

§ _____
WEST CONTRA COSTA HEALTHCARE DISTRICT
(Contra Costa County, California)
Refunding Revenue Bonds, Series 2019
(Taxable Converting to Tax-Exempt)

BOND PURCHASE AGREEMENT

June 12, 2019

West Contra Costa Healthcare District
651 Pine Street
Martinez, CA 94553

Ladies and Gentlemen:

Pacific Western Bank (the "Purchaser"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the West Contra Costa Healthcare District (the "District"), which will be binding upon the District and the Purchaser upon the acceptance hereof by the District. This offer is made subject to its acceptance by the District by execution of this Bond Purchase Agreement and its delivery to the Purchaser on or before 5:00 P.M., California time, on the date hereof.

Terms not otherwise defined herein shall have the same meanings as set forth in the Indenture, described below.

1. *Purchase and Sale.* Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the District hereby agrees to sell to the Purchaser and the Purchaser hereby agrees to purchase from the District, \$_____ principal amount of the \$_____ West Contra Costa Healthcare District (Contra Costa County, California) Refunding Revenue Bonds, Series 2019 (Taxable Converting to Tax-Exempt) (the "Bonds"), at the purchase price of \$_____ (the "Purchase Price"), being the principal amount of the Bonds purchased by the Purchaser. The Purchase Price will be delivered on the Closing Date (as defined in Section 6 below), to U.S. Bank National Association, as trustee (the "Trustee"), on behalf of the District.

The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the District and the Purchaser; (ii) in connection with such transaction, including the process leading thereto, the Purchaser is acting solely as a principal and not as an agent or a fiduciary of the District; (iii) the Purchaser has neither assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering of the Bonds or the process leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has advised or is currently advising the District on other matters) nor has it assumed any other obligation to the District except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Purchaser has financial and other interests that differ from those of the District; and (v) the District has

consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The Bonds shall be dated the Closing Date, shall bear interest at the rate, shall mature on the date and in the principal amount and shall be subject to redemption, all as set forth in the attached Exhibit A.

If the purchase of the Bonds does not close on or before June 25, 2019, the interest rate specified in Exhibit A shall no longer be effective and the Purchaser and the District shall agree on a new rate.

The Bonds are being issued pursuant to the provisions of section 53570 *et seq.* of the California Government Code, a resolution of the District, adopted on June 11, 2019 (the "District Resolution"), and that certain Indenture of Trust, dated as of June 1, 2019 (the "Indenture"), by and between the District and the Trustee.

The District's obligation to pay the principal of and interest on the Bonds will be secured by a first and prior lien on the revenues derived by the District from an annual special parcel tax on each taxable parcel of real property within the District (exclusive of parcels for which exemptions have been granted, approved by approximately 84% of the voters of the District at a special election held on June 8, 2004 (the "Authorization")), on a parity with the District's outstanding West Contra Costa Healthcare District (Contra Costa County, California) Refunding Revenue Bonds, Series 2018.

The Bonds are being issued for the purpose of (a) providing funds to the District to refund, on an advance basis, (i) the District's West Contra Costa Healthcare District Certificates of Participation (2011 Financing Program) (the "2011 COPs"), of which \$39,535,000 is currently outstanding, and (b) paying the costs of issuing the Bonds.

Pursuant to an escrow agreement (the "Escrow Agreement"), by and between the District and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), provision will be made for the payment of principal and interest with respect to the 2011 COPs to and including July 1, 2021, and for the redemption of the 2011 COPs in full on such date, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to such date.

2. *Private Placement.*

(a) The Purchaser has sufficient knowledge and experience in business and financial matters to enable the Purchaser to evaluate the Bonds, the credit of the District, the collateral and the Bond terms and that the Purchaser will make its own independent credit analysis and decision to purchase the Bonds based on independent examination and evaluation of the transaction and the information deemed appropriate.

(b) The Purchaser acknowledges that no credit rating has been sought or obtained with respect to the Bonds.

(c) The Purchaser acknowledges that no official statement has been prepared for the Bonds, and that the District will not be entering into a continuing disclosure agreement with respect to the Bonds; *provided, however*, that the District has agreed to provide certain ongoing information to the Purchaser.

