
LOAN AGREEMENT

Dated as of May 1, 2023

by and between the

CITY OF OROVILLE

and

OROVILLE HOSPITAL

Relating To
\$ _____
City of Oroville
Revenue Bonds,
(Oroville Hospital)
Series 2023

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of May 1, 2023 (the "Loan Agreement"), between the CITY OF OROVILLE, a municipal corporation and chartered city (the "City"), and OROVILLE HOSPITAL, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation");

WITNESSETH:

WHEREAS, the Corporation has applied for the financial assistance of the City to:

(a) refund and restructure the outstanding City of Oroville Hospital Revenue Bonds (Oroville Hospital), Series 2018, issued to (i) (A) refund certain bonds issued in 1997 to finance the acquisition and construction of certain improvements to the Corporation's hospital facilities located at 2767 Olive Highway, Oroville, California (the "Hospital"), and (B) finance the acquisition and construction of improvements to the Hospital, and (ii) finance the expansion of the Hospital's dietary, pharmacy and surgical departments (the "2018 Bonds"),

(b) repay a draw on the line of credit with Mechanics Bank used to pay the debt service on the 2018 Bonds paid on April 1, 2023 (the "Line of Credit Draw"), and

(c) finance the acquisition and installation of diagnostic medical equipment and related software for the Hospital expansion project (the "2023 Project")

(collectively, the Project");

in the financing of the Project (as defined herein), which is the acquisition, construction, improvement, renovation and/or equipping of certain health facilities (the "Facilities") owned and/or operated by the Corporation;

WHEREAS, the City has authorized the issuance of its City of Oroville Revenue Bonds (Oroville Hospital), Series 2023 (the "Bonds"), pursuant to a bond indenture, in an aggregate principal amount of \$_____ to refund the 2018 Bonds, repay the Line of Credit Draw and finance the 2023 Project; and

WHEREAS, pursuant to a Master Indenture of Trust, dated as of February 1, 2019 (as supplemented, amended and/or modified from time to time, the "Master Indenture"), by and between the Corporation, and The Bank of New York Mellon Trust Company, N.A., a national banking association duly organized and existing under the laws of the United States of America, as master trustee (in such capacity, the "Master Trustee"), as supplemented by a Related Supplement for Obligation No. 4, dated as of May 1, 2023, and effective as of May 3, 2023, between the Corporation, as Obligated Group Representative and the Master Trustee, the Corporation, as Obligated Group Representative, has issued Obligation No. 4 to evidence the obligation of the Members to make payments sufficient to pay the principal of and interest on the Bonds; and

WHEREAS, the City and the Corporation have each duly authorized the execution, delivery and performance of this Loan Agreement;

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

ARTICLE I

DEFINITIONS; INTERPRETATION; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.1. Definitions. Unless the context otherwise requires, all terms used herein shall have the meanings assigned to such terms in Section 1.01 of the Bond Indenture, dated as of May 1, 2023, between the City and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the “Bond Trustee”), as originally executed and as amended or supplemented from time to time (the “Bond Indenture”).

Section 1.2. Interpretation.

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

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

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

Section 1.3. Content of Certificates and Opinions. Every certificate or opinion provided for in this Loan Agreement with respect to compliance with any provision hereof shall include the requirements set forth in Section 1.02 of the Bond Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

Section 2.1. Representations and Warranties of the Corporation. The Corporation represents and warrants to the City that, as of the date of execution of this Loan Agreement and as of the date of delivery of the Bonds to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Bonds or any investigations by or on behalf of the City or the results thereof):

(a) The Corporation is a nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State of California, the Corporation, on its own behalf or as Obligated Group Representative, as applicable, has full legal right, power and authority to enter into this Loan Agreement, Related Supplement No. 4 and Obligation No. 4, and to carry out all of its obligations under and consummate all transactions contemplated by this Loan Agreement, Related Supplement No. 4 and Obligation No. 4, and by proper corporate action has duly authorized the execution, delivery and performance of this Loan Agreement, Related Supplement No. 4 and Obligation No. 4.

(b) The officers of the Corporation executing this Loan Agreement, Related Supplement No. 4 and Obligation No. 4 are duly and properly in office and fully authorized to execute the same.

(c) This Loan Agreement, Related Supplement No. 4 and Obligation No. 4 have been duly authorized, executed and delivered by the Corporation, on its own behalf or as Obligated Group Representative, as applicable.

