MARIPOSA COUNTY

RESOLUTION NO. 05-551

RESOLUTION APPROVING THE TRANSFER OF ALL RECEIPTS OF THE MARIPOSA COUNTY HEALTHCARE TRANSACTIONS AND USE TAX TO U.S. BANK NATUJOINAL ASSOCIATION, AS TRUSTEE, TO PROVIDE SECURITY TO THE OWNERS OF THE JOHN C. FREMONT HEALTHCARE DISTRICT SALES TAX REFUNDING REVENUE BONDS, SERIES 2005

RESOLVED, by the Board of Supervisors (the "Board") of Mariposa County (the "County"), as follows:

WHEREAS, the John C. Fremont Healthcare District (the "District") has heretofore issued (under its former name) its $5,840,000 John C. Fremont Hospital District Insured Health Facility Revenue Bonds, Series 1994 (the "1994 Bonds"), the principal amount of $4,925,000 of which is currently outstanding;

WHEREAS, the District has determined that, as a result of favorable financial market conditions and for other reasons, it is in the best interests of the District at this time to provide for the refunding of the 1994 Bonds;

WHEREAS, in furtherance thereof, the District has determined to issue its John C. Fremont Healthcare District Sales Tax Refunding Revenue Bonds, Series 2005 (the "Bonds"), pursuant to the provisions of section 53570 et seq. of the California Government Code; and

WHEREAS, 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 the Mariposa County Healthcare Transactions and Use Tax (the "Sales Tax"), a one-half percent sales tax approved by the qualified voters of the County on November 2, 2004, and will not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation, other than the Sales Tax;

WHEREAS, to provide security to the owners of the Bonds, the District desires to provide that the monthly receipt of the Sale Tax by the County is transferred directly to U.S. Bank National Association, the trustee for the Bonds, to be set aside for the payment of debt service on the Bonds; and

WHEREAS, the Board has determined to authorize the officers of the County to take all necessary action to accomplish the above-described transfer;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. The Board hereby approves the request of the District to have the monthly receipt of the Sale Tax by the County, less any amounts the County is entitled to retain or deduct for administrative or other processing expenses, fees and costs or assessments or charges by the State of California as allowed by prior agreements, be transferred directly to
U.S. Bank National Association, the trustee for the Bonds, to be set aside for the payment of debt service on the Bonds. The form of “District Request and Direction to Mariposa County Regarding Disposition of Sales Taxes” (the “Direction”), as presented to this meeting, is hereby approved. The County Auditor, or the designee thereof, is hereby authorized and directed, for and in the name of the County, to execute and deliver the Direction, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the Direction.

*******

I, the undersigned Clerk of the Board of Supervisors of Mariposa County, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board at a meeting thereof on the 15th day of Nov., 2005, by the following vote of the members thereof:

AYES: STETSON, BIBBY, TURPIN, PICKARD

NOES: NONE

ABSTAIN: NONE

ABSENT: FRITZ

[Signature]
Clerk of the Board of Supervisors
MARGIE WILLIAMS
COUNTY of MARIPOSA
P.O. Box 784, Mariposa, CA 95338 (209) 966-3222

BOB PICKARD, CHAIR
LEE STETSON, VICE CHAIR
LYLE TURPIN
JANET BIBBY
DIANNE FRITZ

DISTRICT V
DISTRICT I
DISTRICT II
DISTRICT III
DISTRICT IV

MARIPOSA COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

TO: TOM GUARINO, County Counsel
FROM: MARGIE WILLIAMS, Clerk of the Board

SUBJECT: JOHN C. FREMONT HEALTHCARE DISTRICT – SALES TAX REFUNDING REVENUE BONDS
Resolution No. 05-551

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA

ADOPTED THIS Order on November 15, 2005

ACTION AND VOTE:

Chairman Pickard advised that the following two off-agenda requests have been received. Tom Guarino, County Counsel, advised of a request he received on Monday from the John C. Fremont Healthcare District relative to their issuance of bonds that need to be secured by tax revenue, and he advised that Board action is required by December 1, 2005, to complete the process. (M)Stetson, (S)Turpin, the Board waived the rules requiring 72 hours agenda notice to place this item on the agenda to consider this request, finding that it was not received until after the agenda was prepared and that the deadline for action is December 1, 2005, and the Board is not scheduled to meet again until December 6, 2005/Ayes: Stetson, Turpin, Bibby, Pickard; Excused: Fritz. The matter was continued to later in the day with the attention agenda.