(d) The Purchaser states that (a) it is a commercial bank with total assets of at least \$50 million; (b) it is capable of evaluating investment independently; (c) it is exercising independent judgment in evaluating (i) the recommendation of Piper Jaffray & Co. (the "Placement Agent") or its associated persons; and (ii) the quality of execution of the Purchaser's transactions by the Placement Agent; and (c) the Purchaser has timely access to material information that is available publicly through established industry sources as defined in Municipal Securities Rulemaking Board (MSRB) Rule G-47;

(e) The Purchaser is purchasing the Bonds solely for its own account, and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser's property will remain at all times within its control). The Purchaser has directed that no CUSIP number shall be obtained for the Bonds or that the Bonds be DTC eligible as of their initial purchase.

(f) The Purchaser understands that the Bonds (i) have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and (ii) have not been registered or qualified under any state securities or "Blue Sky" laws, and that the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended.

(g) The Purchaser has been furnished with and has examined the Bonds, the Indenture and other documents, certificates and the legal opinions delivered in connection with the issuance of the Bonds.

(h) The Purchaser understands that the District and the Placement Agent and their respective counsel and Bond Counsel will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

(i) The interest rates on the Bonds are reasonable based upon current market conditions and there is no "blending" of the two rates.

3. *Representations, Warranties and Agreements of the District.* The District represents and warrants to the Purchaser that, as of the Closing Date:

(a) The District is a local health care district, organized and existing under the laws of the State of California (the "State"), and is authorized, among other things, (i) to issue the Bonds, and (ii) to secure the Bonds in the manner contemplated by the Indenture.

(b) The District has the full right, power and authority (i) to adopt the District Resolution, (ii) to enter into the Indenture, the Escrow Agreement and this Bond Purchase Agreement, (iii) to issue, sell and deliver the Bonds to the Purchaser as provided herein, and (iv) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents, and the District has complied with all provisions of applicable law and the Authorization in all matters relating to such transactions.

(c) The District has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance by the District of this Bond Purchase Agreement, the Escrow Agreement and the Indenture, and (ii) the taking of any and all such action as may be required on the part of the District to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or approvals necessary to be obtained by the District in connection with the foregoing have been received, including, but not limited to, all authorizations, if any, required by its bankruptcy settlement order and the consents or approvals so received are still in full force and effect.

(d) The Bonds, when issued, authenticated and delivered in accordance with the District Resolution and the Indenture, and sold to the Purchaser as provided herein, will constitute legal, valid and binding obligations of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State, and are entitled to the benefits of the laws of the State, the Indenture and the District Resolution.

(e) Neither the execution and delivery by the District of the Indenture, the Escrow Agreement, this Bond Purchase Agreement and of the Bonds nor the consummation of the transactions on the part of the District contemplated herein or therein or the compliance with the provisions hereof or thereof will conflict with, or constitute on the part of the District a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, note or other agreement or instrument to which the District is a party or by which it is bound, (ii) any provision of the State Constitution or the Authorization, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the District (or the members of the District or any of its officers in their respective capacities as such) is subject.

(f) The District has never been in default at any time, as to principal of or interest on any obligation which it has issued except as otherwise specifically disclosed to the Purchaser; and the District has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Parcel Tax Revenues pledged to the payment of the Bonds except as otherwise specifically disclosed to the Purchaser.

(g) Except as otherwise specifically disclosed in writing to the Purchaser, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the District or, to the best knowledge of the District, threatened, which in any way questions the powers of the District referred to in paragraph (b) above, or the validity of any proceeding taken by the District in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by this Bond Purchase Agreement, the Escrow Agreement or the Indenture, or which, in any way, could adversely affect the validity or enforceability of the Indenture, the Escrow Agreement, the Bonds or this Bond Purchase Agreement or, to the knowledge of the District, which in any way questions the exclusion from gross income of the recipients thereof the interest on the Bonds for federal income tax purposes

or in any other way questions the status of the Bonds under federal or state tax laws or regulations or which in any way could materially adversely affect the availability of Parcel Tax Revenues.

(h) The financial statements of, and other financial information regarding the District relating to the receipts, expenditures and cash balances of revenues by the District as of December 31, 2018, fairly represent the receipts, expenditures and cash balances of such amounts and, insofar as presented, other funds of the District as of the dates and for the periods therein set forth. The financial statements of the District have been prepared in accordance with generally accepted accounting principles consistently applied. There has not been any materially adverse change in the financial condition of the District or in its operations since December 31, 2018, and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(i) During the period of time that the Bonds are outstanding, the District hereby covenants and agrees to furnish or cause to be furnished to the Purchaser, at the District's expense, within nine (9) months after the end of the District's fiscal year, (i) the audited financial statements of the District for that year, (ii) the District's assessed valuation for the current fiscal year and (iii) the District's parcel tax levy for the current fiscal year.