(d) The Master Indenture has been duly authorized, executed and delivered by each of the Members and the Corporation has full legal right, power and authority to carry out and consummate all transactions contemplated thereby. The Master Indenture is a legal, valid and binding agreement of the Corporation and the other Members, enforceable against the Corporation and the other Members in accordance with its terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) This Loan Agreement and Obligation No. 4, when and to the extent assigned to the Bond Trustee pursuant to the Bond Indenture, will constitute the legal, valid and binding agreements of the Corporation and, with respect to Obligation No. 4, the other Members, with the Bond Trustee enforceable against the Corporation, and, with respect to Obligation No. 4, against the Members, in accordance with their terms for the benefit of the Holders of the Bonds, and any rights of the City and obligations of the Corporation and the other Members not so assigned to the Bond Trustee constitute the legal, valid, and binding agreements of, with respect to the Loan Agreement, the Corporation, and, with respect to Obligation No. 4, of the Members, enforceable against the Corporation and the Members, respectively, in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(f) The execution and delivery of this Loan Agreement, Related Supplement No. 4 and Obligation No. 4, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not

conflict with or constitute a violation or breach of or default in any material respect (with due notice or the passage of time or both) under the articles of incorporation of any Member, its bylaws, or any applicable law or administrative rule or regulation, any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which any Member is a party or by which it or its properties or the Facilities are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of any Member, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement, Obligation No. 4, Related Supplement No. 4 or the Master Indenture (with respect to the Bonds and Obligation No. 4), or the financial condition, assets, properties or operations of the Obligated Group taken as a whole.

(g) No consent or approval of any trustee or holder of any indebtedness of any Member or any guarantor of indebtedness of or other provider of credit or liquidity for any Member, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of this Loan Agreement, Obligation No. 4 or Related Supplement No. 4 or the consummation of any transaction herein or therein or in the Master Indenture (with respect to the Bonds and Obligation No. 4) contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(h) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending (for which service of process has been received), or to the knowledge of the Corporation, after reasonable investigation, threatened, against or affecting any Member or the assets, properties or operations of any Member which, if determined adversely to any Member or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, this Loan Agreement, the Master Indenture (with respect to the Bonds and Obligation No. 4), Obligation No. 4, or Related Supplement No. 4 or upon the financial condition, assets, properties or operations of the Obligated Group taken as a whole, and no Member is in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement, the Master Indenture (with respect to the Bonds and Obligation No. 4), Obligation No. 4, or Related Supplement No. 4, or the financial condition, assets, properties or operations of the Obligated Group taken as a whole. All tax returns (federal, state and local) required to be filed by or on behalf of the Members have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by any Member in good faith, have been paid or adequate reserves have been made for the payment thereof, which reserves, if any, are reflected in the audited financial statements described therein. The Corporation enjoys the peaceful and undisturbed possession of all of the Facilities it owns or operates.

(i) No written information, exhibit or report furnished to the City by the Corporation or any other Member in connection with the negotiation of this Loan Agreement, Obligation No. 4, or Related Supplement No. 4 ~~(including without limitation information concerning the Members in the Official Statement of the City for the Bonds)~~ contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make

the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) The Members are organizations described in Section 501(c)(3) of the Code and are exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code, and are not private foundations as described in Section 509(a) of the Code.

(k) The Corporation has good and marketable title to those Facilities owned or operated by it which are subject to the Deed of Trust (as defined in the Master Indenture) free and clear from all encumbrances other than Permitted Liens (as defined in the Master Indenture).

(l) The audited statements of financial position at November 30, 2021 and November 30, 2020, and the related statements of activities and cash flows for the years ended November 30, 2021 and November 30, 2020, of the Corporation and Subsidiaries (copies of which have been furnished to the City) fairly present the financial position of the Corporation and Subsidiaries at each such date and the results of operations for the years ended on each such date, and since November 30, 2021, there has been no material adverse change in the financial condition or results of operations of the Corporation and Subsidiaries.

(m) To their knowledge, each Members complies in all material respects with all applicable Environmental Regulations.

(n) None of the Corporation, any other Member or the Facilities are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(o) Neither the Corporation nor any of the other Members have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

ARTICLE III

ISSUANCE OF BONDS AND OBLIGATION NO. 4; LOAN OF PROCEEDS

Section 3.1. The Bonds.

Pursuant to the Bond Indenture, the City has authorized the issuance of the Bonds in the aggregate principal amount of \$_____.

The City hereby loans and advances to the Corporation, and the Corporation hereby borrows and accepts from the City (solely from the proceeds of the sale of the Bonds), the proceeds of the Bonds to be applied under the terms and conditions of this Loan Agreement and the Bond Indenture. The Corporation hereby approves the Bond Indenture and the issuance of the Bonds thereunder by the City, the assignment thereunder to the Bond Trustee of the right, title and interest of the City (a) in this Loan Agreement (except for (i) the right to receive any Additional Payments or Administrative Fees and Expenses to the extent payable to the City, (ii) any rights of the City to receive any amounts paid by the Corporation pursuant to Sections 4.2, 5.3, 5.4 and 6.5 of this Loan Agreement, (iii) the right of the City to enforce the special services covenant pursuant to Section 5.9 of this Loan Agreement, (iv) the rights of the City to enforcement or inspection or to receive notice or opinions under this Loan Agreement, and (b) the obligation of the Corporation to make deposits pursuant to the Tax Certificate) and (c) in Obligation No. 4, if any.

