

October 18, 2022

Mr. Philip M. Smith  
Chief Executive Officer  
Tulare Local Health Care District  
869 N. Cherry Street  
Tulare, California 93274  
[psmith@tulareregional.org](mailto:psmith@tulareregional.org)

Re: 2022 Revenue Bonds (the "2022 Loan")

Dear Mr. Smith,

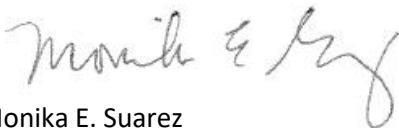
On behalf of Western Alliance Bank and Western Alliance Business Trust (collectively, and together with their affiliates, successors and assigns, the "Lender" and "WABT"), we are pleased to provide the following proposal, which is subject to the Lender's final credit approval process. It should be emphasized that the following is only a proposal and is not intended, nor should it be construed to be, a commitment to lend money or to otherwise extend credit to the **Tulare Local Health Care District, CA** ("Borrower" or the "District"). Rather, this proposal should be viewed as an expression of our interest, to be used as a basis for continued discussions, and is subject in all respects to the Lender's completion of financial and legal due diligence regarding the Borrower, which is an essential component of the Lender's credit approval process. Any decision by the Lender to lend money or otherwise extend credit to the Borrower shall be in the Lender's sole discretion, and the decision to make any one of the loans described in this proposal shall in no manner be construed as a commitment on the part of the Lender to lend additional funds or provide any additional credit support to the Borrower.

Western Alliance Bank's Public and Nonprofit Finance group offers financing solutions for state and local governments and nonprofit organizations like the District. With a level of sector-specific expertise that stands out in the industry, we serve clients from special districts, school districts and cities to local charities and larger nonprofit institutions such as private K-12 schools, universities, hospitals, and senior living facilities. The group's team of leading professionals has significant experience and has structured and closed over 250 municipal and nonprofit loans since 2011, totaling more than US \$2 billion.

This proposal is preliminary and subject to change based on negotiations between the Lender and the Borrower and is provided to you solely for the purposes described herein and may not be disclosed to, or relied upon by, any other party other than the Borrower's attorneys, advisors, and consultants without prior written consent of the Lender.

We are pleased that you have asked us to consider your request for proposals. We look forward to assisting you with this transaction should we choose to proceed, and we appreciate your business. If you have any questions, please feel free to contact Monika Suarez at (213) 362-5277.

Submitted on behalf of Western Alliance Bank and its affiliate, Western Alliance Business Trust.



Monika E. Suarez  
Managing Director

cc: Michael Garcia, Brandis Tallman, a Division of Oppenheimer & Co. Inc.  
Rick Brandis, Brandis Tallman, a Division of Oppenheimer & Co. Inc.  
Nathan Treu, Squire Patton Boggs (US), LLP

### TERM SHEET

This Term Sheet is an expression of interest based on the mutual understanding of the financing request and terms and conditions, all of which are pending the Lender's consideration, analysis, and final credit approval. Any final financing commitments are subject to approval by appropriate administrative authorities of the Lender and other analysis we deem appropriate, with the results of such review and analysis being satisfactory to us in our sole discretion. The Lender is not obligated to provide this financing until such time as you are notified in writing by the Lender of the Lender's commitment, and you have executed mutually acceptable loan documents. No action, verbal remarks or any other communication shall obligate the Lender to provide this financing until the Lender has issued a final, written commitment. The terms and conditions outlined below are not intended to be all-inclusive but rather set forth a framework for further discussions and are subject to change or addition.

Borrower:	Tulare Local Health Care District, CA (the "Borrower" or the "District")
County:	County of Tulare, California (the "County")
Commitment Amount:	Up to \$3,500,000 (the "2022 Loan")
Lender:	Western Alliance Business Trust, a Delaware statutory trust and affiliate of Western Alliance Bank (the "Lender" and "WABT").
Tax Status:	Treatment of interest payments on the 2022 Loan will be as excluded from gross income for federal income tax purposes and as exempt from State of California personal income tax.
Purpose:	Proceeds from the 2022 Loan will be used to: <ol style="list-style-type: none"><li>1) fund energy savings improvement projects for the District;</li><li>2) fund a capitalized interest account and</li><li>3) pay costs of issuance.</li></ol>
Term:	Final Maturity of September 1, 2045.
Loan Payments:	Semi-annual interest payments on March 1 <sup>st</sup> and September 1 <sup>st</sup> of each year of the Term beginning on March 1, 2023, to be funded from a capitalized interest account through September 1, 2024.  Annual principal payments on September 1 <sup>st</sup> of each year of the Term beginning on September 1, 2025. Interest on the 2022 Loan is to be computed on the basis of a year comprised of 360 days, consisting of twelve (12) months with thirty (30) days each.
Interest Rate Pricing:	The 2022 Loan will be made without original issue discount or premium and will bear a fixed rate of interest determined at or prior to the closing date based on the following formula:  <u>77% of sum of the 12-Year U.S. Treasury Actives Spot Curve Rate plus 3.00%</u> <u>0.77*(4.16% plus 3.00%) ≈ 5.51%, as of October 18, 2022.</u>  Notwithstanding the above, the interest rate may be locked no earlier than two (2) weeks prior to closing of the 2022 Loan following all necessary approvals.
Reserve Requirement:	None

