



AGENDA
SPECIAL MEETING OF THE
EL CAMINO HEALTHCARE DISTRICT
BOARD OF DIRECTORS

Wednesday, March 8, 2017 – 5:30 pm

El Camino Hospital | Conference Rooms E, F, & G (ground floor)
2500 Grant Road, Mountain View, CA 94040

PURPOSE: The purpose of the District shall be (i) to establish, maintain and operate, or provide assistance in the operation of, one or more health facilities (as that term is defined in California Health and Safety Code Section 1250) or health services at any location within or without the territorial limits of the District, for the benefit of the District and the people served by the District; (ii) to acquire, maintain and operate ambulances or ambulance services within or without the District; (iii) to establish, maintain and operate, or provide assistance in the operation of free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and such other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the District; and (iv) to do any and all other acts and things necessary to carry out the provisions of the District's Bylaws and the Local Health District Law.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER/ROLL CALL	Peter Fung, MD, Chair		5:30 – 5:32 pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Peter Fung, MD, Chair		5:32 – 5:33
3. RESOLUTION 2017-02 Authorizing redemption of the Series 2006 General Obligation Bonds issued on December 13, 2006 in accordance with the terms of the 2006 General Obligation Bonds, the sale of not to exceed a total amount of \$115,000,000 aggregate principal amount of the 2017 General Obligation Refunding Bonds, the payment of the costs of issuance and the irrevocable deposit of a portion of the proceeds of the 2017 General Obligation Refunding Bonds to an escrow fund established pursuant to an escrow agreement. ATTACHMENT 3	Iftikhar Hussain, CFO; Chad Kenan, Citigroup; Jennifer Brown, Ponder & Co.	public comment	possible motion 5:33 – 5:44
4. ADJOURNMENT	Peter Fung, MD, Chair		motion required 5:44 – 5:45 pm

Upcoming Meetings

- March 14, 2017
- June 20, 2017
- June 28, 2017

A copy of the agenda for the Special Meeting will be posted and distributed at least twenty four (24) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at (650) 988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

ECHD BOARD MEETING AGENDA ITEM COVER SHEET

Item:	Draft Resolution 2017-02 El Camino Healthcare District Board of Directors March 8, 2017
Responsible party:	Iftikhar Hussain, Chief Financial Officer; Chad Kenan, Director, Citibank; Jennifer Brown, Ponder & Co.
Action requested:	For Approval
Background: <p>The Series 2017 refunding bonds are refunding the Series 2006 current interest bonds. The refunding will result in reduction of debt service and savings to the taxpayers of the El Camino Healthcare District.</p> <p>We recommend that, in reviewing the attached bond documents (which are still in draft form, but are substantially final), the Board focus on the following documents:</p> <ol style="list-style-type: none"> 1. Appendix A – This tells the story of ECHD and needs to reflect all factual information that investors will need to make a decision to buy ECHD bonds. 2. Official Statement – This describes the structure of the deal. The key area of focus in here should be the “Risks” section. This is where we try and capture all risks that would be relevant to investors that are evaluating ECHD Bonds. 3. Continuing Disclosure Undertaking – These are the items that ECHD has to report to the market on a timely basis should they occur. 	
Board Advisory Committees that reviewed the issue and recommendation, if any: None.	
Summary and session objectives: Obtain approval of Resolution 2017-02	
Proposed Board motion, if any: <p>To approve Resolution 2017-02 authorizing redemption of the Series 2006 General Obligation Bonds issued on December 13, 2006 in accordance with the terms of the 2006 General Obligation Bonds, the sale of not to exceed a total amount of \$115,000,000 aggregate principal amount of the 2017 General Obligation Refunding Bonds, the payment of costs of issuance and the irrevocable deposit of a portion of the proceeds of the 2017 General Obligation Refunding Bonds to an escrow fund established pursuant to an escrow agreement.</p>	
LIST OF ATTACHMENTS: <ol style="list-style-type: none"> 1. PowerPoint Presentation 2. Draft Resolution 2017-02 3. Paying Agent Agreement 4. Escrow Agreement 5. Continuing Disclosure Undertaking 6. Bond Purchase Agreement 7. Preliminary Official Statement 	

March 8, 2017

District Board Meeting – Series 2017



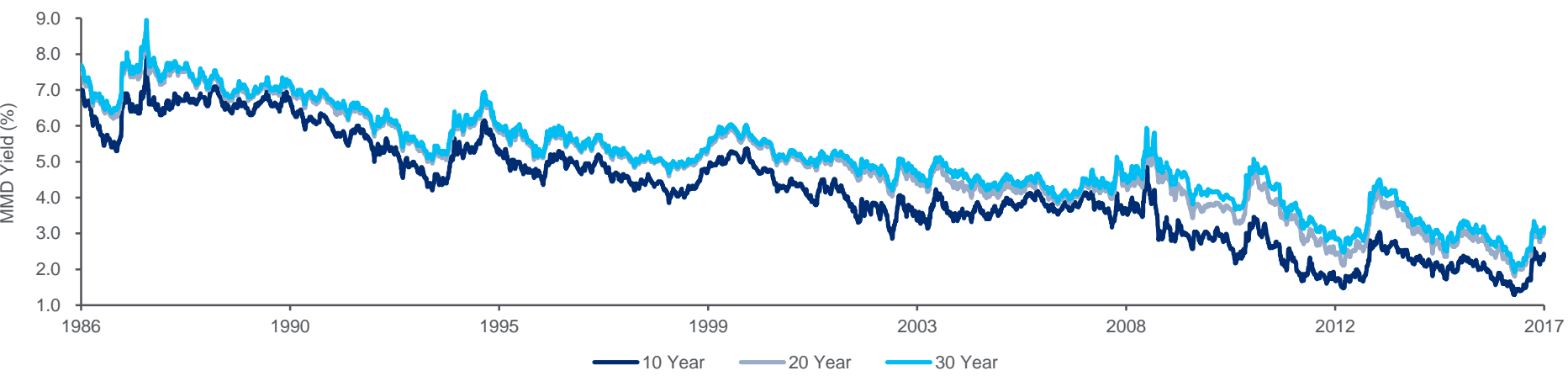
Executive Summary

- El Camino Hospital originally priced the Series 2016 bonds on October 26, 2016 but the transaction did not close as planned on November 15th
- When Donald Trump won the election on November 9th, the market became extremely volatile and interest rates increased dramatically for several days
- While rates have increased from their all time lows, the current interest rate is still very attractive on a historical basis
- ECH is interested in returning to the market with a 2017 plan and lock in historically low rates, capitalizing on all the work that originally went into the 2016 plan
- The 2017 General Obligation Bond plan of finance will include:
 - **Opportunity to reduce interest cost on Series 2006 General Obligation Bonds**
 - **Est. Gross Savings over life of the bonds of \$9.5 million that will be passed to the district property owners**
- Once final approvals have been received, ECH will be able to market and sell the bonds within one week

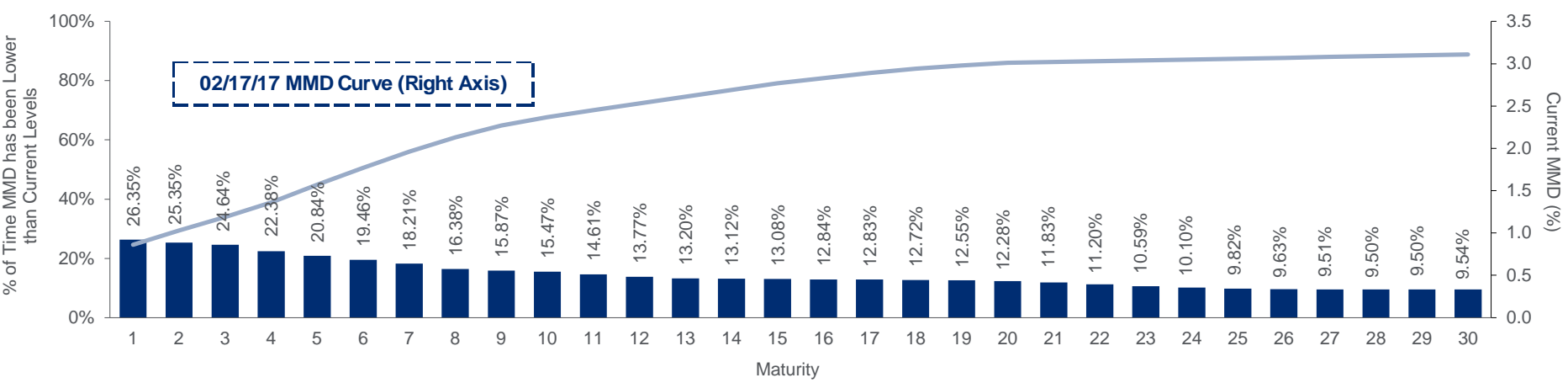
MMD in Historical Context

Although MMD has ticked up recently from all time lows, from a historical perspective the current rate environment continues to be attractive to issuers, especially on the long end of the curve.

AAA G.O. MMD Yields (June 1, 1986 – February 17, 2017)



% of Time MMD has been Lower Since 1986



Source: Thomson Reuters, data as of February 17, 2017.

Changes in MMD Since ECH Series 2016 Revenue Bond Pricing

As a result of record municipal issuance in the fall and reaction to the Presidential Election results, rates have picked up across the curve with significant volatility over the past month.

30 Year MMD Volatility - Since ECH Series 2016 Revenue Bond Pricing



Municipal Yield Changes

	October 26, 2016	February 23, 2017	Δ Since Series 2016 Revenue Bond Pricing
5-Year	1.12%	1.55%	+ 43bps
10-Year	1.72%	2.42%	+ 70bps
30-Year	2.55%	3.09%	+ 54bps

Source: Thomson Reuters, data as of February 17, 2017.

History of El Camino Hospital Financings in the Past Decade

Transaction	Purpose	Par Amount	Call Dates	Original All-in TIC
General Obligation Bonds				
Series 2006CIB ⁽¹⁾	To construct new District facilities, altering, renovating and improving existing District facilities	\$101,460,000	2/1/2017 @ 100%	4.48%
Series 2006CAB ⁽²⁾	To construct new District facilities, altering, renovating and improving existing District facilities	\$32,335,000	Non-callable	4.44%
Upcoming Series 2017 (General Obligation)	To refund the Series 2006 Current Interest Bonds	~\$94,560,000	2/1/2027 @ 100% (Expected)	3.77%
Revenue Bonds				
Series 2007ABC (defeased)	To refinance or reimburse the Corporation for certain capital expenditures at facilities owned or operated by the Corporation	\$147,525,000	8/1/2017 @ 100%	5.47%
Series 2009A	To finance or reimburse the Corporation for certain capital expenditures at facilities owned to operated by the Corporation	\$50,000,000	Any date @ 100%	4.77%
Series 2015A	To finance and refinance certain capital expenditures at facilities owned or operated by the Corporation and to advance refund the Series 2007ABC Bonds	\$160,455,000	2/1/2025 @ 100%	3.87%
Upcoming Series 2017 (Revenue)	To finance or refinance certain capital expenditures at facilities owned or operated by the Corporation	~\$284,940,000	2/1/2027 @ 100% (Expected)	4.31%

- (1) "CIB" : Current Interest Bonds
 (2) "CAB" : Capital Appreciation Bonds
 (3) Upcoming Series 2017 All-in TIC is an estimate

Refunding of Series 2006 Current Interest Bonds GO Bonds

Summary Statistics - Current Market

Delivery Date	3/22/2017
All-In TIC	3.77%
Average Coupon of Refunding Bonds	4.53%
Average Coupon of Refunded Bonds	4.42%

Par Amount of Refunding Bonds	\$94,560,000
Par Amount of Refunded Bonds	101,460,000

Average Life of Refunding Bonds (years)	14.05
Average Life of Refunded Bonds (years)	13.85

Net PV Savings	6,972,766
Percentage Savings of Refunded Bonds	6.87%
Negative Arbitrage	-

Sources

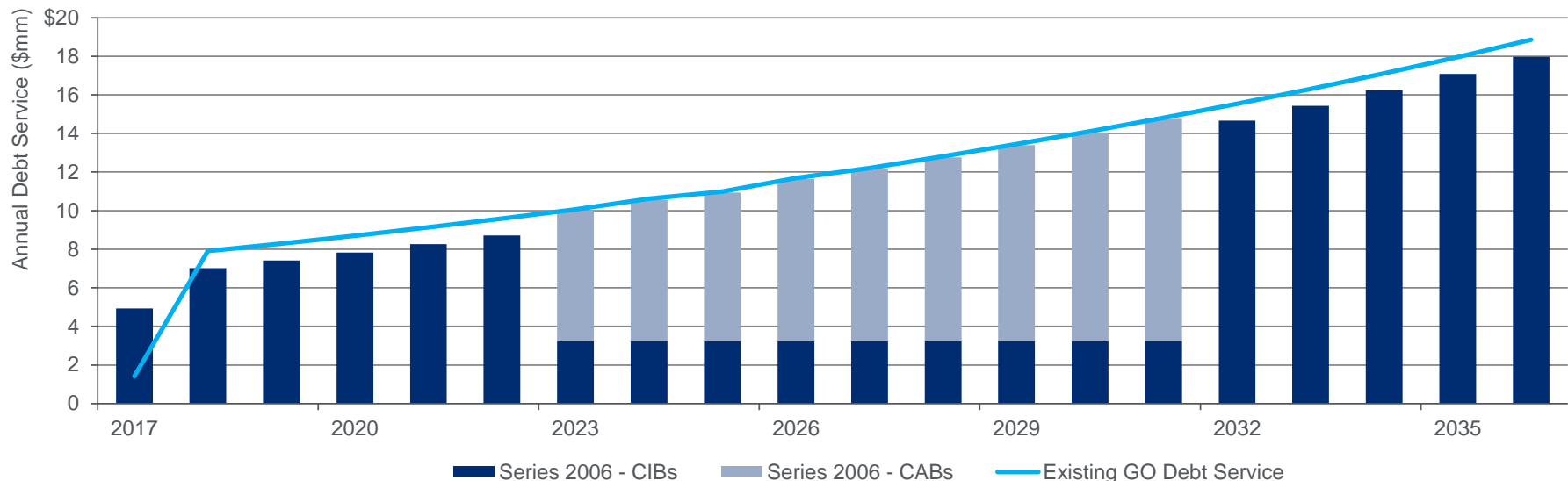
Par Amount	\$	94,560,000.00
Premium		8,328,252.45
Total Sources	\$	102,888,252.45

Uses

SLGS Purchases	\$	102,108,613.75
Cost of Issuance		779,638.70
Total Uses	\$	102,888,252.45

Sensitivity Analysis

If rates increase by 25bps, Series 2006 bonds generate 4.9% of PV Savings
If rates decrease by 25bps, Series 2006 bonds generate 8.9% of PV Savings



For illustrative purposes only. Preliminary – Subject to Change. Assumes rates as of February 23, 2017.
PV rate assumed at the arbitrage yield

Series 2017 Financing Timeline – Key Dates

- Receive Ratings (Week of March 6th)
- El Camino Hospital Board Meeting (March 8th)
- ECH District Special Board Meeting (March 8th)
- POS Mailing (March 9th)
- Investor Call (March 13th)
- **GO Bond Pricing / Execute BPA (March 15th)**
- Revenue Bond Pricing / Execute BPA (March 16th)
- Closing (March 22nd)

Preliminary – Subject to Change

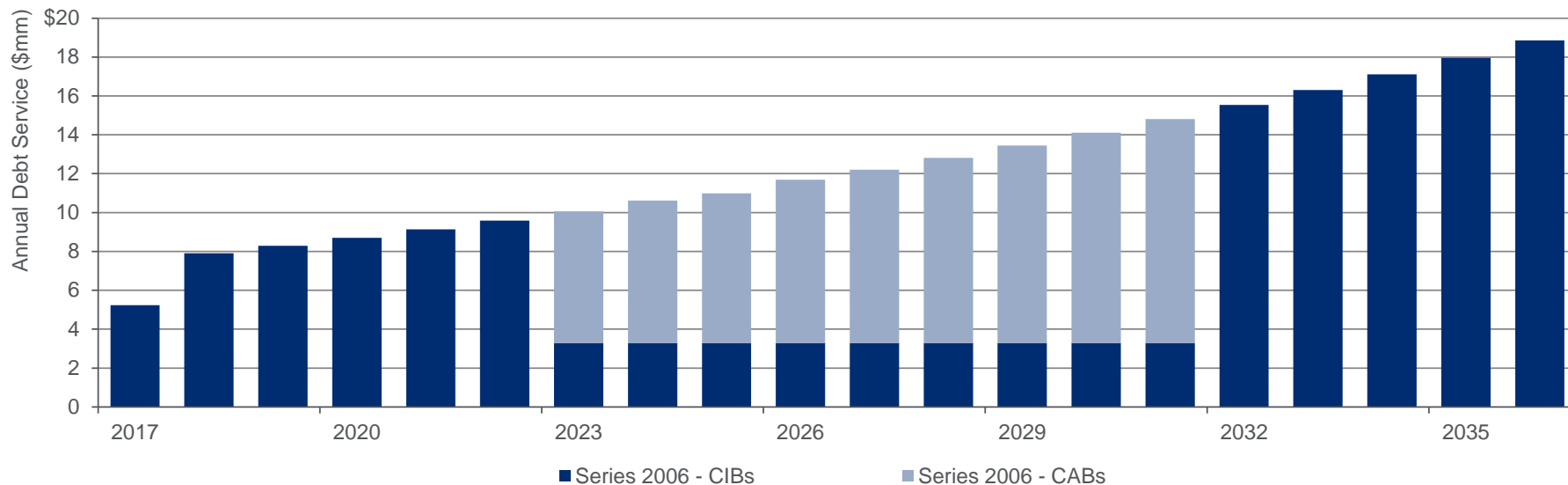
Appendix A. Current Debt Profile

Overview of Outstanding ECH General Obligation Bonds

Debt Outstanding By Series

Series	Par Outstanding	Structure	Call Feature	Enhancement	Average Coupon	Average Life	Final Maturity
Series 2006 - CIBs	\$ 101,460,000	Fixed Rate Bonds	2/1/2017 @ 100.0%	MBIA Insured	4.51%	13.9	8/1/2036
Series 2006 - CABs	32,335,000	Capital Appreciation Bonds	Non-Callable	MBIA Insured	4.44%	10.5	8/1/2031
TOTAL	\$ 133,795,000				4.49%	13.1	

Debt Service Landscape



Outstanding amounts as of February 2017. Source: Company filings.
 Note: Only includes revenue bond indebtedness.
 Aligned to 12/31 year-end.

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Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy and mitigation

Att. 03 02 Resolution 2017-02

EL CAMINO HEALTHCARE DISTRICT

RESOLUTION NO. 2017-02

RESOLUTION OF THE BOARD OF DIRECTORS OF EL CAMINO HEALTHCARE DISTRICT APPROVING THE ISSUANCE AND SALE OF NOT TO EXCEED \$115,000,000 AGGREGATE PRINCIPAL AMOUNT OF EL CAMINO HEALTHCARE DISTRICT 2017 GENERAL OBLIGATION REFUNDING BONDS BY NEGOTIATED SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PAYING AGENT AGREEMENT; APPROVING THE FORM OF BOND PURCHASE AGREEMENT PROVIDING FOR SAID SALE AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH BOND PURCHASE AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DISTRIBUTION OF AN OFFICIAL STATEMENT FOR SAID BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE UNDERTAKING FOR SAID BONDS, AND AUTHORIZING THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE AND SALE OF SAID BONDS.

WHEREAS, the District has previously issued the El Camino Hospital District 2006 General Obligation Bonds (the "Series 2006 Bonds") in the aggregate principal amount of \$148,000,000, consisting of \$115,665,000 in aggregate principal amount of current interest Series 2006 Bonds (the "Series 2006 Current Interest Bonds") and \$32,335,000 in aggregate principal amount of capital appreciation Series 2006 Bonds;

WHEREAS, the District is authorized pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") to issue refunding bonds to refund the outstanding Series 2006 Current Interest Bonds;

WHEREAS, the District has determined that the prudent management of the fiscal affairs of the District requires that the District issue Refunding Bonds (defined below) to refund the outstanding Series 2006 Current Interest Bonds under the provisions of the Act;

WHEREAS, in order to provide for the authentication and delivery of the Refunding Bonds, to establish and declare the terms and conditions upon which the Refunding Bonds are to be issued and to provide for the payment of the principal thereof and interest and premium, if any, thereon, the Board of Directors proposes to enter into a paying agent agreement (the "Paying Agent Agreement") with Wells Fargo Bank, National Association, as paying agent (Wells Fargo Bank, National Association, acting in its capacity as paying agent being hereinafter referred to as the "Paying Agent");

WHEREAS, the Board of Directors deems it desirable to authorize a negotiated sale of the Refunding Bonds to Citigroup Global Markets Inc. (hereinafter referred to as the "Underwriter") pursuant to a bond purchase agreement (the "Bond Purchase Agreement"), which is proposed to be entered into between the District and the Underwriter;

WHEREAS, in order to facilitate the offering of the Refunding Bonds by the Underwriter, the Board of Directors proposes to approve, execute and deliver an official statement (the "Official Statement") describing the Refunding Bonds and certain related matters;

WHEREAS, in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (“Rule 15c2-12”), the Board of Directors proposes to execute and deliver a continuing disclosure undertaking (“Continuing Disclosure Undertaking”);

WHEREAS, in order to facilitate the offering of the Bonds by the Underwriter, the Board of Directors proposes to approve, execute and deliver an official statement (the “Official Statement”) describing the Bonds and certain related matters;

WHEREAS, in order to accomplish the foregoing, it will be necessary for the District to enter into or execute or approve and deliver the following documents, instruments and agreements, forms of which have been prepared and presented to this meeting:

- (1) Paying Agent Agreement (with form of Bond);
- (2) Bond Purchase Agreement;
- (3) Continuing Disclosure Undertaking; and
- (4) Official Statement.

WHEREAS, the Board of Directors desires to authorize and direct the execution and delivery of each of the above-identified documents and agreements, to authorize the issuance and sale of the Refunding Bonds and to authorize the taking of such other actions as shall be necessary to consummate the refunding of the Series 2006 Current Interest Bonds, and consummate the transactions contemplated by the above-identified documents and agreements and herein;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF EL CAMINO HEALTHCARE DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER, AS FOLLOWS:

Section 1. Recitals. The foregoing recitals are true and correct, and this Board of Directors so finds and determines.

Section 2. Authorization of Issue. This Board of Directors hereby authorizes the sale of not to exceed a total amount of \$115,000,000 aggregate principal amount of bonds designated as “El Camino Healthcare District 2017 General Obligation Refunding Bonds” (the “Refunding Bonds”) on the terms and conditions set forth in the Paying Agent Agreement, as finally executed and delivered.

Section 3. Authorized District Representative. The Chairperson, the Vice Chairperson or the Secretary of the District, or a designee of any of them, each acting alone, are hereby authorized and designated as an Authorized District Representative (each an “Authorized District Representative”).

Section 3. Paying Agent Agreement; Form of Bonds and Terms of the Bonds. The proposed form of Paying Agent Agreement (with form of Bonds attached as Exhibit A) presented to this meeting is hereby approved. Any Authorized District Representative is hereby

authorized and directed, for and in the name of and on behalf of the District, to execute and deliver a Paying Agent Agreement, in substantially said form, with such changes therein as the officer executing the same, with the advice of counsel to the District ("District Counsel"), may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The time, manner and place or places of payment of the Bonds, the registration provisions and certain other terms of the Bonds shall be as set forth in the Paying Agent Agreement, as finally executed and delivered.

Section 4. Bond Purchase Agreement. The proposed form of Bond Purchase Agreement presented to this meeting is hereby approved. The sale of the Refunding Bonds by the District to the Underwriter, at a purchase price to be set forth in the Bond Purchase Agreement, is hereby approved; provided, that (i) the true interest cost for the Refunding Bonds shall not be in excess of 4.00% (ii) the Underwriter's compensation shall not exceed 0.75% of the aggregate principal amount of the Refunding Bonds exclusive of any costs of issuance the Underwriter agrees to pay pursuant to the provisions of the Bond Purchase Agreement; and (iii) the Refunding Bonds shall otherwise conform to the limitations specified herein.

Pursuant to California Government Code Section 53508.9, the Board of Directors hereby finds and determines that the sale of the Refunding Bonds at negotiated sale as contemplated herein and by the Bond Purchase Agreement will provide more flexibility in the timing of the sale, and ability to implement the sale in a shorter time period, an increased ability to structure the Refunding Bonds to fit the needs of particular purchasers, and greater opportunity for the Underwriter to pre-market the Refunding Bonds to potential purchasers prior to the sale, all of which will contribute to the District's goal of achieving the lowest overall cost of funds. Estimates of the costs associated with the issuance of the Refunding Bonds are set forth on Exhibit A attached hereto and incorporated herein. The actual costs of issuance shall be provided to the Board of Directors at the next scheduled public meeting of the Board of Directors following the sale of the Refunding Bonds.

Section 5. Official Statement. The Official Statement in preliminary form presented to this meeting is hereby approved. The Official Statement in preliminary form may be deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12) by any Authorized District Representative for purposes of compliance with Rule 15c2-12 and the distribution of the Official Statement in such preliminary form as is deemed final by an Authorized District Representative to persons who may be interested in the purchase of Bonds is hereby authorized. Any Authorized District Representative is hereby authorized and directed, for and in the name and on behalf of the District to execute and deliver to the Underwriter a final Official Statement, in substantially said form, with such changes therein as the officer executing the same, with the advice of District Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby directed to deliver a copy of the Official Statement, as finally executed, to all actual purchasers of the Bonds.

Section 6. Continuing Disclosure Undertaking. The proposed form of Continuing Disclosure Undertaking presented to this meeting is hereby approved. Any Authorized District Representative is hereby authorized and directed to execute and deliver a Continuing Disclosure Undertaking, in substantially said form, with such changes therein as the Authorized District

Representative executing the same, with the advice of District Counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. Professional Services. Citigroup Global Markets Inc. shall serve as underwriter for the Refunding Bonds. Ponder & Co. shall serve as financial advisor to the District in connection with the issuance and sale of the Refunding Bonds. Orrick, Herrington & Sutcliffe LLP shall serve as bond counsel to the District in connection with the issuance and sale of the Refunding Bonds. Either Authorized District Representative is hereby authorized to enter into agreements with such firms for such services.

Section 8. Request for Necessary County Actions. The Board of Supervisors of the County of Santa Clara (the "County") and the Treasurer-Tax Collector and other appropriate officials of the County are hereby requested to take and authorize such actions as may be necessary pursuant to all applicable laws of the State of California to provide for the levy and collection of a property tax on all taxable property within the District sufficient to provide for payment of all principal of, redemption premium, if any, and interest on the Refunding Bonds as the same shall become due and payable, and to transfer such moneys as directed by the District, such moneys to be applied for payment of the Refunding Bonds pursuant to the Paying Agent Agreement, and to provide for the payment of any Series 2006 Bonds that are to remain outstanding subsequent to the issuance of the Refunding Bonds. Either Authorized District Representative is hereby authorized and directed to transmit this Resolution and the debt service schedule for the Refunding Bonds to the Treasurer-Tax Collector and other appropriate officials of the County to establish the tax rates for the Refunding Bonds.

Section 9. Further Authorization; Ratification of Actions. Each Authorized District Representative or any designee of either thereof, is authorized and directed to do any and all things and to execute and deliver any and all documents, instruments and certificates, including signature certificates, no-litigation certificates and tax certificates, and to enter into any and all agreements necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the Bond Resolution and the transactions contemplated by the Bond Purchase Agreement, the Official Statement and the Continuing Disclosure Undertaking, including such documents, instruments, certificates and agreements as may be necessary to arrange for bond insurance for Bonds of one or more stated maturity dates. The Secretary of the Board of Directors of the District is hereby authorized to attest any signature of the Chairperson of the Board of Directors or Authorized District Representative on any of the documents, instruments, certificates and agreements (including the Bonds) authorized by this Resolution.

Section 10. Ratification of Actions. All actions heretofore taken by the officers, representatives or agents of the District, including without limitation, the Chairperson of the Board of Directors and each Authorized District Representative or any designee thereof, in connection with the issuance and sale of the Bonds are hereby ratified, confirmed and approved.

Section 11. Effective Date. This Resolution shall take effect from and after its adoption.