Section 3.2. Issuance of Obligation No. 4. In consideration of the issuance of the Bonds by the City and the application of the proceeds thereof as provided in the Bond Indenture, the Corporation agrees to issue, and to cause to be authenticated and delivered to the City or its designee, pursuant to the Master Indenture and Related Supplement No. 4, concurrently with the issuance and delivery of the Bonds, Obligation No. 4 in substantially the form set forth in Section 11 of Related Supplement No. 4. The City agrees that Obligation No. 4 shall be registered in the name of the Bond Trustee. The Corporation agrees that the aggregate principal amount of Obligation No. 4 shall be limited to \$_____, except for any Obligation No. 4 authenticated and delivered in lieu of another Obligation No. 4 as provided in Section 7 of Related Supplement No. 4 with respect to the mutilation, destruction, loss or theft of Obligation No. 4 or, subject to the provisions of Section 3.3 hereof, upon transfer of registration of Obligation No. 4. Issuance and delivery of the Bonds by the City shall be a condition of the issuance and delivery of Obligation No. 4.

Section 3.3. Restrictions on Number and Transfer of Obligation No. 4.

(a) The Corporation agrees that, except as provided in subsection (b) of this Section, so long as any Bond remains Outstanding, Obligation No. 4 shall be issuable only as a single obligation without coupons, registered as to principal and interest in the name of the Bond Trustee, and no transfer of Obligation No. 4 shall be registered under the Master Indenture or be recognized by the Corporation except for transfers to a successor Bond Trustee.

(b) Upon the principal of all Obligations Outstanding (within the meaning of that term as used in the Master Indenture) being declared immediately due and payable, Obligation No. 4 may be transferred if and to the extent that the Bond Trustee requests that the restrictions on transfers set out in subsection (a) of this Section be terminated.

ARTICLE IV

PAYMENTS

Section 4.1. Payments of Principal and Interest, and Debt Service Reserve Fund Deficiencies.

(a) In consideration of the loan of such proceeds to the Corporation, the Corporation agrees that, on or before the Business Day preceding each Interest Payment Date (or, the twenty-fifth (25th) day of each month with respect to the Debt Service Reserve Fund if required by Section 4.7 hereof) and as long as any of the Bonds remain Outstanding, it shall pay to the Bond Trustee for deposit in the Revenue Fund ~~or the Debt Service Reserve Fund, as applicable,~~ such amount as is required by the Bond Trustee to make the transfers and deposits required on such Business Day ~~(or, the twenty-fifth (25th) day of such month with respect to the Debt Service Reserve Fund if required by Section 4.7 hereof)~~ by Section 5.02 or Section 5.06 of the Bond Indenture (the portion of such payments allocable to the Interest Account and the Principal Account, the "Loan Repayments"). Notwithstanding the foregoing, if on the Business Day immediately preceding any Interest Payment Date or Principal Payment Date, the aggregate amount in the Revenue Fund ~~and the Debt Service Reserve Fund~~ is for any reason insufficient or unavailable to make the required payments of principal (or Redemption Price) of or interest on the Bonds then becoming due (whether by maturity, redemption, acceleration or otherwise), the Corporation, upon receipt of notice thereof from the Bond Trustee, shall forthwith pay the amount of any such deficiency to the Bond Trustee. Each payment by the Corporation to the Bond Trustee pursuant to this Section 4.1(a) shall be in lawful money of the United States of America and paid to the Bond Trustee at the Corporate Trust Office, and held, invested, disbursed and applied as provided in the Bond Indenture.

(b) Except as otherwise expressly provided herein, all amounts payable hereunder by the Corporation to the City shall be paid to the Bond Trustee as assignee of the City and this Loan Agreement and all right, title and interest of the City in any such payments are assigned and pledged to the Bond Trustee pursuant to the Bond Indenture so long as any Bonds remain Outstanding.

