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**ESCROW AGREEMENT**

**by and between**

**OROVILLE HOSPITAL**

**and**

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Bank**

**Dated May 3, 2023**

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Relating to the defeasance of the outstanding  
City of Oroville  
Hospital Revenue Bonds  
(Oroville Hospital), Series 2018

## ESCROW AGREEMENT

This ESCROW AGREEMENT (this “Escrow Agreement”) is dated this 3rd day of May, 2023, by and between OROVILLE HOSPITAL a California nonprofit public benefit corporation (the “Corporation”), and THE BANK OF NEW YORK MELLONTRUST COMPANY, N.A., a national banking association duly organized and existing under the laws of the United States of America, as escrow agent and as 2018 Trustee (as defined herein) (the “Escrow Bank”);

### WITNESSETH:

WHEREAS, the City of Oroville (the “City”) has heretofore issued its City of Oroville Hospital Revenue Bonds (Oroville Hospital), Series 2018, in the original principal amount of \$19,600,000, of which \$15,710,000 is currently outstanding (the “2018 Bonds”), the proceeds of which were used to finance and refinance the costs of the acquisition, construction, installation and equipping of certain improvements to the Corporation’s facilities;

WHEREAS, the 2018 Bonds were issued pursuant to the terms of an Indenture, dated as of June 1, 2018 (the “2018 Indenture”), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2018 Trustee”);

WHEREAS, in order to provide for the repayment of the 2018 Bonds, the City loaned the proceeds of the 2018 Bonds to the Corporation pursuant to a loan agreement, dated as of June 1, 2018 (the “2018 Loan Agreement”), under which the Corporation agreed to make loan payments to the City (the “2018 Loan Payments”) in sufficient amounts in each year to pay the full amount of principal of and interest on the 2018 Bonds;

WHEREAS, the Corporation has determined that, as a result of favorable financial market conditions and for other reasons, it is in the best interests of the Corporation at this time to refinance the Corporation’s obligation to make the 2018 Loan Payments and, as a result thereof, to provide for the redemption of the outstanding 2018 Bonds on June 5, 2023, at the redemption price of 100% of the principal amount thereof plus accrued interest to such date and to that end, the Corporation has requested that the City issue its revenue bonds in part to provide moneys for such purposes;

WHEREAS, the Corporation proposes to provide for the payments described above and to appoint the Escrow Bank as its agent for the purposes and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited and the Escrow Bank desires to accept said appointment;

WHEREAS, the Authority has agreed to issue its \$\_\_\_\_\_ City of Oroville Hospital Revenue Bonds (Oroville Hospital), Series 2023 (the “Bonds”), pursuant to the terms of an indenture, dated as May 1, 2023 (the “Indenture”), by and between the City The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), and has determined to use a portion of the proceeds of the Bonds to provide for the redemption of the outstanding 2018 Bonds on June 5, 2023, at the redemption price of 100% of the principal amount thereof plus accrued interest to such date; and

WHEREAS, the Escrow Bank has full powers to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

WHEREAS, the Corporation proposes to provide for the payments described above and to appoint the Escrow Bank as its agent for the purposes and to enter into this Escrow Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited and the Escrow Bank desires to accept said appointment; and

WHEREAS, the Escrow Bank has full powers to perform the duties and obligations to be undertaken pursuant to this Escrow Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Definitions. Capitalized terms used, but not otherwise defined, herein, shall have the meanings ascribed thereto in the 2018 Indenture.

Section 2. Appointment of Escrow Bank. The Corporation hereby appoints the Escrow Bank as escrow agent for all purposes of this Escrow Agreement and in accordance with the terms and provisions of this Escrow Agreement, and the Escrow Bank hereby accepts such appointment.

Section 3. Establishment of Escrow Fund. There is hereby created by the Corporation with, and to be held by, the Escrow Bank as security for the payment of the 2018 Bonds, as hereinafter set forth, an irrevocable escrow to be maintained by the Escrow Bank on behalf of the Corporation and for the benefit of the owners of the 2018 Bonds, said escrow to be designated the "Escrow Fund." All moneys and securities deposited in the Escrow Fund shall be held as a special fund to provide for the payment of the 2018 Bonds in accordance with the provisions of this Escrow Agreement. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 5 hereof, the Escrow Bank shall notify the Corporation of such fact and the Corporation shall immediately cure such deficiency.

Section 4. Deposit into Escrow Fund; Investment of Amounts.

