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Regular Session Agenda
Wednesday, August 23, 2023

<u>Call to Order:</u>	2:00
<u>Approve Agenda:</u>	2:00
<u>WSHA Update:</u> Cassie Sauer, WSHA President and CEO, and Darcy Jaffe, WSHA Senior Vice President, Safety & Quality	2:00
<u>Board Book Update:</u> Linda Summers, COO/ Senior Principal, Via Healthcare Consulting	2:45
<u>Patient Story:</u> Tina Toner, CNO	3:00
<u>Public Comment:</u> Public comments are welcome orally, with a 3-minute limit, or may be submitted via email at commissioners@jeffersonhealthcare.org , or written and addressed to Commissioners at 834 Sheridan Street, Port Townsend, WA 98368. Written submissions must be received by 5:00 pm the day prior to the meeting.	3:15
<u>Minutes:</u> Action Requested <ul style="list-style-type: none">July 26 Regular Session Meeting (pgs 3-5)	3:30
<u>Required Approvals:</u> Action Requested <ul style="list-style-type: none">Resolution 2023- 11 Canceled Warrants (pgs 6-7)July Warrants and Adjustments (pgs 8-13)Medical Staff Credentials/ Appointments/ Reappointments (pgs 14-15)	3:45
<u>Break:</u>	4:00
<u>Financial Report:</u> Tyler Freeman, CFO	4:15
<u>Quality Report:</u> Brandie Manuel, CPSO	4:30
<u>Project Update:</u> Jake Davidson, COO <ul style="list-style-type: none">Action Requested- Resolution 2023-12 Bond Resolution (pgs 16-49)	4:45

Administrative Report: Mike Glenn, CEO

5:15

Board Business:

5:45

- Board of Health Report
- Meeting Evaluation

Conclude:

6:00

This Regular Session will be officially recorded. The times shown in the agenda are estimates only.

DRAFT

This meeting will be held in person in the Sheridan Conference Room and on Teams. Please see the link below to access this meeting remotely.

Audio Only: dial Phone Conference Line: (509) 598-2842
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**Jefferson County Public Hospital District No. 2
Board of Commissioners, Regular Session Minutes
Thursday, July 26, 2023**

Call to Order:

The meeting was called to order at 2:00 pm by Board Chair Buhler-Rienstra. Present were Commissioners Buhler-Rienstra, Dressler, Kolff, McComas, and Ready. Also, in attendance were Mike Glenn, Chief Executive Officer, Tyler Freeman, Chief Financial Officer, Jake Davidson, Chief Operating Officer, Brandie Manuel, Chief Patient Safety and Quality Officer, Tina Toner, Chief Nursing Officer, and Christina Avila, Executive Assistant. This meeting was officially audio recorded by Jefferson Healthcare.

Approve Agenda:

Commissioner Ready made a motion to approve the agenda. Commissioner Dressler seconded.

Action: Motion passed unanimously.

Patient Story:

Tina Toner, Chief Nursing Officer, shared a patient letter giving praise for the care they received by Holly, Kylie, Dr. Pratt, and the 3rd floor staff during their stay. They mentioned that the television guide was incorrect. Tina noted that the television guide has since been revised and distributed. Discussion ensued.

Team, Leader, Employee of the Quarter: Caitlin Kura, Executive Recruiter, announced the Team, Leader, and Employee of the Quarter. The team of the quarter was Facilities. The leader of the quarter was Kelly O'Connell. The employees of the quarter were Olga Alexander and Elizabeth Maxey. Discussion ensued.

Public Comment:

No public comment was made.

Minutes:

- June 29, 2023 Special Session Minutes

Commissioner Ready made a motion to approve the Special Session Minutes. Commissioner McComas seconded.

Action: Motion passed unanimously.

Required Approvals: Action Requested

- Resolution 2023-09 Surplus Equipment
- Resolution 2023-10 Cancelled Warrants
- June Warrants and Adjustments
- Medical Staff Credentials/ Appointments/ Reappointments

Board Chair Buhler-Rienstra requested a clarification of two warrants that were being canceled before inviting a motion to approve. Discussion ensued. Commissioner Ready made a motion to approve the Required Approvals. Commissioner Dressler seconded.

Action: Motion passed unanimously.

Financial Report:

Tyler Freeman, Chief Financial Officer, presented the June Financial Report. Discussion ensued.

Quality Report: Brandie Manuel, Chief Patient Safety and Quality Officer, presented the July Quality report including near-miss reporting, moving to safety-focused briefings instead of Covid-related briefings, and compliments for Express Clinic, Juan, Marcus, Dr. Carlson, and Dr. Kaatz. Discussion ensued.

Project Update:

Jake Davidson, Chief Operating Officer, presented the July project update. Discussion ensued.

Administrative Report

Mike Glenn, Chief Executive Officer, presented the July Administrative report and Dr. Mattern provided an ACO Board Update. Discussion ensued.

Board Business:

- Board of Health Report

Commissioner Kolff shared a Board of Health Report which included the expansion project and fairground kitchen space, and Dunia's report on climate change with the expansion project. Discussion ensued.

- Foundation Update

Commissioner Dressler provided an update on the community tour in the oncology unit and Mike's presentation on the expansion project. Discussion ensued.

- Meeting Evaluation

Commissioners evaluated the meeting.

Conclude:

Commissioner Dressler made a motion to conclude the meeting. Commissioner Ready seconded.

Action: Motion passed unanimously.

The meeting concluded at 4:30 pm.

Approved by the Commission:

Chair of Commission: Jill Buhler Rienstra

Secretary of Commission: Marie Dressler

JEFFERSON COUNTY PUBLIC HOSPITAL DISTRICT NO. 2

RESOLUTION 2023-11

A RESOLUTION CANCELING CERTAIN WARRANTS IN
THE AMOUNT OF \$7,547.51

WHEREAS warrants of any municipal corporation not presented within one year of their issue, or, that have been voided or replaced, shall be canceled by the passage of a resolution of the governing body;

NOW, THEREFORE BE IT RESOLVED THAT:

In order to comply with RCW 36.22.100, warrants indicated below in the total amount of \$7,547.51 be canceled.

Date of Issue	Warrant #	Amount
07/07/2022	291370	130.65
07/07/2022	291385	281.49
07/07/2022	291402	147.33
07/07/2022	291403	134.00
07/07/2022	291404	182.70
07/07/2022	291500	40.00
07/07/2022	291502	35.00
07/07/2022	291505	1000.00
07/07/2022	291506	30.00
07/07/2022	291508	218.63
07/07/2022	291509	281.74
07/07/2022	291510	180.03
07/07/2022	291511	157.00
07/07/2022	291512	280.00
07/07/2022	291513	188.00
07/07/2022	291514	163.34
07/07/2022	291515	201.84
07/07/2022	291519	132.00
07/07/2022	291520	108.66
07/07/2022	291521	93.74
07/07/2022	291522	161.88
07/07/2022	291523	75.00
07/07/2022	291524	25.47
07/07/2022	291525	2851.01
07/28/2022	291840	448.00
Total		\$7,547.51

APPROVED this 23rd day of August 2023.

APPROVED BY THE COMMISSION:

Commission Chair Jill Buhler Rienstra: _____

Commission Secretary Marie Dressler: _____

Attest:

Commissioner Matt Ready: _____

Commissioner Kees Kolff: _____

Commissioner Bruce McComas: _____

JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368

TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: JULY 2023 WARRANT SUMMARY

The following items need to be approved at the next commission meeting:

General Fund Warrants & ACH Transfers	\$23,666,420.34	(Provided under separate cover)
Allowance for Uncollectible Accounts / Charity	\$562,686.00	(Attached)
Canceled Warrants	\$147.33	(Attached)

JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368

TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: JULY 2023 GENERAL FUND WARRANTS & ACH
FUND TRANSFERS

Submitted for your approval are the following warrants:

GENERAL FUND:

30016 - 300828 \$5,997,763.27

ACH TRANSFERS \$17,668,657.07

\$23,666,420.34

YEAR-TO-DATE: \$162,542,435.18

Warrants are available for review if requested.

JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368

TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: JULY 2023 ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS, ADMINISTRATIVE, AND CHARITY CARE WRITE OFFS

Submitted for your approval are the following:

	JULY	JULY YTD	JULY YTD BUDGET
Allowance for Uncollectible Accounts:	233,161.00	2,039,477.00	2,366,511.00
Charity Care:	316,321.00	1,873,604.00	1,284,896.00
Other Administrative Adjustments:	13,204.00	762,127.00	492,552.00
	<hr/>		
TOTAL FOR MONTH:	\$562,686.00	4,675,208.00	\$4,143,959.00
	<hr/>		

JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368

TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: JULY 2023 WARRANT CANCELLATIONS

State law requires you to pass a resolution canceling any warrants which are not presented to the Treasurer for payment within one year of issue.

DATE	WARRANT	AMOUNT
7/7/2022	291370 FBO HOSPITAL DISTRICT #2	130.65
7/7/2022	291385 FBO HOSPITAL DISTRICT #2	281.49
7/7/2022	291402 FBO HOSPITAL DISTRICT #2	147.33
7/7/2022	291403 FBO HOSPITAL DISTRICT #2	134.00
7/7/2022	291404 FBO HOSPITAL DISTRICT #2	182.70
7/7/2022	291500 FBO HOSPITAL DISTRICT #2	40.00
7/7/2022	291502 FBO HOSPITAL DISTRICT #2	35.00
7/7/2022	291505 FBO HOSPITAL DISTRICT #2	1,000.00
7/7/2022	291506 FBO HOSPITAL DISTRICT #2	30.00
7/7/2022	291508 FBO HOSPITAL DISTRICT #2	218.63
7/7/2022	291509 FBO HOSPITAL DISTRICT #2	281.74
7/7/2022	291510 FBO HOSPITAL DISTRICT #2	180.03
7/7/2022	291511 FBO HOSPITAL DISTRICT #2	157.00