Section 4.2. Additional Payments. In addition to the Loan Repayments and payments for deposit in the ~~Debt Service Reserve Fund and the Rebate Fund~~, the Corporation shall also pay to the City or to the Bond Trustee, as the case may be, "Additional Payments," as follows:

(a) all taxes and assessments of any type or character charged to the City or to the Bond Trustee affecting the amount available to the City or the Bond Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bond Trustee and taxes based upon or measured by the net income of the Bond Trustee; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the City or the Bond Trustee, as the case may be, at the Corporation's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Corporation shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the City or the Bond Trustee;

(b) all reasonable fees, charges and expenses (including legal fees and expenses) of the Bond Trustee for services rendered under the Bond Indenture, as and when the same become due and payable;

(c) the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the City or the Bond Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Loan Agreement, Obligation No. 4, Related Supplement No. 4 or the Bond Indenture; and

(d) the reasonable fees and expenses of the City, or any agent or attorney selected by the City to act on its behalf, in connection with this Loan Agreement, the Master Indenture, Obligation No. 4, Related Supplement No. 4, the Bonds or the Bond Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving this Loan Agreement, the Master Indenture, Obligation No. 4, Related Supplement No. 4, the Bonds or the Bond Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties, assets or operations or otherwise in connection with the administration of this Loan Agreement, the Master Indenture, Obligation No. 4 or Related Supplement No. 4.

Such Additional Payments shall be billed to the Corporation by the City or the Bond Trustee from time to time, together with a statement certifying that the amount billed has been incurred or paid by the City or the Bond Trustee for one or more of the above items. After such a demand, amounts so billed shall be paid by the Corporation within thirty (30) days after receipt of the bill by the Corporation.

Section 4.3. Credits for Payments. The Corporation shall receive credit against its payments required to be made under Section 4.1, in addition to any credits resulting from payment or repayment from other sources, as follows:

(a) on installments of interest in an amount equal to moneys deposited in the Interest Account, to the extent such amounts have not previously been credited against such payments;

(b) on installments of principal in an amount equal to moneys deposited in the Principal Account, to the extent such amounts have not previously been credited against such payments;

(c) on installments of principal and interest, respectively, in an amount equal to the principal amount of Bonds for the payment at maturity or redemption of which sufficient amounts (as determined by Section 10.03 of the Bond Indenture) in cash or United States Government Obligations are on deposit as provided in Section 10.03 of the Bond Indenture to the extent such amounts have not previously been credited against such payments, and the interest on such Bonds from and after the date fixed for payment at maturity or redemption thereof. Such credits shall be made against the installments of principal, premium, if any, and interest which would have been used, but for such call for redemption, to pay principal of and interest on such Bonds when due at maturity; and

(d) on installments of principal and interest in an amount equal to the principal amount of Bonds acquired by the Corporation and surrendered to the Bond Trustee for cancellation or purchased by the Bond Trustee and cancelled, and the interest on such Bonds from and after the date interest thereon has been paid prior to cancellation. Such credits shall be made against the installments of principal and interest which would have been used, but for such cancellation, to pay principal of and interest on such Bonds when due.

Section 4.4. Prepayment. The Corporation shall have the right, so long as all amounts which have become due hereunder have been paid, at any time or from time to time to prepay all or any part of its Loan Repayments and the City agrees that the Bond Trustee shall accept such prepayments when the same are tendered. Prepayments may be made by payments of cash or surrender of Bonds. All such prepayments (and the additional payment of any amount necessary to pay the applicable premium, if any, payable upon the redemption of Bonds) shall be deposited upon receipt in the Optional Redemption Account or the Special Redemption Account (in the case of hazard insurance or condemnation proceeds) of the Redemption Fund and, at the request of and as determined by the Corporation, credited against payments due hereunder or used for the redemption or purchase of Outstanding Bonds in the manner and subject to the terms and conditions set forth in the Bond Indenture. The Corporation also shall have the right to surrender Bonds acquired by it in any manner whatsoever to the Bond Trustee for cancellation, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired, and in the case of Bonds shall be allocated as set forth in the Bond Indenture. Notwithstanding any such prepayment or surrender of Bonds, as long as any Bonds remain Outstanding or any Additional Payments required to be made hereunder remain unpaid, the Corporation shall not be relieved of its obligations hereunder.

Section 4.5. Obligations Unconditional. The obligations of the Corporation hereunder are absolute and unconditional, notwithstanding any other provision of this Loan Agreement, Related Supplement No. 4, Obligation No. 4, the Master Indenture or the Bond Indenture. Until this Loan Agreement is terminated and all payments hereunder are made, the Corporation:

(a) shall pay all amounts required hereunder without abatement, deduction or setoff except as otherwise expressly provided in this Loan Agreement;

(b) shall not suspend or discontinue any payments due hereunder for any reason whatsoever, including, without limitation, any right of setoff or counterclaim;

(c) shall perform and observe all its other agreements contained in this Loan Agreement; and

(d) except as provided herein, shall not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, damage, destruction or condemnation of the Facilities or any part thereof, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State, or any political subdivision of either thereof or any failure of the City to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement. Nothing contained in this Section shall be construed to release the City from the performance of any of the agreements on its part herein contained; and in the event the City should fail to perform any such agreement on its part, the Corporation may institute such action against the City as the Corporation may deem necessary to compel performance.