(a) Concurrently with delivery of the Bonds, the Corporation shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$\_\_\_\_\_ in immediately available funds, derived as follows:

(i) \$\_\_\_\_\_ from the proceeds of the sale of the Bonds; and

(ii) \$\_\_\_\_\_ from amounts on deposit in the project fund created for the 2018 Bonds (the "Project Fund").

(b) The Escrow Bank shall invest \$\_\_\_\_\_ of the moneys deposited into the Escrow Fund pursuant to the preceding paragraph in the securities set forth in Exhibit A attached hereto and by this reference incorporated herein (the "Escrowed Federal Securities") and shall hold the remaining \$\_\_\_\_\_ in cash, uninvested. The Escrowed Federal Securities shall be deposited with and held by the Escrow Bank in the Escrow Fund solely for the uses and purposes set forth herein.

(c) The Escrow Bank may rely upon the conclusion of \_\_\_\_\_, as contained in its opinion and accompanying schedules (the "Report") dated May 3, 2023, that the Escrowed Federal Securities mature and bear interest payable in such amounts and at such times as, together with cash on deposit in the Escrow Fund, will be sufficient to provide for the redemption of the

outstanding 2018 Bonds on June 5, 2023, at the redemption price of 100% of the principal amount thereof plus accrued interest to such date.

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

(e) Any money left on deposit in the Escrow Fund after payment in full of the 2018 Bonds, and the payment of all amounts due to the Escrow Bank hereunder, shall be transferred to the trustee and applied to the payment of debt service on the Bonds.

Section 5. Instructions as to Application of Deposit.

(a) The moneys deposited in the Escrow Fund pursuant to Section 4 shall be applied by the Escrow Bank for the sole purposes of provide for the redemption of the outstanding 2018 Bonds on June 5, 2023, at the redemption price of 100% of the principal amount thereof plus accrued interest to such date, all as set forth in Exhibit B attached hereto and by this reference incorporated herein.

(b) The Escrow Bank, in its capacity as 2018 Trustee, is hereby requested, and the Escrow Bank, in such capacity, hereby agrees to give notice of the defeasance of the 2018 Bonds in the form of defeasance notice attached hereto as Exhibit C.

(c) The Escrow Bank, in its capacity as 2018 Trustee, is hereby requested, and the Escrow Bank, in such capacity, hereby agrees to give notice, of the redemption of the 2018 Bonds on December 1, 2020, in accordance with the applicable provisions of the 2018 Indenture and the form of redemption notice attached hereto as Exhibit D.

Section 6. Investment of Any Remaining Moneys. The Escrow Bank shall invest and reinvest the proceeds received from any of the Escrowed Federal Securities, and the cash originally deposited into the Escrow Fund, for a period ending not later than the next succeeding interest payment date relating to the 2018 Bonds, in U.S. Treasury Securities pursuant to written directions of the Corporation; *provided, however*, that (a) such written directions of the Corporation shall be accompanied by (i) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund, together with the cash then on deposit in the Escrow Fund, together with the interest to be derived therefrom, shall be in an amount at all times at least sufficient to make the payments specified in Section 3 hereof, and (ii) an opinion of nationally recognized bond counsel ("Bond Counsel") that investment in accordance with such directions will not affect, for Federal income tax purposes, the exclusion from gross income of interest due with respect to the 2018 Bonds, and (b) if the Corporation directs such investment or reinvestment to be made in United States Treasury Securities-State and Local Government Series, the Corporation shall, at its cost, cause to be prepared all necessary subscription forms therefor in sufficient time to enable the Escrow Bank to acquire such securities. In the event that the Corporation shall fail to file any such written directions with the Escrow Bank concerning the reinvestment of any such proceeds, such proceeds shall be held uninvested by the Escrow Bank. Any interest income resulting from investment or reinvestment of moneys pursuant to this Section 4 and not required for the purposes set forth in Section 5, as indicated by such verification, shall, promptly upon the receipt of such interest income by the Escrow Bank, be paid to the Corporation.