Section 12. PASSED AND ADOPTED by the Board of Directors of El Camino Healthcare District this 8th day of March, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Chairperson of the Board of Directors
of the El Camino Healthcare District

Attest:

By: _____
Secretary of the Board of Directors
of the El Camino Healthcare District

Att. 03 03 Paying Agent Agreement.DOC

PAYING AGENT AGREEMENT

by and between the

EL CAMINO HEALTHCARE DISTRICT

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Paying Agent

Dated as of March 1, 2017

Relating to the

\$(PAR AMOUNT)
EL CAMINO HEALTHCARE DISTRICT
2017 GENERAL OBLIGATION REFUNDING BONDS

PAYING AGENT AGREEMENT

This PAYING AGENT AGREEMENT, made and entered into as of March 1, 2017, by and between WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as paying agent (the "Paying Agent"), and the EL CAMINO HEALTHCARE DISTRICT, a local healthcare district organized and existing under and by virtue of the Constitution and laws of the State of California (the "District"),

W I T N E S S E T H:

WHEREAS, the District has previously issued the El Camino Hospital District 2006 General Obligation Bonds (the "Series 2006 Bonds") in the aggregate principal amount of \$148,000,000, consisting of \$115,665,000 in aggregate principal amount of current interest Series 2006 Bonds (the "Series 2006 Current Interest Bonds") and \$32,335,000 in aggregate principal amount of capital appreciation Series 2006 Bonds;

WHEREAS, the District is authorized pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") to issue refunding bonds to refund the outstanding Series 2006 Current Interest Bonds;

WHEREAS, the District has determined that the prudent management of the fiscal affairs of the District requires that the District issue refunding bonds (the "Refunding Bonds") to refund the outstanding Series 2006 Current Interest Bonds under the provisions of the Act;

WHEREAS, in order to provide for the authentication and delivery of the Refunding Bonds, to establish the terms and conditions under which the Refunding Bonds are to be issued, and to provide for the payment of the principal thereof and interest and premium, if any, thereon, the District has authorized the execution and delivery of this Paying Agent Agreement;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Paying Agent Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Paying Agent Agreement

NOW, THEREFORE, in order to provide for the terms and the payment of the Refunding Bonds and the performance and observance by the District of all the covenants, agreements and conditions herein and in the Refunding Bonds contained, and in consideration of the mutual covenants and agreements contained herein, and for other valuable consideration, the District and the Paying Agent hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes hereof and of any amendment hereof or supplement

hereto and of the Refunding Bonds and of any certificate, opinion, request or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“Act” means Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and other applicable law.

“Authorized District Representative” shall mean the Chair, Vice Chair, Chief Executive Officer, Chief Financial Officer, or any other officer of the District designated by the Board of Directors, or any duly appointed deputy of any of them.

“Board of Directors” shall mean the Board of Directors of the District.

“Bondowner,” “Bondholder,” “Holder” or “Owner” shall mean the person in whose name any Refunding Bond shall be registered.

“Business Day” shall mean any day other than a Saturday, Sunday, legal holiday or other day on which banking institutions in San Francisco or Los Angeles, California, or New York, New York, or any state in which the Principal Corporate Trust Office of the Paying Agent is located, are authorized or required by law to close, or any day on which the New York Stock Exchange is closed.

“Certificate of the District.” See “Request of the District” defined herein.

“Code” shall mean the Internal Revenue Code of 1986, as the same shall have been or be hereafter amended, and any regulations heretofore issued or which shall be hereafter issued by the United States Department of the Treasury thereunder.

“Continuing Disclosure Certificate” with respect to the Refunding Bonds requiring an undertaking under Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, shall mean the Continuing Disclosure Undertaking, dated the date of issuance and delivery of the Refunding Bonds, executed and delivered by the District, as originally executed and as it may be supplemented, modified or amended from time to time in accordance with its terms.

“Costs of Issuance” shall mean all items of expense directly or indirectly payable by or reimbursable to District and related to the authorization, issuance, sale and delivery of the Refunding Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Paying Agent, underwriting fees, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and expenses related to any credit enhancement (including without limitation bond insurance) for the bonds, fees and expenses with respect to the conduct of the election and other proceedings authorizing the issuance of the bonds, fees and charges for preparation, execution and safekeeping of the Refunding Bonds and any other cost, charge or fee in connection with the original issuance and sale of the Refunding Bonds.

“Costs of Issuance Fund” shall mean the El Camino Healthcare District 2017 General Obligation Refunding Bonds Costs of Issuance Fund created pursuant to Section 3.03 hereof.

“County” shall mean the County of Santa Clara, State of California.

“District” shall mean the El Camino Healthcare District, formerly known as El Camino Hospital District.

“Escrow Agent” shall mean Wells Fargo Bank, National Association, acting as paying agent and escrow agent under the Escrow Agreement or any successor thereto permitted pursuant to the Escrow Agreement.

“Escrow Agreement” shall mean the Escrow Agreement, dated as of March 1, 2017, between the District and the Escrow Agent, as originally executed and as it may be supplemented, modified or amended from time to time in accordance with its terms.

“Holder.” See “Bondowner” defined herein.

“Interest and Sinking Fund” shall mean the “El Camino Healthcare District General Obligation Refunding Bonds Interest and Sinking Fund” created pursuant to Section 3.05 hereof.

“Interest Payment Date” shall mean [_____] 1 and [_____] 1 of each year, commencing [_____] 1, 2017, as specified in Section 2.01 hereof.

“Investment Securities” shall mean any of the following which at the time are legal investments under the laws of the State of California for moneys held in any funds created hereunder and then proposed to be invested:

(1) (a) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing a direct ownership interest in securities described in this clause (1)(a) such as CATS, TIGRs, and Stripped Treasury Coupons rated or assessed in the highest rating category by S&P or Moody’s and held by a custodian for safekeeping on behalf of holders of such securities, or (b) bonds or notes which are exempt from federal income taxes and for the payment of which cash or obligations described in clause (1)(a) of this definition in an amount sufficient to pay the principal of, premium, if any, and interest on when due have been irrevocably deposited with a trustee or other fiscal depository and which are rated in the highest rating category by S&P or Moody’s;

(2) obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Resolution Funding Corporation (interest strips), Federal Home Loan Bank System, Government National Mortgage Association, Farmer’s Home Administration, Federal Home Loan Mortgage Corporation or Federal Housing Administration;

(3) deposit accounts, certificates of deposit or savings accounts (i) fully insured by the Federal Deposit Insurance Corporation or (ii) with banks whose short term obligations are rated no lower than A-1 by S&P or P-1 by Moody’s and that are commercial banks which deposits or accounts are collateralized as to both principal and accrued interest at 104% by obligations of the kind described in clause (1) (a), held by the District, the Paying Agent or by a

third party satisfactory to the District or the Paying Agent under arrangements satisfactory to the District or the Paying Agent, as the case may be, provided that the bank shall create a valid first perfected security interest for the depositor in such obligations;

(4) federal funds or banker's acceptances with a maximum term of one year of any bank that has an unsecured, uninsured and unguaranteed obligation rating of "A-1" or "A" or better by S&P or "Prime-1" or "A3" by Moody's;

(5) repurchase obligations with a term not exceeding thirty (30) days pursuant to a written agreement between the Paying Agent and either a primary dealer on the Federal Reserve reporting dealer list which falls under the jurisdiction of the Securities Investor Protection Corporation the ("SIPC") or a federally chartered commercial bank whose long-term debt obligations are rated A/A2 or better by S&P or Moody's, with respect to any security described in clause (1)(a); provided that the securities which are the subject of such repurchase obligation (i) must be free and clear of all liens, (ii) in the case of a SIPC dealer, were not acquired pursuant to a repurchase or reverse repurchase agreement, (iii) must be deposited with the District or the Paying Agent or third party custodian and maintained through weekly market valuations in an amount equal to 104% of the invested funds plus accrued interest; and further provided that the District or the Paying Agent, as applicable, must have a valid first perfected security interest in such securities;

(6) taxable government money market portfolios consisting of securities issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States, or repurchase agreements collateralized by such obligations;

(7) tax-exempt government money market portfolios consisting of securities which are rated in the highest rating categories of S&P or Moody's subject to a maximum permissible limit equal to six (6) months of principal and interest on the Refunding Bonds;

(8) money market funds registered under the Investment Company Act of 1940, the shares in which are registered under the Securities Act of 1933 and that have a rating by S&P of AA-Am-G, AA-Am or A-Am or a money market fund collateralized by securities listed in clause 1(a) of this definition;

(9) commercial paper rated at the time of purchase "A-1" or better by S&P and or "Prime-1" by Moody's;

(10) bonds or notes issued by any state or municipality which bonds or notes are rated by S&P or Moody's in one of the two highest rating categories assigned by such rating agency;

(11) corporate debt securities rated at the time of purchase "AAA" by S&P or "Aaa" by Moody's;

(12) investment contracts or agreements issued by entities whose long-term debt or the claims paying ability of which are rated in one of the two highest long-term rating categories of S&P or Moody's;

(13) the Local Agency Investment Fund or similar pooled fund operated by or on behalf of the State of California or the County and which is authorized to accept investments of moneys held in any of the funds or accounts established pursuant to this Paying Agent Agreement;

(14) shares of beneficial interest issued by the Investment Trust of California (CalTRUST), pursuant to California Government Code Section 6509.7; and authorized for local agency investment pursuant to California Government Code Section 53601(o); and

(15) any other investment permitted under the Local Health Care District Law or Section 53601 of the California Government Code.

“Local Health Care District Law” shall mean Division 23 (commencing with Section 32000) of the California Health and Safety Code, as now in effect and as it may from time to time hereafter be amended, modified or supplemented.

“Moody’s” shall mean Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Opinion of Counsel” shall mean a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the District.

“Outstanding,” when used at any particular time with reference to the Refunding Bonds, shall mean all Refunding Bonds theretofore, or thereupon being, authenticated and delivered by the Paying Agent under this Paying Agent Agreement, except: (i) Refunding Bonds theretofore cancelled by the Paying Agent or surrendered to the Paying Agent for cancellation pursuant to Section 8.03 hereof; (ii) Refunding Bonds with respect to which all liability of the District shall have been discharged in accordance with Section 4.04; and (iii) Refunding Bonds for the transfer or exchange of or in lieu of or in substitution for which other Refunding Bonds shall have been authenticated and delivered by the Paying Agent pursuant to this Paying Agent Agreement.

“Owner.” See “Bondowner” defined herein.

“Paying Agent” shall mean Wells Fargo Bank, National Association, acting as paying agent, registrar, and transfer agent with respect to the Refunding Bonds, its successors and assigns and any other corporation or association which may at any time be substituted in its place as provided in Section 6.02 hereof.

“Paying Agent Agreement” shall mean this Paying Agent Agreement, as originally executed and as it may be supplemented, modified or amended from time to time in accordance with its terms.

“Principal Corporate Trust Office” shall mean the corporate trust office of the Paying Agent in San Francisco, California; provided, however, that in any case “Principal Corporate Trust Office” shall mean any other office of the Paying Agent designated by the Paying Agent to

the District from time to time for a particular purpose, and shall include the principal corporate trust office or other designated office of any successor paying agent.

“Principal Payment Date” shall mean [_____] 1 of each year specified in Sections 2.01 hereof.

“Record Date” shall mean the 15th day of the month preceding an Interest Payment Date, whether or not such day is a Business Day.

“Redemption Date” shall mean the date on which the Refunding Bonds or any portion of them are called for redemption, as provided in Article IV hereof.

“Refunding Bonds” means the El Camino Healthcare District 2017 General Obligation Refunding Bonds at any time Outstanding pursuant to this Paying Agent Agreement.

“Request of the District” or “Certificate of the District” shall mean a written request or written certificate, respectively, authorized and signed by an Authorized District Representative.

“S&P” shall mean Standard & Poor’s Global Ratings, a division of The McGraw Hill Companies, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Series 2006 Current Interest Bonds” means the El Camino Hospital District 2006 General Obligation Bonds identified as Current Interest Bonds in the Paying Agent Agreement, dated as of November 1, 2006, by and between the District and Wells Fargo Bank, National Association, as Paying Agent.

“Tax Certificate” shall mean the Tax Certificate concerning certain matters pertaining to the use of proceeds of the Refunding Bonds, executed and delivered by the District on the date of issuance of the Refunding Bonds, including all exhibits attached thereto, as such certificate may from time to time be modified or supplemented in accordance with the terms thereof.

ARTICLE II

THE BONDS

Section 2.01. Authorization; Date; Payment of Principal and Interest; Denominations. The District hereby authorizes the issuance of the Refunding Bonds under and subject to the terms of this Paying Agent Agreement and the Act. The Refunding Bonds shall be designated as the “El Camino Healthcare District 2017 General Obligation Refunding Bonds.”

The Refunding Bonds shall be dated as of their date of delivery. The Refunding Bonds shall bear interest at the respective rates per annum shown in the table in this Section 2.01 below, payable on each Interest Payment Date. Each Refunding Bond authenticated and registered on any date prior to the close of business on the first Record Date shall bear interest from the date of

said Refunding Bond. Each Refunding Bond authenticated during the period between any Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Refunding Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Refunding Bond, interest is in default on outstanding Refunding Bonds, such Refunding Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Refunding Bonds. Interest on the Refunding Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Refunding Bonds shall be issued in fully registered form, without coupons, in the denomination of \$5,000 principal amount or any integral multiple thereof.

The Refunding Bonds shall mature on [_____] 1 in each of the years (the “Principal Payment Dates”) in the principal amounts, and shall bear interest at the annual rates of interest, as shown below:

Maturity ([_____] 1)	Principal Amount	Interest Rate
_____	_____	_____

The principal and any premium of the Refunding Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the Principal Corporate Trust Office of the Paying Agent, or at such other location as the Paying Agent shall designate. The interest on the Refunding Bonds shall be payable in like lawful money to the person whose name appears on the bond registration books of the Paying Agent as the Owner thereof as of the close of business on the Record Date immediately preceding an Interest Payment Date.

Payment of the interest on any Refunding Bond shall be made by check or draft mailed by first class mail to such Owner at such Owner’s address as it appears on such registration books or at such address as the Owner may have filed with the Paying Agent for that purpose; or upon written request of the Owner of Refunding Bonds aggregating not less than \$1,000,000 in principal amount, given no later than the close of business on the Record Date immediately preceding the applicable Interest Payment Date, by wire transfer in immediately available funds

to an account maintained in the United States at such wire address as such Owner shall specify in its written notice. So long as Cede & Co. or its registered assigns shall be the registered owner of any of the Refunding Bonds, payment shall be made thereto by wire transfer as provided in Section 2.04(d) hereof.

Section 2.02. Form and Registration of Refunding Bonds.

(a) The Refunding Bonds, the Paying Agent's certificate of authentication and registration, and the form of assignment to appear thereon shall be in substantially the forms, respectively, attached hereto as **Exhibit A**, with necessary or appropriate variations, omissions and insertions as permitted or required by this Paying Agent Agreement.

(b) The Refunding Bonds when issued shall be registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York, and shall be initially issued as one bond for each of the maturities of the Refunding Bonds, in the principal amounts set forth in the table in Section 2.01. The Depository Trust Company is hereby appointed depository for the Refunding Bonds and registered ownership of the Refunding Bonds may not thereafter be transferred except as provided in Sections 2.04 and 2.05 hereof.

Section 2.03. Execution and Authentication of Refunding Bonds. The Refunding Bonds shall be signed by the manual or facsimile signature of the Chairperson of the District, and attested by the manual or facsimile signature of the Secretary of the District. The Refunding Bonds shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent.

Only such of the Refunding Bonds as shall bear thereon a certificate of authentication and registration in the form set forth in **Exhibit A** hereto executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Paying Agent Agreement, and such certificate of the Paying Agent shall be conclusive evidence that the Refunding Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Paying Agent Agreement.

Section 2.04. Book-Entry System.

(a) The Refunding Bonds shall be initially issued and registered as provided in Section 2.02(b) hereof. Registered ownership of the Refunding Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the District, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the District to substitute another depository for The Depository Trust Company (or its

successor) because The Depository Trust Company or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the District to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the outstanding Refunding Bonds by the Paying Agent, together with a Request of the District, a new Refunding Bond for each maturity shall be executed and delivered pursuant to the procedures described in the third paragraph of Section 2.05 hereof in the aggregate principal amount of the Refunding Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Request of the District. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the outstanding Refunding Bonds by the Paying Agent together with a Request of the District, new Refunding Bonds shall be executed and delivered in such denominations numbered in the manner determined by the Paying Agent and registered in the names of such persons as are requested in such Request of the District, subject to the limitations of Section 2.01 and the receipt of such a Request of the District, and thereafter, the Refunding Bonds shall be transferred pursuant to the provisions set forth in Section 2.05 of this Paying Agent Agreement; provided, that the Paying Agent shall not be required to deliver such new Refunding Bonds within a period of fewer than sixty (60) days.

(c) The District and the Paying Agent shall be entitled to treat the person in whose name any Refunding Bond is registered as the Owner thereof, notwithstanding any notice to the contrary received by the Paying Agent or the District, and the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Refunding Bonds. Neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except as the owner of any Refunding Bonds.

(d) So long as the outstanding Refunding Bonds are registered in the name of Cede & Co. or its registered assigns, the District and the Paying Agent shall cooperate with Cede & Co., as sole holder, or its registered assigns, in effecting payment of the principal of and interest on the Refunding Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available (e.g., by wire transfer) on the date they are due.

Section 2.05. Transfer of Refunding Bonds Upon Termination of Book-Entry System.
In the event that at any time the Refunding Bonds shall no longer be registered in the name of Cede & Co. as a result of the operation of Section 2.04 hereof, then the procedures contained in this Section 2.05 shall apply.

Any Refunding Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of Section 2.07 hereof by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Refunding Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Refunding Bond or Refunding Bonds shall be surrendered for transfer, the designated District officials shall execute (as provided in Section 2.03 hereof) and the Paying Agent shall authenticate and deliver a new Refunding Bond or Refunding Bonds of the same maturity, for a like aggregate principal amount and bearing the same rate of interest. The Paying Agent shall require the payment by the Bondowner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of Refunding Bonds shall be required to be made by the Paying Agent during the period from any Record Date to the following Interest Payment Date or from the date on which notice of redemption is given to and including the specified Redemption Date.

Section 2.06. Exchange of Refunding Bonds. In the event that at any time any Refunding Bonds shall no longer be registered in the name of Cede & Co. as a result of the operation of Section 2.04 hereof or as otherwise provided herein, then the procedures contained in this Section 2.06 apply with respect to the exchange of Refunding Bonds. Refunding Bonds may be exchanged at the office of the Paying Agent in San Francisco, California, or such other place as the Paying Agent shall designate, for a like aggregate principal amount of Refunding Bonds of other authorized denominations of the same maturity and interest rate. The Paying Agent shall require the payment by the Bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchange of Refunding Bonds shall be required to be made by the Paying Agent during the period from any Record Date to and including the following Interest Payment Date or from the date on which notice of redemption is given to and including the specified Redemption Date.

Section 2.07. Refunding Bond Register.

(a) The Paying Agent will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient books for the registration and transfer of the Refunding Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Refunding Bonds as hereinbefore provided.

(b) The Paying Agent shall assign each Refunding Bond authenticated and registered by it a distinctive letter or number, or letter and number.

ARTICLE III

ISSUANCE OF THE BONDS

Section 3.01. Delivery of Refunding Bonds. The Paying Agent is hereby authorized to authenticate and deliver the Refunding Bonds to or upon the written Request of the District.

Section 3.02. Application of Proceeds of Sale of Refunding Bonds. Upon the delivery of the Refunding Bonds to the initial purchaser thereof and the receipt from said initial purchaser of the purchase price of the Refunding Bonds (\$[_____]), consisting of the par amount thereof, plus/less net original issue premium/discount of \$[_____], less underwriter's discount of \$[_____], upon the order of the District, the Paying Agent shall deposit (or transfer) said amount as follows:

- (i) the Paying Agent shall transfer \$[_____] from the proceeds of the Refunding Bonds to Wells Fargo Bank, National Association, acting its capacity as paying agent and escrow agent for the Series 2006 Current Interest Refunding Bonds, such amounts to be applied to refund and redeem the Series 2006 Current Interest Refunding Bonds; and
- (ii) the Paying Agent shall deposit \$[_____] in the Costs of Issuance Fund.

Section 3.03. Establishment and Application of the Costs of Issuance Fund. The Paying Agent shall establish and maintain and hold a separate fund designated as the "El Camino Healthcare District General Obligation Refunding Bonds Costs of Issuance Fund" (the "Costs of Issuance Fund"). All money on deposit in the Costs of Issuance Fund shall be applied solely for the payment of authorized Costs of Issuance. Before any payment from the Costs of Issuance Fund shall be made by the Paying Agent, the District shall file or cause to be filed with the Paying Agent a Requisition of the District, such Requisition of the District to be in substantially such form as is set forth in **Exhibit B** hereto.

All money in the Costs of Issuance Fund shall be invested by the Paying Agent in Investment Securities specified by the District in a Request of the District. Investment earnings on the Costs of Issuance Fund shall be transferred to the Interest and Sinking Fund.

Any amounts remaining in the Costs of Issuance Fund shall be transferred to the Interest and Sinking Fund upon the earlier of (1) delivery to the Paying Agent of a Certificate of the District to the effect that funds remaining in the Costs of Issuance Fund may be transferred to the Interest and Sinking Fund, or (2) one hundred eighty (180) days after the date of issuance of the Refunding Bonds.

Section 3.04. Establishment and Application of the Interest and Sinking Fund. The Paying Agent shall establish, maintain and hold a separate fund to be known as the "El Camino Healthcare District 2017 General Obligation Refunding Bonds Interest and Sinking Fund" (the "Interest and Sinking Fund"). Upon receipt by the Paying Agent, taxes collected by the appropriate officials of the County to pay principal of, redemption premium, if any, and interest on the Refunding Bonds as the same shall become due and payable shall be deposited into the Interest and Sinking Fund. All sums to become due for the principal of, redemption premium, if

any, and interest on the Refunding Bonds shall be paid from such Interest and Sinking Fund as the same shall become due and payable. All money in the Interest and Sinking Fund shall be invested by the Paying Agent in Investment Securities specified by the District in a Request of the District. Investment earnings on the Interest and Sinking Fund shall be retained therein. When all of the principal of and interest on the Refunding Bonds have been paid, any balance of money then remaining in the Interest and Sinking Fund shall be transferred to the District for deposit in the general fund of the District.

ARTICLE IV

REDEMPTION OF THE REFUNDING BONDS

Section 4.01. Terms of Redemption.

(a) ***Optional Redemption.*** Refunding Bonds maturing on or before [_____] 1, 20[___], are not subject to redemption prior to their respective stated maturity dates. Refunding Bonds maturing on and after [_____] 1, 20[___], are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date, on or after [_____] 1, 20[___]. If less than all of the Refunding Bonds are called for redemption, Refunding Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the Refunding Bonds of any given maturity are called for redemption, the portions of Refunding Bonds of a given maturity to be redeemed shall be determined by lot. Refunding Bonds shall be redeemed at a redemption price equal to the principal amount of Refunding Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

(b) ***Notice of Redemption.*** Notice of redemption of any Refunding Bonds shall be given by the Paying Agent upon the written request of the District. Notice of any redemption of Refunding Bonds shall be given by mail, first class postage prepaid, or by e-mail or other electronic means not less than twenty (20) nor more than sixty (60) days prior to the redemption date to the respective Owners thereof at the addresses appearing on the bond registration books described in Section 2.07.

Each notice of redemption shall contain all of the following information:

- (i) the date of such notice;
- (ii) the name of the Refunding Bonds and the date of issue of the Refunding Bonds;
- (iii) the redemption date;
- (iv) the redemption price;
- (v) the dates of maturity of the Refunding Bonds to be redeemed;
- (vi) (if less than all of the Refunding Bonds of any maturity are to be redeemed) the distinctive numbers of the Refunding Bonds of each maturity to be redeemed;

- (vii) (in the case of Refunding Bonds redeemed in part only) the respective portions of the principal amount of the Refunding Bonds of each maturity to be redeemed;
- (viii) the CUSIP number, if any, of each maturity of Refunding Bonds to be redeemed;
- (ix) a statement that such Refunding Bonds must be surrendered by the Owners at the Principal Corporate Trust Office of the Paying Agent, or at such other place or places designated by the Paying Agent; and
- (x) notice that further interest on such Refunding Bonds will not accrue after the designated redemption date; provided, that neither the District nor the Paying Agent shall have any responsibility for any defect in the CUSIP number that appears on any Refunding Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the District nor the Paying Agent shall be liable for any inaccuracy in such numbers.

(c) ***Effect of Notice.*** A certificate of the Paying Agent or the District that notice of call and redemption has been given to Owners as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Refunding Bond of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Refunding Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Refunding Bonds called for redemption is set aside for the purpose as described in subsection (e) of this section, the Refunding Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Refunding Bonds at the place specified in the notice of redemption, such Refunding Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Refunding Bonds so called for redemption after such redemption date shall look for the payment of such Refunding Bonds and the redemption premium thereon, if any, only to the Interest and Sinking Fund or the escrow fund established for such purpose. All Refunding Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

(d) ***Right to Rescind Notice of Redemption.*** The District may rescind any optional redemption and any notice thereof for any reason on any date prior to the date fixed for such optional redemption by causing written notice of the rescission to be given to the Bondholders of the Refunding Bonds so called for redemption. Any optional redemption and any notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust in an escrow fund established for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Refunding Bonds called for redemption. Notice of rescission of optional redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Bondholder of any Refunding Bond of notice of such rescission

shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Section 4.02. Redemption Fund. Prior to or on the redemption date of any Refunding Bonds there shall be available in the Interest and Sinking Fund, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the premiums payable as in this Paying Agent Agreement provided, the Refunding Bonds designated in said notice of redemption. Such monies so set aside in any such escrow fund shall be applied on or after the redemption date solely for payment of principal of and premium, if any, on the Refunding Bonds to be redeemed upon presentation and surrender of such Refunding Bonds, provided that all monies in the Interest and Sinking Fund shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the Interest and Sinking Fund, unless otherwise provided for to be paid from such escrow. If, after all of the Refunding Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Interest and Sinking Fund or otherwise held in trust for the payment of redemption price of the Refunding Bonds, said monies shall be held in or returned or transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from said fund; provided, however, that if said monies are part of the proceeds of bonds of the District, said monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

Section 4.03. Purchase of Refunding Bonds By District. The District may purchase Refunding Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding interest which is payable from the Interest and Sinking Fund provided for herein) as the District determines; provided that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Refunding Bonds.

Section 4.04. Defeasance of Refunding Bonds. If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Refunding Bonds all of the principal, interest and premium, if any, represented by Refunding Bonds at the times and in the manner provided herein and in the Refunding Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation to levy taxes for payment of the Refunding Bonds as described in Section 5.02 hereof, and such obligation and all agreements and covenants of the District to such Owners hereunder and under the Refunding Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Refunding Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment.

For purposes of this section, the District may pay and discharge any or all of the Refunding Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest

and Sinking Fund, be fully sufficient to pay and discharge the indebtedness on such Refunding Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If moneys shall have been set aside in the Interest and Sinking Fund or held by the Paying Agent or an escrow agent for the payment or redemption of any Refunding Bonds and the interest installments therefor at the maturity or Redemption Date thereof, such Refunding Bonds shall be deemed to be paid within the meaning and with the effect provided in this Section 4.04. Any Outstanding Refunding Bond shall prior to the maturity or Redemption Date thereof be deemed to have been paid within the meaning and with the effect expressed in this Section 4.04 if: (i) in case said Refunding Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Paying Agent in form satisfactory to the Paying Agent irrevocable instructions to mail notice of redemption of such Refunding Bonds on such Redemption Date, such notice to be given in accordance with the provisions of this Paying Agent Agreement; and (ii) there shall have been deposited with the Paying Agent or an escrow agent either moneys in an amount which shall be sufficient, or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys in the Interest and Sinking Fund, be fully sufficient, to pay when due the principal of and the redemption premiums, if any, and the interest due and to become due on such Refunding Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be.

Any moneys held by the Paying Agent for the payment and discharge of any of the Refunding Bonds as provided in this Section 4.04 and remaining unclaimed for two (2) years after the date when such Refunding Bonds has become due and payable (whether by maturity or upon prior redemption) if such money was held by the Paying Agent at such date, or for two (2) years after the date of deposit of such money, if such money was deposited with the Paying Agent after the date when such Refunding Bonds became due and payable, shall be transferred to the Interest and Sinking Fund for payment of any Outstanding Refunding Bonds payable from the Interest and Sinking Fund; or, if no such Refunding Bonds are at such time Outstanding, said moneys shall be transferred to the District for deposit in the general fund of the District as provided and permitted by law. The District and the Paying Agent hereby agree that the Bondholder of any such Refunding Bond shall thereafter look only to the District for the payment of such Refunding Bond and that all liability of the Paying Agent with respect to any such moneys shall thereupon cease.

ARTICLE V

COVENANTS OF THE DISTRICT

Section 5.01. Payment of Principal and Interest. On or prior to the date any payment is due in respect of the Refunding Bonds, the District will cause the monies on deposit in the Interest and Sinking Fund, or, to the extent necessary, such other monies as shall be lawfully available for the payment of the Refunding Bonds, to be deposited with the Paying Agent in an amount sufficient to pay the principal and the interest (and premium, if any) to become due in respect of all Refunding Bonds Outstanding on such payment date. When and as paid in full,

and following surrender thereof to the Paying Agent, all Refunding Bonds shall be cancelled by the Paying Agent, and thereafter they shall be destroyed.

