Deficit Reduction. The Patient Protection and Affordable Care Act (the "ACA") was enacted in March 2010. The constitutionality of the ACA has been challenged in courts around the country. In June 2012, the U.S. Supreme Court upheld most provisions of the ACA, including an "individual mandate" (which became effective January 1, 2014, generally requiring individuals to have a certain amount of health insurance coverage or pay a tax penalty), while limiting the power of the federal government to penalize states for refusing to expand Medicaid. In June 2015, the U.S. Supreme Court in its decision in *King v. Burwell* upheld Treasury Regulation 26 C.F.R. § 1.36B-2(a)(1), issued under the ACA, stating that health insurance exchange purchasers can receive tax-credit subsidies, regardless of whether the purchase is made through a federal or state-operated exchange.

The future of the ACA is uncertain. President Trump and certain Congressional leaders have previously included a repeal of all or a portion of the ACA in their respective legislative agendas, and the 115th Congress introduced several bills to repeal and replace the ACA. While no full repeal bills have passed both chambers of Congress, as described below, the Tax Cuts and Jobs Act eliminated the tax penalty associated with a key provision of the ACA known as the "individual mandate" in 2019. It is not possible to predict the effect of the elimination of the individual mandate penalty. It is also not possible to predict

whether the ACA will be further modified in any significant respect or wholly repealed. Any legal, legislative or executive action that reduces federal health care program spending, increases the number of individuals without health insurance, reduces the number of people seeking health care, or otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on the results and operations of the District.

In addition to legislative changes, actions by the Executive Branch can have a significant impact on the ACA. In relevant part, President Trump has already taken executive actions: (i) requiring all federal agencies with authorities and responsibilities under the Legislation to "exercise all authority and discretion available to them to waiver, defer, grant exemptions from, or delay" parts of the Legislation that place "unwarranted economic and regulatory burdens" on states, individuals or health care providers; (ii) the issuance of a final rule in June, 2018, by the Department of Labor to enable the formation of association health plans that would be exempt from certain ACA requirements such as the provision of essential health benefits; (iii) the issuance of a final rule in August, 2018, by the Department of Labor, Treasury, and Health and Human Services to expand the availability of short-term, limited duration health insurance, (iv) eliminating cost-sharing reduction payments to insurers that would otherwise offset deductibles and other out-of-pocket expenses for health plan enrollees at or below 250% of the federal poverty level; (v) relaxing requirements for state innovation waivers that could reduce enrollment in the individual and small group markets and lead to additional enrollment in short-term, limited duration insurance and association health plans; and (vi) the issuance of a final rule by the Departments of Labor, Treasury, and Health and Human Services that incentivizes the use of health reimbursement accounts by employers to permit employees to purchase health insurance in the individual market. The uncertainty resulting from these Executive Branch policies has led to reduced enrollment in health insurance through the Exchanges (created by the ACA) in 2019 and 2020 and is expected to further reduce the individual and small group market risk pools in future years.

Following the elimination of the individual mandate tax penalty in the Tax Cuts and Jobs Act, twenty states had filed a lawsuit against the U.S. government claiming that, under the U.S. Supreme Court's decision upholding the ACA, that law is now unconstitutional without the individual mandate tax penalty. On December 14, 2018, the District Court for the Northern District of Texas issued a declaratory judgment holding the ACA to be unconstitutional without the individual mandate tax penalty. The court also held that because the individual mandate is "essential" to the ACA and inseverable from the rest of the law, the entire ACA is unconstitutional. The case was appealed to the U.S. Court of Appeals for the Fifth Circuit and on December 18, 2019, that court affirmed the district court's decision but remanded the case to the district court for further consideration of the severability issue and to provide additional analysis of current provisions of the ACA. On March 2, 2020, the Supreme Court agreed to hear two consolidated cases, filed by the State of California and the United States House of Representatives, asking the Supreme Court to review the ruling by the U.S. Court of Appeals for the Fifth Circuit holding the ACA's individual mandate unconstitutional and to review whether, if the mandate is unconstitutional, it can be separated from the rest of the ACA. Oral argument is scheduled for November 10, 2020, and a ruling is not expected until 2021. The ACA will remain law while the case proceeds through the appeals process; however, the case creates additional uncertainty as to whether any or all of the ACA could be struck down, which creates operational risk for the health care industry.

The ACA addresses almost all aspects of hospital and provider operations and health care delivery, and has changed and is changing how health care services are covered, delivered, and reimbursed. These changes have resulted, and will continue to result, in new payment models with the risk of lower health care provider reimbursement from Medicare, utilization changes, increased government enforcement and the necessity for health care providers to assess, and potentially alter, their business strategy and practices, among other consequences. While most providers are receiving reduced payments for care, millions of previously uninsured Americans may have coverage. "Health insurance exchanges" could fundamentally

alter the health insurance market and negatively impact health care providers, enabling insurers to aggressively negotiate rates.

In recent years, federal policymakers have undertaken various efforts to reduce the federal deficit, principally by reducing federal spending on entitlement programs, including Medicare and Medicaid. Beginning in 2013, pursuant to a law enacted in 2011, Medicare payments to providers have been cut by 2% annually through fiscal year 2030.

The American Taxpayer Relief Act of 2012 significantly affected hospital Medicare reimbursement in that it required the Medicare program to recoup funds from hospitals based on changes in documentation and coding that increased Medicare inpatient prospective payments but that did not represent real increases in the intensity of services provided to patients. The Medicare Access and CHIP (Children's Health Insurance Program) Reauthorization Act of 2015 and the 21st Century Cures Act combined to replace these recoupment adjustments with 0.5% positive adjustments to standardized Medicare payments made to acute care hospitals for fiscal years 2018 through 2023.

In December 2013, the Bipartisan Budget Act of 2013 (the "2013 Budget Act") was enacted, which staved off further sequestration cuts. While the 2013 Budget Act offered limited relief from sequestration cuts for certain defense and non-defense spending for federal fiscal years 2014 and 2015, it did not extend relief to sequestration reductions impacting Medicare. The 2% reduction to Medicare providers and insurers will continue for Medicare Fee-For-Service program claims with dates of service or dates of discharge on or after April 1, 2013, subject to additional Congressional action. Also, certain commercial Medicare Advantage plans are passing this reduction on to health care providers. The CARES Act suspended payment reductions between May 1 and December 31, 2020, in exchange for extended cuts through 2030. There is a substantial risk that Congress could act to extend or increase these across-the-board reductions. See "—Patient Service Revenues" below.

The Bipartisan Budget Act of 2019 increased the budget caps imposed by the Budget Control Act for fiscal years 2020 and 2021 and authorized $150 billion in increased nondefense discretionary spending over the next two years. Management of the District is unable to predict what impact any future failure to increase the federal debt limit may have on the operations, results of operations or financial condition of the Facilities; that impact, could, however, be material and adverse. Additionally, the market price or marketability of the Bonds in the secondary market may be materially adversely impacted by any failure of Congress to increase the federal debt limit.

Additional attempts to curb federal entitlement program spending are likely, and federal deficit reduction efforts will likely reduce federal Medicare and Medicaid spending further to the detriment of hospitals, physicians and other health care providers. See "—Health Care Reform," below.

Rate Pressure from Insurers and Purchasers. Certain health care markets, including many communities in California, are strongly impacted by large health insurers and, in some cases, by major purchasers of health services. In those areas, health insurers may have significant influence over the rates, utilization and competition of hospitals and other health care providers. Rate pressure imposed by health insurers or other major purchasers, including managed care payors, may have a material adverse impact on health care providers, particularly if major purchasers put increasing pressure on payors to restrain rate increases. Mergers and other consolidation activities by health insurers could also materially adversely affect the ability of hospitals and other health care providers to negotiate favorable rates. Business failures by health insurers also could have a material adverse impact on contracted hospitals and other health care providers in the form of payment shortfalls or delays, and/or continuing obligations to care for managed care patients without receiving payment. In addition, disputes with non-contracted payors may result in an inability to collect billed charges from these payors.

Capital Needs vs. Capital Capacity. Hospital and other health care operations are capital intensive. Regulation, technology and expectations of physicians and patients require constant and often significant capital investment. In California, seismic safety standards mandated by the State may require that many hospital facilities be substantially modified, replaced or closed. Nearly all hospitals in California are affected. Estimated construction costs are substantial and actual costs of compliance may exceed estimates. Total capital needs may exceed capital capacity. Additionally, the technology needs of hospitals also present significant capital needs, including acquisition and implementation of electronic health record ("EHR") technology. Furthermore, capital capacity of hospitals and health systems may be reduced as a result of any credit market dislocations.

Construction Risks. Construction projects are subject to a variety of risks, including but not limited to delays in issuance of required building permits or other necessary approvals or permits, including environmental approvals, strikes, shortages of materials, and labor, and adverse weather conditions. Such events could delay occupancy. Cost overruns may occur due to change orders, delays in the construction schedule, scarcity of building materials and labor and other factors. Cost overruns could cause the costs of any project to exceed available funds. See Appendix A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT—FACILITIES AND SERVICES—Capital Plans."

Government Fraud Enforcement. Fraud in government-funded health care programs is a significant concern of federal and state regulatory agencies overseeing health care programs, and is one of the federal government's prime law enforcement priorities. The federal government and, to a lesser degree, state governments impose a wide variety of extraordinarily complex and technical requirements intended to prevent over-utilization based on economic inducements, misallocation of expenses, overcharging and other forms of fraud in the Medicare and Medicaid programs, as well as other state and federally-funded health care programs. This body of regulation impacts a broad spectrum of hospital and other health care provider commercial activity, including billing, accounting, recordkeeping, medical staff oversight, physician contracting and recruiting, cost allocation, clinical trials, discounts and other functions and transactions.

Violations and alleged violations may be deliberate, but also frequently occur in circumstances where management is unaware of the conduct in question, as a result of mistake, or where the individual participants do not know that their conduct is in violation of law. Violations may occur and be prosecuted in circumstances that do not have the traditional elements of fraud, and enforcement actions may extend to conduct that occurred in the past. Violations carry significant sanctions. Both federal and state governments periodically conducts widespread investigations covering categories of services or certain accounting or billing practices.

The government and/or private "whistleblowers" often pursue aggressive investigative and enforcement actions. The government has a wide array of civil, criminal and monetary penalties, including withholding essential hospital and other health care provider payments from the Medicare or Medicaid programs, or exclusion from those programs. Aggressive investigation tactics, negative publicity and threatened penalties can be, and often are, used to force settlements, payment of fines and prospective restrictions that may have a materially adverse impact on hospital and other health care provider operations, financial condition, results of operations and reputation. Multi-million dollar fines and settlements are common. These risks are generally uninsured. Government enforcement and private whistleblower suits may increase in the hospital and health care sector. Many large hospital and other health care provider systems are likely to be adversely impacted.

Personnel Shortage. Shortages of physicians and nursing and other technical personnel exist to varying degrees in different regions of the country. The shortages are particularly acute in the fields of

primary care and certain medical and surgical specialties. Such shortages may adversely affect hospitals and health care systems, which rely on skilled health care practitioners to deliver care. Studies have predicted that such physician and nurse shortages will become more acute over time, as practitioners retire and patient volume exceeds the growth in new professionals. The shortages may be further exacerbated in the future by decreased reimbursement and inadequate support for medical education. In California, regulation of nurse staffing ratios can intensify the potential shortage of nursing personnel. In addition, shortages of other professional and technical staff such as pharmacists, therapists, laboratory technicians and others may occur or worsen. A new influx of patients with insurance coverage as a result of health care reform may exacerbate personnel shortage issues. Hospital operations, patient and physician satisfaction, financial condition and future growth could be negatively affected by physician and nursing and other technical personnel shortages, resulting in material adverse impact to hospitals and health care systems.

Technical and Clinical Developments. New clinical techniques and technology, as well as new pharmaceutical and genetic developments and products, may alter the course of medical diagnosis and treatment in ways that are currently unanticipated, and that may dramatically change medical and hospital care. These developments could result in higher costs, reductions in patient populations, lower utilization of hospital service and/or new sources of competition for hospitals.

Costs and Restrictions from Governmental Regulation. Nearly every aspect of hospital operation and health care delivery is regulated, in some cases by multiple governmental agencies. The level and complexity of regulation and compliance audits appear to be increasing, imposing greater operational limitations, higher staffing and training requirements, enforcement and liability risks, and significant and sometimes unanticipated costs.

Proliferation of Competition. Hospitals increasingly face competition from specialty providers of care and ambulatory care facilities. Such competition may cause hospitals to lose essential inpatient or outpatient market share. Competition may be focused on services or payor classifications where hospitals realize their highest margins, thus negatively affecting programs that are economically important to hospitals. Specialty hospitals may treat only profitable classifications of patients, leaving full-service hospitals with higher acuity and/or lower paying patient populations. These new sources of competition may have a material adverse impact on hospitals, particularly where principal physician admitters may curtail their use of a hospital service in favor of a competitor's facilities.

Increasing Consumer Choice. Hospitals and other health care providers face increased pressure to be transparent and provide information about cost and quality of services, which may lead to a loss of business as consumers and others make choices about where to receive health care services based upon published information.

Labor Costs and Disruption. The delivery of health care services is labor intensive. Labor costs, including salary, benefits and other liabilities associated with the workforce, have significant impact on hospital operations and financial condition. Hospital employees are increasingly organized in collective bargaining units and may be involved in work actions of various kinds, including work stoppages and strikes. Overall costs of the hospital workforce are high, and turnover is high. Pressure to recruit, train and retain qualified employees is expected to accelerate. At the same time, health care organizations will be under increasing pressure to reduce the cost of delivering care to patients, including the cost of salary and benefits, in order to compete in a transparent price market. These factors may materially increase hospital costs of operation. Workforce disruption may negatively impact hospital revenues and reputation.

Reliance on Medicare. Inpatient hospitals rely to a high degree on payment from the federal Medicare program. Recent, as well as future, changes in the underlying law and regulations, as well as in payment policy and timing, create uncertainty and could have a material adverse impact on hospitals'

payment stream from Medicare. With health care and hospital spending reported to be increasing faster than the rate of general inflation, Congress and/or CMS may take action in the future to decrease or restrain Medicare outlays for hospitals.

State Medicaid Program. The State's Medicaid program (known as "Medi-Cal") and other state health care programs are an important payor source for many hospitals and other health care providers and are likely to become a proportionately larger source of revenue as federal health care reform is implemented, expanding Medicaid coverage, in those states that choose to expand Medicaid, to significant numbers of uninsured Americans. These programs often pay hospitals and physicians at levels that may be below the actual cost of the care provided. As Medi-Cal and other State health care programs are partially funded by the State, the financial condition of the State may result in lower funding levels and/or payment delays in the future.

General Economic Conditions; Bad Debt, Indigent Care and Investment Performance. Hospitals and health care providers are economically influenced by the environment in which they operate. Any national, regional or local economic difficulties may constrain corporate and personal spending, limit the availability of credit and increase the national debt and federal and certain state government deficits. To the extent that unemployment rates are high, employers reduce their workforces and their budgets for employee health care coverage, or private and public insurers seek to reduce payments to health care providers or curb utilization of health care services, health care providers may experience decreases in insured patient volume, decreases in demands for services and reductions in payments for services. In addition, to the extent that state, county or city governments are unable to provide a safety net of medical services, pressure is applied to local hospitals and health care providers to increase free care. Economic downturns and lower funding of federal Medicare and state Medicaid and other state health care programs may increase the number of patients who are unable to pay for some or all of their medical and hospital services. These conditions may give rise to increases in health care providers' uncollectible accounts, or "bad debt," uninsured discount and charity care and, consequently, to reductions in operating income. Declines in investment portfolio values may reduce or eliminate non-operating revenues. Investment losses (even if unrealized) may trigger debt covenant violations and may jeopardize hospitals' economic security. Losses in pension and other postretirement benefit funds may result in increased funding requirements for hospitals and health systems. Potential failure of lenders, insurers or vendors may negatively impact the results of operations and the overall financial condition of health care providers. Philanthropic support may also decrease or be delayed. These factors may have a material adverse impact on hospitals and health care providers. For a discussion of these risks with regard to the District, in particular the District's recent results of operations and statement of financial position and performance of the District's investments, see APPENDIX A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT—SELECTED FINANCIAL INFORMATION."

Pension and Benefit Funds. As large employers, hospitals may incur significant expenses to fund pension and benefit plans for employees and former employees, and to fund required workers' compensation benefits. Plans are often underfunded, or may become underfunded, and funding obligations in some cases may be erratic or unanticipated and may require significant commitments of available cash needed for other purposes.

Medical Liability Litigation and Insurance. Medical liability litigation is subject to public policy determinations and legal and procedural rules that may be altered from time to time, with the result that the frequency and cost of such litigation, and resultant liabilities, may increase in the future. Hospitals may be affected by negative financial and liability impacts on physicians. Costs of insurance, including self-insurance, may increase dramatically.

Facility Damage. Hospitals are highly dependent on the condition and functionality of their physical facilities. Damage from earthquakes, floods, fires, other natural causes, deliberate acts of destruction, or various facilities system failures may have a material adverse impact on hospital operations and financial condition.

Federal Budget Cuts

The Budget Control Act of 2011 (the "BCA") mandates significant reductions and spending caps on the federal budget for fiscal years 2012-2021. The BCA also created a Joint Select Committee on Deficit Reduction (the "Super Committee") to develop a plan to further reduce the federal deficit by $1.5 trillion on or before November 23, 2011. Because the Super Committee failed to act in a timely manner, the BCA mandated that a 2% reduction in Medicare spending, among other reductions, took effect in January 2013. Subsequent legislation enacted by Congress extended these reductions through 2030.

Congress has not taken action to eliminate some or all of the reductions, but it is possible that Congress will take action to eliminate some or all of the reductions in the future and any Congressional action could be made retroactive in order to eliminate some or all of the cuts even to the extent they were imposed. However, there is no certainty that Congress will take any action. Ultimately, these reductions or alternatives could have a disproportionate impact on hospital providers and could have a material adverse effect on the financial condition of the District.

Debt Limit Increase

The federal government has through legislation created a debt "ceiling" or limit on the amount of debt that may be issued by the United States Treasury. In the past several years, political disputes have arisen within the federal government over whether to authorize further increases in the federal debt ceiling. Any failure by Congress to increase the federal debt limit may impact the federal government's ability to incur additional debt, pay its existing debt instruments and to satisfy its obligations relating to the Medicare and Medicaid programs. The Bipartisan Budget Act of 2019 suspended the debt ceiling until July 31, 2021.

Management of the District is unable to determine at this time what impact any future failure to increase the federal debt limit may have on the operations and financial condition of the District, although such impact may be material. Additionally, the market price or marketability of the 2020 Series A Bonds in the secondary market may be materially adversely impacted by any failure to increase the federal debt limit.

Health Care Reform

Federal Health Care Reform. As a result of the ACA, substantial changes have occurred and are anticipated to continue to occur in the United States health care system. Generally, the ACA affects the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers, employers and consumers. Nevertheless, initiatives to repeal the ACA, in whole or in part, to delay elements of implementation or funding, and to offer amendments or supplements to modify its provisions, have been persistent and may increase as a result of future presidential and congressional elections. The ultimate outcomes of legislative attempts to repeal, amend or replace the ACA, and legal challenges to the ACA, are unknown.

President Trump and certain Congressional leaders previously included a repeal of all or a portion of the ACA, and the 115th Congress introduced several bills to repeal and replace the ACA. The repeal effort, to date, has focused on individual and employer mandates, exchanges, insurance industry regulations, Medicaid expansion, and the taxes to pay for these elements of the ACA. The timing of such

repeal and whether it would be in whole or in part is unclear. It is also unclear when or if a replacement plan would be implemented. A repeal could result in additional pressure on Medicaid and Medicare funding and could have the effect of reducing the availability of health insurance to individuals who were previously insured, resulting in greater numbers of uninsured individuals, and could otherwise materially adversely affect the District. While no full repeal bills have passed both chambers of Congress, the Tax Cuts and Jobs Act eliminated the tax penalty associated with a key provision of the ACA known as the "individual mandate" beginning January 1, 2019. It is not possible to predict the effect of the elimination of the individual mandate penalty.

It remains unclear at this time what portions of the ACA may remain, or what any replacement or alternative programs may be created by any future legislation. Any such future repeal or replacement may have significant impact on the reimbursement for health care services generally, and may create reimbursement for alternative health care services competing with the services offered by the District. Accordingly, there can be no assurance that the adoption of any future federal or state health care reform legislation will not have a negative financial impact on the District, including its ability to compete with alternative health care services funded by such potential legislation, or for the District to receive payment for services.

While the future health care landscape remains relatively unclear following the 2020 presidential election and congressional elections, and review of certain aspects of the ACA scheduled before the United States Supreme Court, the changes in the health care industry brought about by the ACA thus far may have both positive and negative effects, directly and indirectly, on the nation's hospitals and other health care providers, including the District. For example, under the ACA, the projected increase in the numbers of individuals with health care insurance occurring as a consequence of Medicaid expansion, creation of health insurance exchanges, subsidies for insurance purchase and the penalty on certain individuals who do not purchase insurance could result in lower levels of bad debt and increased utilization or profitable shifts in utilization patterns for hospitals. However, these benefits may be offset to the extent that Medicaid expansion, which is now optional on a state-by-state basis, is either not pursued or results in a shifting of significant numbers of commercially-insured individuals to Medicaid, or other health insurance options on exchanges are limited or unaffordable, or as a result of the cost containment measures and pilot programs that the ACA requires. A negative impact to the hospital industry overall will likely result from currently scheduled substantial cumulative reductions in Medicare payments. Currently, the ACA's cost-cutting provisions to the Medicare program include reduction in Medicare market basket updates to hospital reimbursement rates under the inpatient prospective payment system, as well as additional reductions to or elimination of Medicare reimbursement for certain patient readmissions and hospital-acquired conditions. Industry experts also expect that private insurers and payors may follow with similar actions.

Beginning in 2014, the ACA created state "health insurance exchanges" in which health insurance can be purchased by certain groups and segments of the population, expanded the availability of subsidies and tax credits for premium payments by some consumers and employers, and required that certain terms and conditions be included by commercial insurers in contracts with providers. In addition, the ACA imposed many new obligations on states related to health insurance. It is unclear how the increased federal oversight of state health care may affect future state oversight or affect the District. The health insurance exchanges may have positive impact for hospitals by increasing the availability of health insurance to individuals who were previously uninsured. Conversely, employers or individuals may shift their purchase of health insurance to new plans offered through the exchanges, which may or may not reimburse providers at rates equivalent to rates the providers currently receive. The exchanges could alter the health insurance markets in ways that cannot be predicted, and exchanges might, directly or indirectly, take on a rate-setting function that could negatively impact providers. Because the exchanges are still so new, the effects of these changes upon the financial condition of any third party payor that offers health insurance, rates paid by

third-party payors to providers and, thus, the revenues of the District, and upon the operations, results of operations and financial condition of the District cannot be predicted.