Tom Guarino, County Counsel, initiated discussion relative to the request he received from the John C. Fremont Healthcare District concerning the refinancing of their bonds. He recommended changes to the formal resolution that was presented by the Hospital; and he advised that upon approval, he would finalize the resolution with the changes. (M)Stetson, (S)Bibby, Res. 05-551 was adopted with the changes as recommended. Supervisor Bibby requested that the Board members be provided with a copy of the finalized resolution. Ayes: Stetson, Turpin, Bibby, Pickard; Excused: Fritz.

cc: Board Members, w/Resolution File
Auditor
November 9, 2005

Via Fax and U.S. Mail

Thomas P. Guarino, Esq.
County Counsel
Mariposa County
P.O. Box 189
Mariposa, CA 95338

Re: County Sales Tax Ordinance for the Benefit of the
John C. Fremont healthcare District

Dear Mr. Guarino:

As we discussed yesterday, the John C. Fremont Healthcare District (hereinafter "District") is in the process of refinancing its bonds in order to reduce the interest rate and obtain more beneficial terms than the existing financing. Currently the financing bonds were secured by the property, both real and personal, of the District. With the passage of the county sales tax ordinance to the benefit of the District by the voters last year, the District is now in a position to refinance those bonds and transfer the security from the property of the District to the sales tax proceeds. As part of the refinance, the bond trustee wants the sales tax proceeds that the county is currently paying to the District pursuant to the February 15, 2005 Measure G Sales Tax Proceeds Agreement ("Proceeds Agreement") between the District and the County payable directly to an account at US Bank opened by the bond trustee. As a result, a request is being made by the bond trustee and the District that the County agree to this arrangement. The purpose of this letter is to provide the County with the District's opinion as to whether the County may redirect distribution of those sales tax proceeds.

Established law in California is that except for special sales and use taxes authorized by specific statutes, all monies received from county-imposed sales and use tax must be paid to either the general fund or in accordance with the county ordinance creating the sales tax in accordance with statutory authority. See Government Code section 50665.1 et seq., section 43401. I have been unable to find any statutory authority or otherwise that prohibits or in any way restricts transfer of
sales tax proceeds from the County to any third party. Thus, the distribution and use of the sales tax proceeds is thus subject to the language of the ordinance enacted by the County and passed by the voters in 2004.

Mariposa County Ordinance No. 10,007 ("Ordinance") does not contain any prohibition of the County distributing sales tax proceeds to any third party. The only implied exception would be the County paying third party vendors without the consent of the District. The only limitations in regards to the use and distribution of the tax proceeds in the Ordinance are contained in the John C. Fremont Health District Expenditure Plan that was attached to the Ordinance. That Ordinance expressly provides that the funds may be used for "repayment of debt" of the District. Since the District will be using the sales tax proceeds to repay its existing bond indebtedness, it is my opinion that use of the sales tax proceeds for this purpose would be in conformance with the expenditure plan in the Ordinance.

In order to implement and distribute the sales tax proceeds, the County and the District entered into a Proceeds Agreement whereby all of the sales tax proceeds would be paid by the County to the District pursuant to paragraph 1 of the said agreement. As consideration, the District agreed to pay an administrative fee levied by the County as well as indemnification of the County in regards to the contract and County liability associated therewith.

Since it is my opinion that the County has full authority to redirect payment of the sales tax proceeds to the bond trustee designated account as requested by the District, I would recommend that the District and the County execute an amendment to the proceeds agreement modifying paragraph 1 directing payment to the bond trustee in order to repay existing debt. If this is acceptable, please let me know and I will draft the amendment and forward it to you promptly. We will also need to have approval of the County and the District placed on each of their respective agendas at the next possible board meeting to obtain authorization to execute the addendum.

After you have reviewed this letter, please contact me with your comments.