The rights of the Bond Trustee or any party or parties on behalf of whom the Bond Trustee is acting shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever, whether arising out of any breach of any duty or obligation of the City, the Master Trustee or the Bond Trustee owing to the Corporation, or by reason of any other indebtedness or liability at any time owing by the City, the Master Trustee or the Bond Trustee to the Corporation.

Section 4.6. Condition Precedent. The obligation of the City to make the loan as herein provided shall be subject to the receipt by ~~it by the Bond Trustee on its behalf~~ of the proceeds of the issuance and sale of the Bonds.

Section 4.7. Debt Service Reserve Fund. ~~The Corporation agrees to transfer to the Bond Trustee for deposit in the Debt Service Reserve Fund the amount necessary to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement within 120 days following the date on which the Corporation receives notice of a deficiency in such fund pursuant to a valuation of Investment Securities pursuant to Section 5.06 of the Bond Indenture. If at any time the amount on deposit in the Debt Service Reserve Fund is less than 100% of the Debt Service Reserve Fund Requirement as a result of the Debt Service Reserve Fund having been drawn upon or the lapse or expiration of a Reserve Facility, the Corporation agrees to restore the amount on deposit in the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Fund Requirement, by the deposit with the Bond Trustee of an amount equal to such deficiency in not more than 12 substantially equal monthly installments beginning with the twenty-fifth day of the sixth month after the month in which such draw occurred. Interest, profits and other income received from the investment of moneys in the Debt Service Reserve Fund shall be deposited when received in the Revenue Fund.~~

ARTICLE V

PARTICULAR COVENANTS

Section 5.1. Prohibited Uses. No portion of the proceeds of the Bonds shall be used to finance or refinance any facility, place or building used or to be used (1) primarily for sectarian instruction or study or as a place for devotional activities or religious worship; or (2) by a Person that is not a 501(c)(3) Organization or a Governmental Unit or by a 501(c)(3) Organization, including the Corporation and any other Member, in an “unrelated trade or business” (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code. The City and the Corporation confirm and agree that the Corporation and its affiliates may continue to operate their facilities in accordance with the principles stated in its and their articles of incorporation and bylaws, as amended from time to time, and nothing herein shall prohibit the use of the Facility for the training in health care and related pursuits and the providing of health care to the general public according to such principles.

Section 5.2. Nonliability of the City. The City shall not be obligated to pay the principal (or Redemption Price) of, or interest on the Bonds, except from Revenues and other moneys and assets received by the Bond Trustee pursuant to this Loan Agreement and Obligation No. 4. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the City, is pledged to the payment of the principal (or Redemption Price) of, or interest on the Bonds. The City shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, Obligation No. 4, the Bonds or the Bond Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under this Loan Agreement or from the Members under Obligation No. 4.

The Corporation hereby acknowledges that the City’s sole source of moneys to repay the Bonds (whether by maturity, redemption, acceleration or otherwise) will be provided by the payments made by the Corporation to the Bond Trustee pursuant to this Loan Agreement and by the Members pursuant to Obligation No. 4, together with amounts on deposit in and investment income on certain funds and accounts held by the Bond Trustee under the Bond Indenture, and hereby agrees that if the payments to be made hereunder and under Obligation No. 4 shall ever prove insufficient to pay all principal (or Redemption Price) of, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Bond Trustee, the Corporation shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) of, or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bond Trustee, the Master Trustee, the Corporation, the Members, the City or any third party, subject to any right of reimbursement therefor from the Bond Trustee, the City or any such third party, as the case may be.

Section 5.3. Expenses. The Corporation covenants and agrees to pay and to indemnify the City and the Bond Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Bond Trustee, without negligence) and arising out of or in connection with this Loan Agreement, the Master Indenture, Obligation No. 4, Related Supplement No. 4, the Bonds or the Bond Indenture. These obligations and those in Section 5.4 shall remain valid and in effect notwithstanding repayment of the loan hereunder or the Bonds or termination of this Loan Agreement or the Bond Indenture and, in the case of the Bond Trustee, any resignation or removal.

Section 5.4. Indemnification.