High-deductible insurance plans have become more common in recent years, and the ACA has encouraged the increase in high-deductible insurance plans as the health care exchanges include a variety of plans, several of which offer lower monthly premiums in return for higher deductibles. Many plans offered on the exchanges have high deductibles. High-deductible plans may contribute to lower inpatient volumes as patients may forgo or choose less expensive medical treatment to avoid having to pay the costs of the high deductibles. There is also a potential concern that some patients with high-deductible plans will not be able to pay their medical bills as they may not be able to cover their high deductible. Employers have implemented a variety of strategies to offset high deductibles under these plans, including offering supplemental voluntary insurance products, such as per-diem hospitalization, critical illness or cancer insurance policies and/or enabling employees to contribute to health savings accounts.

The ACA affects some health care organizations differently from others, depending, in part, on how each organization has adapted to the legislation's emphasis on directing more federal health care dollars to integrated provider organizations and providers with demonstrable achievements in quality care. The ACA proposed a value-based purchasing system for hospitals under which a percentage of payments are contingent on satisfaction of specified performance measures related to common and high-cost medical conditions, such as cardiac, surgical and pneumonia care. The ACA has also established a mechanism by which the government develops and tests various demonstration programs and pilot projects and other voluntary and mandatory programs to evaluate and encourage new provider delivery models and payment structures, including "accountable care organizations" and bundled provider payments. On January 26, 2015, DHHS announced a timetable for transitioning Medicare payments from the traditional fee-for-service model to a value-based payment system. This schedule called for tying 30% of traditional Medicare fee-for-service payments to quality, or value, through alternative payment models, such as accountable care organizations or bundled payment arrangements, by the end of 2016, increasing to 50% by 2018. In addition, DHHS set a goal of tying 85% of all traditional Medicare fee-for-service payments to quality or value by 2016, increasing to 90% by 2018. In March 2016, DHHS announced that it had already achieved its 2016 objectives. While CMS has since stated that it is no longer aiming for these Obama-era goals, it continues to propose new payment models and evaluate the impact of existing ones, which has led to some confusion in the industry.

The ACA contains amendments to existing criminal, civil and administrative anti-fraud statutes and increases in funding for enforcement and efforts to recoup prior federal health care payments to providers. Under the ACA, a broad range of providers, suppliers and physicians are required to adopt a compliance and ethics program. While the government has already increased its enforcement efforts, failures to implement certain core compliance program features provide new opportunities for regulatory and enforcement scrutiny, as well as potential liability if an organization fails to prevent or identify improper federal health care program claims and payments. See also "—Regulatory Environment," below.

California Health Care Reform. The State enacted several laws to implement the ACA within the required federal timeframes. Among the steps taken to date to implement or advance the ACA:

- The State established a state health insurance exchange within a year of the passage of the ACA. The California Health Benefit Exchange operates under the name "Covered California."

- The State approved expansion of Medi-Cal coverage, effective January 1, 2014, to include adults with incomes up to 138% of the federal poverty level who are under age 65, not pregnant and not otherwise currently eligible for Medi-Cal. In addition, legislation was enacted prohibiting insurers from denying health coverage based on preexisting conditions.

- The State also approved expansion of Medi-Cal coverage to any individual who is under 19 years of age, regardless of immigration status. Children receiving restricted scope Medi-Cal (which does not include preventative health, mental health, substance abuse, etc.) prior to May 2016, will be transitioned to full Medi-Cal coverage.

- The State is also running a dual-eligible pilot program with federal funding, called the "Cal MediConnect Program."

Covered California launched its insurance website and enrollment websites on time. Its launch issues were reportedly minor in comparison to the significant challenges of other state exchanges. The single biggest issue faced by Covered California is a byproduct of delays in enrollment eligibility determinations for Medi-Cal. In addition, a study by the Robert Wood Johnson Foundation found that a substantial percentage of the health plans offered in the California exchange have narrow provider networks.

Covered California announced that more than 1.54 million consumers selected a health plan for 2020 coverage during open enrollment. It is currently estimated that Medi-Cal covers close to 12.5 million Californians, including nearly 4 million adults. Legislation signed in 2019 extended health care benefits to individuals 19 to 25 years of age, regardless of their immigration status, increase eligibility for subsidies to purchase health plans through Covered California, and implement a state version of the individual mandate. In 2020-2021, California projects an increased cost of $580 million due to the decline in the federal share of the cost of the expansion population.

Patient Service Revenues

The Medicare Program. Medicare is the federal health insurance system under which health care providers are paid for health care services. Under Part A of the Medicare program, hospitals receive payments for services provided to eligible senior and disabled persons or those who qualify under the End Stage Renal Disease Program. Medicare is administered by CMS, which delegates to the states the process for certifying hospitals to which CMS will make payment. In order to achieve and maintain Medicare certification, hospitals must meet CMS's "Conditions of Participation" on an ongoing basis, as determined by the hospital's state survey agency and/or CMS, and comply with the standards of The Joint Commission or other CMS-approved accrediting organization. The requirements for Medicare certification are subject to change, and, therefore, it may be necessary for hospitals to effect changes from time to time in their facilities, equipment, personnel, billing, policies and services to ensure continued compliance. The District is certified to participate in the Medicare program.

As the population ages, more people will become eligible for the Medicare program. Current projections indicate that demographic changes and continuation of current cost trends will exert significant and negative forces on the overall federal budget. Part A of the Medicare program reimburses hospitals based on a fixed schedule of rates based on categories of treatments or conditions. These rates change over time and there is no assurance that these rates will cover the actual costs of providing services to Medicare patients. The ACA institutes multiple mechanisms for reducing the rate of increase in the costs of the Medicare program, including the following:

Value-Based Purchasing Program. Beginning in federal fiscal year 2013, Medicare inpatient payments to hospitals are determined, in part, based on a program under which value-based incentive payments are made in a fiscal year to hospitals that meet certain performance standards during that fiscal year. The program is funded through the reduction of hospital inpatient care payment by 1% in federal fiscal year 2013, progressing to 2% by federal fiscal year 2017 and beyond. This reduction may be offset by incentive payments that commenced in federal fiscal year

2013 for hospitals that meet or exceed quality standards. In each federal fiscal year, the total amount collected from these reductions will be pooled and used to fund payments to reward hospitals that meet certain quality performance standards established by DHHS.

Market Basket Reductions. Generally, Medicare payment rates to hospitals are adjusted annually based on a "market basket" of estimated cost increases. In recent years, market basket adjustments for inpatient hospital care have averaged approximately 2-4% annually. The ACA calls for reductions in the annual "market basket" update amount ranging from 0.10% to 0.75 % each year through federal fiscal year 2019. CMS published its Inpatient Prospective Payment System ("IPPS") 2021 final payment rule which provides for a 2.4% market basket increase to the base Medicare MS-DRG blended rate. When statutorily mandated budget neutrality factors, annual geographic wage index updates, documenting and coding adjustments ACA-mandated adjustments are considered, without consideration for changes related to the required Medicare DSH payment changes and increase to the Medicare Outlier threshold, the overall increase in IPPS payments would be approximately 2.9%. The impact also reflects several documentation and coding adjustments as well as other policies. CMS has proposed in the Outpatient Prospective Payment System ("OPPS") 2021 proposed payment rule to increase payment rates by 2.6% based on a 3.0% market basket increase, less a multi-factor productivity adjustment of 0.4%.. The reductions in market basket updates and the productivity adjustments will have a disproportionately negative effect upon those providers that are relatively more dependent upon Medicare than other providers.

Market Productivity Adjustments. In federal fiscal year 2012 and thereafter, the ACA provides for "market basket" adjustments based on overall national economic productivity statistics calculated by the Bureau of Labor Statistics. This adjustment is currently anticipated to result in an approximately 0.4% additional reduction to the annual "market basket" update.

Hospital-Acquired Conditions Penalty. Effective July 1, 2011, the ACA prohibited the use of federal funds under the Medicaid program to reimburse providers for medical assistance to treat certain "hospital-acquired conditions" or "HACs." Beginning in federal fiscal year 2015, Medicare inpatient payments to hospitals that are in the top quartile nationally for frequency of certain HACs identified by CMS are reduced by 1% of what would otherwise be payable to each hospital for the applicable federal fiscal year.

Readmission Rate Penalty. Beginning in federal fiscal year 2013, Medicare inpatient payments to those hospitals with excess readmissions compared to the national average for three patient conditions (acute myocardial infarction, pneumonia and heart failure) were reduced based on a risk-adjusted measure of the hospital's readmission performance. The maximum penalty was 1% in fiscal year 2013, increasing to 3% in fiscal year 2015 and beyond. In fiscal year 2015, CMS expanded the patient conditions assessed for this penalty to include acute exacerbation of chronic obstructive pulmonary disease, elective total hip arthroplasty, and total knee arthroplasty. Effective for fiscal year 2017, CMS expanded the program to include patients admitted for coronary artery bypass graft surgery.

Medicare/Medicaid DSH Payments. The ACA provided that, beginning in federal fiscal year 2014, hospitals receiving supplemental disproportionate share hospital ("DSH") payments from Medicare (*i.e.*, those hospitals that care for a disproportionate share of low-income Medicare beneficiaries) would see their DSH payments reduced significantly. This reduction potentially would be offset by new, additional payments based on the volume of uninsured and uncompensated care provided by each such hospital, and is anticipated to be offset by a higher proportion of covered patients, if all other provisions of the ACA go into effect. Commencing in federal fiscal year 2020, and through 2025, a state's Medicaid DSH allotment from federal funds will be reduced. Initially,

DSH payments will be reduced by $4 billion in 2020, and then $8 billion per year between 2021 and 2025. Reductions are imposed on states based on percentage of uninsured individuals, Medicaid utilization, and uncompensated care. See also "—Disproportionate Share Payments" below.

Medicare Advantage. Hospitals also receive payments from health plans under the Medicare Advantage program. The ACA includes significant changes to federal payments to Medicare Advantage plans. Payments to plans were frozen for fiscal year 2011 and thereafter have transitioned to benchmark payments tied to the level of fee-for-service spending in the applicable county. These reduced federal payments could in turn affect the scope of coverage of these plans or cause plan sponsors to negotiate lower payments to providers.

In addition to components of the ACA described above, the legislation enacted in 2013 to avert the "fiscal cliff," ATRA, also negatively affected hospital Medicare reimbursement. Specifically, ATRA reduced Medicare reimbursement for hospitals by $10.5 billion to help offset the $30 billion cost of deferring a 27% reduction in Medicare physician payments that would otherwise have gone into effect as well as the cost of extending for one year several CMS payment policies that would otherwise have expired.

For the fiscal years ended June 30, 2018, 2019 and 2020, Medicare represented approximately 51%, 51% and 51%, respectively, of the District's gross patient service revenues. See Appendix A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT—SELECTED FINANCIAL INFORMATION—Sources of Revenues."

Hospital Inpatient Reimbursement. Hospitals are generally paid for inpatient services provided to Medicare beneficiaries based on established categories of treatments or conditions known as diagnosis related groups ("DRGs"). Each DRG has its own predetermined rate, which, in the case of the service component, is based upon the national average costs to care for patients for the specific DRG, adjusted for geographic wage differences and, in the case of the capital component, at a per-case federal rate, adjusted for limited hospital-specific characteristics. The actual cost of care, including capital costs, may be more or less than the DRG rate. DRG rates are subject to adjustment by CMS, including reductions mandated by the ACA and the BCA, and are further subject to federal budget considerations. There is no guarantee that DRG rates, as they change from time to time, will cover actual costs of providing services to Medicare patients. For information regarding the impact of the ACA on payments to hospitals for inpatient services, see "—The Medicare Program" and "—Market Basket Reductions," above.

Medicare Bad Debt Reimbursement. Under Medicare, the costs attributable to the deductible and coinsurance amounts which remain unpaid by the Medicare beneficiary can be added to the Medicare share of allowable costs as cost reports are filed. Hospitals generally receive interim pass-through payments during the cost report year which were determined by the MAC from the prior cost report filing. Bad debts must meet the following criteria to be allowable:

- the debt must be related to covered services and derived from deductible and coinsurance amounts;
- the provider must be able to establish that reasonable collection efforts were made;
- the debt was actually uncollectible when claimed as worthless; and
- sound business judgment established that there was no likelihood of recovery at any time in the future.

The amounts uncollectible from specific beneficiaries are to be charged off as bad debts in the accounting period in which the accounts are deemed to be uncollectible. In some cases, an amount previously written off as a bad debt and allocated to the program may be recovered in a subsequent accounting period. In these cases, the recoveries must be used to reduce the cost of beneficiary services for the period in which the collection is made. In determining reasonable costs for hospitals, the amount of bad debts otherwise treated as allowable costs is reduced by 35%. Amounts incurred by a hospital as reimbursement for bad debts are subject to audit and recoupment by the MAC. Bad debt reimbursement has been a focus of MAC audit/recoupment efforts in the past.

Hospital Outpatient Reimbursement. Hospitals are generally paid for outpatient services provided to Medicare beneficiaries based on established categories of treatments or conditions known as ambulatory payment classifications ("APC"). The actual cost of care, including capital costs, may be more or less than the Medicare reimbursements. Generally, Medicare payment rates to hospitals for outpatient hospital services are adjusted annually based on estimated cost increases and other factors, including productivity and budget neutrality adjustments. These adjustments are typically positive, and often range from 0.5% to 2.5%. However, occasionally, because of statutory formulas and other legislative and administrative actions, these adjustments can be negative, and Medicare payments to hospitals can be reduced as a result. Moreover, Congress often takes action to specify payment update reductions, which can have the effect of constraining or reducing hospital payments. There is no guarantee that APC rates, as they change from time to time, will cover actual costs of providing services to Medicare patients.

Price Transparency. In November 2019, CMS published an OPPS final rule requiring that each hospital location publish a yearly list of the hospital's standard charges for items and services provided by the hospital. Under the rule, hospitals must make public discounted cash prices, payer-specific negotiated charges, and de-identified minimum and maximum negotiated charges for at least 300 shoppable services, 70 of which are specified by CMS and the remaining 230 selected by the hospital. Hospitals must display the required information prominently, in a consumer-friendly manner, and clearly identify the hospital location with which the standard charge information is associated on a publicly available website. The American Hospital Association has appealed this rule to the U.S. Court of Appeals for the D.C. Circuit. If the rule takes effect, it may result in further legislative or regulatory action to restrain hospital charges or rates and litigation concerning fees and charges. Failure to comply with the above requirements may result in daily monetary penalties to the hospital. The deadline for compliance with the final rule is January 1, 2021. Publication of hospital standard charges as required may result in changes to consumer choice in a manner that may have a negative impact on hospitals. Accordingly, there can be no assurances that compliance with these requirements would not have a material adverse financial or operational impact on hospitals.

Off-Campus Provider-Based Departments. Beginning January 1, 2017, under provisions of the Bipartisan Budget Act of 2015, and regulations proposed by CMS, most new off-campus hospital outpatient departments ("HOPDs") and services that first billed Medicare as a hospital service on or after November 2, 2015, are no longer eligible for payment under the OPPS for non-emergency services. A hospital outpatient department is considered to be "off-campus" if it is located more than 250 yards from a main provider hospital or a remote location of a hospital. Instead, non-emergency services performed at these facilities will be paid under the Medicare Physician Fee Schedule ("PFS") at a set of PFS payment rates that are specific to hospitals. In calendar year 2019, these hospital-specific PFS rates are based on 40% of the comparable OPPS rate. Beginning January 1, 2019, CMS began applying the PFS equivalent pay rate for certain evaluation and management services when provided at an off-campus HOPD that is paid under the OPPS, including at those HOPDs grandfathered under BBA 2015, stepping down from 70% of OPPS rates in 2019 and 40% of OPPS rates in 2020 and thereafter. The reimbursement changes implemented under the Bipartisan Budget Act of 2015 and the recent CMS reimbursement policies for calendar year 2019 threaten to further reduce revenues to hospital off-campus HOPDs. On September 17, 2019, the D.C.

District Court ruled that CMS exceeded its statutory authority to adjust payments for excepted off-campus provider-based hospital departments to 70% of the OPPS rate in the 2019 OPPS final rule. The D.C. District Court remanded the case back to CMS for determining appropriate remedies. In accordance with the instruction, on November 4, 2019, CMS implemented an update to rates for claims with a date of service of January 1, 2019, and thereafter. Beginning January 1, 2020, CMS will automatically reprocess claims originally paid at the reduced rate. However, CMS finalized a policy in the 2020 OPPS final rule that will implement the off-campus site-neutral clinic visit reimbursement rate to 40% of the OPPS rate beginning January 1, 2020. In September 2019, the U.S. District Court for the District of Columbia ruled that CMS exceeded its statutory authority to adjust payments for excepted HOPDs in the 2019 OPPS final rule. CMS thereafter announced that it would repay hospitals for 2019 OPPS underpayments as a result of this policy beginning in 2020 and simultaneously filed its notice of appeal on December 12, 2019. On June 17, 2020, the U.S. Court of Appeals for the D.C. Circuit overturned the District Court's ruling, holding that the reimbursement reductions for clinic visits in excepted off-campus provider-based hospital departments were a reasonable interpretation of the Medicare statute. If implemented, this policy may have an adverse effect on the District in the form of reduced OPPS payments for clinic visits in excepted off-campus provider-based hospital departments and any other methods adopted by CMS to control unnecessary increases in the volume of covered outpatient department services.

Medicare Physician Payment. In April 2015, the Medicare and CHIP Reauthorization Act ("MACRA") established the Quality Payment Program ("QPP"), which repealed the sustainable growth rate methodology for updates to the Medicare PFS, changed the way that Medicare rewards clinicians for services, streamlined existing quality and value programs, and provided for bonus payments to physicians and other clinicians for participating in certain payment models. The QPP provides incentive payments to eligible clinicians participating in Medicare Part B through two tracks: the Merit-based Incentive Payment System ("MIPS") and Advanced Alternative Payment Models ("Advanced APMs"). In 2016, CMS released final regulations implementing the QPP. The PFS was scheduled to increase by 0.5% annually from July 2015 through 2018. The Bipartisan Budget Act of 2018 reduced the annual PFS increase in 2019 to 0.25%. The PFS will then remain at the same reimbursement level (0.0% increase) for five years (2020-2025). Beginning in 2026, the PFS will be increased either by (i) 0.25% annually for providers participating in MIPS, or (ii) 0.75% annually for providers participating in Alternative Payment Models.

MIPS, which is the "default track" under the QPP, provides eligible clinicians with an adjustment to their Medicare Part B reimbursement based on performance in four categories: Quality, Promoting Interoperability, Improvement Activities and Cost. MIPS combines into a single program aspects of CMS's prior quality and value programs, including the Physician Quality Reporting System, Medicare Electronic Health Records Incentive Program, and the Physician Value-Based Payment Modifier. MIPS eligible clinicians include physicians, physician assistants, nurse practitioners, clinical nurse specialists and certified registered nurse anesthetists. 2017 was the first MIPS performance period and 2019 was the first year Part B payment adjustments have been applied for eligible clinicians.

Advanced APMs are alternative payment models ("APMs") that use certified electronic health record technology, provide for payment for covered professional services based on quality measures comparable to those in the quality performance category under MIPS, and either require that participating APM entities bear risk for financial losses of more than a nominal amount under the APM or be a type of Medical Home Model. Eligible clinicians who meet threshold Medicare participation levels in their Advanced APMs may be entitled to a 5% bonus on Medicare Part B payments and are excluded from MIPS.

The QPP and other federal delivery reform initiatives evidence a rapid volume-value shift within Medicare and could present challenges for the District. The new quality reporting programs may negatively impact the reimbursement amounts received for the cost of providing physician services.

Other Medicare Service Payments. Medicare payment for skilled nursing services, psychiatric services, inpatient rehabilitation services, general outpatient services and home health services are based on regulatory formulas or pre-determined rates. There is no guarantee that these rates, as they may change from time to time, will be adequate to cover the actual cost of providing these services to Medicare patients.

Reimbursement of Hospital Capital Costs. Hospital capital costs apportioned to Medicare patient use (including depreciation and interest) are paid by Medicare on the basis of a standard federal rate (based upon average national costs of capital), subject to limited adjustments specific to the hospital. There can be no assurance that future capital-related payments will be sufficient to cover the actual capital-related costs of the Facilities applicable to Medicare patient stays or will provide flexibility for hospitals to meet changing capital needs.

Recovery Audit Contractor Program. CMS implemented a Recovery Audit Contractor ("RAC") program on a nationwide basis pursuant to which CMS contracts with private contractors to conduct pre- and post-payment reviews to detect and correct improper payments in the fee-for-service Medicare program. The ACA expanded the RAC program's scope to include managed Medicare plans and Medicaid claims. CMS also employs Medicaid Integrity Contractors to perform post-payment audits of Medicaid claims and identify overpayments. These programs tend to result in retroactively reduced payment and higher administration costs to hospitals. See "—Regulatory Environment—Medicare and Medicaid Audits" below.

Medicaid Program. Medicaid is a program of medical assistance, funded jointly by the federal government and the states, for certain needy individuals and their dependents. Under Medicaid, the federal government provides limited funding to states that have medical assistance programs that meet federal standards. The ACA provides significantly enhanced federal funding for states to expand their Medicaid program to virtually all non-elderly, non-disabled adults with incomes up to 133% of the federal poverty level; however, this increased federal funding may be in jeopardy in light of the Trump administration's still unclear plans to modify ACA Medicaid expansion provisions. Further attempts to balance or reduce the federal budget, along with balanced-budget requirements in the State, will likely negatively impact Medicaid funding. Payments made to health care providers under the Medicaid program are also subject to change as a result of federal or state legislative and administrative actions, including changes in the methods for calculating payments, the amount of payments that will be made for covered services, the eligibility requirements for Medicaid coverage, and the types of services that will be covered under the program. Such changes have occurred in the past and may be expected to occur in the future, particularly in response to federal and state budgetary constraints and increased fiscal pressure on the Medicaid program in periods of high unemployment. CMS has granted, and is expected to grant, additional Section 1115 demonstration waivers providing for work and community engagement requirements for certain Medicaid-eligible individuals. CMS has also released guidance to states interested in receiving their Medicaid funding through a block grant mechanism. It is anticipated this will lead to reductions in coverage, and likely increases in uncompensated care, in states where these demonstration waivers are granted. Reduction in coverage of persons under Medicaid, by changes in the poverty level threshold required for eligibility or otherwise, to eliminate groups of currently eligible California residents, could increase the number of uninsured persons treated by health care providers and increase the risk of unreimbursed expenses.

Medi-Cal Program. Medi-Cal is the California Medicaid program. Medi-Cal reimburses inpatient services provided at general acute care hospitals, Medicare-designated critical access hospitals, and acute stays at long-term care hospitals, using DRGs. The DRG payment method is based on All-Patient Refined Diagnosis Related Groups ("APR-DRGs"), which is a proprietary classification system for clinical conditions that is currently licensed and in use by many state Medicaid programs. Under this payment method, the California Department of Health care Services ("DHCS") will reimburse hospitals a fixed amount for each inpatient admission based on the APR-DRG for that admission, which DHCS will assign

based on the diagnoses, procedures, patient age and discharge status submitted on the hospital claim. As the payment method is new and as DHCS and hospitals gain experience with the new method, DHCS intends to make adjustment in certain circumstances.