(j) Any certificate signed by any official of the District and delivered to the Purchaser in connection with the offer or sale of the Bonds shall be deemed a representation, covenant and warranty by the District to the Purchaser as to the truth of the statements therein contained.

(k) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(l) The Bonds shall not be registered or otherwise qualified under any Blue Sky or other securities laws.

(m) All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the District of, its obligations in connection with the Indenture have been duly obtained or made and are in full force and effect.

(n) Between the date of this Bond Purchase Agreement and the Closing Date, the District will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Purchaser.

(o) The District will apply the proceeds of the Bonds in accordance with the Indenture and any related documents.

(p) To the extent the District has or hereafter may acquire under any applicable law any rights to immunity from legal proceedings on the grounds of sovereignty, the District hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to the Indenture or this Bond Purchase Agreement.

4. *Closing.* On June 27, 2019, or at such other date and times as shall have been mutually agreed upon by the District and the Purchaser (the "Closing Date"), the District will deliver or cause to be delivered the Bonds to the Purchaser, and the District shall deliver or cause to be

delivered to the Purchaser the certificates, opinions and documents hereinafter mentioned, each of which shall be dated as of the Closing Date. The activities relating to the execution and delivery of the Bonds, opinions and other instruments as described in Section 8 of this Bond Purchase Agreement shall occur on the Closing Date. The delivery of the certificates, opinions and documents as described herein shall be made at the offices Quint & Thimmig LLP, in Larkspur, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the District and the Purchaser. Such delivery is herein called the "Closing."

The Bonds will be prepared and physically delivered to the Purchaser on the Closing Date in the form of a separate single fully registered bond. The Bonds will be authenticated by the Trustee in accordance with the terms and provisions of the Indenture.

The Purchaser will pay the Purchase Price of the Bonds by delivering to the Trustee, for the account of the District a wire transfer in federal funds of the Purchase Price payable to the order of the Trustee.

5. *Closing Conditions.* The obligations of the Purchaser hereunder shall be subject to the performance by the District of its obligations hereunder at or prior to the Closing Date and are also subject to the following conditions:

(a) the representations, warranties and covenants of the District contained herein shall be true and correct in all material respects as of the Closing Date;

(b) as of the Closing Date, there shall have been no material adverse change in the financial condition of the District;

(c) as of the Closing Date, all official action of the District relating to this Bond Purchase Agreement, the Escrow Agreement and the Indenture shall be in full force and effect;

(d) as of the Closing Date, the Purchaser shall receive the following certificates, opinions and documents, in each case satisfactory in form and substance to the Purchaser:

(i) a copy of the Indenture, as duly executed and delivered by the District and the Trustee;

(ii) a copy of the Escrow Agreement, as duly executed and delivered by the District and the Escrow Bank;

(iii) an opinion of Bond Counsel, in form acceptable to the Purchaser, dated the Closing Date and addressed to the District, with reliance letters addressed to the Purchaser and to the Trustee;

(iv) a certificate, dated the Closing Date, of the District executed by the Executive Director (or other duly appointed officer of the District authorized by the District by resolution of the District) to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the District or, to the knowledge of the District, threatened against or affecting the District to restrain or enjoin the District's participation in, or in any way contesting the existence of the District or the powers of the District with respect to, the transactions contemplated by this Bond Purchase Agreement, the Escrow Agreement or the Indenture, and consummation of such transactions; and (B) the representations and warranties of the District contained in this Bond Purchase Agreement are true and correct in all material respects, and the District has complied with all agreements and

covenants and satisfied all conditions to be satisfied at or prior to the Closing Date as contemplated by the Indenture, the Escrow Agreement and this Bond Purchase Agreement;

(v) an opinion of counsel to the District, dated the Closing Date and addressed to the District and the Purchaser to the effect that:

(A) the District is a local healthcare district, organized and existing under the laws of the State;

(B) the District has full legal power and lawful authority to enter into the Indenture, the Escrow Agreement and this Bond Purchase Agreement;

(C) the District Resolution has been duly adopted at a meeting of the governing body of the District, which was called and held pursuant to the law and with all public notice required by law and at which a quorum was present and acting throughout and the District Resolution is in full force and effect and has not been modified, amended or rescinded;

(D) the Indenture, the Escrow Agreement and this Bond Purchase Agreement have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereof, constitute the valid, legal and binding agreements of the District enforceable in accordance with their terms; and