Section 5.02. Obligation to Levy Taxes for Payment of Refunding Bonds. The money for the payment of principal and interest and redemption premium, if any, on the Refunding Bonds shall be raised by ad valorem taxation without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) upon all taxable property in the District, and provision shall be made (i) for the levy and collection of such taxes in the manner provided by law and (ii) for payment of such amounts out of the Interest and Sinking Fund as provided in the Local Health Care District Law and herein. The Board of Supervisors of the County and the officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal and interest coming due on the Refunding Bonds in such year. Annually on or before the date specified by law, the District shall furnish to the Board of Supervisors of the County an estimate in writing of the amount of money, if any, necessary to be raised by taxation for all purposes required under the provisions of the Local Health Care District Law during the next ensuing fiscal year, including a tax sufficient to pay the principal of and interest on all of the Refunding Bonds as the same become due. The District hereby agrees and covenants that the District shall take all steps required by law and by the County to ensure that a tax upon all taxable property in the District sufficient to pay the principal and interest on the Refunding Bonds as and when the same become due is levied and collected. The District hereby agrees and covenants that the District shall take such steps as are necessary to cause such taxes as are collected to be deposited into the Interest and Sinking Fund from which Interest and Sinking Fund all sums to become due for the principal of and interest on the Refunding Bonds shall be paid.

Section 5.03. Pledge of Taxes. The District hereby pledges all revenues from the property taxes collected from the levy by the Board of Supervisors of the County for the payment of Refunding Bonds of the District and amounts on deposit in the Interest and Sinking Fund to the payment of the principal or redemption price of and interest on the Refunding Bonds. This pledge shall be valid and binding from the date hereof for the benefit of the registered owners of the Refunding Bonds and successors thereto. The property taxes and amounts held in the Interest and Sinking Fund shall be immediately subject to this pledge, and the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the Refunding Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

Section 5.04. Validity of Refunding Bonds. The recital contained in the Refunding Bonds that the same are regularly issued pursuant to all applicable laws shall be conclusive evidence of their validity and of compliance with the provisions of the law in their issuance.

Section 5.05. Further Assurances. The District will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowners all

rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Paying Agent Agreement.

Section 5.06. Tax Covenants.

(a) The District covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Refunding Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the District covenants that it will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Refunding Bonds.

(b) In the event that at any time the District is of the opinion that for purposes of this section it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the Paying Agent or other custodian on behalf of the District, the District shall so instruct the Paying Agent or other custodian in writing.

(c) Notwithstanding any provision of this section, if the District shall obtain and provide to the Paying Agent or other custodian, as appropriate, an Opinion of Counsel that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Refunding Bonds, said party may conclusively rely on such Opinion of Counsel in complying with the requirements of this section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

(d) The District hereby agrees and covenants to establish and maintain a fund separate from any other fund established and maintained by the District, such fund to be designated as the El Camino Healthcare District 2017 General Obligation Refunding Bonds Rebate Fund (the "Rebate Fund") and within the Rebate Fund, the District shall maintain such accounts as shall be necessary to comply with the provisions of each Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by or upon order of the District, in trust, to the extent required to satisfy the rebate obligation (as described in the Tax Certificate), for payment to the United States of America. Notwithstanding any other provision of this Paying Agent Agreement to the contrary, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate.

Section 5.07. Investment of Funds Created Hereunder and Held by the District. Moneys held in any fund created hereunder and held by the District (other than the Rebate Fund which is governed by Section 5.06(d)) shall be invested in Investment Securities.

ARTICLE VI

THE PAYING AGENT

Section 6.01. Appointment; Acceptance. Wells Fargo Bank, National Association is hereby appointed Paying Agent, and hereby accepts and agrees to perform the duties and obligations of the Paying Agent, registrar and transfer agent specifically imposed upon it by this

Paying Agent Agreement, and no implied duties shall be read into this Paying Agent Agreement against the Paying Agent.

Section 6.02. Resignation, Removal, Replacement of Paying Agent. The Paying Agent may at any time resign by giving written notice to the District of such resignation, whereupon the District shall promptly appoint a successor Paying Agent by the resignation date. Resignation of the Paying Agent will be effective forty-five (45) days after notice of the resignation is given as stated above or upon appointment of a successor Paying Agent, whichever first occurs. The District may at any time remove the Paying Agent and any successor Paying Agent by an instrument given in writing. After removal or receiving a notice of resignation of the Paying Agent, the District may appoint a temporary Paying Agent or temporarily assume the duties of the Paying Agent to replace the former Paying Agent until the District appoints a successor Paying Agent. Any such temporary Paying Agent so appointed by the District shall immediately and without further act be superseded by the successor Paying Agent upon the appointment of and acceptance thereof by such successor.

Any company into which the Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Paying Agent may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Paying Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 6.03. Duties of Paying Agent.

(a) The Paying Agent hereby agrees to file a request each month with the appropriate officials of the County instructing such officials to transfer ad valorem taxes levied and collected by the County to the Paying Agent, such request to be in such form as the District shall provide to the Paying Agent and to be filed by the Paying Agent with the County on or prior to the fifth Business Day of each month.

(b) The Paying Agent hereby agrees to use the funds transferred to the Paying Agent for deposit in the Interest and Sinking Fund for the payment of the principal of, interest on and redemption premiums, if any, on the Refunding Bonds, solely for such purpose as the same shall become due.

(c) The Paying Agent is hereby authorized to pay or redeem the Refunding Bonds when duly presented for payment at maturity, or on prior redemption, and to cancel all Refunding Bonds upon payment thereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Refunding Bonds paid and discharged.

(d) The Paying Agent hereby further agrees to pay from the Costs of Issuance Fund held by the Paying Agent any amounts duly authorized to be paid therefrom pursuant to a Requisition of the District.

(e) The Paying Agent hereby agrees, provided sufficient immediately available funds have been provided to it for such purpose by or on behalf of the District, to use the funds deposited with it hereunder solely for payment of the principal of and interest on the Refunding Bonds as the same shall become due or become subject to earlier redemption.

Section 6.04. Compensation of Paying Agent. The District shall from time to time, subject to any agreement then in effect with the Paying Agent, pay the Paying Agent compensation for its services and reimburse the Paying Agent for any advances and expenditures hereunder.

Section 6.05. Reliance on Documents, Etc.

(a) The Paying Agent may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Paying Agent by the District.

(b) The Paying Agent shall not be liable for any error of judgment made in good faith. The Paying Agent shall not be liable for other than its negligence or willful misconduct in connection with any act or omission hereunder.

(c) No provision of this Paying Agent Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(d) The Paying Agent may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent need not examine the ownership of any Refunding Bond, but is protected in acting upon receipt of Refunding Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Bondowner or agent of the Bondowner.

(e) The Paying Agent may consult with counsel, and the written advice of such counsel or any Opinion of Counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(f) The Paying Agent may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys.

Section 6.06. Recitals of District. The recitals contained herein and in the Refunding Bonds shall be taken as the statements of the District, and the Paying Agent assumes no responsibility for their correctness.

Section 6.07. Paying Agent May Own Refunding Bonds. The Paying Agent, in its individual or any other capacity, may become the owner or pledgee of Refunding Bonds with the same rights it would have if it were not the Paying Agent for the Refunding Bonds.

Section 6.08. Investment of Funds Held by the Paying Agent. Moneys held in any fund or account created hereunder and held by the Paying Agent shall be invested solely in Investment Securities pursuant to a Request of the District. If and to the extent the Paying Agent does not receive investment instructions from the District with respect to the moneys in the funds and accounts held by the Paying Agent pursuant to this Paying Agent Agreement, such moneys shall be invested in Investment Securities described in clause (8) of the definition thereof and the Paying Agent shall thereupon immediately request written investment instructions from the District for such moneys.

Section 6.09. Money Held By Paying Agent; Unclaimed Monies. Money held by the Paying Agent hereunder may be commingled with other funds held by the Paying Agent, but shall be separately accounted for. The Paying Agent shall have no duties with respect to investment of funds deposited with it and shall be under no obligation to pay interest on any money received by it hereunder.

Any money held in any fund created pursuant to this Paying Agent Agreement, or held by the Paying Agent, for the payment of the principal of, redemption premium, if any, or interest on the Refunding Bonds and remaining unclaimed for two years after the principal of all of the Refunding Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

Section 6.10. Other Transactions. The Paying Agent may engage in or be interested in any financial or other transaction with the District.

Section 6.11. Interpleader. The Paying Agent may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The Paying Agent has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

Section 6.12. Indemnification. The District shall indemnify the Paying Agent, its officers, directors, employees, and agents ("Indemnified Parties") for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Paying Agent's acceptance or administration of the Paying Agent's duties hereunder or under the Refunding Bonds (except any loss, liability or expense as may be adjusted by a court of competent jurisdiction to be attributable to the Paying Agent's negligence or willful misconduct), including without limitation the cost and expense (including its counsel fees and disbursements, including the allocated costs and disbursements of internal counsel) of defending itself against any claim or liability (except such action as may be brought against the Paying agent by the District) in connection with the exercise or performance of any of its powers or duties under this Paying Agent Agreement. The provisions of this Section 6.12 shall survive termination of this Paying Agent Agreement and shall continue for the benefit of any Paying Agent after its resignation as Paying Agent hereunder.

ARTICLE VII

MODIFICATION OR AMENDMENT OF PAYING AGENT AGREEMENT

Section 7.01. Modifications or Amendments Without Consent. This Paying Agent Agreement may be modified or amended at any time without the consent of the Bondholders in order: (i) to add to the covenants or agreements of the District 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 ambiguity or of correcting, curing or supplementing any defective provision contained herein; or (iii) in regard to matters or questions arising hereunder which the District may deem desirable or necessary, including, without limitation, such modifications or amendments as may be necessary to accommodate the appointment of the Treasurer-Tax Collector of the County as Paying Agent; provided, however, that no such modification or amendment shall materially adversely affect the rights of the Bondholders. Before entering into any modification or amendment hereof, the District shall cause to be delivered to the Paying Agent an Opinion of Counsel to the effect that such modification or amendment is authorized or permitted by this Paying Agent Agreement and does not materially adversely affect the rights of the Bondholders.

Section 7.02. Modifications or Amendments Requiring Consent. Modifications or amendments other than such modifications or amendments as are permitted pursuant to Section 7.01 shall require the written consent of the Bondholders of at least a majority in aggregate principal amount of the Refunding Bonds then Outstanding; provided, however, that if such modification or amendment will not, by its terms, take effect so long as Refunding Bonds of any maturity remain Outstanding, the consent of the Bondholders of Refunding Bonds of such maturity shall not be required and such Refunding Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Refunding Bonds Outstanding under this Section, and provided further that, no such modification or amendment shall extend the maturity of, reduce the interest rate on or principal amount of any Refunding Bond or reduce the percentage of consent required for amendment hereof without the express consent of all Bondholders so affected. In the event that the consent of the Bondholders shall be required in connection with any modification or amendment of this Paying Agent Agreement, it shall not be necessary for the consent of the Bondholders to approve the particular form of such modification or amendment to this Paying Agent Agreement, but it shall be sufficient if such consent shall approve the substance thereof.

Section 7.03. Disqualified Refunding Bonds. In determining whether the Bondholders of the requisite aggregate principal amount of Refunding Bonds have concurred in any consent required to modify or amend this Paying Agent Agreement, Refunding Bonds owned or held by or for the account of the District shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

Section 7.04. Form of Modification or Amendment; Notice. Any modification or amendment of this Paying Agent Agreement shall be in writing and shall be executed by the District and the Paying Agent. Promptly after the execution by the District and the Paying Agent of any modification or amendment to this Paying Agent Agreement pursuant to this Article VII, the Paying Agent shall mail a notice on behalf of the District, setting forth in general terms the

substance of such modification or amendment, such notice to be sent to the Bondholders at the addresses shown on the registration books maintained by the Paying Agent. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such modification or amendment.

Section 7.05. Endorsement or Replacement of Refunding Bonds After Modification or Amendment. After the effective date of any modification or amendment to this Paying Agent Agreement, the District may determine that the Refunding Bonds may bear a notation by endorsement in form approved by the District as to such action, and in that case upon demand of the Bondholder of any Outstanding Refunding Bonds and presentation of its Refunding Bond for such purpose at the Principal Corporate Trust Office of the Paying Agent a suitable notation as to such action shall be made on such Refunding Bond. If the District shall so determine, new Refunding Bonds so modified as, in the opinion of the District, shall be necessary to conform to such modification or amendment shall be prepared and executed, and in that case upon demand of the Bondholder of any Outstanding Refunding Bond a new Refunding Bond or Refunding Bonds shall be exchanged at the Principal Corporate Trust Office of the Paying Agent without cost to each Bondholder for its Refunding Bond or Refunding Bonds then Outstanding upon surrender of such Outstanding Refunding Bonds.

Section 7.06. Amendment by Mutual Consent. The provisions of this Article VII shall not prevent any Bondholder from accepting any modification or amendment as to the particular Refunding Bonds held by such Bondholder, provided that due notation thereof is made on such Refunding Bonds.

ARTICLE VIII MISCELLANEOUS

Section 8.01. Payment from Ad Valorem Taxes. Payment of principal of and interest on the Refunding Bonds shall be made from ad valorem taxes as described in Section 5.02 hereof.

Section 8.02. Waiver of Personal Liability. No member of the Board of Directors of the District, officer or employee of the District shall be individually or personally liable for the payment of the principal of or interest on the Refunding Bonds, but nothing herein contained shall relieve any member of the Board of Directors of the District, officer or employee of the District from the performance of any official duty required by law.

Section 8.03. Acquisition of Refunding Bonds by the District. All Refunding Bonds acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Paying Agent for cancellation and destroyed.

Section 8.04. Benefits of Paying Agent Agreement. Nothing in this Paying Agent Agreement, expressed or implied, is intended to give to any person other than the District and the Bondholders any right, remedy or claim under or by reason of this Paying Agent Agreement. Any covenants, stipulations, promises or agreements in this Paying Agent Agreement contained by and on behalf of the District or any member of the Board of Directors of the District, officer or employee thereof shall be for the sole and exclusive benefit of the Paying Agent and the Bondholders.

Section 8.05. Counterparts. This Paying Agent Agreement may be signed in several counterparts, each of which will constitute an original, but all of which shall constitute one and the same instrument.

Section 8.06. Severability. If any covenant, agreement or provision, or any portion thereof contained in this Paying Agent Agreement, where the application thereof to any person or circumstance is held to be unconstitutional, invalid or unenforceable, the remainder of this Paying Agent Agreement and the application of such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Paying Agent Agreement shall remain valid, and the Bondholders shall retain all valid rights and benefits accorded to them under this Paying Agent Agreement and the Constitution and laws of the State of California.

Section 8.07. Governing Law; Procedure in Case of Default. This Paying Agent Agreement shall be governed by and construed in accordance with, and the rights of the parties shall be governed by the laws of the State of California. The procedure to be used in case of default shall be in accordance with the laws of the State of California.

Section 8.08. Continuing Disclosure. The District hereby covenants and agrees that it shall comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Paying Agent Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default hereunder; provided that any Owner or Beneficial Owner (as defined below) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this section. For purposes of this section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Refunding Bonds (including persons holding Refunding Bonds through nominees, depositories or other intermediaries).

Section 8.09. Notices. Unless otherwise specified herein, all notices, statements, orders, requests or other communications hereunder by any party to another shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, or if given by fax, electronically, or other means of written communication and confirmed by mail:

If to the District:

El Camino Healthcare District
2500 Grant Road
Mountain View, CA 94039-7025
Attn: Chief Financial Officer

If to the Paying Agent:

Wells Fargo Bank, National Association
600 S. 4th Street, 6th Floor
MAC N9300-060
Minneapolis, MN 55415
Attn: Corporate Trust Department

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

EL CAMINO HEALTHCARE DISTRICT

By: _____
Authorized District Representative

Attest:

Secretary
El Camino Healthcare District

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Paying Agent

By: _____
Authorized Officer

EXHIBIT A

[FORM OF REFUNDING BOND]

Number UNITED STATES OF AMERICA Amount
 R - _____ STATE OF CALIFORNIA \$ _____
 SANTA CLARA COUNTY

EL CAMINO HEALTHCARE DISTRICT 2017 General Obligation Refunding Bonds

Interest Rate	Maturity Date	Dated as of	CUSIP No.
_____ %	[August] 1, 20__	March [____], 2017	_____

Registered Owner: CEDE & CO.

Principal Sum: _____ DOLLARS

The El Camino Healthcare District, County of Santa Clara, State of California (herein called the "District"), a local health care district organized and existing under and pursuant to The Local Health Care District Law, acknowledges itself obligated to and promises to pay to the registered owner identified above or registered assigns on the maturity date set forth above or upon redemption prior thereto, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money at the interest rate per annum stated above, computed on the basis of a 360-day year of twelve 30-day months, payable [_____] 1, 2017, and thereafter on [_____] 1 and [_____] 1 in each year, until payment of said principal sum. If this bond is authenticated and registered on any date prior to the close of business on [_____] [____], 2017, it shall bear interest from the date hereof. If authenticated during the period between any Record Date (defined as the fifteenth day of the month preceding an interest payment date) and the close of business on its corresponding interest payment date, it shall bear interest from such interest payment date. Otherwise, this bond shall bear interest from the interest payment date immediately preceding the date of its authentication.

All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement, dated as of March 1, 2017, (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (together with any successor paying agent, the "Paying Agent").

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal corporate trust office (as that term is defined in the Paying Agent Agreement hereinafter described) of the "Paying Agent, the paying agent/registrar and transfer agent of the District. The interest hereon is payable to the person whose name appears on the bond

registration books of the Paying Agent as the registered owner hereof as of the close of business on the Record Date preceding each interest payment date, whether or not such day is a business day, such interest to be paid by check mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the owner of Refunding Bonds (hereinafter defined) aggregating at least \$1,000,000 in principal amount, interest will be paid by wire transfer to an account maintained in the United States as specified by the owner in such request. So long as Cede & Co. or its registered assigns shall be the registered owner of this bond, payment shall be made by wire transfer as provided in the Paying Agent Agreement.

This Refunding Bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, maturities and redemption provisions), amounting in the aggregate to \$[PAR AMOUNT], designated as "El Camino Healthcare District 2017 General Obligation Refunding Bonds" (the "Refunding Bonds"). The Refunding Bonds were authorized by a resolution approved by the El Camino Healthcare District Board of Directors (the "Board") on October 18, 2016, are issued and sold pursuant to the Paying Agent, in strict conformity with the provisions thereof and of the Constitution and laws of California, specifically the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code.

The Refunding Bonds are issuable as fully registered bonds without coupons in the denomination of \$5,000 principal amount or any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Paying Agent Agreement, Refunding Bonds may be exchanged for a like aggregate principal amount of Refunding Bonds of the same maturity and interest rate of other authorized denominations.

This Refunding Bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at said office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Paying Agent Agreement, and upon surrender and cancellation of this Refunding Bond. Upon such transfer, a new Refunding Bond or Refunding Bonds of authorized denomination or denominations for the same maturity, interest rate, and same aggregate principal amount will be issued to the transferee in exchange herefor.

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

The Refunding Bonds are subject to optional redemption as described below on the terms and subject to the conditions specified in the Paying Agent Agreement. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

Refunding Bonds maturing on or before [_____] 1, 20[___], are not subject to redemption prior to their respective stated maturity dates. Refunding Bonds maturing on and after [_____] 1, 20[___], are subject to redemption prior to their respective stated maturity

dates, at the option of the District, from any source of available funds, as a whole or in part on any date, on or after [_____] 1, 20[___], at the principal amount of the Refunding Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

The Board of Directors hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this Refunding Bond, is within the limit provided by law, that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this Refunding Bond have been done and performed in strict conformity with the laws authorizing the issuance of this Refunding Bond, that this Refunding Bond is in the form prescribed by order of the Board of Directors of the District, duly made and entered in the minutes of the Board of Directors of the District and shall be payable out of the Interest and Sinking Fund, and the money for the payment of the principal of this Refunding Bond, premium, if any, and the payment of interest hereon, shall be raised by taxation upon the taxable property of said District.

This Refunding Bond shall not be entitled to any benefit under the Paying Agent Agreement, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

IN WITNESS WHEREOF the Board of Directors of the El Camino Healthcare District has caused this Refunding Bond to be signed manually by its Chair and to be attested by the Secretary of the District, as of the date set forth above.

EL CAMINO HEALTHCARE DISTRICT

By: _____
Chair
El Camino Healthcare District

Attest:

By: _____
Secretary
El Camino Healthcare District

DTC LEGEND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any

payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Refunding Bonds described in the within-mentioned Paying Agent Agreement authenticated and registered on March [___], 2017.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Paying Agent/Registrar and
Transfer Agent

By: _____
Authorized Officer

ASSIGNMENT

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

I.D. Number

NOTE: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Registered Refunding Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: _____

Signature Guarantee: _____
Notice: Signature must be guaranteed
by an eligible guarantor institution.

EXHIBIT B

FORM OF COSTS OF ISSUANCE FUND REQUISITION

REQUISITION NO. ____ COSTS OF ISSUANCE FUND

The undersigned, _____, hereby certifies as follows:

1. I am _____ of El Camino Healthcare District, a local health care district duly organized and existing under the laws of the State of California (the "District").
2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of March 1, 2017 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.
3. The undersigned hereby requests that the Paying Agent pay from the Costs of Issuance Fund created pursuant to Section 3.03 of the Paying Agent Agreement the amounts specified in Schedule I hereto to the persons identified in Schedule I.
4. The undersigned, acting on behalf of the District, hereby certifies that: (a) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (b) each item is a proper charge against the Costs of Issuance Fund; and (c) each item has not been previously paid from the Costs of Issuance Fund.

Dated: _____.

EL CAMINO HEALTHCARE DISTRICT

By: _____
Authorized District Representative

SCHEDULE I TO REQUISITION NO. ____

<u>Name and Address Of Party To Be Paid</u>	<u>Payment Amount</u>	<u>Nature of Expenditure</u>	<u>Payment Instructions</u>
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Att. 03 04 Continuing Disclosure Undertaking

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the El Camino Healthcare District (the “District”) in connection with the issuance of \$_____ El Camino Healthcare District 2016 General Obligation Refunding Bonds (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Board of Directors of the District adopted on March 8, 2017 (the “Resolution”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially BLX Group LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Holders” shall mean registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Section 5(a) or Section 5(b) of this Disclosure Certificate.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the initial offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than six months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the

2017-18 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Participating Underwriter. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

- (A) Assessed Valuation of taxable property within the District for then-current fiscal year;
- (B) secured *ad valorem* property tax levies and delinquencies for taxable property within the District, to the extent Santa Clara County no longer implements the Teeter Plan (as such term is defined in the Official Statement) with respect to tax levies for general obligation bonded debt of the District;
- (C) outstanding District indebtedness; and
- (D) summary financial information on revenues and expenditures reflecting the District's adopted budget for the current fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.
2. tender offers.
3. defeasances.
4. rating changes.
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
6. unscheduled draws on the debt service reserves reflecting financial difficulties.
7. unscheduled draws on credit enhancement reflecting financial difficulties.
8. substitution of the credit or liquidity providers or their failure to perform.
9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Holders.

3. optional, contingent or unscheduled bond calls.
4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. 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.
7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall

confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Signature. This Disclosure Certificate has been executed by the undersigned on the date hereof, and such signature binds the District to the undertaking herein provided.

Date: March __, 2017

EL CAMINO HEALTHCARE DISTRICT

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: EL CAMINO HEALTHCARE DISTRICT

Name of Bond Issue: 2016 General Obligation Refunding Bonds

Date of Issuance: March __, 2017

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

EL CAMINO HEALTHCARE DISTRICT

By _____ [form only; no signature required]

Att. 03 05 Bond Purchase Agreement

\$ _____
EL CAMINO HEALTHCARE DISTRICT
2017 General Obligation Refunding Bonds

BOND PURCHASE AGREEMENT

March __, 2017

Board of Directors
El Camino Healthcare District
2500 Grant Road
Mountain View, CA 94039

Ladies and Gentlemen:

Citigroup Global Markets Inc. (the “Underwriter”) offers to enter into this Bond Purchase Agreement (this “Purchase Agreement”) with the El Camino Healthcare District (the “District”), which will be binding upon the District and the Underwriter upon the acceptance hereof by the District. This offer is made subject to the written acceptance of this Purchase Agreement by the District by the delivery of an executed counterpart hereof to the Underwriter at or prior to 11:59 P.M., Pacific Daylight Time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to cause to be delivered to the Underwriter for such purpose, all (but not less than all) of \$_____ in aggregate principal amount of the above-captioned bonds (the “Bonds”). The Bonds shall be dated the date of delivery thereof and shall bear interest from such date payable as to interest on each February 1 and August 1, commencing August 1, 2017. The purchase price of the Bonds shall be \$_____ (consisting of the principal amount of the Bonds of \$_____, plus net original issue premium of \$_____, and less an Underwriter’s discount of \$_____).

The District acknowledges and agrees that (i) the purchase and sale of the Bonds (defined below) pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the District and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as agent, fiduciary of or financial advisor to the District, (iii) the Underwriter has not assumed financial advisory or fiduciary responsibilities in favor of the District with respect to (A) the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the District on other matters) or (B) any other contractual obligation to the District except the contractual obligations expressly set forth in this Purchase Agreement and (iv) the District has consulted with its own legal and other professional advisors to the extent it deemed appropriate in connection with the offering of the Bonds. Nothing in the foregoing paragraph is intended to limit the Underwriter’s obligations of fair dealing under Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”). The District acknowledges that it has previously

provided the Underwriter with an acknowledgement of receipt of the required disclosure under MSRB Rule G-17.

2. **The Bonds.** The Bonds shall be dated the date of their original delivery, shall bear or accrete interest at the rates and mature on August 1 in the years and in the principal amounts shown in Appendix A hereto (which is incorporated herein by this reference), except as provided herein, and shall otherwise be as described in, and shall be issued and secured under the provisions of the resolution of the District adopted on March 8, 2017 (the “District Resolution”), the Official Statement (as defined herein), the Paying Agent Agreement dated as of March 1, 2017 (the “Paying Agent Agreement”) by and between the District and Wells Fargo Bank, National Association, as Paying Agent, and Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and other applicable provisions of law.

The Bonds shall be subject to optional and mandatory redemption as set forth in Appendix A hereto.

The net proceeds of the Bonds will be used for (a) the current refunding of a portion of the District’s outstanding 2006 General Obligation Bonds (such portion, the “Refunded Bonds”) pursuant to an Escrow Agreement, dated as of March 1, 2017 (the “Escrow Agreement”), by and between the District and Wells Fargo Bank, National Association, as paying agent for the Refunded Bonds and as escrow agent (the “Escrow Agent”) and (b) the payment of costs of issuance of the Bonds. The net proceeds of the Bonds will be deposited into an escrow fund established pursuant to the Escrow Agreement and applied to pay the interest on the Refunded Bonds due on the redemption date thereof and the redemption price of Refunded Bonds to be redeemed on such redemption date, all as provided in the Escrow Agreement.

3. **Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Agreement, the Escrow Agreement, the Preliminary Official Statement and Official Statement (each defined below), the District Resolution, and the Paying Agent Agreement, and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement (except as such documents otherwise provide). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Paying Agent Agreement.

4. **Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside cover page of the Official Statement and Appendix A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yield as they deem necessary in connection with the marketing of the Bonds.

5. **Preliminary and Final Official Statement; Continuing Disclosure.** (a) The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated March __, 2017 (the “Preliminary Official Statement”). The District represents that it deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), yield(s) to maturity, selling compensation, aggregate principal amount and maturity value, denominational amount and maturity value per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in

and under Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”).

(b) The Underwriter agrees that prior to the time the final Official Statement (the “Official Statement”) relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

(c) The Underwriter hereby represents that it will provide, consistent with the requirements of MSRB Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Bonds during the underwriting period (as such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement to the MSRB or its designee (including submission to the MSRB’s Electronic Municipal Market Access system (“EMMA”) on or before the Closing Date, and that it will otherwise comply with all applicable statutes and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission.

(d) References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

(e) To assist the Underwriter in complying with Rule 15c2-12, the District will undertake, under the District Resolution, the Paying Agent Agreement and a continuing disclosure undertaking (the “Continuing Disclosure Undertaking”), to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

6. **Closing.** At 9:00 A.M., Pacific Daylight Time, on March __, 2017, or at such other time or on such other date as may be mutually agreed upon by the District and the Underwriter (the “Closing Date”), the District will deliver or cause to be delivered to the Underwriter through the facilities of The Depository Trust Company (“DTC”), the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and in San Francisco, California at the offices of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, bond counsel (“Bond Counsel”), the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to the account of the Paying Agent.

7. **Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The District is a healthcare district duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds.