At this time, a significant amount of legislation regarding Medi-Cal has been proposed and management is unable to determine the impact that such legislation may have on the financial condition of the District.

For the fiscal years ended June 30, 2018, 2019 and 2020, Medi-Cal represented approximately 20%, 20% and 18%, respectively, of the District's gross patient service revenues. See Appendix A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT—SELECTED FINANCIAL INFORMATION—Sources of Revenues."

Medicaid Payment Reductions. The ACA made changes to Medicaid funding and substantially increases the potential number of Medicaid beneficiaries. To fund this expansion, the ACA provides that the federal government will fund 100% of the costs of this expansion from 2014-2016, decreasing to 90% of the costs of this expansion by 2020 and remaining at 90% thereafter. In June 2012, the Supreme Court ruled that the federal government cannot withhold existing federal funds for states that refuse to expand Medicaid as required by the ACA. While management cannot predict the effect of these changes to the Medicaid program on operations, results from operations or the financial condition of the District, historically Medicaid has reimbursed at rates below the actual cost of care. Therefore, increases in the overall proportion of Medicaid patients poses a financial risk to the District. The State expanded Medi-Cal under the ACA, and it is uncertain to what extent the risk of lower reimbursement under Medi-Cal may be mitigated if the increased Medi-Cal utilization replaces previously uncompensated care patients.

California Hospital Provider Fee Program. In 2009, the State legislature enacted the Medi-Cal Hospital Provider Rate Stabilization Act and the Quality Assurance Fee Act, which imposed a "quality assurance fee" on California's general acute care hospitals, as a condition for participation in the Medi-Cal program, except for public hospitals and certain exempt hospitals. The Medi-Cal Hospital Provider Rate Stabilization Act and the Quality Assurance Fee Act governs supplemental payments made to providers from the fund established to accumulate the quality assurance fees and matching federal funds. The quality assurance fee ("QAF") is essentially a tax on hospitals to raise funds for provider payments. The proceeds are used to earn federal matching funds for Medi-Cal, and to increase Medi-Cal payments to hospitals. Under this program, some California hospitals receive more funding in increased Medi-Cal reimbursement than the quality assurance fees paid, while other California hospitals receive less money in Medi-Cal payments than the fees paid. The California Medi-Cal Hospital Reimbursement Initiative, or Proposition 52, which passed in November 2016, extended the hospital fee program indefinitely and put projections in place to prevent diversion of funds from the program. CMS issued formal approval of the 2019-21 Hospital Fee Program in February 2020 retroactive to July 1, 2019 and effective through December 31, 2021. These approvals included the Medicaid inpatient and outpatient fee-for-service supplemental payments and the overall provider tax structure but did not yet include the approval of the managed care rate-setting payment component for certain rate periods. The managed care payment component consists of two categories of payments, "pass-through" payments and "directed" payments. The pass-through payments are similar in nature to the prior Hospital Fee Program payment method, whereas the directed payment method is based on actual concurrent hospital Medicaid managed care in-network patient volume. Because it operates a "public hospital," the District is exempt from making payments under the Provider Fee program. For information about the District's revenues under the Provider Fee program, see APPENDIX A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT—SELECTED FINANCIAL INFORMATION—Sources of Revenues—Supplemental Funding."

Disproportionate Share Payments. The federal Medicare and the State Medi-Cal programs each provide additional payment for hospitals that serve a disproportionate share of certain low-income patients. The District currently does not qualify as a disproportionate share hospital under the Medi-Cal program. The ACA substantially reduces Medicare and Medicaid payments to disproportionate share hospitals. See also "—Medicare/Medicaid DSH Payments" above.

California State Budget. In recent years, the State budget has been balanced, with the expectation that it would remain so for the foreseeable future. State cash reserves have been increasing to historically high levels. However, the COVID-19 outbreak has caused the State to experience a significant drop in economic activity, with corresponding negative effects on anticipated revenues for the upcoming 2020-21 fiscal year and beyond. Additionally, the State is using cash reserves and other funds to support vital government programs and services that have become underfunded as a result of the economic turmoil caused by the outbreak. The impact of the COVID-19 outbreak on the State's future budgets, while currently uncertain, could be materially adverse. The below discussion is qualified by such uncertainty.

The State of California fiscal year 2020-21 budget took effect July 1, 2020 and is expected to remain balanced for the foreseeable future. The 2020-21 budget provides $23.6 billion from the General Fund for Medi-Cal local assistance expenditures, which is approximately the same as the 2019-20 spending levels. Caseload in the program is projected to grow by 9% between 2019-20 and 2020-21 due to the impact of COVID-19. Notably, the 2020-21 budget also offers financial assistance for affordable access to health care to qualified individuals with incomes between 400% and 600% of the federal poverty level, while also increasing subsidies for individuals with incomes below 400% of the federal poverty level. Assistance is to be funded through a State individual mandate to obtain comprehensive health care coverage, and it is expected that subsidies will improve the overall risk pool in the individual market and reduce future premium increases.

Nevertheless, at this time, it is impossible to predict the impact of future financial challenges to the California economy, including threat of future recessions, changes in federal spending policy and other events that could result in budget deficits. It is also impossible to predict what the State's budget will be in future years or the actions that the Governor, the State legislature or voters—via ballot initiative—will take in the future. It is reasonable to expect, however, that the Governor and the State legislature will continue to pursue cost containment measures to keep the State's budget in balance, in part by aggressively managing the State's health care spending, which may have an adverse effect on the financial condition of the District. Past actions such as those set forth below may be indicative.

- Aggressive health care cost-containment efforts by the Governor and the State legislature to help eliminate prior years' budget deficits, including the State's substantial cuts to health care provider reimbursement, including Medi-Cal payments to hospitals. For example, California enacted legislation to reduce its Medi-Cal expenditures through eligibility restrictions (causing a greater number of indigent, uninsured or underinsured patients), and reductions in Medi-Cal payment rates. In October 2011, CMS approved the State's request for 10% reductions in Medi-Cal payments for certain outpatient services and for long-term care. In May 2013, the Ninth Circuit Court of Appeals upheld the reductions, and in January 2014, the Supreme Court declined to review.

- The significant expansions to Medicaid programs—Medi-Cal in California—under the ACA. This expansion will require additional program funding. Federal funding is available for some of this expansion, but it is conditioned on states maintaining specified beneficiary eligibility criteria and California has sought to limit program eligibility in recent years to reduce program costs. In May 2016, individuals under 19 years of age became eligible for full scope Medi-Cal benefits regardless of immigration status. This population was previously only eligible for

restricted scope Medi-Cal, which only covers emergency medical conditions. This expansion will require additional program funding, and will be funded with State funds if federal participation is not available.

- While federal funding is available to facilitate Medicaid program expansion, this funding is expected to be temporary. The Medicaid program expansion and the expected longer-term loss of federal financial support to offset longer-term expansion-related costs may require the State to reduce provider reimbursement rates further.

Health Plans and Managed Care. Most private health insurance coverage is provided by various types of "managed care" plans, including health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs") that generally use discounts and other economic incentives to reduce or limit the cost and utilization of health care services. Medicare and Medicaid also purchase hospital care using managed care options. Payments to hospitals from managed care plans typically are lower than those received from traditional indemnity or commercial insurers.

In California, managed care plans have replaced indemnity insurance as the primary source of non-governmental payment for hospital services, and hospitals must be capable of attracting and maintaining managed care business, often on a regional basis. Regional coverage and aggressive pricing may be required. However, it is also essential that contracting hospitals be able to provide the contracted services without significant operating losses, which may require multiple forms of cost containment.

Many HMOs and PPOs currently pay providers on a negotiated fee-for-service basis, on a fixed rate per day of care or on a fixed-rate per hospital stay, which, in each case, usually is discounted from the usual and customary charges for the care provided. As a result, the discounts offered to HMOs and PPOs may result in payment to a provider that is less than its actual cost. Additionally, the volume of patients directed to a provider may vary significantly from projections, and/or changes in the utilization may be dramatic and unexpected, thus jeopardizing the provider's ability to manage this component of revenue and cost.

Some HMOs employ a "capitation" payment method under which hospitals are paid a predetermined periodic rate for each enrollee in the HMO who is "assigned" or otherwise directed to receive care at a particular hospital. The hospital may assume financial risk for the cost and scope of institutional care given. If payment is insufficient to meet the hospital's actual costs of care, or if utilization by such enrollees materially exceeds projections, the financial condition of the hospital could erode rapidly and significantly. In addition to this standard managed care risk sharing approach, private health insurance companies are increasingly adopting various additional risk sharing/cost containing measures, sometimes similar to those introduced by government payors. Providers may expect health care cost containment and its associated risk sharing to continue to increase in the coming years amongst all payors.

Often, HMO contracts are enforceable for a stated term, regardless of hospital losses and may require hospitals to care for enrollees for a certain time period, regardless of whether the HMO is able to pay the hospital. Hospitals from time to time have disputes with HMOs, PPOs and other managed care payors concerning payment and contract interpretation issues. Such disputes may result in mediation, arbitration or litigation.

Failure to maintain contracts could have the effect of reducing a hospital's market share and net patient services revenues. Conversely, participation may result in lower net income if participating hospitals are unable to adequately contain their costs. In part to reduce costs, health plans are increasingly implementing, and offering to purchasing employers, tiered provider networks, which involve classification of a plan's network providers into different tiers based on care quality and cost. With tiered benefit designs,

plan enrollees are generally encouraged, through incentives or reductions in copayments or deductibles, to seek care from providers in the top tier. Classification of a hospital in a non-preferred or lower tier by a significant payor may result in a material loss of volume. The new demands of dominant health plans and other shifts in the managed care industry may also reduce patient volume and revenue. Thus, managed care poses one of the most significant business risks (and opportunities) that health care organizations face.

In addition to tiered provider networks, managed care plans have implemented narrow provider networks in which only a select group of providers participate as in-network providers. Managed care plans often look at quality performance and cost in selecting providers to participate in their narrow networks. A provider's exclusion from a narrow network may result in a material loss of volume. Managed care plans may offer lower reimbursement for providers in their narrow network(s) in exchange for additional volume expected from being one of a select group of network providers. This reimbursement may be insufficient to cover a network provider's cost in providing the services. The new demands of dominant health plans and other shifts in the managed care industry may also reduce patient volume and revenue. Thus, managed care poses one of the most significant business risks (and opportunities) that health care organizations face.

In addition, the current trend of consolidation in the health care industry is likely to increase the leverage of commercial insurers when negotiating rates with health care providers. Large health insurers that assume dominant positions in local markets threaten to increase health insurer concentration, reduce competition and decrease choice. If the District were to terminate its agreement with any of the major managed care payors or reject terms proposed by such payors, it could have a significant material adverse impact on the financial condition of the District.

With implementation of the ACA, substantial numbers of individuals are choosing health insurance under the health insurance exchanges, increasing the number of individuals covered in the individual market. 8.3 million individuals enrolled in 2020 exchange coverage through the federally-facilitated Exchange and Covered California enrolled 1.5 million individuals. Individuals choosing their own coverage may be highly price sensitive, which could increase the number of enrollees in plans with narrow provider networks, increasing the use of capitation, and making price negotiations with HMO and other insurance plans more difficult.

For the fiscal years ended June 30, 2018, 2019 and 2020, managed care represented approximately 27%, 27% and 29%, respectively, of the District's gross patient service revenues. See Appendix A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT—SELECTED FINANCIAL INFORMATION—Sources of Revenues."

Negative Rankings Based on Clinical Outcomes, Cost, Quality, Patient Satisfaction and Other Performance Measures. Health plans, Medicare, Medicaid, employers, trade groups and other purchasers of health services, private standard-setting organizations and accrediting agencies increasingly are using statistical and other measures in efforts to characterize, publicize, compare, rank and change the quality, safety and cost of health care services provided by hospitals and health care providers. The ACA shifted payments from paying for volume to paying for value, based on various health outcome measures. Published rankings such as "score cards," "pay for performance" and other financial and non-financial incentive programs are being introduced to affect the reputation and revenue of hospitals, the members of their medical staffs and other providers and to influence the behavior of consumers and providers. Currently prevalent are measures of quality based on clinical outcomes of patient care, reduction in costs, patient satisfaction and investment in health information technology. Measures of performance are set by others that characterize a hospital or a health care provider negatively may adversely affect its reputation and financial condition.

340B Drug Pricing Program. CMS's calendar year 2018 final OPPS rule, issued on November 13, 2017, substantially reduced Medicare Part B reimbursement for 340B Program drugs paid to hospitals and ASCs. Beginning January 1, 2018, CMS reduced reimbursement for certain separately payable drugs or biologicals acquired through the 340B Program by a hospital paid under the OPPS (and not excepted from the payment adjustment policy) to the average sales price ("ASP") of the drug or biological minus 22.5%. In calendar year 2018, rural sole community hospitals, children's hospitals, and PPS-exempt cancer hospitals were excepted from the 340B payment adjustment. In the calendar year 2019 OPPS final rule, CMS finalized an extension to this payment reduction policy. On December 27, 2018, a U.S. federal district court in Washington, D.C. ruled that DHHS overstepped its authority and can no longer apply the payment reduction policy implemented in the 2018 OPPS final rule. The court issued a permanent injunction on payment reductions, the hospitals subsequently asked the court for a permanent injunction on the 2019 OPPS final rule. In May 2019, the court held that the 2018 and 2019 rate reductions were unlawful and remanded the rules back to DHHS. In the 2020 OPPS final rule, CMS retained the rate reduction in dispute, but indicated their intent potentially to use the results of a future 340B hospital survey to collect drug acquisition cost data for calendar year ("CY") 2018 and 2019 when crafting a remedy. In the event this 340B hospital survey data is not used to devise a remedy, CMS also indicated that it intends to consider the public input to inform of the steps they would take to propose a remedy for CY 2018 and 2019 in the CY 2021 rulemaking. However, on July 31, 2020, the U.S. Circuit Court of Appeals for the D.C. Circuit reversed the District Court and held that DHHS's decision to lower drug reimbursement rates for 340B hospitals rests on a reasonable interpretation of the Medicare statute. The ultimate outcome of the litigation and the type of relief that may be ordered by the courts cannot be predicted. CMS has proposed to further enlarge the cuts to payment rates for 340B acquired drugs in CY 2021.

Regulatory Environment

"Fraud" and "False Claims." Health care "fraud and abuse" laws at the federal and state levels broadly regulate providers of services to government program beneficiaries and the methods and requirements for submitting claims for services rendered. Hospitals and others can be penalized for a wide variety of conduct, including submitting claims for services that are not provided, billing in a manner that does not comply with government requirements or including inaccurate billing information, billing for services deemed to be medically unnecessary, or billings accompanied by certain proscribed inducements to utilize or refrain from utilizing a service or product.

Federal and state governments have a broad range of criminal, civil and administrative sanctions available to penalize and remediate health care fraud, including the exclusion of a hospital from participation in the Medicare/Medicaid programs, civil monetary penalties, and suspension of Medicare/Medicaid payments. Fraud and abuse cases may be prosecuted by one or more government entities and private individuals, and more than one of the available sanctions may be, and often are, imposed for each violation. The ACA authorizes the Secretary of DHHS to exclude a provider's participation in Medicare and Medicaid, as well as suspend payments to a provider pending an investigation or prosecution of a credible allegation of fraud against the provider.

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") added additional criminal sanctions for health care fraud and applies to all health care benefit programs, whether public or private. HIPAA also provides for punishment of a health care provider for knowingly and willfully embezzling, stealing, converting or intentionally misapplying any money, funds, or other assets of a health care benefit program. A health care provider convicted of health care fraud could be subject to mandatory exclusion from Medicare.

Laws governing fraud and abuse may apply to a hospital and to nearly all individuals and entities with which a hospital does business. Fraud investigations, settlements, prosecutions and related publicity

can have a material adverse effect on hospitals. See "—Enforcement Activity," below. Major elements of these often highly technical laws and regulations are generally summarized below.

False Claims Act. The federal False Claims Act (the "FCA") makes it illegal to knowingly submit or present a false, fictitious or fraudulent claim for payment or approval for which the federal government provides, or reimburses at least some portion of, the requested money or property. A person may be charged with knowledge of the falsity of a claim based not only on actual knowledge but also based on deliberate ignorance or reckless disregard of the relevant facts. The FCA has become one of the federal government's primary weapons against health care fraud. Due to the broad range of conduct covered by the statute, FCA investigations and cases have become common in the health care field and may cover a range of activity from submission of intentionally inflated billings, to highly technical billing infractions, to allegations of inadequate care. Penalties under the FCA are severe and may include damages equal to three times the amount of the alleged false claims, as well as substantial civil monetary penalties. As a result, violation or alleged violation of the FCA frequently results in settlements that require multi-million dollar payments and costly corporate integrity agreements. In June 2016, the DOJ issued a rule that more than doubled civil monetary penalties under the FCA. These increases took effect on August 1, 2016, and apply to FCA violations after November 2, 2015. The penalty amounts are then adjusted each year to reflect changes in the inflation rate. Civil penalties increase to $11,665 (minimum) and $23,331 (maximum) per claim in 2020. The increased penalty range significantly increases the potential financial exposure resulting from an FCA violation. As a result, violation or alleged violations of the FCA frequently result in settlements involving multi-million dollar payments and compliance agreements. The FCA also permits individuals to initiate civil actions on behalf of the government in lawsuits called "qui tam" actions. Qui tam plaintiffs, or "whistleblowers," can share in the damages recovered by the government. FCA violations or alleged violations could lead to settlements, fines, exclusion or reputation damage that could have a material adverse impact on hospitals and other health care providers.

Under the ACA, the FCA has been expanded to include overpayments that are identified by a health care provider and not timely reported or refunded to the applicable federal health care program, even if the claims relating to the overpayment were initially submitted without any knowledge that they were false. The 2016 Medicare Overpayments Final Rule, which took effect on March 14, 2016, requires that providers report and return identified overpayments by the later of 60 days after identification, or the date the corresponding cost report is due, if applicable. If the overpayment is not reported and returned as described, it becomes an "obligation" under the FCA. This expansion of the FCA exposes hospitals and other health care providers to liability under the FCA for a considerably broader range of claims than in the past. CMS clarified that the 60-day timeframe for report and return begins when either reasonable diligence is completed (including determination of the overpayment amount) or on the day the person received credible information of a potential overpayment (if the person failed to conduct reasonable diligence and the person in fact received an overpayment). Failure to report and return overpayments as described herein may result in false claims liability. That same final rule also established a six-year lookback period, meaning that providers have the obligation to evaluate potential overpayments dating back six years from the point of discovery.

In June 2016, the U.S. Supreme Court announced its decision in *Universal Health Services, Inc. v. United States ex. Rel. Escobar*, No. 15-7 (U.S. June 16, 2016). Prior to *Escobar*, lower courts had split on the issue of whether the FCA extended to so-called "implied certification" of compliance with laws, and whether such compliance was limited to express conditions of payment or extended to conditions of participation. The Supreme Court affirmed the theory of "implied certification" and rejected the distinction between conditions of payment and conditions of participation for these purposes, ruling that the relevant inquiry is whether the alleged noncompliance, if known to the government, would have in fact been material to the government's determination as to whether to pay the claim. There is considerable uncertainty as to the application of the *Escobar* holding and lower courts remain split in their interpretation, but depending

on how it is interpreted by the lower courts, it could result in an expanded scope of potential FCA liability for noncompliance with applicable laws, regulations and sub-regulatory guidance. It is anticipated that these questions will again reach the U.S. Supreme Court.

Anti-Kickback Law. The federal "Anti-Kickback Law" is a criminal statute that prohibits anyone from soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for referral of a patient (or to induce a referral) for or the ordering or recommending of the purchase (or lease) of any item or service that is paid by any federal or state health care program. This prohibition has been broadly applied by the courts. The Anti-Kickback Law potentially applies to many common health care transactions between persons and entities with which a hospital does business, including hospital-physician joint ventures, medical director arrangements, physician recruitments, physician office leases and other transactions with persons or entities in a position to provide federal health care program business to hospitals. The ACA amended the Anti-Kickback Law to provide explicitly that a claim that includes items or services resulting from a violation of the Anti-Kickback Law constitutes a false or fraudulent claim for purposes of the FCA. Another amendment provides that an Anti-Kickback Law violation may be established without showing that an individual knew of the statute's proscriptions or acted with specific intent to violate the Anti-Kickback Law, but only that the conduct was generally wrongful.

Violations or alleged violations of the Anti-Kickback Law may result in settlements that require multi-million dollar payments and onerous corporate integrity agreements. The Anti-Kickback Law can be prosecuted either criminally or civilly. A criminal violation may be prosecuted as a felony, subject to a fine of up to $250,000 for each act (which may be each item or each bill sent to a federal program), imprisonment and/or exclusion from the Medicare and Medicaid programs, any of which would have a significant detrimental effect on the financial stability of most hospitals. In addition, civil monetary penalties of $104,330 may be assessed per item or service in noncompliance (which may be each item or each bill sent to a federal program) or an "assessment" of three times the amount claimed may be collected. Violations of the Anti-Kickback Law are increasingly being prosecuted under the FCA, triggering the FCA penalties discussed above.

Stark Referral Law. The federal "Stark Law" prohibits the referral by a physician of Medicare and Medicaid patients for certain designated health services (including inpatient and outpatient hospital services, clinical laboratory services, and radiation therapy services, radiology and certain other imaging services) to entities with which the referring physician has a financial relationship unless that relationship fits within a Stark exception. It also prohibits a hospital furnishing the designated services from billing Medicare, or any other payor or individual for services performed pursuant to a prohibited referral. The government does not need to prove that the entity knew that the referral was prohibited to establish a Stark violation. If certain substantive and technical requirements of an applicable exception are not satisfied, many ordinary business practices and economically desirable arrangements between hospitals and physicians, which constitute "financial relationships" within the meaning of the Stark Law, result in the prohibition on referrals and billing. While failure to comply with the safe harbors under the Anti-Kickback Statute does not necessarily result in violation of the statute, an arrangement must comply with every requirement of a Stark Law exception or the arrangement is in violation of the Stark Law. Most providers of the designated health services with physician relationships have exposure to liability under the Stark Law.

Medicare may deny payment for all services performed based on a prohibited referral and a hospital that has billed for prohibited services may be obligated to refund the amounts collected from the Medicare program or to make a self-disclosure to CMS under its Self-Referral Disclosure Protocol ("SRDP"). For example, if an office lease between a hospital and a large group of heart surgeons is found to violate Stark, the hospital could be obligated to repay CMS for the payments received from Medicare for all of the heart

surgeries performed by all of the physicians of the group for the duration of the lease; a potentially significant amount. As a result, even relatively minor, technical violations of the law may trigger substantial refund obligations. If Stark Law violations were knowing, the government may also seek civil monetary penalties, and in some cases, a hospital may be excluded from the Medicare and Medicaid programs. In addition, violations of the Stark Law increasingly are being prosecuted under the FCA, triggering the FCA penalties discussed above. Potential repayments to CMS, settlements, fines or exclusion for a Stark violation or alleged violation could have a material adverse impact on a hospital.