Section 7. Substitution or Withdrawal of Federal Securities. The Corporation may, at any time, direct the Escrow Bank in writing to substitute Federal Securities for any or all of the Escrowed Federal Securities then deposited in the Escrow Fund, or to withdraw and transfer to

the Corporation any portion of the Federal Securities then deposited in the Escrow Fund, provided that any such direction and substitution or withdrawal shall be simultaneous and shall be accompanied by (a) a certification of an independent certified public accountant or firm of certified public accountants of favorable national reputation experienced in the refunding of obligations of political subdivisions that the Federal Securities then to be so deposited in the Escrow Fund together with interest to be derived therefrom, or in the case of withdrawal, the Federal Securities to be remaining in the Escrow Fund following such withdrawal together with the interest to be derived therefrom, together with the cash then on deposit in the Escrow Fund, shall be in an amount at all times at least sufficient to make the payments specified in Section 5 hereof; and (b) an opinion of Bond Counsel that the substitution or withdrawal will not affect, for Federal income tax purposes, the exclusion from gross income of interest on the 2018 Bonds. In the event that, following any such substitution of Federal Securities pursuant to this Section 7, there is an amount of moneys or Federal Securities in excess of an amount sufficient to make the payments required by Section 5 hereof, as indicated by such verification, such excess shall be paid to the Corporation.

*Section 8. Application of 2018 Funds.* On the date of deposit of amounts in the Escrow Fund pursuant to Section 4, the Escrow Bank, as 2018 Trustee, is hereby directed to (a) withdraw all amounts in the 2018 Project Fund (\$\_\_\_\_\_) and transfer such sum to the Escrow Fund,.

Any amounts remaining in any fund or account created with respect to the 2018 Bonds, including interest earnings received by the 2018 Trustee, after payment of all fees and expenses of the 2018 Trustee, shall be transferred to the Trustee to be applied to the payment of debt service on the Bonds.

*Section 9. Application of Certain Terms of 2018 Indenture.* All of the terms of the 2018 Indenture relating to the making of payments of principal and interest with respect to the 2018 Bonds are incorporated in this Escrow Agreement as if set forth in full herein. The provisions of the 2018 Indenture relating to the limitations from liability and protections afforded the 2018 Trustee and the resignation and removal of the 2018 Trustee are also incorporated in this Escrow Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

*Section 10. Compensation to Escrow Bank.* The Corporation shall pay the Escrow Bank full compensation for its duties under this Escrow Agreement, including out-of-pocket costs such as publication costs, prepayment or redemption expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

*Section 11. Liabilities and Obligations of Escrow Bank.* The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Agreement unless the Corporation shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the Corporation or its agents relating to any matter or action as Escrow Bank under this Escrow Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the purposes set forth in Section 5 hereof, or any payment, transfer or other application of moneys or securities by the

Escrow Bank in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the Corporation, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representations as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the purposes set forth in Section 5 hereof or to the validity of this Escrow Agreement as to the Corporation and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Agreement, and no implied covenants or obligations shall be read into this Escrow Agreement against the Escrow Bank. The Escrow Bank may consult with counsel, who may or may not be counsel to the Corporation, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the Corporation.

Anything in this Escrow Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Escrow Bank agrees to accept and act upon instructions or directions pursuant to this Escrow Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Bank shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Corporation elects to give the Escrow Bank e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Bank in its discretion elects to act upon such instructions, the Escrow Bank's understanding of such instructions shall be deemed controlling. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Corporation agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Corporation hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective directors, officers, employees, successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Agreement, the

establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the Corporation shall not be required to indemnify the Escrow Bank against its own negligence or misconduct. The indemnities contained in this Section 9 shall survive the termination of this Escrow Agreement or the resignation or removal of the Escrow Bank.

Section 12. Amendment. This Escrow Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2018 Bonds shall have been filed with the Escrow Bank. This Escrow Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the Corporation, (2) to cure, correct or supplement any ambiguous or defective provision contained herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2018 Bonds or the Bonds, and that such amendment will not cause interest on the 2018 Bonds or the Bonds to become subject to federal income taxation. In connection with any contemplated amendment or revocation of this Escrow Agreement, prior written notice thereof and draft copies of the applicable legal documents shall be provided by the Corporation to each rating agency then rating the 2018 Bonds.

Section 13. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Agreement. Notice of any such invalidity or unenforceability shall be provided to each rating agency then rating the 2018 Bonds.

Section 14. Notice of Escrow Bank and Corporation. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the Principal Corporate Trust Office of the Escrow Bank as specified by the Escrow Bank as 2018 Trustee in accordance with the provisions of the 2018 Indenture. Any notice to or demand upon the Corporation shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the 2018 Loan Agreement (or such other address as may have been filed in writing by the Corporation with the Escrow Bank).

Section 15. Merger or Consolidation of Escrow Bank. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2018 Indenture, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

Section 16. Governing Law. This Escrow Agreement shall be governed by the laws of the State of California.