Very truly yours,

DANIEL J. SCHROEDER
Attorney-at-Law

DJS:cln
cc: Elnora George
**NEUMILLER & BEARDSLEE**  
Post Office Box 20  
Stockton, CA 95201-3020  
Voice: (209) 948-8200  
Fax: (209) 948-4910  

November 9, 2005  

**FAX COVER SHEET**  

**PLEASE DELIVER AS SOON AS POSSIBLE TO:**  

<table>
<thead>
<tr>
<th>RECIPIENT</th>
<th>COMPANY</th>
<th>FAX NO.</th>
<th>PHONE No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Thomas Guarino, Esq.</td>
<td>Mariposa County</td>
<td>(209) 966-5147</td>
<td>(209) 966-3222</td>
</tr>
</tbody>
</table>

**FROM:**  
Daniel J. Schroeder  
**PHONE:** (209) 948-8200  

**FILE NUMBER #:** 46721-30347  

**Total number of pages including this page:** 3.  
If you do not receive all the pages, please call (209) 948-8200  

**REGARDING:** County Sales Tax Ordinance for the Benefit of the John C. Fremont Healthcare District  

**COMMENTS:** See attached letter.  

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**THIS TRANSMISSION IS INTENDED ONLY FOR THE PARTY TO WHOM IT IS ADDRESSED AND MAY CONTAIN PRIVILEGED AND CONFIDENTIAL INFORMATION.** If you are not the intended recipient, you are hereby notified that any use, dissemination or copying of this transmission is prohibited. If you have received this transmission in error, please notify us immediately by telephone and return this transmission and any copies to us by mail. Thank you.  

Sent By: c/in  
Time:___  

396295-1
November 9, 2005

Via Fax and U.S. Mail

Thomas P. Guarino, Esq.
County Counsel
Mariposa County
P.O. Box 189
Mariposa, CA 95338

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After you have reviewed this letter, please contact me with your comments.

Very truly yours,

DANIEL J. SCHROEDER
Attorney-at-Law

DJS:cln
cc:    Elnora George
$5,050,000
JOHN C. FREMONT HEALTHCARE DISTRICT
(Mariposa County, California)
Sales Tax Refunding Revenue Bonds, Series 2005

DISTRICT REQUEST AND DIRECTION TO MARIPOSA COUNTY
REGARDING DISPOSITION OF SALES TAXES

The undersigned hereby states and certifies:

(i) that she is the duly appointed, qualified and acting Administrator, CEO and CFO of the John C. Fremont Healthcare District, a local health care district of the State of California (the “District”), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the District;

(ii) that District has issued its $5,050,000 John C. Fremont Healthcare District Sales Tax Refunding Revenue Bonds, Series 2005 (the “Bonds”), pursuant to that certain Indenture of Trust, dated as of December 1, 2005 (the “Indenture”), by and between the District and U.S. Bank National Association, as trustee (the “Trustee”);

(iii) that the District’s obligation to pay the principal or sinking fund installments of, redemption premium, if any, and interest on the Bonds will be secured by a first and prior lien on the revenues derived by the District from the Mariposa County Healthcare Transactions and Use Tax (the “Sales Tax”), a one-half percent sales tax approved by the qualified voters of Mariposa County on November 2, 2004, and will not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation, other than the Sales Tax;

(iv) that in order to secure the payment of the principal or sinking fund installments of, redemption premium, if any, and interest on the Bonds the District is required, pursuant to Section 5.02(b) of the Indenture, to direct Mariposa County (the “County”) to remit all Sales Taxes, as received in each month, directly to the Trustee, rather than to the District;

(v) that, the District hereby requests and irrevocably directs the County to remit all Sales Taxes, as received in each month, less any amounts the County is entitled to retain or deduct for administrative or other processing expenses, fees and costs or assessments or charges by the State of California as allowed by prior agreements, to the Trustee, so long as the Bonds or any Parity Debt (as defined in the Indenture) are outstanding, as follows:

