Carson City
Agenda Report

Date Submitted: 8/07/12 **Agenda Date Requested:** 8/16/12
Time Requested: 10 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: For Possible Action: Action to adopt a Resolution authorizing the issuance of the Carson City, Nevada, Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012, in the maximum principal amount of $56,400,000, to refinance certain obligations of Carson Tahoe Regional Healthcare, a Nevada Nonprofit Corporation; making determinations as to the sufficiency of revenues and as to other matters related to such project and such bonds; delegating to City officials the authority to determine certain final terms of the bonds; authorizing the execution by the City of a loan agreement, an indenture of trust, a bond purchase agreement, an escrow agreement, the bonds, and closing documents in connection therewith; and ratifying all consistent actions heretofore taken toward the issuance and sale of the bonds.

Staff Summary: Authorizes a resolution making certain findings and determinations relating to, approving the final terms of, and authorizing the issuance and deliver of, hospital revenue refunding bonds for the benefit of Carson Tahoe Regional Healthcare, and authorizing the execution and deliver of various agreements in connection therewith.

Type of Action Requested: (check one)

(xxx) Resolution (____) Ordinance
(____) Formal Action/Motion (____) Other (Specify)

Does this action require a Business Impact Statement: ( ) Yes (xx) No

Recommended Board Action: I move to adopt Resolution #_____, a Resolution authorizing the issuance of the Carson City, Nevada, Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012, in the maximum principal amount of $56,400,000, to refinance certain obligations of Carson Tahoe Regional Healthcare, a Nevada Nonprofit Corporation; making determinations as to the sufficiency of revenues and as to other matters related to such project and such bonds; delegating to City officials the authority to determine certain final terms of the bonds; authorizing the execution by the City of a loan agreement, an indenture of trust, a bond purchase agreement, an escrow agreement, the bonds, and closing documents in connection therewith; and ratifying all consistent actions heretofore taken toward the issuance and sale of the bonds.

Explanation for Recommended Board Action: Carson City is authorized by the County Economic Development Revenue Bond Law now constituting NRS Sections 244A.669 to 244A.763, inclusive (the "Act") to finance or acquire, whether by construction, purchase, gift, devise, lease or sublease, to improve and equip, and to sell or otherwise dispose of one or more projects or parts thereof located withing the State, and which may be located within or partly within and partly outside the City so that health and care facilities may be acquired, developed, expanded and maintained by enterprises who will provide health care of high quality at reasonable rates for the benefit of the residents of the City and of the State. The City is further

authorized by the Act to issue its revenue bonds for the purpose of financing or defraying all or any portion of the cost of acquiring, improving, and equipping any land, building or other improvement and all real and personal properties necessary in connection therewith, whether or not in existence, suitable for a health and care facility.

Carson Tahoe Regional Healthcare Corporation has proposed that the City issue its "Carson City, Nevada Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012," under the Act in an aggregate principal amount not to exceed $56,400,000 (the "2012 Bonds"), to finance: (i) the cost of defeasing and paying the outstanding "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002," maturing on and after September 1, 2013 in the aggregate principal amount of $20,180,000 (the "2002 Bonds"); (ii) the cost of defeasing and paying the outstanding "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A," maturing on and after September 1, 2013 in the aggregate principal amount of $39,035,000 (the "2003A Bonds," and together with the 2002 Bonds, the "Refunded Bonds"); and (iii) paying the costs of issuing the 2012 Bonds (collectively, the "Project");

The Bonds shall be special, limited obligations of the City and shall be payable solely from the revenues to be received by the City pursuant to a loan agreement, lease agreement or other agreement to be entered into between the City and Carson Tahoe Regional Healthcare Corporation. The Bonds shall never constitute a debt or indebtedness of the City or a charge against its general credit or taxing power.

Applicable Statute, Code, Policy, Rule or Regulation: NRS Chapter 244.669 to 244A.763, inclusive.

Fiscal Impact: None to the City.

Explanation of Impact: The Bonds shall be special, limited obligations of the City and shall be payable solely from the revenues to be received by the City pursuant to a loan agreement, lease agreement or other agreement to be entered into between the City and Carson Tahoe Regional Healthcare Corporation. The Bonds shall never constitute a debt or indebtedness of the City or a charge against its general credit or taxing power.

Funding Source: N/A

Alternatives: Elect not to refund the bonds

Supporting Material: Bond Resolution, Indenture of Trust, Loan Agreement, Supplemental Indenture Number 6, Bond Purchase Agreement, Preliminary Official Statement.

Prepared By: Nick Providenti

Reviewed By: _____ Date: 8/3/12
(Department Head)

: _____ Date: 8/7/12
(City Manager)

: _____ Date: 8/7/12
(District Attorney)

: _____ Date: 8/7/12
(Finance Director)

Board Action Taken:

Motion: _____ 1) _____ Aye/Nay

2) _____ _____

_____

_____

_____

_____

(Vote Recorded By)

Summary - a resolution making certain findings and determinations relating to, approving the final terms of, and authorizing the issuance and delivery of, hospital revenue refunding bonds for the benefit of Carson Tahoe Regional Healthcare, and authorizing the execution and delivery of various agreements in connection therewith

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE ISSUANCE OF THE CARSON CITY, NEVADA, HOSPITAL REVENUE REFUNDING BONDS (CARSON TAHOE REGIONAL HEALTHCARE PROJECT), SERIES 2012, IN THE MAXIMUM PRINCIPAL AMOUNT OF $56,400,000, TO REFINANCE CERTAIN OBLIGATIONS OF CARSON TAHOE REGIONAL HEALTHCARE, A NEVADA NONPROFIT CORPORATION; MAKING DETERMINATIONS AS TO THE SUFFICIENCY OF REVENUES AND AS TO OTHER MATTERS RELATED TO SUCH PROJECT AND SUCH BONDS; DELEGATING TO CITY OFFICIALS THE AUTHORITY TO DETERMINE CERTAIN FINAL TERMS OF THE BONDS; AUTHORIZING THE EXECUTION BY THE CITY OF A LOAN AGREEMENT, AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, AN ESCROW AGREEMENT, THE BONDS, AND CLOSING DOCUMENTS IN CONNECTION THEREWITH; AND RATIFYING ALL CONSISTENT ACTIONS HERETOFORE TAKEN TOWARD THE ISSUANCE AND SALE OF THE BONDS.

WHEREAS, Carson City, in the State of Nevada (the "City" and "State," respectively), is organized and operating pursuant to the provisions of Chapter 276, Statutes of Nevada 1971 (the "Charter"), and the general laws of the State; and

WHEREAS, the City is authorized by the County Economic Development Revenue Bond Law now constituting NRS Sections 244A.669 to 244A.763, inclusive (the "Act"), to finance or acquire, whether by construction, purchase, gift, devise, lease or sublease, to improve and equip, and to sell or otherwise dispose of one or more projects or parts thereof located within the State, and which may be located within or partly within and partly outside the City so that health and care facilities may be acquired, developed, expanded and maintained by enterprises who will provide health care of high quality at reasonable rates for the benefit of the residents of the City and of the State; and

WHEREAS, the City is further authorized by the Act to issue its revenue bonds for the purpose of financing or defraying all or any portion of the cost of acquiring, improving, and equipping any land, building or other improvement and all real and personal properties necessary in connection therewith, whether or not in existence, suitable for a health and care facility; and

WHEREAS, the Act provides that any bonds issued under the Act may be refunded by the City by the issuance of its refunding bonds in such amount as the Board of Supervisors of the City (the "Board") may deem necessary to refund the principal of the bonds to

be so refunded, any unpaid interest thereon and any premiums and incidental expenses necessary to be paid in connection therewith; and

WHEREAS, the City is further authorized under the Act to take such actions as are necessary or useful in order to accomplish and otherwise carry out the provisions of the Act; and

WHEREAS, Carson Tahoe Regional Healthcare, a nonprofit corporation organized and existing under the laws of the State of Nevada and formerly known as Carson-Tahoe Hospital (the "Corporation"), is a corporation that is recognized as exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Corporation has proposed that the City issue its "Carson City, Nevada Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012," under the Act in an aggregate principal amount not to exceed $56,400,000 (the "2012 Bonds"), to finance: (i) the cost of defeasing and paying the outstanding "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002," maturing on and after September 1, 2013 in the aggregate principal amount of $20,180,000 (the "2002 Bonds"); (ii) the cost of defeasing and paying the outstanding "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A," maturing on and after September 1, 2013 in the aggregate principal amount of $39,035,000 (the "2003A Bonds," and together with the 2002 Bonds, the "Refunded Bonds"); and (iii) paying the costs of issuing the 2012 Bonds (collectively, the "Project"); and

WHEREAS, the Refunded Bonds were issued to finance a portion of the cost of constructing, acquiring, improving and equipping health and care facilities and supplemental facilities for a health and care facility of the Corporation located at 1600 Medical Parkway, Carson City, Nevada (the "Financed Facilities"); and

WHEREAS, on the date hereof, after notice published 14 days prior thereto, the Board met in regular session and conducted a public hearing pursuant to NRS 244A.707 and Section 147(f) of the Code; and

WHEREAS, the Board has, on or before the date hereof, received the following items of evidence required to be received by it pursuant to NRS 244A.711 consisting of:

(i) Evidence that the total amount of money necessary to be provided by the City for the costs of the Project from the proceeds of the 2012 Bonds does not exceed $56,400,000;

(ii) Audited financial statements for the most recently completed five fiscal years of the Corporation;

(iii) Evidence that the Corporation has sufficient financial resources to place the Financed Facilities in operation and to continue the operation of the Financed Facilities, and to meet the obligations of the Corporation under the financing agreements to fully repay when due the principal of, premium, if any, and interest on the 2012 Bonds being issued for the Project; and

(iv) Evidence that sufficient safeguards exist to ensure that all money provided by the City will be expended solely for the purposes of the Project.

WHEREAS, the provisions of Chapter 350 of NRS (the "General Bond Act") apply to bonds issued pursuant to the Act, including the 2012 Bonds; and

WHEREAS, the City will issue the 2012 Bonds in order to provide funds to finance the Project; and

WHEREAS, there has been presented to the Board at this meeting: (1) the proposed form of a Loan Agreement relating to the 2012 Bonds (the "Agreement"), between the City and the Corporation; (2) the proposed form of an Indenture of Trust relating to the 2012 Bonds (the "Indenture"), between the City and U.S. Bank National Association, as bond trustee (the "Bond Trustee"); (3) the proposed form of the Bond Purchase Agreement with respect to the 2012 Bonds (the "Bond Purchase Agreement"), among the City, the Corporation, and B.C. Ziegler & Company (the "Underwriter"); (4) the proposed form of the Escrow Agreement (the "Escrow Agreement"), among the City, the Corporation and the Bond Trustee, in its capacity as escrow agent; (5) the proposed form of Supplemental Indenture Number 6, authorizing the Corporation's "Obligation" to be delivered to the Bond Trustee; and (6) the proposed form of the Preliminary Official Statement to be used by the Underwriter in connection with its offering of the 2012 Bonds to the public (the "Preliminary Official Statement").

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA:

Section 1. All action (not inconsistent with the provisions of this resolution) heretofore taken by the Board and the officers of the City directed toward the Project and the issuance and sale of the 2012 Bonds therefor be, and the same is hereby, ratified, approved and confirmed.

Section 2. The Board has held a public hearing on the date hereof pursuant to NRS 244A.707 and Section 147(f) of the Code at the Carson City Community Center, Sierra Room, 851 E. William Street, Carson City, Nevada. An affidavit of publication of notice of the hearing and minutes of the hearing are attached to the Clerk's certificate of this resolution as Exhibit B. The following determinations and findings are hereby made in accordance with NRS 244A.711:

(a) Based on the information provided to the Board by the Corporation, the total amount of money necessary to be provided for the financing of the Project by the issuance of tax-exempt indebtedness by the City in the form of the 2012 Bonds shall not exceed $56,400,000. A schedule of the estimated costs of the Project has been provided by the Corporation to the City.

(b) A five year operating history has been submitted by the Corporation.

(c) The Corporation will have sufficient financial resources to place the Financed Facilities in operation and to continue the operation of the Financed

Facilities, and to meet the obligations of the Corporation under the financing agreements to fully repay when due the principal of, premium, if any, and interest on the 2012 Bonds.

(d) The Indenture provides sufficient safeguards to ensure that all money provided by the City (i.e., the proceeds of the 2012 Bonds) will be expended solely for the purposes of the Project.

The Board hereby approves the 2012 Bonds and the Project. The Board hereby determines that it desires the City to proceed with the issuance of the 2012 Bonds and the financing of the Project.

Section 3. The City shall finance the Project by making available to the Corporation the proceeds of the 2012 Bonds in the principal amount of not to exceed $56,400,000 in accordance with the provisions of the Agreement and the Indenture.

Section 4. To defray the cost of financing the Project, the 2012 Bonds are hereby authorized to be issued in the aggregate principal amount of not to exceed $56,400,000, subject to the limitations of Section 3 hereof, and shall be dated as of the date of initial delivery thereof. The Board hereby delegates, pursuant to NRS 350.165 of the General Bond Act, to each of the City Manager and the Finance Director of the City the authority to sign the Bond Purchase Agreement. The 2012 Bonds shall mature on September 1 of each year, bear interest from their dated date to maturity, and be sold, as fixed and determined pursuant to the Bond Purchase Agreement, subject to the following requirements: (i) the aggregate principal amount of the 2012 Bonds shall not exceed $56,400,000; (ii) the net interest cost of the 2012 Bonds shall not exceed 5.50%; (iii) the purchase price of the 2012 Bonds shall not be less than 97.00%, inclusive of both underwriter's discount and any original issue discount; (iii) the first date on which the 2012 Bonds may be called for optional redemption prior to their maturity date, if at all, shall not be later than September 1, 2033; (iv) the price at which any 2012 Bonds may be called for optional redemption prior to maturity shall not exceed 102%; (v) the final maturity of the 2012 Bonds shall not be later than September 1, 2033; and (vi) the 2012 Bonds shall mature serially (or in the case of term bonds be subject to sinking fund redemption) commencing no later than September 1, 2013 and shall mature in principal amounts (and/or be subject to such mandatory redemption in principal amounts) not exceeding $4,300,000 in any one year. Interest on the 2012 Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months, payable semiannually on each September 1 and March 1, commencing on March 1, 2013.

Section 5. The 2012 Bonds shall be payable, shall be subject to redemption prior to maturity and shall be in substantially the form provided in the Indenture. Pursuant to the Bond Purchase Agreement, the 2012 Bonds shall be sold to the Underwriter at a negotiated sale at the purchase price set forth in the Bond Purchase Agreement. The 2012 Bonds shall be initially issued subject to a book entry system of ownership and transfer, as provided in Section 2.11 of the Indenture.

Section 6. The following determinations and findings are hereby made in accordance with the Act:

(a) The reasonably anticipated range of amounts necessary in each year to pay the principal of and the interest on the 2012 Bonds (assuming a net interest cost on the 2012 Bonds of not to exceed 5.50%) is between $1,800,000 and $5,000,000 per year.

(b) No reserve fund has been established nor is proposed to be established for the retirement of the 2012 Bonds or the maintenance of the Financed Facilities, and accordingly it shall not be necessary to pay amounts into any such reserve fund.

(c) Under the terms of the Agreement and the Corporation's Master Trust Indenture, the Corporation shall maintain the Financed Facilities and carry all proper insurance with respect thereto.

(d) The amounts payable under the Agreement are sufficient to pay, in addition to all other requirements of the Agreement and this resolution, the principal of and interest due on the 2012 Bonds.

Section 7. The forms, terms and provisions of the Agreement, the Bond Purchase Agreement, the Escrow Agreement and the Indenture be, and they hereby are, approved and the City shall enter into the Agreement, the Bond Purchase Agreement, the Escrow Agreement and the Indenture, in substantially the forms of such documents presented to the Board at this meeting, with such changes therein as are consistent with the facts and are not inconsistent herewith; and the City Manager and the Finance Director of the City are each hereby authorized to execute and deliver the Bond Purchase Agreement, and the Mayor is hereby authorized to execute and deliver the Agreement, the Escrow Agreement and the Indenture, and the City Clerk is hereby authorized to affix the City seal to and to attest and deliver the Agreement, the Escrow Agreement and the Indenture.

Section 8. The form, terms and provisions of the 2012 Bonds, in substantially the form contained in the Indenture, be, and the same hereby are, approved, with such changes therein as are consistent with the facts and are not inconsistent herewith. The 2012 Bonds shall be executed in the name of the City, and the Mayor and City Treasurer are hereby authorized to execute the 2012 Bonds with their manual or facsimile signatures, the City Clerk is hereby authorized to attest the 2012 Bonds with his manual or facsimile signature, and a manual impression or a facsimile of an impression of the seal of the City is hereby authorized to be affixed to the 2012 Bonds.

Section 9. The use of the Preliminary Official Statement by the Underwriter in connection with the offering of the Bonds to the public is hereby approved.

Section 10. U.S. Bank National Association is appointed as trustee under the Indenture, thereby also serving as registrar and paying agent for the 2012 Bonds under the terms of the Indenture.

Section 11. The officers of the City shall take all action necessary or reasonably required to effectuate the delivery of the 2012 Bonds and shall take all action necessary or desirable in conformity with the Act to effect the Project and for carrying out the

transactions contemplated by this resolution, the Agreement, the Bond Purchase Agreement, the Escrow Agreement and the Indenture. The officers of the City are authorized to execute and deliver all certificates on behalf of the City necessary or desirable to meet the requirements of the Bond Purchase Agreement for sale of the 2012 Bonds and to evidence the expectations as to the tax-exempt status of the 2012 Bonds.

Section 12. The 2012 Bonds will not be general obligations of the City nor shall the 2012 Bonds, including interest thereon, ever constitute the debt or indebtedness of the City within the meaning of any provision or limitation of the Constitution or statutes of the State of Nevada, nor shall anything contained in this resolution or in the 2012 Bonds, the Agreement, the Bond Purchase Agreement, the Escrow Agreement or the Indenture or any other instrument executed or delivered in connection with the 2012 Bonds impose any pecuniary liability upon the City or any charge upon its general credit or against its taxing powers.

Section 13. After the 2012 Bonds are issued, this resolution shall be and remain irrepealable until the 2012 Bonds and the interest thereon shall have been fully paid, cancelled and discharged.

Section 14. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

Section 15. All bylaws, orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order or resolution or part thereof.

Section 16. This resolution shall be in full force and effect forthwith after its adoption.

[The remainder of this page intentionally left blank.]

PASSED AND ADOPTED this August 16, 2012.

_____
Mayor

(SEAL)

Attest:

_____
Clerk

STATE OF NEVADA)
) SS.
CARSON CITY)

I, Alan Glover, the duly elected, qualified and acting City Clerk of Carson City (herein "City"), Nevada, do hereby certify:

1. The foregoing pages constitute a true, correct, complete, and compared copy of a resolution passed and adopted by the Board of Supervisors of the City (the "Board") at a meeting of the Board held on August 16, 2012; and the original resolution has been approved and authenticated by the signature of the Mayor and myself as City Clerk, and sealed with the seal of the City, and has been recorded in the minute book of the Board kept for that purpose in my office, which record has been duly signed by such officers and properly sealed.

2. The members of the Board voted on the resolution as follows:

Those Voting Aye:	Robert Crowell Karen Abowd Shelly Aldean John McKenna Molly Wait
Those Voting Nay:	_____ _____
Those Absent:	_____ _____

3. All members of the Board were given due and proper notice of the meeting held on August 16, 2012.

4. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice of meeting and an excerpt from the agenda for such meeting relating to the resolution, as posted at least 3 working days in advance of the meetings at the City's website and at the:

(i) Community Center
851 East William Street
Carson City, Nevada

(ii) Public Safety Complex
885 East Musser Street
Carson City, Nevada

(iii) City Hall
201 North Carson
Carson City, Nevada

(iv) Carson City Library
900 North Roop Street
Carson City, Nevada

is attached as Exhibit "A."

5. Prior to 9:00 a.m. at least 3 working days before such meeting, such notice was mailed to each person, if any, who has requested notice of the meeting of the Board in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

6. An affidavit of publication of notice of the public hearing required by NRS 244A.707 and Section 147(f) of the Internal Revenue Code of 1986, as amended, together with the related minutes from such public hearing, are attached as Exhibit "B."

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of Carson City, Nevada, this August 16, 2012.

(SEAL) City Clerk

Exhibit “A”
(Attach Copy of Notice of Meeting)

Exhibit “B”
(Attach Copy of Notice of Public Hearing)

CARSON CITY, NEVADA

TO

U.S. BANK NATIONAL ASSOCIATION
AS TRUSTEE

INDENTURE OF TRUST

DATED AS OF SEPTEMBER 1, 2012

CARSON CITY, NEVADA
HOSPITAL REVENUE REFUNDING BONDS
(CARSON TAHOE REGIONAL HEALTHCARE PROJECT)
SERIES 2012

TABLE OF CONTENTS

Page

This INDENTURE OF TRUST, dated as of September 1, 2012 (this "Indenture"), is by and between CARSON CITY, NEVADA (the "City"), a political subdivision and a public body politic and corporate duly created and existing under the laws and constitution of the State of Nevada, and U.S. BANK NATIONAL ASSOCIATION , having an office and place of business in Phoenix, Arizona, duly organized and existing under the laws of the United States of America, as Trustee (the "Trustee"), being authorized to accept and execute trusts of the character herein set out.

W I T N E S S E T H:

WHEREAS, the City is authorized by the County Economic Development Revenue Bond Law, now constituting Sections 244A.669 through 244A.763 of the Nevada Revised Statutes ("NRS"), as amended (the "Act"), to finance one or more projects or parts thereof within the City or partially within the City so that health and care facilities may be acquired, developed, expanded and maintained by private enterprises who will provide health care services of high quality at reasonable rates for the benefit of the residents of the City and the State; and

WHEREAS, the City is further authorized by the Act to issue its revenue bonds for the purpose of financing or defraying all or any portion of the cost of acquiring, improving, and equipping any land, building or other improvement and all real and personal properties necessary in connection therewith, whether or not in existence, suitable for a health and care facility; and

WHEREAS, the City has heretofore issued pursuant to the Act: (i) its "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002," originally issued in the aggregate principal amount of $45,185,000 and currently outstanding in the aggregate principal amount of $20,180,000 (the "2002 Bonds"); and (ii) its "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A," originally issued in the aggregate principal amount of $45,000,000 and currently outstanding in the aggregate principal amount of $39,035,000 (the "2003A Bonds"); and

WHEREAS, a portion of the net proceeds of the 2002 Bonds and the 2003A Bonds were used to finance the costs of a new hospital and related equipment and facilities for Carson Tahoe Regional Healthcare, f/k/a Carson-Tahoe Hospital, a Nevada non-profit corporation (the "Corporation"), all of which collectively constitute a health and care facility under the Act; and

WHEREAS, the City is further authorized by the Act to: (i) issue its revenue refunding bonds for the purpose of refunding any revenue bonds previously issued by it under the Act; and (ii) take such other actions as are necessary or useful in order to accomplish and otherwise carry out the provisions thereof; and

WHEREAS, the Corporation has requested that the City issue its "City of Carson City, Nevada, Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012, in an aggregate principal of $_____ (collectively, the "Bonds"), for the purposes: of (i) refunding all of the outstanding aggregate principal amount of the 2002 Bonds

and the 2003A Bonds; and (ii) paying the costs of issuing the Bonds (the "Refunding Project"); and

WHEREAS, in order to finance the cost of the Refunding Project, the City shall issue its Bonds pursuant to and secured by this Indenture and loan the proceeds thereof to the Corporation pursuant to a Loan Agreement of even date herewith; and

WHEREAS, pursuant to a Master Trust Indenture, dated as of March 1, 2002, between the Corporation and U.S. Bank National Association, as successor to Wells Fargo Bank Arizona, N.A., as master trustee (the "Master Trustee"), and a Supplemental Indenture Number 6, dated as of September 1, 2012, between the Corporation and the Master Trustee, the Corporation has issued to the Trustee a note designated as the "Series 2012 Obligation" as an Obligation (as defined under such Master Trust Indenture); and

WHEREAS, the form of the Bonds, the Trustee's authentication certificate and the assignment are to be substantially in the following forms, with such necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture or appropriate to conform to the rules and requirements of any governmental authority or any usage with respect thereto:

(FORM OF BOND)

CARSON CITY, NEVADA

HOSPITAL REVENUE REFUNDING BONDS

(CARSON TAHOE REGIONAL HEALTHCARE PROJECT)

SERIES 2012

No.___ $_____

INTEREST RATE	MATURITY DATE	DATED	CUSIP
	September 1, 20__	September __, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

CARSON CITY, NEVADA, a public body politic and corporate duly organized and existing under the laws of the State of Nevada (the "City"), for value received, hereby promises to pay, solely from the sources hereinafter described, to the order of the registered owner named above, or registered assigns, on the maturity date specified above, the principal amount specified above in lawful money of the United States of America (unless this Bond shall have been called for prior redemption, in which case on such redemption date), on the presentation and surrender hereof at the corporate trust office of U.S. Bank National Association, Phoenix, Arizona, as Trustee, or at the corporate trust office of its successor in trust (the "Trustee"), under an Indenture of Trust dated as of September 1, 2012 (the "Indenture"), by and between the City and the Trustee, and to pay from such sources to the registered owner hereof, determined at the close of business on the Regular Record Date (as defined in the Indenture), interest on said sum in like coin or currency at the interest rate per annum specified above payable semiannually on March 1 and September 1 of each year (each, an "Interest Payment Date"), commencing March 1, 2013, until payment of the principal hereof has been made or provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or provided for, or if no interest has been paid, from the date of this Bond. Any such interest not timely paid or duly provided for shall cease to be payable to the person who is the Registered Owner hereof at the close of business on the Regular Record Date and shall be payable to the person who is the Registered Owner hereof at the close of business on a Special Record Date (as defined in the Indenture) for the payment of any defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever monies become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds of the series of which this is one not less than ten days prior thereto. Payment of interest shall be payable by check or draft or, at the written request of any registered owner of at least $1,000,000 in principal amount of Bonds, by wire transfer, federal funds check or other immediately available funds to such account or accounts as shall be designated by the registered owner. Unless transferred otherwise, such interest shall be mailed

by the Trustee to the registered owner at his address as it last appears on the registration books kept for that purpose at the office of the Trustee.

This Bond is one of a duly authorized series of bonds of the City (the "Bonds") in the aggregate principal amount of $_____ issued under and equally and ratably secured by the Indenture. The Bonds have been issued under the County Economic Development Revenue Bond Law, now constituting Sections 244A.669 through 244A.763 of the Nevada Revised Statutes, for the purposes of: (i) refunding all of the outstanding aggregate principal amount of its "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002," and its "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A;" and (ii) paying the cost of issuing the Bonds.

This Bond is a special, limited obligation of the City payable solely from and secured by a pledge of its rights (except for certain reserved rights relating to fees and indemnification) under and pursuant to a Loan Agreement dated as of September 1, 2012 (the "Agreement"), between the City and the Corporation. To provide for its obligations under the Agreement, the Corporation has issued its "Series 2012 Obligation" in the principal amount of $_____ (the "Corporation Note") pursuant to a Master Trust Indenture, dated as of March 1, 2002, among the Corporation, other Members of the Obligated Group (as defined in such Master Trust Indenture), if any, and U.S. Bank National Association, Phoenix, Arizona, as successor to Wells Fargo Bank Arizona, N.A., as master trustee (the "Master Trustee"), and a Supplemental Indenture Number 6, dated as of September 1, 2012, among the Corporation, other Members of the Obligated Group, if any, and the Master Trustee (collectively, the "Master Indenture"). The Bonds are also secured by a pledge of the Funds (other than the Cost of Issuance Fund and the Rebate Fund) and Indenture Revenues (both as defined in the Indenture).

This Bond is one of a series of Related Bonds as that term is defined in the Master Indenture. As provided in the Master Indenture, Related Bonds may be issued from time to time pursuant to a Related Bond Indenture (as defined in the Master Indenture), in consideration, in whole or in part, of the execution, authentication and delivery of an Obligation or Obligations (as defined in the Master Indenture) by the Corporation acting on behalf of itself and the other Members of the Obligated Group, if any, under the Master Indenture. In addition, Obligations authorized pursuant to other supplemental indentures may be issued and secured in the manner and subject to the terms and conditions set forth in the Master Indenture. The aggregate principal amount of Obligations which may be issued under the Master Indenture is not limited except as provided therein. Reference is hereby made to the Master Indenture and all indentures supplemental thereto, to the Agreement and to the Indenture for a detailed description of the revenues pledged, the nature and extent of the security, the rights, duties, immunities and obligations of the City, the Trustee, the Master Trustee and the registered owners of the Bonds and the terms and conditions upon which the Bonds are, and are to be, secured.

The Bonds are not callable for optional redemption prior to September 1, 20__, except upon certain events of damage, destruction or condemnation of the Property, Plant and Equipment (as defined in the Master Indenture) of the Corporation to the extent that the related net proceeds of insurance or condemnation award exceeds $3,000,000. In the case of optional redemption upon damage, destruction or condemnation of such Property, Plant and Equipment, the Bonds are subject to optional redemption by the City upon the direction of the Corporation in

whole at any time or in part on any Interest Payment Date, in such maturities as the Corporation may direct, or absent such direction, in inverse order of maturities and by lot within a maturity in each case at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

The Bonds maturing on or after September 1, 20__, are subject to redemption by the City upon the direction of the Corporation on and after September 1, 20__, in whole or in part at any time in such maturities as the Corporation may direct or, in the absence of such direction, in inverse order of maturity and by lot within a maturity at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date.

The Bonds maturing on September 1, 20__ and 20__, are also subject to mandatory redemption by lot in such manner as the Trustee may determine pursuant to the terms of the sinking fund provided in the Indenture at 100% of the principal amount thereof and accrued interest to the redemption date, on the dates and in the principal amounts provided in the Indenture.

Upon any partial prior redemption of this Bond, any Depository (as defined in the Indenture) owning this Bond, in its discretion, may request the Trustee to authenticate a new Bond or shall make an appropriate notation on this Bond indicating the date and amount of prepayment, except in the case of final maturity, in which case this Bond must be presented to the Trustee prior to payment.

Notice of redemption shall be given by mailing a copy of the redemption notice at least twenty-five and not more than sixty days prior to the redemption date to the Registered Owner of the Bond to be redeemed in whole or in part at the address last showing on the registration books. Failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Bonds. All Bonds called for redemption will cease to bear interest from and after the specified redemption date, provided funds for their payment are on deposit at the place of payment at the time.

The Bonds are issuable as fully registered Bonds in the denominations of $5,000 and any integral multiple thereof. Bonds upon surrender thereof at the corporate trust office of the Trustee may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of other authorized denominations of the same maturity in the manner, subject to the conditions and on payment of the charges provided in the Indenture.

Except for the fifteen days next preceding the mailing of notice of redemption of the Bonds (and, if this Bond or a portion thereof is called, the period following such notice) this Bond is fully transferable by the Registered Owner hereof in person or by his duly authorized attorney on the registration books kept at the corporate trust office of the Trustee on surrender of this Bond together with a duly executed written instrument of transfer satisfactory to the Trustee. Upon such transfer a new fully registered Bond or Bonds of authorized amount will be issued to the transferee in exchange hereof, all subject to the terms and conditions and to the payment of the charges set forth in the Indenture.

The City and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether or not this Bond shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the City nor the Trustee shall be affected by any notice to the contrary.

To the extent permitted by, and as provided in, the Indenture, modifications or amendments of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the City and of the registered owners of the Bonds may be made with the consent of the City and, in certain instances, with the consent of the registered owners of not less than a majority in aggregate principal amount of the Bonds then outstanding; provided, however, that no such modification shall be made of the principal of, premium, if any, or interest on any of the Bonds, which are unconditional unless consented to by all registered owners adversely affected thereby. Any such consent by the registered owner of this Bond shall be conclusive and binding upon such registered owner and upon all future registered owners of this Bond and of any Bond issued upon the transfer or exchange of this Bond whether or not notation of such consent is made upon this Bond. The Master Indenture and any indenture supplemental thereto may also be, in the circumstances provided therein, modified or amended.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture, the Master Indenture or the Agreement or to institute action to enforce the pledge, assignment or covenants made therein or to take any action with respect to an event of default under the Indenture, the Master Indenture or the Agreement or to institute, appear in or defend any suit, action or other proceeding at law or in equity with respect thereto, except as provided in the Indenture and the Master Indenture. In case an event of default under the Indenture shall occur, the principal of all the Bonds at any such time outstanding under the Indenture may be declared or may become due and payable, upon the conditions and in the manner and with the effect provided in the Indenture and the Master Indenture. The Indenture provides that such declaration may in certain events be rescinded by the Trustee or the registered owners of a requisite principal amount of the Bonds outstanding under the Indenture.

Neither the Board of Supervisors of the City, any officers thereof nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution or statutes of the State of Nevada or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed.

This Bond shall never constitute the debt or indebtedness of the City within the meaning of any provision or limitation of the Constitution or statutes of the State of Nevada and shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers.

This Bond shall not be entitled to any benefit under the Indenture or any indenture supplemental thereto, or become valid or obligatory for any purpose until the Trustee shall have signed the certificate of authentication hereon.

IN WITNESS WHEREOF, CARSON CITY, NEVADA, has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of the Mayor, to be countersigned by the manual or facsimile signature of the City Treasurer and has caused a manual impression of or a facsimile of its corporate seal to be affixed hereon and attested by the manual or facsimile signature of the City Clerk, and this Bond to be dated the date stated above.

CARSON CITY, NEVADA

By:_____
Mayor

By:_____
City Treasurer

(SEAL)

Attest:

By:_____
City Clerk

* Insert only if Bonds are then subject to Book-Entry System pursuant to Section 2.11 of the Indenture.

** Insert only if Bonds are not then subject to Book-Entry System pursuant to Section 2.11 of the Indenture.

(END OF FORM OF BOND)

(FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

Date of Authentication:

This is one of the Bonds described in the within mentioned Indenture of Trust.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:_____
Authorized Officer

(END OF FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

(FORM OF REDEMPTION PANEL)

The following installments of principal (or portions thereof) of this Bond have been redeemed by the City, in accordance with the terms of the Indenture pursuant to which this Bond was issued.

Date of Redemption	Principal Redemption	Signature of Authorized Representative of Depository

(END OF FORM OF REDEMPTION PANEL)*

* Insert only if Bonds are then subject to Book-Entry System pursuant to Section 2.11 of the Indenture.

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ to transfer the within bond on the books kept for registration thereof with full power of substitution in the premises.

Dated:_____

Signature Guaranteed:

_____

Signature(s) must be guaranteed by
an eligible guarantor institution

Address of transferee:

_____

_____

_____

Social security or other tax identification number of transferee:

_____

_____

NOTE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

(END OF FORM OF ASSIGNMENT)*

_____

* Insert only if Bonds are not then subject to Book-Entry System pursuant to Section 2.11 of the Indenture.

WHEREAS, the City has determined that all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture provided, the valid, binding and legal obligations of the City and to constitute this Indenture a valid, binding and legal instrument for the security of the Bonds in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the City, in consideration of the premises and of the mutual covenants contained and of the purchase and acceptance of the Bonds by the Owners (as defined herein) thereof and of the sum of One Dollar to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on all Bonds at any time Outstanding (as defined herein) under this Indenture, according to their tenor and effect, and to secure the performance and observance of all of the covenants and conditions in the Bonds and herein contained, and to declare the terms and conditions upon and subject to which the Bonds are issued and secured, has executed and delivered this Indenture and has granted, bargained, sold, alienated, assigned, pledged, set over and confirmed, and by these presents does grant, bargain, sell, alien, assign, pledge, set over and confirm unto the Trustee and to its successors and assigns forever, all and singular the following described property, franchises and income:

A. All of the City's rights, title and interest in and to any note delivered by the Corporation to the City pursuant to the Agreement (as hereinafter defined);

B. The rights of the City under and pursuant to the Agreement other than the rights of the City under Sections 5.2(c), 6.7 and 8.5 thereof.

C. All Funds created in this Indenture (except (i) monies in the Rebate Fund and (ii) monies held by the Trustee pursuant to Section 7.01 hereof for the payment of Bonds which are no longer Outstanding hereunder) and all Indenture Revenues payable to the Trustee by or for the account of the City pursuant to the Agreement and this Indenture, subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture.

D. Any and all other interests in real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specifically mortgaged, pledged, or hypothecated, as and for additional security hereunder by the City or by anyone in its behalf or with its written consent in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms herein set forth for the equal and proportionate benefit, security and protection of all Owners of the Bonds issued under and

secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds except as specifically provided herein;

PROVIDED, HOWEVER, that if the City, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the premium, if any, and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Principal Fund and the Bond Interest Fund as hereinafter required or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, or certain securities as herein permitted and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property, rights, interests and revenues and funds hereby pledged and assigned, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective Owners from time to time of the Bonds as follows:

ARTICLE I.

DEFINITIONS; INDENTURE TO CONSTITUTE CONTRACT

SECTION 1.01. Definitions. The following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

"Act" means the County Economic Development Revenue Bond Law, being Sections 244A.669 through 244A.763 of the Nevada Revised Statutes, as amended.

"Agreement" means the Loan Agreement of even date herewith between the Corporation and the City and any amendments and supplements thereto made in conformity with the requirements of the Agreement and hereof.

"Beneficial Owners" means actual purchasers of the Bonds whose ownership interest is evidenced only in the Book-Entry System maintained by the Depository hereunder.

"Bond Interest Fund" means the Bond Interest Fund created in Section 3.02 hereof.

"Bond Principal Fund" means the Bond Principal Fund created in Section 3.02 hereof.

"Bond Year" means the 12 months commencing on September 2 of any calendar year and ending on September 1 of the next succeeding calendar year.

"Bonds" means the "Carson City, Nevada, Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012" to be authenticated and delivered under Section 2.07 hereof.

"Book-Entry System" means a system for clearing and settlement of securities transactions among participants of a Depository (and other parties having custodial relationships with such participants) through electronic book-entry changes in accounts of such participants maintained by the Depository hereunder, for recording ownership of the Bonds by Beneficial Owners and transfers of ownership interests in the Bonds.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks located in the cities in which the principal corporate offices of the Trustee are located are required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"City" means Carson City, Nevada, a consolidated municipality and a public body politic and corporate, duly created and existing under the laws and constitution of the State of Nevada, or any public corporation succeeding to its rights and obligations pursuant to the Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations prescribed thereunder.

"Corporation Note" means the note issued by the Corporation in the principal amount of $_____ pursuant to the Supplemental Indenture.

"Corporation" means (i) Carson Tahoe Regional Healthcare, f/k/a Carson-Tahoe Hospital, a Nevada nonprofit corporation, and (ii) any surviving, resulting or transferee corporation as provided in Section 6.3 of the Agreement.

"Costs of Issuance" means the costs of underwriting and marketing the Bonds and other legal, accounting, and trustee fees and expenses or other special services and fees incurred by or on behalf of the City or the Corporation in connection with the issuance of the Bonds.