(E) Except as otherwise specifically disclosed to the Purchaser, there is no litigation, action, suit, proceeding or investigation (or any basis therefor) at law or in equity before or by any court, governmental agency or body, pending by way of a summons served against the District or, to our knowledge, threatened against the District, challenging the creation, organization or existence of the District, or the validity of the Indenture, the Escrow Agreement or this Bond Purchase Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby or contesting the authority of the District to enter into or perform its obligations under the Indenture, the Escrow Agreement or this Bond Purchase Agreement, or under which a determination adverse to the District would have a material adverse effect upon the availability of Parcel Tax Revenues, or which, in any manner, questions the right of the District to enter into, and perform under, the Indenture, the Escrow Agreement or this Bond Purchase Agreement;

(vi) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the District and the Purchaser, to the effect that:

(A) The Trustee is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture;

(B) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes a legal, valid and binding obligation of the Trustee 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; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture or the consummation of the transactions contemplated by the Indenture;

(vii) an opinion of counsel to the Escrow Bank, dated the Closing Date and addressed to the District and the Purchaser, to the effect that:

(A) The Escrow Bank is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the its obligations under the Escrow Agreement;

(B) The Escrow Agreement has been duly authorized, executed and delivered by the Escrow Bank and the Escrow Agreement constitutes the legal, valid and binding obligation of the Escrow Bank enforceable in accordance with their respective 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; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Bank that has not been obtained is or will be required for the execution and delivery of the Escrow Agreement or the consummation of the transactions contemplated by the Escrow Agreement;

(viii) a certificate, dated the Closing Date, of the Trustee, signed by a duly authorized officer of the Trustee, to the effect that (A) the Trustee is duly organized and validly existing as a national banking association, with full corporate power to undertake the trust of the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trust of the Indenture; and (C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Trustee (either in state or federal courts), or to the knowledge of the Trustee which would restrain or enjoin the execution or delivery of the Indenture, or which would affect the validity or enforceability of the Indenture, or the Trustee's participation in, or in any way contesting the powers or the authority of the Trustee with respect to, the transactions contemplated by the Indenture, or any other agreement, document or certificate related to such transactions;

(ix) a certificate, dated the Closing Date, of the Escrow Bank, signed by a duly authorized officer of the Escrow Bank, to the effect that (A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake its obligations under the Escrow Agreement; (B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreement and by all proper corporate action has authorized the acceptance of its obligations under the Escrow Agreement; and (C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Escrow Bank (either in state or federal courts), or to

the knowledge of the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreement, or which would affect the validity or enforceability of the Escrow Agreement, or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreement, or any other agreement, document or certificate related to such transactions;

(x) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the District and the Purchaser, to the effect that:

(A) this Bond Purchase Agreement, the Escrow Agreement have been duly authorized, executed and delivered by the District and, assuming the valid execution and delivery by the other parties thereto, are valid and binding upon the District, subject to the laws relating to bankruptcy, insolvency, reorganization of creditors' rights generally and to the application of equitable principles; and

(B) the Bonds are exempt from registration pursuant to Section 3(a)(2) of the Securities Act and the Indenture are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(xi) an Arbitrage Certificate in the form satisfactory to Bond Counsel;

(xii) a certified copy of the District Resolution;

(xiii) the specimen Bond;

(xiv) evidence that the federal tax information form 8038-G with respect to the Bonds has been prepared by Bond Counsel for filing;

(xv) evidence of required filings with the California Debt and Investment Advisory Commission;

(xvi) the defeasance opinion of Bond Counsel with respect to the 2011 COPs, dated the Closing Date and addressed to the District, the Trustee, the Escrow Bank and the Purchaser, in form and substance satisfactory to the Purchaser;

(xvii) the opinion of Bond Counsel relating to certain bankruptcy matters, addressed to the District and the Purchaser, substantially in the form attached hereto as Exhibit B; and

(xviii) such additional legal opinions, certificates, instruments and other documents as the Purchaser may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing Date of the representations and warranties of the District contained in this Bond Purchase Agreement and 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 pursuant to this Bond Purchase Agreement.

6. *Termination.* The Purchaser shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

(a) legislation shall have been enacted, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been

rendered, the effect of which is that of the Bonds, including any underlying obligations, or the Indenture, as the case may be, is not exempt from the registration, qualification or other requirements of the Securities Act and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(b) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution of the Indenture, as contemplated hereby, is or would be in violation of any provisions of the federal securities laws, including the Securities Act and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Purchaser, would materially adversely affect the Bonds; or

(d) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Purchaser, would materially adversely affect the Bonds; or

(e) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(f) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the District; or

(g) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(h) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Purchaser; or

(i) any change, which in the reasonable opinion of the Purchaser, materially adversely affects the Bonds or, the financial condition of the District.