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

OROVILLE HOSPITAL.

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

THE BANK OF NEW YORK  
MELLONTRUST COMPANY, N.A., as  
Escrow Bank and 2018 Trustee

By \_\_\_\_\_  
Vice President



**EXHIBIT A**

**SCHEDULE OF ESCROWED FEDERAL SECURITIES**

<u>Type</u>	<u>Maturity</u>	<u>Coupon</u>	<u>Par</u>	<u>Price</u>	<u>Cost</u>	<u>Accrued</u>	<u>Total</u>
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## EXHIBIT B

### PAYMENT AND REDEMPTION SCHEDULE

<u>Redemption Date</u>	<u>Called Principal</u>	<u>Accrued Interest</u>	<u>Total Payment</u>
6/5/23	\$15,710,000	\$91,886.05	\$15,801,886.05

## EXHIBIT C

### NOTICE OF DEFEASANCE

Defeasance of the outstanding  
City of Oroville  
Hospital Revenue Bonds  
(Oroville Hospital), Series 2018

<u>Maturity Date</u>	<u>Amount Defeased</u>	<u>Interest Rate</u>
4/1/28	\$15,710,000	3.29%

NOTICE IS HEREBY GIVEN, on behalf of the City of Oroville (the "City") to the owner of the outstanding City of Oroville Hospital Revenue Bonds (Oroville Hospital), Series 2018, described above (the "Bonds"), that pursuant to the indenture authorizing the issuance of the Bonds (the "Indenture"), the lien of the Indenture with respect to the Bonds has been discharged through the irrevocable deposit of cash and U.S. Treasury securities in an escrow fund (the "Escrow Fund"). The Escrow Fund has been established and is being maintained pursuant to that certain Escrow Agreement, dated May 3, 2023, by and between Oroville Hospital (the "Corporation") and The Bank of New York Mellon Trust Company, N.A., as escrow bank. As a result of such deposit, the Bonds are deemed to have been paid and defeased in accordance with the Indenture. The pledge of the funds provided for under the Indenture and all other obligations of the City and the Corporation to the owners of the Bonds shall hereafter be limited to the application of moneys in the Escrow Fund for the payment of the principal of and interest on the Bonds as the same become due and payable as described below.

As evidenced by the verification report delivered to the Escrow Bank, the cash and U.S. Treasury securities deposited in the Escrow Fund are calculated to provide sufficient moneys to redeem the outstanding Bonds in full on June 5, 2023, at the redemption price of 100% of the principal amount thereof plus accrued interest to such date.

Dated: May 3, 2023

THE BANK OF NEW YORK  
MELLON TRUST COMPANY,  
N.A., as Escrow Bank

## EXHIBIT D

### NOTICE OF FULL/FINAL REDEMPTION

City of Oroville  
Hospital Revenue Bonds  
(Oroville Hospital), Series 2018

Issue Date	Maturity Date	Principal Amount Redeemed	Redemption Price	Interest Rate
6/21/18	4/1/28	\$15,710,000	100.000	3.29%

**NOTICE** is hereby given that the outstanding City of Oroville Hospital Revenue Bonds (Oroville Hospital), Series 2018, described above (the "Bonds"), have been called for redemption on June 5, 2023 (the "Redemption Date"), at a price equal to 100% of the principal amount thereof plus accrued interest to such date (the "Redemption Price"). The Bonds are being called for redemption on the Redemption Date pursuant to the provisions of the governing documents of the Bonds.

On the Redemption Date, the Redemption Price will become due and payable upon each Bond and interest with respect thereto shall cease to accrue from and after the Redemption Date.

Holders of the Bonds are requested to present their Bonds, at the following address:

The Bank of New York Mellon Trust Company, N.A.  
Attn: Transfers/Redemption  
2001 Bryan Street 10th Floor  
Dallas, TX 75201

Additional information regarding the foregoing actions may be obtained from The Bank of New York Mellon Trust Company, N.A., Corporate Trust Department, Bondholder Relations, telephone number (800) 254-2826.

Under the Tax Cuts and Jobs Act of 2017, 24% of the Redemption Price will be withheld if tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Neither the City of Oroville nor The Bank of New York Mellon Trust Company, N.A., as Paying Agent, shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in the Redemption Notice. It is included solely for convenience of the Owners.

Dated: \_\_\_\_\_, 2023

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Escrow  
Bank