CMS has established the voluntary SRDP program under which hospitals and other health care providers or suppliers may report potential Stark Law violations and seek a reduction in potential refund obligations. The limited publicly available information with respect to the SRDP suggests that most voluntary self-disclosure submissions remain under consideration by CMS for an extended period of time, and therefore it is difficult to determine at this time how CMS would react to any specific voluntary self-disclosure or whether submitting such a disclosure would provide significant monetary relief to hospitals that discover inadvertent Stark Law violations. The District may make self-disclosures pursuant to this program as appropriate, and may make other disclosures from time to time. Any submission pursuant to the SRDP program does not waive or limit the ability of the Office of Inspector General or the Department of Justice ("DOJ") to seek or prosecute violations of the Anti-Kickback Statute or impose civil monetary penalties.

State "Fraud" and "False Claims" Laws. Hospital and health care providers in California are also subject to a variety of State laws related to false claims (similar to the FCA or that are generally applicable false claims laws), anti-kickback (similar to the federal Anti-Kickback Law or that are generally applicable anti-kickback or fraud laws), and physician referral (similar to the Stark Law). These prohibitions, while similar in public policy and scope to the federal laws, have not in all instances been regularly enforced to date. However, in the future they could pose the possibility of material adverse impact for the same reasons as the federal statutes. See discussion under the subheadings "—False Claims Act," "—Anti-Kickback Law" and "—Stark Referral Law" above.

California also has a false claims law that applies to fraudulent claims presented to an insurance company, and that goes beyond the scope of the FCA and California's directly analogous statute, both of which are limited to fraudulent claims for which the federal government is required to pay or reimburse a portion or all of the claim. Under the California law, codified in Section 1871.7 of the California Insurance Code, a person who submits a fraudulent claim to an insurance company, is subject to civil fines ranging from $5,000 to $10,000 per fraudulent claim, plus an additional assessment of no more than three times the amount of each claim, and may be subject to criminal penalties under the California Penal Code as well. Similar to FCA, actions under this Insurance Code section may be initiated by private parties.

Medicare and Medicaid Audits. Hospitals that participate in the Medicare and Medicaid programs are subject from time to time to audits and other investigations relating to various aspects of their operations and billing practices, as well as to retroactive audit adjustments with respect to reimbursements claimed under these programs. Medicare and Medicaid regulations also provide for withholding reimbursement payments in certain circumstances. New billing rules and reporting requirements for which there is no clear guidance from CMS or state Medicaid agencies could result in claims submissions being considered inaccurate. The penalties for violations may include an obligation to refund money to the Medicare or Medicaid program, payment of criminal or civil fines and, for serious or repeated violations, exclusion from participation in federal health programs. The ACA requires states to institute a RAC program for Medicaid, similar to that conducted for Medicare, in order to search for and recoup improper payments made to Medicare and Medicaid in prior years. The RACs will be private contractors, paid a contingency fee from any recovery of overpayments. Although required to identify both overpayments and underpayments,

RACs have in practice collected significantly more in overpayments from providers in proportion to the underpayments to providers.

HIPAA. HIPAA, along with privacy rules under federal and various state statutes, addresses the confidentiality of individuals' personal information. For example, HIPAA prohibits the disclosure of certain broadly defined protected health information unless expressly permitted by regulation or authorized by the patient. HIPAA's confidentiality provisions extend not only to patient medical records, but also to a wide variety of individually identifiable health care clinical and financial information. These patient privacy requirements often impose communication, operational, and accounting obligations that add costs and create potentially unanticipated sources of liability.

There are also other federal or state privacy laws that may have more restrictive privacy requirements than HIPAA. For example, the regulations under 42 C.F.R. Part 2 provide a heightened level of privacy of records associated with the provision of substance abuse counseling and treatment by covered alcohol and substance abuse treatment programs. These rules are significantly more restrictive than the privacy provisions set forth in HIPAA. States may also adopt privacy laws that are more restrictive than HIPAA, but not less restrictive. For example, California broadened its data security breach notification laws to cover compromised medical and health insurance information. California also enacted laws that provide greater protection for certain sensitive health information, such as mental health records. Together, all of these laws and regulations create communication, operational, and accounting obligations that add costs and create potentially unanticipated sources of liability for the District.

The HITECH Act. Provisions in the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), enacted in 2008 as part of the economic stimulus legislation, increased the maximum civil monetary penalties for violations of HIPAA and grant enforcement authority of HIPAA to state attorneys general. The HITECH Act also (i) extended the reach of HIPAA beyond "covered entities," (ii) imposed a breach notification requirement on HIPAA covered entities, (iii) limited certain uses and disclosures of individually identifiable health information; (iv) increased individuals' rights with respect to protected health information ("PHI"); (v) restricted covered entities' marketing communications; and (vi) increased enforcement of, and penalties for, violations of privacy and security of individually identifiable health information.

The breach notification obligations, in particular, may expose covered entities such as hospitals to heightened liability. Under the HITECH Act, in the event of a breach of PHI, covered entities are required to notify affected individuals within 60 days, the federal government at least annually, and in some cases, the media. If more than 500 residents of a state or jurisdiction are affected by the breach, the covered entity must notify prominent media outlets servicing the state or jurisdiction. If 500 or more individuals are affected in total, the covered entity must notify the federal government within 60 days of discovery, and the federal government will post a description of the breach, identifying the covered entity, on its website. These breach notification obligations increase the risk of government enforcement as well as class action lawsuits, especially if large numbers of individuals are affected by a breach.

The HITECH Act revised the civil monetary penalties associated with violations of HIPAA and provided state attorneys general with authority to enforce HIPAA privacy and security regulations in some cases. The applicable civil monetary penalties are determined based on a tiered system, ranging from a minimum of $119 per violation for an unknowing violation to $1,191 per violation due to reasonable cause, but not willful neglect. For a violation due to willful neglect, the penalty is a minimum of $11,904 or $59,522 per violation, depending on whether the violation was corrected within 30 days of the date the violator knew or should have known of the violation. Maximum penalties may reach $1,785,651 for identical violations.

In addition, the Office of Civil Rights, which is the government office tasked with enforcing HIPAA, has stated that it has transitioned from education of new HITECH requirements to enforcement in its implementation of the law. Recent settlements of HIPAA violations and civil monetary penalties have reached millions of dollars. Any violation of HIPAA, regardless of intent or scope, may result in penalties or settlement amounts that are material to a covered entity health care provider or health plan.

On January 25, 2013, DHHS issued comprehensive modifications to the existing HIPAA regulations to implement the requirements of the HITECH Act, commonly known as the "HIPAA Omnibus Rule." Key aspects of the HIPAA Omnibus Rule include, but are not limited to: (i) a standard for what constitutes a breach of private health information, (ii) establishing four levels of culpability with respect to civil monetary penalties assessed for HIPAA violations, (iii) direct liability of business associates for certain violations of HIPAA, (iv) modifications to the rules governing research, (v) stricter requirements regarding non-exempt marketing practices, (vi) modification and re-distribution of notices of privacy practices, and (vii) stricter requirements regarding the protection of genetic information.

The HITECH Act also established programs under Medicare and Medicaid to provide incentive payments to certain eligible hospitals and health care professionals ("Eligible Providers") that demonstrate meaningful use of certified electronic health record technology ("CEHRT"). Eligible Providers demonstrate their meaningful use of CEHRT by meeting and attesting to meaningful use of objectives and measures specified by CMS for using health information technology and by reporting on specified clinical quality measures. Incentive payments under the Medicare program sunset at the end of 2016. Pursuant to the HITECH Act, commencing in 2015, Eligible Providers that have not satisfied the performance and reporting criteria for demonstrating meaningful use in the applicable reporting year will have their Medicare payments reduced. The payment reduction starts at 1% and increases each year that an eligible hospital or professional fails to demonstrate meaningful use, to a maximum 5% payment reduction. CMS has engaged a contractor that conducts pre-payment and post-payment audits of certain selected Eligible Providers that have submitted meaningful use attestations. An Eligible Provider that fails the audit will have an opportunity to appeal. Ultimately, Eligible Providers that fail on appeal will have to repay any incentive payments they received through these programs. See APPENDIX A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT—OTHER INFORMATION—Information Systems."

In addition, MACRA ends the payment reductions for physicians who fail to demonstrate meaningful use after 2018. However, beginning in 2019, use of CEHRT will be a performance category under MIPS for certain physicians and other health care professionals who do not meet MACRA's threshold for participation in certain alternative payment models designated by Medicare. A physician's failure to use CEHRT consistent with MIPS' requirements would lower the physician's performance score under MIPS and could result in reduced Medicare reimbursement for professional services performed by the physician. CMS has issued a final rule to implement MIPS with numerous, complex requirements. The need to implement technology, operational and other changes to address MIPS requirements for CEHRT may have a material adverse impact on the District. Generally, MACRA did not change hospital participation in the Medicare EHR Incentive Program or participation for physicians in the Medicaid EHR incentive program.

Security Breaches and Unauthorized Releases of Personal Information. State and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. Many states, including California, have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed.

In California, two medical privacy laws that became effective January 1, 2009 expanded the State's medical privacy standards and provided new oversight mechanisms and penalties to enforce them. These medical privacy laws penalize unlawful access, use or disclosure of patient's medical information, as well as unauthorized access, which the laws define as the inappropriate viewing of patient medical information without the direct need for diagnosis, treatment or other lawful use. Administrative penalties under these medical privacy laws may reach $250,000 per violation or for each reported event.

In 2018, California passed the California Consumer Privacy Act ("CCPA"), which took effect on January 1, 2020. The law provides new rights regarding the collection and use of personal information. The law applies to all entities with data on over 50,000 consumers, with over $25 million in annual gross revenue, or that derive 50% or more of their revenue from the sale of consumers' personal information. The District meets the second of these tests. The CCPA implements significant new requirements, including additional notice requirements, increased disclosure to consumers, the right for consumers to opt-out of data sharing, the right to be forgotten, and provides for damages in data breach cases to $750 per consumer per incident.

State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, as discussed in "—The HITECH Act" above, the public nature of security incidents exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage a hospital's reputation and materially adversely affect business operations.

Business Associates. Under existing HIPAA regulations, covered entities must include certain required provisions in their contractual relationships with organizations that perform functions on their behalf which involve use or disclosure of protected health information. These organizations are called business associates, and prior to the HITECH Act, business associates had been indirectly regulated by HIPAA through those contractual obligations. The HITECH Act, including the final rules promulgated thereunder, provide that all of the HIPAA security administrative, physical, and technical safeguards, as well as security policies, procedures and documentation requirements now apply directly to all business associates. In addition, the HITECH Act makes certain privacy provisions directly applicable to business associates. These changes are significant because business associates will now be directly regulated by DHHS for those requirements, and as a result, will be subject to penalties imposed by DHHS and/or state attorneys general. Likewise, to the extent a business associate is deemed to be an agent of the covered entity under the Federal common law, the covered entity will be liable for the breaches of the business associate. Covered entities have had to review and amend their business associate agreements in recent years in order to comply with these changing rules, which can be costly and administratively burdensome.

Civil Monetary Penalties Law. The federal Civil Monetary Penalties Law ("CMPL") provides for administrative sanctions against health care providers for a broad range of billing and other abuses. For example, penalties may be imposed for the knowing presentation of claims that are (i) incorrectly coded for payment; (ii) for services that are known to be medically unnecessary; (iii) for services furnished by an excluded party; or (iv) otherwise false. A hospital or health care provider that participates in arrangements known as "gainsharing" by paying a physician to limit or reduce services to Medicare fee-for-service beneficiaries also could be subject to CMPL penalties. Further, a hospital or health care provider that provides benefits to Medicare or Medicaid beneficiaries that such provider knows or should know are likely to induce the beneficiaries to choose the provider for their care could also be subject to CMPL penalties. Civil monetary penalties may also be assessed for (a) knowingly making or using a false record or statement material to a false or fraudulent claim for payment; (b) failing to grant timely access for audits; and

(c) failing to report and return a known overpayment within statutory time limits. The ACA also amended the CMPL to establish various new grounds for exclusion and civil monetary penalties, as well as increased penalty thresholds for existing civil monetary penalties.

Health care providers may be found liable under the CMPL even when they did not have actual knowledge of the impropriety of their action. Knowingly undertaking the action is sufficient. Ignorance of the Medicare regulations is no defense. The imposition of civil money penalties on a health care provider could have a material adverse impact on the provider's financial condition.

Exclusions from Medicare or Medicaid Participation. The government may exclude a hospital from Medicare/Medicaid program participation if it is convicted of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, fraud against any federal, state or locally financed health care program or an offense relating to the illegal manufacture, distribution, prescription, or dispensing of a controlled substance. The government also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud, or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. Exclusion from the Medicare/Medicaid program means that a hospital would be decertified from program participation and no program payments can be made. Any hospital exclusion could be a materially adverse event. In addition, exclusion of hospital employees under Medicare or Medicaid may be another source of potential liability for hospitals or health systems based on services provided by those excluded employees.

Administrative Enforcement. Administrative regulations may require less proof of a violation than do criminal laws, and, thus, health care providers may have a higher risk of imposition of monetary penalties as a result of administrative enforcement actions.

Compliance with Conditions of Participation. CMS, in its role of monitoring participating providers' compliance with conditions of participation in the Medicare program, may determine that a provider is not in compliance with its conditions of participation. In that event, a notice of termination of participation may be issued or other sanctions, such as suspension or executing potentially burdensome corrective action plans, potentially could be imposed. If a corrective action plan is not accepted by CMS, or if the corrective action plan is not successfully implemented, the provider's Medicare provider agreement could be terminated. Other sanctions could potentially be imposed, including, in limited instances, monetary penalties.

EMTALA. The Emergency Medical Treatment and Labor Act ("EMTALA") is a federal civil statute that requires Medicare-participating hospitals with an emergency department to conduct a medical screening examination to determine the presence or absence of an emergency medical condition and to provide treatment sufficient to stabilize such patient's emergency medical condition or active labor prior to discharging or transferring the patient, notwithstanding an individual's ability to pay. A hospital may not delay the provision of a medical screening examination in order to inquire about the patient's ability to pay or method of payment. A hospital that violates EMTALA is subject to civil penalties of up to $111,597 per offense and exclusion from the Medicare and Medicaid programs. In addition, the hospital may be liable for any claim by an individual who has suffered harm as a result of a violation. See the discussion under the subheading "False Claims Act," above.

Licensing, Surveys, Investigations and Audits. Hospitals are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements of state licensing agencies and The Joint Commission. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections or other

reviews generally conducted in the normal course of business of health facilities. Loss of, or limitations imposed on, hospital licenses or accreditations could reduce hospital utilization or revenues, or a hospital's ability to operate all or a portion of its facilities or to bill various third party payors. Certain states, including California, can levy penalties against hospitals that experience certain significant patient care events, including those that are classified as posing "immediate jeopardy" to patient health and safety. In California, the administrative penalty for such incidents occurring on or after April 1, 2014, is a maximum of $75,000 for the first incident, $100,000 for the second incident, and $125,000 for the third and every subsequent violation within three years.

Environmental Laws and Regulations. Hospitals are subject to a wide variety of federal, state and local environmental and occupational health and safety laws and regulations. These include but are not limited to: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials handled by or located at the hospital; and requirements for training employees in the proper handling and management of hazardous materials and wastes.

Hospitals may be subject to requirements related to investigating and remedying hazardous substances located on their property, including such substances that may have migrated off the property. Typical hospital operations include the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. As such, hospital operations are particularly susceptible to the practical, financial and legal risks associated with the environmental laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations and increase their cost; may result in legal liability, damages, injunctions or fines; and may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance.

Enforcement Activity. Enforcement activity of federal and state authorities against health care providers has increased, and enforcement authorities have adopted aggressive approaches. In the current regulatory climate, it is anticipated that many hospitals and physician groups will be subject to an audit, investigation, or other enforcement action regarding the health care fraud and physician anti-referral laws mentioned above.

Enforcement authorities are often in a position to compel settlements by providers charged with or being investigated for false claims violations by withholding or threatening to withhold Medicare, Medicaid and similar payments or to recover higher damages, assessments or penalties by instituting criminal action. In addition, the cost of defending such an action, the time and management attention consumed, and the facts of a case may dictate settlement. Therefore, regardless of the merits of a particular case, a hospital could experience materially adverse settlement costs, as well as materially adverse costs associated with implementation of any settlement agreement. Prolonged and publicized investigations could be damaging to the reputation and business of a hospital, regardless of outcome.

Certain acts or transactions may result in violation or alleged violation of a number of the federal health care fraud laws described above, and therefore penalties or settlement amounts often are compounded. Generally these risks are not covered by insurance. Enforcement actions may involve multiple hospitals or other facilities in a health system, as the government often extends enforcement actions regarding health care fraud to other entities in the same organization. Therefore, Medicare fraud related risks identified as being materially adverse as to a hospital could have materially adverse consequences for a health system taken as a whole.

Antitrust. Antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, payor contracting, physician relations, joint ventures, merger, affiliation and acquisition activities, certain pricing or salary setting activities, as well as other areas of activity. Consolidation transactions among health care providers is an area in which investigation and enforcement activity by federal and state antitrust agencies is particularly frequent and vigorous. The application of the federal and state antitrust laws to health care is evolving (particularly as the ACA has been implemented), and therefore not always clear. Currently, the most common areas of potential liability are joint action among providers with respect to payor contracting and medical staff credentialing disputes, and hospital mergers and acquisitions.

Violation of the antitrust laws could result in criminal and/or civil enforcement proceedings by federal and state agencies, as well as actions by private litigants. In certain actions, private litigants may be entitled to treble damages, and in others, governmental entities may be able to assess substantial monetary fines. Investigations and proceedings arising from the application of federal and state antitrust laws can require the dedication of substantial resources by affected providers and can delay or impede proposed transactions even if ultimately it is determined that no violation of applicable law would occur as a result of the proposed transaction.

Business Relationships and Other Business Matters

Integrated Delivery Systems. Hospitals and health care systems often own, control or have affiliations with physician groups and independent practice associations. Generally, the sponsoring health facility or health system is the primary capital and funding source for such alliances and may have an ongoing financial commitment to provide growth capital and support operating deficits. As separate operating units, integrated physician practices and medical foundations sometimes operate at a loss and require subsidy or other support from the related hospital or health system. In addition, integrated delivery systems present business challenges and risks. Inability to attract or retain participating physicians may negatively affect managed care, contracting and utilization. The technological and administrative infrastructure necessary both to develop and operate integrated delivery systems and to implement new payment arrangements in response to changes in Medicare and other payor reimbursement is costly. Hospitals may not achieve savings sufficient to offset the substantial costs of creating and maintaining this infrastructure.

These types of alliances are generally designed to respond to trends in the delivery of medicine to better integrate hospital and physician care, to increase physician availability to the community and/or to enhance the managed care capability of the affiliated hospitals and physicians. However, these goals may not be achieved, and an unsuccessful alliance may be costly and counterproductive to all of the above-stated goals.

These types of alliances have become increasingly important to the success of hospitals in the future as a result of changes to the health care delivery and reimbursement systems that are intended to restrain the rate of increases of health care costs, encourage coordinated care, promote collective provider accountability and improve clinical outcomes. The ACA authorizes several alternative payment programs for Medicare that promote, reward or necessitate integration among hospitals, physicians and other providers.

Whether these programs will achieve their objectives and be expanded or mandated as conditions of Medicare participation cannot be predicted. However, Congress and CMS have clearly emphasized continuing the trend away from the fee-for-service reimbursement model, which began in the 1980s with the introduction of the prospective payment system for inpatient care, and toward episode-based or value-based payment models that reward use of evidence-based protocols, quality and satisfaction in patient

outcomes, efficiency in using resources, and the ability to measure and report clinical performance. CMS continues to focus on moving the health care system towards paying for value. This shift is likely to favor integrated delivery systems, which may be better able than stand-alone providers to realize efficiencies, coordinate services across the continuum of patient care, track performance and monitor and control patient outcomes. Changes to the reimbursement methods and payment requirements of Medicare, which is the dominant purchaser of medical services, are likely to prompt equivalent changes in the commercial sector, because commercial payors frequently follow Medicare's lead in adopting payment policies.

While payment trends may stimulate the growth of integrated delivery systems, these systems carry with them the potential for legal or regulatory risks. Many of the risks discussed in "—Regulatory Environment" above, may be heightened in an integrated delivery system. The foregoing laws were not designed to accommodate coordinated action among hospitals, physicians and other health care providers to set standards, reduce costs and share savings, among other things. The ability of hospitals or health systems to conduct integrated physician operations may be altered or eliminated in the future by legal or regulatory interpretation or changes, or by health care fraud enforcement. In addition, participating physicians may seek to maintain their independence for a variety of reasons, thus putting the hospital or health system's investment at risk, and potentially reducing its managed care leverage and/or overall utilization. In October 2011, CMS, the Federal Trade Commission and the DOJ jointly issued guidance regarding waivers and safe harbors to enable providers to participate in the Medicare Shared Savings Program ("MSSP") (see "—Accountable Care Organizations," below). Although CMS issued the MSSP final rule in June 2015, there can be no assurance that such guidance issued will sufficiently clarify the scope of permissible activities in all cases. State law prohibitions, such as the bar on the corporate practice of medicine, or state law requirements, such as insurance laws regarding licensure and minimum financial reserve holdings of risk-bearing organizations, may also introduce complexity, risk and additional costs in organizing and operating integrated delivery systems. In affiliating with for-profit entities, tax-exempt hospitals and health systems also face the risk that the IRS will determine that compensation practices or business arrangements result in private benefit or private use or generate unrelated business income for the hospitals and health systems.

Health care providers, responding to health care reform and other industry pressures, have increasingly moved toward integrated delivery systems, managing the health of populations of individuals, patient-centered medical homes, bundled payments, and capitated insurance plans. These trends will require new competencies, including the appropriate mix of physician specialties, new administrative skills, close and aligned relationships between physicians and hospitals, insurance risk management, and new relationships between patients and providers. Providers may be unsuccessful in assembling successful integrated networks, fail to achieve savings sufficient to offset the substantial costs of creating and maintaining the necessary capabilities to support such developments, or otherwise could incur losses or damage reputations from assuming increased risk. Some health care organizations that traditionally operated hospitals may, directly or in partnership, take on actual insurance risk, market various health coverage products, and access patients by way of unknown channels. Such new endeavors could adversely affect the financial and operating condition or reputation of an organization.

Bundled Payment Programs. The ACA established a Medicare bundled payment pilot program, under which Medicare makes a single payment for an episode of care, such as heart bypass surgery, covering some combination of hospital, physician and post-hospital care for the episode. As previously discussed, bundled payment models establish a budgeted payment to cover the entire cost of an episode of care (e.g., a hip or knee replacement). Examples of bundled payment models include, among others, BPCI Initiative models 2, 3 and 4 (which ended September 30, 2018); BPCI Advanced; Comprehensive Care for Joint Replacement; and the Oncology Care Model. Population health models incentivize providers to maintain or improve quality while reducing cost through shared savings or shared loss arrangements. Population health models usually involve a form of capitated payment, which is a per patient payment for

the cost of care over a set period of time. While bundled payments offer opportunities to provide better coordinated care and to save costs, they also entail financial risk if the episode is not well managed.