(b) Due Authorization; Valid and Binding Obligations. (i) On or before the Closing Date, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Agreement, the Escrow Agreement, the Paying Agent Agreement and the

Continuing Disclosure Undertaking, to adopt the District Resolution and to perform its obligations under the District Resolution, the Escrow Agreement and the Paying Agent Agreement; (iii) the District Resolution and this Purchase Agreement constitute valid and legally binding obligations of the District; and (iv) the Paying Agent Agreement, the Escrow Agreement and the Continuing Disclosure Undertaking will, as of the date of the original delivery of the Bonds, constitute a valid and legally binding obligation of the District.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the execution and delivery of this Purchase Agreement, the Escrow Agreement, the Paying Agent Agreement, the Official Statement or the Continuing Disclosure Undertaking, the issuance, delivery or sale of the Bonds or the consummation of the other transactions contemplated herein or hereby and therein and thereby, except for (i) such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request or (ii) which have already been taken or obtained.

(d) Internal Revenue Code. The District has covenanted to comply with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) No Conflicts. The issuance of the Bonds, and the execution, delivery and performance of this Purchase Agreement, the Continuing Disclosure Undertaking, the District Resolution, the Paying Agent Agreement, the Escrow Agreement, and the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution, and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) Litigation. No action, suit, proceeding, hearing or investigation is pending, or, to the knowledge of the District, threatened against the District:

(i) in any way affecting the existence of the District or in any way challenging the respective powers of the several officers of the District required to execute any documents or certificates in connection with the delivery of the Bonds or of the titles of the officials of the District to such offices; or

(ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the levy and collection of *ad valorem* taxes of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or, the levy of any taxes contemplated by the District Resolution, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Undertaking, the Paying Agent Agreement or the District Resolution or contesting the powers of the District or its authority with respect to the Bonds, the District Resolution, or this Purchase Agreement; or

(iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Agreement, the Continuing Disclosure Undertaking, the Escrow Agreement, the Paying Agent

Agreement or the District Resolution, (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) No Other Debt. Between the date hereof and the Closing Date, without the prior written consent of the Underwriter, neither the District directly, nor any other governmental agency or other body on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) Continuing Disclosure. During the last five years, the District has not failed to comply in all material respects with any prior undertakings under paragraph (b)(5) of Rule 15c2-12.

(i) Certificates. Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(j) Official Statement Accurate and Complete. The Preliminary Official Statement, as of its date and as of the date hereof, as amended or supplemented, if applicable, did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the final Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through the Underwriter specifically for inclusion therein or information related to DTC and the book-entry system.

(k) Levy of Tax. The District hereby agrees to take any and all actions as may be required by the County of Santa Clara (the "County") or otherwise necessary in order to arrange for the levy and collection of *ad valorem* taxes, payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide the following to the Treasurer-Director of Finance of the County: (i) a copy of the District Resolution, (ii) a copy of Appendix A hereto, and (iii) the full debt service schedule for the Bonds.

8. Representations, Warranties and Agreements of the Underwriter. The Underwriter represents and agrees with the District that, as of the date hereof and as of the Closing Date:

(a) The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

9. **Covenants of the District.** The District covenants and agrees with the Underwriter that:

(a) Securities Laws. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to take any action which would subject it to general or unlimited service of process or consent to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(b) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes for which the Bonds were authorized.

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the 7th business day following the date this Purchase Agreement is signed, and in sufficient time to accompany any confirmation that requests payment from a customer, a final Official Statement substantially in the form of the Preliminary Official Statement, in the electronic format designated by the MSRB, with only such changes therein as are accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in order to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12 and with the rules of the Municipal Securities Rulemaking Board. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds.

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect in any material respect the accuracy or completeness of any information set forth in the Official Statement relating to the District, until the date which is 25 days from the date of the end of the underwriting period (as such term is defined in Rule 15c2-12), provided that for the purposes of this subsection, the end of the underwriting period shall be the Closing Date unless the Underwriter provides written notice to the contrary to the District on the Closing Date.

(e) Amendments to Official Statement. For a period of 90 days after the Closing Date or until such time (if earlier) as the Underwriter no longer holds any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter objects in writing or which is disapproved by the Underwriter (the Underwriter's approval of such amendment or supplement shall not be unreasonably withheld); and if any event relating to or affecting the District occurs as a result of which it is necessary, in the opinion of Bond Counsel or the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the District shall immediately prepare and furnish (at the expense of the District) an amendment of or supplement to the Official Statement in the electronic format designated by the MSRB (in form and substance satisfactory to the

Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time such supplemental Official Statement is delivered to a purchaser, not misleading.

10. **Conditions to Closing.** The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Agreement are and shall be subject, at the option of the Underwriter, to the following further conditions at the Closing Date:

(a) Representations True. The representations and warranties of the District herein must be true and correct in all material respects at the date hereof and as of the Closing Date as if made at and as of the Closing Date; and the statements made in all certificates and other documents delivered to the Underwriter on the Closing Date hereunder must be true and correct in all material respects on the Closing Date; and the District must be in compliance with each of the agreements made by it in this Purchase Agreement.

(b) Obligations Performed. As of the Closing Date, (i) the Official Statement, this Purchase Agreement, the Escrow Agreement the Paying Agent Agreement and the District Resolution must be in full force and effect and may not have been amended, modified or supplemented except as agreed to in writing by the Underwriter; (ii) all actions which, in the opinion of Bond Counsel, are necessary in connection with the transactions contemplated hereby, must have been duly taken and must be in full force and effect; and (iii) the District must have performed all of its obligations required under or specified in the District Resolution, this Purchase Agreement, the Paying Agent Agreement or the Official Statement to be performed at or prior to the Closing Date.

(c) Adverse Rulings. No decision, ruling or finding has been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened which would constitute a ground for termination of this Purchase Agreement by the Underwriter, which contests in any way the completeness or accuracy of the Official Statement.

(d) Delivery of Documents. On or before the Closing Date, the Underwriter shall receive sufficient copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(i) *Bond Opinion.* An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the Closing Date, addressed to the District, in substantially the form appended to the Official Statement;

(ii) *Supplemental Opinion of Bond Counsel.* A supplemental opinion of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, dated as of the Closing Date, substantially to the following effect:

(A) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the District Resolution and Paying Agent Agreement are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(B) This Purchase Agreement has been duly executed and delivered by the District and is a valid and binding agreement of the District.

(C) The statements contained in the Official Statement under the captions “THE BONDS” (excluding the information contained under the captions “– General Provisions; Book Entry Only System,” and “– Annual Debt Service Requirements”), “REFUNDING PLAN,” “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS,” “TAX MATTERS” and in Appendix F – Proposed Form of Opinion of Bond Counsel, excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Bonds, the District Resolution, the Paying Agent Agreement, the Escrow Agreement and the form and content of Bond Counsel’s final approving opinion concerning federal tax matters relating to the Bonds, are accurate in all material respects;

(iii) *Reliance Letter.* A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described in (d)(i) above;

(iv) *Underwriter’s Counsel Opinion.* The opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, as counsel to the Underwriter (“Underwriter’s Counsel”), in form and substance satisfactory to the Underwriter, addressed to the Underwriter, dated the Closing Date, which includes among other matters an opinion substantially to the effect that the Bonds are not subject to the registration requirements of the Securities Act, and the District Resolution and Paying Agent Agreement are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(v) *District Counsel Opinion.* The opinion of counsel to the District (“District Counsel”), Buchalter Nemer, a Professional Corporation, San Francisco, California, substantially in the form attached hereto as Appendix C;

(vi) *Defeasance Opinion.* A defeasance opinion of Bond Counsel, addressed to the District and the Underwriter, with respect to the effective defeasance of the Refunded Bonds;

(vii) *Opinion of Counsel to the Paying Agent.* The opinion of counsel to the Paying Agent (hereinafter collectively referred to as the “Bank”), addressed to the District and the Underwriter, dated the date of the Closing, to the effect that:

(A) The Bank is a national banking association duly organized and validly existing under and by virtue of the laws of the United States of America, having full power to enter into and perform its obligations under the Paying Agent Agreement;

(B) The Paying Agent Agreement has been duly authorized, executed and delivered by the Bank and constitutes the legal, valid and binding obligation of the Bank enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles, if equitable remedies are sought;

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Bank that has not been obtained is

or will be required for the execution and delivery of the Paying Agent Agreement or the consummation of the transactions contemplated by the Paying Agent Agreement;

(D) To its best knowledge after due inquiry, there is no action, suit proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Bank or threatened against the Bank which in the reasonable judgment of the Bank would affect the existence of the Bank, or in any way contesting or affecting the validity or enforceability of the Paying Agent Agreement or contesting the powers of the Bank or its authority to enter into and perform its obligations under the Paying Agent Agreement; and

(E) The execution and delivery of the Paying Agent Agreement and compliance with the provisions on the part of the Bank contained therein will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, resolution or other instrument to which the Bank is a party or is otherwise subject;

(viii) *Certificate of the District.* A certificate signed by appropriate officials of the District to the effect that:

(A) such officials are authorized to execute this Purchase Agreement;

(B) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing;

(C) the District has complied with all the terms of the District Resolution, this Purchase Agreement and the Paying Agent Agreement which are necessary to be complied with prior to or before the Closing Date and such documents are in full force and effect;

(D) the District has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact nor omit any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, excepting therefrom those sections of the Official Statement describing the Depository Trust Company and its Book-Entry Only System, any bond insurance and the provider of such bond insurance[, and the investment policies of the County];

(E) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the District Resolution and the Paying Agent Agreement; and

(F) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in light of the circumstances in which they were made not misleading;

(ix) *Arbitrage.* A non-arbitrage certificate of the District in a form satisfactory to Bond Counsel;

(x) *District Resolution.* A certificate, together with fully executed copies of the District Resolution, of the Secretary of the District Board of Directors to the effect that:

(A) such copies are true and correct copies of the District Resolution; and

(B) that the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the Closing Date;

(xi) *Official Statement.* A certificate of an Authorized District Representative (as defined in the District Resolution) evidencing such Authorized District Representative's determinations respecting the Official Statement in accordance with Rule 15c2-12 and a copy of the Official Statement executed by an Authorized District Representative;

(xii) *Continuing Disclosure Undertaking.* A Continuing Disclosure Undertaking of the District as summarized in the Official Statement and in a form satisfactory to the Underwriter which complies with Rule 15c2-12, in substantially the form appended to the Official Statement;

(xiii) *Ratings.* Evidence satisfactory to the Underwriter that the Bonds shall have been rated “___” by S&P Global Ratings and “___” by Moody's Investors Service (or such other equivalent ratings as such rating agencies may give) and that any such ratings have not been revoked or downgraded;

(xiv) *Paying Agent Agreement.* An executed copy of the Paying Agent Agreement;

(xv) *Escrow Agreement.* An executed copy of the Escrow Agreement;

(xvi) *Escrow Agent Certificate.* A certificate of the Escrow Agent, in form and substance acceptable to the Underwriter;

(xvii) *Auditor Consent.* A letter from Moss Adams LLP, dated March __, 2017, consenting to the use of its report, dated March __, 2017, in the Preliminary Official Statement and the Official Statement;

(xviii) *Procedure Letter.* A letter from Moss Adams LLP, dated March __, 2017 substantially in the form of Exhibit D hereto (the “Procedure Letter”); and

(xix) *Other Documents.* Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request to evidence (i) compliance by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District is unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Underwriter at, or at any time prior to, the Closing Date. Notice of cancellation shall be given to the District in writing, or

by telephone or facsimile, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District under this Purchase Agreement and the performance of any and all conditions contained in this Purchase Agreement for the benefit of the Underwriter may be waived by the Underwriter in writing at their sole discretion.

11. Underwriter's Right to Terminate.

(a) Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds have not been delivered by the District to the Underwriter prior to the close of business, Pacific Daylight Time, on March __, 2017, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect.

(b) In addition, the Underwriter has the right to terminate this Purchase Agreement, without any liability therefor, by notification to the District at any time at or prior to the Closing, upon the occurrence of any Termination Event as described in Appendix B hereto.

12. Underwriter's Certifications; Conditions to Obligations of the District.

(a) At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the purchase price thereof, the Underwriter will provide (or cause to be provided) to the District:

(i) the receipt of the Underwriter, in form satisfactory to the District and signed by an authorized officer of the Underwriter, confirming delivery of the Bonds to the Underwriter, receipt of all documents required by the Underwriter, and confirming to the District that, as of the Closing Date, all of the representations of the Underwriter contained in this Purchase Agreement are true, complete and correct in all material respects.

(b) The performance by the District of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District of opinions and certificates being delivered on the Closing Date by persons and entities other than the District and the Underwriter.

13. Expenses.

(a) The District shall pay the following expenses incident to the performance of its obligations hereunder from proceeds of the Bonds (or from any other source of available funds of the District): (i) the cost of the preparation and reproduction of the District Resolution; (ii) the fees and disbursements of Bond Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings, including all necessary travel expenses; (v) the cost of the printing and distribution of the Preliminary Official Statement and Official Statement; (vi) the fees of the financial advisor to the District with respect to the Bonds; and (vii) all other fees and expenses incident to the issuance and sale of the Bonds.

(b) All out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel, fees of Underwriter's Counsel, the fees of Digital Assurance Certification, L.L.C. for a continuing disclosure undertaking compliance review and other expenses (except as provided above), shall be paid by the Underwriter (included in the expense component of the Underwriter's discount). The Underwriter is required to pay fees to the California

Debt and Investment Advisor Commission in connection with the Bonds. The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the District agrees to reimburse the Underwriter for such fees.

(c) The District shall pay for any expenses (included in the expense component of the Underwriter's discount) incurred by the Underwriter on behalf of the District's employees which are incidental to the implementing this Agreement, including, but not limited to, meals, transportation and lodging of the District's employees.

14. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing at the following notice addresses or facsimile numbers or such other addresses or facsimile numbers as any of the following may designate in writing to the others:

If to the Underwriter: Citigroup Global Markets Inc.
Public Finance
444 South Flower Street, 27th Floor
Los Angeles, California 90071
Attention: Victor Andrade
Fax: (212) 723.8939

If to the District: El Camino Hospital District
2500 Grant Road
Mountain View, California 94040-4378
Attention: Chair of the Board of Directors
Fax: (650) 940-7261

15. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, and (b) delivery of and payment by the Underwriter for the Bonds hereunder.

16. **Severability.** In the event any provision of this Purchase Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof.

17. **Non-assignment.** Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior consent of the other party hereto.

18. **Entire Agreement.** This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto, including their permitted successors and assigns, respectively.

19. **Execution in Counterparts.** This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

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20. **Applicable Law.** This Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC., as
underwriter

By: _____
Director

The foregoing is hereby agreed to and accepted
as of the date first above written:

EL CAMINO HEALTHCARE DISTRICT

By: _____
Authorized District Representative

APPENDIX A

INTEREST RATES AND MATURITIES; REDEMPTION; SPECIFIED TERMS

Maturity Schedule:

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>
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⁽¹⁾ Priced to call at par on August 1, 20__.

Redemption Terms:

Optional Redemption. The Bonds maturing on or before August 1, 20__, are not subject to redemption. The Bonds maturing on or after August 1, 20__, may be redeemed prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

APPENDIX B

TERMINATION EVENTS

The following events are each defined as Termination Events for all purposes of this Purchase Agreement:

- (a) any event occurs which causes any material statement contained in the Official Statement to be misleading or results in a failure of the Official Statement to state a fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or
- (b) the marketability of the Bonds or the market price thereof, or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices, of the Bonds, in the opinion of the Underwriter, has been materially adversely affected by any of the following:
 - (i) an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State of California, or
 - (ii) the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or
 - (iii) the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or
 - (iv) the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, which has the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds, or
 - (v) any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the District, or the interest on bonds or notes or obligations of the general character of the Bonds; or
- (c) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State of California, or a decision

by any court of competent jurisdiction within the State of California or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices, of the Bonds; or

- (d) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Paying Agent Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or
- (e) additional material restrictions not in force as of the date hereof are imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices, of the Bonds; or
- (f) a general banking moratorium has been established by federal or State of California authorities or a major financial crisis or a material disruption in commercial banking or securities settlement or clearances services shall have occurred; or
- (g) there occurs (1) any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war, (2) any other calamity or in the financial markets, (3) a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations, or (4) a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against any state of the United States or any city, county or other political subdivision located in the United States having a population of over 1,000,000, which, in the judgment of the Underwriter, materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices, of the Bonds; or
- (h) any rating of the Bonds or other general obligation debt securities of the District has been downgraded, suspended or withdrawn by a national rating service; or
- (i) the commencement of any action, suit or proceeding which, in the judgment of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices, of the Bonds; or

- (j) there is in force a general suspension of trading on the New York Stock Exchange, minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges or prices for securities shall have been required on the New York Stock Exchange or other national stock exchange whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental agency having jurisdiction or any national securities exchange shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in securities generally, or to the Bonds or similar obligations; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers; or
- (k) there occurs any other event which, in the opinion of the Underwriter, materially adversely affects the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale, at the contemplated offering prices, of the Bonds.

APPENDIX C

FORM OF DISTRICT COUNSEL OPINION

Citigroup Global Markets, Inc.
444 South Flower Street, 27th Floor
Los Angeles, CA 90071

Re: \$_____ *El Camino Healthcare District (Santa Clara County, California)*
 2017 General Obligation Refunding Bonds

Ladies and Gentlemen:

We have acted as counsel for the El Camino Healthcare District (the “District”) in connection with the issuance of the bonds described above (the “Bonds”) by the District, proposed to be issued by the District and sold by the District to Citigroup Global Markets, Inc. (the “Underwriter”).

This opinion is furnished to you pursuant to Section 10(d)(v) of the Bond Purchase Agreement dated March __, 2017 (the “Purchase Agreement”), among the Underwriter and the District. Terms defined in the Purchase Agreement and not otherwise defined herein are used herein with the meanings so defined in the Purchase Agreement.

We have examined executed copies of the Purchase Agreement and the Paying Agent Agreement (which together are referred to herein as the “District Documents”), the District Resolution, the Official Statement and the minutes of the meetings of the Board of Directors of the District, and we have made such investigation and such examination of law as we have deemed necessary for the purposes of the opinions expressed below.

We are aware that a Preliminary Official Statement, dated March __, 2017 (the “Preliminary Official Statement”) and an Official Statement dated March __, 2017 (the “Official Statement”) describing the Bonds, among other things, has been prepared and circulated, based in part upon information supplied by the District. We have not independently verified the accuracy, completeness or fairness of the statements made or the information contained in the Preliminary Official Statement or the Official Statement and we are not passing upon and do not assume any responsibility therefor. In the course of the preparation of the Preliminary Official Statement and the Official Statement, we have participated in discussions with your representatives and those of the District, in which the operations and affairs of the District and the contents of the Preliminary Official Statement and the Official Statement were discussed. On the basis of information that we have gained in the course of representing the District in connection with the issuance of the Bonds, we have no reason to believe that the portions of the Preliminary Official Statement and the Official Statement entitled “INTRODUCTION – The District”, “INTRODUCTION – Purpose of the Bonds”, “INTRODUCTION – Bondowner’s Risks”, “INTRODUCTION – Continuing Disclosure”, and “Appendix A – Information Concerning El Camino Healthcare District” (except financial and statistical information, any financial statements and management’s discussion thereof or any such information incorporated therein by reference to other sections as to which we express no view) contained, as of the date of the Preliminary Official Statement and the Official Statement, or contain with respect to the Official Statement, as of the date hereof, an untrue statement of material fact or omitted, as of the date of the Preliminary Official Statement and the Official Statement, or omits with

respect to the Official Statement, as of the date hereof, to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

For purposes of this opinion, we have assumed that each of the parties, other than the District, to the documents referred to herein has all requisite power and authority and has taken all necessary corporate action, consistent with all applicable laws and regulations, to execute and deliver such documents and to effect the transactions contemplated thereby and to cause the Bonds to be sold. The opinions expressed below are limited to matters governed by federal law and the laws of the State of California.

We have relied as to matters of fact upon representations contained in the District Documents, and in certificates, copies of which have been furnished to you. In connection with the opinions expressed herein we have examined the District Documents and the documents listed in Exhibit A attached hereto. The documents listed on Exhibit A have been identified to us by responsible officers of the District and, to our knowledge, represent a complete list of the material agreements of the District with respect to the District's obligations regarding the Bonds.

Based upon and subject to the foregoing, we are of the opinion that:

1. The District is a healthcare district validly existing under the laws of the State of California with the power and authority to adopt the District Resolution, issue the Bonds, approve the Official Statement and enter into the District Documents and perform its obligations thereunder.

2. The District Resolution was duly adopted at a meeting of the Board of Directors of the District, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption. The District Resolution has not been modified, amended, rescinded or revoked and is in full force and effect as of the date hereof.

3. Each of the District Documents have been duly authorized, executed and delivered by the District, are legal, valid and binding obligations of the District (assuming due authorization, execution and delivery by the other parties thereto) and, subject to the qualifications set forth in the next to last paragraph of this letter, are enforceable against the District in accordance with their respective terms.

4. To the best of our knowledge, the obligations of the District under the Paying Agent Agreement, and compliance with the provisions thereof, and the approval of the Official Statement and the execution and performance of the provisions of the Purchase Agreement, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of any existing law or regulation (except that our opinion as to governmental approvals is limited as set forth in numbered paragraph 6) or a default under any agreement, court order or consent decree to which the District is subject, if any, listed on Exhibit A hereto.

5. Except as disclosed in the Official Statement, to our knowledge after having made inquiry of officers of the Corporation, but without having investigated any governmental records or court dockets, there is no action, suit, proceeding, litigation or governmental investigation pending or, as to actions, suits, proceedings, or litigation, overtly

threatened in writing, in either case, against the District in any state or federal court or before any governmental body that places in question the validity or enforceability of, or seeks to enjoin the performance of the terms of, the District Documents, the Bonds, the District Resolution, or the election authorizing the issuance of the Bonds (the "Election") or in which an unfavorable decision, ruling or finding against the District would materially and adversely affect the validity of the Bonds or the Election, or in which a final adverse decision could materially and adversely affect the operations of the District.

6. To our knowledge, no authorization, consent, approval or other order of any governmental authority or agency within the State of California is necessary in connection with the execution of the District Documents or the approval of the Official Statement, except as have been obtained or made and as are in full force and effect. We express no opinion as to any approvals or consents that may be required under any state or federal blue sky or securities laws, nor as to licensure, land use approvals, entitlements or other private or public authorizations that may be required to expand, renovate or equip any hospital facilities with the proceeds of the Bonds. We further express no opinion with regard to the bidding requirements with respect to the sale of the Bonds under the Purchase Agreement.

Our opinions that each of the District Documents delivered to you today is enforceable in accordance with its terms, are subject to: (i) bankruptcy, insolvency, reorganization, moratorium, and laws relating to fraudulent conveyances and transfers and other similar laws affecting the rights and remedies of creditors and secured parties generally; (ii) the effect of (a) general principles of equity, regardless of whether applied in proceedings in equity or at law (including the possible unavailability of specific performance or injunctive relief), (b) concepts of materiality, reasonableness, good faith and fair dealing, unconscionability, contravention of public policy and (c) the discretion of the court before which a proceeding is brought; (iii) laws concerning recourse by creditors to security in the absence of notice and hearing; (iv) the unenforceability of provisions in the District Documents providing for indemnification or for exculpation from liability of a party or its officers, agents or employees, which may be limited by federal or state laws, public policy considerations or court decisions that limit the rights of the indemnified or exculpated party to obtain indemnification or exculpation; (v) the unenforceability of provisions expressly or by implication waiving (a) broadly or vaguely stated rights; (b) the benefits of statutory, regulatory or constitutional rights, unless and to the extent that the statute, regulation or constitutional provision explicitly allows waiver; (c) unknown future defenses; and (d) rights to damages; (vi) the unenforceability under certain circumstances of provisions to the effect that rights or remedies are not exclusive, that every right or remedy is cumulative and may be exercised in addition to or with any other right or remedy, that election of a particular remedy or remedies does not preclude recourse to one or more other remedies, that any right or remedy may be exercised without notice, or that failure to exercise or delay in exercising rights or remedies will not operate as a waiver of any such right or remedy; (vii) the unenforceability under certain circumstances of provisions imposing penalties, forfeitures, late payment charges or an increase in interest rate upon delinquency in payment or the occurrence of a default; and (viii) the unenforceability of choice-of-law, forum selection and consent to jurisdiction clauses.

This opinion is solely for your benefit and may not be relied upon by any subsequent holders of the Bonds or by any other person.

Very truly yours,

Exhibit A

1. “Master Lease Agreement El Camino YMCA,” executed December 9, 1998 by El Camino Hospital, El Camino Hospital District, and YMCA of the Mid-Peninsula.
2. “Ground Lease Agreement between El Camino Hospital District and El Camino Healthcare System,” executed December 17, 1992 by El Camino Hospital and El Camino Hospital District.
3. “First Amendment to Ground Lease Agreement,” executed November 3, 2004 by El Camino Hospital and El Camino Hospital District.
4. “Second Amendment to Ground Lease Agreement,” dated as of April 9, 2015, by and between El Camino Hospital and El Camino Healthcare District (formerly El Camino Hospital District).
5. “Paying Agent Agreement” between El Camino Healthcare District (formerly El Camino Hospital District) and Wells Fargo Bank, National Association, dated as of November 1, 2006.

APPENDIX D
PROCEDURE LETTER

March __, 2017

El Camino Hospital
2500 Grant Road
Mountain View, California 94040-4378

Citigroup Global Markets Inc.
Public Finance
444 South Flower Street, 27th Floor
Los Angeles, California 90071

Ladies and Gentlemen:

We have audited the consolidated balance sheets of El Camino Healthcare District (the "District") as of June 30, 2016 and 2015, and the consolidated statements of revenues, expenses and changes in net position and cash flows for each of the two years ended June 30, 2016 and 2015, included in the Preliminary Official Statement for the \$_____ El Camino Healthcare District 2017 General Obligation Refunding Bonds (the "Preliminary Official Statement"). The Preliminary Official Statement is herein referenced to as the Official Statement.

We are independent certified public accountants with respect to the District and the El Camino Hospital (the "Corporation") under Independence Rule 1.200.001 (formerly known as Rule 101) of the Code of Professional Conduct of the American Institute of Certified Public Accountants, and its rulings and interpretations.

We have not audited any financial statements of the Corporation or District as of any date or for any period subsequent to June 30, 2016. Although we have conducted an audit for the year ended June 30, 2016, the purpose (and therefore the scope) of the audit was to enable us to express an opinion on the consolidated financial statements of the District as of June 30, 2016 and for the year then ended, but not on the financial statements for any interim period within that year. Therefore, we are unable to and do not express any opinion on the unaudited data as of December 31, 2016 and 2015, or for the six-month periods then ended, included in the Official Statement, or on the financial position, results of operations or cash flows of the Corporation as of any date or for any period subsequent to June 30, 2016.

At your request, we have carried out procedures through _____, 2017, as follows:

1. Read the unaudited condensed Balance Sheets and unaudited condensed Statements of Revenues, Expenses and Changes in Net Position of the Corporation as of and for the six-month periods ended December 31, 2016 and 2015, and agreed amounts contained therein with the accounting records of the Corporation as of December 31, 2016 and 2015, and for the six-month periods then ended.
2. Inquired of certain officials of the Corporation who have responsibility for financial and accounting matters whether: (1) the unaudited financial information referred to in Section 1 above are in conformity with accounting principles generally accepted in the United States of America applied on a basis substantially consistent with that of the Corporation's financial information in the consolidating statements to the audited consolidated financial statements of the District included in

Appendix B to the Official Statement; and (2) at December 31, 2016, there was any increase in long-term debt of the Corporation as compared with amounts shown on the Corporation's financial information in the consolidating statements to the audited consolidated financial statements of the District at June 30, 2016.

Those officials stated that: (1) the financial data referred to in Section 1 above are stated on a basis substantially consistent with that of the Corporation's financial information in the consolidating statements to the audited consolidated financial statements of the District included in the Official Statement; and (2) at December 31, 2016, there was no increase in long-term debt of the Corporation as compared with amounts shown on the Corporation's financial information in the consolidating statements to the audited consolidated financial statements of El Camino Healthcare District at June 30, 2016.

3. For purposes of this letter, we have also read the following as set forth in Appendix A to the Preliminary Official Statement [and the Final Official Statement], and performed the related procedures noted in the table below. For purposes of reporting our procedures and findings, the phrase "compared" refers to the comparison of one or more data elements to underlying documentation, for which the data elements and the underlying documentation have been found to be in agreement, unless otherwise indicated. In addition, the term "recalculated" means that the amounts, percentages or ratios recalculated were in agreement or mathematically correct; or, if different, the differences were attributable to rounding and were not greater than one unit of dollar amount, percentage or ratio (to the last decimal place) presented.

Item	Description	a.	b.	c.	d.
1	"Selected Utilization and Financial Information - Sources of Patient Services Revenue" – the percentages			*	
2	"Management's Discussion of Financial Operations" – the dollar amounts and the percentages	*	*	*	*
3	"Management's Discussion of Financial Operations - Investments" – the percentages			*	

* The individual dollar amounts and percentages each procedure will be performed on were identified by you on the attached pages to be included in the Preliminary Official Statement and Final Official Statement and will be identified in the report on the application of agreed-upon procedures.