STATISTIC DESCRIPTION

STATISTIC DESCRIPTION	JULY 2023						JULY 2022			
	MO ACTUAL	MO BUDGET	% VARIANCE	YTD ACTUAL	YTD BUDGET	% VARIANCE	MO ACTUAL	% VARIANCE	YTD ACTUAL	% VARIANCE
FTEs - TOTAL (AVG)	624	688	9%	607	688	12%	573	-9%	568	-7%
FTEs - PRODUCTIVE (AVG)	549	598	8%	549	598	8%	504	-9%	515	-7%
ADJUSTED PATIENT DAYS	3,167	3,041	4%	22,590	20,795	9%	2,607	21%	20,508	10%
ICU PATIENT DAYS (IP + OBSERVATION, MIDNIGHT CENSUS)	73	108	-32%	592	738	-20%	123	-41%	758	-28%
ACU PATIENT DAYS (IP + OBSERVATION, MIDNIGHT CENSUS)	311	297	5%	2,070	2,029	2%	299	4%	2,046	1%
SWING IP PATIENT DAYS (MIDNIGHT CENSUS)	14	17	-18%	51	116	-56%	18	-22%	28	45%
PATIENT DAYS (ACU, ICU, SWING), INCLUDES OBSERVATION	398	422	-6%	2,713	2,883	-6%	440	-10%	2,832	-4%
BIRTHS	7	8	-13%	43	56	-23%	15	-53%	63	-47%
SURGERY CASES (IN OR)	125	133	-6%	893	912	-2%	115	9%	856	4%
SURGERY MINUTES (IN OR)	16,137	16,599	-3%	122,791	113,515	8%	15,816	2%	105,755	14%
SPECIAL PROCEDURE CASES	70	71	-1%	587	485	21%	79	-11%	473	19%
LAB BILLABLE TESTS	19,194	21,832	-12%	145,784	149,304	-2%	20,330	-6%	146,338	0%
BLOOD BANK UNITS MATCHED	54	34	59%	314	230	37%	64	-16%	262	17%
MRIs COMPLETED	244	206	18%	1,675	1,407	19%	216	13%	1,370	18%
CT SCANS COMPLETED	732	612	20%	4,488	4,184	7%	548	34%	3,978	11%
X-RAYS COMPLETED	1,756	1,628	8%	12,611	11,134	13%	1,571	12%	10,832	14%
ECHOs COMPLETED	184	198	-7%	1,317	1,352	-3%	150	23%	1,274	3%
ULTRASOUNDS COMPLETED	342	343	0%	2,519	2,346	7%	254	35%	2,205	12%
MAMMOGRAPHYS COMPLETED	269	205	31%	2,159	1,404	54%	-	0%	1,007	53%
NUCLEAR MEDICINE TESTS	31	43	-28%	236	291	-19%	21	48%	264	-12%
TOTAL DIAGNOSTIC IMAGING TESTS	3,558	3,235	10%	25,005	22,118	13%	2,760	29%	20,930	16%
PHARMACY MEDS DISPENSED	21,778	19,897	9%	145,942	136,073	7%	15,586	40%	132,724	9%
ANTI COAG VISITS	337	410	-18%	2,494	2,804	-11%	379	-11%	2,793	-12%
RESPIRATORY THERAPY PROCEDURES	2,894	3,259	-11%	20,574	22,284	-8%	2,725	6%	20,995	-2%
PULMONARY REHAB	86	130	-34%	761	889	-14%	71	21%	225	70%
PHYSICAL THERAPY	6,528	7,834	-17%	46,257	53,574	-14%	6,161	6%	48,667	-5%
OCCUPATIONAL THERAPY	1,127	1,261	-11%	8,986	8,625	4%	1,093	3%	8,608	4%
SPEECH THERAPY	202	233	-13%	2,054	1,590	29%	118	71%	1,132	45%
REHAB/PT/OT/ST	7,943	9,458	-16%	58,058	64,678	-10%	7,443	7%	58,632	-1%
ER CENSUS	1,283	1,068	20%	8,256	7,303	13%	1,224	5%	7,211	13%
EXPRESS CLINIC	1,210	922	31%	8,056	6,305	28%	1,067	13%	6,236	23%
SOCO PATIENT VISITS	145	103	41%	925	704	31%	75	93%	626	32%
PORT LUDLOW PATIENT VISITS	711	705	1%	4,770	4,823	-1%	624	14%	4,663	2%
SHERIDAN PATIENT VISITS	2,457	2,774	-11%	18,771	18,970	-1%	2,315	6%	17,161	9%
DENTAL CLINIC	416	419	-1%	3,317	2,866	16%	397	5%	2,787	16%
WATERSHIP CLINIC PATIENT VISITS	1,134	1,148	-1%	8,299	7,848	6%	1,013	12%	7,327	12%
TOWNSEND PATIENT VISITS	516	552	-7%	3,671	3,775	-3%	462	12%	3,587	2%
TOTAL RURAL HEALTH CLINIC VISITS	6,589	6,623	-1%	47,809	45,291	6%	5,953	11%	42,387	11%
CARDIOLOGY CLINIC VISITS	473	510	-7%	3,844	3,484	10%	443	7%	3,355	13%
DERMATOLOGY CLINIC VISITS	798	755	6%	5,431	5,166	5%	432	85%	4,550	16%
GEN SURG PATIENT VISITS	287	312	-8%	2,212	2,132	4%	229	25%	1,994	10%
ONCOLOGY VISITS	442	604	-27%	3,596	4,129	-13%	494	-11%	3,816	-6%
ORTHO PATIENT VISITS	580	875	-34%	5,570	5,984	-7%	754	-23%	5,437	2%
SLEEP CLINIC VISITS	97	165	-41%	1,113	1,129	-1%	145	-33%	1,107	1%
UROLOGY VISITS	216	167	29%	1,530	1,145	34%	100	116%	1,039	32%
OB/GYN CLINIC VISITS	275	284	-3%	2,231	1,940	15%	250	10%	1,741	22%
WOUND CLINIC VISITS	98	239	-59%	1,047	1,634	-36%	204	-52%	1,544	-47%
TOTAL SPECIALTY CLINIC VISITS	3,405	3,911	-13%	28,046	26,743	5%	3,051	12%	24,583	12%
SLEEP CENTER SLEEP STUDIES	50	57	-12%	382	388	-2%	31	61%	365	4%
INFUSION CENTER VISITS	853	873	-2%	6,143	5,973	3%	799	7%	5,650	8%
SURGERY CENTER ENDOSCOPIES	67	77	-13%	398	523	-24%	45	49%	466	-17%
HOME HEALTH EPISODES	58	68	-15%	491	468	5%	46	26%	343	30%
HOSPICE CENSUS/DAYS	1,289	966	33%	8,102	6,605	23%	722	79%	5,460	33%
CARDIAC REHAB SESSIONS	175	-	0%	1,300	-	0%	-	0%	-	100%
DIETARY MEALS SERVED	5,777	9,284	-38%	63,636	63,490	0%	9,409	-39%	64,065	-1%
MAT MGMT TOTAL ORDERS PROCESSED	1,477	1,576	-6%	10,663	10,778	-1%	1,529	-3%	10,807	-1%

Gross Revenue
Inpatient Revenue
Outpatient Revenue

Total Gross Revenue

Revenue Adjustments

Cost Adjustment Medicaid
Cost Adjustment Medicare
Charity Care
Contractual Allowances Other
Administrative Adjustments
Allowance for Uncollectible Accounts

Total Revenue Adjustments

Net Patient Service Revenue

Other Revenue

340B Revenue
Other Operating Revenue

Total Operating Revenues

Operating Expenses

Salaries And Wages
Employee Benefits
Professional Fees
Purchased Services
Supplies
Insurance
Leases And Rentals
Depreciation And Amortization
Repairs And Maintenance
Utilities
Licenses And Taxes
Other

Total Operating Expenses
Operating Income (Loss)

Non Operating Revenues (Expenses)

Taxation For Maint Operations
Taxation For Debt Service
Investment Income
Interest Expense
Contributions

Total Non Operating Revenues (Exp)

Change in Net Position (Loss)

	July 2023 Actual	July 2023 Budget	Variance Favorable/ (Unfavorable)	%	July 2023 YTD	July 2023 Budget YTD	Variance Favorable/ (Unfavorable)	%	July 2022 YTD
Gross Revenue									
Inpatient Revenue	3,558,216	3,751,879	(193,663)	-5%	23,649,438	25,658,014	(2,008,576)	-8%	24,674,114
Outpatient Revenue	25,705,865	25,739,557	(33,693)	0%	182,321,771	176,025,360	6,296,411	4%	158,256,439
Total Gross Revenue	29,264,081	29,491,437	(227,356)	-1%	205,971,209	201,683,374	4,287,835	2%	182,930,553
Revenue Adjustments									
Cost Adjustment Medicaid	2,202,987	2,321,868	118,881	5%	16,312,758	15,878,583	(434,174)	-3%	14,392,517
Cost Adjustment Medicare	11,395,082	10,261,359	(1,133,723)	-11%	74,707,782	70,174,455	(4,533,327)	-6%	64,821,060
Charity Care	316,321	187,886	(128,435)	-68%	1,873,604	1,284,896	(588,708)	-46%	896,557
Contractual Allowances Other	2,517,510	2,846,182	328,672	12%	18,014,096	19,464,214	1,450,118	7%	17,622,311
Administrative Adjustments	13,204	72,024	58,820	82%	762,127	492,552	(269,576)	-55%	393,575
Allowance for Uncollectible Accounts	233,161	346,046	112,885	33%	2,039,477	2,366,511	327,034	14%	1,184,709
Total Revenue Adjustments	16,678,265	16,035,366	(642,899)	-4%	113,709,844	109,661,211	(4,048,633)	-4%	99,310,729
Net Patient Service Revenue	12,585,816	13,456,071	(870,255)	-6%	92,261,365	92,022,163	239,202	0%	83,619,824
Other Revenue									
340B Revenue	484,193	303,625	180,568	59%	3,300,076	2,076,406	1,223,669	59%	1,885,420
Other Operating Revenue	239,985	149,012	90,973	61%	2,048,642	1,019,052	1,029,590	101%	3,478,254
Total Operating Revenues	13,309,994	13,908,709	(598,715)	-4%	97,610,082	95,117,620	2,492,462	3%	88,983,498
Operating Expenses									
Salaries And Wages	6,721,150	6,899,538	178,389	3%	44,434,012	47,183,941	2,749,929	6%	42,557,417
Employee Benefits	1,535,585	1,564,367	28,782	2%	10,517,996	10,698,253	180,257	2%	9,921,339
Professional Fees	849,974	239,142	(610,833)	-255%	5,242,986	1,635,420	(3,607,566)	-221%	3,128,005
Purchased Services	716,778	1,029,562	312,785	30%	6,811,079	7,040,879	229,799	3%	5,258,255
Supplies	2,256,500	2,648,757	392,258	15%	19,270,248	18,114,084	(1,156,165)	-6%	17,847,679
Insurance	132,612	91,954	(40,658)	-44%	916,597	628,846	(287,751)	-46%	489,753
Leases And Rentals	42,238	18,698	(23,540)	-126%	205,105	127,870	(77,235)	-60%	696,873
Depreciation And Amortization	416,296	477,906	61,611	13%	2,986,358	3,268,263	281,904	9%	2,976,728
Repairs And Maintenance	94,970	93,629	(1,342)	-1%	612,511	640,299	27,788	4%	445,324
Utilities	129,467	125,424	(4,043)	-3%	795,096	857,739	62,642	7%	951,235
Licenses And Taxes	113,749	75,395	(38,354)	-51%	605,451	515,607	(89,844)	-17%	513,982
Other	241,132	241,023	(109)	0%	2,020,425	1,648,285	(372,141)	-23%	1,176,554
Total Operating Expenses	13,250,451	13,505,396	254,945	2%	94,417,865	92,359,484	(2,058,380)	-2%	85,963,146
Operating Income (Loss)	59,543	403,312	(343,769)	-85%	3,192,218	2,758,136	434,082	16%	3,020,353
Non Operating Revenues (Expenses)									
Taxation For Maint Operations	24,815	24,970	(155)	-1%	173,703	170,762	2,941	2%	168,111
Taxation For Debt Service	18,894	19,279	(385)	-2%	132,261	131,847	415	0%	147,756
Investment Income	169,347	17,105	152,242	890%	1,127,555	116,978	1,010,577	864%	158,639
Interest Expense	(109,423)	(74,805)	(34,618)	-46%	(548,443)	(511,570)	(36,873)	-7%	(556,956)
Contributions	-	11,721	(11,721)	-100%	41,208	80,153	(38,945)	-49%	21,337
Total Non Operating Revenues (Exp)	103,633	(1,730)	105,363	6090%	926,284	(11,831)	938,115	7929%	(61,114)
Change in Net Position (Loss)	163,176	401,582	(238,406)	-59%	4,118,501	2,746,305	1,372,196	50%	2,959,239