Accountable Care Organizations. The ACA established a Medicare Shared Savings Program that seeks to promote accountability and coordination of care through the creation of Accountable Care Organizations ("ACOs"). The MSSP allows hospitals, physicians and other health care providers to form ACOs and work together to invest in infrastructure and redesign integrated delivery processes to achieve high quality and efficient delivery of services. ACOs that achieve quality performance standards will be eligible to share in a portion of the amounts saved by the Medicare program. DHHS has significant discretion to determine key elements of the program, including what steps providers must take to be considered an ACO, how to decide if Medicare program savings have occurred, and what portion of such savings will be paid to ACOs.

To qualify as an ACO, organizations must agree to be accountable for the overall care of their Medicare beneficiaries, have adequate participation of primary care physicians, define processes to promote evidence-based medicine, report on quality and costs, and coordinate care. The ACO and MSSP final rules were published in November 2011 and June 2015; however, the regulations are complex and it remains unclear whether the qualification requirements will be a formidable barrier to entry for many providers. It is possible that hospital participants in ACOs will have to marshal large upfront financial investments to form unique and untested ACO structures, which may or may not succeed in gaining qualification. For those ACOs that do qualify, it is not clear if the savings will be adequate to recoup the initial investment. In addition, although the regulation provides for waivers of certain federal laws, there may remain regulatory risks for participating hospitals, as well as financial and operational risks. The applicable regulating bodies have published guidance for ACOs to follow in order to comply with the law, but the published guidance is complex.

In particular, because the federal ACO regulations do not preempt state law, California providers participating as a federal ACO must be organized and operated in compliance with California's existing statutes and regulations. Numerous organizations have formed ACOs and been selected by CMS to participate in the MSSP. CMS is also developing and implementing more advanced ACO payment models, such as the Next Generation ACO Model, which require ACOs to assume greater risk for attributed beneficiaries. On December 21, 2018, CMS published a final rule that, in general, requires ACO participants to take on additional risk associated with participation in the MSSP. It remains unclear to what extent providers will pursue federal ACO status or whether the required investment would be warranted by increased payment. Nevertheless, it is anticipated that private insurers may seek to establish similar incentives for providers, while requiring less infrastructural and organizational change.

Providers participating in MSSP and other ACO payment models developed by CMS may not be able to recoup their initial investments and may suffer further losses if they are not able to meet quality targets and sufficiently control the cost of care for their attributed beneficiaries. In addition, it is anticipated that private insurers may seek to establish similar incentives for providers, while requiring change in infrastructure and organization. The potential impacts of these initiatives and the regulation for ACOs are unknown, but introduce greater risk and complexity to health care finance and operations.

Hospital Pricing. Inflation in hospital prices may evoke action by legislatures, payors or consumers. It is possible that legislative action at the state or national level may be taken with regard to the pricing of health care services. California law requires hospitals to implement written policies for charity care and discounted care, which must offer reduced rates to low-to-moderate income patients. Hospitals are required to submit these policies to the State for posting on a publicly accessible State website. California law also requires annual submission of hospital charges for posting on a publicly accessible State website.

Hospital Medical Staff. The primary relationship between a hospital and physicians who practice in it is through the hospital's organized medical staff. Medical staff bylaws, rules and policies establish the criteria and procedures by which a physician may have his or her privileges or membership curtailed, denied or revoked. Physicians who are denied medical staff membership or certain clinical privileges or who have such membership or privileges curtailed or revoked often file legal actions against hospitals and medical staffs. Such actions may include a wide variety of claims, some of which could result in substantial uninsured damages to a hospital. In addition, failure of the hospital governing body to adequately oversee the conduct of its medical staff may result in hospital liability to third parties.

Physician Supply. Sufficient community-based physician supply is important to hospitals and other health care facilities. CMS annually reviews overall physician reimbursement formulas for Medicare and Medicaid. Changes to physician compensation under these programs could lead to physicians ceasing to accept Medicare and/or Medicaid patients. Regional differences in reimbursement by commercial and governmental payors, along with variations in the costs of living, may cause physicians to avoid locating their practices in communities with low reimbursement or high living costs. Hospitals and health systems may be required to invest additional resources in recruiting and retaining physicians, or may be compelled to affiliate with, and provide support to, physicians in order to continue serving the growing population base and maintain market share. The physician-to-population ratio in certain parts of the State is below the national average, and the shortage of physicians could become a significant issue for hospitals and health care systems in the State.

Competition Among Health Care Providers. Increased competition from a wide variety of sources, including specialty hospitals, other hospitals and health care systems, HMOs, inpatient and outpatient health care facilities, long-term care and skilled nursing services facilities, clinics, physicians and others, may adversely affect the utilization and/or revenues of hospitals. Existing and potential competitors may not be subject to various restrictions applicable to hospitals, and competition, in the future, may arise from new sources not currently anticipated or prevalent. The strong market position of Kaiser Permanente, a closed managed care system in California, presents additional challenges.

Freestanding ambulatory surgery centers may attract away significant commercial outpatient services traditionally performed at hospitals. Commercial outpatient surgery services, currently among the most profitable services for hospitals, may be lost to competitors who can provide these services in an alternative, less costly setting. Full-service hospitals rely upon the revenues generated from commercial outpatient services to fund other less profitable services, and the decline of such business may result in the significant reduction of profitable income. Competing ambulatory surgery centers, more likely for-profit businesses, may not accept indigent patients or low paying programs and would leave these populations to receive services in the full-service hospital setting. Consequently, hospitals are vulnerable to competition from ambulatory surgery centers.

Additionally, scientific and technological advances, new procedures, drugs and appliances, preventive medicine and outpatient health care delivery may reduce utilization and revenues of the hospitals in the future or otherwise lead the way to new avenues of competition. In some cases, hospital investment in facilities and equipment for capital-intensive services may be lost as a result of rapid changes in diagnosis, treatment or clinical practice brought about by new technology or new pharmacology.

Action by Purchasers of Hospital Services and Consumers. Major purchasers of hospital services could take action to restrain hospital charges or charge increases. As a result of increased public scrutiny, it is also possible that the pricing strategies of hospitals may be perceived negatively by consumers, and hospitals may be forced to reduce fees for their services. Decreased utilization could result, and hospitals' revenues may be negatively impacted. In addition, consumers and groups on behalf of consumers are increasing pressure for hospitals and other health care providers to be transparent and provide information

about cost and quality of services that may affect future consumer choices about where to receive health care services.

Employer Status. Hospitals are major employers with mixed technical and nontechnical workforces. Labor costs, including salary, benefits and other liabilities associated with a workforce, have significant impacts on hospital operations and financial condition. Developments affecting hospitals as major employers include: (i) imposing higher minimum or living wages; (ii) enhancing occupational health and safety standards; (iii) imposing joint employer status on employers using contract, staffing agency or other temporary labor; and (iv) penalizing employers of undocumented immigrants. Legislation or regulation on any of the above or related topics could have a material adverse impact on the District.

Labor Relations and Collective Bargaining. Many hospitals are large employers with a wide diversity of employees. Increasingly, employees of hospitals are becoming unionized, and many hospitals have collective bargaining agreements with one or more labor organizations. Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation of such agreements upon expiration or negotiation of a first agreement following a union organization may result in significant cost increases to hospitals. Employee strikes or other adverse labor actions may have an adverse impact on operations, revenue and hospital reputation. Certain employees of the District are currently covered by collective bargaining agreements. See APPENDIX A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT—OTHER INFORMATION—Employees."

Class Actions. Hospitals and health systems have long been subject to a wide variety of litigation risks, including liability for care outcomes, employer liability, property and premises liability, and peer review litigation with physicians, among others. In recent years, consumer class action litigation has emerged as a potentially significant source of litigation liability for nonprofit hospitals and health systems. These class action suits have most recently focused on hospital billing and collections practices, and they may be used for a variety of currently unanticipated causes of action. Since the subject matter of class action suits may involve uninsured risks, and since such actions often involve alleged large classes of plaintiffs, they may have material adverse consequences on nonprofit hospitals and health systems in the future.

Wage and Hour Class Actions and Litigation. Federal law and many states, including notably California, impose standards related to worker classification, eligibility and payment for overtime, liability for providing rest periods and similar requirements. Large employers with complex workforces, such as hospitals, are susceptible to actual and alleged violations of these standards. In recent years there has been a proliferation of lawsuits over these "wage and hour" issues, often in the form of large class actions. For large employers, such as hospitals and health systems, such class actions can involve multi-million dollar claims, judgments and settlements. A major class action decided or settled adversely to the District could have a material adverse impact on its financial conditions and results of operations.

Health Care Worker Classification. Health care providers, like all businesses, are required to withhold income taxes from amounts paid to employees. If the employer fails to withhold the tax, the employer becomes liable for payment of the tax imposed on the employee. On the other hand, businesses are not required to withhold federal taxes from amounts paid to a worker classified as an independent contractor. The IRS has established criteria for determining whether a worker is an employee or an independent contractor for tax purposes. If the IRS were to reclassify a significant number of hospital independent contractors (*e.g.*, physician medical directors) as employees, back taxes and penalties could be material.

Staffing. In recent years, the health care industry has suffered from a scarcity of nursing personnel, respiratory therapists, pharmacists and other trained health care and information system technicians. In addition, aging medical staffs and difficulties in recruiting physicians are leading to physician shortages. A significant factor underlying this trend includes a decrease in the number of persons entering such professions. This is expected to intensify in the future, aggravating the general shortage and increasing the likelihood of hospital-specific shortages. Competition for physicians and other health care professionals, coupled with increased recruiting and retention costs will increase hospital-operating costs, possibly significantly. This trend could have a material adverse impact on the financial condition and results of operations of hospitals and other health care facilities. This scarcity may further be intensified if utilization of health care services increases as a consequence of the ACA's expansion of the number of insured consumers. As reimbursement amounts are reduced to health care facilities and organizations that employ or contract with physicians, nurses and other health care professionals, pressure to control and possibly reduce wage and benefit costs may further strain the supply of those professionals.

California imposes mandatory nurse staffing ratios for all hospital patient care areas. The nurse to patient ratio standards increased effective January 1, 2008. It is possible that the State may take further action to regulate nurse to patient staffing and the impact on California hospitals will vary by department and facility, but the increased required staffing, in aggregate, could incur higher costs for hospitals.

Professional Liability Claims and General Liability Insurance. In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased in health care nationwide, resulting in substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against health care providers. Insurance does not provide coverage for judgments of punitive damages.

Beginning in 2008, CMS refused to reimburse hospitals for medical costs arising from certain "never events," which include specific preventable medical errors. Certain private insurers and HMOs followed suit. The occurrence of "never events" is more likely to be publicized and may negatively impact a hospital's reputation, thereby reducing future utilization and potentially increasing the possibility of liability claims.

Litigation also arises from the corporate and business activities of hospitals, from a hospital's status as an employer or as a result of medical staff or provider network peer review or the denial of medical staff or provider network privileges. As with professional liability, many of these risks are covered by insurance, but some are not. For example, some antitrust claims or business disputes are not covered by insurance or other sources and may, in whole or in part, be a liability of the hospital or other health care provider if determined or settled adversely.

There is no assurance that hospitals will be able to maintain coverage amounts currently in place in the future, that the coverage will be sufficient to cover malpractice judgments rendered against a hospital or that such coverage will be available at a reasonable cost in the future.

Information Systems. The ability to adequately price and bill health care services and to accurately report financial results depends on the integrity of the data stored within information systems, as well as the operability of such systems. Information systems require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards. There can be no assurance that efforts to upgrade and expand information systems capabilities, protect and enhance these systems, and develop new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future.

Electronic media are also increasingly being used in clinical operations, including the conversion from paper to electronic medical records, computerization of order entry functions and the implementation of clinical decision-support software. The reliance on information technology for these purposes imposes new expectations on physicians and other workforce members to be adept in using and managing electronic systems. It also introduces risks related to patient safety, and to the privacy, accessibility and preservation of health information. See "—Regulatory Environment—HIPAA" above. Technology malfunctions or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information, as well as in disputes with patients, physicians and other health care professionals. Health information systems may also be subject to different or higher standards or greater regulation than other information technology or the paper-based systems previously used by health care providers, which may increase the cost, complexity and risks of operations. All of these risks may have adverse consequences on hospitals and health care providers.

Future government regulation and adherence to technological advances could result in an increased need of the District to implement new technology. Such implementation could be costly and is subject to cost overruns and delays in the application, which could negatively affect the financial condition of the District.

Increasing Cost of Modern Technology. Technological advances in recent years have forced hospitals to acquire sophisticated and costly equipment to remain competitive. Moreover, the growth of e-commerce also may result in a shift in the way that health care is delivered, *i.e.*, from remote locations. For example, physicians are able to provide certain services over the internet and pharmaceuticals and other health services may be purchased online. If, due to financial constraints, the District was less able to acquire new equipment required to remain competitive, the District could lose market share, and the financial condition of the District could be materially adversely affected.

Outsourcing of Information Management. The District relies on a number of outside vendors to manage information on its behalf. Pursuant to certain of these arrangements, vendors have access to personal information of the District's patients. Even though the District takes many precautions against the unauthorized use and disclosure of individually identifiable information by its vendors, including through the terms of its contracts and security requirements and through security audits and vulnerability assessments, it does not control the actions and practices of outside entities. In addition, despite the security measures the District has in place to ensure compliance with applicable laws and rules, its facilities and systems and those of its third-party service providers may be vulnerable to security breaches, acts of vandalism or theft, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. Noncompliance with any privacy laws or any security breach involving the misappropriation, loss or other unauthorized use or disclosure of sensitive or confidential health or other personal information, whether by the District or by one of its vendors, could have a material adverse effect on the District's business, reputation and results of operations, and could result in any or all of the following: material fines and penalties; compensatory, special, punitive, and statutory damages; consent orders regarding privacy and security practices; and adverse actions against the District's licenses to do business.

Physician Financial Relationships. In addition to the physician integration relationships referred to above, hospitals and health systems frequently have various additional business and financial relationships with physicians and physician groups. These are in addition to hospital physician contracts for individual services performed by physicians in hospitals. They potentially include: joint ventures to provide a variety of outpatient services; recruiting arrangements with individual physicians and/or physician groups; loans to physicians; medical office leases; equipment leases from or to physicians; and various forms of physician practice support or assistance. These and other financial relationships with physicians (including hospital physician contracts for individual services) may involve financial and legal compliance risks for the hospitals and health systems involved. From a compliance standpoint, these types

of financial relationships may raise federal and state "anti-kickback" and federal "Stark" issues (see "—Regulatory Environment," above), tax exemption issues, as well as other legal and regulatory risks, and these could have a material adverse impact on hospitals.

Cybersecurity Risks. Despite the implementation of network security measures by the District, its information technology systems may be vulnerable to breaches, hacker attacks, computer viruses, physical or electronic break-ins and other similar events or issues. Such events or issues could lead to the inadvertent disclosure of protected health information or other confidential information or could have an adverse effect on the ability of the District to provide health care services. Health care providers are highly dependent upon integrated electronic medical record and other information technology systems to deliver high quality, coordinated and cost-effective health care. These systems necessarily hold large quantities of highly sensitive protected health information that is highly valued on the black market for such information. As a result, the electronic systems and networks of health care providers are considered to be likely targets for cyberattacks and other potential breaches of their systems. In addition to certain regulatory fines and penalties, the health care entities subject to the breaches may also be liable for the costs of remediating the breaches, damages to individuals (or classes) whose information has been breached, reputational damage and business loss, and damage to the information technology infrastructure. The District has taken, and continues to take measures to protect its information technology systems against such cyberattacks, but there can be no assurance that the District will not experience a significant breach. If such a breach occurs, the financial consequences of such a breach could have a material adverse impact on the District.

Tax Matters

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the 2020 Series A Bonds, to be excludable from gross income for federal income tax purposes. The District has covenanted that it will comply with such requirements. Future failure by the District to comply with the requirements stated in the Code and related regulations and rulings may result in the treatment of interest on the 2020 Series A Bonds as taxable, retroactively to the date of issuance. The District has covenanted in the Tenth Supplemental Indenture that it will at all times do and perform all acts permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the 2020 Series A Bonds will be excluded from gross income for federal income tax purposes.

The District believes that the 2020 Series A Bonds properly comply with the tax laws. In addition, Bond Counsel to the District will render an opinion with respect to the tax-exempt status of the 2020 Series A Bonds, as described under the caption "TAX MATTERS." No ruling with respect to the 2020 Series A Bonds has been or will be sought from the IRS, however, and the opinions of counsel are not binding on the IRS or the courts. There can be no assurance that an examination of the 2020 Series A Bonds will not adversely affect the 2020 Series A Bonds or the market value of the 2020 Series A Bonds, nor that future legislative action might limit or remove the tax-exempt status of interest on the 2020 Series A Bonds. See "TAX MATTERS" herein.

Future legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the 2020 Series A Bonds to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. See "TAX MATTERS" herein.

Legislation or regulatory actions and future proposals, whether or not enacted, may also affect the economic value of the federal or state tax exemption or the market value of the 2020 Series A Bonds.

Bankruptcy

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), no involuntary petitions for bankruptcy relief are permitted. However, California health care districts may petition for bankruptcy relief under Chapter 9 of the Bankruptcy Code. If the District were a debtor in bankruptcy, the parties may be prohibited from taking any action to collect any amount from the District or to enforce any obligation of the District, without the bankruptcy court's permission. This prohibition may also prevent the Trustee from making payments to the Holders of the 2020 Series A Bonds from funds in the Trustee's possession. There may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the 2020 Series A Bonds, which could have an adverse effect on the liquidity and value of the 2020 Series A Bonds.

Other Risk Factors

Earthquakes. Many hospitals in California are in close proximity to active earthquake faults. A significant earthquake in northern California could have a material adverse effect on the District and could result in material damage and temporary or permanent cessation of operations at the Facilities. The District currently does not carry earthquake insurance coverage.

California law requires each acute care hospital in the State to evaluate and upgrade its patient care facilities to meet stated seismic standards by 2008 or, in certain cases, by 2030; ultimate deadlines depend on each acute care hospital building's structural performance category. For information about the District's compliance with the State seismic standards, see APPENDIX A – "INFORMATION CONCERNING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT—FACILITIES AND SERVICES—Conformance with SB 1953 Seismic Standards."

Wildfires. California has faced increasingly destructive wildfires. According to the California Department of Forestry and Fire Protection and the U.S. Forest Service, in 2019, there were approximately 7,860 wildfires that destroyed approximately 259,823 acres, and in 2018, there were approximately 7,571 wildfires that destroyed approximately 1.67 million acres. Governor Newsom has declared a statewide emergency and proposed $300 million in funding to upgrade its planning and response to wildfires and other disasters. In August 2020, several evacuation warnings were issued for parts of Alameda County, including the City of Fremont, in connection with the SCU Lighting Complex Fire. Currently, wildfires are being fought across California and wildfires in Northern California could have a material adverse effect on the District and result in material damage and temporary or permanent cessation of operations at the Facilities. Further, wildfires in Northern California could also result in an abnormally high demand for health care services or otherwise impair the District's operations and the generation of revenues from the Facilities.

Investments. The District has holdings in a broad range of investments. Market fluctuations may affect the value of those investments and those fluctuations may be, depending on the broader market, material. For information regarding the District's investments, see Note 8 to the District's audited financial statements included in Appendix B hereto.

Contributions. A negative change in economic conditions, including a recurrence of a recession, or declines in the public equities market or private investment holdings of potential philanthropy sources, may have an adverse impact on the District's total receipt of charitable contributions. Failure to collect committed donations or to receive sufficient additional pledges of support may impair the District's ability to complete projects or to develop programs or services that are dependent on charitable contributions. No assurances can be given that the District will receive charitable contributions as anticipated or consistent with historical levels.

Other Future Risks. In the future, the following factors, among others, may adversely affect the operations of health care providers, including the District, or the market value of health care revenue bonds, including the 2020 Series A Bonds, to an extent that cannot be determined at this time.

- Adoption of legislation that would establish a national or statewide single-payor health program or that would establish national, statewide or otherwise regulated rates applicable to hospitals and other health care providers.

- Reduced demand for the services of the District that might result from decreases in population or loss of market share to competitors.

- Bankruptcy of an indemnity/commercial insurer, managed care plan or other payor.

- Efforts by insurers and governmental agencies to limit the cost of hospital services, to reduce the number of beds and to reduce the utilization of hospital facilities by such means as preventive medicine, improved occupational health and safety and outpatient care, or comparable regulations or attempts by third-party payors to control or restrict the operations of certain health care facilities.

- The occurrence of a natural or man-made disaster, a pandemic or an epidemic that could damage the Facilities, interrupt utility service to the facilities, result in an abnormally high demand for health care services or otherwise impair the District's operations and the generation of revenues from the facilities.

- Limitations on the availability of, and increased compensation necessary to secure and retain, nursing, technical and other professional personnel.

- Cost and availability of any insurance, such as professional liability, fire, automobile and general comprehensive liability coverages, which health care facilities of a similar size and type generally carry.

LITIGATION

There is no action, suit or proceeding pending or threatened restraining or enjoining the issuance of the 2020 Series A Bonds or questioning or affecting the validity of the 2020 Series A Bonds or the proceedings or authority under which they are to be issued, the pledge or application of any moneys pledged to the payment of the 2020 Series A Bonds, or challenging the validity of the creation, organization or existence of the District.

Professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against hospitals. Professional liability insurance does not provide coverage for judgments for punitive damages. The District has not had to pay any punitive damage claim.

Litigation also arises from the corporate and business activities of the District, from its status as an employer or as a result of medical staff peer review or the denial of medical staff privileges. Many of these risks are covered by insurance, but some are not. For example, some antitrust claims, business disputes and workers' compensation claims are not covered by insurance or other sources and may, in whole or in part, be a liability of the District if determined or settled adversely. As noted above, claims for punitive damages are not covered by insurance.

There is no governmental action or litigation pending or threatened against the District, which, if successful, would have a material and adverse effect on the operations or financial condition of the District.

INDEPENDENT ACCOUNTANTS

The financial statements as of June 30, 2020, and June 30, 2019, and for each of the two years in the period ended June 30, 2020, included in Appendix B to this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing therein.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the 2020 Series A Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2020 Series A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2020 Series A Bonds. Pursuant to the Indenture and the tax and nonarbitrage certificate executed by the District in connection with the issuance of the 2020 Series A Bonds (the "Tax Certificate"), the District has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 2020 Series A Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District has made certain representations and certifications in the Indenture and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District described above, interest on the 2020 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. In rendering these opinions, Bond Counsel has relied upon representations and covenants of the District in the Tax Certificate concerning the property refinanced with 2020 Series A Bond proceeds, the investment and use of 2020 Series A Bond proceeds and the rebate to the federal government of certain earnings thereon. In addition, Bond Counsel has assumed that all such representations are true and correct and that the District will comply with such covenants. Bond Counsel has expressed no opinion with respect to the exclusion of the interest on the 2020 Series A Bonds from gross income under Section 103(a) of the Code in the event that any of such District representations are untrue or the District fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Bond Counsel.