"Cost of Issuance Fund" means the Cost of Issuance Fund created in Section 3.02 hereof.

"Closing Date" means September __, 2012.

"Deed of Trust" means the Deed of Trust, Assignment of Rents and Proceeds, Security Agreement, Financing Statement and Fixture Filing, dated December 3, 2003, made by the Corporation, as grantor, to Stewart Title of Carson City (and any successor trustees, if any), as trustee, for the benefit of the Master Trustee (on behalf of the holders of any Obligations (as defined in the Master Indenture) issued pursuant to the Master Indenture).

"Depository" means The Depository Trust Company, New York, New York, or any successor securities depository appointed under Section 2.11(c) hereof.

"Escrow Account" means the "2012 Escrow Account" created pursuant to the Escrow Agreement.

"Escrow Agent" means U.S. Bank National Association, as escrow agent under the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement, dated as of September 1, 2012, among the City, the Escrow Agent, and the Corporation.

"Event of Default" means those defaults specified in Section 8.01 hereof.

"Financed Facilities" means the health and care facilities and supplemental facilities for a health and care facility located at 1600 Medical Parkway, Carson City, Nevada, being refinanced in part by the Refunded Bonds.

"Fitch" means Fitch Inc., its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

"Funds" means those funds established and created by Section 3.02 hereof.

"Government Obligations" means (i) cash, (ii) non-callable direct obligations of the United States of America ("Treasuries"), (iii) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, and (iv) obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Indenture" means this Indenture of Trust, including any indentures supplemental hereto made in conformity herewith, pursuant to which the Bonds are authorized to be issued and secured.

"Indenture Revenues" means all payments received by the Trustee for the account of the City pursuant to the Agreement and this Indenture.

"Interest Payment Date" means March 1 and September 1 of each year, commencing March 1, 2013.

"Loan" means the loan by the City to the Corporation of the proceeds from the sale of Bonds pursuant to the Agreement.

"Master Indenture" means the Master Trust Indenture dated as of March 1, 2002, among the Corporation, other Members of the Obligated Group, if any, and the Master Trustee and all supplemental indentures thereto made in conformity therewith.

"Master Trustee" means U.S. Bank National Association, as successor master trustee to Wells Fargo Bank Arizona, N.A.

"Moody's" means Moody's Investors Service, a corporation existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall no longer perform the functions of a securities rating agency, "Moody's" shall mean any other nationally recognized rating agency designated by the Corporation.

"Opinion of Counsel" means an opinion in writing of legal counsel, who may be counsel to the City, the Trustee or the Corporation.

"Outstanding" or "Bonds Outstanding" means, as of any particular time, all Bonds which have been duly authenticated and delivered by the Trustee under this Indenture, except:

(i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(ii) Bonds for the payment or redemption of which cash funds (or securities to the extent permitted in Section 7.01 hereof) shall have been deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(iii) Bonds in lieu of which other Bonds have been authenticated under Sections 2.05 and 2.06 hereof.

"Permitted Investments" means:

(i) Government Obligations;

(ii) debt obligations which are (a) issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision, and (b) at the time of purchase, rated by any Rating Agency in one of the two highest categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(iii) any bond, debenture, note, participation certificate or other similar obligation which is either (a) issued or guaranteed by the Federal National Mortgage Association, the Federal Home Loan Bank System, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank, or (b) backed by the full faith and credit of the United States of America;

(iv) U.S. denominated deposit account, certificates of deposit and banker's acceptances with domestic commercial banks, including the Trustee or its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of at least "A-1" by Standard & Poor's, "F-1+" by Fitch or "P-1" by Moody's, without regard to gradation, and which matures not more than 360 days after the date of purchase;

(v) commercial paper which is rated at the time of purchase within the classification or higher, "A-1" by Standard & Poor's, "F-1+" by Fitch or "P-1" by Moody's, without regard to gradation, and which matures not more than 270 days after the date of purchase;

(vi) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by Standard & Poor's and Moody's in any of its three highest rating categories without regard to any refinement or gradation of rating category by numerical modifier or otherwise;

(vii) investment agreements with banks that at the time such agreement is executed are rated by any Rating Agency in one of the two highest rating categories assigned by such Rating Agency (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) or investment agreements with non-bank financial institutions which, (a) all of the unsecured, direct long-term debt of either the non-banking financial

institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency at the time such agreement is executed in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) for obligations of that nature; or (a) if such non-bank financial institutions have no outstanding long-term debt that is rated, all of the short-term debt of either the non-banking financial institution or the related guarantor of such non-bank financial institution is rated by any Rating Agency in the highest rating category (without regard to any refinement or gradation of the rating category by numerical modifier or otherwise) assigned to short term indebtedness by such Rating Agency; provided that if at any time after purchase the provider of the investment agreement drops below the two highest rating categories assigned by such Rating Agency, the investment agreement must, within 30 days, either (1) be assigned to a provider rated in one of the two highest rating categories or (2) be secured by the provider with collateral securities the fair market value of which, in relation to the amount of the investment agreement including principal and interest, is equal to at least 102%; investment agreements with banks or non-bank financial institutions shall not be permitted if no rating is available with respect to debt of the investment agreement provider or the related guarantor of such provider;

(viii) repurchase agreements with respect to and secured by Government Obligations or by obligations described in clause (ii) and (iii) above, which agreements may be entered into with a bank (including, without limitation, the Trustee), a trust company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, provided that (i) the Trustee or a custodial agent thereof has possession of the collateral and that the collateral is, to the knowledge of the Trustee, free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than monthly, and (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%; and

(ix) shares of a money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, having assets of at least $100,000,000 and having a rating AAAm or AAAm-G by a Rating Agency, including money market mutual funds from which the Master Trustee or its affiliates derive a fee for investment advisory or other services to the fund.

"Owner" or "Bond Owner" means the registered owner of any Bond or Bonds.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated organization, or a government or any agency or political subdivision thereof.

"Rating Agency" means Moody's, Standard & Poor's or Fitch.

"Rebate Fund" means the Rebate Fund created in Section 3.02 hereof.

"Refunded Bonds" means all of the outstanding aggregate principal amount of the 2002 Bonds and the 2003A Bonds.

"Refunding Project" has the meaning set forth in the recitals hereof.

"Regular Record Date" means the l5th day of the calendar month (whether or not a Business Day) immediately preceding each Interest Payment Date.

"Representative" means, in the case of the City, the Mayor or the City Treasurer or, in the case of the Corporation, the President/Chief Executive Officer, a Vice President, the Chief Financial Officer or the Secretary thereof, and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other Person authorized to perform such act, discharge such duty or execute such certificate or other document.

"Special Record Date" means a special record date fixed to determine the names and addresses of Owners for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as further provided in Section 2.03 hereof.

"Standard & Poor's" means Standard & Poor's Rating Services, and its successors and assigns and, if such corporation shall no longer perform the functions of a securities rating agency, Standard & Poor's shall mean any other nationally recognized securities rating agency designated by the Corporation.

"Supplemental Indenture" means the Supplemental Indenture Number 6, dated as of September 1, 2012, among the Corporation, other Members of the Obligated Group, if any, and the Master Trustee.

"Tax Compliance Certificate" means the Tax Compliance Certificate delivered by the Corporation in connection with the initial issuance and delivery of the Bonds, as modified from time to time pursuant to its terms.

"Trustee" means U.S. Bank National Association, being the trustee under this Indenture, or any successor trustee as provided herein.

"Trust Estate" means the property pledged and assigned to the Trustee pursuant to the granting clauses hereof.

"2002 Bonds" means the "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002."

"2003A Bonds" means the "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A."

SECTION 1.02. Indenture to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by those who shall own the same from time to time, the provisions of this Indenture shall be part of the contract of the City with the Owners of the Bonds, and shall be deemed to be and shall constitute contracts between the City, the Trustee and the Owners from time to time of the Bonds. The pledge made in this Indenture and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Owners of any and all of the

Bonds. All of the Bonds, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or pursuant to this Indenture.

ARTICLE II.

AUTHORIZATION, TERMS, EXECUTION AND ISSUANCE OF BONDS

SECTION 2.01. Authorized Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued hereunder is hereby expressly limited to $_____, except as provided in Section 2.06.

SECTION 2.02. All Bonds Equally and Ratably Secured by Trust Estate; Limited Obligation of Bonds and Pledges Securing the Same. All Bonds issued under this Indenture and at any time Outstanding shall in all respects be equally and ratably secured hereby, without preference, priority or distinction on account of the date or dates or the actual time or times of the issue of the Bonds, so that all Bonds at any time issued and Outstanding hereunder shall have the same right, lien and preference under and by virtue of this Indenture, and shall all be equally and ratably secured hereby, except as specifically provided herein. The Bonds and the interest thereon shall be special, limited obligations of the City payable solely out of the security specified in this Indenture. The Bonds shall not constitute or become an indebtedness, a debt or a liability of the City, the State of Nevada or any other political subdivision thereof within the meaning of any provision or limitation of the Constitution or statutes of the State of Nevada and shall never constitute nor give rise to a pecuniary liability of the City, the State of Nevada or any such political subdivision or a charge against any of their general credit or taxing powers.

SECTION 2.03. Authorization of Bonds. There is hereby authorized to be issued hereunder and secured hereby a single issue of Bonds designated as the "Carson City, Nevada, Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012". The Bonds shall be issuable as fully registered bonds in the denominations of $5,000 or any integral multiple thereof. The Bonds shall be numbered separately and lettered, if at all, in such manner as the Trustee may determine.

The Bonds shall be dated as of the date of their initial issuance and delivery. The Bonds shall bear interest at the rates designated below from their date (computed on the basis of a year of 360 days consisting of 12 months of 30 days each) until payment of principal has been made or provided for, payable on each Interest Payment Date commencing March 1, 2013, except that Bonds which are reissued upon transfer, exchange or other replacement shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the date of the Bonds. The Bonds shall bear interest at the rates and shall mature on September 1 in the years and principal amounts as follows:

Interest Rates (Per Annum)	Amounts Maturing	Years Maturing

The principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the corporate trust office of the Trustee in St. Paul, Minnesota, or at the principal corporate trust office of its successor, upon presentation and surrender of the Bonds. Payment of interest on any Bond shall be made on each Interest Payment Date to the Owner thereof at the close of business on the Regular Record Date for such Interest Payment Date by check or draft or, at the written request of any Owner of at least $1,000,000 in principal amount of Bonds, by wire transfer, federal funds check or other immediately available funds to such account or accounts as shall be designated by such Owner. Unless transferred otherwise, such interest shall be mailed by the Trustee to such Owner at his address as it last appears on the registration books kept by the Trustee. Any such interest not so timely paid or duly provided for shall cease to be payable to the Owner thereof at the close of business on the Regular Record Date and shall be payable to the Owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever monies become available for payment of the defaulted interest, and notice of such Special Record Date shall be given to the Owners of the Bonds not fewer than ten days prior thereto by first-class mail to each such Owner as shown on the Trustee's registration books on the date selected by the Trustee, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. All such payments shall be made in lawful money of the United States of America.

The Bonds maturing on September 1, 20__ and 20__ are subject to the sinking fund provisions of Section 5.02 hereof. The Bonds are otherwise subject to prior redemption as set forth in Article V hereof. The Bonds shall be substantially in the form and tenor hereinabove recited with such appropriate variations, omissions and insertions as are permitted or required by this Indenture.

SECTION 2.04. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the City by the manual or facsimile signature of the Mayor of the City and

its corporate seal or a facsimile thereof shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Clerk or the Deputy City Clerk of the City. Any Bond may be signed (manually or by facsimile), sealed or attested on behalf of the City by any Person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of authentication, issuance or delivery, such Person may have ceased to hold such office.

SECTION 2.05. Registration, Transfer and Exchange of Bonds; Persons Treated as Owners. The City shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee, which is hereby appointed the bond registrar of the City for the Bonds. Except as set forth in Section 2.11 hereof, upon surrender for transfer of any Bond at the corporate trust office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney duly authorized in writing, the City shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds for a like aggregate principal amount of the same maturity.

Except as set forth in Section 2.11 hereof, Bonds may be exchanged at the corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same maturity in authorized denominations. The City shall execute and the Trustee shall authenticate and deliver Bonds which the Owner making the exchange is entitled to receive, bearing numbers not contemporaneously outstanding. The execution by the City of any Bond of any denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Trustee shall not be required to transfer or exchange any Bond during the period of fifteen days next preceding the mailing of notice of redemption as herein provided and the Trustee shall not be required to transfer or exchange any Bond all or any portion of which has been called for prior redemption.

As to any Bond, the Person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal or interest on any Bond shall be made only to or upon the written order of the Owner thereof or his legal representative but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums paid.

The Trustee shall require the payment by any Owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer and, except for the first exchange or transfer of the Bonds initially delivered hereunder, shall require payment by any Owner requesting exchange or transfer of any charge for preparing and authenticating a new bond.

SECTION 2.06. Lost, Stolen, Destroyed, and Mutilated Bonds. Upon receipt by the City and the Trustee of evidence satisfactory to them of the ownership of and the loss, theft, destruction or mutilation of any Bond and, in the case of a lost, stolen or destroyed Bond, of indemnity satisfactory to them, and upon surrender and cancellation of the Bond, if

mutilated, the City shall execute, and the Trustee shall authenticate and deliver, a new Bond of the same denomination and maturity in lieu of such lost, stolen, destroyed or mutilated Bond or if such lost, stolen, destroyed or mutilated Bond shall have matured or have been called for redemption, in lieu of executing and delivering a new Bond as aforesaid, the City may pay such Bond. Any such new Bond shall bear a number not contemporaneously outstanding. The applicant for any such new Bond may be required to pay all expenses and charges of the City and the Trustee in connection with the issuance of such Bond. All Bonds shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds, negotiable instruments or other securities.

SECTION 2.07. Delivery of Bonds. Upon the execution and delivery of this Indenture, the City shall execute and deliver to the Trustee and the Trustee shall authenticate the Bonds and deliver them to the initial purchasers thereof as directed by the City and as hereinafter in this Section provided.

Prior to the delivery by the Trustee of any of the Bonds, there shall have been filed with or delivered to the Trustee the following:

(a) A resolution duly adopted by the City, certified by the City Clerk, authorizing the Refunding Project, the execution and delivery of the Agreement and this Indenture and the issuance of the Bonds.

(b) The Corporation Note, duly executed by the Corporation, duly authenticated by the Master Trustee, and made payable to the Trustee.

(c) Duly executed copies of this Indenture, the Agreement, the Master Indenture and the Supplemental Indenture.

(d) The written order of the City as to the delivery of the Bonds, signed by a Representative of the City.

SECTION 2.08. Authentication Certificate. The authentication certificate upon the Bonds shall be substantially in the form and tenor hereinbefore provided. No Bond shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless the certificate of authentication, substantially in such form, has been duly executed by the Trustee; and such certificate of the Trustee upon any Bond shall be conclusive evidence and the only competent evidence that such Bond has been authenticated and delivered hereunder. The certificate of authentication shall be deemed to have been duly executed by the Trustee if manually signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

SECTION 2.09. Cancellation and Destruction of Bonds by the Trustee. Whenever any Outstanding Bonds shall be delivered to the Trustee for the cancellation thereof pursuant to this Indenture, upon payment of the principal amount thereof or for replacement pursuant to Section 2.06 hereof, such Bonds shall be promptly cancelled. All cancelled Bonds shall be destroyed by the Trustee.

SECTION 2.10. Temporary Bonds. Pending the preparation of definitive Bonds, the City may execute and the Trustee shall authenticate and deliver temporary Bonds. Temporary Bonds shall be issuable as registered Bonds without coupons, of any denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions and variations as may be appropriate for temporary Bonds, all as may be determined by the City. Every temporary Bond shall be executed by the City and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable the City shall execute and shall furnish definitive Bonds and thereupon temporary Bonds may be surrendered in exchange therefor without charge at the corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds. Until so exchanged the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds.

SECTION 2.11. Provisions for Book-entry System. The Bonds will be subject to a Book-Entry System, except as provided in paragraph (c) of this Section 2.11. The provisions for effecting such Book-Entry System are as follows:

(a) The City hereby designates The Depository Trust Company, New York, New York as the initial Depository hereunder. The City hereby finds and determines that The Depository Trust Company is a "clearing corporation" within the meaning of the NRS Section 104.8102(3), and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended.

(b) Notwithstanding the provisions regarding exchange and transfer of Bonds in Section 2.05 hereof, the Bonds shall initially be evidenced by one certificate for each year in which principal of the Bonds matures, in a denomination equal to the stated maturity amount of principal coming due in each year. The Bonds so initially delivered shall be registered in the name of "Cede & Co." as partnership nominee for The Depository Trust Company. The Bonds may not thereafter be transferred or exchanged on the registration books held by the Trustee except:

(1) to any successor Depository or its nominee designated pursuant to paragraph (c) of this Section 2.11;

(2) to any successor nominee designated by a Depository; or

(3) if the Corporation elects or is required to discontinue the Book-Entry System pursuant to paragraph (c) of this Section 2.11, the City will cause the Trustee to authenticate and deliver replacement Bonds (upon receipt of the outstanding certificates and written instructions for transfer satisfactory to the Trustee) in fully registered form in denominations of $5,000 or any integral multiple thereof in the names of the Beneficial Owners or their nominees; thereafter the provisions of Section 2.05 regarding registration, transfer and exchange shall apply to the Bonds.

(c) Any institution acting as Depository hereunder may resign as Depository by giving notice to the Trustee and the Corporation and discharging its

responsibilities with respect thereto under applicable law. In addition, the Corporation may determine that: (A) any institution acting as Depository is unable to discharge its responsibilities with respect to the Bonds or (B) continuation of the Book-Entry System is not in the best interests of the Beneficial Owners or of the Corporation. In the event of resignation or disability of an institution acting as Depository, the Corporation will attempt to identify another institution qualified to act as Depository hereunder. An institution may be designated as a Depository hereunder only if such institution: (i) is a "clearing corporation" as defined in NRS Section 104.8102(3); and (ii) is a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended. If the Corporation is unable to identify such a successor Depository prior to the effective date of the resignation or in the event that the Corporation determines that discontinuance of the Book-Entry System is in the best interests of the Owners or of the Corporation, the City shall discontinue the Book-Entry System as provided in paragraph (b)(3) of this Section 2.11; provided, however, that in the case of any such discontinuance the City may within 90 days thereafter appoint a substitute institution which, in the opinion of the Corporation, is willing and able to undertake the functions of Depository upon reasonable and customary terms.

(d) The City, the Corporation and the Trustee may treat the Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds, selecting Bonds and portions thereof to be redeemed, giving any notice permitted or required to be given to Owners under the Indenture, including any notice of redemption, registering the transfer of Bonds, obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. As long as the Book-Entry System is used for the Bonds, the City and the Trustee will give any notice of redemption or any other notices required to be given to registered owners of the Bonds only to the Depository or its nominee registered as the owner thereof. Any failure of the Depository to advise any of its participants, or of any participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption of any other action premised on such notice. None of the City, the Trustee or the Corporation is responsible or liable for the failure of the Depository or any participant thereof to make any payment or give any notice to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

(e) Upon any partial redemption of any maturity of the Bonds, the Depository, in its discretion may request the City to issue and authenticate a new Bond or shall make an appropriate notation on the Bond indicating the date and amount of redemption, except in the case of final maturity, in which case the Bond must be presented to the Trustee prior to payment.

(f) The City and the Trustee shall endeavor to cooperate with The Depository Trust Company or any successor or new Depository in effectuating payment of principal and interest on the Bonds by arranging for payment in such a manner that funds representing such payments are available to the Depository on the date they are due. The City and the Trustee shall have no responsibility for transmitting payments to the Beneficial Owners of the Bonds, notwithstanding any notice to the contrary received by either of them.

ARTICLE III.

REVENUES AND FUNDS

SECTION 3.01. Pledge of Trust Estate. Subject only to the rights of the City to apply amounts under the provisions of this Article III, a pledge of the Trust Estate to the extent provided herein is hereby made, and the same is pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds. The pledge hereby made shall be valid and binding from and after the time of the delivery by the Trustee of the first Bond authenticated and delivered under this Indenture. The security so pledged and then or thereafter received by the City shall immediately be subject to the lien of such pledge and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the City, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof.

SECTION 3.02. Establishment of Funds. The City hereby establishes and creates the following funds, which shall be special trust funds held by the Trustee:

(a) Bond Principal Fund.

(b) Bond Interest Fund.

(c) Rebate Fund.

(d) Cost of Issuance Fund.

SECTION 3.03. Payments into the Bond Principal Fund and the Bond Interest Fund. There shall be deposited into the Bond Principal Fund or the Bond Interest Fund, as appropriate, and as and when received (a) all payments by the Corporation on the Corporation Note pursuant to Section 5.2(a) of the Agreement, (b) all other monies required or permitted to be deposited into the Bond Principal Fund or the Bond Interest Fund pursuant to the Agreement or this Indenture, and (c) all other monies received by the Trustee when accompanied by directions not inconsistent with the Agreement or this Indenture that such monies are to be paid into the Bond Principal Fund or the Bond Interest Fund.

SECTION 3.04. Use of Monies in the Bond Principal Fund and the Bond Interest Fund. Except as provided in this Section and in Sections 3.14, 6.02 and 8.05 hereof, monies in the Bond Principal Fund shall be used solely for the payment of the principal of and premium, if any, on the Bonds, including mandatory sinking fund redemption deposits, if applicable, and monies in the Bond Interest Fund shall be used solely for the payment of the interest on the Bonds, including accrued interest payable on the Bonds upon mandatory redemption.

SECTION 3.05. Custody of the Bond Principal Fund and the Bond Interest Fund. The Bond Principal Fund and the Bond Interest Fund shall be in the custody of the Trustee but in the name of the City, and the City authorizes and directs the Trustee to withdraw

sufficient funds from the Bond Principal Fund and the Bond Interest Fund to make the payments described in Section 3.04 hereof.

SECTION 3.06. Deposit to the Escrow Account. $_____ of the proceeds of the Bonds shall be paid to the Escrow Agent for deposit into the Escrow Account to be held, invested, if applicable, and disbursed as provided in the Escrow Agreement.

SECTION 3.07. Cost of Issuance Fund. There shall be deposited into the Cost of Issuance Fund $_____ from the proceeds of the Bonds.

SECTION 3.08. Use of Monies in the Cost of Issuance Fund. The monies in the Cost of Issuance Fund shall be applied to the Costs of Issuance and shall be expended in accordance with the provisions of Section 4.4 of the Agreement.

SECTION 3.09. Custody of the Cost of Issuance Fund. The Cost of Issuance Fund shall be in the custody of the Trustee but in the name of the City, and the City authorizes and directs the Trustee to withdraw sufficient funds from the Cost of Issuance Fund to make the payments described in Section 3.08 hereof. Any excess in the Cost of Issuance Fund upon payment of all Costs of Issuance shall be transferred to the Bond Interest Fund, upon direction of a Representative of the Corporation, and shall be automatically transferred to the Bond Interest Fund on the one-year anniversary date of the Closing Date and the Cost of Issuance Fund shall be closed.

SECTION 3.10. Rebate Fund. There shall be deposited into the Rebate Fund, investment income on monies in the Funds to the extent provided in the direction of the Corporation pursuant to Section 4.5 of the Agreement and subject to the limitations in Section 6.02 hereof, monies received from the Corporation pursuant to Section 4.5 of the Agreement, monies transferred to the Rebate Fund, the Bond Principal Fund or the Bond Interest Fund pursuant to the provisions of this Section 3.10 and all other monies received by the Trustee when accompanied by directions not inconsistent with the Agreement or this Indenture that such monies are to be paid into the Rebate Fund. The Trustee shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Corporation direction pursuant to Section 4.5 of the Agreement.

If, upon receipt of the certification pursuant to Section 4.5 of the Agreement, the monies on deposit in the Rebate Fund are insufficient for the purposes thereof, and the Corporation has not accompanied the certification made pursuant to Section 4.5 of the Agreement with monies sufficient to remedy such deficiency, the Trustee shall transfer monies to the Rebate Fund from the following Funds in the following order of priority: the Bond Principal Fund and the Bond Interest Fund. Upon receipt by the Trustee of an opinion of nationally recognized bond counsel acceptable to the City to the effect that the amount in the Rebate Fund is in excess of the amount required to be therein pursuant to the provisions of the Tax Compliance Certificate, such excess shall be transferred to the Bond Interest Fund.

SECTION 3.11. Custody of the Rebate Fund. The Rebate Fund shall be in the custody of the Trustee but in the name of the City and the City authorizes and directs the

Trustee to withdraw funds from the Rebate Fund for the purposes set forth in Section 3.10 hereof, which authorization and direction the Trustee hereby accepts.

SECTION 3.12. Nonpresentment of Bonds. In the event any Bonds, or portions thereof, shall not be presented for payment when the principal thereof becomes due, either at maturity, the date fixed for redemption thereof, or otherwise, if funds sufficient for the payment thereof shall have been deposited in the Bond Principal Fund and the Bond Interest Fund or otherwise made available to the Trustee for deposit therein, all liability of the City to the Owner or Owners thereof for the payment of such Bonds, shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds in a separate trust account for the benefit of the Owner or Owners of such Bonds, who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture with respect to said Bond or on, or with respect to, said Bond. Any moneys deposited with the Trustee by the City in accordance with the terms and covenants of the Indenture, in order to redeem or pay the Bonds in accordance with provisions of the Indenture, and remaining unclaimed by the owners of the Bonds after the date fixed for redemption or maturity, shall be escheated to the appropriate state in accordance with a particular state's escheatment laws and thereafter the owners of the Bonds shall be entitled to look only to the State to whom such funds were escheated for payment thereof.

SECTION 3.13. Monies to be Held in Trust. All monies required to be deposited with or paid to the Trustee under any provision of this Indenture shall be held by the Trustee in trust for the purposes specified in this Indenture, and, except for monies deposited with or paid to the Trustee for the redemption of Bonds for which the notice of redemption has been duly given and monies held by the Trustee in the separate trust account pursuant to Section 3.12 hereof and except for monies in the Rebate Fund, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

SECTION 3.14. Repayment to the Corporation from the Funds. Any amounts remaining in the Funds after payment in full of the Bonds (or making provision for such payment), the fees and expenses of the Trustee and the City and all other amounts required to be paid hereunder and under the Agreement to the City and all other amounts required to be paid hereunder and under the Agreement shall be paid to the Corporation upon the expiration of the term of the Agreement.

ARTICLE IV.

COVENANTS OF THE CITY

SECTION 4.01. Performance of Covenants. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond and in all proceedings of the Board of Supervisors of the City pertaining thereto. The City covenants, represents, warrants and agrees that it is duly authorized under the constitution and laws of the State of Nevada, including particularly and without limitation the Act, to issue the Bonds and to execute this Indenture, to pledge the property described herein and pledged hereby and to pledge the Trust Estate in the manner and to the extent herein set forth, that all actions on its part required for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken or will be duly taken as provided herein, and that this Indenture is a valid and enforceable instrument of the City and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the City according to the terms thereof.

SECTION 4.02. Instruments of Further Assurance. The City covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, pledging and hypothecating unto the Trustee all and singular the Trust Estate to the payment of the principal of, premium, if any, and interest on the Bonds.

Promptly after any filing, registration or recording (other than the filing of any financing statements in connection with the issuance of the Bonds) or any re-filing, re-registration or re-recording of this Indenture or the Agreement or any filing, registration, recording, re-filing, re-registration or re-recording of any supplement to either of said instruments, any financing statement or instrument of similar character relating to any of said instruments or any instrument of further assurance which is required pursuant to the preceding paragraph, the City will cause the Corporation to deliver to the Trustee an Opinion of Counsel to the effect that such filing, registration, recording, re-filing, re-registration or re-recording has been duly accomplished and setting forth the particulars thereof.

SECTION 4.03. Payment of Principal, Premium, if any, and Interest. The City will promptly pay or cause to be paid the principal of, premium, if any, and interest on all Bonds issued hereunder according to the terms hereof. The principal, premium, if any, and interest payments are payable solely from the Loan repayments to be made by the Corporation under the Agreement and the Corporation Note and the other security afforded hereby, which Loan repayments, Corporation Note and other security are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified. Nothing in the Bonds or in this Indenture shall be considered or construed as pledging any funds or assets of the City other than those pledged hereby or creating any liability of the City's officials, officers, employees or other agents.

SECTION 4.04. Conditions Precedent. Upon the date of issuance of any of the Bonds, the City hereby covenants that all conditions, acts and things required by the constitution or statutes of the State of Nevada or by the Act or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of the Bonds shall exist, have happened and have been performed.

SECTION 4.05. Supplemental Indentures; Recordation of the Indenture, Supplemental Indentures, and Security Instruments. The Trustee will cause this Indenture, the Agreement and all supplements hereto and thereto as well as all security instruments, financing statements and all supplements thereto and other instruments as may be required at all times to be recorded, registered and filed upon the written direction of the Corporation and to be kept, recorded, registered and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the Owners and all rights of the Trustee hereunder. To the extent the Trustee is required to file any instrument, the Trustee shall be entitled to retain counsel and shall be entitled to reimbursement of expenses pursuant to Section 9.02 hereof.

SECTION 4.06. Rights Under the Agreement. The City will observe all of the obligations, terms and conditions required on its part to be observed or performed under the Agreement. The City agrees that wherever in the Agreement it is stated that the City will notify the Trustee, whenever the Agreement gives the Trustee some right or privilege, or in any way attempts to confer upon the Trustee the ability for the Trustee to protect the security for payment of the Bonds, that such part of the Agreement shall be as though it were set out in this Indenture in full.

The City agrees that the Trustee as assignee of the Agreement may enforce, in its name or in the name of the City, all rights of the City and all obligations of the Corporation under and pursuant to the Agreement and the Corporation Note for and on behalf of the Owners, whether or not the City is in default hereunder.

SECTION 4.07. Tax Covenant. The City hereby acknowledges that in order to ensure that the tax-exempt status of the Bonds is not adversely affected, it has secured from the Corporation the covenant set forth in Section 6.10 of the Agreement.

ARTICLE V.

REDEMPTION OF BONDS PRIOR TO MATURITY

SECTION 5.01. Optional Redemption of Bonds.

(a) The Bonds maturing on and before September 1, 20__ shall not be subject to redemption prior to their maturity date except for redemption pursuant to subsection (b) of this Section. The Bonds maturing on and after September 1, 20__ shall be subject to redemption prior to their maturity dates on and after September 1, 20__, at the option of the City on direction of the Corporation, in whole or in part at any time in such maturities (or portions thereof) as the Corporation may designate or, in the absence of such direction, in inverse order of maturity and by lot within a maturity at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date.

(b) The Bonds are subject to redemption upon the simultaneous prepayment of a like principal amount of the Corporation Note in whole at any time or in part on any Interest Payment Date, at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date, in case of damage or destruction to, or condemnation of, any Property, Plant, and Equipment (as defined in the Master Indenture) of the Corporation to the extent that the net proceeds of insurance or condemnation award exceeds $3,000,000, and the Corporation has determined not to use such net proceeds to repair, rebuild or replace such Property, Plant, and Equipment of the Corporation. Such Bonds shall be redeemed at the option of the City on direction of the Corporation in such maturities (or portions thereof) as the Corporation may designate or, in the absence of such direction, in inverse order of maturity and by lot within a maturity.

SECTION 5.02. Sinking Fund. The Bonds maturing on September 1, 20__, are subject to mandatory sinking fund redemption in the principal amounts on September 1 of each of the years designated below at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of such Bonds pursuant to this Section there shall be deposited pursuant to Section 5.2(a) of the Agreement into the Bond Principal Fund and Bond Interest Fund a sum which is sufficient to redeem (after credit as provided below) the following principal amounts of Bonds and accrued interest to the redemption date:

September 1 of the Year	Principal Amount

*Maturity Date

The Bonds maturing on September 1, 20__, are subject to mandatory sinking fund redemption in the principal amounts on September 1 of each of the years designated below at a

redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of such Bonds pursuant to this Section there shall be deposited pursuant to Section 5.2(a) of the Agreement into the Bond Principal Fund and Bond Interest Fund a sum which is sufficient to redeem (after credit as provided below) the following principal amounts of Bonds and accrued interest to the redemption date:

September 1 of the Year	Principal Amount

*Maturity Date

Not more than 45 days nor fewer than 25 days prior to the sinking fund payment date for the Bonds maturing on September 1, 20__ or 20__, as appropriate, the Trustee shall proceed to select for redemption, subject to the provisions of Section 5.03 hereof, from all Bonds maturing on September 1, _____ or _____, as appropriate, a principal amount of such Bonds equal to the aggregate principal amount of such Bonds redeemable with the required sinking fund payment, and shall call such Bonds for redemption from the sinking fund on the next September 1, and give notice of such call.

At the option of the Corporation to be exercised by delivery of a written certificate signed by a Representative of the Corporation to the Trustee and the City not less than 45 days next preceding any sinking fund redemption date, it may (a) deliver to the Trustee for cancellation Bonds maturing on September 1, _____ or ____, as appropriate, in an aggregate principal amount desired by the Corporation or, (b) specify a principal amount of Bonds maturing on September 1, 20__ or 20__, as appropriate, which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Subject to the limitations of Section 5.03 hereof, each Bond maturing on September 1, 20__ or 20__, as appropriate, so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Corporation on such sinking fund redemption date and any excess shall be so credited against future sinking fund redemption obligations in chronological order or as otherwise specified by the Corporation. In the event that the Corporation shall avail itself of the provisions of subsection (a) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the Bonds to be cancelled.

SECTION 5.03. Method of Selecting Bonds. Except as provided in Section 5.02 hereof, in the event that less than all of the Outstanding Bonds of a single maturity and

series shall be redeemed, the Bonds of that maturity and series redeemed shall be selected for redemption by lot in such manner as the Trustee may determine. In case a Bond is of a denomination larger than $5,000, a portion of such Bond ($5,000 or any integral multiple thereof) may be redeemed, but Bonds shall be redeemed only in the principal amounts of $5,000 or any integral multiple thereof.

SECTION 5.04. Notices of Redemption. Except as otherwise provided herein, Bonds shall be called for optional redemption by the Trustee as herein provided upon receipt by the Trustee at least 40 days prior to the redemption date of a certificate of the Corporation specifying the principal amount and maturities of the Bonds to be called for redemption, the applicable redemption price or prices, and the provision or provisions of this Indenture pursuant to which such Bonds are to be called for redemption. The provisions of the preceding sentence shall not apply to the mandatory redemption of Bonds pursuant to Section 5.02 hereof and Bonds shall be called for redemption pursuant to such section without the necessity of any action by the City.

The Trustee shall cause notice of the call for redemption to be given not less than 25 days nor more than 60 days prior to the redemption date by mailing a copy of the notice by first class mail to the Owners of any Bonds designated for redemption in whole or in part at their addresses as the same shall last appear upon the registration books; provided, however, that failure to give such notice by the means provided above, or any defect therein, or failure by any Owner to receive such notice shall not affect the validity of any proceedings for the redemption or purchase of such Bonds.

Each notice of redemption shall specify the date fixed for redemption, the principal amount of Bonds or portions thereof to be redeemed, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender to the Trustee, and that on and after said date interest on Bonds which have been redeemed will cease to accrue. If less than all the Outstanding Bonds are to be redeemed, the notice of redemption shall specify the numbers of the Bonds or portions thereof to be redeemed.

Notwithstanding the provisions of this Section 5.04, any notice of redemption may contain a statement that the redemption is conditioned upon receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

SECTION 5.05. Bonds Due and Payable on Redemption Date; Interest Ceases to Accrue. On the redemption date specified in the notice of redemption, funds sufficient to redeem all of the Bonds called for optional redemption at the appropriate redemption price, including accrued interest to the date fixed for redemption, shall be on deposit with the Trustee. On the redemption date the principal amount of each Bond to be redeemed, together with the accrued interest thereon to such date, shall become due and payable and from and after such date, the deposit having been made in accordance with the provisions of this Article V, then notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any of such Bonds. From and after such date of redemption (such deposit

having been made) the Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the City shall be under no further liability in respect thereof, except as provided in Section 3.12 hereof.

SECTION 5.06. Cancellation. All Bonds which have been redeemed and all Bonds delivered to the Trustee by the Corporation for cancellation shall be cancelled by the Trustee and destroyed as provided in Section 2.09 hereof.

SECTION 5.07. Partial Redemption of Bonds. Upon surrender of any Bond for redemption in part only, the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, the cost of which shall be paid by the Corporation, a new Bond or Bonds of authorized denominations of the same maturity in an aggregate principal amount equal to the portion of the Bond not redeemed.

ARTICLE VI.

INVESTMENTS

SECTION 6.01. Investment of Bond Principal Fund, Bond Interest Fund, Cost of Issuance Fund and Rebate Fund. Any monies held as part of the Bond Principal Fund, Bond Interest Fund, Cost of Issuance Fund or Rebate Fund shall, on instructions signed by a Representative of the Corporation, be invested by the Trustee (i) in Permitted Investments with respect to the Cost of Issuance Fund maturing in the amounts and not later than the times necessary to provide funds to make the payments to which such monies are applicable as determined by a Representative of the Corporation, (ii) in direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America or in money market funds rated "AAAm" or "AAAm-G" Standard & Poor's with respect to the Bond Principal Fund and the Bond Interest Fund maturing in the amounts and at the times necessary to provide funds to make the payments to which such monies are applicable as determined by the Trustee, and (iii) in Permitted Investments with respect to the Rebate Fund maturing at such times as determined by a Representative of the Corporation. If the Corporation fails to give such direction to the Trustee, monies in such Funds shall remain uninvested. All such Permitted Investments or other securities purchased shall mature or be redeemable on a date or dates prior to the time when the monies so invested will be required for expenditure. In computing for any purpose hereunder the amount in any Fund on any date, Permitted Investments shall be valued at the lower of amortized cost or market value. The Trustee shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in a Fund is insufficient for the purposes of such Fund. The Trustee may make any and all investments permitted by the provisions of this Section through its trust or bond departments.

The City (and the Corporation by its execution of the Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City or the Corporation the right to receive brokerage confirmations of security transactions as they occur, they City and the Corporation specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City (to the extent requested by it) and the Corporation periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

The Trustee shall not be responsible for any loss from any investments made by it in accordance with the provisions of this Indenture.

The Trustee hereby agrees to secure and retain the documentation with respect to investments of monies in the Funds as required by and as described in the Tax Compliance Certificate.

SECTION 6.02. Allocation and Transfers of Investment Income. Any investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund from which the investment was made. Any loss resulting from such investments shall be charged to such Fund. Any interest or other gain from any Fund from any

investment or reinvestment pursuant to Section 6.01 hereof shall be allocated and transferred as follows:

(a) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Costs of Issuance Fund, the Bond Principal Fund, and the Bond Interest Fund shall be retained in the respective Fund.