Prepayment Provisions:	<p><b>Any source of funds other than proceeds of a refunding:</b> The 2022 Loan will be subject to prepayment, in whole or part, from any source of funding other than proceeds of a refunding, on any date on or after September 1, 2023.</p> <p><b>Proceeds of Refunding:</b> The 2022 Loan will be subject to prepayment, in whole or part, using proceeds of a refunding, on any date on or after September 1, 2032, plus accrued interest through the prepayment date, without premium.</p>
Security:	<p>The 2022 Loan will be secured and payable on a first lien basis by general property taxes derived from 1% levy collected by the County Treasurer-Tax Collector each year and paid directly, under a lockbox arrangement, to a trustee (the "Revenues").</p>
Legal Opinion(s):	<p>An approving opinion of Bond Counsel that interest on the 2022 Loan is excluded from gross income for federal income tax purposes and is exempt from State of California personal income tax.</p> <p>An opinion of the Borrower's Counsel shall also be provided in form and substance satisfactory to the Lender, Bond Counsel, and the Lender's Counsel.</p>
Additional Debt:	<p>The Borrower is not authorized to issue or incur any additional obligations payable from the Revenues on parity with the 2022 Loan without the written consent of the Purchaser.</p>
Representations / Warranties:	<p>Legal documentation will contain customary affirmative and negative covenants as well as usual representations and warranties, and periodic information reporting requirements, for like situated borrowers acceptable to the Lender and its counsel and consistent with the prior loan arrangement between the District and the Lender.</p>
Documentation:	<p>Bond Counsel will prepare all of the legal documentation, which will contain customary affirmative and negative covenants as well as usual representations and warranties for like situated borrowers acceptable to the Lender and its counsel. Events of default shall include those that are deemed standard and customary for transactions of this nature, all of which shall be subject to satisfactory review by the Lender and its counsel and consistent with the prior loan arrangement between the District and the Lender.</p>
Conditions Precedent:	<p>Prior to the closing of the 2022 Loan by WABT, the following conditions precedent shall have occurred, all of which shall be in form and substance satisfactory to WABT, Bond Counsel and Lender's Counsel:</p> <ol style="list-style-type: none"><li>1. formal credit approval for the funding of the 2022 Loan by WABT;</li><li>2. satisfactory review by Lender's Counsel of any outstanding agreements entered into by the District which may impact the security for the 2022 Loan or the obligations of the District with respect to repayment the 2022 Loan;</li><li>3. any authorizing resolution(s) of the District as required for the execution, delivery, and repayment of the 2022 Loan;</li><li>4. opinions as required by WABT and Lender's Counsel;</li><li>5. properly executed documents in form and substance satisfactory to WABT and Lender's Counsel evidencing or supporting the repayment of the 2022 Loan; and</li><li>6. other conditions precedent that WABT and Lender's Counsel consider customary and reasonably appropriate for the proposed funding of the 2022 Loan.</li></ol>

Lender's Counsel: Squire Patton Boggs (US) LLP, San Francisco, CA

Municipal Advisor: Wulff, Hansen & Co., San Rafael, CA

Placement Agent: Oppenheimer & Co., Inc.

Origination Fee: None

Other Expenses: The Borrower shall be obligated to pay all delivery costs, including the California Debt and Investment Advisory Commission reporting fee and legal fees of the Lender's Counsel. The Lender's Counsel Fee shall be capped at \$10,000 for the 2022 Loan.

Reporting Requirements: The District shall provide the Purchaser with the following documentation and information within nine (9) months of the District's fiscal year end:

1. the audited financial statements of the District for the preceding fiscal year end;
2. the Assessed Valuation of the District for the current fiscal year;
3. the tax levy for the current fiscal year; and
4. the general property tax delinquencies for the prior fiscal year if the County.

The Borrower shall provide the Lender with its annual approved operating budget within one (1) month after its adoption.

The Borrower shall furnish at the Lender's request such additional information that Lender may from time-to-time reasonably request.

No Fiduciary Relationship: Inasmuch as the 2022 Loan represents a negotiated transaction, the Borrower understands, and hereby confirms, that the Lender is not acting as a fiduciary of the Borrower, but rather is acting solely in its capacity as a lender, for its own account.

The Borrower will acknowledge and agree that:

- 1) the transaction contemplated herein is an arm's length commercial transaction between the Borrower and the Lender and its affiliates;
- 2) in connection with such transaction, the Borrower and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules");
- 3) the Lender and its affiliates are relying upon the bank exemption in the Municipal Advisor Rules;
- 4) the Lender and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower or the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto;
- 5) the Lender and its affiliates have financial and other interests that differ from those of the Borrower and the Authority; and
- 6) the Borrower has consulted with its own financial, legal, accounting, tax, and other advisors, as applicable, to the extent it deemed appropriate.

Assignment and Participation: The Lender retains the right to assign or participate out its interest in the 2022 Loan and will request the Borrower agree to such assignment or participation.

This proposal is provided to you solely for the purposes described herein and may not be disclosed to, or relied upon by, any other party without prior written consent of the Lender.

**ACCEPTED AND AGREED TO:**

**TULARE LOCAL HEALTH CARE DISTRICT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_