(a) To the fullest extent permitted by law, the Corporation agrees to indemnify, hold harmless and defend the City, the Bond Trustee, and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Bond Indenture, this Loan Agreement, Obligation No. 4, Related Supplement No. 4, the Master Indenture or the Tax Certificate or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Corporation, any Member or any of the Corporation's or any Member's agents, contractors, servants, employees, tenants or licensees in connection with the Project or the Facilities, or the operation of the Project or the Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or the Facilities or any part thereof;

(iii) any lien or charge upon payments by the Corporation to the City and the Bond Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the City or the Bond Trustee in respect of any portion of the Project or the Facilities;

(iv) any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances from, the Project or the Facilities or any part thereof;

(v) the defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable, or any regulatory audit or inquiry regarding whether interest on the Bonds is taxable;

(viii) the Bond Trustee's acceptance or administration of the trust of the Bond Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party including, without limitation, under this Loan Agreement;

except, (A) in the case of the foregoing indemnification of the Bond Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the City or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Corporation, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Corporation shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Corporation if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(b) The rights of any Persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Sections 4.2, 5.3, 5.4 and 6.5 shall survive the final payment or defeasance of the Bonds and, in the case of the Bond Trustee, any resignation or removal. The provisions of this Section shall also survive the termination of this Loan Agreement.

Section 5.5. Tax Covenant. The Corporation covenants and agrees that it will at all times do and perform all acts and things permitted by law and this Loan Agreement which are necessary in order to assure that interest paid on the Bonds will be excluded from gross income for federal income tax purposes and will take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Corporation agrees to comply with the provisions of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds.

Section 5.6. Post Issuance Compliance Undertakings.

(a) The Corporation acknowledges that the Internal Revenue Service (the "IRS") mandates certain filing requirements with respect to post-issuance tax compliance, private use and/or unrelated trade or business use, including the proper method for computing whether any such use has occurred under Section 145 of the Code. The Corporation covenants that it will undertake to determine (or have determined on its behalf) the information required to be reported on the IRS Form 990 (Schedule K) Supplemental Information on Tax-Exempt Bonds on an annual basis and will undertake to comply with the aforementioned filing requirements and any related requirements that may be applicable to the Bonds (collectively, the "Post-Issuance Requirements"). Further, the Corporation covenants that it has adopted, or, if not, will promptly adopt, management practices and procedures to ensure the Corporation complies with the Post-Issuance Requirements with respect to the Bonds.

(b) The Corporation initially has constituted a Bond Compliance Committee to be responsible for satisfying the Post-Issuance Requirements with respect to the Bonds. The Chief Executive Officer of the Corporation has final responsibility for monitoring and enforcing Post-Issuance Requirements with respect to the Bonds.

Section 5.7. Annual Reporting Covenant. No later than January 31 of each calendar year (commencing January 31, 2024), the Corporation, on behalf of the City, agrees to provide to the California Debt and Investment Advisory Commission, by any method approved by the California Debt and Investment Advisory Commission, with a copy to the City, the annual report information required by Section 8855(k)(1) of the California Government Code with respect to the Bonds. This covenant shall remain in effect until the later of the date (i) the Bonds are no longer Outstanding or (ii) the proceeds of the Bonds have been fully spent.

Section 5.8. Waiver of Personal Liability. No member, officer, agent or employee of the City, or any member, trustee, director, officer, agent or employee of the Corporation or any other Member shall be individually or personally liable for the payment of any principal (or Redemption Price) of, or interest on the Bonds or any other sum hereunder or under the Bond Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement, but nothing herein contained shall relieve any such member, trustee, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 5.9. Special Services Covenant. The Corporation (or another Member) shall maintain, or cause to be maintained, (x) a hospital facility providing inpatient and outpatient services to patients within the territorial limits of the County of Butte (y) a hospital facility providing inpatient and outpatient services within the territorial limits of the City of Oroville, as long as any Bonds allocable to the Facilities owned and/or operated by the Corporation remains Outstanding; provided, however, the City, upon review of such facts as it deems relevant, may, from time to time, allow any Member to provide, or cause to be provided, alternative services which provide public benefit to the City and its residents, or deem this special services covenant to be satisfied in whole or in part. Failure to comply with the provisions of this Section shall not constitute a Loan Default Event but shall be enforceable solely by the City by such action, at law or in equity, as the City in its sole discretion shall deem appropriate. This Section shall not be enforceable by the Bond Trustee, any Bondholder, or by any other Person other than the City.