Recommended provisional appointment to the active/courtesy/allied health/locum tenens staff:

1. Joshua Grady, PA-C (Orthopedics)
2. Farnoush Abar, MD (Oncology)
3. Sarah Abhold, DO (Primary Care)
4. Richard Hsi, MD (Radiation Oncology)
5. Anthony Pham, MD (Radiation Oncology)

Recommended re-appointment to the active medical staff with privileges as requested:

1. Kari Heistand, MD
2. Alexander Pratt, MD
3. Katherine Biccum, DO

Recommended re-appointment to the courtesy medical staff with privileges as requested:

1. Shawn Call, MD (Skagit Radiology)
2. Daniel Pham, MD (Skagit Radiology)
3. Frederic Joseph, MD (Skagit Radiology)
4. Larry Cai, MD (Skagit Radiology)

Recommended re-appointment to the allied health staff with privileges as requested:

1. N/A

Recommended Temporary Privileges:

1. Ajay Kundra, MD (Oncology- Locums start date 8/28/2023)

Recommended POCUS Privileges:

1. Heidi Chaney, ARNP

Medical Student Rotation:

1. N/A

Disaster Privileging

1. N/A

90-day provisional performance review completed successfully:

1. N/A

Resignations:

1. N/A

**Policy and Privilege Review
Policies**

1. Reproductive Health Care- No Changes
2. Verification of Licensure, Malpractice Insurance Coverage and DEA Certificates- No Changes

Privileges

1. Radiology Core Privileges

PUBLIC HOSPITAL DISTRICT NO. 2
JEFFERSON COUNTY, WASHINGTON
RESOLUTION NO. 2023-12

A RESOLUTION of the Commission of Public Hospital District No. 2, Jefferson County, Washington, providing for the issuance, fixing or setting of parameters with respect to certain terms and covenants, and fixing the form of not to exceed \$90,000,000 par value Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bonds, 2023A of the District for the purposes of providing the funds to pay part of the costs of carrying out the Project Plan herein specified, adopted and ordered to be carried out; appointing the District's designated representative pursuant to RCW 39.46.040(2); authorizing the sale and providing for the delivery of the bonds to Piper Sandler & Co.; and providing for other matters properly related thereto, all as more particularly set forth herein.

ADOPTED August 23, 2023

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PUBLIC HOSPITAL DISTRICT NO. 2
JEFFERSON COUNTY, WASHINGTON
RESOLUTION NO. 2023-12

A RESOLUTION of the Commission of Public Hospital District No. 2, Jefferson County, Washington, providing for the issuance, fixing or setting of parameters with respect to certain terms and covenants, and fixing the form of not to exceed \$90,000,000 par value Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bonds, 2023A of the District for the purposes of providing the funds to pay part of the costs of carrying out the Project Plan herein specified, adopted and ordered to be carried out; appointing the District's designated representative pursuant to RCW 39.46.040(2); authorizing the sale and providing for the delivery of the bonds to Piper Sandler & Co.; and providing for other matters properly related thereto, all as more particularly set forth herein.

WHEREAS, the District (as defined in Section 1 of this resolution) has been duly established covering a portion of Jefferson County, Washington, for the purpose of owning and operating hospitals and other health care facilities and providing hospital services and other health care services for the residents of the District and other persons pursuant to the provisions of Chapter 70.44 RCW; and

WHEREAS, the District owns and operates Jefferson Healthcare, including Jefferson Hospital and other District facilities (the "District Facilities"); and

WHEREAS, pursuant to chapters 35.41, 39.46 and 70.44 RCW, the District is authorized to conduct proceedings and to issue revenue bonds for the purpose of accomplishing the Project Plan (as defined in Section 1 of this resolution); and

WHEREAS, the Commission deems it to be in the best interests of the District to authorize the Bonds payable from the Net Revenue of District (as defined in Section 1 of this resolution) to carry out the Project Plan as ratified and ordered to be carried out in Section 3 of this resolution, including costs associated with issuing and selling the Bond; and

WHEREAS, the Commission has previously adopted Resolution No. 2017-27 that authorized the issuance of the District's Hospital Revenue Bond, 2017B, and Resolution No. 2017-29 that authorized the issuance of the District's Hospital Revenue Bond, 2017D (Taxable), Hospital Revenue Bond, 2017E (Taxable) and Hospital Revenue Bond, 2017F (Taxable), and through those resolutions, authorized the issuance of future bonds on a parity of lien with such bonds, under certain conditions;

WHEREAS, RCW 39.46.040(2) provides that a resolution authorizing the issuance of bonds may authorize an officer or employee of the District to serve as the District's designated representative and to accept, on behalf of the District, an offer to purchase those bonds so long as the acceptance of such offer is consistent with terms established by a resolution that establishes

the following terms for the bonds (or parameters with respect thereto): the amount, date, denominations, interest rates, payment dates, final maturity, redemption rights, price, and any other terms and conditions deemed appropriate by the Commission; and

WHEREAS, Piper Sandler & Co. has offered to purchase the bonds under the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE COMMISSION OF PUBLIC HOSPITAL DISTRICT NO. 2, JEFFERSON COUNTY, WASHINGTON, as follows:

Section 1. Definitions. In addition to the words and terms defined elsewhere in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless the context or use indicates another or different meaning or intent. Unless the context indicates, words importing the singular number shall include the plural number and vice versa.

(a) “*2017B Bond*” means the Public Hospital District No. 2, Jefferson County Hospital Revenue Bond, 2017B, originally issued in the aggregate principal amount of \$6,030,000, pursuant to Resolution No. 2017-27.

(b) “*2017D Bond*” means the Public Hospital District No. 2, Jefferson County Hospital Revenue Bond, 2017D (Taxable), originally issued in the aggregate principal amount of \$1,945,000, pursuant to Resolution No. 2017-29.

(c) “*2017E Bond*” means the Public Hospital District No. 2, Jefferson County Hospital Revenue Bond, 2017E (Taxable), originally issued in the aggregate principal amount of \$6,000,000, pursuant to Resolution No. 2017-29.

(d) “*2017F Bond*” means the Public Hospital District No. 2, Jefferson County Hospital Revenue Bond, 2017F (Taxable), originally issued in the aggregate principal amount of \$5,700,000, pursuant to Resolution No. 2017-29.

(e) “*Annual Debt Service*” means, for any year, all amounts required to be paid in respect of interest on and principal of Parity Bonds (excluding interest payments capitalized by Parity Bonds and accrued interest paid upon the issuance of Parity Bonds), subject to the following:

(i) *Debt Service on Term Bonds.* For purposes of calculating the principal portion of debt service on Term Bonds, only the scheduled mandatory redemption amounts payable in respect of principal of Term Bonds shall be taken into account in any year prior to the Term Bond Maturity Year, and only the principal amount scheduled to remain Outstanding after payment of all prior mandatory redemption amounts shall be taken into account in the Term Bond Maturity Year;

(ii) *Interest on Parity Bonds.* For purposes of determining compliance with the Coverage Requirement and the conditions for the issuance of Future Parity Bonds,

(A) *Generally.* Except as otherwise provided by subparagraph (ii)(B) with respect to Variable Interest Rate Bonds, interest on any issue of Parity Bonds payable

in a year shall be calculated based on the actual amount of accrued, accreted or otherwise accumulated interest that is payable in that year in respect of that issue taken as a whole, at the rate or rates set forth in the resolution authorizing the Parity Bonds; and

(B) *Interest on Variable Interest Rate Bonds.* The amount of interest deemed to be payable on any issue of Variable Interest Rate Bonds shall be calculated on the assumption that the interest rate on those bonds would be equal to the rate (the “assumed RBI-based rate”) that is 100% of the average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in which the calculation is made; except that, for purposes of determining actual compliance with the Coverage Requirement in any past year, the actual amount of interest paid on any issue of Variable Interest Rate Bonds shall be used.

(iii) *Balloon Indebtedness.* For purposes of computing Annual Debt Service on any Parity Bonds that constitute Balloon Indebtedness, it shall be assumed that the principal of such Balloon Indebtedness, together with interest thereon at the rate applicable to such Balloon Indebtedness, shall be amortized in equal annual installments over a term equal to the lesser of (1) 25 years, (2) the average weighted useful life (expressed in years and rounded to the next highest integer) of the properties and assets constituting the project (if any) financed out of the proceeds of such Balloon Indebtedness, and (3) the maturity date of such issue of Parity Bonds.

(f) *“Annual Financial Statements”* means the financial statements of the District for the most recent Fiscal Year, prepared, except as otherwise noted therein, in accordance with generally accepted accounting principles as promulgated from time to time by the Governmental Accounting Standards Board or its successor or such other accounting principles as may be applicable to the District in the future pursuant to the applicable accounting standards board.

(g) *“Authorized Denomination”* means \$5,000 or any integral multiple thereof within a maturity of a Series.

(h) *“Average Annual Debt Service”* means, as of the date of its calculation, the sum of the Annual Debt Service for the remaining years to the last scheduled maturity of the applicable issue or series of Parity Bonds divided by the number of those years.