State Taxes

Bond Counsel is also of the opinion that interest on the 2020 Series A Bonds is exempt from personal income taxes of the State of California under present State law. Bond counsel expresses no opinion as to other State or local tax consequences arising with respect to the 2020 Series A Bonds nor as to the taxability of the 2020 Series A Bonds or the income therefrom under the laws of any jurisdiction other than California.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the 2020 Series A Bonds over its issue price (i.e., the first price at which price a substantial amount of such maturity of the 2020 Series A Bonds was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Discount Bond" and collectively the "Discount Bonds") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2020 Series A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

2020 Series A Bonds sold at prices in excess of their principal amounts are "Premium Bonds". An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such 2020 Series A Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the 2020 Series A Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2020 Series A Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the 2020 Series A Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the 2020 Series A Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as Appendix D. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2020 Series A Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the 2020 Series A Bonds for federal or state income tax purposes, and thus on the value or marketability of the 2020 Series A Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2020 Series A Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the 2020 Series A Bonds may occur. Prospective purchasers of the 2020 Series A Bonds should consult their own tax advisors regarding the impact of any change in law on the 2020 Series A Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the 2020 Series A Bonds may affect the tax status of interest on the 2020 Series A Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the 2020 Series A Bonds, or the interest thereon, if any action is taken with respect to the 2020 Series A Bonds or the proceeds thereof upon the advice or approval of other counsel.

APPROVAL OF LEGALITY

The issuance of the 2020 Series A Bonds is subject to the approval of their legality by Nixon Peabody LLP, San Francisco, California, Bond Counsel. A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D. Certain legal matters will be passed upon for the District by special counsel to the District, Mary K. Norvell, Attorney at Law, La Jolla, California, and for the Underwriter by its counsel, Norton Rose Fulbright US LLP, San Francisco, California. The fees of Bond Counsel are contingent upon the sale and delivery of the 2020 Series A Bonds.

UNDERWRITING

The 2020 Series A Bonds are being purchased by the Underwriter, BofA Securities, Inc. The Underwriter has agreed to purchase the 2020 Series A Bonds at an aggregate purchase price of $_____, representing the par amount of the 2020 Series A Bonds, plus/less net original issue premium/discount of $_____, less the Underwriter's discount of $_____. The Bond Purchase Contract provides that the Underwriter will purchase all of the 2020 Series A Bonds, if any are purchased. The Bond Purchase Contract provides that the fees of counsel for the Underwriter will be paid by the District.

The 2020 Series A Bonds are being offered for sale to the public at the prices shown on the inside cover page hereof. The Underwriter reserves the right to lower such initial offering prices as it deems necessary in connection with the marketing of the 2020 Series A Bonds. The Underwriter may offer and sell the 2020 Series A Bonds to certain dealers (including dealers depositing the 2020 Series A Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Official Statement. The Underwriter reserves the right to join with dealers and other underwriters in

offering the 2020 Series A Bonds to the public. The obligation of the Underwriter to accept delivery of the 2020 Series A Bonds is subject to the terms and conditions set forth in the Bond Purchase Contract, the approval of legal matters by counsel and other conditions. The Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the 2020 Series A Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the District and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc. ("BofA Securities"), the underwriter of the 2020 Series A Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the 2020 Series A Bonds.

RATING

Moody's Investors Service ("Moody's") has assigned the 2020 Series A Bonds a rating of ["Baa1" (Negative Outlook)]. No application was made to any other rating agency for the purpose of obtaining an additional rating on the 2020 Series A Bonds. Such rating reflects only the views of Moody's and any explanation of the significance of such rating may only be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. The District furnished to Moody's certain information and materials concerning the 2020 Series A Bonds and itself, including information that may not be included in this Official Statement. Generally, rating agencies base their ratings on information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. There is no assurance that the rating mentioned above will remain in effect for any given period of time or that the rating might not be lowered or withdrawn entirely by Moody's, if in its judgment circumstances so warrant. The District and the Underwriter have undertaken no responsibility either to bring to the attention of the owners of the 2020 Series A Bonds any proposed change in or withdrawal of the rating or to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of the rating might have an adverse effect on the market price or marketability of the 2020 Series A Bonds.

MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the 2020 Series A Bonds, the Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Reference is made to said documents for full and complete statements of the provisions of such documents. The appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Indenture, may be obtained during the offering period upon request to the Underwriter and thereafter upon request to the District at 2000 Mowry Avenue, Fremont, California 94538-1716, Attention: Chief Financial Officer. The District may impose copying, shipping and handling fees.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

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

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____

Chief Executive Officer
Washington Township Health Care District

APPENDIX A

INFORMATION CONCERNING
WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

The information contained in this Appendix has been obtained from Washington Township Health Care District and certain other sources. Capitalized terms used and not defined in this Appendix shall have the meanings ascribed thereto in the Official Statement to which this Appendix is attached.

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INTRODUCTION

History and Organization

Washington Township Health Care District (the "District") is a political subdivision of the State of California, organized pursuant to the Health and Safety Code of the State of California (the "Health & Safety Code").

The District was founded in 1948, and Washington Hospital (the "Hospital") opened its doors ten years later on November 24, 1958, as a district hospital licensed for 150 beds. In January 1995, the District's name was changed from Washington Township Hospital District to Washington Township Health Care District to reflect the District's mission to provide broad health care services in addition to hospital-based services.

The District's boundaries encompass an area of approximately 124 square miles in southern Alameda County (the "County"). Included within the District's boundaries are the cities of Fremont, Newark, Union City, southern portions of Hayward and an unincorporated area of the County known as Sunol. In 2018, the estimated population living within the primary service area was 359,621.

Affiliates

The following are affiliated entities of the District: (i) Washington Township Hospital Development Corporation ("DEVCO"), (ii) Washington Township Medical Foundation (the "Medical Foundation") and (iii) Washington Hospital Healthcare Foundation ("WHHF" and, together with DEVCO and the Medical Foundation, the "Affiliates"). *No revenues or assets of any Affiliates are pledged to secure repayment of the 2020 Series A Bonds.*

Washington Township Hospital Development Corporation. Formed in 1984, DEVCO is a California nonprofit public benefit corporation. The District appoints DEVCO's Board of Directors. DEVCO was incorporated in response to California legislation that provided authority for hospitals to transact business for the benefit of the District through affiliated nonprofit corporations. DEVCO trains medical personnel, develops medical treatment programs, performs medical research and development, and renders medical services to the general public. DEVCO holds a majority interest in an ambulatory surgical center (the "Washington Outpatient Surgery Center" or "WOSC") located across the street from the main Hospital. DEVCO also provides management and administrative services for a radiation oncology center, an outpatient urgent care clinic, and an outpatient physical therapy service center.

Washington Township Medical Foundation. Formed on November 1, 2010, the Medical Foundation is a California nonprofit public benefit corporation created for the benefit of DEVCO, which is the sole member of the Medical Foundation, and to support DEVCO's charitable health care functions by operating multi-specialty medical clinics under applicable provisions of the Health & Safety Code, engaging in charitable health care, educational and medical research programs, and conducting other programs that improve community health and promote access to community health care services. The Medical Foundation has entered into a professional services agreement with Washington Township Medical Group, a California professional corporation (the "Medical Group"), under which the Medical Group provides multi-specialty professional services to patients and conducts educational and medical research programs in the community served by the District. As of June 2020, the Medical Foundation operated 29 clinic sites, including 4 hospitalist programs, staffed by 96 physician and other providers to serve patients of the District.

The District's audited consolidated financial statements included in Appendix B to this Official Statement and, unless otherwise noted, the financial information included under the heading "SELECTED FINANCIAL INFORMATION—Summary Financial Information for the District" included in this Appendix A include the accounts and transactions of DEVCO and the Medical Foundation. *Neither DEVCO nor the Medical Foundation is liable for the District's obligations arising under the Indenture, the 2020 Series A Bonds or related bond documents.*

Washington Hospital Healthcare Foundation. Founded in 1982, WHHF is a California nonprofit public benefit corporation created to serve as a guardian of gifts and bequests to the District. WHHF is designed to support the District by increasing public awareness and providing financial support. Through contributions from companies and individuals, WHHF has funded many important projects of the District. As of June 30, 2020, WHHF's net assets were $4,782,000. WHHF received or accrued contributions for the benefit of the District of $4,523,000, $1,342,000 and $1,323,000 in fiscal years ended June 30, 2018, 2019 and 2020, respectively. WHHF distributed funds to the District of $4,119,300, $3,025,000 and $2,056,000 in fiscal years ended June 30, 2018, 2019 and 2020, respectively. *The accounts and transactions of WHHF are not included in the District's audited consolidated financial statements, and WHHF is not liable for the District's obligations arising under the Indenture, the 2020 Series A Bonds or related bond documents.*

Collaboration with the University of California, San Francisco ("UCSF")

The District has developed a strategic relationship with UCSF Medical Center and UCSF Benioff Children's Hospital. In June 2013, the District entered into a collaboration agreement with The Regents of the University of California, on behalf of UCSF Medical Group and UCSF Medical Center. The purpose of the collaboration is to create a comprehensive and integrated regional health care network. Currently, the District's strategic collaboration with UCSF Medical Center and UCSF Benioff Children's Hospital has resulted in a number of new programs being offered at the Hospital.

- The Washington Special Care Nursery is staffed by UCSF neonatologists and operates an 11-bed unit. UCSF pediatric hospitalists provide 24/7 coverage for the Hospital's pediatric patients.

- The District opened a Perinatal Diagnostic Center in 2017 at the Hospital that is staffed by a UCSF perinatologist as well as a UCSF genetic counselor to provide prenatal care, diagnostic testing, and genetic counseling.

- The Washington Cancer Genetics Program provides cancer risk assessments, genetic counseling, and genetic testing in a clinic staffed by a UCSF genetic counselor and a local community physician.

- In January 2017, the UCSF-Washington Hospital Healthcare System Cancer Center, staffed by UCSF physicians, opened at the Hospital and currently provides oncology clinic services and care coordination for cancer patients.

- Specialty outreach programs, including a UCSF Heart Transplant outpatient clinic and a UCSF Liver Transplant outpatient clinic, provide services not previously available within the District.

- UCSF opened a pediatric specialty clinic at the Hospital, with pediatric specialties including gastroenterology, neurology, cardiology, and high-risk infant follow-up.

- A full-time cardiovascular surgery clinic at the Hospital is staffed by UCSF surgeons, who also provide 24/7 call coverage.

The District and UCSF continue to collaborate on a diverse set of initiatives, such as cancer services and radiation oncology, oncology clinical trials, adolescent psychiatry, and elective resident rotations in the emergency department, which are expected to roll out during the coming years.

FACILITIES AND SERVICES

The District operates as Washington Hospital Healthcare System ("WHHS"), consisting of the Hospital, which is a 415-bed acute care hospital, the Washington Outpatient Surgery Center, the Medical Foundation's multi-specialty clinics, outpatient urgent care clinics, a mobile health clinic, an outpatient rehabilitation center, an outpatient wound healing and hyperbaric oxygen center, an outpatient infusion center, an outpatient imaging center, an outpatient laboratory, an outpatient women's health center, a radiation oncology center, and an outpatient diabetes clinic (collectively, the "Facilities"). Through the Facilities, the District offers a full range of primary and secondary acute care health services. In addition, a number of specialized programs operated by the District are noteworthy.

In November 2018, the District opened a major new patient care facility. This three-level, 225,000 square-foot facility, named the Morris Hyman Critical Care Pavilion (the "Hyman Pavilion"), houses the District's emergency services department, its 48-bed critical care unit and 68 acute medical-surgical beds. The Hyman Pavilion's $350 million capital cost was funded primarily through the issuance of $292 million of voter-approved, tax-supported general obligation bonds, with the remainder funded by revenue bonds and by private donations. The Hyman Pavilion substantially expands the District's capacity to serve emergency patients and those with critical care needs, and its design incorporates base-isolation technology, which meets the California seismic safety standards for healthcare facilities. Constructed over a three-year period, the Hyman Pavilion was completed on schedule and within budget.

The District has been recognized for the high-quality care it provides at the Hospital. It received national recognition for orthopedic care at the Institute for Joint Restoration and Research (the "Institute"). The Institute is dedicated to providing the most advanced protocols for minimally invasive hip and knee joint replacements, and, more recently, shoulder replacements. The Institute also conducts extensive research in these areas. Recognized by Blue Cross Blue Shield as a Blue Distinction® Center and a 100 Best Hospitals for Joint Replacement by Healthgrades every year since 2012, the Institute continues to uphold patients' high expectations as a center of excellence. For 14 consecutive years (2007-2020), the Hospital has been a recipient of the Healthgrades Joint Replacement Excellence Award, earning a place among the top 5 percent in the nation for joint replacement. In addition, the Hospital received a five-star designation for total hip replacement for the 17th year in row (2004-2020), and total knee replacement for the 15th year in a row (2006-2020). The Institute performs over 1,600 joint replacements annually.

The Hospital is one of 4 hospitals in the Bay Area to receive a Five Star Distinction in Cranial Neurosurgery from Healthgrades in 2020.

As part of the Taylor McAdam Bell Neuroscience Institute, the District has also received national recognition for its Stroke Program (the "Stroke Program") at the Hospital. The Stroke Program offers comprehensive approaches for treating stroke patients, not only by using the latest technology but also by maintaining a dedicated team of stroke care providers. The Stroke Program not only offers patients timely, high-quality, effective treatment for an acute stroke, but also provides patients, their families and the community at large the tools necessary to become better informed about the signs and symptoms of stroke. The program also provides recommendations on how to stay as healthy as possible to minimize the risk of stroke. In December 2019, the Hospital was granted recertification by The Joint Commission for its

Advanced Primary Stroke Program. WHHS also earned the 2019 Get With The Guidelines® – Stroke Gold plus Quality Achievement Award and qualified for recognition on the Target: Stroke Honor Roll. This award recognizes WHHS's commitment and success in implementing a high standard of stroke care by ensuring that its stroke patients receive treatment that meets nationally accepted, evidence-based standards and recommendations. The Neuroscience Institute includes the Cerebrovascular Neurosurgery Program and is a regional provider of neurointerventional procedures to treat life-threatening brain aneurysms. In addition to caring for local patients, many patients are transported from hospitals throughout Northern and Central California via air ambulance to receive emergency treatment from this well-regarded program. The Hospital is also a designated cardiac receiving center for Alameda County, which means those suffering from a heart attack receive specialized intervention from the County-coordinated EMS system and are received at the Hospital by a specialized cardiac team that provides immediate interventions to the patient.

On January 9, 2017, the District completed the acquisition of a 190,638 square-foot office complex situated on 8.4 acres of land located immediately adjacent to the Hospital. The total acquisition price was approximately $57.8 million, and the District financed the acquisition entirely with unrestricted cash. The office complex is located at 39300 Civic Center Drive and 2201 Walnut Avenue, in Fremont, and is comprised of two separate three-story buildings. Like the Hospital, the office complex is adjacent to the Fremont BART Station, giving it good access to public transportation.

The office complex is designed for general commercial use and is currently leased to several commercial tenants, including various technology, finance, legal and medical services companies. No current tenant is related to the District or its affiliates. The complex is currently occupied under several long-term leases. Current tenant leases produce sufficient revenues for the office complex to generate a positive cash flow from operations.

The District intends to renovate the existing space over time for uses appropriate for various Hospital operations, including those of the Medical Foundation. The District has yet to begin specific planning for these renovations; therefore, no details regarding these plans are currently available. The District expects that, once the office complex is fully integrated into its operations, it will realize significant savings in rental expense that it currently incurs at several sites throughout Fremont, while continuing to generate cash flow from non-Hospital affiliated tenants.

Accreditation, Awards and Recognition

The District received its most recent three-year accreditation from The Joint Commission in July 2017. The accreditation has been extended until The Joint Commission resumes full accreditation surveys which were postponed due to the COVID-19 pandemic.

In September 2016, the Hospital earned Magnet® Status re-designation from the American Nurses Credentialing Center. Magnet status designates the Hospital as providing a superior level of health care for patients, displaying innovative practices and employing nurses as part of its team who perform excellent work. As a recipient of the 2018 Outstanding Achievement award for cancer services from the Commission on Cancer, the Hospital is one of only 26 hospitals nationwide to receive the award and one of only 3 hospitals to receive the award for 4 or more consecutive years. In 2020, the Hospital also received the Quest for Zero Award in Obstetrics as well as Emergency Care from the Beta Healthcare Group for its risk reduction program to improve patient safety.

Bed Capacity

As of June 30, 2020, the Hospital was licensed for 415 beds, of which 385 beds were available. The following table shows by category the number of licensed and staffed beds at the Hospital.

Type of Service	Licensed Beds at June 30, 2020	Beds Available at June 30, 2020
Medical/Surgical	302	286
Intensive Care	48	48
Intermediate Care	12	12
Pediatric Services	17	6
Perinatal Services	22	22
Intensive Care Newborn Nursery	14	11
Total	415	385

Source: The District

Historical Utilization

The Hospital's utilization statistics for the past three fiscal years are presented below.

	Fiscal Year Ended June 30,		
	2018	2019	2020
Inpatient Activity:			
Licensed Beds	341	341	415
Available Beds	289	289	385
Discharges	12,586	12,088	10,765
Patient Days	58,239	61,009	53,235
Average Daily Census	159.8	167.80	145.4
Average Length of Stay	4.63	5.05	4.95
Occupancy Rate (Licensed Beds)	47%	49%	35%
Occupancy Rate (Available Beds)	55%	58%	38%
Inpatient Surgery Cases	3,292	2,802	2,418
Outpatient Activity:			
Hospital Outpatient Total	87,005	90,106	82,963
Outpatient Surgery Cases	993	1,756	1,765
Emergency Room Visits	51,835	51,722	51,526
Clinic Office and Ancillary Visits	42,652	41,705	38,031

Source: The District

Operations and Quality Initiatives

In the fall of 2014, the District began implementing Lean Principles, based on the extensively proven Toyota Production System. The vision of this strategy is to become the high quality, low-cost provider of choice for patients, employers, and insurers, which is critical to the District's mission of serving the health care needs of the District residents, now and into the future. The District has a multi-year, long-term plan for continued implementation of the Toyota Production System, and has continued the Lean Certification process for executive staff, management staff, physician leadership, and clinical staff. The District has also developed five-day comprehensive training for staff not enrolled in the full Lean Certification program. In addition, a Lean leadership development program has been implemented in order

to sustain the improvements achieved through application of Lean principles. Lean activities and principles have already been applied in surgical services, the emergency department, inpatient medical/surgical units, the supply chain, the women's center, the revenue cycle, patient safety, imaging, labor and delivery, medical foundation clinics, and in all departments that recently transitioned to the Hyman Pavilion. The laboratory, human resources and the pharmacy began their Lean transformation in March 2020.

Capital Plans

The District entered into a purchase contract to acquire land including certain improvements in the southern portion of Fremont, California, near the Bay Area Rapid Transit's Warm Springs station. The acquisition includes a two-story research and development building consisting of approximately 88,000 square feet on approximately five acres of land, which was most recently used in electronics manufacturing. As part of the due diligence process related to the acquisition, the District applied for and secured an approval in December of 2019 for the necessary zoning change from the City of Fremont in order to develop medical office and clinic space in the building. On March 18, 2020, in partnership with UCSF, the District completed the acquisition of the property for approximately $22 million. The District entered into a Tenancy-In-Common agreement with UCSF for the property, of which the District has 51% ownership and UCSF has 49% ownership. The District and UCSF anticipate developing a health services complex on the site that likely would include: primary care services; multi-specialty care services; urgent care and other outpatient services; an ambulatory surgery center; and a pharmacy.

Conformance with SB 1953 Seismic Standards

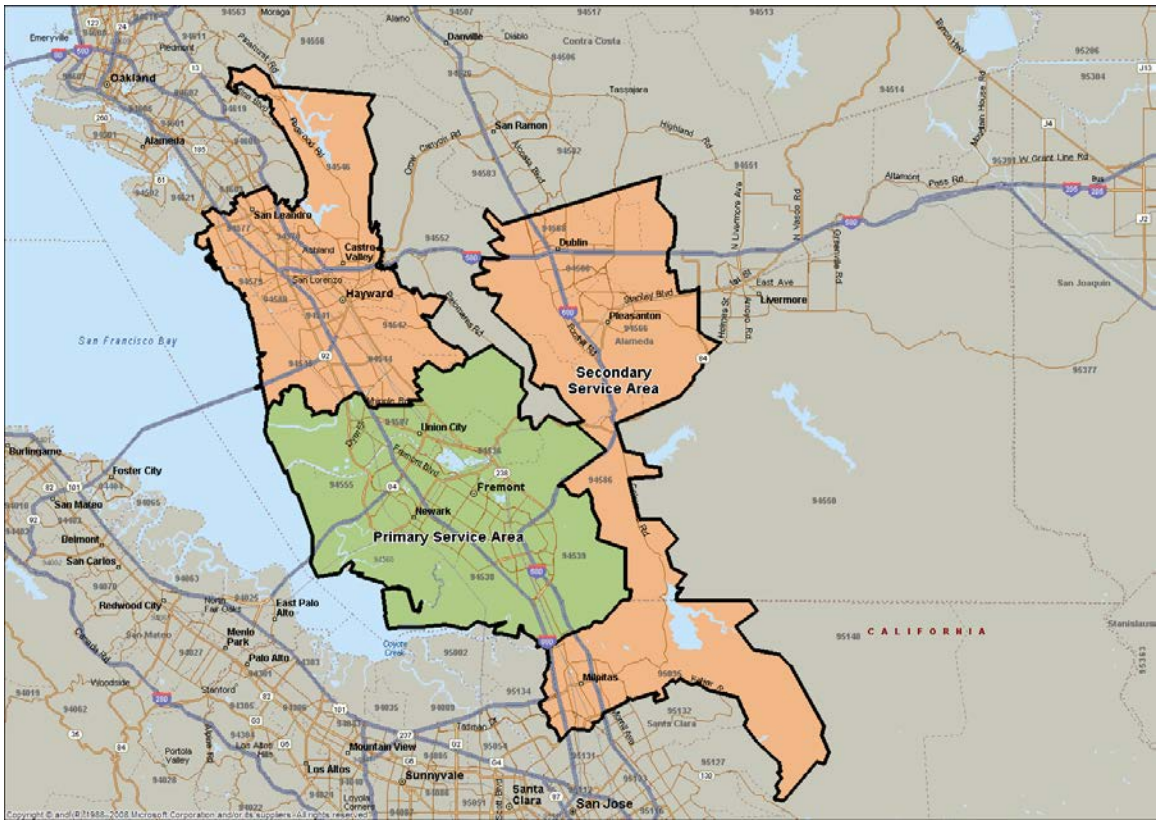
The State of California Office of Health Planning and Development ("OSHPD") notified District management that the District's current facilities comply with California State Senate Bill 1953 ("SB 1953") hospital seismic safety standards to January 1, 2030. Since that notification, the District has completed significant construction and expansion. As a result, the District is in compliance beyond January 1, 2030 for the Center for Joint Replacement building, the central utility plant, the loading dock, the utility tunnel and the Hyman Pavilion, which opened in November 2018, and is built on a sophisticated base isolation system that will maintain the District's compliance beyond January 1, 2030. Management is developing plans to ensure that the remainder of the Hospital's buildings are seismically compliant with the new seismic safety standards that will take effect on January 1, 2030.