(b) Any interest or other gain realized as a result of any investments or reinvestments of moneys in the Rebate Fund shall be paid to the Corporation semiannually on each March 1 and September 1.

Notwithstanding the provisions of the two preceding sentences, any interest or other gain from the Bond Principal Fund or the Bond Interest Fund shall be transferred to the Rebate Fund to the extent required by the direction of the Corporation pursuant to Section 4.5 of the Agreement, except that no such transfer shall be made from any Fund if such transfer would cause the amount then on deposit in such Fund to be less than required by the provisions of this Indenture. The Trustee shall provide prior written notice to the Corporation of any liquidation of an investment to meet cash requirements from a Fund.

SECTION 6.03. Liability of Trustee for Investments. The Trustee shall not be liable or responsible for the making of any investment authorized by the provisions of this Article VI in the manner provided in this Article VI or for any loss from any such investment so made.

ARTICLE VII.

DISCHARGE OF INDENTURE

SECTION 7.01. Discharge of this Indenture. If, when the Bonds secured hereby shall be paid in accordance with their terms (or payment of the Bonds has been provided for in the manner set forth in the following paragraph), together with all other sums payable hereunder, then this Indenture and the trust estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. Also if all Outstanding Bonds secured hereby shall have been purchased by the Corporation and delivered to the Trustee for cancellation, and all other sums payable hereunder have been paid, or provision shall have been made for the payment of the same, then this Indenture and the trust estate and all rights granted hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such events, upon the request of the City, the Trustee shall assign and transfer to the City all property, other than the deposit then held by the Trustee hereunder, and shall execute such documents as may be reasonably required by the City and the Corporation and shall turn over to the Corporation any surplus in any Fund pursuant to Section 3.14 hereof.

Payment of any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been provided for within the meaning and with the effect expressed in this Section. If in case said Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Trustee in form satisfactory to it irrevocable instructions to give on a date in accordance with the provisions of Section 5.04 hereof notice of redemption of such Bonds on said redemption date, such notice to be given in accordance with the provisions of Section 5.04 hereof, there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or Government Obligations, the principal of and the interest on which when due, and without any reinvestment thereof, will provide monies which, together with the monies, if any, deposited with or held by the Trustee at the same time, shall be sufficient to pay when due the principal of and premium, if any, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and in the event said Bonds are not by their terms subject to redemption within the next 45 days, the City, upon the Corporation's direction, shall have given the Trustee in form satisfactory to it irrevocable instructions to give, as soon as practicable in the same manner as the notice of redemption is given pursuant to Section 5.04 hereof, a notice to the Owners of such Bonds that the deposit referred to above has been made with the Trustee and that payment of said Bonds has been provided for in accordance with this Section and stating such maturity or redemption date upon which monies are to be available for the payment of the principal of and premium, if any, and interest on said Bonds and stating whether any right to optionally redeem Bonds prior to such stated date is reserved or waived. Neither Government Obligations nor monies deposited with the Trustee pursuant to this Section or principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds; provided any cash received from such principal or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable as determined by a Representative of the

Corporation, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal of and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be. At such time as payment of Bonds has been provided for as aforesaid, such Bonds shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of any payment from such monies or securities deposited with the Trustee and the purpose of transfer and exchange.

The release of the obligations of the City under this Section shall be without prejudice to the right of the Trustee to be paid reasonable compensation for all services rendered by it hereunder and all reasonable expenses, charges and other disbursements incurred on or about the administration of the trust hereby created and the performance of its powers and duties hereunder; provided that the Trustee shall not be paid from the escrow deposit created with the Government Obligations.

SECTION 7.02. Liability of City Not Discharged. Upon compliance with the provisions of Section 7.01 hereof with respect to all Bonds then Outstanding, this Indenture may be discharged in accordance with the provisions of this Article VII but the liability of the City in respect of such Bonds shall continue provided that the Owners thereof shall thereafter be entitled to payment only out of the monies or securities deposited with the Trustee as provided in Section 7.01 hereof.

ARTICLE VIII.

DEFAULTS AND REMEDIES

SECTION 8.01. Events of Default. Each of the following is hereby defined as and shall be deemed an "Event of Default":

(a) Default in the payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity thereof, on a sinking fund payment date, upon proceedings for redemption, upon acceleration or otherwise.

(b) Default in the payment of any installment of interest on any Bond when the same shall become due and payable.

(c) Default in the observance or performance of any covenant, contract or other provision in the Bonds or this Indenture contained (other than as referred to in subsections (a) or (b) of this Section) and such default shall continue for a period of thirty days after written notice to the City and the Trustee from the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding or to the City from the Trustee specifying such default and requiring the same to be remedied, provided, with respect to any such failure covered by this subsection (c), no Event of Default shall be deemed to have occurred so long as a course of action adequate to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby.

(d) The occurrence of an Event of Default under Section 8.1 of the Agreement.

SECTION 8.02. Remedies on Events of Default. Upon the occurrence of an Event of Default, the Trustee shall have the following rights and remedies:

(a) Acceleration. The Trustee may, by notice in writing given to the City and the Corporation, declare the principal amount of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, and said principal and interest shall thereupon become immediately due and payable; provided that the Trustee may declare an acceleration only if the Corporation Note is being accelerated by the Master Trustee pursuant to the Master Indenture. In its capacity as the Holder (as defined in the Master Indenture) of the Corporation Note, the Trustee shall be entitled to exercise all rights of a Holder (as defined in the Master Indenture) of an Obligation (as defined in the Master Indenture) under the Master Indenture.

(b) Legal Proceedings. The Trustee may, by mandamus, or other suit, action or proceeding at law or in equity, enforce the rights of the Owners, and require the City or the Corporation or both of them to carry out the agreements with or for the benefit of the

Owners, and to perform its or their duties, under the Act, the Agreement, the Corporation Note and this Indenture. The Trustee may also, by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Owners.

(c) Receivership. Upon the filing of a bill in equity or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers of the trust estate, and of the rents, revenues, income, products and profits thereof, pending such proceedings, but, notwithstanding the appointment of any receiver, trustee or other custodian, the Trustee shall be entitled to the possession and control of any cash, securities or other instruments at the time held by, or payable or deliverable under the provisions of this Indenture to, the Trustee.

(d) Suit for Judgment on the Bonds. The Trustee shall be entitled to sue for and recover judgment, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture, for the enforcement of any of its rights, or the rights of the Owners hereunder, but any such judgment against the City shall be enforceable only against the Trust Estate. No recovery of any judgment by the Trustee shall in any manner or to any extent affect the lien of this Indenture or any rights, powers or remedies of the Trustee hereunder, or any lien, rights, powers or remedies of the Owners of the Bonds, but such lien, rights, powers and remedies of the Trustee and of the Owners shall continue unimpaired as before.

In the event that written notice is given by the Owners or the Trustee under Section 8.01(c)hereof, the Trustee shall immediately give notice with respect to such default to the Corporation under Section 8.1 of the Agreement.

No right or remedy is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity or by statute.

If any Event of Default shall have occurred and if requested by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding and indemnified as provided in Section 9.01 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners of the Bonds.

SECTION 8.03. Majority of Owners May Control Proceedings. The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Trustee shall not be required to act on any direction given to it pursuant to this Section unless indemnified as provided in Section 9.01 hereof.

SECTION 8.04. Rights and Remedies of Owners. No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 9.01 hereof, or of which by said Section it is deemed to have notice, nor unless such default shall have become an Event of Default and the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless they have also offered to the Trustee indemnity as provided in Section 9.01 hereof nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners of the Bonds shall have the right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Owner of Bonds to enforce the payment, by the institution of any suit, action or proceeding in equity or at law, of the principal of, premium, if any, or interest on any Bond at and after the maturity thereof, or the obligation of the City to pay the principal of, premium, if any, and interest on each of the Bonds to the respective Owners of the Bonds at the time and place, from the source and in the manner herein and in the Bonds expressed.

SECTION 8.05. Application of Monies. All monies received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the fees, costs and expenses of the proceedings resulting in the collection of such monies and the expenses, liabilities and advances incurred or made by the Trustee, be deposited into the Bond Principal Fund and the Bond Interest Fund and all monies so deposited in the Bond Principal Fund and the Bond Interest Fund and all monies held or deposited in the Bond Principal Fund and the Bond Interest Fund during the continuance of an Event of Default shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such monies shall be applied:

First--To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

Second--To the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due

(other than Bonds called for redemption for the payment of which monies are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on the unpaid principal of and premium, if any, on such Bonds from the respective dates upon which they became due, at the rate of interest borne by such Bond and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto, without any discrimination or privilege;

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such monies shall be applied to the payment of the principal and interest then due and unpaid upon all of the Bonds, together with interest on overdue installments of principal at the rate borne by the Bond, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of subsection (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the monies shall be applied in accordance with the provisions of subsection (a) of this Section.

Whenever monies are to be applied pursuant to the provisions of this Section, such monies shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such monies available for application and the likelihood of additional monies becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit of any such monies and of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all of the Bonds and interest thereon have been paid under the provisions of this Section and all expenses and fees of the Trustee and the City and all other amounts to be paid to the City hereunder or under the Agreement have been paid, any balance remaining in the Funds shall be paid to the Corporation as provided in Section 3.14 hereof.

SECTION 8.06. Trustee May Enforce Rights Without Bonds. All rights of action and claims under this Indenture or any of the Bonds Outstanding hereunder may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment shall be for the ratable benefit of the Owners of the Bonds, subject to the provisions of this Indenture.

SECTION 8.07. Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the Trust Estate, the Corporation, the City or the Trustee shall, to the extent permitted by law, be entitled to file such proofs of claims and other documents as may be necessary or advisable in order to have claims of the Trustee and of the Owners allowed in such proceedings for the entire amount due and payable by the City under this Indenture, or by the Corporation, as the case may be, at the date of the institution of such proceedings and for any additional amounts which may become due and payable by it after such date, without prejudice, however, to the right of any Owner to file a claim in his own behalf.

SECTION 8.08. Delay or Omission No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.09. No Waiver of One Default to Affect Another. No waiver of any default hereunder, whether by the Trustee or the Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

SECTION 8.10. Discontinuance of Proceedings on Default; Position of Parties Restored. In case the Trustee shall have proceeded to enforce any rights under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the City and the Trustee shall be restored to their former position and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

SECTION 8.11. Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, and shall do so upon the written request of the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding; provided, however, that there shall not be waived without the consent of the Owners of 100% of the Bonds then Outstanding as to which the Event of Default exists (a) any default in the payment of the principal of any Outstanding Bonds at the date of maturity, or redemption thereof or (b) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal then due, as the case may be (with interest at a rate which shall be the same rate per annum as specified in the Bonds with respect to which such principal was due or the maximum rate permitted by law if less than such rate aforesaid) and all expenses of the Trustee, and all amounts to be paid to the City hereunder and under the Agreement, in connection with such default shall have been paid or provided for. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights

hereunder respectively, but no such waiver or rescission shall extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon.

ARTICLE IX.

THE TRUSTEE

SECTION 9.01. Duties of the Trustee. The Trustee hereby accepts the trusts imposed upon it by this Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts hereof or powers hereunder and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to receive an Opinion of Counsel concerning all matters of the trust hereof and its duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be employed reasonably in connection with the trusts hereof. The Trustee may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for insuring the Financed Facilities or collecting any insurance monies or for the validity of the execution by the City of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value of or title to the Financed Facilities, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the City, or on the part of the Corporation, except as hereinafter set forth; but the Trustee may, but is not obligated to, require of the City or the Corporation full information and advice as to the performance of the covenants, conditions and agreements as to the condition of the Financed Facilities contained herein or in the Agreement. The Trustee shall have no obligation to perform any of the duties of the City under the Agreement; and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.01 hereof.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the Owner or the pledgee of the

Bonds and may otherwise deal with the City and the Corporation with the same rights which it would have if not Trustee.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the request of the City or consent of any Person who at the time of making such request or giving the City his consent is the Owner of any Bonds shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the City by its Representative or such other Person as may be designated for such purpose by the City as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful default, subject to subsection (a) hereof.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the City to cause to be made any of the payments to the Trustee required to be made by Article III hereof unless the Trustee shall be specifically notified in writing of such default by the City or by the Owners of at least a majority in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and, in the absence of such notice so delivered, the Trustee may conclusively assume that there is no default except as aforesaid.

(i) All monies received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee shall not be under any liability for interest on any monies received hereunder except such as may be agreed upon.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right, but shall not be required, to inspect any and all of the Trust Estate, including all books, papers and records of the City pertaining to the Refunding Project and the Bonds.

(k) The Trustee shall not be required to give any note or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the City to the authentication of any Bonds, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

(m) Before taking any action under Section 8.02, 8.03 or 8.04 hereof at the direction of Owners as provided therein the Trustee may require that reasonable indemnity be furnished to it by Owners requesting the Trustee to act for the reimbursement of all expenses which it may incur and to protect it against all liability, except liability which may result from its gross negligence or willful default, by reason of any action so taken.

(n) If the Trustee incurs expenses or renders services after an Event of Default has occurred, such expenses and compensation for such services are intended to constitute expenses of administration under any bankruptcy law.

(o) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(p) No provision of this Indenture, the Agreement or any other document related hereto shall require the Trustee to risk or advance its own funds or otherwise to incur any financial liability in the performance of its duties or the exercise of its rights hereunder.

(q) The Trustee shall not be liable for any action taken by it in accordance with the direction of a majority (or other percentage provided herein) in aggregate principal amount of Bonds outstanding relating to the exercise of any right, power or remedy available to the Trustee.

(r) In exercising any of the duties and rights assigned to the Trustee with respect to the Agreement the Trustee shall be entitled to the protection and limitations from liability accorded to the Trustee under this Indenture.

SECTION 9.02. Fees and Expenses of Trustee. The Trustee shall be entitled to payment and reimbursement for its reasonable fees for its services rendered hereunder as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services as and when the same become due as provided in Section 5.2 of the Agreement.

SECTION 9.03. Resignation or Replacement of Trustee. The present or any future Trustee may resign by giving to the City, the Corporation and to the Owners ninety days' notice of such resignation, specifying the date when such resignation shall take effect. Such

resignation shall take effect on the date specified in such notice if a successor has been previously appointed and qualified, unless a successor shall be previously appointed as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor. The present or any future Trustee may be removed at any time by an instrument in writing, executed by either (a) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, or (b) if no Event of Default has occurred and is continuing, upon written request of the City, which the City shall provide at the request of the Corporation. The resignation of the Trustee may not take effect until a successor has been appointed and qualified.

In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the Corporation or, upon its failure to act or if an Event of Default has occurred and is continuing, by the Owners of a majority in aggregate principal amount of the Bonds Outstanding by an instrument or concurrent instruments signed by such Owners, or their attorneys-in-fact duly appointed; provided that the City may appoint a successor until a new successor shall be appointed as herein authorized. The City upon making such appointment shall forthwith give notice thereof to the Owners, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the City shall immediately and without further act be superseded by a successor appointed in the manner above provided.

Every successor shall always be a bank or trust company in good standing, qualified to act hereunder, and having a combined capital stock, surplus and undivided profits of at least $75,000,000. Any successor appointed hereunder shall execute, acknowledge and deliver to the City an instrument accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but the Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor. Should any instrument in writing from the City be reasonably required by any successor for such vesting and confirming, the City shall execute, acknowledge and deliver the said deeds, conveyances and instruments upon the request of such successor.

The notices provided for in this Section to be given to the Owners shall be given by the Trustee by mailing first class to the Owners of the Bonds at their addresses as the same shall last appear upon the registration books. The notice provided for in this Section to be given to other Persons, and the retiring Trustee shall be given in accordance with Section 11.07 hereof.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section, shall be filed and/or recorded by the successor Trustee in each recording office where this Indenture shall have been filed and/or recorded.

SECTION 9.04. Conversion, Consolidation, or Merger of Trustee. Any bank or trust company into which the Trustee or its successor may be converted, merged, or with which it may be consolidated, or to which it may sell or transfer its trust business as a whole

shall be the successor of the Trustee under this Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Bonds to be issued hereunder shall have been authenticated, but not delivered, any successor Trustee may adopt the certificate of any predecessor Trustee, and deliver the same as authenticated; and, in case any of such Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of such successor Trustee.

ARTICLE X.

SUPPLEMENTAL INDENTURES AND AMENDMENTS OF THE AGREEMENT;

CORPORATION NOTE SUBSTITUTION

SECTION 10.01. Supplemental Indentures Not Requiring Consent of Owners. The City and the Trustee may, without the consent of, or notice to, the Owners, enter into such indentures supplemental hereto (which supplemental indentures shall thereafter form a part hereof) for any one or more or all of the following purposes:

(a) To add to the covenants and agreements contained in this Indenture other covenants and agreements thereafter to be observed for the protection or benefit of the Owners;

(b) To cure any ambiguity, or to cure, correct or supplement any defect or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the Owners of the Bonds;

(c) To subject to this Indenture additional revenues, properties or collateral; or

(d) To modify or supplement this Indenture in such manner as may be necessary or appropriate to qualify this Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statute hereafter enacted, including provisions whereby the Trustee accepts such powers, duties, conditions and restrictions hereunder and the City and the Corporation undertake such covenants, conditions or restrictions additional to those contained in this Indenture as would be necessary or appropriate so to qualify this Indenture.

SECTION 10.02. Supplemental Indentures Requiring Consent of Owners. Exclusive of supplemental indentures covered by Section 10.01 hereof, the Owners of more than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, to consent to and approve the execution by the City and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture; provided, however, that without the consent of the Owners of all the Bonds adversely affected thereby, nothing herein contained shall permit, or be construed as permitting:

(a) An extension of the maturity of, or a reduction of the principal amount of, or a reduction of the rate of, or extension of the time of payment of interest on, or a reduction of a premium payable upon any redemption of, any Bond;

(b) The deprivation of the Owner of any Bond then Outstanding of the lien created by this Indenture (other than as permitted hereby when such Bond was initially issued);

(c) A privilege or priority of any Bond or Bonds over any other Bond or Bonds; or

(d) A reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture.

If at any time the City shall request the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being reasonably indemnified by the Corporation with respect to expenses, mail by first-class mail notice of the proposed execution of such supplemental indenture to the Owners of the Bonds at their addresses as the same shall last appear upon the registration books. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If, within sixty days or such longer period as shall be prescribed by the City following the mailing of such notice, the Owners of the requisite principal amount of the Bonds Outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

SECTION 10.03. Execution of Supplemental Indentures. The Trustee is authorized to join with the City in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Trustee shall not be obligated to enter into any such supplemental indenture which materially affects its rights, duties or immunities under this Indenture. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Bonds issued thereafter, if any, if deemed necessary or desirable by the Trustee.

SECTION 10.04. Consent of Corporation. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article X shall not become effective unless and until the Corporation shall have consented to the execution and delivery of such supplemental indenture, unless an Event of Default has occurred and is continuing.

SECTION 10.05. Amendments, Etc., of the Agreement Not Requiring Consent of Owners. The City and the Trustee may without the consent of or notice to the Owners, consent to any amendment, change or modification of the Agreement as may be required by the provisions of the Agreement or this Indenture, for the purpose of curing any ambiguity or formal defect or omission, in connection with any substitution of Obligations as permitted by the Master Indenture, or in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Owners of the Bonds. Trustee shall receive an opinion of Bond Counsel indicating the amendment complies with the provisions of this Indenture.

SECTION 10.06. Amendments, Etc. of the Agreement or Master Indenture Requiring Consent of Owners. Except for the amendments, changes or modifications referred to in Section 10.05 hereof, neither the City nor the Trustee shall consent to any other amendment, change or modification of the Agreement without the giving of notice to and the written approval or consent of the Owners of more than fifty percent (50%) in aggregate principal amount of the Bonds at the time Outstanding. In the event the Trustee is requested to consent to any amendment to the Master Indenture (except as provided in Section 10.07), the Trustee shall consent to any such amendment, change or modification of the Master Indenture upon the giving of notice to and the written approval or consent of the Owners of more than fifty percent (50%) in aggregate principal amount of the Bonds at the time Outstanding. Such notice and consent shall be given and procured as provided in Section 10.02 hereof. If at any time the City and/or the Corporation shall request the consent of the Trustee to any such proposed amendment, change or modification of the Agreement or Master Indenture, the Trustee shall, upon being reasonably indemnified by the Corporation, cause notice of the proposed amendment, change or modification to be given in the same manner as provided in Section 10.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Owners. Trustee shall receive an opinion of Bond Counsel indicating the amendment complies with the provisions of this Indenture.

SECTION 10.07. Corporation Note Substitution. In the event that all or substantially all of the Property of the Corporation is sold to, or the Corporation is merged into, or becomes subject to the control of, another Person substantially all of whose long-term indebtedness is issued under a master indenture pursuant to Section 3.14 of the Master Indenture and if the Master Trustee has notified the Trustee of such substitution, the Trustee shall exchange the Corporation Note issued hereunder for obligations or notes bearing identical terms as to interest rates, principal amounts, maturity dates and amounts and redemption features as the Corporation Note, but otherwise subject to the covenants, terms and conditions of the master trust indenture of such surviving Person.

ARTICLE XI.

MISCELLANEOUS

SECTION 11.01. Evidence of Signature of Owners and Ownership of Bonds. Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Bonds shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Owner or his attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The ownership of any Bond and the amount and numbers of such Bonds and the date of owning the same shall be proved by the registration books of the City kept by the Trustee.

Any request or consent of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

SECTION 11.02. Parties Interested Herein. With the exception of rights herein expressly conferred upon the Corporation, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person other than the City, the Trustee, and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee, and the Owners of the Bonds.

SECTION 11.03. Titles, Headings, Etc. The titles and headings of the articles, sections, and subsections of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 11.04. Severability. In the event that any provision of this Indenture shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 11.05. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of Nevada.

SECTION 11.06. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 11.07. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first-class, postage prepaid mail, addressed as follows: if to the City, at 201 N. Carson Street, Suite No. 3, Carson City, Nevada 89701, attention: Finance Director; if to the Corporation, at 1600 Medical Center Parkway, Carson City, Nevada 89703, attention: Chief Financial Officer, with a copy to Allison, Mackenzie, Pavlakis, Wright & Fagan, Ltd., 402 N. Division Street, P.O. Box 646, Carson City, Nevada 89702, attention: Mike Pavlakis, Esq.; and if to the Trustee, at U.S. Bank Center, LM-AZ-X16P, 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, attention: Corporate Trust Services. A duplicate copy of each notice, certificate or other communication given hereunder by the City, the Corporation, or the Trustee shall be given to each of such persons, and each of such persons may, by notice hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 11.08. Representative of the Trustee. Whenever under the provision of the Agreement or this Indenture the approval of the Trustee is required, or the City or the Corporation is required to take some action at the request of the Trustee, such approval or such request shall be made by any authorized officer of the Trustee unless otherwise specified in the Agreement or this Indenture. The City or the Corporation shall be authorized to act on any such approval or request and the Trustee shall have no complaint against the City or the Corporation as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of the Agreement or this Indenture by any such Trust Officer shall be on behalf of the Trustee and shall not result in any personal liability of such Trust Officer.

SECTION 11.09. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercise of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture to be executed in their respective corporate names and their respective corporate seals to be hereto affixed and attested by their duly authorized officers, all as of the date first above written.

CARSON CITY, NEVADA

By:_____
Mayor

(SEAL)

Attest:

_____
City Clerk

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:_____
Authorized Officer

CARSON CITY, NEVADA

AND

CARSON TAHOE REGIONAL HEALTHCARE

ON BEHALF OF THE OBLIGATED GROUP

LOAN AGREEMENT

DATED AS OF SEPTEMBER 1, 2012

TABLE OF CONTENTS

Page

This LOAN AGREEMENT, dated as of September 1, 2012 (this "Agreement"), is by and between CARSON CITY, NEVADA, a consolidated municipality and a public body politic and corporate duly created and existing under the laws and Constitution of the State of Nevada (the "City"), and CARSON TAHOE REGIONAL HEALTHCARE, f/k/a Carson-Tahoe Hospital, a nonprofit corporation duly organized and existing under the laws of the State of Nevada (the "Corporation"), on behalf of the Obligated Group (as hereafter defined).

WITNESSETH:

WHEREAS, Carson City, Nevada (the "City"), is authorized by the County Economic Development Revenue Bond Law, now constituting Sections 244A.669 through 244A.763 of the Nevada Revised Statutes ("NRS"), as amended (the "Act"), to finance one or more projects or parts thereof within the City or partially within the City so that health and care facilities may be acquired, developed, expanded and maintained by private enterprises who will provide health care services of high quality at reasonable rates for the benefit of the residents of the City and the State; and

WHEREAS, the City is further authorized by the Act to issue its revenue bonds for the purpose of financing or defraying all or any portion of the cost of acquiring, improving, and equipping any land, building or other improvement and all real and personal properties necessary in connection therewith, whether or not in existence, suitable for a health and care facility; and

WHEREAS, the City has heretofore issued pursuant to the Act: (i) its "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002," originally issued in the aggregate principal amount of $45,185,000 and currently outstanding in the aggregate principal amount of $20,180,000 (the "2002 Bonds"); and (ii) its "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A," originally issued in the aggregate principal amount of $45,000,000 and currently outstanding in the aggregate principal amount of $39,035,000 (the "2003A Bonds"); and

WHEREAS, a portion of the net proceeds of the 2002 Bonds and the 2003A Bonds were used to finance the costs of a new hospital and related equipment and facilities for the Corporation, all of which collectively constitute a health and care facility under the Act; and

WHEREAS, the City is further authorized by the Act to: (i) issue its revenue refunding bonds for the purpose of refunding any revenue bonds previously issued by it under the Act; and (ii) take such other actions as are necessary or useful in order to accomplish and otherwise carry out the provisions thereof; and

WHEREAS, the Corporation has requested that the City issue its "City of Carson City, Nevada, Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012, in an aggregate principal of $_____ (collectively, the "Bonds"), for the purposes of: (i) refunding all of the outstanding aggregate principal amount of the 2002 Bonds and the 2003A Bonds; and (ii) paying the costs of issuing the Bonds (the "Refunding Project"); and

WHEREAS, pursuant to and in accordance with the Act, the City proposes to make a loan to the Corporation from the proceeds of the Bonds pursuant to this Agreement to finance the Refunding Project; and

WHEREAS, pursuant to and in accordance with the Act, the City proposes to issue the Bonds pursuant to an Indenture of Trust of even date herewith (the "Indenture") between the City and U.S. Bank National Association, as bond trustee; and

WHEREAS, the City proposes to loan to the Corporation and the Corporation desires to borrow from the City funds to finance the Refunding Project upon the terms and conditions hereinafter in this Agreement set forth; and

WHEREAS, the Corporation has entered into a Master Trust Indenture, dated as of March 1, 2002 (the "Master Indenture"), with U.S. Bank National Association, as successor to Wells Fargo Bank Arizona, N.A., as master trustee (the "Master Trustee"); and

WHEREAS, pursuant to the Master Indenture and Supplemental Indenture Number 6, dated as of September 1, 2012, between Corporation and the Master Trustee, the Corporation is issuing a note designated as the "Series 2012 Obligation" as an Obligation pursuant to the Master Indenture.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto formally covenant, agree, and bind themselves as follows:

ARTICLE I
Definitions

Section 1.1. Definitions. All terms defined in Articles I of the Indenture and the Master Indenture have the same meaning in this Agreement.

ARTICLE II
Representations

Section 2.1. Representations by the City. The City represents that:

(a) The City is a public body politic and corporate duly created and existing under the laws and Constitution of the State of Nevada, is authorized pursuant to the Act to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder, and has duly authorized the execution and delivery of this Agreement and the Indenture.

(b) Consistent with the understanding between the City and the Corporation, the City will loan to the Corporation the proceeds of the Bonds to provide for the financing of the Refunding Project, all for the purpose of providing health care services of high quality at reasonable rates for the benefit of the residents of the City and the State.

(c) To provide for the Refunding Project and to provide for the costs of issuance of the Bonds, the City will issue the Bonds in the aggregate principal amount of $_____. The Bonds shall mature, bear interest, be subject to redemption prior to maturity, be secured and have such other terms and conditions as are set forth in the Indenture.

(d) Neither the execution and delivery of this Agreement, the Escrow Agreement, or the Indenture, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, the Escrow Agreement, or the Indenture conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which it is bound, or constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City under the terms of any instrument or agreement other than this Agreement, the Escrow Agreement, or the Indenture.

(e) The Bonds will be issued under and secured by the Indenture, pursuant to which the City's interest in this Agreement (except the City's rights under Sections 5.2(c), 6.7 and 8.5 hereof) and the revenues and receipts derived by the City under this Agreement (except the City's reasonable and necessary expenses and fees incurred pursuant to this Agreement or the Indenture) will be pledged and assigned to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds.

Section 2.2. Representations by the Corporation. The Corporation represents that:

(a) The Corporation is a nonprofit corporation duly organized, authorized to do business and in good standing under the laws of the State of Nevada, has power to enter into and to perform and observe the covenants and agreements on its part contained in this Agreement, the Master Indenture, the Supplemental Indenture, and the Escrow Agreement and by proper action has duly authorized the execution and delivery of this Agreement, the Master Indenture, the Supplemental Indenture, and the Escrow Agreement.

(b) Neither the execution and delivery of this Agreement, the Master Indenture, the Supplemental Indenture, or the Escrow Agreement or the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement, the Master Indenture, the Supplemental Indenture, or the Escrow Agreement violate any law or materially conflict with or result in a material breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which it is bound, or constitute a default under any of the foregoing or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation under the terms of any instrument or agreement, other than this Agreement, the Indenture, the Master Indenture, the Supplemental Indenture, and the Escrow Agreement.

(c) The financing of the Refunding Project by the City will assist the Corporation in providing health care services of high quality at reasonable rates for the benefit of the residents of the City and the State.

(d) The Corporation intends to operate or to cause the Financed Facilities to be operated to the expiration of the term of this Agreement as a health and care facility or supplemental facility for a health and care facility within the meaning of the Act and has complete lawful authority to operate the Financed Facilities for such purposes.

(e) As of the date of this Agreement, the Corporation is an organization described in Section 501(c)(3) of the Code which is not a "private foundation" as defined in Section 509(a) of the Code. It has received a letter from the Internal Revenue Service to that effect, such letter has not been modified, limited or revoked, the Corporation is in compliance with all terms, conditions, and limitations, if any, contained in such letter applicable to it, the facts and circumstances which form the basis of such letter as represented to the Internal Revenue Service continue substantially to exist, and the Corporation is exempt from federal income taxation under Section 501(a) and Section 501(c)(3) of the Code and agrees that it shall not perform any acts or enter into any agreements which shall adversely affect such federal income tax status nor shall it carry on or permit to be carried on in the Financed Facilities or permit the Financed Facilities to be used in or for any trade or business if such activity would adversely affect the exemption of interest on any of the Bonds from federal income taxation or if such activity would adversely affect the Corporation's federal income tax status under Section 501(c)(3) of the Code.

ARTICLE III
Term of this Agreement

Section 3.1. Term of this Agreement. This Agreement shall remain in full force and effect from the date of delivery hereof until such time as all of the Bonds shall have been fully paid or, except as specifically provided herein, provision is made for such payment pursuant to the Indenture and all reasonable and necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Bonds, all fees and expenses of the City accrued and to accrue through final payment of the Bonds and all other liabilities of the Corporation accrued and to accrue through final payment of the Bonds under this Agreement and the Indenture have been paid or provision is made for such payments pursuant to the Indenture.

ARTICLE IV
Refunding Project; Issuance of the Bonds

Section 4.1. Agreement to Complete Refunding Project. The Corporation agrees that it will take such actions as are necessary on its part to consummate the Refunding Project.

Section 4.2. Agreement to Issue Bonds; Application of Bond Proceeds. In order to provide funds to finance the Refunding Project, the City will issue, sell and cause the Bonds to be delivered to the initial purchaser thereof and will loan all of said proceeds in the aggregate principal amount of $_____ to the Corporation by depositing the proceeds thereof, net of the underwriter's discount payable on the Closing Date, which the Corporation agrees may be withheld from said proceeds by the underwriter of the Bonds, as provided in Article III of the Indenture.

Section 4.3. The Escrow Account. The City has, in Section 3.06 of the Indenture, authorized and directed the Trustee to pay the proceeds of the Bonds (net of the Cost of Issuance Fund deposit) to U.S. Bank National Association, as Escrow Agent, for deposit in the Escrow Account created under the Escrow Agreement.

Section 4.4. Disbursements from the Cost of Issuance Fund. The City has, in the Indenture, created the Cost of Issuance Fund to be held by the Trustee and to be used to pay and to reimburse the Corporation for the payment of the Costs of Issuance. Each payment of such Costs of Issuance shall be made by the Trustee only on receipt by it of evidence sufficient to it that such amount is due and owing for such Costs of Issuance. Each payment from the Cost of Issuance Fund shall be made only upon receipt by the Trustee of a requisition substantially in the form attached hereto as Exhibit A, signed by a Representative of the Corporation. In the event such Costs of Issuance excees the amount held in the Cost of Issuance Fund, the Corporation shall pay any excess incidental costs from its own funds; if such Costs of Issuance are less than the sums held in the Cost of Issuance Fund, the excess in that Fund shall be transferred by the Trustee to the Bond Principal Fund or the Bond Interest Fund, at the direction of the Corporation, as provided in Section 3.09 of the Indenture.

Section 4.5. Investment of Monies. Any monies held as a part of the Funds shall be invested, reinvested, and transferred to other Funds as provided in Article VI of the Indenture. In addition, the Corporation covenants that any monies held as a part of the Funds shall be invested in compliance with the procedures established by the Tax Compliance Certificate to the extent required to comply with its covenants contained in Section 6.10 hereof. The Corporation shall provide to the Trustee at least annually from the date of the Bonds a certificate of a Representative of the Corporation to the effect that (a) all requirements of the Agreement, the Indenture and the Tax Compliance Certificate with respect to the Rebate Fund have been met on a continuing basis, (b) the proper amounts have been and are on deposit in the Rebate Fund, and (c) timely payments of all amounts due and owing to the United States Treasury have been made. If the certifications required by either (b) or (c) above cannot be made, the certificate shall so state and shall be accompanied by either monies of the Corporation together with a direction to the Trustee to either deposit such monies to the Rebate Fund or to pay such monies over to the United States Treasury, as appropriate, or directions to the Trustee

to transfer investment income available in any Fund to the Rebate Fund or to the United States Treasury, as appropriate. The Corporation acknowledges the provisions of Section 6.02 of the Indenture which limit the amount of monies to be so transferred from the Funds.

ARTICLE V
Security Provision; Provisions for Payment

Section 5.1. Security Provision. In order to secure the payment of the Loan and the payment of all sums advanced under this Agreement, including advances which may be made in the future, and to secure the performance by the Corporation, on behalf of the Obligated Group, of all the payment obligations of the Loan under this Agreement, the Corporation hereby agrees that the Master Indenture shall be supplemented to provide for the issuance of the Corporation Note as an Obligation. The Corporation further agrees that, in order to secure this Agreement and all other Obligations under the Master Indenture, it has pledged Gross Revenues to the Master Trustee as provided in the Supplemental Indenture and has executed and delivered the Deed of Trust.

Section 5.2. Loan Repayments and Other Amounts Payable.

(a) The Corporation agrees to pay to the Trustee for the account of the City as and for repayment of the Loan, all payments when due on the Corporation Note. If for any reason (including, without limitation, any transfers from the Bond Principal Fund and Bond Interest Fund permitted to be made pursuant to Section 3.10 of the Indenture) the amounts paid to the Trustee by the Corporation on the Corporation Note, together with any other amounts available in the Bond Principal Fund or the Bond Interest Fund are not sufficient to pay the principal of and interest on the Bonds when due, the Corporation agrees to pay the amount required to make up such deficiency.

(b) The Corporation agrees to pay directly to the Trustee the reasonable and necessary fees and expenses of the Trustee as and when the same become due, upon submission of a statement therefor, and agrees to indemnify and hold the Trustee harmless from and against any losses, liability, claim, cost or expense, including fees and expenses of its attorneys, related to or arising from the execution of the Indenture by the Trustee and the performance of the duties and obligations of the Trustee under the Indenture, this Agreement, and any other documents related to the Bonds; provided that the Corporation may, without creating a default hereunder, contest in good faith any such fees or expenses.

(c) The Corporation agrees to pay to the City the reasonable and necessary fees and expenses incurred by the City pursuant to this Agreement, the Indenture, and the Escrow Agreement which have accrued and become payable, upon submission by the City of a statement therefor, on the thirtieth day after the mailing of such statement; provided that the Corporation may, without creating a default hereunder, contest in good faith such fees or expenses.

(d) The Corporation agrees to pay any amounts required to meet any rebate obligations to the United States Treasury as provided in Section 4.5 hereof.

In the event that the Corporation should fail to make any of the payments required by this Section, the item or installment in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, satisfied and discharged.

Section 5.3. Payees of Payments. The payments provided on the Corporation Note shall be paid in funds available in the city in which the principal corporate trust office of the Trustee is located directly to the Trustee for the account of the City and shall be deposited into the Bond Principal Fund or the Bond Interest Fund as appropriate. The payments to be made to the Trustee, under Section 5.2(b) hereof shall be paid directly to the Trustee for its own use. The payments to be made to the City under Section 5.2(c) hereof shall be paid directly to the City for its own use.

Section 5.4. Credits. Any amount in either the Bond Principal Fund or the Bond Interest Fund at the close of business of the Trustee on the day immediately preceding any payment date on the Corporation Note in excess of the aggregate amount then required to be contained in such Fund pursuant to Section 5.2 hereof shall be credited against the payments due by the Corporation on such next succeeding payment date on the Corporation Note, or, at the written direction of the Corporation Representative, shall be applied by the Trustee to the redemption of Bonds or the purchase of Bonds in the open market.

In the event that all of the Bonds then outstanding are called for redemption, any amounts contained in the Bond Principal Fund at the close of business of the Trustee on the day immediately preceding such redemption date shall be credited against the payments due by the Corporation on its Corporation Note.

Section 5.5. Obligations of Corporation Hereunder Unconditional. The obligations of the Corporation to make the payments required in Section 5.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional. The Corporation (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for in Section 5.2 hereof, (ii) will perform and observe all of its other covenants contained in this Agreement, and (iii) except as provided in Article IX hereof, will not terminate this Agreement for any cause, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Financed Facilities, commercial frustration or purpose, change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of Nevada or any political subdivision of either, any failure of the City to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied. Nothing contained in this Section shall be construed to release the City from the performance of any agreements on its part herein contained; and if the City shall fail to perform any such agreement, the Corporation may institute such action against the City as the Corporation may deem necessary to compel performance, provided that no such action shall violate the agreements on the part of the Corporation contained herein. The Corporation may, however, at its own cost and expense and in its own name, prosecute or defend any action or proceeding or take any other action involving third persons which the Corporation deems reasonably necessary in order to secure or protect its right of possession, occupancy, and use of the Financed Facilities, and in such event, unless the City is adverse to the Corporation in such action or proceeding, the City hereby agrees to cooperate fully with the Corporation (without expense to the City).