(i) *“Balloon Indebtedness”* means any series of Parity Bonds, other than Parity Bonds that have an original maturity less than one year, 15% or more of the original principal amount of which matures during any consecutive 12-month period if such maturing principal amounts are not required to be amortized by mandatory redemption or prepayment prior to such period.

(j) *“Beneficial Owner”* means, with respect to a Bond, the owner of any beneficial interest in that Bond.

(k) *“Bond Fund”* means the Hospital District Revenue Bond Fund created by Resolution No. 2017-27 for the purpose of paying the principal of and interest on the Parity Bonds.

(l) *“Bond Counsel”* means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the District for any purpose under this Resolution applicable to the use of that term.

(m) “*Bond Purchase Agreement*” means an offer to purchase the Bonds, setting forth certain terms and conditions of the issuance, sale and delivery of those Bonds, which offer is authorized to be accepted by the Designated Representative on behalf of the District, pursuant to Section 16 of this Resolution.

(n) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

(o) “*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the District.

(p) “*Bonds*” means the Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bonds, 2023A, authorized to be issued by this Resolution.

(q) “*Chair*” means the Chair of the Commission.

(r) “*Chief Executive Officer*” means the means the Chief Executive Officer of the District or such other officer of the District who may in the future perform the duties of that office, if any.

(s) “*Chief Financial Officer*” means the Chief Financial Officer of the District or such other officer of the District who may in the future perform the duties of that office, if any.

(t) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(u) “*Commission*” means the legislative authority of the District, as duly and regularly constituted from time to time.

(v) “*Coverage Requirement*” means a Debt Service Coverage Ratio of not less than 1.25:1.0.

(w) “*Days Cash on Hand*” means as of any date of determination, (i) the quotient derived by dividing (A) the sum of the District’s unrestricted cash, cash equivalents and investments (including Board designated investments and including cash from any future operating line of credit borrowings relating to construction; but excluding cash from any future operating line of credit borrowings available for operating purposes) available for operating purposes, by (B) the operating expenses (excluding depreciation and amortization) of the District for the previous 12 months, (ii) multiplied by 365.

(x) “*Debt Service*” means the sum of current portion of long term debt and capital leases for the applicable period plus interest expense.

(y) “*Debt Service Coverage Ratio*” means Net Income Available for Debt Service divided by Debt Service.

(z) “*Designated Representative*” means the officer of the District appointed in Section 16 of this Resolution to serve as the District’s designated representative in accordance with RCW 39.46.040(2).

(aa) “*District*” means Public Hospital District No. 2, Jefferson County, Washington, a municipal corporation of the State of Washington, duly organized pursuant to the provisions of Chapter 70.44 RCW.

(bb) “*District Facilities*” means Jefferson Healthcare located in Port Townsend, Washington, and all other health care facilities now owned or hereafter acquired by the District.

(cc) “*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

(dd) “*Fiscal Agent*” means the fiscal agent of the State of Washington, as the same may be designated by the State of Washington from time to time.

(ee) “*Fiscal Quarter*” means a quarter of a Fiscal Year of the District.

(ff) “*Fiscal Year*” means the fiscal year of the District, as such fiscal year may change, currently, the calendar year.

(gg) “*Future Parity Bonds*” means any and all hospital revenue obligations issued in accordance with the terms hereof after the date of issuance of the Bonds, the payment of which, both principal and interest, constitutes a lien and charge upon the Net Revenue of the District equal in rank with the lien and charge upon such revenue for the payments required to pay or secure the payment of the Bonds, the Privately Placed Revenue Bond and the Outstanding Parity Bonds.

(hh) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended, and which are otherwise lawful investments for the District at the time of such investment.

(ii) “*Gross Revenue of the District*” means the proceeds of all operating and nonoperating revenues derived by the District at any time from any source, including any proceeds on deposit in any general or special fund maintained by the District, but excluding (i) all grants, donations and trust funds, including investment income earned thereon, which have been specifically restricted to a particular purpose inconsistent with the payment of expenses or debt service on any indebtedness incurred by the District, (ii) income derived from investments irrevocably pledged to the payment of any defeased bonds payable from Gross Revenue of the District, (iii) investment income earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code, and (iv) all proceeds of tax levies, including any investment income earned thereon, all as determined in accordance with generally accepted account principles.

(jj) “*Hospital Consultant*” means any nationally recognized hospital consultant or consultants or any nationally recognized firm of certified public accountants with experience in the preparation of feasibility studies for use in connection with the financing of hospitals or evaluation of hospital operations selected by the District.

(kk) “*Issue Date*” means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

(ll) “*Letter of Representations*” means the Blanket Issuer Letter of Representations between the District and DTC dated October 16, 2002, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(mm) “*Liquidity Requirement*” means 45 Days Cash on Hand.

(nn) “*Maximum Annual Debt Service*” means the maximum amount of Annual Debt Service which will mature or become due in any future year.

(oo) “*MSRB*” means the Municipal Securities Rulemaking Board.

(pp) “*Net Income Available for Debt Service*” means:

(i) The excess of the operating and nonoperating revenue derived by the District from any source over all expenses and other proper charges incurred by the District plus: interest expenses on all indebtedness of the District; amortization expense incurred by the District; and depreciation expense incurred by the District; and less: unrealized gains or losses on investments, all grants, donations, trust funds and proceeds of tax levies, including investment income earned thereon, which have been specifically restricted to a particular purpose inconsistent with the payment of Operating and Maintenance Expenses or the principal of and interest on the Parity Bonds or other obligations of the District payable from the Net Revenue of the District; income derived from investments irrevocably pledged to the payment of any defeased bonds payable from Gross Revenue of the District; and investment income earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code.

(ii) For purposes of (i) above, such calculation shall be made in accordance with generally accepted accounting principles and shall exclude: profits or losses resulting from the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets; profits or losses resulting from the early extinguishment of debt; expenses associated with issuing debt; the net proceeds of insurance (other than business interruption insurance); and other extraordinary items.

(qq) “*Net Revenue of the District*” means the Gross Revenue of the District less Operating and Maintenance Expenses incurred by the District.

(rr) “*Official Statement*” means an offering document, disclosure document, private placement memorandum or substantially similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series of the Bonds in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

(ss) “*Operating and Maintenance Expenses*” means all the expenses and other proper charges incurred by the District, as applicable; in each case, as determined in accordance with

generally accepted accounting principles, but excluding interest, depreciation and amortization expenses.

(tt) “*Outstanding*,” when used as of any particular time with reference to the Parity Bonds, means all Parity Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Registrar under this resolution except: (i) Parity Bonds theretofore cancelled by the Bond Registrar or surrendered to the Bond Registrar for cancellation; (ii) Parity Bonds with respect to which all liability of the District shall have been discharged in accordance with Section 14; and (iii) Parity Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Bond Registrar pursuant to this Resolution.

(uu) “*Outstanding Parity Bonds*” means the 2017B Bond, the 2017D Bond, the 2017E Bond and the 2017F Bond.

(vv) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

(ww) “*Parity Bonds*” means the Bonds, the Privately Placed Revenue Bond, the Outstanding Parity Bonds and any Future Parity Bonds.

(xx) “*Parity Bond Authorizing Resolution*” means this Resolution and any other resolution of the District that authorizes the issuance and sale and establishes the terms of a particular issue of Parity Bonds and other matters relating thereto.

(yy) “*Permitted Investments*” means any lawful investments for public hospital districts under State law.

(zz) “*Principal and Interest Account*” means the account of that name created by Section 10 of this resolution in the Bond Fund from which money will be used to pay the principal of and interest on the Parity Bonds.

(aaa) “*Privately Placed Revenue Bond*” means the Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bond, 2023B, authorized to be issued simultaneously with the Bonds pursuant to a resolution of the Commission.

(bbb) “*Project Fund*” shall mean the fund or account of the District used to pay costs of the Project Plan.

(ccc) “*Project Plan*” means those costs, services and expenses relating to the project plan as specified, adopted and ordered to be carried out in Section 3 below.

(ddd) “*Purchaser*” means Piper Sandler & Co., its successors or assigns.

(eee) “*Quarterly Financial Statements*” means the unaudited financial statements of the District for the most recent Fiscal Quarter, prepared by the District.

(fff) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the District.

(ggg) “*Record Date*” means the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar’s close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 8.

(hhh) “*Registered Owner*” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the District utilizes the book-entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

(iii) “*Reserve Account*” means a fund or account securing the Bonds, the Privately Placed Revenue Bond and/or any issue of Future Parity Bonds. The District has previously established a reserve account securing the USDA Revenue Bonds, which will not secure any other Parity Bonds.

(jjj) “*Reserve Requirement*” means for the USDA Revenue Bonds, an amount equal to the Annual Debt Service for the USDA Revenue Bonds, to be deposited into the Reserve Account at the rate of one-tenth of an average annual loan installment each year for ten years. For any other issue of Parity Bonds, such amount determined for such issue of Parity Bonds.

(kkk) “*Resolution*” means this resolution of the District.

(lll) “*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(mmm) “*SEC*” means United States Securities and Exchange Commission.

(nnn) “*Secretary*” means the Secretary of the Commission.

(ooo) “*Securities Depository*” means DTC, any successor thereto, any substitute securities depository selected by the District that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

(ppp) “*Series of the Bonds*” or “*Series*” means a series of the Bonds issued pursuant to this Resolution.

(qqq) “*State*” means the State of Washington.

(rrr) “*System of Registration*” means the system of registration for the District’s bonds and other obligations set forth in Resolution No. 86-06.

(sss) “*Term Bonds*” means, for any Parity Bonds, the bonds of any single issue or series of Parity Bonds for which a schedule of mandatory sinking fund payments with a corresponding mandatory redemption schedule (calling for the redemption of such bonds in principal amounts

equal to such sinking fund payments within 13 months thereof) has been provided in the Parity Bond Authorizing Resolution authorizing the issuance of such Term Bonds.

(ttt) “*Transfer*” means a sale, lease, assignment or other transfer of property in a manner that dispossesses the owner of the property or of any interest therein (including, without limitation, any involuntary disposition of any property or forgiveness of any debt).

(uuu) “*Treasurer*” means the Treasurer of Jefferson County, Washington, as ex officio treasurer of the District, or any successor to the functions of the Treasurer.

(vvv) “*Undertaking*” means the undertaking to provide continuing disclosure entered into pursuant to Section 18 of this Resolution.

(www) “*USDA*” means the United States of America, acting through the United States Department of Agriculture, Rural Development.

(xxx) “*USDA Revenue Bonds*” means the 2017D Bond, the 2017E Bond and the 2017F Bond.

(yyy) “*Variable Interest Rate*” means any variable interest rate or rates to be borne by any Parity Bonds. The method of computing such a variable interest rate shall be as specified in the applicable Parity Bond Authorizing Resolution, which resolution also shall specify either (i) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective. A Variable Interest Rate may, without limitation, be based on the interest rate on certain bonds or may be based on interest rate, currency, commodity or other indexes.