<table>
<thead>
<tr>
<th>If by Overnight Courier (signature of receipt required)</th>
<th>If by Bank Wire:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Andrew Fung</td>
<td>or</td>
</tr>
<tr>
<td>Assistant Vice President</td>
<td>BANK: U.S. BANK, N.A.</td>
</tr>
<tr>
<td>U.S. Bank National Association</td>
<td>ABA#: 091000022</td>
</tr>
<tr>
<td>One California Street, Suite 2550</td>
<td>FBO: U.S. Bank National Association</td>
</tr>
<tr>
<td>San Francisco, CA 94111</td>
<td>ACCT: 180121167365</td>
</tr>
<tr>
<td>(415) 273-4547</td>
<td>REF: John C Fremont 2005</td>
</tr>
<tr>
<td></td>
<td>ATTN: Deedee Hagen</td>
</tr>
</tbody>
</table>
(vi) that the transfer of moneys by the County as directed above shall impose no liability or obligations on the County; and

(vii) that the District has determined that the Sales Taxes constitute "special revenues" as defined in section 902(2) of the U.S. Bankruptcy Code.

Dated: December 1, 2005

JOHN C. FREMONT HEALTHCARE DISTRICT

By Elnora George
Chief Executive Officer

Pursuant to the approval and authorization of the Board of Supervisors of Mariposa County given by Resolution No. 95-55 adopted on Nov. 15, 2005, the Auditor of Mariposa County hereby acknowledges receipt of the request and direction of the John C. Fremont Healthcare District and agrees to deliver the proceeds of the Sales Tax collected by the County as described above.

MARIPOSA COUNTY AUDITOR

By Deborah Isaacs
Assistant Auditor

U.S. Bank National Association, as trustee, hereby acknowledges the request and direction of the District and the acceptance thereof by the Auditor of Mariposa County regarding the collection and disposition of the Sales Taxes.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By Andrew Fung
Vice President
$5,050,000
JOHN C. FREMONT HEALTHCARE DISTRICT
(Mariposa County, California)
Sales Tax Refunding Revenue Bonds, Series 2005

DISTRICT REQUEST AND DIRECTION TO MARIPOSA COUNTY REGARDING DISPOSITION OF SALES TAXES

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(ii) that District has issued its $5,050,000 John C. Fremont Healthcare District Sales Tax Refunding Revenue Bonds, Series 2005 (the "Bonds"), pursuant to that certain Indenture of Trust, dated as of December 1, 2005 (the "Indenture"), by and between the District and U.S. Bank National Association, as trustee (the "Trustee");

(iii) that the District’s obligation to pay the principal or sinking fund installments of, redemption premium, if any, and interest on the Bonds will be secured by a first and prior lien on the revenues derived by the District from the Mariposa County Healthcare Transactions and Use Tax (the "Sales Tax"), a one-half percent sales tax approved by the qualified voters of Mariposa County on November 2, 2004, and will not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation, other than the Sales Tax;

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Assistant Vice President  
U.S. Bank National Association  
One California Street, Suite 2550  
San Francisco, CA 94111  
(415) 273-4547 | or |
| BANK: U.S. BANK, N.A.  
ABA#: 091000022  
FBO: U.S. Bank National Association  
ACCT: 180121167365  
REF: John C Fremont 2005  
ATTN: Deedee Hagen |

(vi) that the transfer of moneys by the County as directed above shall impose no liability or obligations on the County; and
(vii) that the District has determined that the Sales Taxes constitute "special revenues" as defined in section 902(2) of the U.S. Bankruptcy Code.

Dated: December 1, 2005

JOHN C. FREMONT HEALTHCARE
DISTRICT

By ________________________
Elnora George
Chief Executive Officer

Pursuant to the approval and authorization of the Board of Supervisors of Mariposa County given by Resolution No. _____ adopted on ______________ 2005, the Auditor of Mariposa County hereby acknowledges receipt of the request and direction of the John C. Fremont Healthcare District and agrees to deliver the proceeds of the Sales Tax collected by the County as described above.

MARIPOSA COUNTY AUDITOR

By ________________________
Deborah Isaacs
Assistant Auditor

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U.S. BANK NATIONAL ASSOCIATION, as Trustee

By ________________________
Andrew Fung
Vice President