Section 5.10. Compliance with Bond Indenture. ~~The Corporation hereby covenants and agrees that it will comply with and carry out all of the provisions of the Bond Indenture to be performed by the Corporation and consents to the waiver of confirmation as set forth in Section 5.08 of the Bond Indenture.~~

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Events of Default. Each of the following events shall constitute and be referred to herein as a "Loan Default Event":

(a) Failure by the Corporation to pay in full any Loan Repayment by the related Interest Payment Date;

~~(b) Failure by the Corporation to pay in full deposits due and payable to the Debt Service Reserve Fund when due and payable pursuant to Section 4.7 hereof;~~

~~(b) Failure of the Corporation to pay any other payment required hereunder within a period of five Business Days after the same becomes due and payable (provided, such five Business Day period shall not apply to deposits due and payable to the Debt Service Reserve Fund);~~

(c) If any material representation or warranty made by the Corporation herein or made by the Corporation in any document, instrument or certificate furnished to the Bond Trustee or the City in connection with the issuance of Obligation No. 4 or the Bonds shall at any time prove to have been incorrect in any material respect as of the time made;

(d) If the Corporation shall fail to observe or perform any covenant, condition, agreement or provision in this Loan Agreement on its part to be observed or performed, other than as referred to in subsection (a) - (d) of this Section, or shall breach any warranty by the Corporation herein contained, for a period of sixty (60) days after written notice, specifying such failure or breach and requesting that it be remedied, has been given to the Corporation by the City or the Bond Trustee; except that, if such failure or breach can be remedied but not within such sixty (60) day period, such failure or breach shall not become a Loan Default Event if cure is diligently being pursued; all action reasonably possible is being taken within such sixty (60) day period to remedy such failure or breach and the failure or breach is remedied within one hundred eighty (180) days after the giving of the written notice;

(e) If the Corporation files a petition in voluntary bankruptcy, for the composition of its affairs or for its corporate reorganization under any state or federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or admits in writing to its insolvency or inability to pay debts as they mature, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the Corporation's facilities;

(f) If a court of competent jurisdiction shall enter an order, judgment or decree declaring the Corporation an insolvent, or adjudging it bankrupt, or appointing a trustee or receiver of the Corporation or of the whole or any substantial part of the Corporation's facilities, or approving a petition filed against the Corporation seeking reorganization of the Corporation under any applicable law or statute of the United States of America or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of the entry thereof;

(g) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Corporation's facilities, and such custody or control shall not be terminated within sixty (60) days from the date of assumption of such custody or control;

(h) Any Event of Default as defined in and under the Bond Indenture; or

(i) Any Event of Default in and under the Master Indenture.

Upon having actual notice of the existence of a Loan Default Event, the Bond Trustee shall serve written notice thereof upon the City, the Corporation and the Obligated Group Representative. As used herein, the term “actual knowledge” means the actual fact or statement of knowing without any duty to make any investigation with regard thereto.

Section 6.2. Remedies in General. Upon the occurrence and during the continuance of any Loan Default Event, the Bond Trustee on behalf of the City, at the Bond Trustee’s option but subject to the limitations in the Bond Indenture as to the enforcement of remedies, may take such action as it deems necessary or appropriate to collect amounts due hereunder, to enforce performance and observance of any obligation or agreement of the Corporation hereunder or to protect the interests securing the same, and may, without limiting the generality of the foregoing:

(a) Exercise any or all rights and remedies given hereby or available hereunder or given by or available under any other instrument of any kind securing the Corporation’s performance hereunder;

(b) By written notice to the Corporation declare Loan Repayments equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity or otherwise, to be immediately due and payable under this Loan Agreement, whereupon the same shall become immediately due and payable; and

(c) Take any action at law or in equity to collect the payment required hereunder then due, whether on the stated due date or by declaration of acceleration or otherwise, for damages or for specific performance or otherwise to enforce performance and observance of any obligation, agreement or covenant of the Corporation hereunder.

Notwithstanding any other provision of this Loan Agreement or any right, power or remedy existing at law or in equity or by statute, the Bond Trustee shall not under any circumstances declare the entire unpaid aggregate amount of the Loan Repayments due hereunder to be immediately due and payable except in accordance with the directions of the Master Trustee if the Master Trustee shall have declared the aggregate principal amount of Obligation No. 4 and all interest thereon immediately due and payable in accordance with Section 4.02 of the Master Indenture and, if the Master Trustee has made such a declaration, and the Bonds are then due and payable whether by acceleration or otherwise the Bond Trustee shall declare the Loan Repayments hereunder to be immediately due and payable.

Section 6.3. Discontinuance or Abandonment of Default Proceedings. If any proceeding taken by the Bond Trustee on account of any Loan Default Event shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bond Trustee, then and in every case, the City, the Bond Trustee and the Corporation shall be restored to their former position and rights hereunder, respectively, and all rights, remedies and powers of the City and the Bond Trustee shall continue as though no such proceeding had taken place.

