

RESOLUTION NO. 11-12-09B

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CORNING HEALTHCARE DISTRICT RELATING TO THE CERTIFICATES OF PARTICIPATION (MEDICAL OFFICE BUILDING PROJECT); APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY WHERE APPLICABLE OF A PROPERTY LEASE, A LEASE AGREEMENT, A TRUST AGREEMENT AND AN ASSIGNMENT AGREEMENT IN CONNECTION THEREWITH, AND AUTHORIZING CERTAIN OTHER RELATED ACTIONS

(MEDICAL OFFICE BUILDING PROJECT)

WHEREAS, the Corning Healthcare District (the “**District**”), a healthcare district duly organized and existing under and by virtue of the laws of the State of California (the “**State**”), proposes to enter into a financing program with the United States Department of Agriculture, acting through its agency the USDA Rural Development (“**USDA-RD**”), to finance a portion of the cost and expense of construction of a medical office building on land currently owned by the District (the “**Project**”), and in connection with the loan financing program, the District intends to cause the execution and delivery to USDA-RD of certificates of participation (the “**Certificates of Participation**”); and

WHEREAS, in support of the proposed Certificates of Participation, the District proposes to enter into a financing program with the Community Housing Improvement Program, Incorporated, a not-for-profit corporation duly organized and existing under and by virtue of the laws of the State of California (the “**Corporation**”); and

WHEREAS, to implement the foregoing, the District proposes to convey the real property on which the Project is to be constructed (the “**Site**”) to the Corporation by entering into

a Property Lease (the “**Property Lease**”), dated as of November 1, 2009, whereby the Corporation will lease the Site from the District for a nominal cash consideration; and

WHEREAS, to further implement the foregoing, the Corporation and the District propose to execute and enter into a Lease Agreement (the “**Lease Agreement**”), dated as of November 1, 2009, whereby (a) the Corporation will agree to implement the Project and to lease the Site as improved by the Project (together, the “**Leased Facilities**”) to the District, (b) the District will lease the Leased Facilities from the Corporation by the payment of a prescribed schedule of Lease Payments, and (c) the District will implement the Project as agent for the Corporation; and

WHEREAS, to further implement the foregoing, the Corporation and the District Treasurer, as Trustee (the “**Trustee**”), propose to execute and enter into an Assignment Agreement (the “**Assignment Agreement**”), dated as of November 1, 2009, whereby the Corporation will assign to the Trustee all of its rights and entitlements under the Lease Agreement, including but not limited to the entitlement to receive the Lease Payments from the District; and

WHEREAS, to further implement the foregoing, the District, as agent for the Corporation for implementation of the Project, will finance a portion of the costs of the Project from the proceeds of the Certificates of Participation, to be executed and delivered by the Trustee under and pursuant to a Trust Agreement, dated as of November 1, 2009 (the “**Trust Agreement**”), by and among the Trustee, the Corporation and the District; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection

with the consummation of such financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the Project in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CORNING HEALTHCARE DISTRICT AS FOLLOWS:

Section 1. This Board of Directors of the District (this “Board”) hereby specifically finds and declares that the actions authorized hereby constitute and are with respect to authorized public purposes of the District and that the statements, findings and determinations of the District set forth above and in the preambles of the documents approved herein are true and correct.

Section 2. The form of the Property Lease, presented to this meeting and on file with the District Secretary of the District (the “**District Secretary**”), is hereby approved, and the President of this Board (the “**President**”) or, in the absence of the President, the designee of the President (all references hereafter in this Resolution to the President shall be deemed to include any designee of the President) is hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver to the Corporation the Property Lease in substantially said form, with such changes therein as the President may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The District Secretary is hereby authorized and directed to attest the execution of the Property Lease by the President.