(zzz) “*Variable Interest Rate Bonds*” means, for any period of time, any Parity Bonds that bear a Variable Interest Rate during that period, except that Parity Bonds shall not be treated as Variable Interest Rate Bonds if the net economic effect of interest rates on particular Parity Bonds of an issue and interest rates on other Parity Bonds of the same issue, as set forth in the applicable Parity Bond Authorizing Resolution, or the net economic effect of a Payment Agreement with respect to particular Parity Bonds, in either case is to produce obligations that bear interest at a fixed interest rate.

Section 2. Findings as to Parity Provisions. In accordance with the provisions of the Outstanding Parity Bond Authorizing Resolutions, which permit the issuance of Future Parity Bonds upon compliance with the conditions set forth therein (the “Parity Conditions”), the Commission hereby finds and determines that this Resolution contains the provisions required by the Outstanding Parity Bond Authorizing Resolutions to be contained herein and further finds as follows:

(a) On or before the Issue Date of the Bonds, any consents required by USDA will be obtained.

(b) All payments have been made as required into the Bond Fund.

(c) No Event of Default has occurred for any Parity Bonds.

(d) On or before the Issue Date of the Bonds, the District shall obtain a certificate showing that the calculations contained in Section 12(c) of Resolution No. 2017-27 and in Section 11(d) of Resolution No. 2017-27 will be satisfied.

The Parity Conditions having been complied with in connection with the issuance of the Bonds, the pledge contained herein of Net Revenue of the District to pay and secure the payment of the Bonds shall constitute a lien and charge upon such revenue equal in rank with the lien and charge upon the Net Revenue of the District to pay and secure the payment of the Outstanding Parity Bonds.

Section 3. Adoption of Project Plan. The following plan of additions to and betterments and extensions of the facilities of the District is specified, adopted and ordered to be carried out (the “Project Plan”): modernize and expand the District campus in Port Townsend, Washington, including replacing an aging building that has outlived its useful life, expanding clinical space to provide a number of additional healthcare service lines and building space that is compliance with seismic requirements for healthcare providers in the State and other capital projects. The Commission of the District may modify details of the Project Plan where necessary or advisable in the judgment of the Commission and where not substantially altering the purposes herein specified.

The estimated cost of the Project Plan is declared to be, as nearly as may be, \$100,000,000, which cost shall be paid from a portion of the proceeds of the Bonds hereinafter authorized to be issued, proceeds of the Privately Placed Revenue Bond and other money of the District legally available therefor.

Section 4. Provision for Issuance and Description of the Bonds. Subject to the parameters set forth in Section 16 hereof, the Bonds shall be dated the Issue Date, shall be issued in Authorized Denominations, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and shall bear interest, payable on the interest payment dates set pursuant to Section 16, at fixed rates *per annum* (computed on the basis of a 360-day year of twelve 30-day months) from the Issue Date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later, at the rates and shall mature in the years and principal amounts, including the designation of Term Bonds if any, all as set forth in the Bond Purchase Agreement. The District shall issue, sell and deliver the Bonds, designated as the “Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bonds, 2023A” (unless otherwise designated pursuant to Section 16 hereof) for the purpose of providing money to pay or reimburse costs of carrying out the Project Plan, to fund a reserve for the Bonds, if necessary, and to pay costs of issuance of the Bonds.

Section 5 Bond Registrar; Registration and Transfer of the Bonds.

(a) Registration of the Bonds. Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(b) Bond Registrar; Duties. The Fiscal Agent is appointed as initial Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the District at all times. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this Resolution, to serve as the District's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this Resolution and the System of Registration. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

(e) Bond Register; Transfer and Exchange of Bonds. The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount, interest rate and maturity. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

(f) Securities Depository; Book-Entry Only Form. If a Bond is to be issued in book-entry form, DTC shall be appointed as initial Securities Depository and each such Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the District; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the District, the District may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the District does not appoint a substitute Securities Depository, or (ii) the District terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this Resolution.

Neither the District nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the District nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 6. Form and Execution of the Bonds. The Bonds shall be prepared in a form consistent with the provisions of this Resolution and State law and shall be signed by the Chair

and the Secretary, either or both of whose signatures may be manual or in facsimile. The Bonds shall be printed at District expense and shall be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bonds.

No Bond shall be valid or obligatory for any purpose, or entitled to the benefits of this Resolution, unless the Bond bears a certificate of authentication manually signed by the Bond Registrar stating: "This Bond is one of the fully registered Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bonds, 2023A, described in the Bond Resolution." A minor deviation in the language of such certificate shall not void a certificate of authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a certificate of authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this Resolution.

If any officer whose manual or facsimile signature appears on the Bonds ceases to be an officer of the District authorized to sign bonds before the Bonds bearing his or her manual or facsimile signature are authenticated or delivered by the Bond Registrar or issued by the District, those Bonds nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the District as though that person had continued to be an officer of the District authorized to sign bonds. Any Bond also may be signed on behalf of the District by any person who, on the actual date of signing of the Bond, is an officer of the District authorized to sign bonds, although the officer did not hold the required office on the Issue Date.

Section 7. Payment of the Bonds. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For as long as the Bonds are registered in the name of DTC or its nominee, payment of principal of and interest on the Bonds shall be made in the manner set forth in the Letter of Representations. If the Bonds cease to be in book-entry-only form, interest on the Bonds shall be paid by checks or drafts of the Bond Registrar mailed on the interest payment date to the Registered Owners at the addresses appearing on the Bond Register on the 15th day of the month preceding the interest payment date (a "Record Date") or by electronic transfer on the interest payment date. The District shall not be required to make electronic transfers except to a Registered Owner of Bonds pursuant to a request in writing (and at the sole expense of that Registered Owner) received at least 10 days before an interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds, whether at maturity or earlier redemption, as applicable, by the Registered Owners to the Bond Registrar.

Section 8. Redemption Provisions and Open Market Purchase of Bonds.

(a) *Optional Redemption.* The Designated Representative may designate all or a portion of the maturities of the Bonds as being subject to redemption at the option of the District prior to their respective maturities on the dates and at the prices set forth in the Bond Purchase Agreement; provided that the designated optional redemption date of such Bonds shall be on or before the date that is 10½ years from the Issue Date. The Designated Representative may also, in his or her discretion, designate all or a portion of the maturities of the Bonds as not being subject to optional redemption as set forth in the Bond Purchase Agreement.

(b) *Mandatory Redemption of Bonds.* The Designated Representative may approve the designation of certain maturities of the Bonds as Term Bonds, as set forth in the Bond Purchase Agreement. Term Bonds, if any, that are not redeemed under optional redemption provisions set forth in the Bond Purchase Agreement or purchased in the open market under the provisions set forth below, shall be called for redemption at par plus accrued interest on such date and in the years and amounts as set forth in the Bond Purchase Agreement. If the District redeems under the optional redemption provisions, purchases in the open market or defeases Term Bonds, the par amount of the Term Bonds so redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The District shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(c) *Partial Redemption of Bonds.* Portions of the principal amount of any Bond, in any Authorized Denomination, may be redeemed (but only to the extent those Bonds are otherwise subject to redemption). If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount remaining unredeemed.

(d) *Selection of Bonds for Redemption.* If fewer than all of the outstanding Bonds within a maturity are to be redeemed prior to maturity, selection of Bonds for redemption shall be randomly within a maturity in such manner as the Bond Registrar shall determine. Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, selection of Bonds for redemption shall be in accordance with the Letter of Representations.

(e) *Notice of Redemption of Bonds.* While the Bonds are held by DTC in book-entry only form, any notice of redemption shall be given at the time, to the entity and in the manner required by DTC in accordance with the Letter of Representations, and the Bond Registrar shall not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form, unless waived by any Registered Owner of the Bonds to be redeemed, the District shall cause notice of any intended redemption of Bonds to be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Owner of any Bond.

In the case of an optional redemption, the notice may state that the District retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding. In addition, the notice of optional redemption of Bonds may be conditioned on sufficient money

being available for such purpose on or prior to the date fixed for redemption or conditioned on the occurrence of any other event. Any such conditional notice of optional redemption for which sufficient money is not available for such purpose on the date specified, or for which the event upon which redemption is conditioned has not occurred, as the case may be, shall be of no effect, each Bond for which notice of optional redemption has been so conditioned shall remain Outstanding, and the failure to satisfy such condition to redemption shall not constitute an Event of Default.

In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB, consistent with the Undertaking, to any nationally recognized rating agency which at the time maintains a rating on the Bonds at the request of the District, and to such other persons and with such additional information as the District shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds.

(f) *Effect of Redemption of Bonds.* Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption, except in the case of a rescinded optional redemption as described above, or unless the Bond or Bonds called are not redeemed when presented pursuant to the call.

(g) *Open Market Purchase of Bonds.* The District reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price acceptable to the District, plus interest to the date of purchase.

(h) *Cancellation of Bonds.* All Bonds purchased or redeemed under this section shall be canceled immediately upon such purchase or redemption.

Section 9. Failure to Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or date set for redemption, as applicable, the District shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund created and the Bond has been called for payment by giving notice of that call to the Registered Owner of each of those unpaid Bonds.

Section 10. Bond Fund, Payment Source and Lien Position of Bonds.

(a) Bond Fund. The Hospital District Revenue Bond Fund (the “Bond Fund”), which is divided into a Principal and Interest Account and a Reserve Account, was previously created and established in the office of the Treasurer as a special fund of the District. The Treasurer may create such additional accounts or subaccounts within the Bond Fund as the Treasurer may deem appropriate for carrying out the purposes of this Resolution. So long as any Parity Bonds are Outstanding and payable from the Bond Fund, the District shall set aside and pay into the respective accounts of the Bond Fund out of the Net Revenue of the District, fixed amounts without regard to any fixed proportion, namely, into the Principal and Interest Account on the day preceding each scheduled payment date such amounts necessary, together with other money on deposit therein, to pay interest or principal and interest next due on the outstanding Parity Bonds.

All money in the Principal and Interest Account may be kept in cash or may be invested in Permitted Investments maturing in sufficient amounts at such times as shall be necessary to pay

the principal of and interest on any outstanding Parity Bonds payable out of the Bond Fund. All net earnings on money and investments in the accounts in the Bond Fund shall be deposited in the Principal and Interest Account, except any earnings which are subject to a federal tax or rebate requirement may be withdrawn from the Bond Fund for deposit in a separate fund or account for that purpose.

If the District fails to set aside and pay into the Bond Fund the amounts above set forth, the Owner of any outstanding Parity Bonds payable out of the Bond Fund may bring an action against the District to compel the setting aside and payment of such money.