7. *Contingency of Obligations.* The obligations of the District hereunder are subject to the performance by the Purchaser of its obligations hereunder.

8. *Duration of Representations, Warranties, Agreements and Covenants.* All representations, warranties, agreements and covenants of the District shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Purchaser or the District and shall survive the Closing Date.

9. *Expenses.* The District will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not

limited to, mailing or delivery of the Bonds, costs of printing the Bonds, the fees and disbursements of the Trustee, the Placement Agent, its financial advisor, Bond Counsel, the Purchaser, counsel to the Purchaser and counsel to the District, the fees and expenses of the District's accountants and fiscal consultants and the reporting fee to the California Debt and Investment Advisory Commission. In the event this Bond Purchase Agreement shall terminate because of the default of the Purchaser, the District will, nevertheless, pay, or cause to be paid, all of the expenses specified above. The Purchaser shall have no responsibility for any costs or expenses associated with the Bonds including, but not limited to, the expenses identified above.

10. *Notices.* Any notice or other communication to be given to the District under this Bond Purchase Agreement may be given by delivering the same in writing to its Executive Director, West Contra Costa Healthcare District, 651 Pine Street, Martinez, CA 94553, and any notice or other communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing to Pacific Western Bank, 9701 Wilshire Boulevard, Suite 700, Beverly Hills, CA 90212, Attention: Managing Director.

11. *Parties in Interest.* This Bond Purchase Agreement is made solely for the benefit of the District and the Purchaser (including the successors or assigns of the Purchaser) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

12. *Governing Law.* This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

13. *Headings.* The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

14. *Severability.* In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

15. *Effectiveness.* This Bond Purchase Agreement shall become effective upon acceptance hereof by the District.

16. *Judicial Reference.* The provisions of Section 13.15 of the Indenture relating to judicial reference shall be incorporated herein by reference.

15. *Counterparts.* This Bond Purchase Agreement may be executed in several counterparts which together shall constitute one and the same instrument.

Very truly yours,

PACIFIC WESTERN BANK, as Purchaser

By _____
Name _____
Title _____

Accepted and agreed to as of
the date first above written:

WEST CONTRA COSTA HEALTHCARE
DISTRICT

By _____
Name _____
Title _____

Approved as to form by District Counsel:

By _____
Mark Schieble, Foley & Lardner LLP

[West Contra Costa Healthcare District
(Contra Costa County, California)
Refunding Revenue Bonds, Series 2019 (Taxable Converting to Tax-Exempt)]

**EXHIBIT A TO THE
BOND PURCHASE AGREEMENT FOR PURCHASE**

\$ _____
**WEST CONTRA COSTA HEALTHCARE DISTRICT
(Contra Costa County, California)
Refunding Revenue Bonds, Series 2019
(Taxable Converting to Tax-Exempt)**

MATURITY SCHEDULE

Maturity Date (July 1)	Principal Amount	Interest Rate
2042	\$ _____	5.000%*

REDEMPTION PROVISIONS

Optional Redemption of Bonds. The Bonds are subject to redemption, at the option of the District on any Interest Payment Date, as a whole or in part, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium

Mandatory Sinking Fund Redemption of Bonds. Subject to a variation in the sinking fund schedule redemption selected by the Original Purchasers in connection with the conversion of interest on the Bonds to the Tax-Exempt Rate pursuant to the Indenture, the Bonds are subject to mandatory sinking fund redemption on January 1 and July 1 in each year, on the dates and in the amounts specified in the following table.

Mandatory Sinking Fund Payment Date	Sinking Fund Payment Amount	Mandatory Sinking Fund Payment Date	Sinking Fund Payment Amount	Mandatory Sinking Fund Payment Date	Sinking Fund Payment Amount
January 1, 2020		January 1, 2028		July 1, 2035	
July 1, 2020		July 1, 2028		January 1, 2036	
January 1, 2021		January 1, 2029		July 1, 2036	
July 1, 2021		July 1, 2029		January 1, 2037	
January 1, 2022		January 1, 2030		July 1, 2037	
July 1, 2022		July 1, 2030		January 1, 2038	
January 1, 2023		January 1, 2031		July 1, 2038	
July 1, 2023		July 1, 2031		January 1, 2039	
January 1, 2024		January 1, 2032		July 1, 2039	
July 1, 2024		July 1, 2032		January 1, 2040	
January 1, 2025		January 1, 2033		July 1, 2040	
July 1, 2025		July 1, 2033		January 1, 2041	
January 1, 2026		January 1, 2034		July 1, 2041	
July 1, 2026		July 1, 2034		January 1, 2042	
January 1, 2027		January 1, 2035		July 1, 2042	