ARTICLE VI
Special Covenants

Section 6.1. Rights with Respect to Master Indenture. The Corporation covenants that:

(a) It will deliver to the Trustee all reports, opinions and other documents, including the annual audit statements, required by the Master Indenture to be submitted to the Master Trustee at the time said reports, opinions or other documents are required to be submitted to the Master Trustee.

(b) The Corporation Note upon its execution will constitute an "Obligation" issued pursuant to the Master Indenture and the Supplemental Indenture.

(c) The Bonds, upon their issuance, will constitute "Related Bonds" for purposes of the Master Indenture.

Section 6.2. No Warranty of Condition or Suitability by the City. The City makes no warranty, either express or implied, as to the condition of the Financed Facilities, or that such Financed Facilities will be suitable for the Corporation's purposes or needs.

Section 6.3. Corporation to Maintain Its Corporate Existence; Conditions Under Which Exceptions Permitted. The Corporation agrees that during the term of this Agreement it will maintain its corporate existence, will continue to be a nonprofit corporation duly qualified to do business in the State of Nevada, will not dissolve, or otherwise dispose of all or substantially all of its assets nor consolidate with or merge into another corporation other than pursuant to the provisions of Sections 3.09 or 3.14 of the Master Indenture.

Section 6.4. Maintenance and Modifications of the Financed Facilities by Corporation. During the term of this Agreement, the Corporation will, at its own expense, cause the Financed Facilities to be maintained, preserved and kept in good repair, working order and condition and will from time to time cause to be made all proper repairs, renewals and replacements thereof. Compliance by the Corporation with the provisions of the Master Indenture shall constitute compliance with the preceding sentence of this Section. The Corporation may also, at its own expense, cause to be made from time to time any additions, modifications or improvements to the Financed Facilities provided such additions, modifications or improvements do not impair the exemption of interest on the Bonds from federal income taxation. The City will not be under any obligation to, and will not, operate, maintain or repair the Financed Facilities.

Section 6.5. Insurance. Throughout the term of this Agreement, the Corporation will, at its own expense, provide or cause to be provided insurance against loss or damage to the Financed Facilities in accordance with the terms of the Master Indenture, which insurance shall be in compliance with any requirements under State law.

Section 6.6. Further Assurances. The City and the Corporation agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements thereto and such further instruments as may

reasonably be required for carrying out the intention of or facilitating the performance of this Agreement. The City agrees that it will comply with directions from the Corporation as to the redemption of the Bonds.

Section 6.7. Release and Indemnification Covenants. The Corporation agrees to protect and defend the City, the agencies of the City, members, servants, officers, employees, and other agents of the City, now or hereafter, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever (except for any intentional misrepresentation or any willful or wanton misconduct of the aforesaid) by any person or entity whatsoever except the City, arising or purportedly arising from this Agreement, the Indenture, the Master Indenture, the Supplemental Indenture, the Escrow Agreement, the Bonds or the transactions contemplated thereby, and the ownership or operation by the Corporation of the Financed Facilities.

The Corporation releases the City and the members, officers, employees and other agents of the City from, agrees that the City and the members, officers, employees and other agents of the City shall not be liable for, and agrees to hold the City harmless against any expense or damages incurred because of any lawsuit commenced as a result of action taken by the City or its members, officers, employees or other agents (except for any intentional misrepresentation or any willful or wanton misconduct of the aforesaid) with respect to this Agreement, the Indenture, the Master Indenture, the Supplemental Indenture, the Escrow Agreement, the Bonds or the transactions contemplated thereby, and the ownership or operation by the Financed Facilities, and the City shall promptly give written notice to the Corporation with respect thereto. All covenants, stipulations, promises, agreements and obligations of the City herein are made by the City and not by any member, officer, employee or other agent of the City in his individual capacity, and no recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or hereunder against any member, officer, employee or other agent of the City or any natural person executing the Bonds.

Section 6.8. Representative of the Corporation. Whenever under the provisions of this Agreement or the Indenture the approval of the Corporation is required, or the City or the Trustee is required to take some action at the request of the Corporation, such approval or such request shall be made by the Representative of the Corporation unless otherwise specified in this Agreement or the Indenture. The City or the Trustee shall be authorized to act on any such approval or request and the Corporation shall have no complaint against the City or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Agreement or the Indenture by the Representative of the Corporation and the other Members, if any, shall be on behalf of the Corporation and such other Members, if any, and shall not result in any personal liability of such Representative.

Section 6.9. Representative of the City. Whenever under the provisions of this Agreement or the Indenture the approval of the City is required, or the Corporation or the Trustee is required to take some action at the request of the City, such approval or such request shall be made by the Representative of the City unless otherwise specified in this Agreement or the Indenture. The Corporation or the Trustee shall be authorized to act on any such approval or

request and the City shall have no complaint against the Corporation or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Agreement or the Indenture by the Representative of the City shall be on behalf of the City and shall not result in any personal liability of such Representative.

Section 6.10. Tax Covenant. The Corporation covenants for the benefit of the City and the Owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any funds reasonably expected to be used to pay the principal of or interest on the Bonds, any other funds of the Corporation or the Financed Facilities, if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income. The Corporation further covenants and warrants that the procedures set forth in the Tax Compliance Certificate shall be complied with to the extent necessary to maintain the exemption for interest on the Bonds from federal income taxation (except to the extent noted in the previous sentence). The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the Corporation or the City in fulfilling the above covenant under the Code have been met.

ARTICLE VII
Assignment and Pledging; Redemption of Bonds

Section 7.1. Assignment by Corporation. This Agreement may be assigned by the Corporation with the prior consent of the City and the Trustee subject to each of the following conditions:

(a) No assignment (other than pursuant to Section 6.3 hereunder) shall relieve the Corporation from primary liability for any of its obligations hereunder and in the event of any such assignment the Corporation shall continue to remain primarily liable for repayment of the Loan and other payments required to be made under Section 5.2 hereof and for performance and observance of the other covenants and agreements on its part herein provided.

(b) No assignment shall be made if it impairs the exemption of interest on the Bonds from federal income taxation.

(c) The assignee shall assume in writing the obligations of the Corporation hereunder to the extent of the interest assigned.

(d) The Corporation shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the City, the Trustee and the Master Trustee a true and complete copy of each such assumption of obligations and assignment.

Section 7.2. Assignment and Pledge by City. The City may assign its interest in and pledge any monies receivable under this Agreement and under the Corporation Note to the Trustee pursuant to the Indenture as security for payment of the principal of, premium, if any, and interest on the Bonds. The Corporation consents to such assignment and pledge.

Section 7.3. Redemption of Bonds. Upon the agreement of the Corporation to deposit monies into the Bond Principal Fund and the Bond Interest Fund in an amount sufficient to redeem Bonds subject to redemption, the City, at the request of the Corporation, shall forthwith take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the then Outstanding Bonds on the redemption date.

ARTICLE VIII
Events of Default and Remedies

Section 8.1. Events of Default Defined. The following shall be "events of default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Corporation to make any payments required to be made under the Corporation Note pursuant to Section 5.2(a) hereof when and as the same shall become due and payable.

(b) Failure by the Corporation to pay when due any payment (other than payment described under subsection (a) of this Section 8.1) required to be made under this Agreement or to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, and continuation of such failure for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Corporation by the City or the Trustee.

(c) The occurrence of any Event of Default (as defined in the Master Indenture) under the Master Indenture.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 hereof shall have occurred and is continuing, the Trustee, acting as assignee of the City, upon compliance with all applicable law and after indemnification satisfactory to the Trustee, in its discretion may take any one or more of the following steps:

(a) The Trustee (acting as assignee of the City), as and to the extent provided in the Indenture and the Master Indenture, may declare the Corporation Note to be immediately due and payable, whereupon the same shall become due and payable.

(b) The Trustee (acting as assignee of the City) may take any action permitted under the Indenture with respect to an Event of Default thereunder but subject to the limitations thereunder and may exercise any of the rights of a Holder of an Obligation granted to such a Holder under the Master Indenture.

(c) The Trustee (acting as assignee of the City) may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements, or covenants of the Corporation under this Agreement.

In the event that the Corporation fails to make any payment required hereby, the payment so in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid.

Any proceeds received by the City or the Trustee from the exercise of any of the above remedies, after reimbursement of any costs incurred by the City or the Trustee in connection therewith, shall be applied by the Trustee in accordance with the provisions of the Indenture.

Section 8.3. Discontinuance of Proceedings. In case any proceeding taken by the Trustee as assignee of the City on account of any Event of Default under Section 8.1 shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every case the City and the Trustee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the City and the Trustee shall continue as though no such proceeding had been taken.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein or by applicable law. Such rights and remedies given the City hereunder shall also extend to the Trustee and the Owners, subject to the Indenture.

Section 8.5. Agreement to Pay Attorneys' Fees and Expenses. In the event that the Corporation should default under any of the provisions of this Agreement and the City or the Trustee should employ attorneys or incur other expenses for the collection of the Corporation Note or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees that it will on demand therefor pay to the City or the Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses incurred by the City or the Trustee.

Section 8.6. Waiver. In the event that any covenant contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the City's rights in and under this Agreement to the Trustee under the Indenture, the City shall have no power to waive any Event of Default hereunder without the consent of the Trustee. Notwithstanding the foregoing, a waiver of an Event of Default under the Indenture or a rescission of a declaration of acceleration of the Bonds and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under this Agreement and a rescission and annulment of its consequences; provided that no such waiver or rescission shall extend to or affect any subsequent or other default hereunder or impair any right consequent thereon.

ARTICLE IX
Prepayment of Corporation Note

Section 9.1. General Option to Prepay Corporation Note. The Corporation shall have and is hereby granted the option exercisable at any time to prepay all or any portion of its payments due or to become due on the Corporation Note by paying to the Trustee for deposit into the Bond Principal Fund and Bond Interest Fund an amount of money or Government Obligations the principal and interest on which when due, will be equal to an amount sufficient to pay the principal of (in Authorized Denominations) and interest on all or any portion of the Bonds then outstanding under the Indenture to maturity or a designated redemption date. The exercise of the option granted by this Section shall not be cause for redemption of Bonds unless specified by the Corporation. In the event the Corporation prepays all of its payments due and to become due on the Corporation Note by exercising the option granted by this Section and upon payment of all reasonable and necessary fees and expenses of the Trustee and any Paying Agent accrued and to accrue through final maturity of the Bonds and of all other additional payments pursuant to Section 5.2(b) and (c) hereof through final payment of the Bonds, this Agreement shall terminate.

Section 9.2. Exercise of Option. To exercise the option granted in Section 9.1 hereof, the Corporation shall give written notice to the City, the Trustee, and the Master Trustee which shall specify the date of prepayment and which shall not be less than 35 days' from the date the notice is mailed (or such lesser number of days as shall be acceptable to the City and the Master Trustee).

ARTICLE X
Miscellaneous

Section 10.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first-class, postage prepaid mail, addressed as follows: if to the City, at 201 N. Carson Street, Suite No. 3, Carson City, Nevada 89701, attention: Finance Director; if to the Corporation, at 1600 Medical Center Parkway, Carson City, Nevada 89703, attention: Chief Financial Officer, with a copy to Allison, Mackenzie, Pavlakis, Wright & Fagan, Ltd., 402 N. Division Street, P.O. Box 646, Carson City, Nevada 89702, attention: Mike Pavlakis, Esq.; and if to the Trustee, at U.S. Bank Center, LM-AZ-X16P, 101 North First Avenue, Suite 1600, Phoenix, Arizona 85003, attention: Corporate Trust Services. A duplicate copy of each notice, certificate or other communication given hereunder by the City or the Corporation shall also be given to the Trustee. The City, the Corporation and the Trustee may, by notice hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City and the Corporation, and their respective successors and assigns, subject, however, to the limitations contained in Sections 6.3, 7.1, 7.2 and 10.9 hereof.

Section 10.3. Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Funds (other than the Rebate Fund until final payment of amounts owing to the United States Treasury) upon expiration of the term of this Agreement and after payment of all fees and expenses to Trustee shall belong to and be paid to the Corporation by the Trustee.

Section 10.5. Amendments, Changes and Modifications. This Agreement may only be amended, changed, modified, altered or terminated with the written consent of the Trustee, the City, and the Corporation and upon compliance with Sections 10.05 and 10.06 of the Indenture, as applicable.

Section 10.6. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.7. Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Nevada.

Section 10.8. Cancellation at Expiration of Term of Agreement. Upon the expiration of the term of this Agreement, the City shall deliver to the Corporation any documents and take or cause the Trustee to take such actions as may be necessary to evidence the termination of this Agreement and the discharge of the lien thereof.

Section 10.9. No Pecuniary Liability of City. No provision, covenant, or agreement contained in this Agreement, or any obligations herein imposed upon the City, or the breach thereof, shall constitute an indebtedness or liability of the City within the meaning of any Nevada constitutional provision or statutory limitation or home rule charter provision or shall constitute or give rise to a pecuniary liability of the City or any member, officer or agent of the City or a charge against the City's general credit or taxing powers. In making the agreements, provisions and covenants set forth in this Agreement, the City has not obligated itself except with respect to the Refunding Project and the application of the revenues, income and all other property therefrom, as hereinabove provided.

Section 10.10. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Agreement.

Section 10.11. Payments Due on Holidays. If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Agreement, is not a Business Day, such payments may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Agreement.

Section 10.12. Provision of General Application. Any consent or approval of the City required pursuant to this Agreement shall be in writing and shall not be unreasonably withheld. If such consent or approval is withheld, the City shall state its reasons in writing.

Section 10.13. Consent to Indenture. The Corporation hereby consents to the provisions of the Indenture which relate to or otherwise affect it.

IN WITNESS WHEREOF, the City and the Corporation have caused this Agreement to be executed in their respective corporate names and have caused their respective corporate seals to be hereunto affixed and to be attested by their duly authorized officers, all as of the date first above written.

CARSON CITY, NEVADA

By: _____
Mayor

(SEAL)
Attest:

_____
City Clerk

CARSON TAHOE REGIONAL HEALTHCARE
on behalf of the Obligated Group

By: _____
Chief Executive Officer

(SEAL)
Attest:

_____
Secretary

EXHIBIT A

Carson Tahoe Regional Healthcare

COST OF ISSUANCE FUND REQUISITION NO. __

[Date]

U.S. Bank National Association
U.S. Bank Center, LM-AZ-X16P
101 North First Avenue, Suite 1600
Phoenix, Arizona 85003
Attention: Corporate Trust Services

Re: Carson City, Nevada Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012

In accordance with Section 4.4 of the Loan Agreement dated as of September 1, 2012 (the "Agreement") between Carson City, Nevada and Carson Tahoe Regional Healthcare (the "Corporation") and Section 3.09 of the Indenture of Trust dated as of September 1, 2012 (the "Indenture") between the City and you, as Trustee, you are hereby requested to make the following payments from the Cost of Issuance Fund created by the Indenture:

Name and Address of Payee	Purpose for Which Obligation was Incurred	Amount To Be Paid

I hereby certify that (i) payment of the amounts requested in this requisition will not cause more than 2% of the proceeds of the above-captioned Bonds (including any moneys realized from investment of such proceeds pursuant to Section 6.01 of the Indenture which are not required to be deposited in the Rebate Fund created by the Indenture) to be used, directly or indirectly, to costs relating to the issuance of the Bonds, (ii) none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Cost of Issuance Fund, (iii) each item for which the payment is proposed to be made is a proper charge against the Cost of Issuance Fund, and (iv) no event of default exists under this Agreement.

Attached hereto is the invoice or other appropriate evidence of items for which payment is requested.

_____

Corporation Representative

SUPPLEMENTAL INDENTURE NUMBER 6

DATED AS OF SEPTEMBER 1, 2012

AMONG

CARSON TAHOE REGIONAL HEALTHCARE,
OTHER MEMBERS OF THE OBLIGATED GROUP, IF ANY,

AND

U.S. BANK NATIONAL ASSOCIATION, AS MASTER TRUSTEE

Supplemental to the Master Trust Indenture
dated as of March 1, 2002

SUPPLEMENTAL INDENTURE NUMBER 6

This SUPPLEMENTAL INDENTURE NUMBER 6, dated as of September 1, 2012 (this "Supplemental Indenture"), is supplemental to the Master Trust Indenture, dated as of March 1, 2002 (the "Master Indenture"), as supplemented and amended by Supplemental Indenture Number 1, dated as of March 1, 2002, Supplemental Indenture Number 2, dated as of October 1, 2003, Supplemental Indenture Number 3, dated as of October 1, 2003, Supplemental Indenture Number 4, dated as of September 1, 2005, and Supplemental Indenture Number 5, dated as of October 1, 2005, and is by and among Carson Tahoe Regional Healthcare, f/k/a Carson-Tahoe Hospital, a nonprofit corporation duly organized and validly existing under the laws of the State of Nevada (the "Company"), other Members of the Obligated Group, if any, and U.S. Bank National Association, Phoenix, Arizona, a national banking association, as successor to Wells Fargo Bank Arizona, N.A., as master trustee (the "Master Trustee"). Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Master Indenture.

W I T N E S S E T H :

WHEREAS, the Company and the Master Trustee have entered into the Master Indenture, which provides for the issuance of Obligations by the Members of the Obligated Group upon the execution by the Members of the Obligated Group and the Master Trustee of an indenture supplemental to the Master Indenture; and

WHEREAS, Carson City, Nevada (the "City"), proposes to issue its "Carson City, Nevada, Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012" in the aggregate principal amount of $[Principal Amount] (the "Related City Bonds") under an Indenture of Trust, dated as of September 1, 2012 (the "Related City Bond Indenture"), between the City and U.S. Bank National Association, as bond trustee (the "Related City Bond Trustee") to: (i) refund all of the outstanding aggregate principal amount of (a) the "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002," and (b) the "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A" (the "2003A Bonds"); and (ii) pay the costs of issuing the Related City Bonds; and

WHEREAS, pursuant to the Loan Agreement, dated as of September 1, 2012, between the Company and the City (the "Loan Agreement"), the Company has agreed to issue an Obligation (as more particularly described herein, the "Series 2012 Obligation") pursuant to the Master Indenture and this Supplemental Indenture to evidence the obligation of the Company to make payments required under the Loan Agreement; and

WHEREAS, the Company is authorized by law, and deems it necessary and desirable to issue, authenticate and deliver the Series 2012 Obligation pursuant to the Master Indenture and this Supplemental Indenture in order to secure the principal of and interest on the Related City Bonds and to amend and supplement the Master Indenture as provided herein; and

WHEREAS, all acts and things necessary to make the Series 2012 Obligation authorized by this Supplemental Indenture, when executed by the Company and authenticated and delivered by the Master Trustee as provided in the Master Indenture and this Supplemental Indenture, the valid, binding and legal obligation of the Obligated Group, and to constitute these presents, together with the Master Indenture, a valid indenture and agreement according to its terms and the terms of the Master Indenture, have been done and performed and the execution of this Supplemental Indenture and the issuance hereunder and under the Master Indenture of the Series 2012 Obligation created by this Supplemental Indenture have in all respects been duly authorized, and the Company, in the exercise of the legal right and power vested in it, executes this Supplemental Indenture and proposes to make, execute, issue and deliver the Series 2012 Obligation created hereby.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Series 2012 Obligation authorized hereby is authenticated, issued and delivered, and in consideration of the premises and the purchase and acceptance of the Series 2012 Obligation created hereby by the Holder thereof, the Company and the other Members of the Obligated Group, if any, covenant and agree with the Master Trustee as follows:

ARTICLE I.
DEFINITION OF TERMS

SECTION 1.01 Definitions. The terms used in this Supplemental Indenture and not otherwise defined herein shall, except as otherwise stated, have the meanings assigned to them in the Master Indenture and in the Related City Bond Indenture. In addition, the following terms shall have the meanings indicated:

"Gross Revenues" means all receipts, revenues, income and other moneys received by or on behalf of the Company and each other Member of the Obligated Group, including contributions, gifts, grants, bequests, pledges whether in the form of cash or other property, revenues derived from the operation of the Company's or such Member's facilities, and all rights to receive the same, whether in the form of contract rights, accounts receivable, chattel paper or instruments, and the proceeds thereof and any insurance thereon, whether now owned or hereafter acquired by the Company or such Member; provided that gifts, grants, bequests, donations, contributions or pledges designated at the time of the making thereof by the donor thereof as being made for specific purposes, and the income therefrom to the extent required by such designation shall be excluded from Gross Revenues.

"Related City Bonds" means the "Carson City, Nevada, Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012."

"Related City Bond Indenture" means the Indenture of Trust, dated as of September 1, 2012, between the City and the Related City Bond Trustee pursuant to which the Related City Bonds are authorized.

"Related City Bond Trustee" means U.S. Bank National Association, and its successors and assigns, as bond trustee, under the Related City Bond Indenture.

ARTICLE II.
OBLIGATIONS CREATED BY THIS SUPPLEMENTAL INDENTURE

SECTION 2.01 **The Series 2012 Obligation.** There is hereby created an Obligation to be known and entitled as the "Carson Tahoe Regional Healthcare, Series 2012 Obligation," which shall be issued as a single note without coupons (herein, the "Series 2012 Obligation"). The Series 2012 Obligation shall be issued in the principal amount of $[Principal Amount], shall be dated September __, 2012 (the "Closing Date"), and shall be executed, authenticated and delivered in accordance with Article Two of the Master Indenture. The Series 2012 Obligation shall be registered as to principal and interest in the name of the Related City Bond Trustee, and no transfer of the Series 2012 Obligation shall be registered under the Master Indenture except for transfers to a successor Related City Bond Trustee.

The Series 2012 Obligation shall bear interest from time to time in an amount equal to the interest accruing on and payable with respect to the outstanding Related City Bonds. Said interest shall be payable on or before the 10th day of each month, (i) beginning with the first of such months following the Closing Date, in an amount which, together with an equal amount to be paid on the 10th day of each such month, if any, occurring before the next succeeding March 1 or September 1, will be not less than the interest to become due on such Related City Bonds on the next succeeding March 1 or September 1, and (ii) on or before the 10th day of each month thereafter, in an amount equal to one-sixth of the interest to become due on such outstanding Related City Bonds on the next succeeding March 1 or September 1.

The principal of the Series 2012 Obligation shall be payable as to each outstanding Related City Bond on or before the 10th day of each month, (i) beginning with the first of such months following the Closing Date, in an amount which, together with an equal amount to be paid on the 10th day of each such month, if any, occurring before the next succeeding September 1, will be not less than the amount of principal coming due on such Related City Bonds on the next succeeding September 1 by maturity or mandatory sinking fund redemption, and (ii) on or before the 10th day of each month thereafter in an amount equal to one-twelfth of the next installment of principal coming due on such outstanding Related City Bonds on the next succeeding September 1 by maturity or mandatory sinking fund redemption.

Such principal and interest are payable directly to the Related City Bond Trustee. The Company, for and on behalf of the Obligated Group, shall give notice in writing of each such payment to the Master Trustee; provided, however, such notice shall not be necessary so long as U.S. Bank National Association is serving as both the Related City Bond Trustee and the Master Trustee.

The Series 2012 Obligation shall be an accelerable instrument for purposes of Section 4.02 of the Master Indenture. Upon the occurrence of an Event of Default the Holder of the Series 2012 Obligation shall be entitled, by notice to the Master Trustee and each Member of the Obligated Group, to require the Master Trustee to declare the Series 2012 Obligation immediately due and payable, subject to the provisions of Section 4.02 of the Master Indenture. The Holder of the Series 2012 Obligation shall also be entitled to consent to any acceleration, or annulment of acceleration, of the Series 2012 Obligation in accordance with Section 4.02 of the

Master Indenture and therefore the Series 2012 Obligation may not be accelerated, nor may any acceleration be annulled, by the Master Trustee without the consent of such Holder.

The principal of, premium, if any, and interest on the Series 2012 Obligation are payable in any coin or currency of the United States of America which at the respective times of payment is legal tender for the payment of public and private debts.

SECTION 2.02 Form of Series 2012 Obligation. The Series 2012 Obligation shall be in substantially the following form:

[Form of Series 2012 Obligation]

THIS NOTE HAS NOT BEEN REGISTERED
UNDER THE SECURITIES ACT OF1933

NO. 1

$[Principal Amount]
CARSON TAHOE REGIONAL HEALTHCARE
SERIES 2012 OBLIGATION

CARSON TAHOE REGIONAL HEALTHCARE, a Nevada nonprofit corporation (the "Company"), and all other organizations which from time to time are or become Members of the Obligated Group (the "Members") under the terms of the Master Indenture hereinafter identified, for value received, hereby jointly and severally promise to pay to U.S. BANK NATIONAL ASSOCIATION, as bond trustee (the "Related City Bond Trustee"), under an Indenture of Trust, dated as of September 1, 2012 (the "Related City Bond Indenture"), with Carson City, Nevada, or its registered assigns, the principal sum of $[Principal Amount], and to pay interest on the unpaid balance of said sum from the date hereof on the dates and in the manner hereinafter described. Capitalized terms used herein and not otherwise defined have the meanings assigned to such terms in the Master Trust Indenture, dated as of March 1, 2002 (the "Master Indenture"), between the Company and U.S. Bank National Association, Phoenix, Arizona, a national banking association, as successor to Wells Fargo Bank Arizona, N.A., as master trustee (the "Master Trustee").

This note constitutes an Obligation of the Company in the principal amount of $[Principal Amount], is designated as the "Carson Tahoe Regional Healthcare, Series 2012 Obligation" (the "Series 2012 Obligation), is issued under and pursuant to the Master Indenture and Supplemental Indenture Number 6, dated as of September 1, 2012 (the "Supplemental Indenture"), and is delivered pursuant to the Loan Agreement, dated as of September 1, 2012 (the "Loan Agreement"), between Carson City, Nevada (the "City") and the Company.

This Series 2012 Obligation is issued to secure bonds designated as the "Carson City, Nevada Hospital Revenue Refunding Bonds (Carson Tahoe Regional Medical Center Project), Series 2012 (the "Related City Bonds"), issued pursuant to the Related City Bond Indenture. The Related City Bonds are being issued to: (i) refund all of the outstanding aggregate principal amount of (a) the "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002," and (b) the "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A;" and (ii) pay the costs of issuing the Related City Bonds.

This Series 2012 Obligation shall bear interest from time to time in an amount equal to the interest accruing on and payable with respect to the outstanding Related City Bonds. Said interest shall be payable on or before the 10th day of each month, (i) beginning September 10, 2012, in an amount which, together with an equal amount to be paid on the 10th day of each such month occurring before the next succeeding March 1 or September 1, will be not less than the interest to become due on such Related City Bonds on the next succeeding March 1 or

September 1, and (ii) on or before the 10th day of each month thereafter, in an amount equal to one-sixth of the interest to become due on such outstanding Related City Bonds on the next succeeding March 1 or September 1.

The principal of the Series 2012 Obligation shall be payable as to each outstanding Related City Bond on or before the 10th day of each month, (i) beginning September 10, 2012, in an amount which, together with an equal amount to be paid on the 10th day of each such month occurring before the next succeeding September 1, will be not less than the amount of principal to become due on such Related City Bonds on the next succeeding September 1 by maturity or mandatory sinking fund redemption, and (ii) on or before the 10th day of each month thereafter in an amount equal to one-twelfth of the next installment of principal to become due on such outstanding Related City Bonds on the next succeeding September 1 by maturity or mandatory sinking fund redemption.

Such principal and interest and payments are payable directly to the Related City Bond Trustee. The Company shall give notice in writing of each such payment to the Master Trustee; provided, however, such notice shall not be necessary so long as U.S. Bank National Association is serving as both the Related City Bond Trustee and the Master Trustee.

The amount of each installment of principal and interest hereon shall be subject to credit and other adjustment as provided in the Supplemental Indenture. Principal of, premium, if any, and interest on this Series 2012 Obligation are payable in any coin or currency of the United States of America which at the respective times of payment is legal tender for the payment of public and private debts.

This Series 2012 Obligation shall be subject to prepayment in the amounts, at the times and with the effects set forth in the Supplemental Indenture. The Holder hereof expressly assents to such provisions and agrees to make the notations with respect to prepayment as required by the Supplemental Indenture.

Copies of the Master Indenture and the Supplemental Indenture are on file at the Phoenix, Arizona office of the Master Trustee and reference is hereby made to the Indenture for the provisions, among others, with respect to the nature and extent of the rights of the Holders of the Series 2012 Obligation, the terms and conditions on which, and the purposes for which, the Series 2012 Obligation is issued, amendments to the Indenture and the rights, duties and obligations of the Company and the Master Trustee under the Indenture, to all of which the holder hereof, by acceptance of this note, assents.

To the extent permitted by and as provided in the Master Indenture, modifications or changes to the Master Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Company and of the Holders of the Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to Master Indenture, but any modification or change which shall adversely affect the rights of the Holder of this Series 2012 Obligation may be made only with the consent of the Holders of not less than a majority in aggregate principal amount of the Obligations then Outstanding under the Indenture. No such modification or change shall be made which will reduce the percentage of the Obligations the consent of the Holders of which is required to consent to such supplemental

indenture, or permit a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or which will effect a change in the times, amount and currency of payment of the principal of, and premium, if any, or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon, without the consent of the Holder of such Obligation. Any such consent by the Holder of this Series 2012 Obligation shall be conclusive and binding upon such Holder and all future Holders hereof irrespective of whether or not any notation of such consent is made upon this Series 2012 Obligation.

In the manner and with the effect provided in the Master Indenture and the Supplemental Indenture, the Series 2012 Obligation will be subject to redemption prior to maturity, in whole at any time, or in part from time to time, at the option of the Company upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Related City Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of outstanding Related City Bonds to be deemed to have been paid within the meaning of Section 7.01 of the Related City Bond Indenture. This Series 2012 Obligation shall be deemed paid and no longer Outstanding under the Master Indenture and the Supplemental Indenture at the same time as the Related City Bonds are deemed paid and no longer Outstanding (as defined in the Related City Bond Indenture) under the Related City Bond Indenture.

Upon the occurrence of certain "Events of Default", the principal of all outstanding Obligations may be declared, and thereupon shall become due and payable as provided in the Master Indenture.

The Holder of this Series 2012 Obligation shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

This Series 2012 Obligation is issuable only as a registered note without coupons.

This Series 2012 Obligation shall be registered on the register maintained by the Company for that purpose at the Corporate Trust Office of the Master Trustee and this Series 2012 Obligation shall be transferable only upon said register at said Corporate Trust Office by the registered owner or by his duly authorized attorney. Such transfer shall be without charge to the Holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Person requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Company shall execute, and the Master Trustee shall authenticate and deliver, in exchange for this Series 2012 Obligation a new registered Series 2012 Obligation without coupons, registered in the name of the transferee.

The Company and the Master Trustee may deem and treat the Person in whose name this Series 2012 Obligation is registered as the absolute owner hereof for all purposes; and neither the Company nor the Master Trustee shall be affected by any notice to the contrary. All payments made to the registered owner thereof shall be valid, and, to the extent of the sum or

sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Series 2012 Obligation

No covenant or agreement contained in this Series 2012 Obligation, the Master Indenture, or the Supplemental Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the Company in his individual capacity, and neither the Board of Trustees of the Company nor any officer executing this Series 2012 Obligation shall be liable personally on this Series 2012 Obligation or be subject to any personal liability or accountability by reason of the issuance of this Series 2012 Obligation.

This Series 2012 Obligation shall not be entitled to any benefit under the Master Indenture or the Supplemental Indenture, or be valid or become obligatory for any purpose, until this Series 2012 Obligation shall have been authenticated by execution by the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, CARSON TAHOE REGIONAL HEALTHCARE has caused this Series 2012 Obligation to be executed in its name and on its behalf by the manual signature of its Chief Executive Officer and its corporate seal to be hereunto affixed, either manually or by facsimile, attested by the manual or facsimile signature of the Secretary or Assistant Secretary of Carson Tahoe Regional Healthcare, all as of September __, 2012.

CARSON TAHOE REGIONAL HEALTHCARE

By:_____
Chief Executive Officer

Attest:

_____
Secretary

This note is one of the Obligations described in the within-mentioned Master Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Master Trustee

By: _____
Authorized Officer

[End of Form of Series 2012 Obligation]

ARTICLE III.
CREDITS AGAINST AND PREPAYMENT OF THE SERIES 2012 OBLIGATION; DEFEASANCE AND DISCHARGE

SECTION 3.01 **Credits.** The Obligated Group shall receive credit for payment on the Series 2012 Obligation, in addition to any credits resulting from payment or prepayment from other sources, as follows:

(a) on installments of interest on the Series 2012 Obligation in an amount equal to moneys deposited in the Bond Interest Fund (as defined in the Related City Bond Indenture) which amounts are available to pay interest on the Related City Bonds to the extent such amounts have not previously been credited against payments on the Series 2012 Obligation and to the extent such amounts are permitted to be applied as a credit against loan payments under the Loan Agreement; and

(b) on installments of principal of the Series 2012 Obligation in an amount equal to moneys deposited in the Bond Principal Fund (as defined in the Related City Bond Indenture) which amounts are available to pay the principal of the Related City Bonds to the extent such amounts have not previously been credited against payments on the Series 2012 Obligation and to the extent such amounts are permitted to be applied as a credit against loan payments under the Loan Agreement.

SECTION 3.02 **Prepayment Terms.** The Series 2012 Obligation shall be subject to prepayment, in whole at any time, or in part from time to time, at the option of the Company upon payment of a sum, in cash and/or obligations, sufficient, together with any other cash and/or obligations held by the Related City Bond Trustee and available for such purpose, to cause an equal aggregate principal amount of outstanding Related City Bonds to be deemed to have been paid within the meaning of Section 7.01 of the Related City Bond Indenture.

SECTION 3.04 **Interest Ceases to Accrue.** If the Company shall have complied with the notice requirements of the Master Indenture, the Series 2012 Obligation shall become due and payable on the date and at the place stated in such notice at the principal amount thereof, together with interest thereon accrued to the date fixed for redemption, and on and after such date fixed for redemption (unless the Company shall default in the payment of the Series 2012 Obligation, at the redemption price, together with interest accrued to the date fixed for redemption) interest on the Series 2012 Obligation so called for redemption shall cease to accrue.

SECTION 3.05 **Defeasance and Discharge.** The Series 2012 Obligation shall be deemed to be paid and no longer Outstanding (as defined in the Master Indenture) under the Master Indenture and this Supplemental Indenture at the same time as the Related City Bonds are deemed to be paid and no longer Outstanding (as defined in the Related City Bond Indenture) under the Related City Bond Indenture.

ARTICLE IV.
COVENANTS OF THE COMPANY AND THE OTHER MEMBERS OF THE OBLIGATED GROUP, IF ANY

SECTION 4.01 **Effectiveness of Covenants.** This Article IV sets forth additional covenants of the Company and the Obligated Group that shall be in full force and effect from and after the date of issuance of the Series 2012 Obligation. Each of such covenants shall continue in effect until the date that the Series 2012 Obligation is no longer Outstanding under the Master Indenture and this Supplemental Indenture.

SECTION 4.02 **Security Agreement; Gross Revenue Pledge.** All of the Gross Revenues are hereby irrevocably pledged to the punctual payment of all amounts due on the Obligations, and the Master Trustee is hereby granted a security interest in and a first charge and lien on the Gross Revenues for the payment of all amounts due on the Obligations, subject, however, to any Permitted Liens heretofore or hereafter created in accordance with the provisions of the Indenture. If no Event of Default under the Indenture has occurred and is continuing and the Company is not delinquent in making a payment under a loan, lease, sale, guaranty or other agreement entered into by the Company, the Company may use and dispose of Gross Revenues in any manner which does not violate the provisions of the Indenture.

SECTION 4.03 **Deed of Trust.** In order to secure all Obligations issued and to be issued under the Indenture, the Company has entered into the Deed of Trust (as defined in the Related City Bond Indenture); provided that, if the Series 2012 Obligation and any other Obligations which are similarly secured are fully paid and no longer Outstanding, the Master Trustee, upon the request of the Company, shall release such Deed of Trust. In order to assure the security of the Deed of Trust, the Company has provided an endorsement to the mortgagee title insurance policy issued in connection with the 2003A Bonds, dated as of the Closing Date and in the original principal amount of the Series 2012 Obligation, insuring that title to the land pledged by the Deed of Trust is free and clear of encumbrances that are not Permitted Liens.

SECTION 4.04 **Authorization.** The Company covenants that it is duly authorized under all applicable provisions of law and the Master Indenture to execute this Supplemental Indenture and the Company and each other Member of the Obligated Group, if any, covenants that it is duly authorized under all applicable provisions of law and the Master Indenture to issue the Series 2012 Obligation and that all corporate action on the part of each Member of the Obligated Group, if any, required by its Articles of Incorporation, By-laws, the Master Indenture and this Supplemental Indenture to establish this Supplemental Indenture as its binding obligation has been taken, and all such action so required for the creation and issuance of the Series 2012 Obligation has been duly and effectively taken.

ARTICLE V.
AMENDMENTS TO MASTER INDENTURE

SECTION 5.01 **Effectiveness of Provisions.** This Article V sets forth amendments to the Master Indenture which shall be in full force and effect from and after the date of issuance of the Series 2012 Obligation. Each of such covenants shall continue in effect until the date that the Series 2012 Obligation is no longer Outstanding under the Master Indenture and this Supplemental Indenture.

SECTION 5.02 **Amendments to Section 1.01 of the Master Indenture.**

(a) Section 1.01 of the Master Indenture is hereby amended by adding the following definition:

> "Insurance Consultant" means a Person or firm who is not, and no member, stockholder, director, officer or employee of which is, an officer, director, trustee or employee of a Member of the Obligated Group or an Affiliate which is qualified to survey risks and to recommend insurance coverage for hospitals, health-related facilities and services and organizations engaged in such operations and other facilities operated by Members of the Obligated Group.

(b) Section 1.01 of the Master Indenture is hereby amended by adding the following definition:

> "Maximum Debt Service Coverage Ratio" means for any period of twelve consecutive calendar months the ratio determined by dividing the Income Available for Debt Service for such period by the Maximum Debt Service Requirement.

(c) Section 1.01 of the Master Indenture is hereby amended by adding the following definition:

> "Maximum Debt Service Requirement" means for all periods of 12 consecutive calendar months in which there is Long-Term Indebtedness (including Long-Term Indebtedness which is being issued on the date of such determination) Outstanding, the Debt Service Requirement for any such period which is greatest.

SECTION 5.03 **Amendments to Section 3.03 of the Master Indenture.** Section 3.03 of the Master Indenture is hereby amended to read as follows:

> **SECTION 3.03. Insurance.** The Company and each Member of the Obligated Group agrees that it will maintain, or cause to be maintained, at its sole cost and expense, insurance with respect to its Property, the operation thereof and its business against such casualties, contingencies and risks (which may include one or more self-insurance programs covering any risks other than property and casualty risks) including but not limited to public liability, medical malpractice and employee dishonesty) and in amounts not less than is customary

in the case of corporations engaged in the same or similar activities and similarly situated and as is adequate, in the judgment of the Company, to protect its Property and operations.