- a. We compared the amounts, rounded to thousands where indicated, to the corresponding amounts included in or derived from the consolidating schedules to the audited consolidated financial statements of the District included in the Preliminary and Final Official Statements.
- b. We compared the amounts, rounded to thousands where indicated, to the corresponding amounts included in or derived from the consolidating schedules to the audited consolidated financial statements of the District not included in the Preliminary and Final Official Statements.
- c. We compared the amounts, rounded to thousands where indicated, to the corresponding amounts included in or derived from the Corporation's accounting records.

- d. We recalculated the percentage or dollar amount for mathematical accuracy.
4. Our audits of the consolidated financial statements of the District for the periods referred to in the introductory paragraph of this letter comprised audit tests and procedures deemed necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, nor for any other period, did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated above; and, accordingly, we express no opinion thereon.
 5. It should be understood that we have no responsibility for establishing (and did not establish) the scope and nature of the procedures enumerated above; rather, the procedures enumerated therein are those the requesting party asked us to perform. Accordingly, we make no representations regarding questions of legal interpretation or regarding the sufficiency for your purposes of the procedures enumerated in the preceding paragraphs. Also, such procedures would not necessarily reveal any material misstatement of the amounts or percentages listed above as set forth in the Official Statement. Further, we have addressed ourselves solely to the foregoing data and make no representations regarding the adequacy of disclosures or whether any material facts have been omitted. This letter relates only to the financial statement items specified above and does not extend to any financial statement of the Corporation or consolidated financial statement of the District taken as a whole.
 6. The foregoing procedures do not constitute an audit conducted in accordance with auditing standards generally accepted in the United States of America. Had we performed additional procedures or had we conducted an audit or a review of the Corporation's December 31, 2016 and 2015, condensed financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.
 7. These procedures should not be taken to supplant any additional inquiries or procedures that you would undertake in your consideration of the proposed offering.
 8. This letter is solely for your information and to assist you in your inquiries in connection with the offering of the securities, covered by the Official Statement, and it is not to be used, circulated, quoted, or otherwise referred to for any other purpose, including but not limited to the registration, purchase, or sale of securities, nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except that reference may be made to it in any list of closing documents pertaining to the offering of the securities covered by the Official Statement.
 9. We have no responsibility to update this letter for events and circumstances occurring after _____, 2017, other than to provide a bring-down letter dated [closing date].

Very truly yours,

Att. 03 06 Preliminary Official Statement (GO Bonds).DOC

PRELIMINARY OFFICIAL STATEMENT DATED MARCH [9], 2017

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See “RATINGS” herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based on an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

\$94,560,000*

**EL CAMINO HEALTHCARE DISTRICT
2017 General Obligation Refunding Bonds**

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

The El Camino Healthcare District 2017 General Obligation Refunding Bonds (the “Bonds”) are being issued by El Camino Healthcare District (the “District”), a political subdivision of the State of California and local healthcare district. The Bonds are being issued for the purpose of (i) refunding a portion of the District’s 2006 General Obligation Bonds and (ii) paying the costs of issuance of the Bonds. See “REFUNDING PLAN” herein. The Bonds are being issued pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and a resolution of the Board of Directors of the District adopted on March __, 2017.

The Bonds represent general obligations of the District payable from ad valorem taxes levied and collected by the County of Santa Clara (the “County”). The Board of Supervisors of the County is empowered and is obligated to levy ad valorem taxes upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except certain personal property that is taxable at limited rates) for the payment of principal of and interest on the Bonds when due. Pursuant to California Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the taxes.

The Bonds will be issued in book-entry form only and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as “DTC”). DTC will act as security depository for the Bonds. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds.

Interest with respect to the Bonds will accrue from their date of delivery, and is payable on February 1 and August 1 of each year, commencing August 1, 2017. The Bonds are issuable as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof within a maturity.

Payments of principal of and interest on the Bonds will be made by Wells Fargo Bank, National Association, as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. See “THE BONDS—General Provisions; Book-Entry Only System” herein.

The Bonds are subject to optional and mandatory sinking fund redemption as described herein. See “THE BONDS—Redemption” herein.

**MATURITY SCHEDULE
(See Inside Front Cover)**

The cover page contains information for reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, and for the District by Buchalter Nemer, A Professional Corporation, San Francisco, California. Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, will provide certain other legal services for the District. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about March 22, 2017.

CITIGROUP

The date of this Official Statement is March __, 2017.

*Preliminary; subject to change.

MATURITY SCHEDULE

\$94,560,000*

EL CAMINO HEALTHCARE DISTRICT 2017 General Obligation Refunding Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>	<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
	\$	%				\$	%		

\$ _____ % Term Bond due August 1, 20__, Yield % CUSIP[†]:

* Preliminary, subject to change.

† Copyright 2017, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriter and are included solely for the convenience of the holders of the Bonds. Neither the District nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such information or representation must not be relied upon as having been given or authorized by the District or the Underwriter.

The information concerning DTC and the book-entry system set forth herein under the caption “THE BONDS—General Provisions; Book-Entry Only System” and in Appendix D hereto has been furnished by DTC. Such information is believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the District. All other information set forth herein has been obtained from the District and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall create under any circumstances any indication that there has been no change in the affairs of the District or DTC since the date hereof.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder. The exemptions from registration in accordance with applicable provisions of federal or state securities laws cannot be regarded as a recommendation of the Bonds. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

This Official Statement is not to be construed as a contract with any purchaser of the Bonds. No representation is made that the past experience, as shown by financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representation of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has provided the following sentence for inclusion in this Official Statement. *The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.*

CAUTIONARY STATEMENT REGARDING
FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget,” “project,” “forecast” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to such forward-looking statements if or when the expectations, events, conditions or circumstances on which such statements are based, change or fail to occur.

EL CAMINO HEALTHCARE DISTRICT

District Board of Directors

Peter Fung, MD, Chair
Dennis Chiu, Vice Chair
Julia Miller, Secretary/Treasurer
David Reeder
John L. Zoglin

PROFESSIONAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP

Underwriter's Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation,
San Francisco, California

District Counsel

Buchalter Nemer, A Professional Corporation
San Francisco, California

Financial Advisor

Ponder & Co.
Chicago, Illinois

Paying Agent

Wells Fargo Bank, National Association
San Francisco, California

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\$94,560,000*
EL CAMINO HEALTHCARE DISTRICT
2017 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides certain information in connection with the initial issuance and sale by El Camino Healthcare District of its \$94,560,000* 2017 General Obligation Refunding Bonds (the “Bonds”).

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement, including the cover page and the Appendices. References to, and summaries of, provisions of the laws of the State of California (the “State”) or any documents referred to herein do not purport to be complete, and such references are qualified in their entirety by reference to the complete provisions. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

All capitalized terms used in this Official Statement and not otherwise defined herein have the same meaning as in the Paying Agent Agreement, dated as of March 1, 2017 (the “Paying Agent Agreement”), between the District and Wells Fargo Bank, National Association, as paying agent (the “Paying Agent”), or if not defined therein, as in the Bond Resolution (defined below).

The District

El Camino Healthcare District (the “District”) is a political subdivision of the State of California and a local health care district, formed by a vote of the District’s electorate on October 29, 1956, and organized pursuant to Division 23 of the Health and Safety Code of the State of California (the “Local Health Care District Law”). The District’s boundaries encompass an area of approximately 48 square miles in northern Santa Clara County. Included within those boundaries are the cities of Mountain View, Los Altos and Los Altos Hills and a portion of the cities of Sunnyvale, Palo Alto, Santa Clara and Cupertino. Real property located within the District has a total net taxable assessed valuation for fiscal year 2016-17 of \$76,880,652,137.

El Camino Hospital is a California nonprofit public benefit corporation (the “Corporation”) of which the District is the sole member. The Corporation operates a single hospital comprised of two campuses (one in Mountain View and one in Los Gatos, California). The hospital is licensed by the State of California Department of Health Services for up to 443 beds and accredited by The Joint Commission (the “Hospital”). Although this Official Statement and the Appendices hereto include information regarding the operations of the Corporation and its affiliates, as well as the District, the Bonds are not an obligation of the Corporation or any of its affiliates. The Bonds are an obligation solely of the District, payable from the proceeds of an *ad valorem* tax required to be levied by the County of Santa Clara (“Santa Clara County” or the “County”) in an amount sufficient for the payment of the principal of and interest on the Bonds. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” herein.

* Preliminary; subject to change.

Authority for Issuance

The issuance of the District's 2006 General Obligation Bonds (the "Series 2006 Bonds") were authorized at an election held on November 4, 2003, at which more than two-thirds of the persons voting on the proposition voted to authorize the issuance and sale of \$148,000,000 principal amount of general obligation bonds of the District. The Series 2006 Bonds were issued on December 13, 2006 pursuant to provisions of the California Health & Safety Code and a resolution adopted by the Board of Directors of the District. The Series 2006 Bonds were issued as current interest bonds (the "Series 2006 Current Interest Bonds") and capital appreciation bonds (the "Series 2006 Capital Appreciation Bonds"). Pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable law (the "Act"), the District is authorized to issue general obligation bonds to refund the Series 2006 Current Interest Bonds.

The Bonds are being issued pursuant to the Act, a resolution adopted by the Board of Directors of the District (the "District Board") on March __, 2017 (the "Bond Resolution") and the Paying Agent Agreement. See "THE BONDS—Authority for Issuance."

Use of Bond Proceeds

Proceeds from the sale of the Bonds will be used to (i) refund the Series 2006 Current Interest Bonds and (ii) pay the costs of the issuance of the Bonds. The Series 2006 Capital Appreciation Bonds will remain outstanding following the refunding of the Series 2006 Current Interest Bonds. See "REFUNDING PLAN" herein.

Source of Payment for the Bonds; Statutory Lien

The Bonds represent general obligations of the District payable from ad valorem taxes. The Board of Supervisors of the County has the power and is obligated to annually levy ad valorem taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. Pursuant to California Government Code section 53515, general obligation bonds issued and sold by a local agency, including the District, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien shall automatically arise without the need for any action or authorization by the local agency or its governing body. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" herein.

Continuing Disclosure

In order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Rule 15c2-12"), the District will execute a Continuing Disclosure Undertaking, dated the date of issuance of the Bonds (the "Continuing Disclosure Undertaking"), for the benefit of the person in whose name any Bond is registered (each, a "Bondholder" or "Holder") and Beneficial Owners, in which it will covenant to provide disclosure of certain annual financial and operational information and notices of certain events. See "CONTINUING DISCLOSURE" herein and APPENDIX E—"FORM OF CONTINUING DISCLOSURE UNDERTAKING."

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from El Camino Healthcare District, 2500 Grant Road, Mountain View, California 94039. The District may impose a charge for copying, mailing and handling.

THE BONDS

Authority for Issuance

The Bonds are being issued pursuant to the provisions of the Act and the Bond Resolution. Certain terms and provisions of the Bonds are set forth in the Paying Agent Agreement.

General Provisions; Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive bond certificates representing their interest in the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references in the Official Statement to “Holder,” “Bondholder” or registered owners of the Bonds (other than under the caption “TAX MATTERS”) mean Cede & Co., as aforesaid, and do not mean the Beneficial Owners of such Bonds. The District and the Paying Agent will treat the registered owner of the Bonds (which will be DTC so long as the book-entry only system is in effect) as the absolute owner of the Bonds for the purposes of payment of debt service, giving all notices of redemption and all other matters with respect to the Bonds.

As long as DTC’s book-entry only system is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to Bondholders only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action premised on such notice. The Paying Agent, the District and the Underwriter have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

For a description of the method of payment of principal of and interest on the Bonds and matters pertaining to their exchange while the book-entry only system is place, see APPENDIX D—“BOOK-ENTRY ONLY SYSTEM.”

Interest with respect to the Bonds is payable on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing August 1, 2017. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on the fifteenth day of the month prior to the month in which an Interest Payment Date occurs (the “Record Date”) and on or prior to the succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof within a maturity and will mature on August 1, in the years and amounts set forth on the inside cover page hereof.

Interest on the Bonds is payable in lawful money of the United States of America to the person whose name appears in the bond registration books maintained by the Paying Agent as the Bondholder thereof as of the close of business on the Record Date immediately preceding each Interest Payment Date, such interest to be paid by check mailed by first class mail to such Bondholder at such Bondholder’s address as it appears in such bond registration books or at such address as the Bondholder may have filed

with the Paying Agent for that purpose (except that upon the written request of the Bondholder of Bonds aggregating not less than \$1,000,000 in principal amount, given no later than the close of business on the Record Date immediately preceding the applicable Interest Payment Date, the interest due on such Interest Payment Date will be paid by wire transfer in immediately available funds to an account maintained in a state or national bank in the United States of America at such wire address as such Bondholder specifies in such written request). The principal of and redemption premium, if any, on the Bonds is also payable in like lawful money to the Bondholder thereof upon the surrender thereof at the corporate trust office of the Paying Agent in San Francisco, California or any other office of the Paying Agent designed by the Paying Agent to the District from time to time for a particular purpose (the "Principal Corporate Trust Office"). So long as Cede & Co. or its registered assigns is the registered owner of any of the Bonds, payment will be made to Cede & Co. by wire transfer as provided in the Paying Agent Agreement.

Redemption

Optional Redemption of the Bonds. Bonds maturing on or before August 1, 20__, are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on and after August 1, 20__, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date, on or after August 1, 20__ at the principal amount of the Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium. If less than all of the Refunding Bonds are called for redemption, Refunding Bonds shall be redeemed in inverse order of maturities (or as otherwise directed by the District), and if less than all of the Refunding Bonds of any given maturity are called for redemption, the portions of Refunding Bonds of a given maturity to be redeemed shall be determined by lot.

Mandatory Sinking Fund Redemption of Bonds. Bonds maturing on August 1, 20__ are subject to redemption prior to their stated maturity, in part, by lot, from mandatory sinking fund payments on August 1 of each year, beginning August 1, 20__, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Redemption Date (August 1)	Principal Amount
	\$
†	
† Maturity.	

The principal amount of each mandatory sinking fund payment of any maturity will be reduced proportionately, in \$5,000 increments, by the amount of any Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date.

Notice of Redemption

Notice of redemption of any Bonds will be mailed, first class postage prepaid, or by email or other electronic means, not less than 20 nor more than 60 days prior to the redemption date (i) to the respective Bondholders thereof at the addresses appearing on the bond registration books maintained by the Paying Agent and (ii) as may be further required in accordance with the Continuing Disclosure Undertaking of the District.

Each notice of redemption is required to contain all of the following information: (i) the date of such notice; (ii) the name of the Bonds and the date of issue of the Bonds; (iii) the date of redemption (the “Redemption Date”); (iv) the redemption price; (v) the dates of maturity of the Bonds to be redeemed; (vi) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (vii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (viii) a statement that such Bonds must be surrendered by the Bondholders at the Principal Corporate Trust Office of the Paying Agent, or at such other place or places designated by the Paying Agent; and (ix) notice that further interest on such Bonds will not accrue after the designated Redemption Date.

The District may rescind any optional redemption and any notice thereof for any reason on any date prior to the date fixed for such optional redemption by causing written notice of the rescission to be given to the Bondholders of those Bonds so called for redemption. Any optional redemption and any notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust in an escrow fund established for such purpose in an amount sufficient to pay in full on said date the principal of and interest due on the Bonds called for redemption. Notice of rescission of any optional redemption will be given in the same manner in which notice of redemption was originally given.

The actual receipt by the Holder of any Bond or by any other party designated to receive notice of such redemption or rescission is not a condition precedent to redemption or rescission, and failure to receive such notice, or any defect in the notice mailed, will not affect the validity of the proceedings for the redemption of such Bond or the cessation of interest on the date fixed for redemption, or such rescission, as applicable. A certificate of the Paying Agent that notice of call and redemption has been given to Holders and the other parties designated in the Paying Agent Agreement to receive such notice will be conclusive as against all parties.

When notice of redemption has been given as provided in the Paying Agent Agreement, and when the redemption price of the Bonds called for redemption is set aside in the Interest and Sinking Fund or the escrow fund established for such purpose, the Bonds designated for redemption will become due and payable on the specified redemption date and interest will cease to accrue thereon as of the redemption date. The Holders of such Bonds so called for redemption after such redemption date will have no rights under the Paying Agent Agreement except to receive payment of the principal of and redemption premium, if any, on the Bonds and the interest accrued thereon to the Redemption Date, such payment to be made solely from the funds provided therefor.

Defeasance

If moneys have been set aside in the Interest and Sinking Fund or held by the Paying Agent or an escrow agent for the payment or redemption of any Bonds and the interest installments therefor at the maturity or Redemption Date thereof, such Bonds will be deemed to be paid within the meaning and with the effect provided in the Paying Agent Agreement. Any Outstanding Bond will prior to the maturity or Redemption Date thereof be deemed to have been paid within the meaning and with the effect provided in the Paying Agent Agreement: (i) in case said Bonds are to be redeemed on any date prior to their maturity, the District has given to the Paying Agent in form satisfactory to the Paying Agent irrevocable instructions to deliver notice of redemption of such Bonds on such Redemption Date, such notice to be given in accordance with the provisions of the Paying Agent Agreement (see “THE BONDS—Notice of Redemption”); and (ii) there has been deposited with the Paying Agent or an escrow agent either moneys in an amount which are sufficient, or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys in the Interest and Sinking Fund, be fully sufficient, to

pay when due the principal of and the redemption premiums, if any, and the interest due and to become due on such Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be.

If at any time the District pays or causes to be paid or there is otherwise paid to the Bondholder of an Outstanding Bond all of the principal, interest and redemption premium, if any, represented by that Bond at the times and in the manner provided in the Paying Agent Agreement and in the Bond or provisions are made for the payment thereof as described in the immediately preceding paragraph, then the Bondholder of that Bond will cease to be entitled to the obligation to levy taxes for payment of that Bond and the Bondholder thereof will have no rights under the Paying Agent Agreement except to receive payment of the principal of and redemption premium, if any, on that Bond and the interest accrued thereon to the Redemption Date or maturity date, such payment to be made solely from the funds provided therefor.

“Outstanding,” means all Bonds theretofore, or thereupon being, authenticated and delivered by the Paying Agent under the Paying Agent Agreement, except: (i) Bonds theretofore cancelled by the Paying Agent or surrendered to the Paying Agent for cancellation in accordance with the Paying Agent Agreement; (ii) Bonds with respect to which all liability of the District has been discharged in accordance with the Paying Agent, including as described in this subsection “THE BONDS – Defeasance”; and (iii) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds have been authenticated and delivered by the Paying Agent pursuant to the Paying Agent Agreement.

Registration, Transfer and Exchange of Bonds

The Paying Agent will keep or cause to be kept at its Principal Corporate Trust Office sufficient books for the registration and transfer of the Bonds, which will at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as provided in the Paying Agent Agreement.

The Bonds will be initially registered in the name of “Cede & Co.,” as nominee of DTC and will be evidenced by a single authenticated bond certificate for each stated maturity of each Series of Bonds, representing the aggregate principal amount of the Bonds of such Series and maturity. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in the Paying Agent Agreement.

In the event that DTC’s book-entry only system as described in APPENDIX D is no longer used with respect to the Bonds, the following provisions will govern the transfer and exchange of the Bonds.

Any Bond may, in accordance with its terms, be transferred upon the books required to be kept pursuant to the provisions of the Paying Agent Agreement by the person in whose name it is registered, in person or by the duly authorized attorney of such person, upon surrender of such Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent. Bonds may be exchanged at the Principal Corporate Trust Office of the Paying Agent or such other place as the Paying Agent designates, for a like aggregate principal amount of Bonds of other authorized denominations of the same Series, maturity and interest rate. No transfer or exchange of Bonds will be required to be made by the Paying Agent during the period from any Record Date to the following Interest Payment Date or from the date on which notice of redemption is given with respect to such Bond to and including the specified Redemption Date for such Bond.

Interest and Sinking Fund

The Paying Agent is required under the Paying Agent Agreement to establish, maintain and hold in trust a separate fund to be known as the “El Camino Healthcare District General Obligation Refunding Bond Interest and Sinking Fund” (the “Interest and Sinking Fund”). Upon receipt by the Paying Agent, taxes collected by the appropriate officials of the County to pay principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable will be deposited into the Interest and Sinking Fund. All sums to become due for the principal of, redemption premium, if any, and interest on the Bonds will be paid from such Interest and Sinking Fund as the same become due and payable. All money in the Interest and Sinking Fund will be invested by the Paying Agent in Investment Securities specified by the District. Investment earnings on the Interest and Sinking Fund will be retained therein.

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Annual Debt Service Requirements

The following table summarizes the debt service requirements for the Bonds and the Series 2006 Capital Appreciation Bonds that will be outstanding upon the issuance of the Bonds and application of the proceeds thereof, as described under the caption “REFUNDING PLAN” herein.⁽¹⁾

Year Ending (August 1)	Bonds			Series 2006 Capital Appreciation Bonds ⁽¹⁾			Aggregate Annual Debt Service on all general obligation bonds
	Principal ⁽²⁾	Interest	Total Debt Service	Principal	Accreted Interest	Total Debt Service	
2017	\$	\$	\$	--	--	\$	\$
2018				--	--		
2019				--	--		
2020				--	--		
2021				--	--		
2022				--	--		
2023				\$3,293,063.40	\$3,476,936.60	\$6,770,000	
2024				3,397,870.80	3,922,129.20	7,320,000	
2025				3,411,360.90	4,278,639.10	7,690,000	
2026				3,551,504.75	4,843,495.25	8,395,000	
2027				3,598,421.45	5,306,578.55	8,905,000	
2028				3,673,863.20	5,846,136.80	9,520,000	
2029				3,741,914.40	6,413,085.60	10,155,000	
2030				3,802,633.70	7,007,366.30	10,810,000	
2031				3,864,367.40	7,645,632.60	11,510,000	
2032				--	--		
2033				--	--		
2034				--	--		
2035				--	--		
2036				--	--		
Total	\$	\$	\$	\$32,335,000.00	\$48,740,000.00	\$81,075,000	\$

⁽¹⁾ The Series 2006 Capital Appreciation Bonds are payable only at maturity on August 1 of each year, and interest on the Series 2006 Capital Appreciation Bonds is compounded semiannually on each February 1 and August 1

⁽²⁾ Includes, as applicable, mandatory sinking fund redemption for certain bonds.

REFUNDING PLAN

A portion of the proceeds of the Bonds will be transferred by the Paying Agent to Wells Fargo Bank, National Association, as paying agent (the “2006 Paying Agent”) under the Paying Agent Agreement, dated as of November 1, 2006 (the “2006 Paying Agent Agreement”), between the District and the 2006 Paying Agent, and irrevocably deposited into the Interest and Sinking Fund established pursuant to the 2006 Paying Agent Agreement (the “2006 Interest and Sinking Fund”). The funds deposited in the 2006 Interest and Sinking Fund, will be held uninvested and will be in an amount sufficient to provide for the payment of the principal of and interest on the Series 2006 Current Interest Bonds to March [30], their redemption date (the “Series 2006 Redemption Date”), and to redeem all Series 2006 Current Interest Bonds outstanding on the Series 2006 Redemption Date at a redemption price of 100% of the principal amount thereof plus accrued interest to the Series 2006 Redemption Date. Upon such irrevocable deposit, the Series 2006 Current Interest Bonds will be deemed paid and no longer outstanding. The funds deposited in the 2006 Interest and Sinking Fund will not be available to make payments on the Bonds. The deposit of moneys into the 2006 Interest and Sinking Fund will constitute an irrevocable deposit for the benefit of the holders of the Series 2006 Current Interest Bonds.

The Series 2006 Capital Appreciation Bonds will not be refunded and will remain outstanding until their respective maturity dates.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

Sources of Funds

Principal Amount of Bonds	\$
Net Original Issue Premium/(Discount)	
Total Sources	<u>\$</u>

Uses of Funds

Deposit to 2006 Interest and Sinking Fund	\$
Costs of Issuance ⁽¹⁾	
Total Uses	<u>\$</u>

⁽¹⁾ All costs of issuance, including underwriter’s discount, fees of the financial advisor, rating agency, Bond Counsel, and other costs of issuance. See “UNDERWRITING” herein.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General Obligation of the District

The Bonds represent general obligations of the District payable from ad valorem taxes. The Board of Supervisors of the County and the officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal and interest coming due on the Bonds in such year. Annually on or before the date specified by law, the District is required to furnish to the Board of Supervisors of the County an estimate of the amount of money, if any, necessary to be raised by taxation for all purposes required under the provisions of the Local Health Care District Law and the Act during the next ensuing fiscal year, including a tax sufficient to pay the principal of and interest on all of the Bonds as the same become due. The District covenants in the Paying Agent

agreement to take all steps required by law and by the County to ensure that a tax upon all taxable property in the District sufficient to pay the principal and interest on the Bonds as and when the same become due is levied and collected. The District also covenants in the Paying Agent Agreement to take all steps as are necessary to cause such taxes as are collected to be deposited into the Interest and Sinking Fund, which is required to be used by the Paying Agent solely for the payment of the Bonds at any time Outstanding pursuant to the Paying Agent Agreement, and interest thereon when due.

In the Paying Agent Agreement, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors of the County for the payment of the GO Refunding Bonds and amounts on deposit in the Interest and Sinking Fund to the payment of the principal or redemption price of and interest on the Bonds. The property taxes and amounts held in the Interest and Sinking Fund will be immediately subject to the pledge, and the pledge constitutes a lien and security interest which will immediately attach to the property taxes and amounts held in the Interest and Sinking Fund to secure the payment of the Bonds and will be effective, binding and enforceable against the District, its successors, creditors and all others. Although the County is obligated to levy an ad valorem tax for the payment of the Bonds, the Bonds are not a debt of the County.

The moneys in the Interest and Sinking Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by the Paying Agent on each Interest Payment Date to DTC for remittance by DTC to its Participants for subsequent disbursement to the Beneficial Owners of the Bonds.

The District is required by Section 32127 of the Local Health Care District Law to use moneys in its maintenance and operation fund whenever ad valorem taxes will be insufficient to pay principal and interest on its GO Refunding Bonds. The District anticipates that ad valorem taxes will be sufficient to pay its GO Refunding Bonds when due. The District does not operate the Hospital or receive revenues from its operations and does not anticipate that material amounts, if any, will be deposited in the District's maintenance and operation fund. See APPENDIX A—"INFORMATION CONCERNING EL CAMINO HEALTHCARE DISTRICT AND AFFILIATES."

For certain economic, demographic and financial information with respect to the County, see APPENDIX C—"COUNTY OF SANTA CLARA ECONOMIC AND DEMOGRAPHIC INFORMATION."

Statutory Lien on Taxes

Pursuant to California Government Code section 53515, general obligation bonds issued and sold by a local agency, including the District, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien shall automatically arise without the need for any action or authorization by the local agency or its governing body, and that the lien shall be valid and binding from the time the bonds are executed and delivered. The section further provides that the lien shall be effective, binding and enforceable against the local agency, its successors, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

Ad Valorem Property Taxation

The amount of the annual ad valorem tax levied by the County to repay the District's general obligation bonds will be based on the assessed valuation of taxable property in the District and the amount of debt service due on its general obligation bonds. The District calculates the tax rate on an annual basis based on: the assessed valuation of taxable property in the District as of the preceding January 1; and the amount of debt service due on its general obligation bonds. In calculating the tax rate, the District utilizes an assumed delinquency rate. Subsequent to the District's annual calculation of the tax rate, the District, in accordance with County policy, adopts a resolution notifying the County of the

tax rate so established. The County, in turn, levies and collects the ad valorem taxes and transfers such ad valorem taxes to the Paying Agent as described above.

As required by State law, the District utilizes the services of the County for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax roll as are the taxes levied by the County, school districts, cities and other special district located within the County. Taxes are levied by the County for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

Certain Risks Related to Ad Valorem Property Taxation

A reduction in the assessed valuation of taxable property located in the District, such as may be caused by deflation of property values, economic recession, or other economic crisis, a relocation out of the District by one or more major property owners, or the complete or partial destruction of such property caused by, among other events, an earthquake, wildfire, flood or other natural disaster, or acts of terrorism, or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State or local agencies and property used for qualified educational, hospital, charitable or religious purposes) could cause a reduction in the assessed value of the District’s tax roll and necessitate an unanticipated increase in the annual tax levy necessary to pay debt service on its general obligation bonds. A significant decrease in assessed valuation, an unanticipated increase in the rate of tax delinquencies, or a declaration of bankruptcy by the District, could delay the payment of debt service on the District’s general obligation bonds. As stated above, the District calculates the tax rate on an annual basis, in part, based on an assumed delinquency rate. To date, the District has assumed a delinquency rate which is twice the actual historic rate of delinquencies in the County, which are discussed under “—Tax Levies, Collections and Delinquencies” below. In any given fiscal year, to the extent the delinquency rate is less than that which was assumed for such fiscal year, any excess taxes collected will be used to pay debt service in the following fiscal year. Conversely, if in any given fiscal year, the delinquency rate is higher than that which was assumed for such fiscal year and to the extent there are not sufficient funds on deposit in the Interest and Sinking Fund to pay debt service on the general obligation bonds for such fiscal year, the District is required to provide funds from its operations to make up any deficiencies in the Interest and Sinking Fund to provide for payment of the GO Refunding Bonds. While the levy of ad valorem tax to pay debt service of the Bonds and other general obligation bonds is not limited as to rate or amount, the risks discussed in this paragraph could affect a tax payer’s willingness or ability to pay ad valorem taxes. Issuance of additional bonds in the future might also cause the tax rate to increase.