†Maturity

* This is the Taxable Rate (as such term is defined in the Indenture) which is subject to conversion to the Tax-Exempt Rate (as such term is defined in the Indenture) pursuant to the provisions of the Indenture. If converted, the Tax-Exempt Rate will be 4.125%. If the Bonds are payable at the Tax-Exempt Rate, after the Date of Taxability following a Determination of Taxability, the interest rate may, at the option of the Owner, be increased to the Taxable Rate, as provided in a written notice of the Owner to the Trustee and the District.

**EXHIBIT B TO THE
BOND PURCHASE AGREEMENT FOR PURCHASE**

[Closing Date]

West Contra Costa Healthcare District
651 Pine Street
Martinez, CA 94553

Pacific Western Bank
9701 Wilshire Boulevard, Suite 700
Beverly Hills, CA 90212

Re: \$_____ West Contra Costa Healthcare District Refunding Revenue Bonds,
 Series 2019 (Taxable Converting to Tax-Exempt)

Ladies and Gentlemen:

We have acted as special counsel to the West Contra Costa Healthcare District (the "District") in connection with the issuance by the District of its \$_____ West Contra Costa Healthcare District Refunding Revenue Bonds, Series 2019 (Taxable Converting to Tax-Exempt) (the "Bonds"), pursuant to that certain Indenture, dated as of June 1, 2019, by and between the District and U.S. Bank National Association, as trustee. As used herein, "Parcel Tax Revenues" means all of the revenues generated from parcel taxes levied pursuant to Measure D, approved by the voters of the District at the special election held on June 8, 2004, as described in section 5451.5 of the California Government Code.

A. Opinion Requested

You have requested our opinion as to whether, if the District were to become the debtor in a case under the United States Bankruptcy Code (Title 11, U.S.C.) (the "Bankruptcy Code") commenced after the date hereof, the court would hold that the lien described in section 5451.5 of the California Government Code on Parcel Tax Revenues is a "statutory lien" within the meaning of section 101(53) of the Bankruptcy Code, so that section 552(a) of the Bankruptcy Code would not in and of itself cause Parcel Tax Revenues acquired by the District after the commencement of such case to not be subject to such lien.

Our opinion is based solely upon our examination of such matters of law as we have deemed necessary for purposes of rendering such opinion. We have not made any investigation of any factual matter.

B. Analysis

1. Statutory Lien

Section 5451.5 of the California Government Code provides that:

(a) All obligations of the West Contra Costa Healthcare District in connection with any and all certificates of participation executed and delivered

by or on behalf of the district between June 8, 2004, and December 31, 2012, including certificates of participation executed and delivered before January 1, 2035, to refund those certificates of participation, shall be secured by a statutory lien on all of the revenues generated from parcel taxes levied pursuant to Measure D, approved by the voters of the district at the special election held on June 8, 2004.

(b) This lien shall arise automatically without the need for any action or authorization by the district or the board of directors of the district. The lien shall be valid and binding from the time the certificates of participation are executed and delivered.

(c) The parcel tax revenue shall immediately be subject to this lien, and the lien shall immediately attach to the parcel tax revenue and be effective, binding, and enforceable against the district, its successors, purchasers of those revenues, 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.

Section 101(37) of the Bankruptcy Code states that “[t]he term ‘lien’ means charge against or interest in property to secure payment of a debt or performance of an obligation.”

Section 101(53) provides that:

The term “statutory lien” means lien arising solely by force of a statute on specified circumstances or conditions, or lien of distress for rent, whether or not statutory, but does not include security interest or judicial lien, whether or not such interest or lien is provided by or is dependent on a statute and whether or not such interest or lien is made fully effective by statute.

Section 101(36) states that “[t]he term ‘judicial lien’ means lien obtained by judgment, levy, sequestration, or other legal or equitable process or proceeding.” Section 101(51) provides that “[t]he term ‘security interest’ means lien created by an agreement.”