From time to time (but not less frequently than once every two years and every year with respect to any self-insurance program for coverages exceeding, in the aggregate, $500,000), the Members of the Obligated Group shall employ an Insurance Consultant to prepare and file with the Master Trustee a report on the adequacy of the insurance maintained by each Member of the Obligated Group. If the Insurance Consultant makes recommendations for the increase of any coverage for any Member of the Obligated Group, such Member of the Obligated Group shall increase or cause to be increased such coverage in accordance with such recommendations; provided, however, that upon a good faith determination of the Governing Body of the Company that such recommendations, in whole or in part, are not in the best interests of such Member of the Obligated Group, such recommendations may be rejected by such Governing Body. If the Insurance Consultant makes recommendations for the decrease or elimination of any coverage, the Members of the Obligated Group may decrease or eliminate such coverage in accordance with such recommendations to the extent that the Governing Body of the Company determines in good faith that such recommendations are in the best interest of the Members of the Obligated Group. Notwithstanding anything in this Section to the contrary, each Member of the Obligated Group shall have the right, without giving rise to an Event of Default solely an such account, (i) to maintain insurance coverage below that most recently recommended by the Insurance Consultant if such Member of the Obligated Group furnishes to the Master Trustee a report of the Insurance Consultant to the effect that the insurance so provided affords either the greatest amount of coverage available for the risk being insured against at rates which in the judgment of the Insurance Consultant are reasonable in connection with reasonable and appropriate risk management, or the greatest amount of coverage necessary by reason of state or federal laws now or hereafter in existence limiting medical and malpractice liability, or (ii) to adopt alternative risk management programs which an Insurance Consultant determines to be reasonable, including, without limitation, to self-insure in whole or in part individually or in connection with other institutions, to participate in programs of captive insurance companies, to participate with other health care institutions in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs, to take advantage of state or federal laws now or hereafter in existence limiting medical malpractice liability, or to establish or participate in other alternative risk management programs, all as may be approved by the Insurance Consultant as reasonable and appropriate risk management. If the Members of the Obligated Group shall be self-insured for coverages exceeding, in the aggregate, $500,000, the report of the Insurance Consultant mentioned above shall state whether the anticipated funding of any self-insurance fund is, in the opinion of the Insurance Consultant, actuarially sound, and if not, the required funding to produce such result. Notwithstanding the other provisions of this Section, the Members of the Obligated Group shall not

self-insure (other than with respect to reasonable deductibles certified as such in an Officer's Certificate of the Company) or otherwise participate in programs described in clause (ii) above with respect to any insurance against loss or damage to any property by fire, lightning, vandalism, malicious mischief or other casualty or with respect to boiler insurance and provided further that no Member of the Obligated Group shall self-insure if such self-insurance has a material adverse effect on reimbursement from any third-party payor unless its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such self-insurance is in the best interests of the Member

Within 120 days of the end of each Fiscal Year, the Obligated Company shall file with the Master Trustee an Officer's Certificate to the effect that the insurance coverage maintained by the Corporation and the other Members of the Obligated Group complies with the requirements of the preceding two paragraphs of this Section.

SECTION 5.04 **Amendments to Section 3.05 of the Master Indenture.** Clause (xix) of subsection (b) of 3.05 of the Master Indenture is hereby amended to read as follows:

(xix) Any Liens on Property of any Person existing at the date such Person becomes an Affiliate or such Person merges into or consolidates with an Affiliate if such Lien was created prior to such Person's decision to become a Member of the Obligated Group or to so merge or consolidate and was not created in order to avoid the limitations contained herein on the imposition of Liens on the Property of any Member of the Obligated Group; provided that (1) no Lien so described may be extended or renewed, nor may it be modified, to apply to any Property of any Member of the Obligated Group not subject to such lien on the date such Person became an Obligated Group Member, unless the Lien as so extended, renewed or modified, or the replacement Lien, otherwise qualifies as a Permitted Lien, and (2) such indebtedness does not become part of the Indebtedness of any Member of the Obligated Group unless it is incurred in accordance with the terms of the Master Indenture.

SECTION 5.05 **Amendments to Section 3.06 of the Master Indenture.** Subsections (a), (b) and (c) of Section 3.06 of the Master Indenture are hereby amended to read as follows:

(a) Long-Term Indebtedness if prior to incurrence of such Indebtedness an Officer's Certificate is filed with the Master Trustee certifying that one of the following tests is met and specifying which of such tests is met:

(i) for the two most recent periods of 12 full consecutive calendar months preceding the date of delivery of such Officer's Certificate for which Financial Statements are available, the Maximum Debt Service Coverage Ratio, taking all Outstanding Long-Term Indebtedness and the

Long-Term Indebtedness then to be incurred into account as if it had been incurred at the beginning of each of such periods, is not less than 1.50; or

(ii) (A) for the two most recent periods of 12 full consecutive calendar months preceding the date of delivery of such Officer's Certificate for which Financial Statements are available, the Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness, but not the Long-Term Indebtedness then to be incurred, is not less than 1.50, and (B) the forecasted Maximum Debt Service Coverage Ratio, taking the proposed Long-Term Indebtedness into account, for (I) in the case of Long-Term Indebtedness (other than a Guaranty) to finance capital improvements, each of the two full Fiscal Years next succeeding the date on which such capital improvements are expected to be placed in operation, or (II) in the case of Long-Term Indebtedness not financing capital improvements or in the case of a Guaranty, each of the two full Fiscal Years next succeeding the date on which the Indebtedness is to be incurred, is not less than 1.50, as shown by forecasted balance sheets, statements of revenues and expenses and statements of changes in financial position for each such period, accompanied by a statement of the relevant assumptions upon which such forecasted statements are based; provided, however, that if the forecasted Maximum Debt Service Coverage Ratio for either period is less than 1.75, a Consultant shall determine the forecasted Maximum Debt Service Coverage Ratio for both such periods and the report of such Consultant containing such determination shall be filed with the Master Trustee.

The Obligated Group shall be deemed to be in compliance with the test for the incurrence of Long-Term Indebtedness set forth in either clause (i) or (ii) above without attaining the Debt Service Coverage Ratio required by such clause if a Consultant files a report with the Master Trustee (i) stating that in his opinion the failure to generate sufficient Income Available for Debt Service to attain the required Debt Service Coverage Ratio is caused by compliance with Governmental Restrictions or changes in public or private third-party reimbursement programs and the Obligated Group has generated Income Available for Debt Service at the highest levels practicable and (ii) demonstrating that the Debt Service Coverage Ratio was, for the tests set forth in clauses (i) and (ii) (A) above, or is forecasted to be, for the test set forth in clause (ii) (B) above, as the case may be, not less than 1.00.

(b) Completion Indebtedness may be incurred by any Member of the Obligated Group without limitation provided there is filed with the Master Trustee a certificate of an independent architect or if such work is to be performed by such Member's own employees and does not exceed $1,000,000 a certificate of an engineer or architect employed by such Member setting forth the amount reasonably expected to be required to complete the capital improvement for which the Indebtedness was incurred and an Officer's Certificate stating that the proceeds of the Completion Indebtedness and other moneys available therefor, including estimated investment earnings, will be sufficient to complete the capital improvement; and provided further that no such Completion Indebtedness shall be

incurred in a principal amount greater than 10% of the principal amount of the Long-Term Indebtedness for the project previously incurred pursuant to paragraph (a) hereof.

(c) Indebtedness may be incurred for the purpose of refunding any Outstanding Indebtedness so as to render it no longer Outstanding if prior to incurrence thereof there is delivered to the Master Trustee the following:

(i) an Officer's Certificate certifying that the Maximum Debt Service Requirement on the Indebtedness proposed to be issued for any 12 consecutive calendar months is not in excess of 110% of the maximum Debt Service Requirement on the Outstanding Indebtedness being refunded for any 12 consecutive calendar months; or

(ii) if the Maximum Debt Service Requirement on the Indebtedness proposed to be issued for any 12 consecutive calendar months is in excess of 110% of the Maximum Debt Service Requirement on the Outstanding Indebtedness being refunded for any 12 consecutive calendar months, such evidence as may be required to show that such proposed Indebtedness may be incurred in accordance with the requirements of subsection (a) of this Section.

SECTION 5.06 Amendments to Section 3.08 of the Master Indenture. Subsections (e), (f), and (i) of Section 3.08 of the Master Indenture are hereby amended to read as follows:

(e) Of Property, Plant and Equipment, to any Person if prior to such Transfer the Master Trustee receives (1) an Officer's Certificate certifying that the Obligated Group, after giving effect to the Transfer, will be able to issue at least one dollar of additional Long-Term Indebtedness pursuant to Section 3.06(a) hereof, or (2) a Consultant's report stating that the Debt Service Coverage Ratio of the Obligated Group, after giving effect to the Transfer: (A) (i) would not be less than 1.40, or (ii) not less than 1.20 or sixty-five percent (65%) of what it would have been in the absence of such Transfer; provided that if both of the Debt Service Coverage Ratios calculated pursuant to clause (A) of subsection (2) of this paragraph are greater than 1.50, an Officer's Certificate may be substituted for the report of a Consultant; or (B) would be higher than in the absence of such Transfer and not be less than 1.15.

(f) Any Transfer of Unrestricted Receivables in an amount in any Fiscal Year not exceeding 10% of the net patient accounts receivable of the Obligated Group as shown in the Financial Statements of the Obligated Group for the preceding Fiscal Year, such Transfers in no event to exceed an aggregate of 15% of such net patient accounts receivable in any two consecutive Fiscal Years.

(i) Any Transfer of Unrestricted Receivables in an amount in any Fiscal Year not exceeding 10% of the net patient accounts receivable of the Obligated Group as shown in the Financial Statements of the Obligated Group for

the preceding Fiscal Year, such Transfers in no event to exceed an aggregate of 15% of such net patient accounts receivable in any two consecutive Fiscal Years.

ARTICLE VI.
AMENDMENTS TO MASTER INDENTURE

SECTION 6.01 **Effectiveness of Provisions.** This Article V amends the Master Indenture in order to add certain provision that either (i) cure ambiguities or formal defects or omissions therein, or (ii) which do not materially and adversely affect the interests of the Holders. Each of the provisions added to the Master Indenture pursuant to this Article V shall remain in effect until the date that the Indenture is discharged pursuant to Section 7.01 thereof.

SECTION 6.02 **List of Holders of Obligations**. The Master Indenture is hereby amended by the addition of the following Section 2.06:

> **SECTION 2.06. List of Holders of Obligations**. The Master Trustee shall keep on file at its office a list of the names and addresses of the Holders of all Obligations. At reasonable times and under reasonable regulations established by the Master Trustee, said list may be inspected and copied by any Member of the Obligated Group, the Holder of any Obligation or the authorized representative thereof, provided that the ownership by such Holder and the authority of any such designated representative shall be evidenced to the satisfaction of the Master Trustee.

SECTION 6.03 **Office for Payment and Registration, Transfer and Exchange**. The Master Indenture is hereby amended by the addition of the following Section 2.07:

> **SECTION 2.07. Office for Payment and Registration, Transfer and Exchange**. So long as an Obligation is, or a series of Obligations are, Outstanding, the Company agrees that it shall cause to be maintained, at the Corporate Trust Office, an office or agency where the Obligations issued for the Obligated Group may be presented for payment and an office or agency for the registration of such Obligations and for the registration of transfer and exchange of such Obligations in accordance with their respective terms.

SECTION 6.04 **Registration, Transfer and Exchange of Obligations**. The Master Indenture is hereby amended by the addition of the following Section 2.08:

> **SECTION 2.08. Registration, Transfer and Exchange of Obligations**. The Company agrees that it will cause to be kept at the office or agency maintained as provided in Section 2.07 hereof a register or registers which, subject to such reasonable regulations as it may prescribe, it will register all Obligations or series of Obligations which may be issued and will register the transfer and exchange of such Obligations as provided in this Section.
>
> Upon due presentment for registration or transfer of any Obligations at such office or agency, each Member of the Obligated Group shall execute and the Master Trustee shall authenticate and deliver, in exchange for

such Obligations, a new registered Obligation or Obligations registered in the name of the transferee, of the same series, maturity and tenor of authorized denominations and for a like Aggregate Principal Amount.

Obligations presented for registration or transfer shall be duly endorsed by, or be accompanied by, a written instrument or instruments of transfer in form satisfactory to the Master Trustee duly executed by the Holder or by the Holder's duly authorized attorney.

The execution of any Obligation as provided in Section 2.03 hereof shall constitute full and due authorization of such denomination and the Master Trustee shall thereby be authorized to authenticate and deliver such Obligation.

SECTION 2.09. Charges for Registration and Transfer. Upon every registration, transfer or exchange of an Obligation, the Master Trustee may make a reasonable charge therefor sufficient to reimburse it for any printing costs incurred by it in connection therewith and any tax or taxes or other governmental charge in respect thereof required to be paid by any Member of the Obligated Group or the Master Trustee, and said charge shall be paid by the Holder requesting such registration, transfer or exchange as a condition precedent to the exercise of the privilege of making the same, unless the Obligated Group Representative shall assume such payment in any Supplement.

SECTION 6.05 Mutilated, Destroyed, Lost or Stolen Obligations. The Master Indenture is hereby amended by the addition of the following Section 2.10:

SECTION 2.10. Mutilated, Destroyed, Lost or Stolen Obligations. If any Obligation shall become mutilated, the Members of the Obligated Group shall, and if any Obligation shall be destroyed, lost or stolen, the Members of the Obligated Group in their discretion may, upon the written request of the Holder, execute, and the Master Trustee shall thereupon authenticate and deliver in replacement thereof, a new Obligation of the same series, maturity and tenor, bearing a number not contemporaneously outstanding, payable in the same Aggregate Principal Amount and dated the same date as the obligation so mutilated, destroyed, lost or stolen. If any such mutilated, destroyed, lost or stolen Obligation shall have matured or if any such Obligation shall have been called for redemption, in lieu of executing and delivering a new Obligation, as aforesaid, the Members of the Obligated Group may pay such Obligation.

In each case the applicant for a new Obligation shall pay all costs incurred in connection with the issuance thereof and shall furnish to each Member of the Obligated Group and the Master Trustee such security or indemnity as may be required by them to save each of them harmless on account of the issuance thereof. In addition, in each case of loss, theft or destruction, the applicant shall furnish to each Member of the Obligated Group and the Master Trustee evidence to their satisfaction of the loss, theft, or destruction of such Obligation and of the

ownership thereof, and in each case of the mutilation of any Obligation, the applicant shall surrender to the Master Trustee such mutilated Obligation.

Every new Obligation issued pursuant to the provisions of this Section, by virtue of the fact that any Obligation is destroyed, lost or stolen, shall constitute an additional contractual obligation of the Obligated Group, whether or not the lost, stolen or destroyed Obligation shall be at any time enforceable, and shall be entitled to all the benefits of this Master Indenture equally and proportionately with all other Obligations duly issued hereunder. All Obligations shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement of destroyed, lost or stolen Obligations, and shall preclude any and all other rights or remedies (other than any rights or remedies provided in any Supplement), notwithstanding any law or statute now existing or hereafter enacted to the contrary with respect to replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 6.06 Cancellation of Surrendered Obligations. The Master Indenture is hereby amended by the addition of the following Section 2.11:

SECTION 2.11. Cancellation of Surrendered Obligations. All Obligations surrendered for the purpose of payment or redemption, and all Obligations surrendered for transfer or exchange, shall be cancelled by or under the direction of the Master Trustee and no Obligations shall be issued in lieu thereof, except as expressly required or permitted by any of the provisions of this Master Indenture. Upon written request of the Members of the Obligated Group, such cancelled Obligations shall be delivered by the Master Trustee to the Company or upon similar request shall be destroyed by the Master Trustee, which shall thereupon furnish each Member of the Obligated Group with a proper affidavit or certificate as to such destruction.

SECTION 6.07 Persons Deemed Owners of Obligations. The Master Indenture is hereby amended by the addition of the following Section 2.12:

SECTION 2.12. Persons Deemed Owners of Obligations. The Members of the Obligated and the Master Trustee may deem and treat the Holder of any Obligation as the absolute owner thereof for all purposes, and neither the Members of the Obligated Group nor the Master Trustee shall be affected by any notice to the contrary. Payment of or on account of the principal of and the interest on any Obligation shall be made only to or upon the written order of the Holder thereof or such person's legal representative duly authorized in writing, as herein provided, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Obligation to the extent of the sum or sums so paid.

SECTION 6.08 Notice of Redemption. The Master Indenture is hereby amended by the addition of the following Section 2.13:

SECTION 2.13. Notice of Redemption. Any notice required to be given to any Related Bond Trustee pursuant to any Related Bond Indenture in connection with the optional redemption of any Related Bonds shall satisfy any notice requirement imposed by any Supplement relating to the corresponding optional redemption of any Obligation or Obligations issued hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed by persons thereunto duly authorized, as of the day and year first written above.

CARSON TAHOE REGIONAL HEALTHCARE,
as the Obligated Group Representative on behalf of the Obligated Group

By:_____
Chief Executive Officer

[Corporate Seal]

Attest:

_____
Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:_____
Authorized Officer

BOND PURCHASE AGREEMENT

$_____
Carson City, Nevada
Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project)
Series 2012

_____ ____, 2012

City of Carson City, Nevada
201 N. Carson Street
Carson City, Nevada 89701

Carson Tahoe Regional Healthcare
1600 Medical Parkway
Carson City, Nevada 89703

Ladies and Gentlemen:

The undersigned (the "Representative"), on behalf of itself, _____ (collectively, the "Purchaser") hereby agrees to purchase all of the above-captioned bonds (the "Series 2012 Bonds"), issued by the City of Carson City, Nevada (the "Issuer") and to make a public offering of the Series 2012 Bonds, subject to the execution of this agreement by the Issuer and the approval hereof by Carson Tahoe Regional Healthcare, as the sole Member of the Obligated Group (the "Hospital") on or before 6:00 p.m., New York City time, on _____ ___, 2012, subject to the provisions and conditions set forth herein.

Section 1. **Definitions**. The terms used herein shall have the meanings set forth in the Official Statement or the Bond Indenture, hereinafter defined, unless another meaning is plainly intended.

Section 2. **Purchase Price**. Upon the terms and conditions and upon the basis of the representations herein set forth, the Purchaser shall purchase and the Issuer shall sell all, but not less than all, of the Series 2012 Bonds at an aggregate purchase price of $_____ (representing the par amount of $_____ [less/plus] a net original issue [discount/premium] of $_____, and less an underwriting discount of $_____). The Series 2012 Bonds shall mature and bear interest as set forth in Schedule I hereto.

Section 3. **Good Faith Deposit**. There shall be no good faith deposit.

Section 4. **Agreed Upon Procedures Letter**. This Bond Purchase Agreement is subject in all respects to the delivery to the Purchaser no earlier than the business day prior to the date hereof of an agreed upon procedures letter (the "Initial Agreed Upon Procedures Letter"), in form and substance satisfactory to the Purchaser, from BKD LLP (the "Accountants") to the Hospital and the Purchaser. This Bond Purchase Agreement is also subject in all respects to the delivery to the Purchaser no later than the day prior to the date of delivery of the Series 2012 Bonds (the "Closing Date") of an agreed upon procedures letter (the "Final Agreed Upon Procedures Letter"), in form and content satisfactory to the Purchaser, from the Accountants to the Hospital and the Purchaser dated as of the day prior to the Closing Date.

Section 5. **Representations and Covenants of the Issuer**. The Issuer represents to the Purchaser and the Hospital that, to the best of its knowledge:

(a) the Issuer is and will be at the Closing Date duly organized and existing under the laws of the State of Nevada as a public body, politic and corporate, and existing as a political subdivision pursuant to the Constitution and laws of the State of Nevada;

(b) the Issuer is empowered and has been duly authorized to execute and deliver this Bond Purchase Agreement and the Indenture of Trust dated as of September 1, 2012 (the "Bond Indenture") between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"), the Loan Agreement dated as of September 1, 2012 (the "Loan Agreement") between the Issuer and the Hospital, the Escrow Agreement dated as of September 1, 2012, by and between the Issuer, U.S. Bank National Association, as escrow agent and the Hospital (the "Escrow Agreement"), the Tax Compliance Certificate of the Issuer dated the Closing Date (the "Issuer Tax Certificate") and to carry out the transactions contemplated by the foregoing documents and by the Official Statement for the Series 2012 Bonds dated _____ ___, 2012 (the "Official Statement," and in its preliminary form dated _____, 2012, the "Preliminary Official Statement");

(c) the execution and delivery of this Bond Purchase Agreement, the Loan Agreement, the Issuer Tax Certificate, the Escrow Agreement and the Bond Indenture were duly authorized and such instruments will be, upon delivery, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, except as may be limited by insolvency, bankruptcy, reorganization, moratorium or other laws affecting the enforcement of creditors' rights against municipal corporations such as the Issuer from time to time in effect and by the application of general principles of equity;

(d) when delivered to and paid for by the Purchaser on the Closing Date in accordance with the provisions of this Bond Purchase Agreement, the Series 2012 Bonds will have been duly authorized, executed, issued and, once duly authenticated and delivered, will constitute valid and binding special, limited obligations of the Issuer in conformity with, and entitled to the benefit and security of, the Bond Indenture, except as may be limited by insolvency, bankruptcy, reorganization, moratorium or other laws affecting the enforcement of creditors' rights against municipal corporations such as the Issuer from time to time in effect and by the application of general principles of equity;

(e) the execution and delivery of this Bond Purchase Agreement, the Loan Agreement, the Issuer Tax Certificate, the Escrow Agreement and the Bond Indenture, and

compliance with the provisions hereof and thereof, under the circumstances contemplated herein and therein, will not in any material respect conflict with or constitute on the part of the Issuer a material breach of or material default under any agreement or other material instrument to which the Issuer is a party or under any applicable State law, administrative rule or regulation, or any applicable court order or consent decree to which the Issuer is subject or by which it or any of its properties are otherwise subject or bound;

(f) there is no litigation, administrative proceeding or investigation pending (nor, to the knowledge of the Issuer, is any such action threatened) which in any way affects, contests, questions or seeks to restrain or enjoin any of the following: (i) the Act or the Issuer's resolution approving and authorizing the execution and delivery of the Bond Purchase Agreement, the Bond Indenture, the Loan Agreement, the Issuer Tax Certificate, the Escrow Agreement and the Series 2012 Bonds; (ii) any of the proceedings had or actions taken leading up to the issuance of the Series 2012 Bonds or the execution, delivery or performance of this Bond Purchase Agreement, the Loan Agreement, the Issuer Tax Certificate, the Escrow Agreement and the Bond Indenture; (iii) the delivery, validity or enforceability of the Series 2012 Bonds, the Loan Agreement, the Issuer Tax Certificate, the Escrow Agreement and the Bond Indenture by or against the Issuer; (iv) the corporate existence of the Issuer; (v) the right of the Mayor or any other member of the Issuer's governing body to hold his or her office; (vi) the transactions contemplated hereby or by the Official Statement; or (vii) the federal tax-exempt status of the interest on the Series 2012 Bonds;

(g) the Issuer has not been advised by the Commissioner, any District Director or any other official of the Internal Revenue Service that certifications by the Issuer with respect to arbitrage may not be relied upon.

(h) the resolutions of the Issuer approving and authorizing the execution and delivery of this Bond Purchase Agreement, the Bond Indenture, the Loan Agreement, the Issuer Tax Certificate, the Escrow Agreement and the Series 2012 Bonds were duly adopted at meetings of the governing body of the Issuer which were called and held pursuant to law and with all public notice required by law and at which quorums were present and acting throughout;

(i) on the date hereof and on the Closing Date, the statements and information contained in the captions entitled “THE CITY” and “LITIGATION – The City” of the Official Statement are true and complete in all material respects, and such sections of the Official Statement do not make any misstatement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(j) at the expense of the Hospital, the Issuer will deliver a final Official Statement within the meaning of Rule 15c2-12 promulgated under Section 15(c) of the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”) to the Purchaser within seven business days of the date of this Bond Purchase Agreement;

(k) the Issuer is not in breach of or default under any existing law, court order or administrative regulation, decree or order, and the Issuer is not in payment default on any of its outstanding bonds, notes or other evidences of indebtedness which are payable from funds provided by the Hospital; and to the best of the Issuer’s knowledge, no event has occurred

which, with the passage of time or the giving of notice, or both, would constitute a material breach or default by the Issuer thereunder; and

(l) the City agrees to cooperate reasonably with the Purchaser and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Purchaser may request; provided, however, that the City shall not be required with respect to the offer or sale of the Bonds to file written consent to suit or to file written consent to service of process in any jurisdiction to which it is not so subject. The City shall not be obligated to pay any expenses or costs (including legal fees) incurred in connection with such qualification.

If during the period from and including the date of this Bond Purchase Agreement through and including the 25th day following the "end of the underwriting period", as such term is described in Rule 15c2-12 (the "Offering Period") the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, it shall notify the Purchaser, and if in the opinion of the Purchaser such fact or event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall, at the expense of the Hospital, cooperate with the Hospital to supplement or amend the Official Statement in a form and in a manner approved by the Purchaser and furnish to the Purchaser (i) a reasonable number of copies of the supplement or amendment, and (ii) if such notification shall be subsequent to the Closing date of the Closing, such legal opinions, certificates, instruments, and other documents as the Purchaser may deem necessary to evidence the truth, accuracy and completeness of such supplement or amendment to the Official Statement. The obligations of the Issuer set forth in this paragraph shall not require the Issuer to monitor the business affairs or financial condition of the Hospital.

Section 6. Representations, Warranties and Covenants of the Hospital. The Hospital represents that:

(a) the Hospital is and will be at the date of Closing a duly incorporated Nevada nonprofit corporation in good standing under Nevada law;

(b) the Hospital has the corporate power and authority and is duly authorized to execute and deliver this Bond Purchase Agreement, the Loan Agreement, the Tax Compliance Certificate of the Hospital dated as of the Closing Date (the "Hospital Tax Certificate"), the Escrow Agreement, the Continuing Disclosure Agreement dated as of September 1, 2012 (the "Continuing Disclosure Agreement"), the Supplemental Indenture Number 6 for the Carson Tahoe Regional Healthcare Series 2012 Obligation (the "Supplement") dated as of September 1, 2012 and among the Hospital and U.S. Bank, National Association, as master trustee (the "Master Trustee"), which supplements and amends the Master Trust Indenture dated as of March 1, 2002, (as supplemented and amended to the date hereof, the "Master Indenture"), between the Hospital and the Master Trustee, the Carson Tahoe Regional Healthcare Series 2012 Obligation (the "Series 2012 Obligation") issued pursuant to the Master Indenture, [the Memorandum for Additional Advance relating dated as of _____, 2012 (the "Memorandum") relating to the

Deed of Trust, Assignment of Rents and Proceeds, Security Agreement, Financing Statement and Fixture Filing dated as of December 3, 2003 from the Hospital to Stewart Title of Carson City, as Deed Trustee and the Master Trustee, as amended to date (collectively, the "Deed of Trust")], and the Official Statement, and has taken all necessary corporate action with respect thereto;

(c) The Hospital has duly and validly executed and delivered this Bond Purchase Agreement, the Loan Agreement, the Hospital Tax Certificate, the Escrow Agreement, the Continuing Disclosure Agreement, the Supplement, the Series 2012 Obligation, the Memorandum and the Official Statement (collectively, the "Transaction Documents");

(d) assuming due authorization, execution and delivery hereof by the other parties thereto, the Transaction Documents, the Deed of Trust and the Master Indenture constitute or will constitute valid and binding obligations of the Hospital, except as may be limited by bankruptcy, insolvency, liquidation, reorganization and other state and federal laws affecting the enforcement of creditors' rights and to general principles of equity;

(e) the Hospital has been determined to be and is exempt from federal income taxes under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code, and is not a "private foundation" as defined in Section 509(a) of the Code by virtue of a separate determination letter; the Hospital has not impaired its status as an exempt organization as described in Section 501(c)(3) of the Code nor will it, while any of the Series 2012 Bonds remain outstanding, impair its status as such an exempt organization; the Hospital is not aware of any meritorious basis for the revocation of such status;

(f) the execution and delivery of the Transaction Documents and compliance with the provisions thereof, under the circumstances contemplated herein, do not, on the date hereof, and as of the Closing Date will not, in any material respect, conflict with or constitute on the part of the Hospital a breach of or default under the Hospital's Articles of Incorporation or By-Laws or any agreement or other instrument to which the Hospital is a party, or any existing law, administrative regulation, court order or consent decree to which the Hospital or any of its properties is subject, which would materially adversely affect the transactions contemplated hereby or which would materially adversely affect the business or operational or financial condition of the Hospital;

(g) all the property refinanced, whether directly or indirectly, by the Hospital with the proceeds of the Series 2012 Bonds will be owned by the Hospital at Closing, or an organization described in Section 501(c)(3) of the Code directly or indirectly controlled by the Hospital;

(h) not in excess of 2% of the proceeds of the Series 2012 Bonds (net of any original issue discount) will be applied to finance costs incurred in connection with the issuance of the Series 2012 Bonds;

(i) the Series 2012 Bonds and the Series 2012 Obligation are not federally guaranteed within the meaning of Section 149(b) of the Code;

(j) the Hospital has all necessary licenses, approvals, consents, authorizations, certificates, permits or other orders of all municipal, state or federal regulatory authorities required to carry on its business and operate all of its health care properties, and the Hospital is

not and will not be at Closing in violation of any zoning or land use laws applicable to the Hospital's facilities (other than any non-compliance with such laws, the consequences of which would not materially adversely affect the ability of the Hospital to satisfy its obligations under the Master Indenture and the Loan Agreement) and to the knowledge of the undersigned, no condition exists which, with the passage of time or the giving notice to the appropriate governmental entity or regulatory agency, or both, should cause such licenses or permits to be modified, limited or revoked to such extent as would materially adversely affect the business of the Hospital;

(k) no authorization, approval, consent or license of any governmental body or authority, not already obtained, is required for the valid and lawful execution and delivery by the Hospital of the Transaction Documents to which it is a party and the assumption of its obligations thereunder;

(l) the Hospital is accredited by the Joint Commission;

(m) the Hospital has not received any notice of an alleged violation and, to the best knowledge of the Hospital, the Hospital is not in violation (except as disclosed in writing to the Purchaser) of any zoning, land use, environmental or other similar law or regulation applicable to any of its property which could materially affect its operations or financial condition;

(n) no event has occurred which, with the lapse of time or the giving of notice or both, would give any creditor of the Hospital the right to accelerate the maturity of any of the outstanding indebtedness of the Hospital for money borrowed;

(o) the Hospital is in compliance in all material respects with all applicable federal, state and local laws, rules, regulations, orders and decrees relating to the conduct of its business as currently conducted where a failure to comply with such rules and regulations could have a material adverse effect on the financial condition of the Hospital, and no order, decree, judgment, fine or penalty has been issued, assessed or threatened based upon any violation or alleged violation of any of the foregoing that could have a material adverse effect on the financial condition of the Hospital;

(p) the Hospital is not in default in any respect under any indenture, lease, contract or agreement to which the Hospital is a party and which is material to the business, properties or financial condition of the Hospital; and no event has occurred which, with the passage of time or the giving of notice or both, would constitute a material default by the Hospital thereunder;

(q) except for Permitted Liens (as defined in the Master Indenture), the Hospital has good and marketable title to all real and personal property described as being owned by it, in each case free and clear of all liens, encumbrances and defects except such as do not materially adversely affect the value of such property and do not materially interfere with the use made or proposed to be made of such property; and the real properties held under lease by the Hospital are held under valid, subsisting and enforceable leases with such exceptions as are not material and do not materially interfere with the conduct of the business of the Hospital;

(r) the Hospital owns or possesses or is licensed under all the patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark

registrations, copyrights, licenses, inventions, trade secrets and rights necessary for the present conduct of its business;

(s) the Hospital has not incurred any material accumulated funding deficiency within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA") nor has it incurred any material liability to the Pension Benefit Guaranty Corporation established under ERISA (or any successor thereto) in connection with any employee pension benefit plan established or maintained by it, and there have been no "reportable events" or "prohibited transactions" with respect to any such plan, as those terms are defined in Section 4043 of ERISA and Section 4975 of the Code; respectively;

(t) the security interests to be created in favor of the Bond Trustee under the Bond Indenture and the Loan Agreement and in favor of the Master Trustee under the Master Indenture and the Deed of Trust will at all times on and after Closing constitute valid first priority, perfected security interests, subject only to Permitted Liens. All filings or recordings required in order to perfect the security interests created or to be created under the Master Indenture, the Bond Indenture, Loan Agreement and Deed of Trust will be made on or prior to Closing;

(u) the Hospital has complied with its continuing disclosure obligations under Rule 15c2-12 for the past five years;

(v) on the date hereof and as of the Closing Date, the sections "INTRODUCTION - The Corporation, – Purpose of the Series 2012 Bonds, – Security for the Series 2012 Bonds and – The Obligations," "PLAN OF FINANCE," ESTIMATED SOURCES AND USES OF FUNDS", "SECURITY FOR THE SERIES 2012 BONDS," "SECURITY FOR THE SERIES 2012 OBLIGATION," "ANNUAL DEBT SERVICE REQUIREMENTS", "BONDHOLDERS' RISKS," "LITIGATION – The Obligated Group," "APPENDIX A – INFORMATION CONCERNING THE OBLIGATED GROUP" and "APPENDIX C – AUDITED FINANCIAL STATEMENTS" in the Official Statement do not contain any misstatement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading;

(w) the audited parent-only financial statements of the Hospital as of and for the fiscal years ended December 31, 2011 and 2010 included as APPENDIX B to the Official Statement and the unaudited financial statements of the Hospital for the six months ended June 30, 2012 and 2011 included in APPENDIX A to the Official Statement present fairly the results of its operations for the periods specified, and such financial reports and statements have been prepared in conformity with accounting principles generally accepted in the United States of America consistently applied in all material aspects throughout the periods involved;

(x) subsequent to the date of the last audited financial statements contained in the Official Statement, there have been no material adverse changes in the assets, liabilities or condition of the Hospital, financial or otherwise, except as described in the Official Statement, and neither the business nor the properties of the Hospital have been adversely affected in any substantial way as the result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war, or Act of God or of the public enemy;

(y) the Hospital has determined that the Preliminary Official Statement was "final" as of its date, except for the omission of offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and any other terms of the Series 2012 Bonds depending on such matters, within the meaning of Rule 15c2-12;

(z) all of the warranties and representations of the Hospital in the Loan Agreement and in the Master Indenture are true and correct in all material respects as of this date, as if made on this date and will be true and correct in all material respects as of the Closing Date;

(aa) the Hospital covenants and warrants that it knows of no reason why the Hospital will not have the economic ability to meet all the obligations imposed upon it under the Loan Agreement, the Master Indenture and the Series 2012 Obligation;

(bb) there is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board, regulatory agency or body, pending or, to the best of the Hospital's knowledge, threatened against the Hospital or any of its affiliates nor, to the best of the Hospital's knowledge, is there any basis therefor, (i) contesting the corporate existence or powers of the Hospital or titles of their officers to their respective offices, (ii) challenging the validity or enforceability of the Transaction Documents or contesting the power and authority of the Hospital to approve the Official Statement and to execute and deliver or to consummate the transactions contemplated in the foregoing documents or the Official Statement, (iii) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (iv) wherein an unfavorable decision, ruling or finding would (A) materially adversely affect the financial condition of the Hospital or the use, operation or maintenance of its properties, or (B) adversely affect the validity or enforceability of the Series 2012 Bonds or the Transaction Documents; and

(cc) the Hospital agrees to cooperate reasonably with the Purchaser and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Purchaser may request; provided that the Hospital shall not be required to qualify to do business in any jurisdiction where it is not now so qualified, or to take any action which would subject it to general service of process in any jurisdiction where it is not now so subject. The Hospital ratifies and consents to the use by the Purchaser of the Preliminary Official Statement and final Official Statement (and drafts thereof prior to the availability of such documents) in obtaining such qualification.

The Hospital warrants that such representations are true and correct in all material respects, and the Hospital covenants that throughout the term of the Loan Agreement, it shall operate its facilities in a manner which shall generate for each Fiscal Year sufficient revenues to meet all obligations under the Loan Agreement, the Master Indenture and the Series 2012 Obligation.

If during the Offering Period the Hospital becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, the Hospital shall notify the Purchaser, and if in the

opinion of the Purchaser such fact or event requires the preparation and publication of a supplement or amendment to the Official Statement, the Hospital shall, at its expense, supplement or amend the Official Statement in a form and in a manner approved by the Purchaser and furnish to the Purchaser (i) a reasonable number of copies of the supplement or amendment, and (ii) if such notification shall be subsequent to the Closing Date, such legal opinions, certificates, instruments, and other documents as the Purchaser may deem necessary to evidence the truth, accuracy and completeness of such supplement or amendment to the Official Statement.

Section 7. **Covenants of the Purchaser**. The Purchaser covenants to the Issuer and the Hospital that the Series 2012 Bonds will be offered and sold by the Purchaser in accordance with applicable state and federal laws, and that all obligations, covenants and agreements of the Purchaser contained herein shall be observed fully in all material respects by the Purchaser.

The Purchaser covenants and agrees to make a bona fide public offering of the Series 2012 Bonds at the price or prices set forth on the cover of the final Official Statement and to deliver a copy of the Official Statement in its preliminary or final form to each original purchaser of the Series 2012 Bonds from the Purchaser concurrently with or prior to sending to such purchaser a final written confirmation of the sale and otherwise to comply with all the applicable state and federal securities laws, rules and regulations. If in accordance with the foregoing covenants the Purchaser delivers a Preliminary Official Statement, the Purchaser will deliver to such original purchasers a final Official Statement promptly after the same shall become available. Further, the Purchaser agrees not to use the Official Statement for the purpose of marketing or reoffering the Series 2012 Bonds subsequent to receiving notice from the Issuer or the Hospital which both (i) states that the Official Statement contains an untrue statement of a material fact or omits to state a material fact, and (ii) specifically identifies the material fact or omission, provided that upon amending the Official Statement to the satisfaction of the party delivering the notice pursuant hereto the Purchaser may, subject to the continuing obligations contained herein, resume use of the amended Official Statement in marketing or reoffering the Series 2012 Bonds, and provided further that nothing contained in this paragraph shall create any obligation on the part of the Issuer to provide the Purchaser with any notices regarding the Official Statement. Further, the Purchaser agrees not to use the Official Statement for the purpose of marketing or reoffering the Series 2012 Bonds after _____ ___, 2012 without the consent of the Hospital.