SERVICE AREA AND COMPETITION

Service Area

The District's primary service area is defined by the Washington Township Health Care District borders and is located in southern Alameda County. This area includes the cities of Fremont, Newark, Union City, a small portion of Hayward and the unincorporated area of the County known as Sunol. This primary service area accounted for 73.6% of the District's discharges in the 2018 calendar year (the most current information available from OSHPD). The District's secondary service area is comprised of the nearby cities of San Leandro, San Lorenzo, Castro Valley, Hayward, Livermore, Milpitas, Pleasanton, and Dublin and accounted for 11.3% of the District's discharges in the 2018 calendar year (the most current information available from OSHPD). The estimated population of the District's primary service area is 359,621, and the estimated population of its secondary service area is 687,895, according to the 2018 population estimates published by the U.S. Census Bureau.

The map below denotes the District's primary and secondary service areas.



Market Share

The District and Kaiser Permanente Fremont Medical Center and Offices are the only acute care providers located within the District's primary service area. Other hospitals located in the District's secondary service area include Eden Medical Center in Castro Valley, Kaiser – San Leandro Medical Center in San Leandro, St. Rose Hospital in Hayward and Stanford Health Care – ValleyCare Medical Center in Pleasanton. The other significant provider of health services to residents of the District is Stanford University Hospital, located 17.4 miles west, across San Francisco Bay, in Palo Alto. Stanford University Hospital is the nearest comprehensive tertiary medical center for the District's residents.

The table below describes the market share by discharges of patients residing in the District's primary service area for the District and for each of the other area hospitals for calendar years 2015 through 2018, the most recent year for which this data is available.

	Percent of Primary Service Area Resident Discharges			
	2015	**2016**	**2017**	**2018**
Washington Township Health Care District	43.7%	42.1%	43.7%	43.2%
Kaiser – Fremont Medical Center and Offices	10.7	10.9	9.3	12.0
Kaiser – San Leandro Medical Center	12.2	13.5	14.1	11.7
Kaiser – All Others	6.3	7.0	6.4	7.0
St. Rose Hospital	4.7	4.1	3.6	3.8
Alameda County Medical Center	1.8	2.1	2.0	1.6
Stanford University Hospital	3.9	3.2	3.2	3.5
Lucile Packard Children's Hospital	2.7	2.7	2.5	2.6
Eden Medical Center	1.7	1.6	1.8	2.0
Other Providers	12.3	12.8	13.1	12.6
Total	100%	100%	100%	100%

Source: OSHPD Inpatient Acute Care Discharge Data, Excludes Normal Newborn DRG

Excluding members of Kaiser Permanente, the District's percentage of primary service area resident discharges was 61.8%, 61.3%, 62.6% and 62.2% in 2015 through 2018, respectively.

The table below describes the market share by discharges of patients residing in the District's secondary service area for the District and for each of the other area hospitals for calendar years 2015 through 2018, the most recent year for which this data is available.

	Percent of Secondary Service Area Resident Discharges			
	2015	**2016**	**2017**	**2018**
Washington Township Health Care District	3.2%	3.5%	3.4%	3.1%
Kaiser – Fremont Medical Center and Offices	1.6	1.4	1.5	1.6
Kaiser – San Leandro Medical Center	14.5	15.2	15.8	15.6
Kaiser – All Others	14.2	14.6	13.7	13.7
Eden Medical Center	12.9	12.3	13.9	14.4
Stanford Healthcare – ValleyCare Health System	12.5	14.2	11.4	10.8
St. Rose Hospital	9.6	9.5	7.9	8.1
San Leandro Hospital	3.1	1.4	2.9	2.5
Alameda County Medical Center	3.7	3.0	3.7	3.7
Alta Bates – Alta Bates Campus	2.8	3.8	2.8	2.8
Children's Hospital Oakland	3.0	2.4	2.9	2.7
Alta Bates – Summit Campus	1.6	1.4	1.8	2.0
San Ramon Regional Medical Center	2.4	3.2	2.7	2.9
Stanford University Hospital	2.1	2.1	2.1	2.2
Other Providers	12.8	13.2	13.5	13.9
Total	100%	100%	100%	100%

Source: OSHPD Inpatient Acute Care Discharge Data, Excludes Normal Newborn DRG

Excluding members of Kaiser Permanente, the District's percentage of secondary service area resident discharges was 4.6%, 5.0%, 4.9%, and 4.4% in 2015 through 2018, respectively.

Competition

The following table details geographical information regarding certain key competitors of the District. As of June 30, 2020, the Hospital was licensed for 415 beds.

Hospital	Location (City)	Distance from the Hospital	Licensed Beds
Kaiser– Fremont Medical Center and Offices	Fremont	0.5 miles	100
Kaiser– San Leandro Medical Center	San Leandro	17.3 miles	216
St. Rose Hospital	Hayward	10.0 miles	153
Eden Medical Center	Castro Valley	13.2 miles	130
Lucile Packard Children's Hospital	Palo Alto	17.1 miles	489
Stanford University Hospital	Palo Alto	17.4 miles	575
Stanford Health Care – ValleyCare Medical Center	Pleasanton	21.4 miles	167
Alameda County Medical Center	Oakland	26.3 miles	169

Source: California Health and Human Services Open Data Portal: Current California Healthcare Facility Listing; Google Maps

The District also faces competition from freestanding outpatient surgery centers. At times, these centers have attracted away significant commercial outpatient services that traditionally have been performed at the Hospital.

Demographics

The following table sets forth the most current demographic information available for the District's service areas and Alameda County.

	Primary Service Area	Secondary Service Area	Combined Service Area	Alameda County
2010 Population Census [(1)]	319,297	496,827	816,124	1,477,980
2017 Population Estimate [(2)]	356,864	680,242	1,037,106	1,629,106
2018 Population Estimate [(3)]	359,621	687,895	1,047,516	1,666,753
Population Growth (2010–2018)	40,324	191,068	231,392	188,773
65 years or Older (2018) [(3)]	48,204	88,088	136,292	230,510
Average Household Income (2018) [(4)]	155,671	124,589	134,906 [(5)]	134,377

Source: U.S. Census Bureau

(1) American Community Survey 5-Year Estimates for Age and Income in Past 12 Months, with 2010 Inflation-Adjusted Dollars.
(2) 2017 American Community Survey 5-Year Estimates for Population.
(3) 2018 American Community Survey 5-Year Estimates for Population.
(4) 2018 American Community Survey 5-Year Estimates for Mean Income in 2018.
(5) Weighted average based on population.

SELECTED FINANCIAL INFORMATION

Summary Financial Information for the District

General. The financial data for the fiscal years ended June 30, 2018, 2019 and 2020 have been derived from the audited consolidated financial statements and other financial information of the District. This summary should be read in conjunction with the audited consolidated financial statements and other financial information of the District, together with the related notes, included in Appendix B to this Official Statement. The financial data for the three months ended September 30, 2019 and September 30, 2020 have been derived from the District's unaudited consolidated interim reports and includes all adjustments which District management considers necessary to present such information in conformity with accounting principles generally accepted in the United States of America. The results of operations for the three-month periods ended September 30, 2019 and 2020 are not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year.

Unless otherwise specified, the accounts and transactions of DEVCO and the Medical Foundation are included in the financial information of the District set forth below, but *no revenues or assets of DEVCO or the Medical Foundation are pledged to secure repayment of the 2020 Series A Bonds, and neither DEVCO nor the Medical Foundation is liable for the District's obligations arising under the Indenture, the 2020 Series A Bonds or related bond documents. DEVCO and the Medical Foundation represent 4.2% and 6.0% of the net patient revenues, respectively, set forth in the audited consolidated financial statements for the fiscal year ended June 30, 2020. The accounts and transactions of WHHF are not included in the District's audited consolidated financial statements and therefore are not included in the financial information of the District set forth below.*

Statements of Revenues, Expenses and Changes in Net Position. The table below provides a summary of statements of revenues, expenses and changes in net position of the District, the Medical Foundation and DEVCO for the fiscal years ended June 30, 2018, 2019 and 2020, and the unaudited statements of revenues, expenses and changes in net position for the three-month periods ended September 30, 2019 and 2020.

Washington Township Health Care District
Summary Statements of Revenues, Expenses and Changes in Net Position [1]
(in thousands)

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2018	**2019**	**2020**	**2019**	**2020**
Total operating revenues [2]	$ 517,065	$ 531,955	$ 512,919	$ 136,277	$ 131,068
Operating expenses: [2]					
Non-capital	468,198	500,367	498,365	129,594	133,422
Depreciation	34,032	43,829	49,931	12,536	12,344
Total operating expenses	502,230	544,196	548,296	142,130	145,766
Operating income (loss)	$ 14,835	$ (12,241)	$ (35,377)	$ (5,853)	$ (14,698)
Nonoperating revenues and expenses:					
Federal Grant Revenue	$ -	$ -	$ 29,948	$ -	$ 1,069
Investment income	3,494	4,279	3,897	988	942
Net increase/(decrease) in fair value of investments	(2,710)	3,638	4,346	534	(22)
Interest expense [3]	(6,984)	(17,786)	(22,298)	(5,646)	(5,570)
Property tax revenue [4]	16,260	17,185	17,026	4,273	4,294
Bond issuance cost	-	(930)	-	-	-
Others, net	372	739	1,539	487	390
Total nonoperating revenues and expenses	$ 10,432	$ 7,125	$ 34,458	$ 636	$ 1,103
Increase (decrease) in net position	$ 25,267	$ (5,116)	$ (919)	$ (5,217)	$ (13,595)
Minority interest – additional contributions from	-	349	-	-	-
Minority interest – distributions to	(1,234)	(1,483)	(795)	(335)	-
Morris Hyman Critical Care Pavilion transition	-	(2,402)	-	-	-
Special Use Grant	1	-	1	-	-
Contributions used for capital expenditures	3,991	2,966	1,990	-	-
Increase (decrease) in net position	$ 28,025	$ (5,686)	$ 277	$ (5,552)	$ (13,595)

Source: The District

(1) The audited consolidated financial statements include the results of operations of the District, the Medical Foundation and DEVCO. For the fiscal years ended June 30, 2018, 2019 and 2020, respectively, DEVCO's net revenues were 5.8%, 5.6% and 5.9% of the total net revenues set forth in the audited consolidated financial statements. The Medical Foundation's net revenues for June 30, 2018, 2019 and 2020, respectively, were 7.4%, 8.0% and 8.1%. For a description of DEVCO and the Medical Foundation, see "INTRODUCTION—Affiliates" in this Appendix A.

(2) Consistent with guidance per the Governmental Accounting Standards Board ("GASB"), the District excludes revenues for services provided at no cost (charity care) and provisions for doubtful accounts (bad debt) from net patient revenues. See Note 2 to the audited consolidated financial statements included in Appendix B to this Official Statement. As a result, provision for doubtful accounts and charity care do not appear as operating expenses in the table above. For the fiscal years ended June 30, 2018, 2019 and 2020, respectively, charity care equaled $4,135,000, $2,658,000 and $3,086,000 and bad debt equaled $42,345,000, $49,584,000 and $41,152,000.

(3) A portion of the interest cost related to the District's outstanding bonds is being capitalized to construction in progress and, therefore, is not reported as interest expense in the Statements of Revenues, Expenses, and Changes in Net Position. For the fiscal years ended June 30, 2018, 2019 and 2020, respectively, interest expense capitalized to construction in progress equaled $18,308,000, $7,123,000 and $845,000.

(4) "Property tax revenue" are restricted revenues and are pledged solely to and may be used only for the repayment of the District's outstanding general obligation bonds, 2013 Series A Bonds, 2013 Series B Bonds, 2015 Series B Bonds, 2016 Bonds and 2019 Bonds, and any additional series of general obligation bonds.

Statements of Net Position. Consolidated statements of net position for the District, the Medical Foundation and DEVCO are included within the audited consolidated financial statements included in Appendix B to this Official Statement. For the fiscal years ended June 30, 2018, 2019 and 2020, respectively, DEVCO's total assets and deferred outflows were 14.4%, 16.5% and 17.7% of the total assets and deferred outflows set forth in the audited consolidated financial statements. The net position of DEVCO is negative. For the fiscal years ended June 30, 2018, 2019 and 2020, respectively, DEVCO's net position equaled ($13,913,000), $(14,382,000) and $(16,385,000), representing -4.1%, -4.3% and -4.9% of the total net position set forth in the audited consolidated financial statements. For the fiscal years ended June 30, 2018, 2019 and 2020, respectively, the Medical Foundation's total assets and deferred outflows were 0.6%, 0.8% and 0.7% of the total assets and deferred outflows set forth in the audited consolidated financial statements. The net position of the Medical Foundation is negative. For the fiscal years ended June 30, 2018, 2019 and 2020 respectively, the Medical Foundation's net position equaled ($133,792,000), $(155,291,000) and $(178,034,000), representing -39.0%, -46.1% and -52.8% of the total net position set forth in the audited consolidated financial statements. For a description of DEVCO and the Medical Foundation, see "INTRODUCTION—Affiliates" in this Appendix A.

Sources of Revenues

Payments on behalf of certain patients are made to the District by managed care entities and other contracted rate payors, including health maintenance organizations ("HMO") and preferred provider organizations ("PPO"), as well as commercial insurance carriers, self-paying patients, the federal government pursuant to the Medicare program, and the federal government and State of California pursuant to the Medicaid program, which is known as Medi-Cal in California. See "BONDHOLDERS' RISKS—Patient Service Revenues" in the forepart of this Official Statement for a discussion of factors that may affect patient revenues.

The following table sets forth the payor mix for the District, based on gross patient service revenues, for the three preceding fiscal years ended June 30, 2020.

	Fiscal Year Ended June 30,		
	2018	**2019**	**2020**
Medicare and Medicare HMO	51%	51%	51%
Medi-Cal and Medi-Cal HMO	20	20	18
HMO/PPO	27	27	29
Private Pay	2	2	2
Total	100%	100%	100%

Source: The District

Supplemental Funding. As described in "BONDHOLDERS' RISKS—Patient Service Revenues—California Hospital Provider Fee Program" in the forepart of this Official Statement, California has enacted quality assurance fee programs for hospitals to obtain federal matching funds for Medi-Cal patients. The proceeds of the program and the federal matching funds are to be redistributed to hospitals that treat Medi-Cal beneficiaries to fund certain Medi-Cal coverage expansions. Because the Hospital is a non-designated public hospital, the District is exempt from paying the Quality Assurance Fee; however, the District receives supplemental payments under the Hospital Fee Program. For the years ended June 30, 2018, 2019 and 2020, the District recognized $3.5 million, $4.7 million and $3.1 million, respectively, under the Hospital Fee Program. These amounts were reported as part of net patient services revenue.

Other Supplemental Funding. The District has received additional supplemental funding under various programs administered by state and federal agencies, including Medicare Disproportionate Share reimbursements. See Note 2 of the audited consolidated financial statements of the District included in Appendix B to this Official Statement for details relating to these programs.

Capitalization

The District's actual capitalization as of June 30, 2019 and June 30, 2020, with respect to all outstanding District revenue bonds, and the District's capitalization as of June 30, 2020, with respect to all outstanding District revenue bonds, as adjusted to reflect the issuance of the 2020 Series A Bonds and the refunding of the 2010 Series A Bonds, as if such transactions had occurred on June 30, 2020, are set forth in the table below.

Washington Township Health Care District
Capitalization
(in thousands)

	Year Ended June 30, 2019 (Actual)	Year Ended June 30, 2020 (Actual)	Year Ended June 30, 2020 (As Adjusted)*
2020 Series A Bonds			$ 46,323
2019 Series A Bonds	$ –	$ 52,700	52,700
2017 Series B Bonds	68,591	67,019	67,019
2017 Series A Bonds	38,107	37,303	37,303
2015 Bonds	26,219	24,164	24,164
2010 Bonds	50,995	49,515	–
2009 Bonds	46,767	–	–
Long-Term Debt Net of Issuance Discounts/Premiums	$230,679	$230,701	$227,509
Less: Current Maturities	6,370	6,820	7,825
Net Long-Term Debt[(1)]	$224,309	$223,881	$219,684
Net Assets[(2)]	506,859	531,835	531,835
Total Capitalization	$731,168	$755,716	$751,519
Percent Debt to Capitalization	30.7%	29.6%	29.2%

* Preliminary, subject to change

Source: The District

(1) Excludes the following debt obligations of the District: loan agreement related to working capital needs of WOSC, outstanding in the amount of $482,000 and $279,000 as of June 30, 2019 and June 30, 2020, respectively, and capitalized lease agreement related to equipment needs of WOSC, outstanding in the amount of $428,000 and $302,000 as of June 30, 2019 and June 30, 2020, respectively, each as described in Note 11 to the audited consolidated financial statements of the District included in Appendix B to this Official Statement; $29.5 million outstanding general obligation bonds issued by the District in June 2016; $147.0 million outstanding general obligations bonds issued by the District in November 2015; $147.0 million outstanding general obligation bonds issued by the District in November 2013; and $11.2 million outstanding general obligation bonds issued by the District in July 2019. All outstanding amounts are net of issuance discounts/premiums. Funds to make debt service payments with respect to the District's general obligation bonds are provided from *ad valorem* taxes upon property subject to taxation by the District, which *ad valorem* taxes are restricted revenues and are pledged solely to and may only be used for the repayment of such general obligation bonds. The 2019 Series A Refunding Revenue Bonds and the 2019 General Obligation Refunding Bonds were issued in July 2019, within the fiscal year ended June 30, 2020. Their outstanding principal amounts at December 31, 2019 were $53.0 million and $11.2 million, respectively.

(2) Excludes the net assets of DEVCO and the Medical Foundation. For the fiscal years ended June 30, 2019 and June 30, 2020, DEVCO's total assets and deferred loans were 16.5% and 17.7%, respectively of the total assets and deferred loans set forth in the District's audited consolidated financial statements. For the fiscal years ended June 30, 2019 and June 30, 2020, the Medical Foundation's total assets and deferred outflows were 0.8% and 0.7%, respectively, of the total assets and deferred outflows set forth in the District's audited consolidated financial statements.

Debt Service Coverage

The table set forth below shows the District's historical coverage of maximum annual debt service on all outstanding District revenue bonds for the fiscal years ended June 30, 2019 and June 30, 2020, and the coverage of maximum annual debt service on all outstanding revenue bonds for the fiscal year ended June 30, 2020, as adjusted to reflect the issuance of the 2020 Series A Bonds and the refunding of the 2010 Series A Bonds, as if such transactions occurred on July 1, 2019, without reflecting any expenses to be incurred or revenues realized in connection with such transaction. *The amounts set forth below are unaudited and are derived by District management from internal financial records, reflect only the operations of the District, and do not include the accounts and transactions of DEVCO or the Medical Foundation, as those entities are not liable for the District's obligations arising under the Indenture, including the debt service coverage covenant contained therein.*

Washington Township Health Care District
Debt Service Coverage
(in thousands)

	Year Ended June 30, 2019 (Actual)	Year Ended June 30, 2020 (Actual)	Year Ended June 30, 2020 (As Adjusted)*
Excess of revenue over expenses	$ 16,282	$ 25,023	$ 25,023
Less: Tax Revenues Supporting General Obligation Bonds	(17,185)	(17,026)	(17,026)
Depreciation, amortization and interest expense	63,767	72,778	72,778
Income available for debt service	$ 62,864	$ 80,775	$ 80,775
Maximum annual debt service[(1)]	$ 17,735	$ 17,158	$ 16,506
Maximum annual debt service coverage ratio	3.54x	4.71x	4.89x

*Preliminary, subject to change

Source: Derived by the District from its internal financial records

(1) Maximum annual debt service includes debt service on the District's debt obligations identified in the table under the caption "Washington Township Health Care District Capitalization" but does not include debt service on the following debt obligations of the District: loan agreement related to working capital needs of WOSC, outstanding in the amount of $482,000 and $279,000 as of June 30, 2019 and June 30, 2020, respectively, and capitalized lease agreement related to equipment needs of WOSC, outstanding in the amount of $428,000 and $302,000 of the District included in Appendix B to this Official Statement; $29.5 million outstanding general obligation bonds issued by the District in June 2016; $147.0 million outstanding general obligations bonds issued by the District in November 2015; $147.0 million outstanding general obligation bonds issued by the District in November 2013; and $11.2 million outstanding general obligation bonds issued by the District in July 2019. All outstanding amounts are net of issuance discounts/premiums. Funds to make debt service payments with respect to the District's general obligation bonds are provided from *ad valorem* taxes upon property subject to taxation by the District, which *ad valorem* taxes are restricted revenues and are pledged solely to and may only be used for the repayment of such general obligation bonds.

Unrestricted Cash-To-Debt

The District's actual cash-to-debt ratio on all outstanding District revenue bonds for the fiscal years ended June 30, 2019 and 2020, and its cash-to-debt ratio on all outstanding revenue bonds, as adjusted to reflect the issuance of the 2020 Series A Bonds, as if such transaction had occurred on June 30, 2020, are set forth in the table below.

Washington Township Health Care District
Cash-To-Debt
(in thousands)

	June 30, 2019 (Actual)	June 30, 2020 (Actual)	June 30, 2020 (As Adjusted)*
Cash and cash equivalents	$ 32,099	$ 68,612	$ 68,612
Short-term investments	33,586	31,608	31,608
Long-term investments	172,602	225,489	225,489
Total cash and investments[(1)]	$238,287	$325,709	$325,709
Less: Investments restricted as to use	20,913	13,094	13,094
Total unrestricted cash and investments	$217,374	$312,615	$312,615
Long-Term Debt Net of Issuance Discounts/Premiums [(2)]	$230,679	$230,701	$227,509
Unrestricted Cash-To-Debt	0.95x	1.36x	1.37x

*Preliminary, subject to change
Source: The District

(1) Excludes the cash and investments of DEVCO and Medical Foundation.