A leading bankruptcy commentator summarizes the effect of these definitions: “If the lien arises by force of statute, without any prior consent between the parties or judicial action, it will be deemed a statutory lien.” 2 *Collier on Bankruptcy* ¶ 101.53 at 101-206 (16th ed. 2011).

This summary is confirmed by the legislative history for Section 101:

Paragraph (27) defines “lien.” The definition is new and is very broad. A lien is defined as a charge against or interest in property to secure payment of a debt or performance of an obligation. It includes inchoate liens. In general, the concept of lien is divided into three kinds of liens: judicial liens, security interests, and statutory liens. Those three categories are mutually exclusive and are exhaustive except for certain common law liens.

Paragraphs (35) and (36) define “security agreements” and “security interest.” A security interest is one of the kinds of liens. It is a lien created by an agreement. Security agreement is defined as the agreement creating the security interest.

Paragraph (37) defines another kind of lien, "statutory lien." The definition, derived from current law, states that a statutory lien is a lien arising solely by force of statute on specified circumstances or conditions, and includes a lien of distress for rent (whether statutory, common law, or otherwise). The definition excludes judicial liens and security interests, whether or not they are provided for or are dependent on a statute, and whether or not they are made fully effective by statute. A statutory lien is the only one that arises automatically, and is not based on an agreement to give a lien or on judicial action. Mechanics', materialmen's and warehousemen's liens are examples. Tax liens are also included in the definition of statutory lien.

H.R. Rpt. No. 95-595 at 312, 314 (1977). To the same effect is S. Rpt. 95-989 at 25-27 (1978).

In the words of the legislative history, a statutory lien is only one that arises automatically, and is not based on an agreement to give a lien or on judicial action.

There are few bankruptcy cases considering the difference between a statutory lien and a security interest in the context of a financing. There are even fewer cases considering this question in the context of a municipal bankruptcy under Chapter 9 of the Bankruptcy Code. The issue was, however, litigated in the bankruptcy of Orange County.

The Bankruptcy Court in the bankruptcy of Orange County held that certain secured notes issued by Orange County pursuant to Sections 53852 and 53856 of the California Government Code were not secured by a statutory lien: "The lien is not statutory because it does not arise solely by force of the statute. The County had to decide to pledge its revenues and designate the specific revenues that would secure the [notes]." *In re County of Orange*, 179 B.R. 185, 194 (Bankr. C.D. Cal. 1995).

On appeal, the District Court reversed. *In re County of Orange*, 189 B.R. 499 (C.D. Cal. 1995). The District Court noted that "[t]he difference between statutory liens and security interests is sometimes obscure." 189 B.R. at 502. The District Court concluded, however, that the lien under consideration was a statutory lien: "Section 53856 permits the County to decide whether to pledge, and what to pledge. But the statute itself imposes the pledge, without further action by the County. The County has no choice of the type of lien or its terms." 189 B.R. at 503.

The decision of the District Court was appealed to the United States Court of Appeals for the Ninth Circuit, but the parties settled while the appeal was pending. Thus, it difficult to regard the legal issues as having been definitively resolved in the Orange County litigation.

Section 5451.5 of the California Government Code does not permit the District to choose whether to pledge or what to pledge. Instead it provides that all obligations of the District in connection with specified certificates of participation shall be secured by a lien on the Parcel Tax Revenues. This lien arises regardless of the terms of any agreement that the District may enter into.

2. Section 552(a)

Section 552(a) of the Bankruptcy Code provides that:

Except as provided in subsection (b) of this section, property acquired by the estate or by the debtor after the commencement of the case is not subject to any lien resulting from any security agreement entered into by the debtor before the commencement of the case.

Section 101(50) states that “[t]he term ‘security agreement’ means agreement that creates or provides for a security interest.” The legislative history to Section 101(50) notes that “[s]ecurity agreement is defined as the agreement creating the security interest.” H.R. Rpt. No. 95-595 at 314 (1977). To the same effect is S. Rpt. 95-989 at 26 (1978).

A leading bankruptcy commentator summarizes the effect of section 552(a) as follows: “Because it is grounded in the Bankruptcy Code’s definition of ‘security interest,’ found in section 101, subsection (a) is confined to consensual liens and does not extend to nonconsensual or statutory liens.” 5 *Collier on Bankruptcy* ¶ 552.01[2] at 552-5 (16th ed. 2011) (citing *United States v. Ron Pair Enterprises, Inc.*, 489 U.S. 235, 242 n. 5 (1989)).