Section 8. **Not a Fiduciary**. Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer and the Hospital acknowledge and agree that: (i) the transaction contemplated by this Bond Purchase Agreement is an arm's length, commercial transaction between the Issuer, the Hospital and the Purchaser in which the Purchaser is acting solely as a principal and not acting as a fiduciary or municipal advisor to the Issuer or the Hospital; (ii) the Purchaser has provided advice with respect to the structure, timing or other similar matters concerning the Bonds as an underwriter and not as a fiduciary or municipal advisor to the Issuer or the Hospital; (iii) the Purchaser is acting solely in its capacity as an underwriter for its own account; (iv) the only obligations the Purchaser has to the Issuer and the Hospital with respect to the transaction contemplated hereby are set forth expressly in this Bond Purchase Agreement; and (v) the Issuer and the Hospital have consulted with their own legal, accounting, tax, financial and other advisors, as applicable, to the extent they deem appropriate.

Section 9. **Official Statement**. The Hospital shall, at its sole expense, deliver to the Purchaser within seven business days of the date of this Bond Purchase Agreement a sufficient number of copies of the Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12. The Issuer and the Hospital agree that the Official Statement and copies of the Bond Indenture, the Issuer Tax Certificate, the Deed of Trust, the Master Indenture and the Transaction Documents may be used by the Purchaser in the initial public offering of the Series 2012 Bonds and that it will cooperate, at the cost of the Hospital, with the Purchaser if the Purchaser decides to qualify the Series 2012 Bonds under the securities acts of any states and will furnish the Purchaser with copies of resolutions, ordinances, applications, reports and other documents, certified as appropriate, as shall be necessary in the reasonable judgment of Purchaser's Counsel to effect such registration or confirmation of exemption from registration; provided that the Issuer shall not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such registration or exemption from registration or otherwise take any action that would subject it to service of process in any state other than the State of Nevada.

Section 10. **Closing, Delivery and Payment**. The closing shall be held at ____ a.m./p.m., _____, 2012, at the offices of Swendseid & Stern, a member of Sherman & Howard, L.L.C., Reno, Nevada, as the Issuer's bond counsel ("Bond Counsel"), or at such other time as shall be mutually agreeable to the parties hereto (the "Closing"). The Series 2012 Bonds shall be delivered to the Purchaser at said offices of Bond Counsel (or such other location as may be designated by the Purchaser and approved by the Issuer) in sufficient time prior to the Closing Date to meet the requirements of The Depository Trust Company. Upon Closing, the Purchaser will accept the delivery of the Series 2012 Bonds, and will make payment therefor as provided herein in federal funds or other immediately available funds upon tender of the Series 2012 Bonds to the Purchaser by the Issuer, and delivery to the Purchaser of all the Closing Documents.

Section 11. **Closing Documents**. The Closing Documents shall consist of, or cover in substance, the following, each properly executed, certified or otherwise verified, dated as of or prior to the Closing Date, and in such form as may be satisfactory to Bond Counsel, the Hospital, Counsel to the Hospital, the Purchaser, Purchaser's Counsel, and the Issuer including, but not limited to, the matters hereinafter set forth:

(a) the Transaction Documents, the Bond Indenture and the Issuer Tax Certificate;

(b) the Issuer's closing certificate signed by the Mayor of the Issuer, or such other officer as is acceptable to the Purchaser, confirming:

(i) the representations and warranties made by the Issuer in this Bond Purchase Agreement, the Loan Agreement, the Issuer Tax Certificate and the Bond Indenture;

(ii) that to the Issuer's knowledge there is no litigation pending or threatened to restrain or enjoin the delivery of the Series 2012 Bonds or contesting or adversely affecting any authority for the issuance of the Series 2012 Bonds, or the validity of the Series 2012 Bonds, the Loan Agreement, the Bond Indenture, the Issuer Tax Certificate or this Bond Purchase Agreement, or contesting the powers of the Issuer; and

(iii) the adoption and present effectiveness of all resolutions considered necessary, in the opinion of Bond Counsel, in connection with the transactions contemplated hereby, together with copies of said resolutions, certified by the City Clerk of the Issuer;

(c) a closing certificate signed by a duly authorized officer of the Hospital, confirming:

(i) the representations and warranties made by or on behalf of the Hospital in the Transaction Documents;

(ii) that there is no litigation pending or, to the best of his or her knowledge, threatened to restrain or enjoin the transactions contemplated by the Transaction Documents or questioning the validity hereof or thereof, or in any way contesting the corporate existence or powers of the Hospital;

(iii) the adoption and present effectiveness of all resolutions of its governing body considered necessary, in the opinion of the Counsel to the Hospital, in connection with the transactions contemplated hereby, with copies of those resolutions, certified by the Secretary of the Hospital, attached thereto;

(iv) that, except as described in the Official Statement, subsequent to the date of the last audited financial statements, there have been no material adverse changes in the assets, liabilities or condition of the Hospital, financial or otherwise, and neither have the business nor the properties of the Hospital been materially and adversely affected as a result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war or act of God or of the public enemy;

(v) no proceedings are pending or, to the best of his or her knowledge, threatened in any way contesting or affecting the status of the Hospital as a Nevada corporation determined to be an organization described in Section 501(c)(3) of the Code; and

(vi) all conditions precedent to the issuance of the Series 2012 Obligation under the Master Indenture have been satisfied;

(d) the Hospital's Articles of Incorporation and a certificate of good standing, each certified by the Secretary of State of the State of Nevada as of a date not less than __ days prior to the Closing Date, and a copy of the Hospital's By-Laws certified by its Secretary as of a date not less than ___ days prior to the Closing Date;

(e) the opinion of Bond Counsel dated Closing Date, in substantially the form of Exhibit A hereto;

(f) an opinion of the Counsel to the Hospital dated the Closing Date in substantially the form of Exhibit B hereto;

(g) an opinion of Counsel to the Issuer dated the Closing Date in substantially the form of Exhibit C hereto;

(h) evidence satisfactory to Bond Counsel that the Hospital is an organization described in Section 501(c)(3) of the Code;

(i) an appropriate certification in form and substance satisfactory to Bond Counsel, pursuant to the requirements of Sections 103(b)(2) and 148 of the Code;

(j) IRS Form 8038;

(k) the Final Agreed Upon Procedures Letter referenced in Section 4 hereof, in form and content satisfactory to the Purchaser;

(l) a copy of any permits or licenses which the Hospital is required to have to operate its facilities;

(m) the Preliminary Official Statement and the Official Statement;

(n) a written certificate signed by the insurance consultant of the Hospital to the effect that all of the insurance coverage required by the Loan Agreement and the Master Indenture is in full force and effect;

(o) a certificate meeting the requirements of the Master Indenture evidencing compliance with the conditions to issue master notes;

(p) evidence of a rating from Standard & Poor's of "____" based on the underlying rating of the Hospital;

(q) a certificate or letter from the Accountants evidencing their consent to the use of the Hospital's audited financial statements for the years ended December 31, 2011 and 2010 in the Official Statement;

(r) a report of a certified public accountant satisfactory to the Purchaser and Bond Counsel that the amounts on deposit with the Escrow Agent are sufficient to fully defease the Refunded Bonds such that the Refunded Bonds are no longer "outstanding" as of the date of such deposit;

(s) title insurance (which may consist of an endorsement to the existing title policy issued in connection with the Deed of Trust) satisfactory to the Purchaser;

(t) closing certificates from the Master Trustee, the Bond Trustee and the Dissemination Agent, to the effect that each is empowered and authorized to execute the agreements to which they are a party as necessary to carry out the transactions described in the Official Statement;

(u) [the Blue Sky Survey and Legal Investment Memorandum indicating the states and other jurisdictions of the United States in which the Series 2012 Bonds may be sold in

compliance with the Blue Sky or other securities laws or regulations of such states and other jurisdictions and the eligibility of the Series 2012 Bonds for investment by savings banks and other institutions;] and

(v) such additional legal opinions, certificates, instruments and other documents, as the Purchaser, the Issuer, Purchaser's Counsel or Bond Counsel may reasonably request to evidence: compliance by the Issuer and the Hospital with legal requirements; the truth and accuracy, as of the Closing Date, of the respective representations contained herein and in the Official Statement; and the due performance or satisfaction by them of all agreements to be performed by them and all conditions to be satisfied by them at or prior to the Closing.

Section 12. **Termination by the Purchaser**. This Bond Purchase Agreement may be terminated in writing by the Purchaser if any of the following shall occur:

(i) this Bond Purchase Agreement shall not have been accepted by the Hospital within the time herein provided;

(ii) the signed Official Statement shall not have been provided within the time required by this Bond Purchase Agreement;

(iii) the Series 2012 Bonds and all of the Closing Documents shall not have been delivered to the Purchaser as of 1:00 p.m., local time, on the Closing Date;

(iv) legislation shall be enacted, or actively considered for enactment, or a court decision announced, or a ruling, regulation or decision by or on behalf of a governmental agency having jurisdiction of the subject matter shall be made to the effect that the revenue or other income of the general character to be derived from the Hospital or by any similar body under the Bond Indenture, as amended and supplemented, or similar instrument, or interest on obligations of the general character of the Series 2012 Bonds, shall not be excludable from gross income for federal income tax purposes, or that securities of the general character of the Series 2012 Bonds shall not be exempt from registration under the Securities Act of 1933, as amended, or that the Bond Indenture or the Master Indenture, each as amended and supplemented, shall not be exempt from qualification under the Trust Indenture Act of 1939, as amended;

(v) there shall exist any event or circumstance which, in the reasonable opinion of the Purchaser, either makes untrue a statement of a material fact contained in the Official Statement, or causes the Official Statement to omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(vi) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States of America being such as, in the opinion of the Purchaser, would make it impracticable for the Purchaser to sell the Series 2012 Bonds;

(vii) there shall be in force a general suspension of trading on the New York Stock Exchange;

(viii) in the judgment of the Purchaser the market price of the Series 2012 Bonds, or the market price generally of obligations of the general character of the Series 2012 Bonds, might be adversely affected because:

(a) 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

(b) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Series 2012 Bonds or similar obligations, 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;

(ix) a general banking moratorium shall have been declared by either federal, Nevada or New York authorities having jurisdiction, and shall be in force; or

(x) any change in the senior management of the Hospital which, in the reasonable opinion of the Purchaser, would adversely affect the market price of or permit purchasers from the Purchaser to refuse to accept delivery of the Series 2012 Bonds.

Section 13. **Termination by Issuer or Hospital**. This Bond Purchase Agreement may be terminated by the Issuer or the Hospital immediately upon written notice to the Purchaser in the event that:

(i) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United State Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Purchaser (other than bankruptcy proceedings instituted by the Purchaser against third parties); or

(ii) a proceeding is commenced against the Purchaser by any state or federal securities agency seeking to restrict, enjoin, or restrain, or that otherwise in the reasonable judgment of the Hospital or the Issuer threatens to materially impair, the Purchaser's ability to engage in the underwriting or sale of securities; or

(iii) the Purchaser shall fail to accept delivery of the Series 2012 Bonds on the Closing Date upon tender thereof to the Purchaser by the Issuer and all of the Closing Documents shall have been delivered within the time provided by this Bond Purchase Agreement.

Section 14. **Changes Affecting the Official Statement After the Closing**. Within ninety (90) days after the Closing, the Issuer or the Hospital will not adopt any amendment of or supplement to the Official Statement except with the written consent of the Purchaser, which consent shall not be unreasonably withheld; and if, within ninety (90) days of the Closing, any event relating to or affecting the Issuer or the Hospital shall occur the result of which shall make it necessary, in the opinion of the Purchaser or Purchaser's Counsel, to amend or supplement the

Official Statement in order to make it not misleading in light of the circumstances existing at the time, the Issuer, at the sole cost of the Hospital, and the Hospital shall forthwith prepare and furnish to the Purchaser a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Purchaser, so that it then will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. The cost of providing such amendment or supplement shall be paid by the Hospital.

Section 15. **Expenses**. Expenses and costs of the Issuer and the Hospital incident to the performance of their obligations in connection with the offering of the Series 2012 Bonds, including, but not limited to, Issuer's fee, fees of accountants and consultants for the Hospital, Bond Counsel, Purchaser's Counsel, Counsel to the Hospital, the Trustee, rating agencies, the expenses of recording and printing, and fees and expenses in connection with the registration or qualification of the Series 2012 Bonds for "blue sky" purposes incurred by the Purchaser shall be paid by the Hospital. The agreements contained in this Section shall survive the termination of this Bond Purchase Agreement.

Section 16. **Notices**. Any notice or other communication to be given to the Issuer or the Hospital under this Bond Purchase Agreement may be given by delivering the same in writing to their respective addresses set forth above; and any such notice or other communication to be given to the Purchaser may be given by delivering the same in writing to B.C. Ziegler and Company, 200 South Wacker Drive, Suite 2000, Chicago, Illinois 60606, Attn: Municipal Underwriting.

Section 17. **Parties and Interests; Undertakings; Survival of Representations**. This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Hospital and the Purchaser, including their successors and assigns, provided that the Purchaser may not assign this Bond Purchase Agreement without the written consent of the Issuer and the Hospital and no other person, partnership, limited liability company, association or corporation (including any purchaser of the Series 2012 Bonds) shall acquire or have any rights hereunder or by virtue hereof. The Issuer and the Hospital have adopted and joined in this Bond Purchase Agreement for the purpose of approving the undertakings hereunder of the Purchaser and to make the respective representations, undertakings, indemnities and consents expressly stated herein with respect to the Issuer and the Hospital. All representations and agreements by the Issuer, the Hospital and the Purchaser in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the parties hereto, and shall survive the delivery of and payment for the Series 2012 Bonds.

Section 18. **Indemnification by the Hospital; Contribution**. The Hospital agrees to indemnify the Issuer and the Purchaser, their respective officers, directors, members, employees, agents and officials and each person, if any, who controls the Issuer or the Purchaser within the meaning of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, against claims asserted against them if such claims arise out of or are based on (i) the assertion that the Official Statement (except for the information contained under the headings "THE CITY" and "LITIGATION – The City" and except for information relating to the Purchaser to the extent such information has been provided in writing by the Purchaser expressly

for use in the Official Statement) contains an alleged untrue statement of a material fact or an alleged omission to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, or (ii) the failure to register the Series 2012 Bonds or the Series 2012 Obligation under the Securities Act of 1933, as amended, or to qualify the Bond Indenture or Master Indenture under the Trust Indenture Act of 1939, as amended. This indemnity includes reimbursement for expenses reasonably incurred by an indemnified party in investigating the claim and in defending it if the Hospital declines to assume the defense.

Within a reasonable time after the commencement of any action against any party indemnified hereunder in respect of which indemnity is to be sought against the Hospital, such indemnified party will notify the Hospital in writing of such action and the Hospital may assume the defense thereof, including the employment of counsel and the payment of all expenses, but the failure so to notify the Hospital will not relieve the Hospital from any liability which it may have to any indemnified party otherwise than hereunder. If the Hospital shall assume the defense of any such action, it shall not be liable to the indemnified party for any legal expenses incurred by such indemnified party in such action subsequent to the assumption of the defense thereof by the Hospital; except, however, an indemnified party may retain its own counsel and still be indemnified for the costs and expenses of such counsel despite an assumption of the defense by the Hospital, if the indemnified party believes in good faith that there are defenses available to it which are likely of assertion in the action, and which are not available to the Hospital and cannot be effectively asserted by common counsel. The Hospital shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Hospital or if there is a final judgment for the plaintiff in any such action, the Hospital will indemnify and hold harmless any indemnified person from and against any loss or liability by reason of such settlement or judgment. The indemnification contained in this Section 18 shall survive delivery of the Series 2012 Bonds and shall survive any investigation made by or on behalf of an indemnified party.

If the indemnification provided for in this Section 18 is unenforceable (as determined by final judgment of a court of competent jurisdiction) or otherwise unavailable to an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to herein, the Hospital shall, in lieu of indemnifying the indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Hospital on the one hand and the indemnified party on the other from the offering of the Series 2012 Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required herein, then the Hospital shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Hospital on the one hand and the indemnified party on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Hospital on the one hand and the Purchaser on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Hospital bear to the total

underwriting fees and commissions received by the Purchaser in connection with this transaction. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Hospital or the Purchaser and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Hospital and the Purchaser agree that it would not be just and equitable if contribution pursuant to this subsection were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above in this subsection. The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim to the extent allowed under this section. Notwithstanding the provisions of this paragraph, the Purchaser shall not be required to contribute any amount in excess of the amount by which the total underwriting fees and commissions received by the Purchaser with respect to the Series 2012 Bonds exceeds the amount of any damages which the Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Section 19. **Severability**. If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 20. **Counterparts**. This Bond Purchase Agreement may be executed by electronic transmission and in several counterparts, each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

[Signature page follows]

Section 21. **Governing Law**. This Bond Purchase Agreement shall be governed by the laws of the State of Illinois.

B.C. ZIEGLER AND COMPANY, on behalf of itself, [and _____]

By: _____
Managing Director

Accepted and Agreed to:

CITY OF CARSON CITY, NEVADA

By: _____
Mayor

CARSON TAHOE REGIONAL HEALTHCARE

By: _____
President & CEO

159410

SCHEDULE I

EXHIBIT A

Form of Opinion of Bond Counsel

[_____], 2012

EXHIBIT B

Form of Opinion of Hospital Counsel

EXHIBIT C

Form of Opinion of Counsel to the Issuer

June ___, 2012

DOCS/1121854.3

In the opinion of Swendseid & Stern, Reno, Nevada, a member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Series 2012 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2012 Bonds (the "Code"), and interest on the Series 2012 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS" herein.

[CTRH LOGO]

CARSON CITY, NEVADA
$_____* HOSPITAL REVENUE REFUNDING BONDS
(CARSON TAHOE REGIONAL HEALTHCARE PROJECT)
SERIES 2012

Dated: Date of Delivery **Due: As shown below**

Carson City, Nevada (the "City") is issuing its $_____* Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project) Series 2012 (the "Series 2012 Bonds") pursuant to an Indenture of Trust dated as of September 1, 2012 (the "Bond Indenture") between the City and U.S. Bank, National Association, as bond trustee (the "Bond Trustee"). The proceeds of the Series 2012 Bonds will be loaned to Carson Tahoe Regional Healthcare, a Nevada non-profit corporation (the "Corporation") and will be used to (i) refund the City's Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002, in the aggregate principal amount of $20,180,000, (ii) refund the City's Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A, in the aggregate principal amount of $39,035,000, and (iii) pay certain expenses of issuing the Series 2012 Bonds, all in accordance with a Loan Agreement dated as of September 1, 2012 (the "Loan Agreement") between the City and the Corporation. See "PLAN OF FINANCE" herein. Except as described in this Official Statement, the Series 2012 Bonds will be payable solely from and secured by a pledge of payments to be made under the Loan Agreement and the Carson Tahoe Regional Healthcare, Series 2012 Obligation (the "Series 2012 Obligation") issued by the Corporation under a Master Trust Indenture dated as of March 1, 2002, as supplemented and amended, including by that certain Supplemental Indenture Number 6 dated as of September 1, 2012, between the Corporation (as the sole Member of the Obligated Group) and U.S. Bank, National Association, as successor master trustee (the "Master Trustee"). The Series 2012 Obligation will be secured by a Deed of Trust (as defined herein) on the real estate, buildings, and fixtures (with certain exclusions) comprising the Encumbered Property (as described herein) by a pledge of the Obligated Group's Gross Revenues (as described herein). The Hospital's equipment is not pledged to secure the Series 2012 Obligation under the Loan Agreement, the Deed of Trust or otherwise, as described in Appendix C hereto. The sources of payment of, and security for, the Series 2012 Bonds are more fully described in this Official Statement.

The Series 2012 Bonds are issuable in book-entry form only in the principal amount of $5,000 or any integral multiple thereof. Disbursement of the principal of, premium, if any, and interest on the Series 2012 Bonds will be made by the Bond Trustee in accordance with the book-entry system. See "BOOK-ENTRY SYSTEM" herein. Interest on the Series 2012 Bonds is payable semi-annually on each March 1 and September 1, commencing March 1, 2013.

An investment in the Series 2012 Bonds involves a certain degree of risk related to the nature of the business of the Corporation, the regulatory environment, and the provisions of the principal documents. A prospective Series 2012 Bondholder is advised to read this entire Official Statement, including without limitation the Appendices and the captions "SECURITY FOR THE SERIES 2012 BONDS", "SECURITY FOR THE SERIES 2012 OBLIGATION" and "BONDHOLDERS' RISKS" herein for a description of the security for the Series 2012 Bonds and for a discussion of certain risk factors which should be considered in connection with an investment in the Series 2012 Bonds.

THE SERIES 2012 BONDS ARE SUBJECT TO OPTIONAL, MANDATORY AND EXTRAORDINARY REDEMPTION, AS MORE FULLY DESCRIBED HEREIN.

THE SERIES 2012 BONDS AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY, PAYABLE SOLELY AND ONLY FROM THE AMOUNTS PAYABLE BY THE CORPORATION UNDER THE LOAN AGREEMENT AND THE SERIES 2012 OBLIGATION AND FROM AMOUNTS HELD UNDER THE BOND INDENTURE. THE SERIES 2012 BONDS AND THE INTEREST PAYABLE THEREON DO NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE CITY OR THE STATE OF NEVADA OR A CHARGE AGAINST ANY OF THEIR GENERAL CREDIT OR TAXING POWERS, BUT ARE PAYABLE SOLELY FROM THE AMOUNTS LISTED IN THE PRECEDING SENTENCE. NO OWNER OF THE SERIES 2012 BONDS HAS THE RIGHT TO COMPEL ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL, INTEREST OR PREMIUM, IF ANY, ON THE SERIES 2012 BONDS

MATURITY SCHEDULE*

$_____ Serial Bonds

Maturity September 1,	Principal Amount $	Interest Rate %	Yield %	CUSIP	Maturity September 1,	Principal Amount $	Interest Rate %	Yield %	CUSIP

$_____ Term Bonds due September 1, 20___ ___% Yield ____% CUSIP _____

The Series 2012 Bonds are being offered when, as and if issued and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and to the approval of validity of the Series 2012 Bonds by Swendseid & Stern, Reno, Nevada, a member in Sherman & Howard L.L.C., Bond Counsel to the City. Certain legal matters will be passed upon for the City by its District Attorney; for the Underwriter by its special counsel, Baird Holm LLP, Omaha, Nebraska; and for the Corporation by its general counsel, Allison, MacKenzie, Pavlakis, Wright & Fagan, Ltd., Carson City, Nevada. It is expected that the Series 2012 Bonds in definitive form will be available for delivery through The Depository Trust Company in New York, New York on or about September ___, 2012.

This cover page contains information for ease of reference only. It does not constitute a summary of the Series 2012 Bonds or the security therefor. Potential investors must read this entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.

[ZIEGLER LOGO]

*Preliminary, subject to change

REGARDING USE OF THIS OFFICIAL STATEMENT

General

IN CONNECTION WITH THE OFFERING OF THE SERIES 2012 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesperson or other person has been authorized by the City, the Corporation or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been furnished by the Corporation, the City, The Depository Trust Company, and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Underwriter.

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

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

THE SERIES 2012 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE BOND INDENTURE AND THE MASTER INDENTURE HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2012 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF LAWS OF THE STATES IN WHICH SERIES 2012 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2012 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

Forwarding-Looking Statements

This Official Statement contains disclosures which are "forwarding-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," or "continue." These forward-looking statements are based on the current plans and expectations of the Corporation and are subject to a number of known and unknown uncertainties and risks, many of which are beyond the Corporation's control, that could significantly affect current plans and expectations and the Corporation's future financial position and results of operations. These factors include, but are not limited to, (i) the highly competitive nature of the health care business, (ii) the efforts of insurers, health care providers and others to contain health care costs, (iii) changes in the Medicare and Medicaid programs that may impact reimbursements to health care providers and insurers, (iv) changes in federal, state or local regulations affecting the health care industry, (v) the enactment of federal or state health care reform, (vi) the ability to attract and retain qualified management and other personnel, including affiliated physicians, nurses and medical support personnel, (vii) liabilities and other claims asserted against the Corporation and the outcome of pending and any future litigation, (viii) changes in accounting standards and practices, (ix) changes in general economic conditions, (x) future divestitures or acquisitions which may result in additional charges, (xi) changes in revenue mix and the ability to enter into and renew managed care provider arrangements on acceptable terms, (xii) the availability and terms of capital to fund future expansion plans of the Corporation and to provide for ongoing capital expenditure needs, (xiii) changes in business strategy or development plans, (xiv) delays in receiving payments from governmental and other third-party reimbursers, (xv) the ability to implement shared services and other initiatives and realize decreases in administrative, supply and infrastructure costs, (xvi) the Corporation's continuing efforts to monitor, maintain and comply with appropriate laws, regulations, policies and procedures relating to the Corporation's status as a tax-exempt organization as well as its ability to comply with the requirements of Medicare and Medicaid programs, the ability to achieve expected levels of patient volumes and control the costs of providing services, results of reviews of the Corporation's cost reports, and (xvii) the Corporation's ability to comply with legislation and/or regulations such as the Affordable Care Act and HIPAA. As a consequence, current plans, anticipated actions and future financial position and results of operations may materially differ from those expressed in any forward-looking statements made by or on behalf of the Corporation. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement, including APPENDIX A hereto.

Information Concerning Interim Reporting Periods

Information provided by the Corporation for interim reporting periods should not be considered indicative of full year results for many of the factors set forth above under "Forward-Looking Statements".

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TABLE OF CONTENTS

Page

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OFFICIAL STATEMENT

CARSON CITY, NEVADA
$_____* HOSPITAL REVENUE REFUNDING BONDS
(CARSON TAHOE REGIONAL HEALTHCARE PROJECT)
SERIES 2012

INTRODUCTION

Purpose of This Official Statement

The purpose of this Official Statement, including the cover page and the appendices, is to set forth certain information in connection with the offering by Carson City, Nevada (the "City") of $_____* in aggregate principal amount of its Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012 (the "Series 2012 Bonds"), including information about Carson Tahoe Regional Healthcare, a Nevada nonprofit corporation (the "Corporation"), to which the proceeds of the Series 2012 Bonds will be loaned. Certain capitalized terms used in this Official Statement and not otherwise defined herein are defined in APPENDIX C hereto. The Official Statement speaks only as of its date, and the information contained herein is subject to change.

The Corporation

The Corporation currently is the sole Member of the Obligated Group as such term is used in the Master Indenture (as hereinafter defined). The Corporation is exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The physical assets of the Corporation currently consist of an acute care hospital licensed for 138 acute care beds and 40 behavioral health beds, an urgent care clinic, a six-bed acute rehabilitation hospital, several medical office buildings and certain other health care services (collectively, the "Hospital"). The Corporation also owns interests in several joint ventures. See APPENDIX A hereto for a more detailed description of the history, organization and financial performance of the Hospital and the Corporation, and APPENDIX B hereto for certain financial statements of the Corporation.

The City

The City is a body politic and corporate, duly created and existing as a political subdivision of the State of Nevada under the Constitution and the laws of Nevada. For further information concerning the City, its powers and members, see the information under the caption "THE CITY."

Purpose of the Series 2012 Bonds

The proceeds of the Series 2012 Bonds will be loaned to the Corporation pursuant to a Loan Agreement dated as of September 1, 2012 (the "Loan Agreement") between the Corporation and the City and will be used to: (i) fund an escrow for the purpose of refunding (including payment of redemption premium) the City's Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002, maturing September 1 in the years 2013 through 2031, inclusive, in the aggregate principal amount of $20,180,000 (the "Series 2002 Refunded Bonds"); (ii) fund an escrow for the purpose of refunding the City's Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A, maturing September 1 in the years 2013 through 2033, inclusive, in the aggregate principal amount of $39,035,000 (the "Series 2003A Refunded Bonds"; and, together with the Series 2002 Refunded Bonds, the "Refunded Bonds"); and (iii) pay certain expenses of issuing the Series 2012 Bonds, all in accordance with and as further described in the Loan Agreement. See "PLAN OF FINANCE" herein.

Except as described in this Official Statement, the Series 2012 Bonds will be payable solely from and secured by a pledge of payments to be made under the Loan Agreement and the Series 2012 Obligation (as defined herein) issued by the Corporation under the Master Trust Indenture dated as of March 1, 2002 (the "Original Master Indenture"), as supplemented by a Supplemental Indenture Number 1 dated as of March 1, 2002 (the "First Supplement"), a Supplemental Indenture Number 2 dated as of October 1, 2003 (the "Second Supplement"), a Supplemental Indenture Number 3 dated as of October 1, 2003 (the "Third Supplement"), a Supplemental Indenture Number 4 dated as of September 1, 2005 (the "Fourth Supplement"), and a Supplemental Indenture Number 5 dated as of

*Preliminary, subject to change

October 1, 2005 (the "Fifth Supplement"), and as further supplemented by a Supplemental Indenture Number 6 dated as of September 1, 2012 (the "Sixth Supplement" and, together with the Original Master Indenture, the First Supplement, the Second Supplement, the Third Supplement, the Fourth Supplement and the Fifth Supplement, to the extent such supplements remain effective under their respective terms, the "Master Indenture"), each between the Corporation (as the sole Member of the Obligated Group) and U.S. Bank, National Association, as successor master trustee (the "Master Trustee"). The sources of payment of, and security for, the Series 2012 Bonds are more fully described in this Official Statement.

Security for the Series 2012 Bonds

The Series 2012 Bonds will be issued pursuant to the Indenture of Trust dated as of September 1, 2012 (the "Bond Indenture") between the City and U.S. Bank, National Association, as bond trustee (the "Bond Trustee"). The proceeds of the Series 2012 Bonds will be loaned to the Corporation pursuant to the Loan Agreement.

The Series 2012 Bonds will be limited obligations of the City and will be secured by the Corporation's promissory note entitled Carson Tahoe Regional Healthcare, Series 2012 Obligation (the "Series 2012 Obligation"). The Series 2012 Obligation will be issued pursuant to the Master Indenture. The Master Indenture includes a pledge of the Obligated Group's Gross Revenues (as defined in APPENDIX C hereto) to the extent permitted by law. This security interest does not prevent the use of proceeds of accounts receivable in the ordinary course of business or the sale of certain accounts receivable of the Obligated Group. See "BONDHOLDERS' RISKS—Possible Limitations on Security" herein and APPENDIX C – ["SUMMARIES OF FINANCING DOCUMENTS—DEFINITIONS OF CERTAIN TERMS" and "—THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE DEED OF TRUST—Sale, Lease or Other Disposition of Property"].

All Obligations issued under the Master Indenture, including the Series 2012 Obligation, are secured by a grant of all of the Corporation's right, title and interest in and to the real estate, buildings, and fixtures (with certain exclusions) thereon which are part of the Hospital, excluding any hospital equipment to be used or located therein or affixed thereto (the "Encumbered Property"), as described in APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS—THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE MORTGAGE—Mortgage"] hereto, to Stewart Title of Carson City, as trustee (the "Deed Trustee") for the benefit of the Master Trustee (for the benefit of the holders of the Obligations thereunder), granted by the Corporation pursuant to a Deed of Trust, Assignment of Rents and Proceeds, Security Agreement, Financing Statement and Fixture Filing dated as of December 3, 2003 (as amended and/or supplemented from time to time, the "Deed of Trust") from the Corporation to the Deed Trustee and the Master Trustee, as beneficiary, and, pursuant to the Master Indenture, by a security interest in the Obligated Group's Gross Revenues. The pledges of the Encumbered Property and the Gross Revenues are subject to Permitted Liens, as defined in the Master Indenture. The Encumbered Property does not include any of the hospital equipment used and located at, or affixed to, the Hospital. See APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS—THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE- MORTGAGE—Mortgage"].

The Corporation is the sole Member of the Obligated Group. Other entities may become Members of the Obligated Group in accordance with the procedures set forth in the Master Indenture; however, there is no current intention of adding additional Members to the Obligated Group.

THE SERIES 2012 BONDS AND THE INTEREST THEREON SHALL BE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY OUT OF THE SECURITY SPECIFIED IN THE BOND INDENTURE. THE SERIES 2012 BONDS SHALL NOT CONSTITUTE OR BECOME AN INDEBTEDNESS, A DEBT OR A LIABILITY OF THE CITY OR THE STATE OF NEVADA WITHIN THE MEANING OF ANY PROVISION OR LIMITATION OF THE CONSTITUTION OR STATUTES OF THE STATE OF NEVADA AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE CITY OR THE STATE OF NEVADA OR A CHARGE AGAINST ANY OF THEIR GENERAL CREDIT OR TAXING POWERS.

The Obligations

Security for the Obligations. All Outstanding Obligations, including the Series 2012 Obligation and any Additional Obligations issued by the Corporation and any future Members of the Obligated Group pursuant to the Master

Indenture will be equally and ratably secured as general joint and several obligations of the Corporation and any future Members of the Obligated Group. Obligations issued under the Master Indenture will be secured by the Deed of Trust and (to the extent provided in the applicable supplemental indenture, including the Sixth Supplement) the pledge of the Obligated Group's Gross Revenues. This security interest does not prevent the use of proceeds of accounts receivable in the ordinary course of business or the sale of certain accounts receivable of the Obligated Group. See "SECURITY FOR THE SERIES 2012 OBLIGATION — Master Indenture" and "BONDHOLDERS' RISKS- Possible Limitations on Security" and "—Limitations on Foreclosure of the Deed of Trust" herein and APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS—THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE MORTGAGE—Mortgage" and "—Sale, Lease or Other Disposition of Property"].

Additional Obligations and Additional Indebtedness. The Master Indenture permits the Members of the Obligated Group to incur Additional Indebtedness (including Guaranties) which may, but need not, be evidenced or secured by an Additional Obligation issued under the Master Indenture. In certain circumstances, the Corporation or any future Member of the Obligated Group may issue Additional Obligations under the Master Indenture to the City or to persons other than the City that will not be pledged under the Bond Indenture but will be equally and ratably (except as described herein) secured with the Series 2012 Obligation. Under the terms of the Master Indenture, certain Additional Obligations may also be entitled to the benefit of security in addition to that securing the Obligations Outstanding under the Master Indenture (including the Series 2012 Obligation). See "SECURITY FOR THE SERIES 2012 OBLIGATION—Additional Indebtedness." The Outstanding Obligations, the Series 2012 Obligation and any Additional Obligations to be issued by the Corporation and any future Members of the Obligated Group under the Master Indenture (whether or not pledged under the Bond Indenture) are collectively referred to herein as the "Obligations."

Outstanding Indebtedness. Immediately following the issuance of the Series 2012 Bonds, $_____ in aggregate principal amount of Obligations will be issued and Outstanding under the Master Indenture, as follows:

Series	Date of Issue	Outstanding Principal Amount(1)
2012	September __, 2012	$
2005	October 27, 2005	
2003B	December 3, 2003	(2)

(1) As of July 15, 2012. Including the Series 2012 Bonds but not including the bonds proposed to be refunded hereby.

(2) The Hospital entered into an interest rate swap agreement on its Series 2003B Bonds variable rate debt (the "Agreement"). The Agreement provides for the Hospital to receive interest from the counterparty at 67% of one-month LIBOR and to pay interest to the counterparty at a fixed rate of 3.558% on the notional amount of $44.7 million as of December 31, 2011. Under the Agreement, the Hospital pays or receives the net interest amount monthly, with the monthly settlement included in interest expense. See Note 9 to "APPENDIX B—AUDITED FINANCIAL STATEMENTS FOR THE CORPORATION FOR THE FISCAL YEARS ENDED DECEMBER 31, 2011 and 2010" included elsewhere in this Official Statement.

Substitution of Security

Under the circumstances described in the Master Indenture and Bond Indenture, the Series 2012 Obligation may be exchanged for the obligation of a different obligated group (a "Substitute Obligation"). This could, under certain circumstances, lead to the substitution of different security in the form of a Substitute Obligation backed by an obligated group that is financially and operationally different from the then current members of the Obligated Group. Such new obligated group could have substantial debt outstanding that would be secured on a parity with, or prior to, the Substitute Obligation. Such exchange could adversely affect the market price for and marketability of the Series 2012 Bonds. In order to so exchange the Series 2012 Obligation, the Obligated Group must meet certain tests and requirements, as described in APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS — THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE MORTGAGE—Substitution of Obligations" and "—Special Covenants Related to the Series 2012 Obligation," and "- THE BOND INDENTURE - Series 2012 Obligation Substitution"].

Bondholders' Risks

There are risks involved in the purchase of any Series 2012 Bonds. See "BONDHOLDERS' RISKS" herein.

Underlying Documents

Capitalized terms not otherwise defined herein shall have the meanings set forth in APPENDIX C hereto. The description and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document.

PLAN OF FINANCE

The Corporation will use the proceeds from the sale of the Series 2012 Bonds to (i) fund an escrow for the purpose of refunding (including payment of redemption premium) the City's Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002, maturing September 1 in the years 2013 through 2031, inclusive, in the aggregate principal amount of $20,180,000 (the "Series 2002 Refunded Bonds"), which were issued for the purpose of financing (a) a portion of the purchase price of the Land Acquisition, (b) the purchase price of certain equipment, and (c) certain development and planning expenses, (ii) fund an escrow to refund the City's Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A, maturing September 1 in the years 2014 through 2033, inclusive, in the aggregate principal amount of $39,035,000 (the "Series 2003A Refunded Bonds"; and, together with the Series 2002 Refunded Bonds, the "Refunded Bonds"), which were issued for the purpose of financing and reimbursing a portion of the expense of constructing and equipping the Hospital, and (iii) pay certain expenses of issuing the Series 2012 Bonds all in accordance with the Loan Agreement. Except as described in this Official Statement, the Series 2012 Bonds will be payable solely from and secured by a pledge of payments to be made under the Loan Agreement and the Series 2012 Obligation issued by the Corporation under the Master Indenture. The sources of payment of, and security for, the Series 2012 Bonds are more fully described in this Official Statement.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds relating to the issuance of the Series 2012 Bonds, are estimated as follows:

SOURCES OF FUNDS*	
Par Amount of Series 2012 Bonds	$
Net Original Issue Premium (Discount)	
Prior Debt Service Reserve Funds	
Total Sources	**$**
USES OF FUNDS*	
Deposit to Escrow Account for Refunding of 2002 Refunded Bonds (including redemption premium)	$
Deposit to Escrow Account for Refunding of 2003A Refunded Bonds	
Costs of Issuance (1)	
Total Uses	**$**

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* Includes de minimis rounding adjustments.

(1) Includes Underwriters' discount, certain fees and expenses of various legal counsel, accountants and trustees, fees of rating agencies, costs of printing and other costs, subject to limitations imposed by federal tax laws.

THE SERIES 2012 BONDS

General Description

The Series 2012 Bonds will bear interest (based on a 360-day year of twelve 30-day months) at the respective rates per annum and mature, subject to earlier redemption, in the amounts and on the dates set forth on the cover page of this Official Statement. The Series 2012 Bonds will bear interest from their dates, payable on March 1 and September 1 (the "Interest Payment Dates") of each year, commencing March 1, 2013. The Series 2012 Bonds, as initially issued, will be dated the date of delivery. Except as described in the next sentence, subsequently issued Series 2012 Bonds will be dated as of the later of the date of delivery or the most recent preceding Interest Payment Date to which interest has been paid thereon. Series 2012 Bonds issued on an Interest Payment Date to which interest has been paid will be dated as of such date. So long as the Series 2012 Bonds are held in a book-entry system, the Bond Trustee will pay such principal of and redemption price, if any, and interest on the Series 2012 Bonds to The Depository Trust Company ("DTC"), which will remit such principal, redemption price, if any, and interest to the Beneficial Owners (as hereinafter defined) of the Series 2012 Bonds, as described under the caption "BOOK-ENTRY SYSTEM" herein.