A reserve account and reserve requirement was previously established for the USDA Revenue Bonds, and does not secure the 2017B Bond. With the consent of USDA, which is expected to be received prior to the Issue Date of the Bonds, the District may establish a separate debt service reserve account or accounts for the Bonds, the Privately Placed Revenue Bond or any such Future Parity Bonds and set forth the reserve account requirement for such bonds. The Designated Representative shall determine if a Reserve Account is to be established for the Bonds, and set the Reserve Requirement.

(b) Payment Source and Lien Position. The Bonds are payable solely out of the Net Revenue of the District deposited in the Bond Fund and from money and investments on deposit in the Bond Fund and shall not be general obligations of the District. The Net Revenue of the District is pledged to the payments required to be made into the Bond Fund, and the Bonds shall constitute a lien and charge upon such Net Revenue of the District prior and superior to any other charges whatsoever, except that the lien on the Net Revenue of the District shall be on a parity with the lien and charge of the Privately Placed Revenue Bond, the Outstanding Parity Bonds and Future Parity Bonds hereafter issued.

Section 11. Covenants, Including Coverage Requirement and Liquidity Covenant. The District further covenants and agrees with the Owner of each Bond, for so long as the Bonds remain Outstanding, as follows:

(a) Operation and Maintenance. The District shall maintain, preserve and keep District Facilities in good repair, working order and condition, and to make all necessary and proper additions, betterments, renewals and repairs thereto, and improvements, replacements and extensions thereof.

(b) Rates and Fees; Coverage Requirement and Liquidity Requirement. The District covenants and agrees to set rates and charge fees for the use of the District Facilities and services in every Fiscal Year sufficient to cause the District to comply with the Coverage Requirement for each Fiscal Year of the District. The District further covenants and agrees with the Registered Owners of the Bonds, for so long as the Bonds remain Outstanding to maintain Days Cash on Hand equal to the Liquidity Requirement, measured annually at the end of each Fiscal Year. If the Annual Financial Statements of the District for any Fiscal Year disclose that the Coverage Requirement or the Liquidity Requirement is not being met, the District shall retain a Hospital Consultant for the purpose of making recommendations with respect to rates, fees, charges and operations of the District with a view to restoring compliance with the Coverage Requirement or the Liquidity Requirement, as applicable. The District, to the extent feasible and lawful, shall

follow the reasonable recommendations of such Hospital Consultant. If the District complies in all material respects with the recommendations of such Hospital Consultant during the immediately succeeding Fiscal Year, the failure of the District to comply with this covenant for the applicable Fiscal Year shall not be deemed an Event of Default under Section 20 hereof; provided, however, that if the Annual Financial Statements of the District for any two successive Fiscal Years of the District disclose that the Coverage Requirement or the Liquidity Requirement is not being met, the failure of the District to comply with this covenant shall be an Event of Default under Section 20 hereof.

(c) Sale, Transfer or Disposition of Facilities. The District may sell, transfer or otherwise dispose of any of the District Facilities, other than Transfers made in the ordinary course of business, only consistent with one or more of the following:

(i) The District may carry out or permit a Transfer of District Facilities that have become unserviceable, inadequate, obsolete, unsuitable, undesirable, unprofitable or unnecessary to the operation of the District if such Transfer will not impair the operational integrity, unity or economic value of the District Facilities; or

(ii) The District may carry out or permit such a Transfer if the aggregate depreciated cost value of the District Facilities being Transferred under this subparagraph (ii) in any Fiscal Year comprises no more than three percent (3%) of the total assets of the District; or

(iii) The District may carry out or permit a Transfer of any of the District Facilities that are used, useful or material in the operation of the District, if provision is made for the replacement thereof or if the District receives from the purchaser or transferee property of equal or greater value; or

(iv) The District may carry out or permit such a Transfer if provision is made for the replacement thereof within 12 months or for the application of the net proceeds of such Transfer to (A) capital expenditures upon or for facilities or services which will contribute in some measure to Net Income Available for Debt Service; or (B) the retirement of outstanding Parity Bonds at the earliest possible date; or

(v) The District may carry out or permit such a Transfer of District Facilities to any person if, prior to such Transfer,

(A) The District would be able to satisfy the conditions for issuing one dollar (\$1.00) of Future Parity Bonds; and

(B) The District shall have received a report of a Hospital Consultant stating that the ratio of Net Income Available for Debt Service to Maximum Annual Debt Service on all outstanding Parity Bonds for the full Fiscal Year immediately preceding the date of such proposed Transfer, calculated as if the Transfer had occurred at the beginning of that Fiscal Year, is at least equal to the lesser of 85% of the amount of such ratio calculated as if such Transfer had not occurred, or 3.0; or

(vi) The District may carry out or permit such a Transfer of District Facilities to any person if, prior to such Transfer,

(A) The District shall have received a written statement of an independent certified public accountant selected by the District stating that the Net Income Available for Debt Service for each of the two Fiscal Years immediately preceding the date of the Transfer, as evidenced by annual audit reports (provided, however, that if during the first five months of any year the audited Annual Financial Statements of the District for the immediately preceding year is not available, then such average annual Net Income Available for Debt Service shall be calculated based upon the unaudited statement of revenues and expenses of the District for the immediately preceding year prepared by the administrative staff of the District in accordance with generally accepted accounting principles), was equal to at least 150% of the Average Annual Debt Service with respect to all outstanding Parity Bonds (excluding the Future Parity Bonds to be issued), and

(B) The District shall have received a written statement of its Chief Financial Officer reporting as of the time immediately after the Transfer that for each of the two years immediately following that year, the Net Income Available for Debt Service is forecasted to be at least equal to 150% of the Average Annual Debt Service coming due with respect to all outstanding Parity Bonds.

With the exception of the foregoing, the District shall not Transfer all of the District Facilities unless payment is made into the Bond Fund of a sum sufficient to pay in full the principal of and interest on all of the outstanding Parity Bonds in accordance with the terms thereof. In addition, while the USDA Revenue Bonds or any other bonds of the District purchased by USDA are outstanding, the District shall not sell, transfer, lease or otherwise encumber the District Facilities or any portion thereof, or interest therein, or permit others to do so without the prior written consent of USDA.

(d) Books and Records. The District will keep proper books of accounts and records, separate and apart from other accounts and records, and will prepare Annual Financial Statements audited by the District's regular independent certified public accountants, which shall be a public accounting firm experienced in hospital accounting practices, or by the Washington State Auditor. Such audits shall be completed not more than 210 days after the close of the respective years to which they apply, and shall be distributed as provided in the Undertaking and this Resolution.

(e) Insurance. The District will carry the types of insurance on the District Facilities in the amount normally in good practice carried on such properties by private hospitals to the full insurable value thereof, and will also carry adequate public liability insurance at all times, including malpractice insurance in at least the amounts of \$1,000,000 per incident and \$5,000,000 aggregate or such greater amounts as are customarily carried by similar hospitals in the State of Washington (unless such coverage is not available in the marketplace, in which case an experienced insurance consultant shall be retained by the District to recommend alternative options), or in lieu thereof it may self-insure through such risk management program as may be determined by the Commission to be in the best interests of the District after receiving the recommendations of an experienced insurance consultant.

(f) Deposits to Bond Fund. The District will pay or cause to be paid into the Bond Fund out of the Net Revenue of the District such sums and at such times as provided in Section 11 hereof.

(g) Compliance with Law. The District will operate the District Facilities subject to and in accordance with all applicable laws, ordinances, rules, regulations and orders of all government authorities or agencies having jurisdiction over the District Facilities.

(h) Corporate Existence; Merger and Consolidation. It will maintain its corporate existence as a Washington public hospital district so long as any of the Bonds are Outstanding, unless such Bonds have been defeased pursuant to Section 14 hereof.

Section 12. Tax Covenants.

(a) *Preservation of Tax Exemption for Interest on Bonds.* The District covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the District treated as proceeds of the Bonds that will cause interest on the Bonds to be included in gross income for federal income tax purposes. The District also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds.

(b) *Post-Issuance Compliance.* The Chief Executive Officer or Chief Financial Officer is authorized and directed to review and update the District's written procedures to facilitate compliance by the District with the covenants in this Resolution and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bonds from being included in gross income for federal tax purposes.

Section 13. Future Parity Bonds. The District covenants and agrees that for so long as any Parity Bonds are Outstanding it will not hereafter issue any revenue obligations, or refunding revenue obligations or other debt or obligations which shall constitute a lien and charge against the Net Revenue of the District prior to the lien and charge against the same for payments required to be made into the Bond Fund for the Parity Bonds. The District reserves the right to issue Future Parity Bonds having a lien and charge on the Net Revenue of the District on a parity with the lien and charge thereon of the Parity Bonds, if the following conditions are met and complied with at the time of the issuance of such Future Parity Bonds:

(a) All payments then required by this Resolution and any Parity Bond Authorizing Resolution hereafter adopted shall have been made into the Bond Fund and maintained intact therein.

(b) No Event of Default under this Resolution shall have occurred and be continuing.

(c) The Parity Bond Authorizing Resolution authorizing the issuance of such Future Parity Bonds may establish a separate reserve account and reserve requirement for such Future Parity Bonds.

(d) In addition to the foregoing requirements, one of the following two conditions must be satisfied:

(i) A written statement of an independent certified public accountant selected by the District is furnished stating that, as of the time immediately after the delivery of such Future Parity Bonds, the average annual Net Income Available for Debt Service for the two Fiscal Years immediately preceding the date of issuance of such Future Parity Bonds, as evidenced by annual audit reports of the District (provided, however, that if during the first five months of any year the audited Annual Financial Statements of the District for the immediately preceding Fiscal Year is not available, then such average annual Net Income Available for Debt Service shall be calculated based upon the unaudited statement of revenues and expenses of the District for the immediately preceding Fiscal Year prepared by the administrative staff of the District in accordance with generally accepted accounting principles), was an amount at least equal to 125% of the Average Annual Debt Service with respect to all Parity Bonds Outstanding immediately after the issuance of such Future Parity Bonds; or

(ii) (A) A written statement of an independent certified public accountant selected by the District is furnished stating that the Net Income Available for Debt Service for each of the two Fiscal Years immediately preceding the date of issuance of such Future Parity Bonds, as evidenced by annual audit reports (provided, however, that if during the first five months of any year the audited Annual Financial Statements of the District for the immediately preceding year is not available, then such average annual Net Income Available for Debt Service shall be calculated based upon the unaudited statement of revenues and expenses of the District for the immediately preceding year prepared by the administrative staff of the District in accordance with generally accepted accounting principles), was equal to at least 125% of the Average Annual Debt Service with respect to all Parity Bonds then outstanding (excluding the Future Parity Bonds to be issued), and (B) a written statement of the Chief Financial Officer is furnished reporting as of the time immediately after the delivery of such Future Parity Bonds that for each of the two years immediately following that year (or, if improvements are to be constructed with the proceeds of Parity Bonds, that for each of the two years following the first full year after completion), the Net Income Available for Debt Service is forecasted to be at least equal to 125% of the Average Annual Debt Service coming due with respect to all Parity Bonds then outstanding (including the Future Parity Bonds to be issued).