(2) Excludes the following debt obligations of the District: loan agreement related to working capital needs of WOSC, outstanding in the amount of $482,000 and $279,000 as of June 30, 2019 and June 30, 2020, respectively, and capitalized lease agreement related to equipment needs of WOSC, outstanding in the amount of $428,000 and $302,000 as of June 30, 2019 and June 30, 2020, respectively, each as described in Note 11 to the audited consolidated financial statements of the District included in Appendix B to this Official Statement; $29.5 million outstanding general obligation bonds issued by the District in June 2016; $147.0 million outstanding general obligations bonds issued by the District in November 2015; $147.0 million outstanding general obligation bonds issued by the District in November 2013; and $11.2 million outstanding general obligation bonds issued by the District in July 2019. All outstanding amounts are net of issuance discounts/premiums. Funds to make debt service payments with respect to the District's general obligation bonds are provided from *ad valorem* taxes upon property subject to taxation by the District, which *ad valorem* taxes are restricted revenues and are pledged solely to and may only be used for the repayment of such general obligation bonds.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RECENT FINANCIAL OPERATIONS

Operational Impact of COVID-19

The District, along with most other healthcare providers across the United States, is experiencing operational challenges related to the outbreak of COVID-19. On March 4, 2020, the Governor of the State of California (the "Governor") declared a State of Emergency with respect to COVID-19, and issued subsequent Executive Orders in response to the COVID-19 pandemic. Similar guidelines were issued by the Alameda County Department of Public Health (the "County"). Among the Executive Orders issued by the Governor and the County are those which have (1) barred WHHS from offering certain medical procedures, resulting in a loss of patient revenues, (2) imposed social distancing guidelines, (3) required additional capital investments in facilities, and (4) resulted in competition for scarce resources such as Personal Protective Equipment ("PPE") and testing supplies, all of which have increased the cost of WHHS operations. On April 22, 2020, the Governor lifted the statewide hold on hospital elective procedures. [UPDATE regarding State and County Executive Orders.] See "BONDHOLDERS' RISKS—Ongoing Impacts of COVID-19" in the forepart to this Official Statement.

District Response to COVID-19 and Patient Care. The District admitted its first confirmed COVID-19 positive patient on _____, 2020. Beginning on March ___, 2020, the District canceled or postponed all non-emergent procedures as a precautionary measure to allow for the preservation of PPE for other areas. The District acted by seeking to maintain appropriate levels of PPE for its care givers, and in deferring all non-emergency/non-critical procedures, and changing visitation policies in its facilities to preserve PPE and to reduce numbers of people and patients in close proximity to each other. The District continues to take precautions in accordance with national, state and local guidance including implementing social distancing measures and providing PPE to all staff and patients when entering its facilities. The District has adequate surge capacity and PPE to meet these requirements. While the District has been able to secure adequate levels of PPE, changes or disruptions to current supply chains could limit its ability to continue to provide adequate PPE levels.

On _____, 2020, the District resumed scheduled surgeries and other type of procedures. [Describe status of surgeries and other procedures.]

The District is currently monitoring, examining or treating a number of potential COVID-19 cases and has confirmed and treated COVID-19 cases as of September 30, 2020. At September 30, 2020, such patients were being treated as inpatients by the District.

Liquidity, Governmental Programs and Assistance. A variety of federal, state and local government efforts have been initiated in response to the COVID-19 outbreak. On March 27, 2020, the approximately $2 trillion Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted into law to provide stimulus to individuals and businesses impacted by the COVID-19 outbreak. The CARES Act includes a number of provisions important to health care providers, including provisions for certain emergency funds, making available $100 billion to reimburse eligible health care providers for health care-related expenses or lost revenues not otherwise reimbursed that are directly attributable to COVID-19. See "BONDHOLDERS' RISKS—Ongoing Impacts of COVID-19" in the forepart to this Official Statement.

As of September 30, 2020, the District received one-time grants totaling $30.1 million from the Department of Health and Human Services CARES Act Provider Relief Fund (the "HHS Grant") established pursuant to the CARES Act. In addition, as of September 30, 2020, the District received approximately $59.0 million in advanced/accelerated Medicare reimbursements, pursuant to the CMS Accelerated and Advance Payment Program described in the front part of this Official Statement. The District intends to evaluate and, as appropriate, avail itself of the benefits of the CARES Act programs, loans and grants and other potential payment acceleration programs to which it may be entitled, but cannot currently estimate what, if any, such benefits may be or the related timing.

Because the COVID-19 outbreak is ongoing, it is not possible for the District to anticipate the duration or severity of the outbreak, or the precise impact it may have on the financial condition and operations of the District over time. Future actions may be taken by the State or federal governments in response to the virus that alter the District's estimates and change its ability to address current stresses upon its ability to generate revenues. The finances of both the State and federal governments, as well as of private insurers, are also being adversely affected by the spread of COVID-19, and the potential effects upon Medicare and Medi-Cal (Medicaid in California) reimbursements and other third-party payor systems, on which the revenues of the District largely rely, cannot now be estimated. Furthermore, the shutdown of non-essential businesses over the course of the past six months has the potential for long-ranging negative effects upon the economy within the Primary and Secondary Market of WHHS, which in turn may significantly negatively alter the finances and operations of the District. The District is continuously monitoring the situation and will adjust its response in concert with federal, State and local health officials and governmental authorities.

Operational Impact. The table below shows the 2020 utilization statistics by month as a percentage of those utilization statistics for the same month in 2019. As the table indicates, the District's levels of patient activity were most impacted in March 2020 through June 2020, with utilization levels increasing in the months thereafter, though still generally below the levels in the same months for 2019.

	2020 Versus 2019							
	February	March	April	May	June	July	August	September
Inpatient Activity:								
Discharges	94%	76%	62%	73%	72%	80%	86%	88%
Patient Days	84%	66%	65%	70%	77%	89%	102%	103%
Inpatient Surgery Cases	104%	63%	42%	68%	84%	70%	72%	84%
Outpatient Activity:								
Hospital Outpatient Total	107%	66%	34%	58%	85%	90%	83%	88%
Outpatient Surgery Cases	103%	79%	27%	98%	126%	108%	118%	143%
Emergency Room Visits (without RSTU*)	106%	76%	48%	62%	67%	74%	87%	81%
Clinic Office and Ancillary Visits	111%	74%	52%	58%	84%	80%	75%	89%

* Rapid Screening and Testing Unit

Fiscal Years Ended June 30, 2018, 2019 and 2020

Overview. The District's operating results for the three most recently completed fiscal years ended June 30, 2018, 2019 and 2020 were significantly impacted by (1) the completed construction and opening of the Hyman Pavilion addition to the District's facilities in November 2018; and (2) the multi-faceted operational impact of the COVID-19 outbreak described above beginning in March 2020, which is ongoing.

The completion and occupancy of the Hyman Pavilion resulted in significant increases to the District's depreciation expense and significant increases in the interest expense associated with its general obligation debt (the interest on which was largely capitalized prior to the completion of the project). Interest costs on the general obligation debt are funded by *ad valorem* taxes reflected as "Property tax revenue" on the District's operating statement.

The COVID-19 outbreak has caused significant decreases in patient activity and revenue, and inflated expenses above levels that would otherwise be expected given this reduced level of patient activity. Offsetting these significant negative operational considerations was the $29.9 million in HHS Grant subsidies that the District received during the fourth quarter of FY2020 as part of the CARES Act national legislation.

The District's operating results declined from operating income of $14.8 million in FY2018 to an operating loss of $12.2 million in FY2019, partly as a result of an $9.8 million increase in depreciation expense which occurred with the completion of the Hyman Pavilion, and partly by an increase in wages resulting from revisions in a major collective bargaining agreement which became effective July 1, 2018. The operating loss in FY2020 increased from $12.2 million in FY2019 to $35.4 million in FY2020, reflecting the COVID-19 impact as well as a further increase in depreciation expense ($6.1 million) for the first full year of operation of the Hyman Pavilion. Although not reflected in its operating income, the $29.9 million HHS Grant that the District received significantly reduced this deficit and augmented cash flow.

Given the significant increase in depreciation that has occurred over this period, the District's operating income before depreciation expense is also a meaningful gauge of operating activity. Operating income before depreciation was $48.9 million in FY2018, $31.6 million in FY2019 and $14.6 million in FY2020 ($45.8 million if the HHS Grant is added).

Operating Results. Operating results throughout the period were impacted by an increase in unit labor expenses. Reflecting in part the previously-noted collective bargaining contract which became effective July 1, 2018, FY2019 salaries wages and benefits increased 5.9% from $295.3 million in FY2018 to $312.8 million in FY2019. Even though the District's discharges and patient days decreased by 10.3% and 13.1% in FY2020, salaries, wages and benefits were essentially unchanged (a decrease of 0.5% to $311.3 million). The decline in patient activity was most significant in the months of March, April, May and June 2020, during which the number of patient discharges were less than the year-earlier monthly discharges by 23%, 33%, 24% and 27%, respectively. With the level and nature of patient care requirements remaining unusually difficult to predict during this COVID-19 period, it will continue to be a challenge for the District to control staffing costs while also being prepared for sudden, significant changes in demand for its services.

Overall, the District saw a 2.6% increase in its operating revenue from $517.1 million in FY2018 to $532.0 million in FY2019, but a 3.6% decline in operating revenue to $513.0 million in FY2020. Total operating expenses increased by 8.4% from FY2018 to FY2019 (6.9% in non-capital expenses) and 0.8% from FY2019 to FY2020 (a 0.4% decrease in non-capital expenses).

Liquidity Position. The District's liquidity position has remained sound during FY2020 despite the impact of the COVID-19 outbreak. Unrestricted cash and investments increased from $220.8 million at year-end FY2019 to $316.0 million at year-end FY2020. This increase in liquidity reflected in part the previously-noted advance of $59.0 million from CMS against future Medicare payments. The District expects such advance to be repaid over the course of calendar year 2021. The District's unrestricted liquidity had decreased from $234.2 million at the close of FY2018 to $220.8 million at year-end FY2019 in part because the District increased the funding level of its pension and OPEB programs by $7.0 million in FY2019.

Debt and Leverage. The District's revenue-supported debt-to-capitalization percentage decreased from 32.1% at FYE2018 to 29.6% at FYE2020. The District's debt service coverage ratio (as defined in its borrowing documents to exclude DEVCO and the Medical Foundation) was 4.3 times, 3.5 times and 4.7 times for FY2018, FY2019 and FY2020, respectively. The District's cash to debt ratio increased from 0.98 times at FYE2018 to 1.36 times for FYE2020.

Three-Month Periods Ended September 30, 2019 and 2020

For the three months ended September 30, 2020, the District incurred an operating loss of $14.7 million compared with an operating loss of $5.2 million for the year-earlier period. The increased operating loss was largely the result of the previously-described decrease in patient care activity levels during the pandemic, with inpatient discharges decreasing by 15.5% from 2,962 discharges for the quarter ended September 30, 2019 to 2,502 discharges for the quarter ended September 30, 2020. During this most recently completed quarter, the District saw both its case-mix index ("CMI") and average length of stay ("ALOS") increase meaningfully, indicative of the increased acuity of patients the District is treating. The District's CMI and ALOS were 1.648 and 5.77 days, respectively, for the three months ended September 30, 2020, compared with a CMI of 1.480 and ALOS of 5.08 days for the year-earlier period.

The District's operating revenues decreased by 3.8% (from $136.3 million for interim FY2020 to $131.1 million for interim FY2021), while its total operating expenses increased by 2.6% (from $142.1 million to $145.8 million). The decision to preserve staffing levels adequate to address volatile levels of patient activity during the pandemic, together with the increased acuity of the patients being treated, have resulted in this increase in operating expenses even as operating revenues and patient discharges have decreased.

These operational challenges notwithstanding, the District's unrestricted cash and investment balances were $287.9 million as of September 30, 2020. This represents a decrease of $28.1 million from the fiscal year-end balance at June 30, 2020 of $316.0 million, but an increase of $70.2 million over the cash and investment balances of $217.7 million as of September 30, 2019. The District's cash and investment balances include $59.0 million in accelerated Medicare payments that the District received from CMS during its fourth quarter FY2020, which the District expects to repay over the course of calendar year 2021.

GOVERNANCE AND MANAGEMENT

Board of Directors

The governing body of the District is the Board of Directors (the "Board") which consists of five members elected at large by the registered voters of the District to two-year or four-year terms. No election is required if a candidate for election to the Board is unopposed. Members of the Board must be registered voters residing within the District. The current members of the Board, their principal occupations and the dates on which their terms expire are shown in the following table:

Director	Term Expires	Occupation
Michael J. Wallace, President	November 2022	Chairman, Fremont Bank
William F. Nicholson, M.D., First Vice President	November [2020]	Physician, Cardiologist
Jeanette Yee, R.N., Second Vice President	November [2020]	Registered Nurse
Jacob Eapen, M.D., Treasurer	November 2022	Physician, Pediatrician
Bernard Stewart, D.D.S., Secretary	November 2022	Dentist, retired

All powers and functions of the District not expressly delegated to others are vested in the Board. The Board has ultimate responsibility for oversight of all operations and affairs of the District and the Facilities, including the appointment of the Chief Executive Officer and the appointment of members of the medical staff. Of the five board members, only William F. Nicholson, M.D., is on the medical staff of the Hospital.

Senior Management

The District employs a Chief Executive Officer who directs and coordinates the ongoing operations of the District.

The senior management personnel of the District are as follows:

Kimberly Hartz, Chief Executive Officer (52). Ms. Hartz joined Washington Hospital in 1994 and served in numerous leadership roles until July 2019 when she was named CEO. She oversees Washington Hospital Healthcare System, which includes a 415-bed hospital, Washington Township Medical Foundation and a number of outpatient facilities. Prior to the CEO role, Ms. Hartz had oversight of numerous areas including Human Resources, Medical Imaging, Laboratory, Gamma Knife/Neuroscience Program, Community Relations and Marketing, Off-Site Facilities, Women's Center, Physician Recruitment, Physician Medical Group/Foundation Development, Contracting, Strategic Management, Development Corporation and other Ancillary Services. Before coming to Washington Hospital, she worked overseas as a health care consultant in New Zealand and Australia. In addition to working with numerous volunteer organizations locally, she has been a member of the Niles Rotary Club in Fremont since 2003, which includes the role of

club president in 2011-2012. Ms. Hartz holds a Bachelor's Degree in Psychology with a Business Emphasis from Stanford University and a Master's of Science Degree from Oxford University in England.

Ed Fayen, Executive Vice President & Chief Operating Officer (63). Mr. Fayen is Executive Vice President & Chief Operating Officer. Mr. Fayen oversees Cardiovascular Services, Perioperative Services, Biomedical Engineering, Pharmacy, Food & Nutritional Services, Environmental Services, Facility Services, Purchasing, Central Supply, Security, and Information Systems. Mr. Fayen is also responsible for capital asset budgeting, reducing operating expenses for the health care system, information technology projects and construction and facility projects and renovations. Mr. Fayen has been with WHHS since April 1996 and in his current position since July 2019. Mr. Fayen holds a Bachelor's Degree from University of Notre Dame and a Master's of Business Administration from Cornell University.

Christopher N. Henry, Vice President, Chief Financial Officer (58). Mr. Henry is a Certified Public Accountant (inactive) licensed in the State of California. Mr. Henry has served as Chief Financial Officer of the District since October 2006 and in other management roles for the District from May 2000 to October 2006. Mr. Henry is a member of the California Society of Certified Public Accountants (CalCPA), California Hospital Association (CHA), American Institute of CPAs (AICPA). Mr. Henry serves on the executive committee of the District Hospital Leadership Forum, a statewide association of district hospitals in California. Mr. Henry serves on the Board of Directors of the Medical Foundation and the Washington Outpatient Surgery Center. Mr. Henry has also served on The California Hospital Association's CFO Advisory Committee and the Board of Directors of George Mark Children's House. Mr. Henry holds a Bachelor's Degree in Business Administration with an Accounting Emphasis from California State University East Bay.

Stephanie Williams, Vice President and Chief Nursing Officer (65). Ms. Williams has served as Chief Nursing Officer since April 2012. Ms. Williams oversees all medical/surgical patient care areas as well as the Critical Care, Stroke, Emergency and Maternal Child Health departments. She also oversees Health Information Management, Respiratory Care, and the Palliative and Pain Management programs. From October 2006 to April 2012, Ms. Williams served as Chief of Quality and Resource Management. In this role she had oversight of Quality, Case Management, Social Services, Spiritual Care and Diabetes and Health Information Management. Ms. Williams served in other management roles for the District from 1999 to October 2006. Ms. Williams is a Registered Nurse with a Master's Degree in Health Care Administration and is a Certified Professional in Healthcare Quality.

Tina Nunez, Vice President Ambulatory and Administrative Services (51). Ms. Nunez oversees Human Resources, Medical Imaging, Laboratory, Gamma Knife/Neuroscience Program, Community Relations and Marketing, Off-Site Facilities, Women's Center, Physician Medical Group/Foundation Development, Strategic Management, Development Corporation and other Ancillary Services including Wound Care. Ms. Nunez has been with WHHS since 1994 and in her current role since 2013. She holds a Bachelor's Degree from the University of California at San Diego and a Master's Degree in Public Health from The University of California at Los Angeles.

MEDICAL STAFF

As of June 30, 2020, the District's active medical staff included 360 physicians with an average age of 49, of which 92.5% are board certified in their clinical specialty or subspecialty. Members of the medical staff with active privileges accounted for 100% of the District's fiscal year 2020 admissions.

Leading Admitters

The top 10 admitting physicians, based on number of admissions during fiscal year 2020, collectively accounted for 30% of the District's total admissions, with no single physician accounting for more than 4.5% of total admissions. The average age of these top 10 admitters is 46.

The table below shows the top 10 admitting physicians by specialty, age, and number of admissions for the year ended June 30, 2020.

Specialty	Age	Fiscal Year 2020 Admissions	Percentage of Total Admissions
Family Medicine	35	547	4.50%
Internal Medicine	52	444	3.66%
Orthopedics	54	441	3.63%
Internal Medicine Hospitalist	35	425	3.50%
Internal Medicine Hospitalist	53	385	3.17%
Internal Medicine Hospitalist	52	307	2.53%
Orthopedics	45	292	2.40%
Internal Medicine Hospitalist	32	278	2.29%
Internal Medicine	58	266	2.19%
Pediatric Hospitalist	45	255	2.10%

Source: The District

Specialties

The following tables include all physicians on the District's active medical staff as of June 30, 2020.

	Number of Physicians
Medical – Specialties	
Cardiovascular Disease	18
Critical Care Medicine	21
Dermatology	3
Emergency Medicine	24
Endocrinology, Diabetes & Metabolism	3
Family Medicine	14
Gastroenterology	12
Hematology/Oncology	7
Hospice & Palliative Medicine	1
Infectious Disease	6
Internal Medicine	68
Interventional Cardiology	9
Medical Oncology	0
Nephrology	8
Neurology	4
Physical Medicine & Rehab	2
Psychiatry	2
Pulmonary Disease	4
Rheumatology	3
Subtotal	209
Surgical – Specialties	
Cardiothoracic Surgery	3
General Surgery	5
Neurosurgery	4
Ob/Gyn	21
Ophthalmology	4
Oral & Maxillofacial Surgery	1
Orthopedic Surgery	11
Otolaryngology	7
Pain Management	3
Plastic Surgery	5
Podiatrist	9
Urology	7
Vascular Surgery	4
Subtotal	84

	Number of Physicians
Other Specialties	
Anesthesia	18
Anatomic Pathology & Clinical Pathology	6
Diagnostic Radiology	6
Gynecology	3
Gynecology Oncology	2
Maternal & Fetal Medicine	2
Neonatology	5
Pediatrics	22
Radiation Oncology	1
Subtotal	65
Medical Staff Total	**358**

Source: The District

OTHER INFORMATION

Information Systems

The District has fully implemented the Epic ("Epic") Electronic Health Record ("EHR") system at all of the Facilities and has worked extensively with its physicians in the process.

After implementing the EHR system in July 2013, the District has continued to invest in enhancements and improvements to the system. The Epic Care Everywhere program has been implemented, which provides for medical record sharing with other Epic hospitals as required for patient care. Additional community physician practices were also rolled out onto the Epic system. In addition to maintaining regular Epic updates, the District has added multiple applications to the system for clinical advancement, including Epic Care Link (community physicians), MyChart (patient engagement), Beaker (laboratory), ICON (infection control) and Case Management. The District has also added modules to better support Oncology, bed planning, transport, and environmental services. In 2020, the District rolled out telehealth solutions that enable its clinical teams to continue treating patients safely during shelter in place requirements. As of September 2020, the District averaged over 175 telehealth appointments per day. In August 2020, the District implemented an interface between Alaris pumps and Epic EHR to enhance patient safety.

Employees

As of June 30, 2020, the District employed approximately 2,090 employees (1,747 of Full Time Equivalent Employees ("FTEs")), of which approximately 79.5% are represented by collective bargaining organizations. District management believes that the compensation and benefits it offers its employees are competitive and that its relations with employees are good. Part of the District's employee benefit package is a defined benefit retirement plan. Details about this plan and its current funding status are provided in Note 12 of the audited consolidated financial statements of the District included in Appendix B to this Official Statement.

The following table sets forth information concerning the District's labor organizations, number of employees represented and contract expiration dates. As shown below, the District's collective bargaining agreement with Engineers and Scientists of California International Federation of Professional and

Technical Engineers Local 20 expires on December 31, 2021. The District's collective bargaining agreement with California Nurses Association expires on June 30, 2022. The District's collective bargaining agreement with Freight Checkers, Clerical Employees and Helpers Union[, Local 856 International Brotherhood of Teamsters] expires on August 31, 2021. The District's collective bargaining agreements with United Healthcare Workers West, Service Employees International Union Local 250 expires on June 30, 2022. The collective bargaining agreement with ILWU Local 6 expires on December 2022, and the collective bargaining agreement with International Union of Operating Engineers, Stationary Engineers Local 39 expires September 30, 2023.

Labor Organization	Number of Employees In Organization	Contract Expiration Date
California Nurses Association	786	June 30, 2022
United Healthcare Workers West, Service Employees International Union Local 250	531	June 30, 2023
Freight Checkers, Clerical Employees and Helpers Union, Local [No.] 856 International Brotherhood of Teamsters	125	August 31, 2021
Engineers and Scientists of California International Federation of Professional and Technical Engineers Local 20	135	January 31, 2021
Medical Imaging Technologist Unit, ILWU Local 6	61	December 31, 2022
International Union of Operating Engineers, Stationary Engineers Local 39	24	September 30, 2023

Source: The District

Insurance Plans

The District is self-insured for its hospital professional, general and directors and officers liability insurance up to certain retention levels. The District's hospital professional, general, and directors and officers excess liability insurance is purchased from BETA Health Care Group ("BETA"). BETA was formed in 1979 by the District's then Chief Executive Officer, Richard Warren, for the purpose of operating a self-insurance program for the excess insurance coverage for hospital districts of the Association of California Hospital Districts ("ACHD"). Currently, BETA also provides insurance to other nonprofit health care organizations located within the State of California. Effective October 1, 1989, BETA became a separate joint powers authority, establishing itself as a public agency and distinct from ACHD. BETA is managed by a board of 15 elected representatives (the "BETA Council"). The BETA Council and its six committees meet quarterly to vote on all matters affecting the program. A representative from the District occupies one seat on the BETA Council.

The District is self-funded for its workers' compensation and has been issued a Certificate of Consent to Self-Insure by the State of California, Department of Industrial Relations. The District purchases excess workers' compensation insurance coverage.

See Note 13 of the audited consolidated financial statements of the District included in Appendix B to this Official Statement for details relating to primary insurance coverage types, limits and retention amounts.