The Series 2012 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2012 Bonds. Individual purchases of beneficial interests in the Series 2012 Bonds will be made in book-entry form only, in denominations of $5,000 or any integral multiples thereof. Purchasers of such interests will not receive certificates representing their interest in the Series 2012 Bonds. For a description of the method of payment of principal, premium, if any, and interest on the Series 2012 Bonds and matters pertaining to transfers and exchanges while in the book-entry only system, see the information herein under the heading "BOOK-ENTRY SYSTEM."

In the event the book-entry only system is discontinued, the following provisions would apply. The principal of, premium, if any, and interest on the Series 2012 Bonds at maturity or redemption shall be payable in lawful money of the United States of America at the designated corporate trust office of the Bond Trustee in Phoenix, Arizona or at the designated corporate trust office of its successor, upon presentation and surrender of the Series 2012 Bonds. Payment of interest on any Series 2012 Bond shall be made on each Interest Payment Date to the Owner thereof at the close of business on the 15th day of the calendar month (whether or not a Business Day) immediately preceding each Interest Payment Date (a "Regular Record Date") for such Interest Payment Date by check or draft or, at the written request of any Owner of at least $1,000,000 in principal amount of Series 2012 Bonds, by wire transfer to such account or accounts as shall be designated by such Owner. Unless transferred otherwise, such interest shall be mailed by the Bond Trustee to such Owner at his/her address as it last appears on the registration books kept by the Bond Trustee. Any such interest not so timely paid or duly provided for shall cease to be payable to the Owner thereof at the close of business on the Regular Record Date and shall be payable to the Owner thereof at the close of business on a special record date fixed to determine the names and addresses of Owners for purposes of paying interest on a special interest payment date for the payment of defaulted interest as provided in the Bond Indenture (a "Special Record Date") for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Bond Trustee whenever monies become available for payment of the defaulted interest, and notice of such Special Record Date shall be given to the Owners of the Series 2012 Bonds not fewer than ten days prior thereto by first-class mail to each such Owner as shown on the Bond Trustee's registration books on the date selected by the Bond Trustee, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. All such payments shall be made in lawful money of the United States of America.

Redemption Provisions

The Series 2012 Bonds will be subject to optional, mandatory and extraordinary redemption, all as described below.

In the case of any optional or extraordinary redemption or any purchase and cancellation of Series 2012 Bonds, the City shall receive credit against its required sinking fund deposits with respect to the Series 2012 Bonds of the same maturity in such order as the Corporation elects in writing prior to such optional or extraordinary redemption or purchase and cancellation or, if no such election is made, in the inverse order thereof.

Series 2012 Bonds maturing on and before September 1, 20__ are not subject to redemption prior to their maturity date except pursuant to "—Extraordinary Redemption" below.

Optional Redemption. Series 2012 Bonds maturing on and after September 1, 20__ are subject to redemption prior to their maturity dates on and after September 1, 20__, at the option of the City on direction of the Corporation, in whole or in part at any time in such maturities (or portions thereof) as the Corporation may designate or, in the absence of such direction, in inverse order of maturity and by lot within a maturity at a redemption price equal to 100% of the principal amount of the Series 2012 Bonds to be redeemed plus accrued interest thereon to the redemption date.

[Mandatory Redemption. The Series 2012 Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date on September 1 of the years and in the principal amounts, as follows:

Redemption Date September 1 of the Year	**Principal Amount**
20__	$
20__	
20__	
20__	
20__*	

* Maturity

The Series 2012 Bonds maturing on September 1, 20__ are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date on September 1 of the years and in the principal amounts, as follows:

Redemption Date September 1 of the Year	**Principal Amount**
20__	$
20__	
20__	
20__	
20__*	

* Maturity]

Extraordinary Redemption. The Series 2012 Bonds are subject to redemption upon the simultaneous prepayment of a like principal amount of the Series 2012 Obligation in whole at any time or in part on any Interest Payment Date, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the redemption date, in the case of damage or destruction to, or condemnation of, any Property, Plant and Equipment (as defined in the Master Indenture) of the Corporation to the extent that the net proceeds of insurance or condemnation award exceeds $3,000,000, and the Corporation has determined not to use such proceeds to repair, rebuild or replace such Property, Plant and Equipment of the Corporation. Such Series 2012 Bonds shall be redeemed at the option of the City on direction of the Corporation in such maturities (or portions thereof) as the Corporation may designate or, in the absence of such direction, in inverse order of maturity and by lot within a maturity.

Notice of Redemption; Effect. Notice of the redemption of Series 2012 Bonds pursuant to the provisions summarized above will be given by mailing a copy of such notice of redemption by first-class mail, postage prepaid not less than 25 nor more than 60 days prior to the redemption date to the registered owner of the Series 2012 Bonds to be redeemed at the address shown on the bond register books; provided, however, that failure to give such notice by mailing, or any defect therein, or failure by any owner to receive such notice, will not affect the validity of any proceedings for the redemption of such Series 2012 Bonds. Except for mandatory sinking fund redemptions, prior to

the date that a redemption notice is first mailed, funds shall be placed with the Bond Trustee to pay the Series 2012 Bonds to be redeemed and the accrued interest thereon to the redemption date and the premium, if any, or such notice shall state that the redemption is conditional on such funds being deposited on the redemption date and that failure to make such a deposit shall not constitute an event of default under the Bond Indenture. If notice of redemption has been given and if funds have been placed with the Bond Trustee to pay such Series 2012 Bonds and accrued interest thereon to the redemption date and the premium, if any, then the Series 2012 Bonds, or portions thereof, thus called for redemption will not bear interest after such redemption date, will be deemed paid under the Bond Indenture and will not be deemed to be Outstanding under the Bond Indenture.

Notwithstanding the foregoing, any notice of redemption may contain a statement that the redemption is conditioned upon receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Series 2012 Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Series 2012 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Not more than 45 days nor fewer than 25 days prior to each sinking fund payment date, the Bond Trustee shall call Series 2012 Bonds or portions thereof in authorized denominations equal to the aggregate principal amount of Series 2012 Bonds redeemable on such sinking fund payment date, for redemption from the sinking fund on the next September 1, and give notice of such call. At the option of the Corporation to be exercised by delivery of a written certificate of the Corporation to the Bond Trustee and the City on or before the forty-fifth day next preceding any sinking fund redemption date, it may deliver to the Bond Trustee for cancellation Series 2012 Bonds or portions thereof of the appropriate maturity in authorized denominations in an aggregate principal amount desired by the Corporation or specify a principal amount of Series 2012 Bonds or portions thereof of the appropriate maturity in authorized minimum denominations which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Bond Trustee and not theretofore applied as a credit against any sinking fund redemption obligation. Each such Series 2012 Bond or portion thereof so delivered or previously redeemed shall be credited by the Bond Trustee at 100% of the principal amount thereof against the obligation to redeem Series 2012 Bonds on such sinking fund redemption date. Any excess shall be credited against future sinking fund redemption obligations to redeem Series 2012 Bonds in chronological order or as specified by the Corporation.

Retained Call Rights

All or a portion of the Series 2012 Bonds may, in the future, be refunded or defeased to any redemption date or maturity for the Series 2012 Bonds. Subject to certain requirements in the Bond Indenture, subsequent to the date that cash and/or government securities are deposited with the Bond Trustee to provide for the payment of all or any portion of the Series 2012 Bonds at the respective maturity dates therefor or any redemption date therefor, the City may, if directed by the Corporation, elect to call such Series 2012 Bonds (or any portions thereof) on any earlier redemption date applicable to such Series 2012 Bonds. Subsequent to the date that cash and/or government securities are deposited with the Bond Trustee to provide for the payment of all or any portion of the Series 2012 Bonds at any redemption date or dates applicable to such Series 2012 Bonds (but prior to the giving of any notice of redemption with respect to such Series 2012 Bonds pursuant to the Bond Indenture), the City may, if directed by the Corporation, elect to pay such Series 2012 Bonds (or any portion thereof) at the respective maturity dates therefor. See "THE SERIES 2012 BONDS—Redemption Provisions—Optional Redemption" herein, and APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS - THE BOND INDENTURE—Defeasance"].

SECURITY FOR THE SERIES 2012 BONDS

The Series 2012 Bonds will be limited obligations of the City and will be payable solely from (i) payments or prepayments on the Series 2012 Obligation (which in turn is secured as described under "SECURITY FOR THE SERIES 2012 OBLIGATION" herein) and any other Obligation pledged under the Bond Indenture; (ii) payments or prepayments made under the Loan Agreement; (iii) monies held by the Bond Trustee under, and to the extent provided in, the Bond Indenture; and (iv) income from the temporary investment of any of the foregoing. Certain investment earnings on monies held by the Bond Trustee may be transferred to a Rebate Fund established pursuant to a Tax Compliance Certificate. Amounts held in such Rebate Fund will not be part of the "trust estate" pledged to secure the Series 2012 Bonds, and consequently will not be available to make payments on the Series 2012 Bonds.

The Loan Agreement will provide that the Corporation shall make designated payments to the Bond Trustee in amounts sufficient to pay the principal of, premium, if any, and interest on the Series 2012 Bonds when due. The obligation of the Corporation and any future Members of the Obligated Group to make payments on the Series 2012 Obligation shall be satisfied to the extent payments are made by the Corporation under the Loan Agreement, and the Corporation will receive similar credit under the Loan Agreement for payments made by any Member on the Series 2012 Obligation. The Series 2012 Obligation is secured by a pledge of the Obligated Group's Gross Revenues securing all Master Indenture Obligations. This security interest does not prevent the use of proceeds of accounts receivable in the ordinary course of business or the sale of certain accounts receivable of the Obligated Group. See APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS—THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE MORTGAGE—Sale, Lease or Other Disposition of Property"]. The Loan Agreement will also impose certain restrictions on the actions of the Corporation for the benefit of the City and the owners of the Series 2012 Bonds. See APPENDIX C—"SUMMARIES OF FINANCING DOCUMENTS".

The rights of the Bond Trustee in and to the Series 2012 Obligation and the amounts payable thereon, and the amounts payable to the City under the Loan Agreement (other than payments with respect to the City's own fees, expenses and indemnification) which will be assigned to the Bond Trustee under the Bond Indenture, will provide for and secure the payment of principal of, premium, if any, and interest on the Series 2012 Bonds. The Corporation agrees under the Loan Agreement to make its payments on the Series 2012 Obligation directly to the Bond Trustee. See "SECURITY FOR THE SERIES 2012 OBLIGATION—Master Indenture," below.

All or any portion of the Series 2012 Bonds may (subject to limitations imposed by federal tax laws) be refunded through the deposit in escrow of cash or Government Securities for the benefit of the owners of such refunded Series 2012 Bonds. See APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS—THE BOND INDENTURE—Defeasance"].

SECURITY FOR THE SERIES 2012 OBLIGATION

Master Indenture

The Corporation's obligations under the Loan Agreement will be secured by the Series 2012 Obligation, which will be issued and secured under the Master Indenture. The Sixth Supplement will entitle the Bond Trustee, as the holder of the Series 2012 Obligation, to the protection and benefit of the covenants, restrictions and other obligations imposed on the Corporation or any future Members of the Obligated Group by the Master Indenture.

Obligations issued under the Master Indenture, including the Series 2012 Obligation, are secured by a security interest in the Obligated Group's Gross Revenues granted pursuant to the Master Indenture.

Obligations issued under the Master Indenture, including the Series 2012 Obligation, also are secured by the Deed of Trust, subject to Permitted Liens. The Encumbered Property includes the real estate, buildings, and fixtures (with certain exclusions) constituting the Hospital, but does not include any hospital equipment to be used or located therein or affixed thereto, as described above and in APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS — THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE MORTGAGE—Mortgage"] hereto. No mortgage or deed of trust has been granted with respect to any other property, nor has any security interest been granted to secure Obligations with respect to any other property of the Obligated Group, except the Obligated Group's Gross Revenues. The Master Indenture contains certain restrictions on the creation of encumbrances on, and provisions permitting, in limited circumstances, the sale, lease or other disposition of the Encumbered Property and other Property of the Obligated Group. See "APPENDIX C" to this Official Statement for a summary of the Series 2012 Obligation.

The Master Indenture provides that payments on the Outstanding Obligations, the Series 2012 Obligation and any Additional Obligations issued under the Master Indenture will be the joint and several obligation of all Members of the Obligated Group. The Corporation is currently the sole Member of the Obligated Group. Notwithstanding uncertainties as to the enforceability of the covenant of each Member of the Obligated Group in the Master Indenture to be jointly and severally liable for each Obligation, the accounts of the Corporation and any future Members of the Obligated Group will be combined for financial reporting purposes and will be used in determining whether various covenants and tests contained in the Master Indenture (including tests relating to the issuance of

Additional Indebtedness) are satisfied. See "BONDHOLDERS' RISKS—Matters Relating to Enforceability of the Master Indenture."

Upon the issuance of the Series 2012 Bonds, $_____ of Obligations will be issued and Outstanding under the Master Indenture, all of which are equally and ratably secured. See APPENDIX B.

Additional Indebtedness

The Master Indenture permits the Corporation or any future Members of the Obligated Group to incur Additional Indebtedness (including Guaranties) which may, but need not, be evidenced or secured by an Additional Obligation issued under the Master Indenture. Under certain conditions specified therein, the Master Indenture will permit the Corporation or any future Members of the Obligated Group to issue Additional Obligations that will not be pledged under the Bond Indenture, but will be equally and ratably secured by the Master Indenture with the Series 2012 Obligation. In addition, the Master Indenture will permit such Additional Obligations to be secured by security (including Liens on the Property, including health care facilities, of the Corporation or any future Members of the Obligated Group and letters and lines of credit and insurance), which additional security or Liens need not be extended to secure any other Obligations (including the Series 2012 Obligation). See APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS—THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE MORTGAGE—Limitations on Creation of Liens" and "—Limitations on Indebtedness"].

In determining compliance with a number of provisions of the Master Indenture, including the provisions governing the incurrence of Additional Indebtedness, the Corporation or any future Members of the Obligated Group may assume that certain types of Indebtedness which bear interest at varying rates and which may not be payable over an extended term will bear interest over time at interest rates approximating current or recent long-term fixed rates, will remain outstanding for a long term and will be amortized on a level debt service basis. The actual interest rates and payments on such Indebtedness may vary from such assumptions, and such variance may be material. See APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS—DEFINITIONS OF CERTAIN TERMS" and "THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE MORTGAGE—Debt Service Coverage Ratio" and "—Limitations on Indebtedness"].

Substitution of Obligations

Under the circumstances described in the Master Indenture and Bond Indenture, the Series 2012 Obligation may be exchanged for a Substitute Obligation. This could, under certain circumstances, lead to the substitution of different security in the form of a Substitute Obligation backed by an obligated group that is financially and operationally different from the then current members of the Obligated Group. Such new obligated group could have substantial debt outstanding that would be secured on a parity with, or prior to, the Substitute Obligation. Such exchange could adversely affect the market price for and marketability of the Series 2012 Bonds. In order to so exchange the Series 2012 Obligation, the Obligated Group must meet certain tests and requirements, as described in APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS—THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE MORTGAGE—Substitution of Obligations" and "—Special Covenants Related to the Series 2012 Obligation," and "—THE BOND INDENTURE—Series 2012 Obligation Substitution"].

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each separate maturity of the Series 2012 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the documents relating to the Series 2012 Bonds. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2012 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, and interest payments on the Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Registrar or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar (from funds provided by the Corporation), disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the Corporation or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2012 Bonds are required to be printed and delivered.

The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2012 Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Corporation believes to be reliable, but the Corporation takes no responsibility for the accuracy thereof.

THE CITY

Carson City, the capital of the State of Nevada, is located in northwestern Nevada, thirty miles south of Reno. Formerly the county seat of Ormsby County, Carson City and Ormsby County were made a consolidated municipality on July 1, 1969. Organized under a charter granted by the Nevada Legislature, Carson City is governed by a Board of Supervisors composed of a Mayor (elected at large) and four supervisors. Each Supervisor other than the Mayor represents one ward and must reside within that ward in Carson City.

The current Mayor and other members of the Board of Supervisors are as follows:

Robert Crowell	At Large	Mayor
Karen Abowd	Ward 1	
Shelly Aldean	Ward 2	
John McKenna	Ward 3	
Molly Walt	Ward 4	

Nevada laws governing counties generally apply to the City. Thus, the City is authorized to issue the Series 2012 Bonds pursuant to the County Economic Development Revenue Bond Law, Sections 244A.669 through 244A.763, Nevada Revised Statutes, as amended (the "Act").

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the amounts required for the payment of principal of the Series 2012 Bonds and other Long-Term Indebtedness at maturity or by mandatory sinking fund redemption and for the payment of interest on the Series 2012 Bonds and other Long-Term Indebtedness for each Bond Year as indicated.

Bond Year Ending September 1	Principal(1) (Series 2012 Bonds)	Interest (Series 2012 Bonds)	Principal (Other Long-Term Indebtedness)	Interest(2) (Other Long-Term Indebtedness)	Total
2012	$	$	$	$	$
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
Total	$	$	$	$	$

_____

(1) Includes de minimis rounding adjustments.

(2) For the Series 2003B Bonds, debt service requirements are based on an assumed interest rate of 3.558%, which is the fixed pay rate on the related interest rate swap. For the Series 2005 Bonds, debt service requirements are based on an assumed interest rate of 1.60%, which is the 10-year average of the Securities Industry and Financial Markets Association Municipal Swap Index.

BONDHOLDERS' RISKS

Prospective investors should carefully consider the risk factors set forth below and the other information included in this Official Statement. The risks described below are not the only risks that the Corporation faces and the following discussion of risk factors is not, and is not intended to be, exhaustive. Additional risks and uncertainties not currently known to the Corporation or that it currently believes are immaterial may also impair its operations. Any of these risks may have a material adverse effect on the Corporation's financial condition. In such a case, bondholders may lose all or part of their investment in the Series 2012 Bonds.

General

As described above under the caption "SECURITY FOR THE SERIES 2012 OBLIGATION" the principal of, premium, if any, and interest on the Series 2012 Bonds are payable solely from amounts payable under the Loan Agreement and by the Corporation and any future Members of the Obligated Group under the Series 2012 Obligation. No representation or assurance is given or can be made that revenues will be realized by the Corporation or any future Members of the Obligated Group in amounts sufficient to pay debt service on the Series 2012 Bonds when due and other payments necessary to meet the obligations of the Members of the Obligated Group. These revenues are affected by and subject to conditions which may change in the future to an extent and with effects that cannot be determined at this time. The risk factors discussed below should be considered in evaluating the Obligated Group's ability to make payments in amounts sufficient to provide for payment of the principal of, premium, if any, and interest on the Series 2012 Bonds. The Corporation will rely on the Hospital for its revenues and earnings. See APPENDIX A hereto. Thus, adverse developments for the Hospital could have a substantial adverse impact on the Obligated Group.

The Hospital is subject to a wide variety of federal and state regulatory actions and legislative and policy changes by those governmental and private agencies that administer Medicare, Medicaid and other payors, and is subject to actions by, among others, the National Labor Relations Board, The Joint Commission, the Centers for Medicare & Medicaid Services ("CMS") of the U.S. Department of Health and Human Services ("DHHS"), and other federal, state and local government agencies. The future financial condition of the Hospital could be adversely affected by, among other things, changes in the method and amount of payments to the Hospital by governmental and nongovernmental payors, the financial viability of these payors, increased competition from other health care entities, decreased demand for health care, changes in the methods by which employers purchase health care for employees, capability of management, changes in the structure of how health care is delivered and paid for (*e.g.*, a "single-payor" system), future changes in the economy, demographic changes, availability of physicians, nurses and other health care professionals, and malpractice claims and other litigation.

The Hospital derives a significant portion of its revenues from Medicare, Medicaid, and other third-party-payor programs. See "APPENDIX A—[FINANCIAL INFORMATION—Sources of Gross Revenue."] The Hospital is subject to governmental regulations applicable to health care providers and the receipt of future revenues from the operation of the Hospital's facilities is subject to, among other factors, federal and State policies affecting the health care industry and other conditions that are impossible to predict. Such conditions may include difficulties in increasing room charges and other fees while maintaining an appropriate amount and quality of health services, changes in reimbursement or prospective payment policies and unanticipated competition from other health care providers. The effect on the Hospital of recently enacted laws and regulations and of future changes in federal and State laws and policies cannot be fully or accurately determined at this time.

For more than a decade, health care providers, including the Hospital, have been under increasing economic pressure from various third-party payors, both governmental (particularly Medicare and Medicaid) and private (e.g., health maintenance organizations). Certain payors have pressured health care providers to accept "capitated" reimbursement, which has the effect of shifting the economic risk of providing health care from the payors to the health care providers. Shifts in third-party payor policies and the need for providers to adapt to changing and complex payment arrangements have had and will continue to have a significant impact upon the economic performance of the Hospital.

Future economic and other conditions, including demand for health care services, the ability of the Hospital to

provide the services required by residents, public confidence in the Hospital, economic developments in the service area, competition, rates, costs, third-party reimbursement and governmental regulations may adversely affect revenues and, consequently, payment of principal of and interest on the Series 2012 Bonds. Any of these factors may affect the Hospital's ability to generate revenues and to pay the principal of and premium, if any, and interest on the Series 2012 Bonds. There can be no assurance that the financial condition of the Hospital and/or the utilization of the Hospital's facilities will not be materially and adversely affected by any of these circumstances.

For information concerning the Hospital, its operations and management, see "APPENDIX A—INFORMATION CONCERNING THE OBLIGATED GROUP." See also "APPENDIX B—AUDITED FINANCIAL STATEMENTS FOR THE CORPORATION FOR THE FISCAL YEARS ENDED DECEMBER 31, 2011 AND 2010" in this Official Statement.

[Risk Factor Regarding CMS Submission to come.]

Uncertainty of Revenues

The Series 2012 Bonds will be payable solely from payments or prepayments to be made by the Corporation under the Loan Agreement and by the Corporation and any future Members of the Obligated Group on the Series 2012 Obligation. The ability of the Corporation to make payments under the Loan Agreement and the ability of Members of the Obligated Group to make payments on the Series 2012 Obligation is dependent upon the generation by the Corporation and any future Members of the Obligated Group of revenues in the amounts necessary for the Corporation to pay the principal, premium, if any, and interest on the Series 2012 Bonds, as well as other operating and capital expenses. The realization of future revenues and expenses are subject to, among other things, the capabilities of the management of the Members of the Obligated Group, government regulation and future economic and other conditions that are unpredictable and that may affect revenues and payment of principal of and interest on the Series 2012 Bonds. There can be no assurance that revenues will be realized by the Corporation or any future Members of the Obligated Group in amounts sufficient to make the required payments with respect to debt service on the Series 2012 Bonds.

Patient Service Revenues

A substantial portion of the Hospital's net patient service revenues is derived from third-party payors that pay for the services provided to patients covered by third parties for services. These third-party payors include the federal Medicare program, state Medicaid program and private health plans and insurers, including health maintenance organizations ("HMOs"). Many of those programs make payments to the Hospital in amounts that may not reflect the Hospital's direct and indirect costs of providing services to patients.

The Hospital's financial performance could be adversely affected by the financial position or the insolvency or bankruptcy of or other delay in receipt of payments from third-party payors that provide coverage for services to their patients.

The Medicare Program. Medicare is the federal health insurance system under which hospitals are paid for services provided to eligible elderly and disabled persons. Medicare is administered by CMS, which delegates to the states the process for certifying hospitals to which CMS will make payment. In order to achieve and maintain Medicare certification, hospitals must meet CMS's "Conditions of Participation" on an ongoing basis, as determined by the state and/or The Joint Commission. The requirements for Medicare certification are subject to change, and, therefore, it may be necessary for hospitals to effect changes from time to time in their facilities, equipment, personnel, billing, policies and services.

For the fiscal years ended December 31, 2011 and 2010, Medicare represented approximately 51% and 48%, respectively, of the Hospital's gross patient service revenues. See "APPENDIX A—INFORMATION CONCERNING THE OBLIGATED GROUP—_____." Changes have been and are likely to continue to be made in the Medicare program that have had and are likely to continue to have a material impact on the financial condition of the Hospital.

Medicare Payments. Acute care hospitals are generally paid for inpatient services provided to Medicare inpatients under the Prospective Payment System ("PPS"). Under the PPS system Medicare pays a predetermined rate for each covered hospitalization and separate PPS payments are made for inpatient operating costs and inpatient capital related costs. Allowable costs include salaries and benefits, drugs, supplies, depreciation and interest, utilities and rent leases. Costs that are not covered include certain bad debts and charity, physician recruitment, costs of physician offices that are not rural health clinics and a variety of other statutorily excluded costs. As a sole community hospital ("SCH"), the Hospital is eligible for the higher of the standard PPS rate or payments based on its costs in a base year, updated to the current year and adjusted for changes in the Hospital's case mix. SCHs are also eligible for additional payment adjustments to account for patient-volume decreases and the outpatient hold-harmless provision. The Hospital believes that it received $12,805,673 in additional funding in 2011 due to its status as a SCH.

The Health Care Reform Law cuts Medicare reimbursement to hospitals by more than $150 billion over 10 years. Congress or regulators in the future may impose additional limits or cutbacks in these payment areas for rural providers. Further, there is no guarantee that Congress will continue the SCH program or that the Hospital will continue to be grandfathered in to the SCH program.

Payment for Inpatient Services. Acute care hospitals are paid a specified amount towards their operating costs based on the Diagnosis Related Group ("DRG") of each Medicare patient, which is based on national averages of costs for categories of diagnoses, procedures and other factors assigned to each Medicare patient. Congress or regulators in the future may impose additional limits or cutbacks in such payments or modify the method of calculating such payments.

Payment for Outpatient Services. Outpatient services continue to expand dramatically, as government and private commercial payors seek to shift more patient services to the less costly outpatient setting. Outpatient hospital services are paid based upon Ambulatory Payment Classifications ("APCs"), which vary depending upon the procedure(s) performed on the patient in the outpatient setting. APCs are similar to DRGs in that acute care hospitals are paid a specified amount for outpatient care provided to patients depending upon the APC assigned to the patient. Just as is the case with inpatient services, Congress or regulators in the future may impose additional limits or cutbacks in such payments or modify the method of calculating such payments.

Medicare Shared Savings Program. The Health Care Reform Law established certain payment incentives based upon the quality of care provided to patients and the efficiency with which that care is provided. This is known as the Medicare Shared Savings Program ("MSSP"). The MSSP encourages providers to collaborate with other health care providers and suppliers in their community to form an Accountable Care Organization ("ACO"). These ACOs may then enroll in the MSSP in order to receive a portion of the savings that resulted from the care provided by the group. There is a compliance risk associated with hospitals participating in ACOs due to the inherent relationship with physicians and other referral sources necessitated thereby and the various fraud and abuse, anti-trust and tax exemption principles discussed below. The applicable regulating bodies have published guidance for ACOs to follow in order to comply with the law, but the published guidance is complex and nuanced. The Hospital has not yet formed or joined an ACO due in part to the infancy of the MSSP and accompanying guidance.

Other Medicare Service Payments. Medicare payment for skilled nursing services, psychiatric services, inpatient rehabilitation services, general outpatient services and home health services are based on regulatory formulas or pre-determined rates. There is no guarantee that these rates, as they may change from time to time, will be adequate to cover the actual cost of providing these services to Medicare patients.

Reimbursement of Hospital Capital Costs. Hospital capital costs apportioned to Medicare patient use (including depreciation and interest) are paid by Medicare exclusively on the basis of a standard federal rate (based upon average national costs of capital), subject to limited adjustments specific to the hospital. There can be no assurance that future capital-related payments will be sufficient to cover the actual capital-related costs of the Corporation's facilities applicable to Medicare patient stays or will provide flexibility for hospitals to meet changing capital needs.

Federal Audit Contractors In recent years, the federal government has initiated a series of audit contractors operating within the federal Medicare and Medicaid programs to combat fraud and abuse. Combined, these programs involve

both pre-payment and retrospective review of payments from both Medicare and Medicaid. Private contractors are awarded contracts in designated regions or zones, depending upon the program, and are paid differently depending on the program. The goal of audit contractors generally is to find waste, abuse and fraud in the programs and return those dollars to the federal government. It is predicted that audit contractors will save the Medicare and Medicaid programs millions of dollars through the audit efforts.

Recovery Audit Contractors (RACs). The Medicare Recovery Audit Contractor ("RAC") program was established by the Medicare Modernization Act of 2003. The program was established as a three year demonstration project in three states as a means to identify Medicare overpayments and underpayments to providers. The Tax Relief and Health Care Act of 2006 made the RAC program permanent and required CMS to expand the program nationwide by 2010. RAC activities have begun in Nevada. RAC contractors are paid on a contingency fee basis by receiving a percentage of the improper overpayments they collect from providers, thus increasing the incentive to finding improper payments. RAC audits can be automated (claims selection solely based on data from CMS without human review of the medical record) or complex (human review of the medical record required to identify discrepancies between the medical record at the claim). RAC audits are limited to services provided on or after October 1, 2007.

Medicaid Integrity Program (MIP). The federal Medicaid Integrity Program was created by the DRA. The MIP is the first federal program established to combat fraud and abuse in state Medicaid programs. Congress determined a federal program was necessary due to the wild variations in state Medicaid enforcement efforts. The MIPs enforcement efforts supplant existing state Medicaid Fraud Control Units. Federal Medicaid Integrity Contractors (MICs) are classified into Review MICs, Audit MICs and Educational MICs. Review MICs perform review audits generally to determine trends and patterns of aberrant Medicaid billing practices through data mining. Audit MICs perform post-payment reviews of individual providers through desk or field audits. The Educational MICs are responsible for developing and carrying out a variety of education activities to increase and improve Medicaid enforcement efforts by state government. Once a Medicaid overpayment is identified, the State has either 60 days, or one year if there is fraud, to repay the State's share of federal financial participation to CMS. The State is then required to collect from the provider. If the provider wins on an appeal of the identified overpayment, the State is not permitted to reclaim its federal portion, so there is very little incentive for the states to settle such cases with the provider.

Zone Program Integrity Contractors (ZPICs). Section 202 of HIPAA authorized CMS to contract with entities to fulfill Medicare integrity functions. ZPICs specifically identify cases of fraud and abuse and are authorized to take immediate action to ensure that Medicare Trust Fund monies are not inappropriately paid out and that any mistaken payments are recouped. Consequences of a ZPIC review include payment denials, recoupment of overpayments, referral to other law enforcement agencies and termination of participation in the Medicare program. While the Hospital is not located in a "hot zone" where the majority of ZPIC activity is presently focused, the Hospital could be subject to a ZPIC review.

While the Hospital believes its claims to the Medicare and Medicaid programs are in accordance with program requirements, the Hospital may be subject to challenge by one or more audit contractors. The experiences and outcomes with audit contractors are largely unknown at this point due to the infancy of these programs but could have a material adverse effect on the Hospital as a result of repayment by the Hospital of funds received under Medicare and Medicaid. The Hospital has received numerous record requests from its RAC. In 2012, the RAC identified and recovered over $1 million. The Hospital has hired a consultant to assist in appealing the RAC's findings. Pending and future RAC activities could result in repayments which could materially adversely affect the Hospital.

Medicaid Program**.** Medicaid is a program of medical assistance, funded jointly by the federal government and the states, for certain needy individuals and their dependants. Under Medicaid, the federal government provides limited funding to states that have medical assistance programs that meet federal standards. Attempts to balance or reduce federal and state budgets will likely negatively impact Medicaid and other state health care program spending. Federal and state budget proposals contemplate significant cuts in Medicaid spending which will likely negatively impact provider reimbursement.

For the fiscal years ended December 31, 2011 and 2010, Nevada Medicaid represented approximately 6% and 7%,

respectively, of the Hospital's gross patient service revenues. See "APPENDIX A—INFORMATION CONCERNING THE OBLIGATED GROUP—_____." Nevada Medicaid reimbursement levels are subject to changes made by Congress and the Nevada Legislature. It is likely that Congress and the Nevada Legislature will continue to seek ways to reduce the costs of the Nevada Medicaid program. There can be no assurance that future changes to the Nevada Medicaid program will not have a material adverse impact on the financial condition of the Hospital.

Under Medicaid, hospitals that serve a disproportionate share of low-income patients may receive an additional disproportionate share hospital adjustment ("DSH"). A hospital may be classified as a DSH hospital based upon any of several circumstances related to the number of beds, the hospital's location, and its disproportionate patient percentage. The DSH adjustment is calculated under one of several methods, depending upon the basis for the hospital's classification as a DSH hospital. The Hospital received net DSH payments totaling approximately $586,680 in 2011 and expects to continue to receive DSH payments. However, the Health Care Reform Law reduces the DSH funding by $14 billion of the next ten years. It is unclear to what extent this cut in funding will impact the Hospital's DSH payments.

It is unlikely that the Hospital could attract sufficient numbers of private pay patients to become self-sufficient without reimbursements under the Medicare and Medicaid programs. Thus, future reimbursement from government sources will be critically important to hospitals generally and to the Hospital specifically, and reductions in reimbursements (or increases at rates less than the costs of providing care to Medicare and Medicaid patients) in the future could have a material adverse effect on the Hospital and its results of operations.

There are numerous reports, including reports from the federal government, regarding the solvency of the Medicare Hospital Insurance Trust Fund and the Medicare Supplemental Insurance Fund, and projections that those funds will have substantial deficiencies in the future. If the funding of Medicare and Medicaid is not addressed in a manner that assures the long-term solvency of those funds, the pressure to reduce reimbursements or greatly reduce the rate of increase in reimbursements under the Medicare program, in particular, is likely to continue to increase.

Health Plans and Managed Care**.** Most private health insurance coverage is provided by various types of "managed care" plans, including HMOs and preferred provider organizations ("PPOs"), that generally use discounts and other economic incentives to reduce or limit the cost and utilization of health care services. Medicare and Medicaid also purchase hospital care using managed care options. Payments to hospitals from managed care plans typically are lower than those received from traditional indemnity or commercial insurers.

Managed care plans have replaced indemnity insurance as the prime source of non-governmental payment for hospital services, and hospitals must be capable of attracting and maintaining managed care business, often on a regional basis. Regional coverage and aggressive pricing may be required. However, it is also essential that contracting hospitals be able to provide the contracted services without significant operating losses, which may require multiple forms of cost containment.

Many HMOs and PPOs currently pay providers on a negotiated fee-for-service basis or, for institutional care, on a fixed rate per day of care, which, in each case, usually is discounted from the typical charges for the care provided. As a result, the discounts offered to HMOs and PPOs may result in payment to a provider that is less than its actual cost. Additionally, the volume of patients directed to a provider may vary significantly from projections, and/or changes in the utilization may be dramatic and unexpected, thus jeopardizing the provider's ability to manage this component of revenue and cost.

Some HMOs employ a "capitation" payment method under which hospitals are paid a predetermined periodic rate for each enrollee in the HMO who is "assigned" or otherwise directed to receive care at a particular hospital. The hospital may assume financial risk for the cost and scope of institutional care given. If payment is insufficient to meet a hospital's actual costs of care, or if utilization by such enrollees materially exceeds projections, the financial condition of the hospital could erode rapidly and significantly.

Often, HMO contracts are enforceable for a stated term, regardless of hospital losses and may require hospitals to care for enrollees for a certain time period, regardless of whether the HMO is able to pay the hospital. Hospitals

from time to time have disputes with managed care payors concerning payment and contract interpretation issues.

Failure to maintain contracts could have the effect of reducing a hospital's market share and net patient services revenues. Conversely, participation may result in lower net income if participating hospitals are unable to adequately contain their costs. Thus, managed care poses one of the most significant business risks (and opportunities) the hospitals face.

Utilization Levels

The ability of the Hospital to continue to meet its obligations under the Series 2012 Obligation, the Loan Agreement and the Indenture depends, in large part, upon the utilization of the Hospital and generation of revenues. There can be no assurance that utilization will continue to meet or exceed the levels needed for such purposes. Utilization levels can be affected by a number of factors outside the Hospital's control, such as competition from other facilities or other forms of service delivery. Because it is estimated that approximately 47% of the Hospital's revenues currently are from Medicare reimbursement, the revenues are dependent on Medicare reimbursement rates. There can be no assurance, however, that the Hospital will be able to meet such utilization requirements or that Medicare reimbursement rates will remain sufficient to permit the Hospital to continue to meet its obligations.

Global and National Economic Crisis

The impact of the current economic crisis, including without limitation its impact on the availability of credit, personal, corporate and governmental revenues, might adversely affect revenues and expenses and, consequently, the ability of the Hospital to make payments under the Loan Agreement and reduce its ability to obtain liquidity and credit facilities or receive funds thereunder. Though there have been significant global governmental actions aimed at counteracting the economic crisis, there can be no assurance that these actions will be effective in correcting global or national economies.

Budget Control Act

On August 2, 2011, President Obama signed the Budget Control Act of 2011 (the "Budget Control Act"). The Budget Control Act limits the federal government's discretionary spending caps at levels necessary to reduce expenditures by $917 billion from the current federal budget baseline between federal fiscal years 2012 and 2021. Medicare, Social Security, Medicaid and other entitlement programs will not be affected by the limit on discretionary spending caps. In addition, with passage of the Budget Control Act, the federal debt ceiling limit was automatically raised by $400 billion, with the option of the President to request a further increase of $500 billion, subject to a congressional motion of disapproval.

The Budget Control Act also created a new Joint Select Committee on Deficit Reduction (the "Supercommittee"), which was tasked with making recommendations to further reduce the federal deficit by $1.5 trillion. The Supercommittee was required to report its recommendations to Congress by a majority vote no later than November 23, 2011. Congress was required to act on their recommendations, if made, without amendment, by December 23, 2011. If the Supercommittee had achieved a savings of between $1.2 and $1.5 trillion and had Congress enacted their recommendations, the debt ceiling was to be raised again by the corresponding amount.

On November 21, 2011, the Supercommittee announced that a bipartisan agreement was beyond its reach. Upon this failure, the debt ceiling was automatically raised by $1.2 trillion and sequestration (across the board cuts) are now scheduled to be triggered in 2013 in an amount necessary to achieve $1.2 trillion in savings. A wide range of spending, however, is exempted from sequestration, including: Social Security, Medicaid, VA benefits and pensions, federal retirement funds, civil and military pay, child nutrition, and other programs. Medicare, however, is not exempted from sequestration. Medicare payments could be reduced in part as a result of sequestration, however, Medicare cuts are limited to 2% of total program costs. Given the severe cuts that sequestration would impose on defense and other programs, including Medicare, there has been extensive discussion by members of Congress regarding passage of new legislation to prevent sequestration from being implemented in 2013. However, no such legislation has been acted upon.