The District reserves the right to issue Future Parity Bonds for the purpose of refunding by exchange or purchasing or calling and retiring at or prior to their maturity any part or all of the then outstanding Parity Bonds payable out of the Bond Fund if the issuance of such refunding Future Parity Bonds does not cause a greater amount to be paid out of the Net Revenue of the District in any year.

Nothing contained in this section shall prevent the District from issuing revenue obligations, the payment of the principal of and interest on which is a charge upon the Net Revenue of the District junior and inferior to the payments required to be made from such Net Revenue of the District into the Bond Fund. Moreover, nothing contained in this section shall prevent the District from issuing revenue obligations to refund maturing revenue obligations of the District for the payment of which money is not otherwise available so long as Maximum Annual Debt Service on the District's outstanding Parity Bonds is not increased as a result of the issuance of those refunding obligations, and nothing contained in this section shall prevent the District from issuing general obligation bonds payable from taxes levied by the District.

Section 14. Refunding or Defeasance of the Bonds. The District may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the “defeased Bonds”) and to pay the costs of the refunding or defeasance. If money and/or noncallable, nonprepayable Government Obligations maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds (hereinafter called the “trust account”), then all right and interest of the Owners of the defeased Bonds in the covenants of this Resolution and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. The Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account. The District shall include in the refunding or defeasance plan such provisions as the District deems necessary for the random selection of any defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the Owners of the defeased Bonds and to such other persons as the District shall determine, and for any required replacement of Bond certificates for defeased Bonds. The defeased Bonds shall be deemed no longer outstanding and the District may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

In the event that the refunding plan provides that the Bonds being refunded or the refunding bonds to be issued be secured by cash and/or Government Obligations or other legal investments pending the prior redemption of the Bond being refunded and if such refunding plan also provides that certain cash and/or Government Obligations or other legal investments are pledged irrevocably for the prior redemption of the Bonds included in the refunding plan, then only the debt service on those Bonds which are not defeased Bonds and the refunding bonds, the payment of which is not so secured by the refunding plan, shall be included in the computation of coverage for the issuance of Parity Bonds and the annual computation of coverage for determining compliance with the rate covenants.

Section 15. Deposit of Bond Proceeds. Accrued interest, if any, received from the Purchaser with regard to the Bonds shall be deposited into the Bond Fund. Bond proceeds shall be deposited in the fund or account to finance the Project Plan, which is hereby authorized and directed to be created or continued by the District (the “Project Fund”). Amounts in the Project Fund shall be used to pay or reimburse costs of carrying out the Project Plan, and until needed to pay or reimburse costs of carrying out the Project Plan, the District may invest principal proceeds temporarily in any Permitted Investment, and the investment earnings may be retained in the Project Fund and be spent for the purposes of that fund except that earnings subject to a federal tax or rebate requirement may be withdrawn from the Project Fund and used for those tax or rebate purposes.

If the Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Bonds.

Section 16. Appointment of Designated Representative; Setting Parameters with Respect to the Terms of the Bonds; Approval of Bond Purchase Agreement. It is anticipated that the Bonds will be sold by negotiated sale to the Purchaser and that the Purchaser will present the Bond Purchase Agreement to the District offering to purchase the Bonds. Pursuant to the terms of RCW 39.46.040, the Chief Executive Officer, or in the absence or disability of the Chief Executive Officer, the Chief Financial Officer, is hereby appointed as the District's Designated Representative and is authorized and directed on the District's behalf to accept the terms of, and execute, the Bond Purchase Agreement subject to the following parameters (which parameters shall be confirmed in the Bond Purchase Agreement and/or separate certificate(s) approved and executed by the Designated Representative in connection with the issuance of the Bonds):

(a) *Amount of Bonds.* The Bonds shall be issued in the aggregate principal amount of not to exceed \$90,000,000.

(b) *Final Maturity Date.* The final maturity date of the Bonds shall not exceed December 31, 2053.

(c) *Issue Designation.* If the Issue Date occurs after 2023, the issue designation of the Bonds shall be changed, without further action of the Commission, to reflect the calendar year in which the Bonds are issued (*e.g.*, "Hospital Revenue Bonds, 2024"). Conforming changes shall be made in the certificate(s) of authentication authorized by Section 6 of this Resolution.

(d) *Payment Dates.* Interest on the Bonds shall be payable semiannually (on each April 1 and October 1), commencing on the date no later than 12 months following the Issue Date selected by the Designated Representative. Principal shall be payable on such date(s) and in such amount(s) as are selected by the Designated Representative; provided that, principal shall only be payable on October 1 in any given year.

(e) *Redemption Rights.* The Bonds shall be subject to redemption provisions, including designation of Term Bonds, if any, as set forth in the Bond Purchase Agreement, consistent with Section 8 herein.

(f) *Price.* The aggregate purchase price for the Bonds shall not be less than 90% or more than 110% of the aggregate principal amount of the Bonds.

(g) *Interest Rate(s).* One or more rates of interest may be fixed for each maturity of the Bonds; provided that, no rate of interest for any maturity of the Bonds may exceed 7.50%.

(h) *Other Terms and Conditions.*

(i) The Designated Representative, in consultation with the Purchaser, may determine that it is in the District's best interest to provide for bond insurance or other credit enhancement and may accept, on behalf of the District, such additional terms, conditions, and covenants as may be required by the bond insurer, if consistent with the provisions of this Resolution.

(ii) The Designated Representative is authorized to establish a Reserve Account and set the Reserve Requirement and take such additional action as may be necessary or convenient for the issuance of Bonds pursuant to the terms of this Resolution.

(i) *Expiration of Authority.* The Issue Date of the Bonds shall be on or before one year after the date of this Resolution.

Section 17. Official Statement. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12 with respect to any preliminary official statement (the "Preliminary Official Statement") prepared in connection with the sale of the Bonds, the Chief Executive Officer and/or the Chief Financial Officer, on the District's behalf, is hereby authorized to: (i) review and "deem final" that Preliminary Official Statement as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12; (ii) authorize the distribution by the Purchaser of the "deemed final" Preliminary Official Statement to potential purchasers of the Bonds; and (iii) acknowledge in writing any action taken pursuant to clauses (i) and (ii) of this paragraph. The Chief Executive Officer or Chief Financial Officer are hereby authorized to review and approve on behalf of the District a final official statement (the "Official Statement") with respect to the Bonds, substantially in the form of the "deemed final" Preliminary Official Statement and supplemented or amended as the Chief Executive Officer and/or the Chief Financial Officer, with the approval of Bond Counsel, deems necessary, desirable, or appropriate. The Chief Executive Officer and/or the Chief Financial Officer are authorized to execute each such Official Statement and the District is authorized to deliver or cause to be delivered that Official Statement to the Purchaser in the manner required by Rule 15c2-12, the MSRB and the Bond Purchase Agreement.

Section 18. Undertaking to Provide Continuing Disclosure. To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser, the District makes the following written Undertaking for the benefit of holders of the Bonds:

(a) *Undertaking to Provide Annual Financial Information and Notice of Listed Events.* The District undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in Subsection (b) ("annual financial information") and "Quarterly Financial Information" as defined and described in Subsection (c) below;

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (A) principal and interest payment delinquencies; (B) non-payment related defaults, if material; (C) unscheduled draws on debt service reserves reflecting financial difficulties; (D) unscheduled draws on credit enhancements reflecting financial difficulties; (E) substitution of credit or liquidity providers, or their failure to perform; (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the

Bonds, or other material events affecting the tax status of the Bonds; (G) modifications to rights of holders of the Bonds, if material; (H) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (I) defeasances; (J) release, substitution, or sale of property securing repayment of the Bonds, if material; (K) rating changes; (L) bankruptcy, insolvency, receivership or similar event of the District, as such “Bankruptcy Events” are defined in Rule 15c2-12; (M) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (N) appointment of a successor or additional trustee or the change of name of a trustee, if material; (O) incurrence of a financial obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or obligated person, any of which affect security holders, if material; and (P) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties. The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

(iii) Timely notice of a failure by the District to provide the required annual financial information described in Subsection (b) on or before the date specified in Section 18.2(c).

(b) *Type of Annual Financial Information Undertaken to be Provided.* The annual financial information that the District undertakes to provide in Subsection (a):

(i) Shall consist of (1) the Annual Financial Statements for the most recent Fiscal Year, and (2) financial information and operating data with respect to the District and its Facilities of the type included in the Official Statement for the Bonds under the caption Appendix A — CERTAIN INFORMATION CONCERNING PUBLIC HOSPITAL DISTRICT NO. 2, JEFFERSON COUNTY, WASHINGTON — FINANCIAL INFORMATION AND OPERATING DATA, including without limitation information of the type provided under the captions “Historical Utilization”; “Summary of Revenues and Expenses”, “Days Cash on Hand” and “Debt Service Coverage”;

(ii) Shall not be audited, except, however, that if and when audited Annual Financial Statements are otherwise prepared and available to the District they will be provided;

(iii) Shall be provided to the MSRB, not later than the last day of the sixth month following the end of each fiscal year of the District (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the District’s fiscal year ending December 31, 2023; and

(iv) May be provided in a single or multiple documents, and may be incorporated by specific reference to other documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) *Type of Quarterly Financial Information Undertaken to be Provided.* The Quarterly Financial Information that the District undertakes to provide in Subsection (a) above:

(i) Shall consist of (1) the Quarterly Financial Statements for the most recent Fiscal Quarter, and (2) utilization statistics of the type included in the heading titled “Utilization Statistics” in Appendix A to the Official Statement for the Bonds; and

(ii) Shall be provided to the MSRB not later than the 45th day after the end of each Fiscal Quarter commencing with the District’s Fiscal Quarter ending March 31, 2024.

(d) *Amendment of Undertaking.* The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The District will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(e) *Beneficiaries.* The Undertaking evidenced by this section shall inure to the benefit of the District and any holder of Bonds or Beneficial Owner, and shall not inure to the benefit of or create any rights in any other person.

(f) *Termination of Undertaking.* The District’s obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the District’s obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which require the District to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized Bond Counsel or other counsel familiar with federal securities laws delivered to the District, and the District provides timely notice of such termination to the MSRB.