Both the Bankruptcy Court and the District Court in the Orange County bankruptcy agreed that section 552(a) applies only to consensual liens and thus that if the lien under consideration were a statutory lien, then section 552(a) would have no effect on it. “Section 552(a), therefore, only applies to liens created by a security agreement and not to other types of liens.” 179 B.R. at 192 (footnote omitted). “By its terms, section 552(a) only applies to liens resulting from security agreements, not other types of liens such as statutory liens.” 189 B.R. at 502.

C. Opinions

Based on and subject to the foregoing, as well as the limitations set forth below and the further qualification that there is no case directly on point, it is our opinion that, if the District were to become a debtor in a case under the Bankruptcy Code commenced after the date hereof, and the matter were properly briefed and presented to a federal court with jurisdiction over such bankruptcy case, the court, exercising reasonable judgment after full consideration of all relevant factors, would hold that the lien described in section 5451.5 of the California Government Code on Parcel Tax Revenues is a “statutory lien” within the meaning of section 101(53) of the Bankruptcy Code, so that Section 552(a) of the Bankruptcy Code would not in and of itself cause Parcel Tax Revenues acquired by the District after the commencement of such case to not be subject to such lien.

It is our opinion that, notwithstanding the phrase “including *certificates of participation* executed and delivered before January 1, 2035, to refund [the District’s 2011 and 2011 Certificates of Participation” [emphasis added], the intent of such phrase was not to limit the ability to issue other obligations, such as the Bonds, but was merely using the same term as the obligations it permitted to be refunded.

D. Exceptions and Limitations

We express no opinion as (a) to any matter not governed by the Bankruptcy Code, or any matter governed by any provision of the Bankruptcy Code other than Sections 101 and 552(a), any lien other than the lien described in Section 5451.5 of the California Government Code, any collateral other than the Parcel Tax Revenues, or (d) any obligations other than the

obligations of the District in connection with the Bonds. Without limiting the generality of the foregoing, we express no opinion as to the scope or applicability of the automatic stay of sections 362 and 922 of the Bankruptcy Code. We also express no opinion as to whether the District is eligible to be a debtor in a case under the Bankruptcy Code. *See generally* 11 U.S.C. § 109(c); Cal. Govt. Code § 53760; Chapter 675 of the California Statutes of 2011. We express no opinion as to any matter arising in in the District’s recent bankruptcy case.

It is commonly understood, without any express statement, that opinion letters are necessarily technical and are informed by customary practice and usage. Thus, this opinion letter should not be used or relied on except in consultation with counsel. In particular, it is understood that an opinion letter is not a guaranty of an outcome but rather only an expression of professional judgment and that, in an actual case, a court could reach a different conclusion. Opinions on bankruptcy or other insolvency matters, moreover, are understood to have additional inherent limitations that do not exist in other legal opinions. These limitations arise, for instance, from the expansive equitable powers that courts can exercise in bankruptcy or other insolvency proceedings. *See, e.g., United States v. Energy Resources Co.*, 495 U.S. 545, 549 (1990) (recognizing “the traditional understanding that bankruptcy courts, as courts of equity, have broad authority to modify creditor-debtor relationships”); *Pepper v. Litton*, 308 U.S. 295, 304-05 (1939) (highlighting that equitable powers have been employed in bankruptcy “to the end that fraud will not prevail, that substance will not give way to form, that technical considerations will not prevent substantial justice from being done”); *SEC v. Great White Marine & Recreation, Inc.*, 428 F.3d 553, 556 (5th Cir. 2005) (confirming that a district court “has broad powers and wide discretion in equitable distributions,” including the authority to alter the priority of claims). These limitations may apply with greater force in the case of a municipal bankruptcy under Chapter 9 of the Bankruptcy Code than in a bankruptcy case under Chapter 7 or Chapter 11 because of the scarcity of reported decisions under Chapter 9, the relative infrequency of Chapter 9 cases, and the substantial deference that a court may accord to the need of a governmental entity to protect the public health, safety, and welfare. Especially because of the fundamental nature of the bankruptcy and insolvency processes, the risk of uncertain outcomes in actual cases cannot be eliminated even when an opinion letter is rendered. We express no view as to whether this opinion letter is suitable for your purposes.

This opinion letter speaks only as of its date. We have no obligation to update this opinion letter for any change in the law or the facts. This opinion letter may be relied upon solely by the addressee listed on the first page for use in connection with the transactions described in the first paragraph. No one else may rely upon this opinion letter or the opinions expressed herein without our prior written consent.

Very truly yours,