Assessed Valuations

The assessed valuation of property in the District is established by the Santa Clara County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” herein.

Certain classes of property, such as churches, not-for-profit and public colleges and universities, hospitals, charitable institutions and governmental property, are exempt from property taxation and do not appear on the tax rolls.

Real property located within the District has a total net taxable assessed valuation for fiscal year 2016-17 of \$76,880,652,137.

The following table presents the ten-fiscal year history of assessed valuations in the District.

EL CAMINO HEALTHCARE DISTRICT
Assessed Valuations of Real Property Within The District

Fiscal Year	Local Secured	Utility	Unsecured	Total
2007-08	\$41,561,696,899	\$1,099,890	\$3,724,579,581	\$45,287,376,370
2008-09	45,168,181,067	1,880,282	3,826,479,762	48,996,541,111
2009-10	47,133,084,603	1,880,282	4,471,757,537	51,606,722,422
2010-11	46,766,340,192	1,880,282	4,022,730,073	50,790,950,547
2011-12	47,772,927,732	1,930,400	4,327,135,049	52,101,993,181
2012-13	49,702,751,008	1,930,400	5,070,907,937	54,775,589,345
2013-14	54,133,475,132	1,930,400	5,301,745,427	59,437,150,959
2014-15	58,462,485,870	313,656	5,141,842,159	63,604,641,685
2015-16	65,020,064,408	313,656	4,934,739,886	69,955,117,950
2016-17	71,768,638,754	313,656	5,111,699,727	76,880,652,137

Source: California Municipal Statistics, Inc.

⁽¹⁾ All years shown at full cash value and include secured, unsecured and utility property, but exclude tax-exempt property.

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The following table shows the assessed valuation of real property on the secured tax rolls within the District and the number of parcels by land uses for fiscal year 2016-17.

EL CAMINO HEALTHCARE DISTRICT
Assessed Valuation And Parcels By Land Use

	2016-17 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural Undeveloped	\$16,660,067	0.02%	55	0.09%
Commercial	2,334,717,829	3.25	962	1.66
Professional/Office	9,080,334,159	12.65	1,298	2.24
Industrial	10,842,407,268	15.11	857	1.48
Recreational	190,728,604	0.27	31	0.05
Government/Social/Institutional	70,181,232	0.10	775	1.33
Miscellaneous	100,017,104	0.14	200	0.34
Subtotal Non-Residential	\$22,635,046,263	31.54%	4,178	7.20%
Residential:				
Single Family Residence	\$34,384,992,295	47.91%	35,575	61.28%
Condominium/Townhouse	7,161,329,624	9.98	13,163	22.67
Mobile Home	100,350,969	0.14	1,378	2.37
2-4 Residential Units	1,263,764,096	1.76	2,091	3.60
5+ Residential Units/Apartments	5,338,553,152	7.44	1,035	1.78
Subtotal Residential	\$48,248,990,136	67.23%	53,242	91.71%
Vacant Parcels	\$884,602,355	1.23%	635	1.09%
Total	\$71,768,638,754	100.00%	58,055	100.00%

⁽¹⁾ Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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The table below shows the fiscal year 2016-17 aggregate, average and median assessed valuations of single family homes within the District and a breakdown of single family homes by assessed valuation range.

EL CAMINO HEALTHCARE DISTRICT
Per Parcel 2016-17 Assessed Valuation of Single Family Homes

	<u>No. of Parcels⁽¹⁾</u>	<u>2016-17 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	\$35,575	\$34,384,992,295	\$966,549	\$709,744

<u>2016-17 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$99,999	3,034	8.528%	8.528%	\$ 226,645,699	0.659%	0.659%
\$100,000 - \$199,999	3,815	10.724	19.252	548,435,460	1.595	2.254
\$200,000 - \$299,999	2,274	6.392	25.644	568,246,347	1.653	3.907
\$300,000 - \$399,999	2,029	5.703	31.348	710,271,436	2.066	5.972
\$400,000 - \$499,999	2,261	6.356	37.703	1,019,459,404	2.965	8.937
\$500,000 - \$599,999	2,157	6.063	43.767	1,185,820,748	3.449	12.386
\$600,000 - \$699,999	2,029	5.703	49.470	1,317,893,466	3.833	16.219
\$700,000 - \$799,999	1,999	5.619	55.089	1,500,669,285	4.364	20.583
\$800,000 - \$899,999	1,833	5.152	60.242	1,557,993,701	4.531	25.114
\$900,000 - \$999,999	1,797	5.051	65.293	1,704,347,232	4.957	30.071
\$1,000,000 - \$1,099,999	1,465	4.118	69.411	1,535,806,138	4.467	34.537
\$1,100,000 - \$1,199,999	1,173	3.297	72.708	1,347,249,918	3.918	38.455
\$1,200,000 - \$1,299,999	954	2.682	75.390	1,191,501,532	3.465	41.920
\$1,300,000 - \$1,399,999	861	2.420	77.810	1,160,704,851	3.376	45.296
\$1,400,000 - \$1,499,999	839	2.358	80.169	1,214,107,448	3.531	48.827
\$1,500,000 - \$1,599,999	736	2.069	82.238	1,139,707,333	3.315	52.142
\$1,600,000 - \$1,699,999	669	1.881	84.118	1,102,660,841	3.207	55.348
\$1,700,000 - \$1,799,999	620	1.743	85.861	1,084,217,653	3.153	58.502
\$1,800,000 - \$1,899,999	576	1.619	87.480	1,065,615,514	3.099	61.601
\$1,900,000 - \$1,999,999	465	1.307	88.787	907,027,196	2.638	64.238
\$2,000,000 and greater	3,989	11.213	100.000	12,296,611,093	35.762	100.000
Total	35,575	100.000%		\$34,384,992,295	100.00%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

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The following table lists the major real property taxpayers in the District based solely on their 2016-17 secured assessed valuations.

EL CAMINO HEALTHCARE DISTRICT
Largest 2016-17 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2016-17 Assessed Valuation</u>	<u>% of Total (1)</u>
1.	Google Inc.	Office Building	\$2,220,548,819	3.09%
2.	Lockheed Missiles and Space Co. Inc.	Industrial	964,635,081	1.34
3.	Menlo & Juniper Networks LLC	Office Building	597,453,603	0.83
4.	Yahoo Inc.	Office Building	436,201,757	0.61
5.	Applied Materials Inc.	Industrial	410,148,204	0.57
6.	Intuitive Surgical Inc.	Office Building	398,720,063	0.56
7.	HCP Life Science REIT Inc.	Industrial	353,107,544	0.49
8.	KR 555 Mathilda LLC	Office Building	349,455,410	0.49
9.	San Antonio Station Owner LLC	Office Building	307,840,417	0.43
10.	SPF Mathilda LLC	Office Building	301,806,619	0.42
11.	Richard T. and Catherine R. Spieker	Apartments	296,065,888	0.41
12.	MT SPE LLC	Office Building	286,277,200	0.40
13.	Sunnyvale Office Acquisition	Office Building	270,000,000	0.38
14.	Symantec Corporation	Office Building	267,585,997	0.37
15.	Sobrato Interests	Office Building	266,691,421	0.37
16.	Samsung Electronics America Inc.	Office Building	253,916,507	0.35
17.	Portfolio Investors LLC	Industrial	251,777,600	0.35
18.	MP 521 LLC	Industrial	249,019,000	0.35
19.	KR 690 Middlefield LLC	Office Building	208,638,565	0.29
20.	Planetary Ventures LLC	Industrial	<u>202,944,148</u>	<u>0.28</u>
			\$8,892,833,843	12.38%

⁽¹⁾ Fiscal year 2016-17 total Local Secured Assessed Valuation: \$71,768,638,754
Source: California Municipal Statistics, Inc.

The following table sets forth a typical tax rate for property within the District for fiscal years 2011-12 through 2015-16.

EL CAMINO HEALTHCARE DISTRICT
Typical Total Tax Rate

[Update to this table coming]

2011-12	1.1674%
2012-13	1.1614
2013-14	1.1611
2014-15	1.1772
2015-16	1.1787

Source: California Municipal Statistics, Inc.

Real Estate Activity in the District

Under state law, property owners may apply for a temporary reduction in the assessed valuation of their property between January 1 and May 30. If the current market value of a property falls below the assessed value, the Assessor's Office is required to temporarily lower the assessment. The Assessor's Office then reviews the requests and notifies the property owner of the results. If a property owner still disagrees with the assessed valuation, a formal assessment appeal process is available. The District does not expect reassessments to have any near-term material adverse impact on the District's ability to levy and collect ad valorem taxes necessary to pay the principal of and interest on the Bonds when due.

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property on the tax rolls as of the preceding January 1. A supplemental tax is levied when property changes hands or new construction is completed which produces additional revenue.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent property taxes and the delinquency penalty, plus a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the County's Treasurer – Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the Clerk of County specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the taxpayer.

Alternative Method of Tax Apportionment – Teeter Plan

The Board of Supervisors of Santa Clara County has implemented the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provide in Section 4701 and following of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts and special assessment districts which provide for accelerated judicial foreclosure of property for which assessments are delinquent.

The ad valorem property tax to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan. The District will receive 100% of the ad valorem property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance jointed in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency.

Overlapping Debt Obligations

Set forth on the following page is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc., dated February [___], 2017, for debt outstanding as of [_____] 1, [2017]. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the District in whole or in part; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the District; and (3) the third column is an apportionment of the dollar amount of each public agency’s outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the District’s assessed valuation represented in column 2.

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EL CAMINO HEALTHCARE DISTRICT

[Update to this Table Coming]

Statement of Direct and Overlapping Tax and Assessment Debt

2016-17 Assessed Valuation: \$76,880,652,137

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 9/1/16</u>
Santa Clara County	18.354	\$ 144,050,451
Foothill-De Anza Community College District	52.436	301,265,320
West Valley-Mission Community College District	1.156	4,721,382
Palo Alto Unified School District	7.247	20,352,950
Santa Clara Unified School District	2.607	13,063,156
Fremont Union High School District	45.796	163,249,042
Mountain View-Los Altos Union High School District	97.944	54,922,317
Cupertino Union School District	15.941	44,828,274
Los Altos School District	96.404	60,580,274
Mountain View School District	100.	15,110,000
Mountain View-Whisman School District	99.305	188,158,149
Sunnyvale School District	88.116	137,082,784
Whisman School District	98.152	17,053,749
City of Palo Alto	0.202	139,067
El Camino Hospital District	100.	133,795,000 ⁽¹⁾
Midpeninsula Regional Open Space District	30.638 ⁽²⁾	13,549,656
City of Sunnyvale Community Facilities District No. 1	100.	15,635,000
Santa Clara Valley Water District Benefit Assessment District	18.354	18,181,472
City 1915 Act Bonds	Various	2,642,289
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$1,348,380,332
<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Santa Clara County General Fund Obligations	18.354%	\$124,289,823
Santa Clara County Pension Obligation Bonds	18.354	66,527,919
Santa Clara County Board of Education Certificates of Participation	18.354	1,170,985
Foothill-De Anza Community College District Certificates of Participation	52.436	4,818,486
Mountain View-Los Altos Union High School District Certificates of Participation	97.944	1,900,114
Other School District General Fund Obligations	Various	1,095,998
City of Sunnyvale Certificates of Participation	72.388	14,090,324
Other City General Fund Obligations	Various	3,313,820
Midpeninsula Regional Open Space General Fund Obligations	30.638 ⁽²⁾	36,125,537
Santa Clara County Vector Control District Certificates of Participation	18.354	530,431
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$253,863,437
Less: Santa Clara County supported obligations		86,209,677
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$167,653,760
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		\$37,774,473
GROSS COMBINED TOTAL DEBT		\$1,640,018,242 ⁽³⁾
NET COMBINED TOTAL DEBT		\$1,553,808,565

⁽¹⁾ Excludes bonds to be sold.

⁽²⁾ 2015-16 ratios

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2016-17 Assessed Valuation:

Direct Debt (\$133,795,000)	0.17%
Total Direct and Overlapping Tax and Assessment Debt	1.75%
Gross Combined Total Debt	2.13%
Net Combined Total Debt	2.02%

Ratio to Redevelopment Incremental Valuation (\$5,330,164,584):

Total Overlapping Tax Increment Debt	0.71%
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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein. Articles XIII A, XIII B, XIII C and XIII D of the Constitution, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy ad valorem taxes for payment of the Bonds. The ad valorem tax levied by the County for payment of the Bonds was approved by the District’s voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A (“Article XIII A”) of the State Constitution, adopted and known as Proposition 13, limits the amount of ad valorem taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. The “full cash value” is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A requires a vote of two-thirds of the qualified electorate of a city, county, special district (such as the District) or other public agency to impose special taxes, while totally precluding the imposition of any additional ad valorem, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds percent of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (b) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds of all members of the state legislature to change any state taxes for the purpose of increasing tax revenues.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIII A.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (“SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Article XIII B of the California Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriation limit” imposed by Article XIII B of the State Constitution which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, as subsequently amended by Propositions 98 and 111, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

The State and each local government entity has its own appropriation limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another governmental entity of financial responsibility for providing the services.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the California Constitution Articles XIII C and XIII D (respectively, “Article XIII C” and “Article XIII D”), which contain a number of provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the California Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as hospital districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds percent vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than ad valorem property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds percent vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does receive a portion of the basic one percent ad valorem property tax levied and collected by the County pursuant to Article XIII A of the California Constitution.

Future Initiatives

Article XIII A, Article XIII B, and Proposition 218 were each adopted as measures that qualified for the ballot pursuant to California’s initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX F hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District and the Corporation have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied, among other things, on the opinion of Buchalter Nemer, A Professional Corporation, counsel to the Corporation, regarding the current qualification of the Corporation as an organization described in Section 501(c)(3) of the Code. Such opinion is subject to a number of qualifications and limitations. Bond Counsel has also relied upon representations of the Corporation concerning the Corporation’s “unrelated trade or business” activities as defined in Section 513(a) of the Code. Neither Bond Counsel nor counsel to the Corporation has given any opinion or assurance concerning Section 513(a) of the Code and neither Bond Counsel nor counsel to the Corporation can give or has given any opinion or assurance about the future activities of the Corporation, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the IRS. Failure of the Corporation to be organized and operated in accordance with the IRS’s requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Bonds in a manner

that is substantially related to the Corporation's charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Bonds being included in federal gross income, possibly from the date of the original issuance of the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, presidential budget proposals in previous years have proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such future legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding the potential impact of any pending or proposed federal tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or the Corporation, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District and the Corporation have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District, the Corporation or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District or the Corporation legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District, the Corporation or the Beneficial Owners to incur significant expense

CONTINUING DISCLOSURE

The District has covenanted for the benefit of Bondholders (including Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than six months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2016-17 fiscal year, and to provide notices of the occurrence of certain enumerated events ("Event Notices"). The Annual Report and Event Notices are currently required to be filed by the District with the Municipal Securities Rulemaking Board's ("MSRB") electronic municipal market access system. The specific nature of the information to be contained in the Annual Report and the Event Notices and the method of filing such information is included in APPENDIX E—"FORM OF CONTINUING DISCLOSURE UNDERTAKING" attached hereto. These

covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). During the last five years, the District has not failed to comply in any material respect with previous continuing disclosure undertakings with regard to the provision of reports or notices of material events.

ABSENCE OF LITIGATION

No litigation of any nature is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished by the District to the Underwriter at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the existence or powers of the District, the District's ability to receive ad valorem taxes to pay the Bonds or to collect other revenues or the District's ability to issue and retire the Bonds.

LEGAL MATTERS AND RELATED INVESTMENT CONSIDERATIONS

Legal Matters

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Bond Counsel. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX F hereto. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, and for the District by Buchalter Nemer, A Professional Corporation, San Francisco, California. Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, will provide certain other legal services for the District.

Limitation on Remedies; Bankruptcy

Limitations on Remedies. The opinion of Bond Counsel as to the rights of owners and the enforceability thereof, attached hereto as APPENDIX F, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. More specifically, enforceability of the rights and remedies of the Beneficial Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against health care districts in the State. Bankruptcy proceedings against the District, if initiated, could subject the Beneficial Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Bankruptcy. Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. However, California health care districts may petition for bankruptcy relief pursuant to Article 5 of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended. If the District were to become a debtor in a bankruptcy case, it would be a debtor under Chapter 9 of the Bankruptcy Code ("Chapter 9").

Under State law, the County is required to annually levy *ad valorem* property taxes without limitation as to rate or amount upon all property within the District subject to such taxation by the District (except certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds. Chapter 9 contains a provision stating that Chapter 9 does not limit or impair the power of the applicable state to control its municipalities in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. California state law provides that

the *ad valorem* property taxes levied to pay principal and interest on the Bonds must be used for that purpose and for no other purpose. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—*Ad Valorem* Property Taxation.” If this restriction on the expenditure of the *ad valorem* property taxes is respected in any bankruptcy proceeding then the *ad valorem* property tax revenue could not be used by the District for any purpose other than to make payments on the Bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected. For example, a bankruptcy court could determine that the District is entitled to use *ad valorem* property tax revenues to pay the necessary operating expenses of the District during its bankruptcy process prior to paying debt service on the Bonds, regardless of the provisions of State law and the Paying Agent Agreement.

If the District is in bankruptcy, the parties may be prohibited from taking any action to collect any amount from the District (including *ad valorem* property tax revenues) or to enforce any obligation of the District, without the bankruptcy court’s permission. This prohibition may also prevent the Paying Agent from making payments to the Holders of the Bonds from funds in the Paying Agent’s possession without an order from the bankruptcy court. Although the Interest and Sinking Fund is required under the Paying Agent Agreement to be held by the Paying Agent and kept separate and distinct from all other District and Paying Agent funds, it is not clear whether this arrangement is enforceable in bankruptcy or whether the District would instead be able to require the *ad valorem* property tax revenues be paid directly to it by the County Treasurer-Tax Collector.

In bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and the other transaction documents, as long as the bankruptcy court determines that the alterations are fair and equitable. The District’s obligation to raise taxes to pay the Bonds may no longer be enforceable.

There may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in a District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and value of the Bonds.

Statutory Lien. Pursuant to California Government Code Section 53515, general obligation bonds issued and sold by a local agency, including the District, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien shall automatically arise without the need for any action or authorization by the local agency or its governing body, and that the lien shall be valid and binding from the time the bonds are executed and delivered. The section further provides that the lien shall be effective, binding and enforceable against the local agency, its successors, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, the pledged *ad valorem* revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. Additionally, the *ad valorem* taxes levied for payment of the Bonds are permitted under the State Constitution only if the applicable bond proposition is approved

by two-thirds of voters and such bonds are issued for the acquisition or improvement of real property. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Article XIII of the California Constitution.” Because State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

As discussed under “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—General Obligation of the District,” the District is required by Section 32127 of the Local Health Care District Law to use moneys in its maintenance and operation fund whenever *ad valorem* taxes will be insufficient to pay principal and interest on its Bonds or its Existing GO Bonds. Among general obligation bond structures, this requirement to fund debt service deficiencies from maintenance and operating funds is unusual. There additionally is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of bonds payable from both *ad valorem* tax revenues and general revenues of a debtor, including whether the availability of general revenues to pay debt service on the Bonds would adversely affect the characterization of *ad valorem* taxes as “special revenues”.

In addition, even if the *ad valorem* tax revenues are determined to be “special revenues,” the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system during the bankruptcy process, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District and its hospital facilities during a bankruptcy before the remaining revenues are paid to the owners of the Bonds.

Risks of Commingling of Ad Valorem Property Taxes (Investment Losses; County Bankruptcy). The County is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds until it transfers such funds to the Paying Agent. The County Treasurer-Tax Collector may commingle *ad valorem* property tax revenues that it receives on behalf of the District for payment of the Bonds with other funds held by the County Treasurer-Tax Collector before it turns over the *ad valorem* property tax revenues to the Paying Agent.

The *ad valorem* tax revenues may be invested in the District investment pool pending payment of the Bonds. Should those investments suffer any losses, the District may have insufficient funds to make payments on the Bonds. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily turn over such tax revenues to the Paying Agent, it is not entirely clear what procedures the holders of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful.

INDEPENDENT AUDITORS

The consolidated financial statements of El Camino Healthcare District as of June 30, 2016 and 2015 and for the years then ended, included in Appendix B, have been audited by Moss Adams LLP, independent auditors, as stated in its report included in Appendix B. Moss Adams has not been engaged to perform and has not performed since the date of the report included in Appendix B, any procedures on the financial statements addressed in that report.

RATINGS

General

The Bonds have been assigned ratings of “[Aa1]” and “[AA]” by Moody’s Investors Service and S&P Global Ratings, respectively.

The ratings reflect only the views of the respective ratings agency, and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. In order to obtain such ratings, the District furnished certain information and materials to the rating agencies, some of which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and their own investigation, studies and assumptions. There is no assurance that any of the ratings will be maintained for any given period of time or that they will not be revised downward, suspended or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. The District undertakes no responsibility to oppose any such revision, suspension or withdrawal. Any such downward revision, suspension or withdrawal of the ratings obtained or other actions by a rating agency relating to its rating may have an adverse effect on the market price of the Bonds. The Underwriter has taken no responsibility either to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of a rating or to oppose any such revision or withdrawal.

The District expects to furnish to each rating agency such information and materials as it may request. The District, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. The failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Bonds.

FINANCIAL ADVISOR

Ponder & Co. has served as financial advisor to the District for purposes of assisting with the development and implementation of a bond structure in connection with the Bonds. Ponder & Co. is not obligated to undertake, and has not undertaken, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Ponder & Co. is an independent advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities.

UNDERWRITING

The Bonds are being purchased by Citigroup Global Markets Inc. (the “Underwriter”) pursuant to a bond purchase agreement between the Underwriter and the District. The Underwriter has agreed to purchase the Bonds at a purchase price of \$_____ (representing the principal amount of the Bonds, plus original issue premium of \$_____, less original issue discount of \$_____, less an underwriter’s discount of \$_____). Under the terms of the bond purchase agreement, the Underwriter will be obligated to purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions contained in the bond purchase agreement to be satisfied by the District. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices stated on the front inside cover page. The offering prices may be changed from time to time by the Underwriter. The Underwriter may engage in other transactions with the District, in which the Underwriter could earn additional compensation.

Citigroup Global Markets Inc., the Underwriter of the Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. (“TMC”) and UBS Financial Services Inc. (“UBSFS”). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Bonds.

CERTAIN RELATIONSHIPS

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and certain of its affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the District, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Bond Resolution, the Paying Agent Agreement and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Certain financial data contained herein has been obtained from California Municipal Statistics, Inc. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein (excluding the chart entitled "Statement of Direct and Overlapping Bonded Debt") is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

This Official Statement and its distribution has been approved by the Board of the District.

EL CAMINO HEALTHCARE DISTRICT

By: _____
Authorized District Representative

APPENDIX A
INFORMATION CONCERNING
EL CAMINO HEALTHCARE DISTRICT AND AFFILIATES

Unless otherwise noted herein, the information contained in this Appendix has been obtained from El Camino Hospital.

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GENERAL

Capitalized terms used and not defined in this Appendix shall have the meanings ascribed thereto in the Official Statement to which this Appendix is attached. References in this Appendix to a particular fiscal year are to the fiscal year ending June 30 of such year.

Organization and History

El Camino Healthcare District (the “District”) is a political subdivision of the State of California, formed by a vote of the District’s electorate on October 20, 1956, and organized pursuant to Division 23 of the Health and Safety Code of the State of California. The District’s boundaries encompass an area of approximately 48 square miles in northern Santa Clara County, California (“Santa Clara County” or the “County”). Construction of the District’s original hospital located on the Mountain View campus began in 1958, it opened in 1961, and a major expansion was completed in 1965.

In 1992 the District’s Board approved a plan to create an “integrated delivery system” combining District operations with those of Camino Medical Group, a private medical group (“Camino Medical Group”), by transferring District assets, including its hospital facilities, to Camino Healthcare, a California nonprofit public benefit corporation (“Camino Healthcare”). Pursuant to various agreements by and between the District and Camino Healthcare, dated as of December 17, 1992, (i) the District transferred all of its right, title, and interest in the buildings housing its hospital and related facilities and the majority of its personal property (including equipment and furniture, supplies, records, intellectual property, contracts, and accounts) to Camino Healthcare, (ii) the District leased the land upon which the hospital and related facilities were located to Camino Healthcare for a term of 30 years, and (iii) Camino Healthcare agreed to provide certain management services related to the operation of the former District hospital and related facilities.

On December 5, 1996, the District, Camino Medical Group (now part of Palo Alto Medical Group and Palo Alto Medical Foundation), and Camino Healthcare entered into a Restructuring Agreement pursuant to which the integrated delivery system was dissolved and the District became the sole member of Camino Healthcare (subsequently renamed “El Camino Hospital”). El Camino Hospital, is a California nonprofit public benefit corporation (the “Corporation”) of which the District is the sole member. The ground lease pursuant to which the District leases to the Corporation the land on which the Mountain View campus is located has been amended to extend its term to December 31, 2049.

The Corporation currently operates a single hospital (the “Hospital”) comprised of two campuses located in Mountain View and Los Gatos, California. The two campuses are in Santa Clara County, California and part of the San Jose, California metropolitan area.

Although this Appendix A includes information regarding the operations of the Corporation and its affiliates the Bonds are not an obligation of the Corporation or any of its affiliates.

Affiliates

In addition to the Corporation, the following are affiliated entities of the District (each an “Affiliate”): (i) El Camino Hospital Foundation (the “Foundation”), a California nonprofit public benefit corporation serving as the primary fundraising entity for the Hospital; (ii) CONCERN: Employee Assistance Program (“CONCERN”), a California nonprofit mutual benefit corporation operating as a specialized health care service plan (psychological); (iii) El Camino Surgery Center, LLC (the “Surgery Center”), and (iv) Silicon Valley Medical Development, LLC (“SVMD”). The Corporation is the sole member of each of the Foundation, CONCERN and SVMD. The Corporation owns all of the membership units of the Surgery Center, which in turn owns approximately 33% of El Camino Ambulatory Surgery Center, LLC. No revenues or assets of any of the above Affiliates or the Corporation are pledged to or available to secure repayment of the Bonds.

The Foundation. The Foundation was established in 1982 as a separate California nonprofit corporation and 501(c)(3) tax-exempt organization. As of June 30, 2016, the Foundation's net assets were approximately \$28,980,000. The Foundation has received or accrued contributions from outside third parties for the benefit of the Corporation of \$6,842,205, \$5,647,489 and \$3,513,065 in fiscal years 2016, 2015, and 2014, respectively.

CONCERN. Established in 1981, CONCERN provides and operates a specialized health care service plan for various business organizations nationwide. Enrollees of the plan receive benefits that include individual and family counseling, childcare referrals, older adult services, and referrals to community services. CONCERN began providing specialized healthcare services as a department of the Corporation in September 1981. In July 1999, CONCERN was organized as a separate nonprofit corporation. The Corporation transferred assets to CONCERN to fund its operations. On March 5, 2001, CONCERN was granted a specialized Knox-Keene license from the Department of Managed Health Care of the State of California, which enables it to engage in business as a Specialized Health Care Service plan within California, subject to the provisions of the Knox-Keene Health Care Services Plan Act of 1975.

In order to provide outpatient care to low income families in the San Francisco Bay Area, CONCERN has assumed the management and operation of four programs formerly administered by the Corporation. These programs are: (i) Family Caregiver Assistance Program (Eldercare Services); (ii) Health Library and Resource Center; (iii) Roadrunners Transportation Service; and (iv) Lifeline. In addition, CONCERN opened the Chinese Health Initiative program in 2010. This program provides stroke and Hepatitis B screenings and community education to address the health needs of the Chinese community.

Surgery Center. The Surgery Center is organized as a California limited liability company. The Surgery Center once operated its own outpatient surgery center on the Mountain View campus, but in May 2013 it sold certain medical equipment, furnishings, fixtures, and inventories in exchange for 30 units of ownership interest in El Camino Ambulatory Surgery Center ("ECASC") that operates on the Mountain View campus. These 30 units represent approximately 33% of the outstanding ownership interests in ECASC. The Corporation leases building space to ECASC and provides certain services to ECASC, such as utilities and building and equipment maintenance.