(g) *Remedy for Failure to Comply with Undertaking.* As soon as practicable after the District learns of any failure to comply with the Undertaking, the District will proceed with due diligence to cause such noncompliance to be corrected. No failure by the District or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the District or other obligated person to comply with the Undertaking.

(h) *Designation of Official Responsible to Administer Undertaking.* The Chief Financial Officer (or such other officer of the District who may in the future perform the duties of that office) and his or her designee, and each acting alone, are authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the District in respect of the Bonds set forth in this section and in accordance with Rule 15c2-12, including, without limitation, the following actions:

(i) Preparing and filing the annual financial and operating information and Quarterly Financial Information undertaken to be provided;

(ii) Determining whether any event specified in Subsection (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

(iii) Determining whether any person other than the District is an “obligated person” within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person in accordance with Rule 15c2-12;

(iv) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the District in carrying out the Undertaking; and

(v) Effecting any necessary amendment of the Undertaking.

Section 19. Supplemental Resolutions.

(a) *Without the Consent of Owners.* The Commission from time to time and at any time may adopt a resolution or resolutions supplemental to this Resolution which supplemental resolution or resolutions thereafter shall become a part of this Resolution, for any one or more or all of the following purposes:

(i) To add to the covenants and agreements of the District contained in this Resolution or make any other change which is not materially adverse to the interests of the Owners of any outstanding Parity Bonds, or to surrender any right or power herein reserved to or conferred upon the District;

(ii) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision or provisions contained in this Resolution or any Parity Bond Authorizing Resolution regarding matters or questions arising under such resolution as the Commission may deem necessary or desirable and not inconsistent with such resolution and which shall not adversely affect the interests of the Owners of any outstanding Parity Bonds;

(iii) To comply with any future federal law or interpretation in order to preserve the exclusion of the interest on the Revenue Bond from gross income for the purposes of federal income taxation; and

(iv) To provide for the issuance of Future Parity Bonds in accordance with the provisions of this Resolution.

Any such supplemental resolution of the District may be adopted only with the consent of the Purchaser, but without the consent of the Owners of any other outstanding Parity Bonds, notwithstanding any of the provisions of paragraph (b) of this section.

(b) *With the Consent of Owners.* With the consent of USDA and the Owners of not less than 75%, which amount is lowered to not less than 51% once the outstanding Parity Bonds are no longer outstanding, in aggregate principal amount of the outstanding Parity Bonds, the Commission may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall:

(i) Extend the fixed maturity of any outstanding Parity Bonds or the time of payment of installments of principal thereof or interest thereon from the established due date, or reduce the rate of interest thereon or the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Owner of the Revenue Bond so affected; or

(ii) Amend this Section 19 without the consent of the Owners of all of the outstanding Parity Bonds.

It shall not be necessary for the consent of Owners under this paragraph (b) to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent shall approve the substance thereof.

Section 20. Defaults and Remedies.

(a) *Events of Default.* The following shall constitute “Events of Default” with respect to the Revenue Bond:

(i) If a default is made in the payment of the principal of or interest on the Revenue Bonds when the same shall become due and payable; or

(ii) If the District defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the District set forth in this Resolution or any covenants, conditions or agreements on the part of the District contained in any Parity Bond Authorizing Resolution and such default or defaults have continued for a period of 60 days after the District has received from the Bondowners’ Trustee (as defined below), from USDA or from the Registered Owners of not less than 25% in Outstanding principal amount of the Parity Bonds (excluding the USDA Revenue Bonds), a written notice specifying and demanding the cure of such default; or

(iii) If the District makes a material misrepresentation to a Registered Owner in connection with the purchase of any Parity Bond, as reasonably concluded by the Registered Owner after investigation and discussion with the District; or

(iv) If the District files a petition in bankruptcy or is placed in receivership under any state or federal bankruptcy or insolvency law.

(b) *Bondowners’ Trustee.* So long as such Event of Default has not been remedied, a bondowners’ trustee (the “Bondowners’ Trustee”) may be appointed by the Registered Owners of 25% in Outstanding principal amount of the Parity Bonds (excluding the USDA Revenue Bonds), by an instrument or concurrent instruments in writing signed and acknowledged by such

Registered Owners of the outstanding Parity Bonds (excluding the USDA Revenue Bonds) or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the District. That appointment shall become effective immediately upon acceptance thereof by the Bondowners' Trustee. Any Bondowners' Trustee appointed under the provisions of this subsection shall be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The bank or trust company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the Registered Owners of a majority in Outstanding principal amount of the Parity Bonds (excluding the USDA Revenue Bonds), by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners of the Parity Bonds (excluding the USDA Revenue Bonds) or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties. The Bondowners' Trustee may be an affiliate of any Registered Owner of Parity Bonds.

In the event that any Event of Default in the joint judgment of the Purchaser and the Bondowners' Trustee is cured and the Bondowners' Trustee furnishes to the District a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the District, the Bondowners' Trustee, the Purchaser and the other Registered Owners of the Parity Bonds (excluding the USDA Revenue Bonds) shall be restored to the same rights and position which they would have held if no Event of Default had occurred.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the Registered Owners of all the Parity Bonds (excluding the USDA Revenue Bonds) and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

The Bondowners' Trustee will not act on behalf of the USDA, and is not available to the USDA Revenue Bonds, unless permitted in writing by USDA.

(c) *Suits at Law or in Equity.* Upon the happening of an Event of Default and during the continuance thereof, the Bondowners' Trustee may, and upon the written request of the Purchaser or the other Registered Owners of not less than 25% in principal amount of the Parity Bonds Outstanding (excluding the USDA Revenue Bonds) shall, take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the Registered Owners of the Parity Bonds (excluding the USDA Revenue Bonds), to collect any amounts due and owing to or from the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this Resolution or in any of the Parity Bonds (excluding the USDA Revenue Bonds).

Nothing contained in this Section 20 shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on the Parity Bonds, and the remedy of acceleration is expressly denied to the Registered Owners of the Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the Owners and all such rights of action upon or under any of the Parity Bonds (excluding the USDA Revenue Bonds) or the provisions of this Resolution may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the Registered Owners of the Parity Bonds (excluding the USDA Revenue Bonds), subject to the provisions of this Resolution. The Registered Owners of the Parity Bonds (excluding the USDA Revenue Bonds), by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective Registered Owners of the Parity Bonds (excluding the USDA Revenue Bonds), with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds (excluding the USDA Revenue Bonds); to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the Registered Owner might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any Owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District is a party.

(d) *Application of Money Collected by Bondowners' Trustee.* Any money collected by the Bondowners' Trustee at any time pursuant to this Section 20 shall be applied in the following order of priority:

(i) first, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys; and

(ii) second, to the payment to the persons entitled thereto of all installments of interest then due on the Parity Bonds (excluding the USDA Revenue Bonds) in the order of maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

(iii) third, to the payment to the persons entitled thereto of the unpaid principal amounts of any Parity Bonds (excluding the USDA Revenue Bonds) which shall have become due (other than Parity Bonds (excluding the USDA Revenue Bonds) previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

(e) *Duties and Obligations of Bondowners' Trustee.* The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this Resolution, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this Resolution.

The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

The Bondowners' Trustee shall not be bound to recognize any person as a Registered Owner of any Parity Bond until its title thereto, if disputed, has been established to its reasonable satisfaction.

The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

(f) *Suits by Individual Owners Restricted.* Neither the Owner nor the beneficial owner of any one or more Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless:

- (i) an Event of Default has happened and is continuing; and
- (ii) a Bondowners' Trustee has been appointed; and
- (iii) such Owner or beneficial owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and
- (iv) the Owners of twenty-five percent (25%) in principal amount of the outstanding Parity Bonds (excluding the USDA Revenue Bonds), after the occurrence of such Event of Default, have made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and
- (v) there has been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and
- (vi) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No Owners or beneficial owners of any Parity Bond (excluding the USDA Revenue Bonds) shall have any right in any manner whatever by his action to affect or impair the obligation of the District to pay from the Net Revenue of the District the principal of and interest on such Parity Bonds (excluding the USDA Revenue Bonds) to the respective owners thereof when due.

(g) *Payment Solely From Net Revenue of the District and Certain Funds.* Nothing in this Section 20 shall be deemed to require payment to owners or beneficial owners from any source other than the Net Revenue of the District and money and investments in the funds pledged in Section 10 of this Resolution.

(h) *Waiver of Jury Trial.* The District agrees to irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Resolution or its actions or the actions of the Purchaser in the negotiation, administration, performance or enforcement.

Section 21. General Authorization and Ratification. The Chair, the Secretary, the Chief Executive Officer, the Chief Financial Officer, and other appropriate officers of the District and Bond Counsel are severally authorized and directed to take any actions and to execute documents as in their judgment may be necessary or desirable to carry out the terms of, and complete the transactions contemplated by, this Resolution and the Bond Purchase Agreement (including everything necessary for the prompt delivery of the Bond to the Purchaser and for the proper application, use and investment of the proceeds of the sale thereof), and all actions heretofore taken in furtherance thereof and not inconsistent with the provisions of this Resolution are hereby ratified and confirmed in all respects.

Section 22. Severability. If any one or more of the covenants or agreements provided in this Resolution to be performed on the part of the District shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be separable from the remaining covenants and agreements in this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Bonds.

Section 23. Effective Date. This Resolution shall become effective immediately upon its adoption.

ADOPTED AND APPROVED by the Commission of Public Hospital District No. 2, Jefferson County, Washington, at a regular open public meeting thereof held this 23rd day of August, 2023, the following Commissioners being present and voting in favor of the adoption of this Resolution.

PUBLIC HOSPITAL DISTRICT NO. 2
JEFFERSON COUNTY, WASHINGTON

Chair and Commissioner

Commissioner

Commissioner

Commissioner

Secretary and Commissioner

CERTIFICATION

I, the undersigned, Secretary of the Commission (the “Commission”) of Public Hospital District No. 2, Jefferson County, Washington (the “District”), hereby certify as follows:

1. The attached copy of Resolution No. 2023-12 (the “Resolution”) is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Commission held at the regular meeting place thereof on August 23, 2023, as that Resolution appears on the minute book of the District; and the Resolution is now in full force and effect;

2. That such meeting was duly convened, held and included an opportunity for public comment, in all respects in accordance with law; due and proper notice of such meeting was given;

3. That a quorum was present throughout the meeting, and a majority of the members of the Commission of the District so present at the meeting voted in the proper manner for the adoption of the Resolution;

4. That all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of August, 2023.

PUBLIC HOSPITAL DISTRICT NO. 2
JEFFERSON COUNTY, WASHINGTON

Secretary of the Commission