Section 3. The form of the Lease Agreement, presented to this meeting and on file with the District Secretary, is hereby approved, and the President is hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver to the Corporation the Lease Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the schedule of the principal and interest components of the Lease Payments contained in the Lease Agreement and to be attached as Exhibit B to the Lease Agreement shall be determined by the District Treasurer prior to execution and delivery thereof. The District Secretary is hereby authorized and directed to attest the execution of the Lease Agreement by the President.

Section 4. The form of the Trust Agreement, presented to this meeting and on file with the District Secretary, is hereby approved, and the President is hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver to the Trustee and the Corporation the Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The District Secretary is hereby authorized and directed to attest the execution of the Trust Agreement by the President.

Furthermore, the District Treasurer or, in the absence of the District Treasurer, the District Treasurer's designee (the term "Trustee," as used hereafter in this Resolution, shall be deemed to include any designee of the District Treasurer), as trustee, is hereby authorized and directed to execute and deliver to the District and the Corporation the Trust Agreement in substantially said form, with such changes therein as the Trustee, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. While the District is not a party to the Assignment Agreement, the form of the Assignment Agreement, presented to this meeting and on file with the District Secretary, is hereby approved, and upon execution and delivery thereof by the respective parties thereto, the District will honor the Assignment Agreement and submit the Lease Payments to the Trustee in accordance with the Assignment Agreement and the Trust Agreement. Furthermore, the District Treasurer, acting as Trustee, is hereby authorized and directed to execute and deliver to the Corporation the Assignment Agreement in substantially said form, with such changes therein as the Trustee may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The District and the Trustee shall participate with the Corporation in such financing whereby the District will (a) undertake the implementation of the Project as the agent of the Corporation, utilizing the proceeds of sale of the Certificates of Participation for such purpose, and (b) lease the Leased Facilities from the Corporation by payment of the scheduled Lease Payments.

Section 7. Sale of the Certificates of Participation to the USDA-RD is hereby approved, and upon receipt of the formal offer of USDA-Rural Development, acting on behalf of the United States of America and USDA-RD, to purchase the Certificates of Participation, the officer of the District to whom such offer is addressed is hereby authorized and directed to communicate acceptance of said offer in writing.

Section 8. This Board hereby finds, determines and declares that the District has not and does not expect to issue more than \$5.0 million aggregate principal amount of tax-exempt securities during calendar year 2009. In furtherance of establishing that the Certificates

of Participation are exempt from the arbitrage rebate provisions of the United States Internal Revenue Code, this Council hereby covenants that it will not issue in excess of \$5.0 million aggregate principal amount of tax-exempt securities during calendar year 2009.

Section 9. The officers of the District are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or desirable in order to consummate the sale, execution and delivery of the Certificates of Participation to USDA-RD, including the completion and submission to USDA-RD of documents customarily required by USDA-RD in connection with the subject loan financing, and otherwise to carry out, give effect to and comply with the terms and intent of this resolution, the Certificates of Participation, the Property Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement. All such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Without limiting the generality of the foregoing, this Board expressly acknowledges that the District is entering into a loan transaction with Heritage Bank of Commerce (the “**Bank**”) to finance an additional portion of the cost of the Project. In connection with the Bank’s loan and the loan from USDA-RD evidenced by the Certificates of Participation, the officer of the District are further authorized and directed to execute any and all additional documents as may be determined to be necessary and appropriate, as determined by general legal counsel to the District, to provide for (a) the implementation of both loans in a coordinated manner and (b) the rights and obligations of the District, the Bank and USDA-RD in the event of a payment default by the District and the need of either or both of the Bank and USDA-RD to pursue available remedies in response to any such payment default.

Section 10. This Resolution shall take effect immediately upon its passage.

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I HEREBY CERTIFY that the foregoing Resolution was duly introduced, passed and adopted at a regular meeting of the Board of Directors of the Corning Healthcare District, held on _____, 2009, by the following vote:

AYES: Board Members _____

NOES: Board Members _____

ABSENT: Board Members _____

ABSTAINING: Board Members _____

APPROVED:

By _____
President

ATTEST:
District Secretary

By _____

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