Silicon Valley Medical Development, LLC. SVMD is organized as a California limited liability company and was formed in 2008. SVMD was established by the Corporation to create initiatives between independent physicians and the Corporation, to develop and maintain ambulatory ventures not located on the current Hospital campuses, and to provide management services to medical groups in association with the Corporation. In the last quarter of 2016, SVMD opened its first Primary Care Clinic in the San Jose area and anticipates opening approximately two to three other clinics in fiscal year 2017. SVMD is also planning to open three Urgent Care Clinics and a Women's Heart and Vascular Clinic by the end of fiscal year 2018 in the service areas of the Hospital.

Joint Ventures

Pathways. The Corporation and Dignity Health (formerly known as Catholic Healthcare West) are equal corporate members of Pathways, a California nonprofit corporation. Pathways is comprised of two separate entities: (i) Pathways Home Health and Hospice (which includes its Hospice Foundation), and (ii) Pathways Private Duty. Pathways Home Health and Hospice provides home care and hospice services to patients throughout the San Francisco Bay Area. Support for Pathways Home Health and Hospice comes primarily from patient service revenue, contributions, grant revenue, and support from donors to its Hospice Foundation. Pathways Private Duty provides a comprehensive range of skilled home health care and support services to patients on a short or long-term basis; support comes primarily from patients and private insurance payers.

In the spring of 2016, the Corporation partnered with Pathways and Epic to implement Epic’s electronic health record (“EHR”) at Pathways to bring even better integrated clinical care, so the Corporation and Pathways will share the same EHR platform. Pathway’s new Epic HER went live in November 2016.

Pathways (formerly known as Mid Peninsula Home Care and Hospice) has been in operation since 1984. Pathways’ combined net assets are approximately \$53.5 million as of June 2016. No revenues or assets of any Pathways entity are pledged to or available to secure repayment of the Bonds.

Satellite Dialysis. Effective February 1, 2015, the Corporation transferred certain dialysis-related assets to Satellite Healthcare, a nonprofit corporation and 501(c)(3) tax-exempt organization, and five limited liability companies in exchange for a cash payment and a 30% interest in each of the limited liability companies. Satellite Healthcare is the owner of the remaining interests in each limited liability company. Four of the limited liability companies operate outpatient dialysis treatment facilities. The remaining limited liability company operates a self-care training program for dialysis patients.

STRATEGIC PLAN

The Corporation’s strategy is to be a locally controlled leader in optimizing the health and wellness of the communities it serves in Silicon Valley, differentiated by innovative continuum of care developed in partnership with physicians, businesses and payers. Its tagline is “The hospital that keeps you well.” The Corporation is focused on achieving the triple aim of quality, service and affordability, and its current strategic plan is based on four themes: a patient-centered care program that delivers high quality care; transitioning the care model from volume to value; smart growth during the transition from volume to value; and top operating performance to deliver high quality care while improving affordability. The Corporation is building infrastructure to achieve its quality aim and has adopted tools to engage employees to improve patient experience. The volume to value transition is starting by entering into senior population capitation and bundled payment arrangements to deliver care under a population based model. The smart growth efforts consist of investments in women’s care, cardiology, oncology and behavioral health as well as program development in the growing Los Gatos market. Efforts to improve operating performance include electronic record system upgrades to the Epic platform (see “Information Technology Strategy”).

GOVERNANCE AND MANAGEMENT

The District

The District is governed by a five-member board of directors (the “District Board”), each of whom is elected to staggered, four-year terms. Elections for positions to the District Board are held every two years, alternating between two and three available positions. The Chief Executive Officer of the Corporation is also the Chief Executive Officer of the District, the Interim CEO of the Corporation (see “The Corporation – Management” below) will also act in this role. Current members of the District Board, together with their office and the date their term expires, are listed below:

District Board Member	Office	Occupation	Experience	Current Term Expires
Peter Fung, MD	Chair	Physician	Initial term	November 2018
Dennis Chiu	Vice Chair	Government Relations Specialist, The Doctor’s Company	One prior term	November 2020
Julia Miller	Secretary/ Treasurer	Retired Lockheed employee and former mayor of Sunnyvale	One prior term	November 2020

District Board Member	Office	Occupation	Experience	Current Term Expires
David Reeder		Retired; former Business Analyst, Oracle Corporation	Four prior terms (one partial)	November 2018
John L. Zoglin		eCommerce; IBM Corporation	Three prior terms (one partial)	November 2020

The Corporation – Governance

The District is the sole member of the Corporation. In addition to powers reserved by statute to members of a nonprofit corporation, the District has the authority to approve (a) the selection of the Corporation’s Chief Executive Officer; (b) the annual budget of the Corporation; (c) capital expenditures by the Corporation of more than \$25 million dollars in a single transaction; (d) expenditures or transfers by the Corporation in a single transaction or a series of related transaction (in excess of 5% of the assets of the Corporation as determined based on last annual audit of the Corporation preceding the approval date of the proposed transaction); and (e) the overall strategy adopted by the Corporation.

The Corporation is governed by a nine-member board of directors (the “Corporation Board”), eight of whom are appointed by the District Board. The Corporation’s Chief Executive Officer serves as a Corporation director, ex officio with voting rights, however, the Interim CEO of the Corporation (see “The Corporation – Management” below) is not an ex-officio member of the Corporation’s Board. The five members of the District Board serve four-year terms on the Corporation Board. The other three Board Members are individuals with relevant expertise that serve three-year staggered terms on the Corporation Board. Current members of the Corporation Board, together with their office and the date their term expires, are listed below:

Corporation Board Member	Board Office	Occupation	Experience	Current Term Expires
Neal Cohen, MD	Chair	Physician and Vice Dean, UCSF Medical School	One prior term	June 2017
Dennis Chiu	Vice Chair	Government Relations Specialist, the Doctors Company	One prior term	November 2020
Peter Fung, MD	Secretary/ Treasurer	Physician	Initial term	November 2018
Jeffrey Davis, MD		Former Senior Medical Director, XG Health Solutions	One prior term	June 2019
Julia Miller		Retired Lockheed employee and former mayor of Sunnyvale	One prior term	November 2020
David Reeder		Retired; former Business Analyst, Oracle Corporation	Four prior terms (one partial)	November 2018
Lanhee Chen		Professor; Stanford University, Political Consultant	Initial term	June 2018
John L. Zoglin		eCommerce; IBM Corporation	Three prior terms (one partial)	November 2020
[Vacant]		Chief Executive Officer of the Corporation		[Ex officio]

The Corporation Board has formed six standing Advisory Committees; the Finance Committee, the Executive Compensation Committee, the Corporate Compliance, Privacy and Internal Audit Committee, the Investment Committee, the Governance Committee and the Quality, Patient Care and Patient Experience Committee. The standing Advisory Committees are composed of a combination of Corporation Board members and individuals with expertise in the subject matter of the committee. All committee members are appointed by the Corporation Board Chair subject to approval by the Corporation Board. These appointments are reviewed at least annually by the Corporation Board.

The Corporation – Management

The management and policies of the Corporation are administered by officers appointed by the Chief Executive Officer. The Chief Executive Officer is selected by the Corporation Board and approved by the District Board.

Following are brief biographies of the key officers of the Corporation:

President and Chief Executive Officer. The President and Chief Executive Officer of the Corporation is responsible for administering the affairs of the Corporation in accordance with the policies adopted by the Corporation Board and is also the Chief Executive Officer of the District.

Donald Sibery – Interim CEO. The Corporation has entered into a Client Service agreement pursuant to which Mr. Sibery acts as Interim CEO, he began providing such services on October 24, 2016. Mr. Sibery has over 40 years of senior management, consulting and executive coaching experience specializing in healthcare. He currently is, among other things, the President and Managing Partner of Decisive Consulting Solutions, LLC and was the President and Managing Partner of The Sibery Group, LLC, in each case concentrating on improving operations of hospitals, health systems and physician groups, including providing interim senior level management. He was the Interim Chief Executive Officer of Renown Health in Reno, Nevada from April 2013 to July 2014. Prior to starting The Sibery Group, LLC in 2004 he was the President and Chief Executive Officer of Central Dupage Health in Winfield Illinois for over six years and the President and Chief Executive Officer of Community Health Care, Inc. in Wausau, Wisconsin for over 10 years. The Corporation has begun a nationwide search for a President and Chief Executive Officer and will fill the position in due course.

Ifthikhar Hussain – Chief Financial Officer. The Chief Financial Officer of the Corporation oversees the financial affairs of the Corporation. Mr. Hussain joined the Corporation as its Chief Financial Officer in the spring of 2014. He has more than 30 years of healthcare financial experience. Most recently, Mr. Hussain was chief financial officer of Mills-Peninsula Health Services in Burlingame, California. Other previous roles include director of finance at Alta Bates Summit Medical Center in Oakland, California and director of accounting services at Mercy Healthcare/Catholic Healthcare West in Sacramento, California. He earned a bachelor's degree in finance and accounting from the University of California, Berkeley. Mr. Hussain is a member of the Healthcare Financial Management Association.

Mick Zdeblick – Chief Operating Officer. Mick Zdeblick joined the Corporation in the fall of 2012 as its Chief Operating Officer. He has more than 25 years of management and operational experience. Mr. Zdeblick spent the majority of his career at APM Inc. (acquired by CSC in 2001). He previously served as vice president of operations at Rush University Medical Center in Chicago. Mr. Zdeblick earned his bachelor's degree in business administration from Marquette University and his master's degree from Northwestern University Kellogg School of Management in Chicago.

William Faber M.D. – Chief Medical Officer. Dr. William Faber joined the Corporation as the Chief Medical Officer in the summer of 2016. He has more than 30 years of medical experience. Prior to

coming to the Corporation Dr. Faber held many senior leadership roles, including several with Advocate Health Care in Oakbrook, Illinois and most recently with General Electric (GE) Healthcare Camden Group in Chicago, Illinois. Dr. Faber earned both his medical degree and his master's degree in medical ethics from Loma Linda University, and received a master of science in health care management from Harvard School of Public Health. Dr. Faber, board certified in family medicine, completed his residency at Family Medicine at Hinsdale Family Medicine Practice in Hinsdale, Illinois. He is a Fellow of the American Academy of Family Practice and a member of the American Academy of Family Physicians.

Ken King – Chief Administrative Services Officer. The Chief Administrative Services Officer for the Corporation is responsible for all support services operations. Ken King joined the Corporation in 1988. Before joining the Corporation, Mr. King worked in various engineering management positions in hospitals in Southern California. He is a member of the American Society of Hospital Engineers, National Fire Protection Agency, and the Association for the Advancement of Medical Instrumentation.

Debbie Muro – Interim Chief Information Officer. Deborah Muro, a leader in health information technology with more than 30 years of combined healthcare and industry experience, joined the Corporation in 2014. Previously, she was an Executive Leader in Information Services at UnityPoint Health, the 5th largest non-denominational integrated health system in the nation. Prior to that, she served as an Executive Leader in Information Services at Allina Health System, the largest health system in Minnesota. As Interim CIO, her current responsibilities include management and oversight of technology strategy and the Information Services Division. Ms. Muro holds a Bachelor in Science in Nursing Degree from Baylor University and a Master of Science Degree in Human Relations and Business from Amber University.

Cheryl Reinking, RN – Chief Nursing Officer. Cheryl Reinking has served the Corporation in progressive nursing leadership roles for the past 26 years becoming the Chief Nursing Officer in 2014. Ms. Reinking received a bachelor's degree in nursing from Illinois Wesleyan University and her master's degree from San Jose State University. She is a member of the El Camino Hospital Community Benefit Advisory Board, Integrated Nurse Leadership Program Board and Private Duty for Pathways Home Health and Hospice Board. Ms. Reinking is also certified by American Nurses Credentialing Center in advanced nursing administration.

Mary Rotunno, General Counsel. Mary Rotunno is the General Counsel for the Corporation. Before joining the Corporation in early 2014, she served for over 11 years as Senior Counsel for the Bay Area Region at Dignity Health in San Francisco, California. She has more than 25 years of experience as an attorney specializing in litigation and healthcare law. Ms. Rotunno graduated from University of Illinois at the Medical Center with a Bachelor of Science in Nursing and worked as a registered nurse before earning her Juris Doctor degree from University of California, Hastings College of Law.

Kathryn Fisk – Chief Human Resources. Kathryn Fisk joined the Corporation in early 2014. Most recently Ms. Fisk was regional director of human resources for the Florida Region of Tenet Healthcare. She also served in several senior-level human resources positions at the University of Miami Health System, Baptist Health South Florida and the University of Massachusetts Medical Center and School. Along with her master's degree in biology and her master's degree in business administration, she holds a lifetime Senior Professional in Human Resources certification from the Society of Human Resources Management.

Joan Kezic – Vice President, Payor Relations. Joan Kezic is the Vice President of Payor Relations responsible for negotiating agreements with health plans, managing interactions with managed care companies, maintaining a contract reimbursement computer system, tracking legislative changes regarding managed care issues, and assisting physicians with managed care issues. Ms. Kezic joined the Corporation in 1996 after ten years as director of contracting at Sequoia Hospital in Redwood City, California. She received a bachelor's degree in health planning and business administration from Penn

State University. Ms. Kezic is a member of the Managed Care Committee of the California Healthcare Association and The Healthcare Financial Management Association.

Cecile Currier – Vice President, Corporate and Community Health Services. Cecile Currier is the Vice President of Corporate and Community Health Services for the Corporation, as well as the Chief Executive Officer of CONCERN: Employee Assistance Program. An employee of the Corporation since 1985, she has many years of experience in health care with a focus on behavioral health, community health services, occupational health and employee assistance programs. Ms. Currier earned a bachelor's degree in sociology and a master's degree in social work from the University of California, Santa Barbara. She is also a licensed clinical social worker.

Jodi Barnard, President of the Foundation. Jodi Barnard is the President of the El Camino Hospital Foundation overseeing fundraising activities that benefit programs, services and equipment across the Corporation. Ms. Barnard joined the El Camino Hospital Foundation in the fall of 2013. She has more than 25 years of development leadership experience across acute and pediatric healthcare, higher education and nonprofit institutions. Most recently Ms. Barnard served as the regional executive director for statewide foundations of Providence Health & Services in Oregon and executive director of the Providence Community Health Foundation, Southern Oregon Service Area. Before moving to Oregon, she led development programs at The Children's Medical Center of Dayton, the University of Dayton and Qbase. Ms. Barnard is a graduate of Interlochen Arts Academy and DePauw University.

HOSPITAL FACILITIES AND SERVICES

The Corporation currently operates a full-service acute-care community hospital (the "Hospital") comprised of two campuses located in Mountain View and Los Gatos, California. The Corporation operates a facility known as El Camino Hospital on the Mountain View campus and a facility known as El Camino Hospital – Los Gatos on the Los Gatos campus. The two campuses of the Hospital operate under a single license issued by the State of California Department of Health Services. The Hospital provides a range of clinical and surgical services, including: behavioral health, cancer, community health, corporate health, diagnostic imaging, dialysis, emergency, heart and vascular, lab, eating disorder, pediatric, maternity, neonatal intensive care, orthopedic, rehabilitation, and senior services. Since opening the original hospital on the Mountain View campus in 1961, the Hospital has grown from 21 medical staff members to almost 1,400 medical staff members. In fiscal year 2016, the Hospital's medical staff treated approximately 199,000 outpatients, had 18,618 discharges, including 10,607 surgeries.

Honors and Distinctions

The quality of the Hospital's services has been recognized by several health care industry organizations and at local, regional, and national levels. The Hospital was named one of the 2016 100 Top Hospitals® by Truven Health Analytics™ and one of 17 Everest Award winners.

The Joint Commission has awarded the Hospital its Gold Seal of Approval as a Primary Stroke Center, Gold Seal of Approval in Hip and Knee Replacement and Spinal Fusion Surgery for the Los Gatos campus and Gold Seal of Approval in Hip and Knee Replacement and Hip Fracture for the Mountain View Campus.

The Hospital has attained the prestigious Magnet® recognition by the American Nurses Credentialing Center® (ANCC) for the third consecutive time. The ANCC Magnet Recognition Program® recognizes hospitals that demonstrate superior patient care, nursing excellence and innovations in professional nursing practice and is considered the highest honor for quality nursing..

The Commission on Cancer of the American College of Surgeons granted a three-year Accreditation with Commendation to the cancer program at El Camino Hospital. To earn accreditation, a

cancer program must meet or exceed 34 quality care standards, be evaluated every three years and maintain levels of excellence in the delivery of comprehensive patient-centered care. This accreditation is the highest that can be achieved by a community hospital.

In 2015, El Camino Hospital's After School Program Interventions and Resiliency Education (ASPIRE) Program for teens received the Western Association of Schools and Colleges ("WASC") Accreditation. The ASPIRE program received a six-year accreditation, the highest level of accreditation, and teens who complete the program are eligible to receive up to five WASC-approved semester credit hours to be applied toward their high school graduation.

That same year the National Alliance on Mental Illness (NAMI) California Chapter recognized El Camino Hospital as the 2015 Outstanding Treatment Provider for its high quality, compassionate and specialized mental health services. Of particular note were El Camino Hospital's improved access to services and expanded outpatient programs for people with mental health conditions. Collaborating with local community organizations, leaders and families to provide appropriate and necessary care and services was also a factor in the decision to present the Hospital with the Outstanding Treatment Provider Award

Also in 2015, El Camino Hospital achieved "Exemplar" status for its NICHE (Nurses Improving Care for Healthsystem Elders) Program. NICHE is the premier designation indicating a hospital's commitment to excellence in the care of patients 65 years and older. The "Exemplar" status recognizes El Camino Hospital's ongoing dedication to geriatric care and pre-eminence in the implementation and quality of system-wide interventions and initiatives that demonstrate organizational commitment to the care of older adults. Additional awards and recognitions received by the Hospital include:

- Recognition as one of America's Best Hospitals for Obstetrics by the 2016 Women's Choice Award®;
- Accredited as a Chest Pain Center with Percutaneous Coronary Intervention (PCI) by the Society of Cardiovascular Patient Care since 2008;
- Accreditation from the Commission on Accreditation of Rehabilitation Facilities ("CARF") for the stroke and inpatient rehabilitation center at El Camino Hospital Los Gatos;
- Recognition as a Patient-Centered Medical Home Level 3 by the National Committee for Quality Assurance for the Senior Health Program at Silicon Valley Primary Care;• Recognition by the American Association of Cardiovascular and Pulmonary Rehabilitation since 2005 for the Cardiovascular Pulmonary Wellness Center;
- Designated member of Centers of Excellence network in the area of Bariatric Resource Services by Optum™;
- Blue Distinction Center for bariatric surgery, knee and hip replacement, and spine surgery by Blue Shield of California; and
- Attained Get With The Guidelines®-Stroke Gold-Plus Quality Achievement Award since 2009 and Target: Stroke Honor Roll since introduced in 2010 by the American Heart Association and American Stroke Association.

Bed Distribution

The Hospital is currently licensed for 443 beds, 270 of which are currently staffed and operating. The following table shows the existing distribution of licensed and staffed beds by bed category at the Mountain View and Los Gatos campuses as of June 30, 2016.

Types of Service	Licensed Beds			Beds in Operation		
	Mtn. View	Los Gatos	Total	Mtn. View	Los Gatos	Total
Medical/Surgical/Peds	201	127	328	125	41	166
Maternity	54	14	68	50	7	57
NICU	20	2	22	20	2	22
Psych	25	0	25	25	0	25
Total	300	143	443	220	50	270

The Corporation leases certain facilities at its Mountain View campus to Lucile Salter Packard Children's Hospital at Stanford ("Stanford Children's Hospital"). The current lease is scheduled to end in November 2019. The lease allows for two 5 year extensions at the option of the lessee. The area being leased includes 30 beds on the fourth floor of the hospital building and such beds are not reflected in the table above.

Information Technology Strategy

Starting in fiscal year 2011 the Hospital began participating in the Medicare and Medicaid EHR (Electronic Health Record) Programs that provide financial incentives for the meaningful use of certified EHR technology to improve patient care. To receive an EHR incentive payment for meaningful use, providers must meet certain established thresholds for EHR use. The EHR Incentive Programs meaningful use threshold increase over time in three (3) stages. Eligible hospitals participate in these programs based on the federal fiscal year, which ends September 30. A hospital provider must attest to demonstrating meaningful use and supply documentation every year to receive a meaningful use incentive and to avoid a Medicare payment adjustment. For the federal fiscal years ending in 2011, 2012, and 2013 the Hospital received over \$6.1 million in meaningful use incentive payments.

Beginning with the fourth quarter of fiscal year 2013, in an effort to reduce costs and prepare for an anticipated migration to a new state-of-the-art Electronic Medical Record system, the Hospital hired as employees the individuals who were previously employed by the Hospital's provider of out-sourced IT and Health Information Managements Services.

At the end of fiscal year 2013 the Hospital Board approved a \$19 million project at its Mountain View campus to build out a 16,000 square foot area of its new hospital to create a new high tech data center with sophisticated and current IT hardware and applications to replace its then-current data center. This new data center was completed in June 2016 and the migration from the old data center was completed in the fall of 2016.

In fiscal year 2014, the Corporation began the process of replacing the Hospital's current electronic health record system. In January 2014, the Hospital entered into a multi-year strategic partnership with the Epic Corporation to install a state of the art electronic system referenced internally as "iCare." The new electronic record system provides the Hospital's health care providers access to lifetime health records for patients across its regional community while delivering real-time bedside clinical decision support on an integrated platform. This platform will provide for exchange of patient medical data with many of the Hospital's strategic service area partners. The projected total capital investment for the implementation of iCare is approximately \$73 million. The iCare electronic health record system went "live", as projected, on November 7, 2015, with a current capital investment at

June 2016 of \$57 million and \$8 million in training of employee staff and physicians. Beginning in fiscal year 2017 the Corporation will initiate upgrades and refinements to its iCare system.

Capital Facilities Expenditures

The following projects are expected to be financed in whole or in part with proceeds of indebtedness of the Corporation to be paid from its revenues, all located at the Mountain View Campus.

- Replacement of the Behavioral Health building began in early 2016, this project is projected to be completed in 2018 at a total cost of approximately \$91.5 million with approximately \$10.8 million in costs incurred through December 2016.
- Expansion of the North Drive Parking Garage began in late 2015, this project is projected to be completed by the Spring of 2017 at a total cost of approximately \$24.5 million with approximately \$6.9 million in costs incurred through December 2016.
- Construction of an integrated medical office building and associated parking structure began in July 2016, this project is projected to be completed in 2018 at a total cost of approximately \$275 million with approximately \$30 million in costs incurred through December 2016.
- Expansion of the Women's Hospital is currently in the early planning phase, the current estimated cost of this project is approximately \$91 million.

The Corporation's capital expenditure forecasts include the following potential capital expenditures that may be financed in whole or in part by additional indebtedness. To the extent not financed with indebtedness the Corporation expects to use cash reserves and funds from operations.

- A project to demolish the main tower of the replaced hospital building as discussed above is projected to enter the design stage in 2017 and to be completed in 2019 at an estimated cost of \$15 million.

At the Los Gatos campus:

- The Corporation is not currently planning any significant capital expenditures on this campus except for projects financed with proceeds of indebtedness incurred by the Corporation in 2015 and payable from its revenues.

The Corporation is financing, or intends to finance, these projects through a combination of cash, operating reserves or additional indebtedness depending on existing results of operation, market conditions and other factors. The Corporation currently anticipates having funds available to finance and/or pay for these projects without incurring additional indebtedness and, accordingly, only intends to incur such indebtedness if it is determined at that time to be a more beneficial source of capital than the use of existing cash or reserves or other sources of available funds.

Status of Seismic Compliance

The hospital building on the Mountain View campus meets the seismic standards for hospital facilities under the Hospital Seismic Safety Act of 1994 and the Corporation has no further obligations under the Act with respect to the new hospital building. Seismic upgrades which were required to allow all hospital buildings on the Los Gatos campus to remain in operation through 2029 have been completed. The Corporation is aware of the need for a long-term strategic plan for the continued operation of the Los Gatos campus taking into account the seismic standards in the Hospital Seismic Safety Act of 1994 to be met by the year 2030. However, at this early stage the Corporation has yet to develop a plan for the Los Gatos campus after 2030 and is beginning to explore available options.

Licensure and Accreditation

The Hospital is licensed by the State of California Department of Health Services for up to 443 beds and accredited by The Joint Commission, an independent not-for-profit organization that accredits and certifies more than 15,000 health care organizations and programs in the United States. The Mountain View campus and the Los Gatos campus operate under the same tax identification number, state healthcare license number, and various provider numbers. The Hospital is certified for Medicare and Medicaid reimbursement. The Hospital's laboratory services are accredited by The Joint Commission and certified by the College of American Pathologists, as applicable.

PHYSICIANS AND EMPLOYEES

Medical Staff

Appointment to the Hospital Medical Staff is open to physicians, dentists, and podiatrists who are licensed to practice in the State of California and can document, to the satisfaction of the Corporation Board, their background, experience, training and current competence, adherence to the ethics of their profession, their ability to work with others, and that their health status is good enough to permit them to practice the privileges requested. The Corporation Board, upon recommendation of the Medical Staff Executive Committee, makes appointments to the Medical Staff and approves clinical privileges. Initial appointments are for a period of no more than two years. Reappointments are approved for a period not to exceed two years. There is one Hospital Medical Staff and it provides services at both the Mountain View and Los Gatos campuses. The Medical Staff is divided into the following categories: active, provisional, courtesy, consulting, associate, emeritus, honorary, and dialysis-affiliated staff.

As of June 30, 2016, the Hospital's Medical Staff at both campuses comprised 1,373 physicians. Active category staff members include physicians, dentists and podiatrists who utilize the Hospital's services and facilities and participate in the medical activities of the Hospital on a regular basis. Active category members of the Medical Staff have voting rights. All physicians, dentists and podiatrists joining the Medical Staff must first complete a minimum of six months or maximum of two years in the provisional category, during which time their care is subject to review by designated proctors. At the end of the provisional category, a member may proceed to active category status, courtesy category status (limited in the allowable number of patient contacts per year), or may be terminated due to failure to meet requirements for advancement. The consulting staff consists of specialists who come to the Hospital when requested to render opinions within their clinical expertise. Associate staff are practitioners who do not have a hospital-based practice but nonetheless regularly deliver services to persons within the Hospital's local community. Emeritus staff are older physicians who have been members of the active category for at least ten years and who wish to take a less active role on the Medical Staff.

Leading Admitters. The table below shows the top ten admitting physicians by specialty, age, and number of discharges for the year ending June 30, 2016. These top ten admitters accounted for approximately 9% (2,117) of the total discharges at the Hospital for fiscal year 2016.

Specialty	Age	Discharges in Fiscal Year Ended June 30, 2016
Physical Medicine & Rehabilitation	42	312
Internal Medicine	59	243
Orthopedic Surgery	41	240
Obstetrics / Gynecology	52	210
Internal Medicine	59	194
Obstetrics / Gynecology	52	194
Obstetrics / Gynecology	75	183
Obstetrics / Gynecology	49	181
Obstetrics / Gynecology	39	180
Obstetrics / Gynecology	54	180

Specialties. The following tables include all physicians on the Hospital's Medical Staff as of June 30, 2016.

Medical – Specialties	Number of Physicians
Allergy and Immunology	14
Cardiology	29
Cardiology – Interventional	28
Critical Care Medicine	2
Dermatology	26
Electrophysiology	4
Endocrinology, Diabetes & Metabolism	10
Female Pelvic Medicine & Reconstructive Surgery	2
Gastroenterology	30
Hematological & Medical Oncology	22
Hospice and Palliative Medicine	3
Infectious Disease	11
Internal Medicine	120
Internal Medicine Hospitalist-CHIPS	2
Internal Medicine Hospitalist-PAMF	14
Internal Medicine Hospitalist-PARAGON	16
Internal Medicine Hospitalist-TeamHealth	15
Medical Genetics	1
Nephrology	19
Neurology	20
Neurophysiologic Monitoring	1
Neurophysiology - Clinical	7
Pain Management	8
Pathology - Clinical	1
Physical Medicine & Rehabilitation	20
Pulmonary Disease	16
Rheumatology	10
Sleep Medicine	4
Telemedicine – Intensive Care	20
Medical Total:	475
Surgical – Specialties	Number of Physicians
Dentistry	2
Pediatric Dentistry	3
Podiatry	32
Surgery-Cardiothoracic	11
Surgery-General	40
Surgery-Hand	6
Surgery-Neurological	14
Surgery-Oncological	1
Surgery-Ophthalmology	44
Surgery-Ophthalmology Pediatric	1
Surgery-Oral & Maxillofacial	12
Surgery-Orthopaedic	46
Surgery-Otolaryngology	23
Surgery-Plastic & Reconstructive	31
Surgery-Thoracic	1
Surgery-Urology	32
Surgery-Vascular	7
Surgical Assist	15
Surgical Total	321

Other Specialties	Number of Physicians
Anesthesiology	42
Emergency Medicine	34
Family Medicine	78
Geriatric Psychiatry	2
Gynecologic Oncology	7
Gynecology	6
Hospitalist-OB	10
Maternal and Fetal Medicine	20
Neonatal-Perinatal Medicine	22
Obstetrics & Gynecology	75
Pathology-Anatomic & Clinical	6
Pediatric Allergy	5
Pediatric Cardiology	5
Pediatric Genetics	2
Pediatric Infectious Disease	3
Pediatric Neurology	4
Pediatric Pulmonology	1
Pediatrics	129
Psychiatry	23
Psychiatry – Child	4
Radiation Oncology	14
Radiology-Diagnostic	18
Radiology-Vascular & Intervention	9
Reproductive Endocrinology	5
Telemedicine-Psychiatry	20
Telemedicine-Radiology	33
Other Total	577
Medical Staff Grand Total	1,373

Physician Relations

In addition to working with physicians through the organized Medical Staff, the Corporation periodically reviews the needs of the community it serves with regard to physician recruitment and retention. The Corporation also maintains communication with several major integrated medical groups practicing in the Hospital's service areas, including Palo Alto Medical Foundation for Health Care, Research and Education, a part of Sutter Health. The Palo Alto Medical Foundation ("PAMF") has a major presence in Palo Alto and Mountain View. The Corporation and PAMF are collaborating on clinical program development, care coordination and population health models including data sharing, community benefit programs and co-location of facilities.