Section 6.4. Remedies Cumulative. No remedy conferred upon or reserved to the City or the Bond Trustee hereby or now or hereafter existing at law or in equity or by statute, shall be exclusive but shall be cumulative with all others. Such remedies are not mutually exclusive and no election need be made among them, but any such remedy or any combination of such

remedies may be pursued at the same time or from time to time so long as all amounts realized are properly applied and credited as provided herein. No delay or omission to exercise any right or power accruing upon any Loan Default Event shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient by the City or the Bond Trustee. In the event of any waiver of a Loan Default Event hereunder, the parties shall be restored to their former positions and rights hereunder, but no such waiver shall extend to any other or subsequent Loan Default Event or impair any right arising as a result thereof. In order to entitle the Bond Trustee to exercise any remedy reserved to it, it shall not be necessary to give notice other than as expressly required herein.

Section 6.5. Attorney's Fees and Other Expenses. If, as a result of the occurrence of a Loan Default Event, the City or the Bond Trustee employs attorneys or incurs other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation, the Corporation shall, on demand, reimburse the City or the Bond Trustee, as the case may be, for the reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 6.6. Notice of Default. As soon as is practicable and in any event within ten (10) days after the Corporation has actual knowledge of the occurrence of any event which is a Loan Default Event, the Corporation shall furnish the Bond Trustee and the City notice of such event to the extent it has occurred and is continuing on the date of such notice, which notice shall set forth the nature of such event and the action which the Corporation proposes to take with respect thereto.

Section 6.7. Application of Moneys Collected. Any amounts collected pursuant to action taken under this Article shall be applied in accordance with the provisions of Article VII of the Bond Indenture, and to the extent applied to the payment of amounts due on the Bonds shall be credited against amounts due on Obligation No. 4.

ARTICLE VII
MISCELLANEOUS

Section 7.1. Amendments and Modifications. This Loan Agreement may be amended, changed or modified only as provided in Section 6.08 of the Bond Indenture.

Section 7.2. Time of the Essence; Nonbusiness Days. Time shall be of the essence of this Loan Agreement. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day which is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

Section 7.3. Binding Effect. This instrument shall inure to the benefit of and shall be binding upon the City and the Corporation and their respective successors and assigns, subject to the limitations contained herein; provided, however, that the Bond Trustee shall have only such duties and obligations as are expressly given to it hereunder.

Section 7.4. Entire Agreement. This Loan Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire agreement of the parties and is not subject to modification, amendment, qualification or limitation except as expressly provided herein.

Section 7.5. Severability. If any covenant, agreement or provision, or any portion thereof contained in this Loan Agreement, where the application thereof to any Person or circumstance is held to be unconstitutional, invalid or unenforceable, the remainder of this Loan Agreement and the application of such covenant, agreement or provision, or portion thereof, to other Persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Loan Agreement shall remain valid, and the Bondholders shall retain all valid rights and benefits accorded to them under this Loan Agreement and the Constitution and laws of the State of California.

Section 7.6. Notices.

(a) Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given by mutually acceptable electronic means, receipt confirmed, or in writing, mailed by first-class mail, postage prepaid and addressed as follows:

If to the Corporation or the Obligated Group Representative:

Oroville Hospital
2767 Olive Highway
Oroville, CA 95966-6185
Attention: Chief Executive Officer

If to the City:

City of Oroville
1735 Montgomery Street
Oroville, California 95965
Attention: City Administrator

If to the Bond Trustee or Master Trustee:

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles CA 90071
Attention: Corporate Trust Department

Notwithstanding the foregoing provisions of this Section 7.6(a), the Bond Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Bond Trustee actually receives such notice.

(b) The Corporation, the City, the Bond Trustee, the Master Trustee or the Obligated Group Representative may at any time and from time to time by notice in writing to the other Persons listed in Section 7.6(a) designate a different address or addresses for notice under this Loan Agreement.

Section 7.7. Term. Except as otherwise provided herein this Loan Agreement shall remain in full force and effect from the date of execution hereof until no Bonds remain Outstanding under the Bond Indenture and all payments required hereunder have been made.

Section 7.8. Limited Liability. The Corporation and the City intend and agree that no organizations sponsored by the Corporation or with whom it is affiliated in any manner, other than any Member to the extent set forth in the Master Indenture and Obligation No. 4, have any involvement herein, financial or otherwise, or have any liability to fulfill any of the terms or conditions hereof.

Section 7.9. Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 7.10. Governing Law; Venue. This Loan Agreement shall be construed in accordance with and governed by the laws of the State of California applicable to contracts made and performed in the State of California. This Loan Agreement shall be enforceable in the State of California, and any action arising hereunder shall (unless waived by the City in writing) be filed and maintained in the Superior Court of California, County of Sacramento.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City and the Corporation have caused this Loan Agreement to be executed in their respective names as of the date first written above.

CITY OF OROVILLE

By _____
Name _____
Title _____

OROVILLE HOSPITAL

By _____
Robert J. Wentz,
President/ Chief Executive Officer