SERVICE AREA AND COMPETITION

Primary Service Areas

The Corporation defines the Hospital's service areas by patient origin, geographic accessibility to the Hospital and location of the majority of physician offices of its medical staff. The Hospital's Primary Service Area for the Mountain View campus includes Mountain View, Los Altos, Los Altos Hills, Sunnyvale and Cupertino. The Hospital's Primary Service Area for the Los Gatos campus includes Campbell, Los Gatos, a portion of San Jose and Saratoga. The Hospital's East Primary Service Area is served by both campuses and includes Alviso, a portion of San Jose, Santa Clara and Sunnyvale. The Hospital's patient discharges from its Primary Service Areas were approximately 75% of its total inpatient discharges for fiscal year 2016. The following map identifies the Primary Service Areas of the Hospital, Secondary Service Areas to the North and the East and the location of certain competitors, see "Market Share" and "Competition" below. The Hospital's patient discharges from its Primary Service

Areas and its Secondary Service Areas were approximately 87% of its total inpatient discharges for fiscal year 2016.

El Camino Hospital Service Area



Service Area/ City	2016 Population
Mountain View Primary	298,533
Los Gatos Primary	536,565
East Primary	430,113
East Secondary	453,783
North Secondary	113,024
Service Area Total	1,832,018

Market Share

In addition to El Camino Hospital, the Hospital's service area is also served by several other acute-care hospitals. Stanford Children's Hospital, a specialty children's hospital, is also in the Hospital's North Secondary Service Area. The following illustrates the market share data for the top nine general acute care providers of service for the Hospital's Primary Service Areas for the calendar years 2013, 2014, and 2015. This data is based solely upon discharges from the Hospital's Service Areas which are determined by zip code.

Hospital	Calendar Year 2013	Calendar Year 2014	Calendar Year 2015
El Camino Hospital	17.3%	17.8%	17.1%
Kaiser Hospitals (Santa Clara and San Jose) ⁽¹⁾	23.3	20.5	19.9
Good Samaritan Hospital ⁽²⁾	13.6	13.9	14.2
Stanford & Stanford Children's Hospital ⁽³⁾	9.1	9.2	9.5
Santa Clara Valley Medical Center ⁽⁴⁾	17.1	17.5	17.8
O'Connor Hospital ⁽⁵⁾	8.6	7.9	7.4
Regional Medical Center of San Jose ⁽²⁾	5.0	5.3	6.4
All Other	6.0	7.9	7.5

Inpatient Market Share across the Primary Service Area consisting of 75% of the Hospital's discharges.

Source: OSHPD, excludes normal newborns.

(1) Part of the Kaiser Permanente integrated healthcare delivery system.

(2) Part of Hospital Corporation of America.

(3) Affiliated with Stanford University.

(4) Owned and operated by the County of Santa Clara.

(5) Part of Daughters of Charity Health System.

Competition

The following table details geographical information regarding certain key competitors of the Hospital.

Hospital	Location (City)	Distance from the Mountain View Campus	Licensed Beds
Kaiser Foundation Hospital - Santa Clara	Santa Clara	9.4 mi.	286
Stanford Hospital	Palo Alto	11.3	613
Santa Clara Valley Medical Center	San Jose	11.0	574
Good Samaritan Hospital	San Jose	12.0	392
O'Connor Hospital	San Jose	12.0	358
Kaiser Foundation Hospital - Redwood City	Redwood City	14.3	213
Sequoia Hospital	Redwood City	16.4	421
Kaiser San Jose	San Jose	20.5	242

Source: OSHPD.

Demographics

The Hospital is located in the City of Mountain View and the City of Los Gatos, each within Santa Clara County, which lies immediately south of the San Francisco Bay and is the fourth most populous county in California. The following table lists population figures for the County of Santa Clara and the State at various intervals during the fifty-six year period beginning in 1960.

Population Estimates Certain Calendar Years 1960 through 2016

Calendar Year ⁽¹⁾	County of Santa Clara	State of California
1960	642,315	15,717,204
1970	1,065,313	19,971,022
1980	1,295,071	22,911,000
1990 ⁽²⁾	1,497,577	29,758,213
2000 ⁽²⁾	1,682,585	33,873,086
2010 ⁽²⁾	1,781,642	37,253,956
2011	1,794,337	37,427,946
2012	1,813,702	37,668,804
2013	1,840,895	37,984,138
2014	1,868,558	38,340,074
2015	1,903,074	38,907,642
2016	1,927,888	39,255,883

⁽¹⁾ As of January 1

⁽²⁾ As of April 1

Source: California Department of Finance.

SELECTED UTILIZATION INFORMATION

Certain of the information in this section concerning the finances of the Corporation or the District is provided as supplementary information only. Although the financial statements of the District are consolidated with those of the Corporation and its other Affiliates, in accordance with Governmental Accounting Standards Board ("GASB") accounting principles, and some of the financial information in this Appendix A is presented on a consolidated basis, the Bonds are not an obligation of any Affiliate. The Bonds are an obligation solely of the District, payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment of the principal of and interest on the Bonds.

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Historical Utilization

The Hospital's utilization statistics for the last three fiscal years and for the six-month periods ended December 31, 2015 and December 31, 2016, are presented below.⁽¹⁾

	Fiscal Year Ended June 30,			Six-Months Ended December 31,	
	2014 ⁽²⁾	2015 ⁽²⁾	2016 ⁽²⁾	2015 ⁽²⁾	2016 ⁽²⁾
Licensed beds	443	443	443	443	443
Discharges	18,567	19,081	18,618	9,244	9,301
Births (deliveries)	5,155	5,060	4,710	2,377	2,368
Patient days	86,883	89,787	88,700	43,098	42,448
Occupancy %	54%	55%	55%	53%	52%
Average daily census	238	246	242	234	231
Average length of stay (days)	4.7	4.7	4.8	4.7	4.6
Inpatient surgical procedures	4,571	4,488	4,508	2,304	2,190
Outpatient surgical procedures	6,385	6,474	6,099	3,155	3,264
Emergency room visits	57,839	61,286	60,433	29,034	28,889
Total outpatient visits	234,183	201,580	198,733	98,837	101,281

(1) Does not include utilization statistics for facilities leased to Stanford Children's Hospital.

(2) Unaudited.

Sources of Patient Services Revenue

The Corporation derives a significant portion of its revenues from Medicare, Medi-Cal, managed care providers, commercial insurance carriers, and others. The following table sets forth the payor mix, based on gross patient revenues, for the last three fiscal years at June 30, and for the six month periods ended December 31, 2015 and 2016.

	Fiscal Year Ended June 30,			Six Months Ended December 31,	
	2014	2015	2016	2015	2016
Medicare	45%	46%	47%	45%	45%
Medi-Cal	6	7	7	7	8
HMO & PPO	44	43	42	43	43
Others	5	4	4	5	3

The Corporation is subject to governmental regulations applicable to health care providers and the receipt of future revenues from the operation of the Hospital is subject to, among other factors, federal and State policies affecting the health care industry and other conditions that are impossible to predict. Such conditions may include decreasing revenues while maintaining an appropriate amount and quality of health services, changes in reimbursement or prospective payment policies and unanticipated competition from other health care providers. The effect on the Corporation of recently enacted laws and regulations and of future changes in federal and State laws and policies cannot be fully or accurately determined at this time.

In addition, future economic and other conditions, including inflation, demand for hospital services, the capability of management of the Hospital, the ability of the Hospital to provide the services required or requested by patients, physicians' confidence in the Hospital and management, economic developments in the service area served by the Hospital, employee relations and unionization, competition, rates, increased costs, availability of professional liability insurance, hazard losses,

third-party reimbursement and changes in governmental regulation may adversely affect operating revenues.

MANAGEMENT'S DISCUSSION OF FINANCIAL OPERATIONS

Although this section includes information concerning the financial operation of the Corporation and the District's other Affiliates on a consolidated basis in accordance with GASB accounting principles, the Bonds are not an obligation of any Affiliate. The Bonds are an obligation solely of the District, payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment of the principal of and interest on the Bonds.

Fiscal Year Ended June 30, 2016 Compared to Fiscal Year Ended June 30, 2015

See the District's audited consolidated financial statements for the years ended June 30, 2016 and 2015, included in Appendix B to this Official Statement for Management's Discussion and Analysis for the Years Ended June 30, 2015 and 2016. This management discussion and analysis relates to the consolidated financial statements of the District and Affiliates.

Investment

The Hospital utilizes an Investment Consultant to assist the Hospital and its subsidiaries in managing its investments. The investment policy for surplus cash has been approved by the Hospital Board of Directors. The policy includes a diversified asset allocation program to balance the need for liquidity with a long-term investment focus in order to improve investment returns and the organization's financial strength. In fiscal year 2013, an Investment Committee was formed to perform the following responsibilities, among others: monitor performance of investment managers, monitor allocations across investment styles and investment managers, review compliance with the policies, and make recommendations for revisions to the policies. Throughout fiscal years 2014 and 2013, the number of money managers expanded from two money managers for surplus cash to approximately twenty-nine managers. As of fiscal year-end 2016 the number of money managers was twenty-nine for the surplus cash account.

The investment policy for surplus cash allows for the use of equity securities, fixed income securities, and alternative investments, such as real estate and hedge fund investments. The target asset allocation policy approved by the Board on February 11, 2015, consists of a 25% allocation to publicly traded U.S. equity securities, a 15% allocation to publicly traded international equity securities, a 30% allocation to fixed income securities, primarily U.S. based and intended to be of similar risk exposure to the Barclays U.S. Aggregate Bond Index, a 10% allocation to short-duration fixed income securities, primarily U.S. based and intended to be of similar risk exposure to the Barclays 1-3 Year Government Credit Index, and a 20% allocation to alternative investments inclusive of hedge fund and real estate investment strategies. The alternative investment portfolio is diversified across 19 investment managers to mitigate the impact of any one individual manager, whereas the equity portfolio consists of eight investment managers, and the fixed income portfolio consists of four investment managers.

The actual asset allocation as of June 30, 2016 varies marginally from the target allocation. The asset allocation as of June 30, 2016 consisted of the following: 26% allocation to publicly traded U.S. equity securities, a 15% allocation to publicly traded international equity securities, a 31% allocation to fixed income securities, primarily U.S. based and intended to be of similar risk exposure to the Barclays U.S. Aggregate Bond Index, a 10% allocation to short-duration fixed income securities, primarily U.S. based and intended to be of similar risk exposure to the Barclays 1-3 Year Government Credit Index, and an 18% allocation to alternative investments inclusive of hedge fund and real estate investment strategies.

The investment of surplus cash may incorporate the use of both active and passive strategies and separate account, mutual fund, and commingled fund vehicles within equity and fixed income strategies.

Although most strategies within the equity and fixed income strategies are subject to daily liquidity, the least liquid of the investment vehicles allow for monthly liquidity.

The market value of the Corporation's investments may continue to experience volatility in the future due to continued changing market conditions.

OTHER INFORMATION

Employees

As of December 31, 2016, the Corporation had 3,242 employees, certain of which are represented by bargaining units as noted below:

Labor Relations

<u>Labor Organization</u>	<u>Number of Employees In Organization</u>	<u>Contract Expiration Date</u>
Professional Resources for Nurses	1,231	June 30, 2019
Service Employees International Union- United Healthcare Workers West (SEIU-UHW)	1,275	June 30, 2019
International Union of Operating Engineers, Stationary Engineers	38	October 31, 2021

Employee Benefit Plans

The Hospital sponsors a cash-balance pension plan (the "Plan"), which has been in effect since January 1, 1995. The Plan covers employees who are 21 years of age and have completed one year of credited service. Participants are entitled to a lump-sum distribution or monthly benefits at age 65 based on a predetermined formula that considers years of service and compensation. Effective July 1, 1999, employer contributions to the Plan are calculated as 5% of a participant's annual plan compensation, and the annual interest is an indexed rate based on the return on ten-year U.S. treasury securities. Participants are fully vested in their account balances after three pension years.

Certain retired and terminated employees and certain participants covered by a collective bargaining agreement continue to participate under provisions of a defined-benefit formula in effect prior to January 1, 1995.

Components of pension activity (in thousands) for fiscal years 2014 through 2016 consist of the following:

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Pension expense	\$8,767	\$7,193	9,272
Employer contributions	12,000	14,400	10,800
Benefits paid	9,316	9,982	11,252

Eligible employees of the Hospital may also elect to participate in a separate deferred compensation plan (the "403(b) plan") pursuant to Section 403(b) of the Code. The Hospital acts as the administrator and sponsor, and the 403(b) plan's assets are held by trustees designated by the Hospital's management. Employees are eligible to participate upon employment, and participants are immediately vested in their elective contributions plus actual earnings thereon. The Hospital will match employee

contributions to the 403(b) plan, subject to a maximum of 4% to 6% based on longevity of each participant's annual plan compensation. Participants are eligible for employer match in the second plan year in which they work at least 1,000 hours, and they must be on the payroll at the end of the plan year (December 31) and be at least 21 years of age. Employer matching contributions under the 403(b) plan are made directly into the employee's established account at the investments provider. Employer matching contributions to the 403(b) plan of \$9,853,277, \$9,182,941, and \$8,167,000 in fiscal years 2016, 2015, and 2014, respectively, are included in benefits expense.

Post-Retirement Medical Benefits

The Hospital provides health care benefits and life insurance for certain retired employees who meet eligibility requirements. Employees hired on or before July 1, 1994 are eligible for health coverage upon retirement after attaining age 55 with 20 or more years of service and enrolled in one of the health plans for 20 or more years. Eligibility for retiree life insurance is age 55 with 20 or more years of service.

If a participant terminates from the Hospital after 20 years of service but prior to reaching age 62, they can choose to contribute to this plan between ages 55 and 61 to retain the plan's health benefits.

Employees who retired January 1, 1993 or before are covered under the El Camino Hospital District Plan (not part of this valuation).

Benefits are funded by the Hospital on a pay-as-you-go basis. As of June 30, 2015, approximately 621 employees and former employees and dependents were or could become eligible to participate in the plan.

The net period postretirement benefit activity (in thousands) for fiscal years 2014 through 2016 included the following components:

	2014	2015	2016
Benefit expense (Annual OPEB Cost)	\$1,420	\$1,432	\$1,652
Employer contributions	526	525	592
Plan participants' contributions	335	286	223
Benefits paid	861	811	815

As of June 30, 2016, the postretirement benefit obligation (Net OPEB Obligation) in connection with such benefits was approximately \$18,256,000. As of July 1, 2015, the most recent actuarial valuation date, the unfunded actuarial accrued liability of these benefits was \$25,665,000.

Insurance Plans

Professional, general, automobile, and directors and officers liability insurance for the District and its Affiliates is purchased from BETA Health Care Group (“BHG”). BHG was formed in 1979 for the purpose of operating a self-insurance program for the above insurance coverage for certain hospital districts of the Association of California Hospital Districts (“ACHD”). Effective October 1, 1989, BHG became a separate joint powers authority, establishing itself as a public agency distinct from ACHD. BHG is managed by a board of 16 representatives, 14 of whom are elected by the members.

Other insurance needs of the District and its Affiliates are brokered by Driver-Alliant Insurance Services (“Driver-Alliant”). This relationship was developed by BHG. Through Driver-Alliant, the District purchases its all-risk property insurance (including limited flood), cyber-security, fiduciary, crime and excess workers’ compensation coverage. Given the high costs and high deductible of acquiring earthquake insurance, the District has developed a board-designated self-funded earthquake “catastrophic fund.” The fair market value of this fund was \$13,614,000, \$14,149,000 and \$14,125,000 at June 30, 2014, 2015 and 2016, respectively.

The Corporation is self-funded for its workers compensation and has been issued by the State of California, Department of Industrial Relations, a Certificate of Consent to Self-Insure. The Corporation purchases excess workers’ compensation insurance coverage.

Litigation

No litigation is pending or threatened concerning the validity of the Bonds. The Corporation is not aware of any litigation pending or threatened questioning the existence of the Corporation or contesting the Corporation’s ability to receive or to collect revenues or contesting the Corporation’s ability to borrow the proceeds of the Bonds and make loan payments to retire the Bonds.

From time to time there are lawsuits and claims pending against the Corporation, the District or the other Affiliates. In the opinion of the Corporation, the aggregate amount of the uninsured liabilities of the Corporation under these lawsuits and claims will not materially adversely affect the operations of the Corporation.

Regulatory Environment

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

The Corporation is subject to routine surveys, inquiries and reviews by federal, state and local regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and non-compliance with survey corrective action requests could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

On November 7, 2016, the Corporation received a subpoena for documents issued by the U.S. Department of Justice under 18 USC section 3486 in furtherance of a criminal investigation. The subpoena requests documents with respect to the financial relationship between the Corporation and

certain medical groups. The Corporation has not been informed of whether it is a target of the investigation and the government has not asserted any claims against the Corporation. The Corporation cannot predict what the effect, if any, of such an investigation may be on the Corporation. The Corporation is cooperating with respect to the Department's subpoena request.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF EL CAMINO HEALTHCARE DISTRICT
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

APPENDIX C

COUNTY OF SANTA CLARA ECONOMIC AND DEMOGRAPHIC INFORMATION

El Camino Healthcare District (the “District”) is a political subdivision of the State of California, formed by a vote of the District’s electorate on October 20, 1956, and organized pursuant to Division 23 of the Health and Safety Code of the State of California. The District’s boundaries encompass an area of approximately 48 square miles in northern Santa Clara County, California (“Santa Clara County” or the “County”). The information in this Appendix C provides investors with economic and demographic information concerning the County.

Employment and Industry

The following table lists wage and salary employment in the County by industry from 2011 to 2015.

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SANTA CLARA COUNTY
WAGE AND SALARY EMPLOYMENT BY INDUSTRY
ANNUAL AVERAGE⁽¹⁾

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Civilian Labor Force	940,600	961,500	975,000	995,300	1,018,400
Civilian Employment	853,200	885,200	911,400	943,500	976,100
Civilian Unemployment	87,400	76,300	63,700	51,700	42,300
Civilian Unemployment Rate	9.3%	7.9%	6.5%	5.2%	4.2%
Total, All Industries	876,700	911,400	950,400	993,400	1,032,200
Total Farm	3,400	3,300	3,300	3,400	3,600
Total Nonfarm	873,300	908,100	947,100	990,100	1,028,600
Goods Producing	183,700	187,400	189,700	195,000	201,800
Mining and Logging	200	200	300	300	200
Construction	30,900	33,900	36,400	38,300	42,100
Manufacturing	152,600	153,300	153,100	156,300	159,400
Durable Goods	143,200	143,600	143,300	146,200	149,100
Nondurable Goods	9,400	9,700	9,800	10,200	10,300
Service Providing	689,600	720,700	757,400	795,100	826,800
Trade, Transportation & Utilities	125,100	129,200	132,200	134,400	135,800
Wholesale Trade	33,600	34,600	35,900	36,400	36,000
Retail Trade	79,700	81,900	82,500	83,400	84,900
Transportation, Warehousing & Utilities	11,800	12,700	13,700	14,600	15,000
Information	51,200	54,100	58,600	66,300	74,700
Financial Activities	32,100	33,000	33,500	34,800	35,000
Finance & Insurance	19,200	20,200	20,700	21,500	21,800
Real Estate & Rental & Leasing	12,900	12,800	12,800	13,300	13,200
Professional & Business Services	166,000	177,200	190,100	202,600	214,900
Professional, Scientific & Technical Services	109,400	117,200	125,100	133,700	141,600
Management of Companies & Enterprises	9,000	9,800	10,800	11,600	12,700
Administrative & Support & Waste Services	47,700	50,300	54,200	57,300	60,600
Educational & Health Services	124,900	132,700	142,700	149,700	155,400
Educational Services	37,200	38,600	39,800	42,600	44,200
Health Care & Social Assistance	87,700	94,200	102,900	107,100	111,100
Leisure & Hospitality	76,300	81,300	86,300	90,500	94,500
Other Services	24,100	24,400	25,000	26,000	26,700
Government	89,900	88,700	89,000	90,900	89,900
Federal Government	10,000	9,700	9,800	9,800	9,800
State Government	6,200	6,200	6,100	6,200	6,400
Local Government	73,700	72,800	73,100	74,900	73,600

⁽¹⁾ The unemployment rate is calculated using unrounded data. Totals may not add up due to independent rounding.

Source: State of California Information Division, Employment Development Department, Labor Market.

Major Employers

Santa Clara County is home to numerous high technology and computer software and hardware manufacturing companies, which, together with public sector employers, continue to top the list of the largest employers in the County. The table below lists the 10 largest employers in the County in fiscal year 2015-16.

SANTA CLARA COUNTY TEN LARGEST EMPLOYERS

<u>Rank</u>	<u>Employer Name</u>	<u>Estimated No. of Full-Time Employees</u>
1	Google Inc.	20,000
2	Apple Computer, Inc.	19,000
3	Santa Clara County	16,837
4	Stanford University	13,500
5	Kaiser Permanente	12,500
6	Intel Corporation	10,801
7	Stanford Healthcare	10,034
8	Facebook Inc.	6,799
9	Oracle Corp.	6,750
10	Tesla Motors Inc.	6,529

Source: County of Santa Clara Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

Income

Owing to the presence of relatively high-wage skilled jobs and wealthy residents, the County historically achieves high rankings relative to the rest of the State and the nation on a variety of income measurements. According to the U.S. Census Bureau, the median household income in the County from 2011-2015 was \$96,310, compared to the State level of \$61,818 and the national level of \$53,889. Per capita income in the County from 2011-2015 (measured by the U.S. Census Bureau in 2015 dollars) was \$43,880, compared to the State level of \$30,318 and the national level of \$28,930.

Commercial Activity

Santa Clara County is an important center of commercial activity. Taxable sales activity at business and personal service outlets, as well as at other non-retail commercial establishments, are a significant component of the County's commercial activity. The following table provides a summary of taxable transactions by sector for the calendar years 2010 through 2014 (the most recent annual data available).

**SANTA CLARA COUNTY
TAXABLE TRANSACTIONS BY SECTOR
CALENDAR YEAR 2010 THROUGH 2014
(In Thousands)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Retail and Food Services					
Motor Vehicle and Parts Dealers	\$2,538,029	\$2,894,898	\$3,480,485	\$4,039,030	\$3,959,149
Furniture and Home Furnishings	474,002	523,999	573,328	604,982	716,357
Electronics and Appliance Stores	1,355,839	1,459,039	1,487,911	1,362,785	1,411,732
Bldg. Matrl. and Garden Equip. and Supplies	1,245,941	1,316,953	1,406,177	1,574,275	1,757,717
Food and Beverage Stores	984,824	1,022,790	1,066,463	1,110,420	1,169,209
Health and Personal Care Stores	523,221	564,261	591,347	628,733	645,241
Gasoline Stations	2,104,764	2,559,500	2,679,491	2,598,458	2,526,502
Clothing and Clothing Accessories Stores	1,824,590	1,997,291	2,189,462	2,312,465	2,417,856
Sporting Goods, Hobby, Book, Music Stores	644,612	676,571	714,368	711,235	709,433
General Merchandise Stores	2,368,820	2,448,046	2,532,297	2,558,623	2,593,287
Miscellaneous Store Retailers	635,019	675,873	744,431	702,801	746,622
Nonstore Retailers	147,373	182,963	295,853	551,710	587,190
Food Services and Drinking Places	2,848,824	3,097,359	3,355,097	3,669,125	4,031,458
Total Retail and Food Services	\$17,695,858	\$19,419,542	\$21,116,708	\$22,424,642	\$23,271,753
All Other Outlets	12,827,464	14,011,675	15,103,737	15,196,964	16,356,902
Totals All Outlets ⁽¹⁾	\$30,523,322	\$33,431,217	\$36,220,445	\$37,621,606	\$39,628,655

⁽¹⁾ Totals may not add up due to independent rounding.

Source: State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

The following tables provide a summary of residential building permit valuations and the number of new dwelling units authorized in the County since 2011.

**SANTA CLARA COUNTY
BUILDING PERMIT VALUATIONS
2011 TO 2015**

Year	Single Family	Multiple Family	Residential Alteration & Addition	Total ⁽¹⁾
2011	\$366,126,366	\$315,852,996	\$323,905,080	\$1,005,884,442
2012	678,168,771	558,544,104	288,105,125	1,524,818,000
2013	694,884,637	941,420,413	423,739,588	2,060,044,638
2014	594,472,707	1,196,127,752	439,747,109	2,230,347,568
2015	640,331,859	713,321,700	501,069,779	1,854,723,338

⁽¹⁾ Totals may not add up due to independent rounding.

Source: Construction Industry Research Board.

**SANTA CLARA COUNTY
NUMBER OF NEW DWELLING UNITS
2011 TO 2015**

Year	Single Family	Multiple Family	Total
2011	978	2,234	3,212
2012	1,432	4,245	5,677
2013	1,859	6,009	7,868
2014	1,602	8,310	9,912
2015	1,675	3,477	5,152

Source: Construction Industry Research Board.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each maturity of the Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participants or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct Participants or Indirect Participants acting on behalf of Beneficial Owners. **BENEFICIAL OWNERS WILL NOT RECEIVE CERTIFICATES REPRESENTING THEIR OWNERSHIP INTERESTS IN THE BONDS, EXCEPT IN THE EVENT THAT USE OF THE BOOK-ENTRY SYSTEM FOR THE BONDS IS DISCONTINUED.**

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them. THE DISTRICT AND THE PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Bond Trustee on payment dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Bond Trustee, the Corporation or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Trustee. Disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as depository with respect to any Bonds at any time by giving reasonable notice to the District and the Paying Agent. Under such circumstances, in the event that a successor Securities Depository is not obtained, Bond certificates are required to be printed and delivered as described in the Paying Agent Agreement.

The District may decide to discontinue use of the system of book-entry transfers of Bonds through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered as described in the Bond Indenture.

THE INFORMATION UNDER THIS CAPTION "BOOK-ENTRY SYSTEM" HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE DISTRICT, THE UNDERWRITER OR THE PAYING AGENT AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF THIS OFFICIAL STATEMENT.

The Paying Agent, as long as a book-entry only system is used for the Bonds, will send any notice of redemption or other notices to owners of such Bonds only to DTC. Any failure of DTC to advise any Participant, or of any Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action premised on such notice.

The District, the Underwriter and the Paying Agent cannot and do not give any assurances that DTC will distribute to Participants, or that Participants or others will distribute to the Beneficial Owners, payments of principal of and interest and redemption premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. None of the Authority, the Underwriter or the Paying Agent is responsible or liable for the failure of DTC or any Direct Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Bonds or any error or delay relating thereto.

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

APPENDIX F

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date], 2017

Board of Directors
El Camino Healthcare District
Mountain View, California

El Camino Healthcare District 2017 General Obligation Refunding Bonds
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the El Camino Healthcare District, a California local health care district (the “District”), in connection with the issuance by the District of \$_____ aggregate principal amount of El Camino Healthcare District 2017 General Obligation Bonds (the “Bonds”). The Bonds are issued pursuant to a Paying Agent Agreement, dated as of March 1, 2017 (the “Paying Agent Agreement”), between the District and Wells Fargo Bank, National Association, as paying agent (the “Paying Agent”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the Paying Agent Agreement, the Tax Certificate of the District, dated the date hereof (the “Tax Certificate”); certificates of the District, the Paying Agent and others; opinions of counsel to the District and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy,

completeness or fairness of the Official Statement relating to the Bonds, or other offering material relating to the Bonds and express no opinion with respect thereto.

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

1. The Bonds constitute the valid and binding obligations of the District.
2. The Paying Agent Agreement has been duly authorized, executed and delivered by, and constitutes a valid and binding obligation of, the District.
3. The Board of Supervisors of the County of Santa Clara has power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

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