At this time, it is impossible to predict whether Congress will pass legislation to delay the implementation of the sequestration cuts to prevent any automatic reductions to Medicare spending in 2013 and, if so, what the impact of such legislation might be on the Hospital. In the absence of such legislation, it is likewise impossible to predict what the impact of sequestration might be on the Hospital. In either case, this may have a material adverse effect upon the financial condition of the Hospital.

Health Care Reform

On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act of 2010 into law and on March 30, 2010, President Obama signed the Health Care and Education Reconciliation Act of 2010 into law, amending the Patient Protection and Affordable Care Act of 2010 (collectively referred to as the "Health Care Reform Law"). The Health Care Reform Law, which is designed to overhaul the United States health care system, regulates many aspects of the health care industry, including individuals, employers and health insurers. The key provisions of the Health Care Reform Law include: (1) dramatically increasing health care coverage of individuals through expansion of Medicaid eligibility and the creation of cooperative insurance purchasing pools; (2) modifying how hospitals, physicians and other health care providers are paid; and (3) evaluating hospitals, physicians and other health care providers on a variety of quality and efficacy standards to support pay-for-performance systems.

The Health Care Reform Law also contains more than thirty-two sections related to health care fraud and abuse and program integrity as well as significant amendments to existing criminal, civil and administrative anti-fraud statutes. Increased compliance and regulatory requirements, disclosure and transparency obligations, quality of care expectations and extraordinary enforcement provisions that could greatly increase potential legal exposure are all aspects of the Health Care Reform Law that could increase operating expenses to the Hospital and pose material financial risks in the event future compliance issues arise or are identified.

Some of the provisions of the Health Care Reform Law took effect immediately, while others will be phased in over time, ranging from a few months following final approval to ten years. Additionally, implementation of the various provisions of the Health Care Reform Law are subject to delay pursuant to the terms of the provisions themselves.

Officials in twenty-six states brought suit contesting the validity of the "individual mandate" to purchase health insurance as well as the requirement to offer expanded Medicaid access. The Supreme Court of the United States (the "Supreme Court") heard oral arguments on the case in March 2012. On June 28, 2012, the Supreme Court decided that the individual mandate was constitutional. While deciding that the individual mandate was constitutional, the Supreme Court decided the requirement that states offer expanded Medicaid coverage was unconstitutional. However, the Supreme Court found that this provision was severable and did not invalidate the entire Health Care Reform Law. As a result of this finding, states still may expand Medicaid coverage as planned under the Health Care Reform Law, but will not face the penalty of losing all federal Medicaid funding if they elect not to do so. Nonetheless, should the state of Nevada decide to not expand Medicaid coverage as set forth in the Health Care Reform Law, it could have a material adverse financial impact on the Hospital.

Because of the complexity of the Health Care Reform Law and the various legal challenges to it, additional legislation may be considered and enacted over time. Given the Supreme Court's holding, Republican members of the House of Representatives have passed legislation calling for the outright repeal of the Health Care Reform Law. While such legislation will not likely be successful given the current Democratic controlled Senate, upcoming election results may make efforts to repeal the Health Care Reform Law more realistic.

The Health Care Reform Law will also require the promulgation of substantial regulations with significant effects on the health care industry and third-party payors. Thus, the health care industry will be subjected to significant new statutory and regulatory requirements as well as contractual terms and conditions, and consequently to structural and operational changes and challenges, for a substantial period of time. At this time, the impact of the Health Care Reform Law on the Hospital cannot be predicted, and any impact from regulations, statutory requirements or otherwise could have a material adverse effect on the Hospital's results of operations and financial position.

Among other significant changes, the Health Care Reform Law has both immediate and ongoing effects on the private insurance market. For example, the Health Care Reform Law requires that (1) all individual and group health

plans must provide dependent coverage for children through age 26, (2) certain insurers are prohibited from imposing lifetime limits on the dollar value of coverage, (3) new prohibitions exist on rescinding coverage except in cases of fraud, and (4) insurers are prohibited from imposing pre-existing condition exclusions on children.

The Health Care Reform Law creates state-based health insurance marketplaces, known as "exchanges," to become effective in 2014. These are to be administered by either a governmental agency or a non-profit organization. States are required to submit plans for health insurance exchanges no later than January 1, 2013 or risk ceding the management of the exchange to the federal government. The state of Nevada established a state-based health insurance exchange through the adoption of SB440, which became law on June 16, 2011.

Starting in 2014, individuals and small employers with less than 100 employees can purchase insurance through an exchange. The exchanges will be open to employers with more than 100 employees beginning in 2017. In addition, states may elect to create regional exchanges or to permit more than one exchange to operate if each exchange serves a distinct geographic area. Furthermore, beginning in 2014, all qualified health benefits plans offered through the exchanges and in the individual and small group markets, with certain exceptions, must offer an "essential benefits package," consisting of a minimum package of health benefits offering comprehensive services and covering at least 60% of the value of such benefits. Subsidies are available to assist low-income individuals to cover the premiums in the exchanges.

The Health Care Reform Law also creates a national insurance pool for high-risk persons through which individuals with pre-existing conditions who have been denied health insurance for a period of time based on those pre-existing conditions can obtain health care coverage until the exchanges become operative. Access to the high-risk pool requires individuals to have been uninsured for at least six months and to have a pre-existing medical condition.

The Health Care Reform Law does not expressly require employers to offer health care coverage. However, effective in 2014, large employers will be subject to a penalty if they do not offer heath care coverage and if any of their workers obtain subsidized coverage through a health care exchange.

It is not possible to predict what effects the changes that the Health Care Reform Law imposes on employers and the insurance market will have on demand for services from the Hospital or the amount of reimbursement available for those services. The Hospital could see an increase or a decrease in the number of uninsured or underinsured patients it treats and could see a corollary increase or decrease in the amount of its bad debt and the level of uncompensated care provided to patients.

American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act of 2009 (the "Recovery Act") was signed into law in February 2009. The Recovery Act includes certain provisions which are intended to provide financial relief to health care providers. Title XIII of the Recovery Act, otherwise known as the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), provides for an investment of almost $20 billion in public monies for the development of a nationwide health information technology ("HIT") infrastructure. The HIT infrastructure is intended to improve health care quality, reduce health care costs and facilitate access to necessary information. Among other things, the HITECH Act provides financial incentives, through the Medicaid and Medicare programs, loans and grants to encourage practitioners and providers to adopt and use qualified electronic health records. This is known as "meaningful use" of an approved electronic health record system. Providers are required to implement over time an approved electronic health record system and hit certain targets in various stages of their implementation plan. If a hospital qualifies and hits its targets, it may qualify for incentive payments from the federal government that are intended to offset the cost of implementation. While not required, if a hospital fails to implement an approved electronic health record system, the hospital's Medicare payments will be reduced in the future.

The HITECH Act has also significantly increased fines, the scope of coverage, and the scope of remedies for violations of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and breaches of the security of electronic health records as is further discussed below.

General Health Care Risk Factors

Certain of the primary risks associated with the operations of the Hospital's health facilities are briefly summarized in general terms below, and are explained in greater detail in subsequent sections. The occurrence of one or more of these risks could have a material adverse effect on the financial condition and results of operations of the Corporation and its ability to make payments of principal of, and premium, if any, and interest on the Series 2012 Bonds.

General Economic Conditions; Bad Debt, Indigent Care and Investment Losses. Hospitals are economically influenced by the environment in which they operate. To the extent that (1) employers reduce their workforces, (2) employers reduce their budgets for employee health care coverage, or (3) private and public insurers seek to reduce payments to or utilization of hospital services, hospitals may experience decreases in insured patient volume and payments for services. In addition, to the extent that state, county or city governments are unable to provide a safety net of medical services, pressure is applied to local hospitals to increase free care. Economic downturns and lower funding of federal Medicare and state Medicaid and other state health care programs may increase the number of patients treated by hospitals who are uninsured or otherwise unable to pay for some or all of their care. An increase in unemployment may result in a significant number of patients no longer having health insurance coverage, which may result in decreased payments to hospitals or loss of payment for services provided. These conditions may give rise to increased bad debt and higher indigent care utilization. In the current economic environment, nonoperating revenue from investments may be reduced or eliminated. Investment losses (even if unrealized) may trigger debt covenants to be violated and may jeopardize hospitals' economic security. Losses in pension and benefit funds may result in increased funding requirements by hospitals. Potential failure of lenders, insurers or vendors may negatively impact hospital financial conditions and operations and philanthropic support may decrease. These factors may have a material adverse impact on hospitals.

Capital Needs vs. Capital Capacity. Hospital operations are capital intensive. Regulation, technology and physician/patient expectations require constant and often significant capital investment. Furthermore, capital capacity of hospitals may be reduced as a result of recent credit market dislocations. It is uncertain how long these conditions may persist, and it is possible that capital capacity may be negatively affected over the long term for reasons related to the credit markets. It is also unclear to what extent the increased access to insurance coverage and increased insurance coverage requirements brought about by the Health Care Reform Law will have on patient demand and the Hospital's capacity.

Technical and Clinical Developments. New clinical techniques and technology, as well as new pharmaceutical and genetic developments and products, may alter the course of medical diagnosis and treatment in ways that are currently unanticipated, and that may dramatically change medical and hospital care. These could result in higher hospital costs, reductions in patient populations and/or new sources of competition for hospitals.

Proliferation of Competition. Hospitals increasingly face competition from specialty providers of care. This may cause hospitals to lose essential inpatient or outpatient market share. Competition may be focused on services or payor classifications where hospitals realize their highest margins, thus negatively affecting programs that are economically important to hospitals. Specialty hospitals may attract specialists as investors and may seek to treat only profitable classifications of patients, leaving full-service hospitals with higher acuity and/or lower paying patient populations. These new sources of competition may have a material adverse impact on hospitals, particularly where a group of a hospital's principal physician admitters may curtail their use of a hospital service in favor of competing facilities. Certificate of need laws can create barriers to such additional competition, but Nevada's laws only apply to the construction of new health facilities at a cost over $2 million in counties in Nevada where the population is less than 100,000.

Rate Pressure from Insurers and Major Purchasers. Certain hospital markets, including many communities in Nevada, are strongly impacted by large health insurers and, in some cases, by major purchasers of health services. In those areas, health insurers may have significant influence over hospital rates, utilization and competition. Rate pressure imposed by health insurers or other major purchasers may have a material adverse impact on hospitals, particularly if major purchasers put increasing pressure on payors to restrain rate increases. Business failures by health insurers also could have a material adverse impact on contracted hospitals in the form of payment shortfalls or

delays, and/or continuing obligations to care for managed care patients without receiving payment.

Reliance on Medicare and Rural Medicare Payment Adjustments. Inpatient hospitals rely to a high degree on payment from the federal Medicare program. Future changes in the underlying law and regulations, as well as changes brought about by the Health Care Reform Law and in payment policy and timing, create uncertainty and could have a material adverse impact on hospitals' payment streams from Medicare. With health care and hospital spending reported to be increasing faster than the rate of general inflation, Congress and/or CMS may take action in the future in addition to the Health Care Reform Law to decrease or restrain Medicare outlays for hospitals under certain conditions. Also, as stated above, Congress may be required to cut Medicare spending as a result of the Supercommittee's failure to reach an agreement as to appropriate budget cuts.

Reimbursement for rural providers is in significant flux. The Hospital is classified by CMS as a sole community hospital ("SCH"). Hospitals paid under the Medicare acute-care hospital inpatient prospective payment system ("IPPS") are eligible for recognition as SCHs if they meet certain federal location and distance requirements. SCHs receive adjusted Medicare payments, meant to compensate rural providers for the unique challenges they face—including remote location; limited workforce; constrained financial resources; and low patient volumes. Recognizing rural providers' reliance on Medicare, SCHs are reimbursed at the higher of either (i) the standard IPPS rate; or (ii) payments based on the hospital's costs in a base year, updated to the current year and adjusted for changes in the hospital's case mix. SCHs are also eligible for additional payment adjustments for patient-volume decreases and the outpatient hold-harmless provision.

To maintain its SCH classification, the Hospital must continue to be located either (i) thirty-five miles or more from other "like"—i.e. acute-care IPPS—hospitals; (ii) twenty-five to thirty-five miles from other like hospitals and meeting the inpatient needs of at least seventy-five percent of the residents in the Hospital's defined service area; or (iii) in a federally designated rural area. Decreases in the Hospital's share of inpatient volume in the region, construction of new like hospitals in the region, and other factors outside of the Hospital's control will affect the Hospital's continuing eligibility for SCH status. Likewise, if CMS no longer recognizes grandfathered SCHs, it could impact the Hospital's ability to continue as an SCH.

Additionally, provisions in the Health Care Reform Law are expected to alter the methods under which Medicare reimburses rural providers, through measures related to value-based purchasing, hospital readmissions, health professional shortage areas, national application of the rural-floor budget-neutrality adjustment, among others. Congress has authorized the newly established Independent Provider Advisory Board to suggest binding Medicare payment policies, which will apply to hospitals—including SCHs—beginning in 2020. A March 2011 report by the Congressional Budget Office, suggesting elimination of the SCH designation, illustrates the volatility rural providers currently face in this area. Current proposals and those yet to be suggested to Congress may result in substantial Medicare rural payment decreases for the Hospital.

Costs and Restrictions from Governmental Regulation. Nearly every aspect of hospital operations is regulated, in some cases by multiple agencies of government. The level and complexity of regulation and compliance audits appear to be increasing, imposing greater operational limitations, enforcement and liability risks, and significant and sometimes unanticipated costs.

Federal and State Anti-Fraud and Abuse Laws. Federal and state governments have enacted health care fraud and abuse laws to regulate both the provision of services to government program beneficiaries and the methods and requirements for submitting claims for services rendered to those beneficiaries. These laws penalize individuals and organizations for submitting claims for services (i) they did not provide, (ii) that were not medically necessary, (iii) that were provided by an improper person, (iv) that involved an illegal inducement to utilize or refrain from utilizing a service or product, or (v) that were billed in a manner that does not comply with applicable government requirements. The scope of certain federal and state fraud and abuse laws has been expanded to include non-governmental private health care plans.

Federal and state governments have a range of criminal, civil and administrative sanctions available to penalize and remediate health care fraud and abuse, including imposing civil money penalties, suspending payments and excluding the provider from participating in the federal and state health care programs. One or more governmental

entities and/or private individuals can prosecute fraud and abuse cases, and courts and/or regulators can impose more than one of the available penalties for each violation.

Laws governing fraud and abuse apply to virtually all individuals and entities with which a health care provider does business, including hospitals, home health agencies, long-term care entities, infusion providers, pharmaceutical providers, insurers, HMOs, PPOs, Indian Health Services, third party administrators, physicians, physician groups and physician practice management companies. Violations and alleged violations may be deliberate, but may also occur in circumstances where management is unaware of the conduct in question, as a result of mistake, or where the individual participants do not know that their conduct is in violation of law. Violations may occur and be prosecuted in circumstances that do not have the traditional elements of fraud, and enforcement actions may extend to conduct that occurred in the past. In some circumstances there need be no intent to violate the law in order to give rise to liability under an applicable fraud and abuse law. Fraud and abuse prosecutions can have a material adverse impact on the financial condition of a hospital and its affiliates.

The Corporation believes that it is in material compliance with all fraud and abuse laws; however, there can be no assurance that the relevant enforcement agencies and courts would agree.

Anti-Kickback Laws. One such fraud and abuse law is the Medicare/Medicaid Anti-Fraud and Abuse Amendments to the Social Security Act (the "Anti-Kickback Law"). The Anti-Kickback Law makes it unlawful to knowingly offer, pay, solicit, or receive "remuneration" intended to induce a person to refer, recommend or arrange for the referral of patients or the purchase or lease of goods or services, payable in whole or in part under the Medicare and Medicaid programs (and other government-funded programs). Violation is a felony, punishable by a fine of up to $25,000 for each act (which may be each item or each bill sent to a federal program), imprisonment, and/or exclusion from the Medicare and Medicaid programs. Submission of claims in violation of the Anti-Kickback Law is further regarded as a false claim punishable under the False Claims Act ("FCA"), which is discussed in more detail below. Civil monetary penalties of $50,000 per item or service in noncompliance (which may be each item or each bill sent to a federal program) or an "assessment" of three times the amount claimed may be imposed for a violation of the FCA. Violation or an alleged violation can lead to settlements that require significant payments and extensive compliance agreements. Furthermore, the Health Care Reform Law amended the Anti-Kickback Law to relax the specific intent requirement so that a violation of the law can now be established without showing that an individual knew of the statute's proscriptions and intended to violate the statute. The Anti-Kickback Law can be prosecuted either criminally or civilly.

The arrangements prohibited under the Anti-kickback Law can involve hospitals, physicians and other health care providers, and are broader than referral fees, kickbacks, rebates or other payments. Prohibited arrangements may include joint ventures between providers, space and equipment rentals, purchases of physician practices, physician recruiting programs and management and personal services contracts, if the requisite illegal intent is present. Such intent can be implied if the transactions do not reflect fair market value.

Federal "safe harbor" regulations describe certain arrangements that are protected from liability under the Anti-Kickback Law. The safe harbors, however, are narrow and do not cover a wide range of economic relationships that many hospitals, physicians and other health care providers have historically considered to be legitimate business arrangements not prohibited by the Anti-kickback Law.

The safe harbor regulations do not purport to describe comprehensively all lawful or unlawful economic arrangements or other relationships between health care providers and referral sources. While the failure to comply with a statutory exception or regulatory safe harbor does not, *per se*, mean that an arrangement is unlawful, such failure may increase the likelihood of a regulatory challenge or the potential for investigation. Furthermore, because the Anti-Kickback Law is an intent-based statute, in order to violate the statute, the parties must have the intent to induce referrals between the parties present in an arrangement. However, even though an arrangement may have many legitimate non-referral based purposes, if even one purposes of entering into the arrangement is to induce referrals, then the arrangement violates the Anti-Kickback Law.

The Anti-kickback Law does provide for a mechanism to request determination of the legality of arrangements, called Advisory Opinions. These opinions, while only valid and enforceable for the requesting entities, are available

for public review. While not binding on the OIG with regard to entities other than the requesting entities, these opinions are generally regarded as useful guidance regarding how economic arrangements will be viewed by the OIG. The OIG also issues guidance in the form of Special Fraud Alerts and Special Advisory Bulletins designed to warn providers about particularly suspect arrangements or billing practices. The OIG also publishes a work plan on an annual basis, in which it outlines what it considers to be the top priorities for enforcement and education for the coming year.

Management of the Hospital believes that the Hospital is taking appropriate steps to be in material compliance with the Anti-Kickback Law. In light of the broad scope of the Anti-Kickback Law, the narrowness of the safe harbor regulations, and the limited case law and regulatory activity interpreting the Anti-kickback Law, there can be no assurance that no violation of the Anti-Kickback Law will be found, and if found, that any sanction imposed would not have a material adverse effect on the operations or the financial condition of the Hospital.

Physician Self-Referral Prohibition (the "Stark Law"). The Ethics in Patient Referral Act (the "Stark Law") provides that if a physician (or family member) has a financial relationship with an entity that does not fit a published exception, the physician may not refer to the entity with which the physician has a prohibited financial relationship, and the entity may not bill for any "designated health services" referred by the physician and payable in whole or in part under Medicare. Hospital inpatient and outpatient services are on the list of "designated health services," along with laboratory, radiology, physical therapy, and many other patient care related services.

The Stark Law applies to all of the Hospital's relationships with all of its referring physicians, including dentists, podiatrists and other listed professionals. The Stark Law generally prohibits having a financial relationship with a physician (or a family member of a physician), even an inadvertent one, unless the relationship fits an exception published in regulations. The exceptions are relatively narrow and require satisfaction of each condition listed therein in order to satisfy the exception.

Unlike the Anti-Kickback Law, the Stark Law is a strict liability statute, meaning "intent" to violate the statute is not required for a violation to occur. The result of a Stark Law violation renders a provider, such as the Hospital, unable to bill for services ordered by a physician with whom the entity has a non-excepted compensation relationship and that are payable in whole or in part under Medicare, and requires the repayment of improperly billed amounts. The failure to repay amounts billed to the Medicare program as a result of a Stark Law violation in a timely manner is also regarded as an FCA violation and may lead to civil monetary penalties and permissive exclusion.

The Stark Law is highly technical and exceedingly broad. The impact of a Stark Law violation can have a materially adverse effect on the financial condition of the Hospital.

The Health Care Reform Law instructed CMS to create a voluntary self referral disclosure protocol under which providers could disclose the facts and circumstances surrounding an actual or potential Stark Law violation with the intention of negotiating settlements of a violation for less than what was impermissibly billed to the Medicare program. While many in the industry thought the self referral disclosure protocol would give some certainty to the industry as to the resolution of actual or potential Stark Law violations, the self referral disclosure protocol process has been more cumbersome than originally anticipated. There have been only ten settlements under the protocol since its inception. It is unclear what impact, if any, the Stark Law self referral disclosure protocol will have on the settlement of actual or potential Stark Law violations in the future. Any submission pursuant to the SRDP, including the Hospital's submission discussed under "_____" elsewhere in this Official Statement does not waive or limit the ability of the OIG or DOJ to seek or prosecute violations of the federal anti-kickback statute or impose civil monetary penalties.

Subject to the Submission discussed under "_____" elsewhere in this Official Statement, the Hospital believes that it is presently in material compliance with the Stark Law. However, there can be no assurances that the Hospital will not be found to have violated the Stark Law, and if so, whether any sanction imposed would have a material adverse effect on the financial condition and the operations of the Hospital.

False Claims Act. The False Claims Act ("FCA") makes it illegal to submit or present a false, fictitious or fraudulent claim to the federal government, and may include claims that are simply erroneous. FCA investigations

and cases have become common in the health care industry and may cover a range of activity from intentionally inflated billings, to highly technical billing infractions, to allegations of inadequate care, to alleged violations of the Anti-Kickback or the Stark Laws.

Aggressive investigation tactics, negative publicity and threatened penalties, such as treble damages, can be, and often are, used to force settlements of alleged FCA violations, even when the provider believes there is no merit to the allegation. Violation or an alleged violation of the FCA can lead to settlements that require multi-million dollar payments and extensive corporate integrity agreements. Health care providers, including hospitals and physician clinics, are also subject to criminal, civil, and exclusionary penalties for violations of the FCA. A common prosecutorial position is to threaten exclusion from the Medicare and Medicaid programs and treble damages unless the hospital (or other provider or supplier) agrees to a voluntary settlement, which is often very costly and imposes significant ongoing compliance and monitoring obligations. Because the exclusion from Medicare would have such a material adverse effect, hospitals often times find it necessary to enter into costly settlement agreements, even if they believe they have a meritorious position. As such, multi-million dollar fines and settlements are common with alleged FCA violations and violations of other fraud and abuse laws, and losses resulting from these settlements are generally uninsured. Given the increase in federal Medicare fraud funding, government enforcement programs, and private whistleblower suits, enforcement actions are likely to increase in the future.

Also, the FCA permits individuals to initiate civil actions on behalf of the government in lawsuits called "qui tam" actions. Qui tam plaintiffs, or "whistleblowers," can share in the damages recovered by the government or recover independently if the government does not participate. With the passage of the Deficit Reduction Act ("DRA") in 2005, the federal government required providers who receive in excess of $5,000,000 in Medicaid funds to establish written policies that provide detailed information to employees and contractors regarding the FCA and the potential remedies and administrative sanctions a provider may face for a violation of any one of numerous fraud and abuse laws. These policies also require the inclusion of whistleblower protection. Entities who fail to implement such policies and procedures may be rendered ineligible for Medicaid payments. FCA prosecutions have increased in part as a result of whistleblower actions and *qui tam* actions from employees and contractors may increase as well.

On May 20, 2009, the Fraud Enforcement and Recovery Act of 2009 was signed into law and significantly changed the FCA to provide the federal government with increased power to apply and enforce the FCA. The Health Care Reform Law also revised the FCA to make it easier for *qui tam* relators to bring claims against health care providers. Additionally, the Health Care Reform Law itself includes whistleblower provisions in the event an individual would identify any entity or provider that violates any provision of the Health Care Reform Law.

The Health Care Reform Law also requires that providers must return identified overpayments within sixty days of identification or the overpayment becomes an "obligation" under the FCA, and the failure to return the overpayment after the sixty-day time period creates the potential for FCA liability. There is great uncertainty in the industry as to when an overpayment is technically "identified" and the ability of providers to determine the total amount of an overpayment and satisfy its repayment obligation within the sixty-day time period. CMS has proposed regulations interpreting this requirement, but those regulations do not provide significant clarification as to the "identification" of an overpayment, and it is unclear whether these regulations will become final. Finalized regulations on this matter could have a material impact on the Hospital.

Industry experts also predict a new area of potential FCA exposure for providers to address billing for care that falls below the prevailing medical standard. Medicare only pays for medically necessary care rendered in accordance with acceptable quality standards. Such "quality of care" false claims have not previously been a significant area in which FCA liability has been raised. Whether use of the FCA to address quality of care issues in hospitals will become a significant enforcement trend remains to be seen, but could present a new area of potential fraud and abuse liability for hospitals.

Acquisition of Physician Practices. The Hospital recently has acquired various physician practices and physician-owned businesses. The Hospital believes that the amounts paid in these transactions constitute fair market value for the assets purchased. There is significant uncertainty in the industry as to the definition of "fair market value" in the context of the Stark Law, the federal anti-kickback statute and tax-exempt laws. If these transactions were ever called into question by regulators or *qui tam* relators, and if the value paid was found to have exceeded fair market

value, the resulting penalties could have a material adverse effect on the financial condition of the Hospital.

HEAT Teams. The DOJ, HHS Office of the Inspector General, and CMS have worked together, through the criminal and civil systems, to secure thousands of criminal convictions and obtain civil administrative actions against individuals and organizations committing Medicare fraud. In 2009 alone, more than one billion dollars in health care fraud monies were recovered under the FCA. In May 2009, DOJ and HHS announced the creation of the Health Care Fraud Prevention and Enforcement Action Team (HEAT). With the creation of the HEAT team, Medicare fraud investigations and prosecutions will continue to increase.

Exclusions from Medicare or Medicaid Participation. As partially discussed above in connection with the Anti-Kickback Law, the Stark Law, and the FCA, the federal government has authority to exclude hospitals from Medicare/Medicaid program participation upon conviction of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program, an FCA violation, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, fraud against any federal, state or locally financed health care program, or an offense relating to the illegal manufacture, distribution, prescription, or dispensing of a controlled substance. The government also has permissive exclusion authority under certain other circumstances, such as an unrelated conviction of fraud or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. Exclusion from the Medicare/Medicaid program means that a hospital would be decertified and no program payments for services rendered to beneficiaries could be made to the hospital. An exclusion of the Hospital on any basis would be a materially adverse event.

Health Data Privacy. Federal privacy regulations require health care providers to protect the confidentiality of patient health information in any form, including electronically stored or transmitted information. HIPAA includes a number of "administrative simplification" provisions designed to streamline the electronic transmission of health claims as well as to protect the privacy and security of patient health information.

The HITECH Act contains a number of provisions which affect the HIPAA privacy regulations. The HITECH Act establishes a temporary safe harbor for the amount of information that can be disclosed to third parties for non-treatment purposes to meet the "minimum necessary" standard, which is a requirement that the covered entity disclose only the amount of information necessary to accomplish the intended purpose of the disclosure. The safe harbor limits the information disclosed to the "limited data set" as defined under existing HIPAA regulations, which is information that excludes names, postal address, telephone and fax numbers, e-mail address, social security and medical record numbers, and nine other identifiers. The Secretary is directed to publish guidance to covered entities on what constitutes "minimum necessary", and when such guidance is published, the safe harbor described above will no longer be applicable.

Covered entities that use an electronic health record will also be required to account for disclosures of information that are currently not subject to the accounting requirements, including disclosures for treatment, payment and health care operations, depending on when the covered entity acquired the electronic health record technology. The covered entity will have the option of accounting for all disclosures, including disclosures made by its business associates, itself, or providing an accounting of only the covered entity's disclosures, with a list of the names and contact information of its business associates, so that a patient may request the information directly from each business associate. In addition, if a covered entity maintains an electronic health record, individuals have a right to receive a copy of the protected health information maintained in the record in an electronic format. Again, the Secretary is charged with developing guidance and implementing regulations for these requirements.

The HITECH Act also includes provisions requiring covered entities to agree to a patient request to restrict disclosure of information to a health plan for the purposes of carrying out payment or health care operations, if the information pertains solely to an item or service for which the provider was paid out of pocket in full; a prohibition on the direct or indirect payment or receipt of remuneration in exchange for protected health information without specific patient authorization, except in limited circumstances, such as the sale of a business; and additional restrictions on the use and disclosure of protected health information for marketing communications and fundraising communications made on or after February 17, 2010 or such later date as determined by the Secretary.

Health Data Security. The HIPAA regulations also address the security of patient information. The requirements are directed toward assuring that electronic health information pertaining to patients remains secure. The regulations require organizations to evaluate existing security policies, as well as technical practices and procedures, including access controls, audit trails, physical security and disaster recovery, protection of remote access points, protection of external electronic communications, software discipline and system assessment.

Under current HIPAA security regulations, there is no prescribed form of technology or information system capability a covered entity must use to meet the security requirements. Under the provisions of the HITECH Act, the Secretary is required to issue annual guidance on the most effective and appropriate technical safeguards to be used by organizations in carrying out HIPAA security obligations. While the technical safeguards set forth in the HHS annual guidance will not be considered the only means through which to comply with the requirements, covered entities and business associates who choose not to use the safeguards included in the guidance should be prepared to justify the choice to use different processes and/or systems. Further, to encourage covered entities and business associates to use technology that will render information unusable, unreadable or indecipherable in the event of unauthorized access, organizations that fail to adopt prescribed technology are required to provide written notification of information breaches to the affected individual and to HHS. In some cases, notice of the information breach may be required to be posted on the organization's website and/or provided to major print or broadcast media. On April 17, 2009, the Secretary published guidance specifying the technologies and methodologies that render protected health information unusable, unreadable or indecipherable.

In August 2009, the Secretary issued interim final regulations implementing the breach notification provisions of the HITECH Act, and in those regulations, declined to identify alternate forms of qualifying technology for purposes of the breach notification requirements. The term "breach" means the acquisition, access, use or disclosure of protected health information in a manner that is not permitted under the privacy regulations, which compromises the security or privacy of the protected health information. A breach will compromise security or privacy if it "poses a significant risk of financial, reputational or other harm to the individual." In determining whether there is a significant risk of harm to an individual, a covered entity will need to assess a number of factors, including who impermissibly used the information, the type of information, and the amount of the information. In some cases where notice is required, notice of the information breach may also be required to be posted on the organization's website and/or provided to major print or broadcast media. Each covered entity must also maintain a log of breaches, which must be submitted to the Secretary annually, except in cases in which more than 500 individuals are affected, in which case the Secretary must be notified immediately. The regulations became effective September 23, 2009.

Business Associates. Under existing HIPAA regulations, covered entities must include certain required provisions in their contractual relationships with organizations that perform functions on their behalf which involve use or disclosure of protected health information. These organizations are called business associates, and have been indirectly regulated by HIPAA through those contractual obligations. The HITECH Act provides that all of the HIPAA security administrative, physical and technical safeguards, as well as security policies, procedures and documentation requirements will now apply directly to all business associates. In addition, the HITECH Act makes certain privacy provisions directly applicable to business associates. These changes are significant because business associates will now be directly regulated by HHS for those requirements, and as a result, will be subject to penalties imposed by HHS and/or state attorneys general.

HIPAA Penalties. The HITECH Act revises the civil monetary penalties associated with violations of HIPAA as well as provides state attorneys general with authority to enforce the HIPAA privacy and security regulations in some cases through a damages assessment of $100 per violation or an injunction against the violator. The revised civil monetary penalty provisions establish a tiered system, ranging from a minimum of $100 per violation for an unknowing violation to $1,000 per violation for a violation due to reasonable cause, but not willful neglect. For a violation due to willful neglect, the penalty is a minimum of $10,000 or $50,000 per violation, depending on whether the violation was corrected within 30 days of the date the violator knew or should have known of the violation. Maximum penalties may reach $1,500,000 for identical violations. The new levels of civil monetary penalties apply immediately for unknowing violations or violations due to reasonable cause.

Criminal penalties will be enforced against persons who obtain or disclose personal health information without authorization. The U.S. Department of Health and Human Services ("HHS") is also beginning to perform periodic audits of health care providers to ensure that required policies under the HITECH Act are in place. Finally, individuals harmed by violations will be able to recover a percentage of monetary penalties or a monetary settlement based upon methods to be established by HHS for this private recovery within three years of the passage of the HITECH Act.

The Hospital is presently undertaking many compliance steps to meet its obligations under HIPAA. However, there can be no assurances the Hospital will not be found to have violated HIPAA, and if so, whether any sanction imposed would have a material adverse effect on the operations of the Hospital and its financial condition.

HIPAA Fraud Provisions. HIPAA adds additional criminal sanctions for health care fraud and applies to all health care benefit programs, whether public or private. HIPAA clarifies the Anti-Kickback Law to reach inducements offered to Medicare and Medicaid beneficiaries themselves, such as, free transportation, free or discounted services, and other inducements. The Health Care Reform Law broadened certain exceptions regarding inducements to beneficiaries when doing so increases access to care. However, it is unclear at this time the extent to which the OIG will interpret this amendment to allow providers to provide incentives to beneficiary to receive care. HIPAA also provides for punishment of a health care provider for knowingly and willfully embezzling, stealing, converting or intentionally misapplying any money, funds, or other assets of a health care benefit program. Enforcement is pursuant to the FCA and the Anti-Kickback Law.

Federal Emergency Medical Treatment and Active Labor Act. In response to concerns regarding inappropriate hospital transfers of emergency patients based on the patient's inability to pay for the services provided, Congress enacted the Emergency Medical Treatment and Active Labor Act ("EMTALA") in 1986. This so-called "anti-dumping" law imposes certain requirements on hospitals prior to discharge of a patient or transferring a patient to another facility. Failure to comply with the law can result in exclusion from the Medicare and/or Medicaid programs or termination of the hospital's Medicare provider agreement as well as civil penalties. Failure of the Hospital to meet its responsibilities under EMTALA could adversely affect the future financial condition or results of operations of the Hospital.

State Medicaid Programs. While state Medicaid and other state health care programs are rarely as important to hospital financial results as Medicare, they nevertheless constitute an important payor source to many hospitals. These programs often pay hospitals and physicians at levels that may be below the actual cost of the care provided. As Medicaid and other state health care programs are partially funded by states, the financial condition of states may result in lower funding levels and/or payment delays. These could have a material adverse impact on hospitals. See "Patient Service Revenues" below.

Antitrust. Enforcement of antitrust laws against health care providers is becoming more common, and antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, third party contracting, physician relations, joint venture, merger, virtual merger, formation of provider networks, diversification of hospitals into non-traditional hospital services and affiliation and acquisition activities. At various times, health care providers may be subject to an investigation by a governmental agency charged with the enforcement of antitrust laws, or may be subject to administrative or judicial action by a federal or state agency or a private party. The Department of Justice may bring criminal and civil actions to enforce the antitrust laws. Private litigants may bring actions for treble damages.

From time to time, the Hospital is or will be involved in a variety of activities that could receive scrutiny under antitrust laws, and it cannot be predicted when or to what extent liability may arise. With respect to payer contracting, the Hospital may, from time to time, be involved in joint contracting activity with other hospitals or providers. The precise degree to which this or similar joint contracting activities may expose the participants to antitrust risk from governmental or private sources is dependent on a myriad of factual matters that may change from time to time.

Some court decisions have held hospitals liable for abusing their local market power by steering business to ancillary health care businesses in which they have an interest. Such activities may result in monetary liability for

the participating hospitals under certain circumstances where a competitor suffers damage.

Furthermore, health care facilities, including the Hospital, regularly have disputes regarding credentialing and peer review, and may be subject to liability in this area. In addition, health care facilities occasionally indemnify medical staff members who are involved in such credentialing or peer review activities, and may also be liable with respect to such indemnity.

The ability to consummate mergers, acquisitions or affiliations may also be impaired by the antitrust laws, potentially limiting the ability of health care providers to fulfill their strategic plans. Liability in any of these or other antitrust areas may be substantial, depending on the facts and circumstances of each case.

Section 501(r) of the Internal Revenue Code. The Health Care Reform Law imposes new requirements for tax exempt hospitals under section 501(c)(3). Specifically, tax-exempt hospital organizations will need to meet four new standards in order to continue to qualify for exemption. The new standards are as follows:

1. The hospital must conduct and publish a community health needs assessment at least once every three years and must take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health. The assessment must be made widely available to the public, and the hospital must adopt a written implementation strategy for meeting such community needs.

2. The hospital must have a written financial assistance policy which includes eligibility criteria for financial assistance, whether such assistance includes free or discounted care, the basis for calculating amounts charged to patients, and the method for applying for financial assistance. The policy must be widely publicized within the community. Most facilities currently have charity care policies that will need to be updated and modified to satisfy this standard.

3. The hospital must limit the amounts charged for emergency or other medically necessary care provided to individuals eligible for assistance under the financial assistance policy to not more than the lowest amounts charged to individuals who have insurance covering such care and are prohibited from using gross charges as a basis for calculating financial assistance.

4. The hospital cannot engage in extraordinary collection actions before the organization has made reasonable efforts to determine whether the individual is eligible for assistance under the financial assistance policy.

The IRS has indicated that each and every hospital that is exempt under section 501(c)(3) of the Code is expected to comply with these requirements. The Secretary of the Treasury has issued proposed regulations and guidance concerning some but not all of these new requirements. Failure to meet the community health needs assessment requirements for any tax year may result in an excise tax of $50,000 being assessed against a hospital and failure to meet this or other requirements could jeopardize the status of a hospital's exemption under Section 501(c)(3).

Medical Liability Litigation and Insurance. Medical liability litigation is subject to public policy determinations and legal and procedural rules that may be altered from time to time, with the result that the frequency and cost of such litigation, and resultant liabilities, may increase in the future. Hospitals may be affected by negative financial and liability impacts on physicians. Costs of insurance, including self-insurance, may increase dramatically.

Facility Damage. Hospitals are highly dependent on the condition and functionality of their physical facilities. Damage from earthquake, floods, fire, other natural causes, deliberate acts of destruction, or various facilities system failures may have a material adverse impact on operations, financial conditions and results of operations.

Employer Status. Hospitals are major employers with mixed technical and nontechnical workforces. Labor costs, including salary, benefits and other liabilities associated with a workforce, have significant impacts on hospital operations and financial condition. Developments affecting hospitals as major employers include: (1) imposing higher minimum or living wages; (2) enhancing occupational health and safety standards; and (3) penalizing

employers of undocumented immigrants. Legislation or regulation on any of the above or related topics could have a material adverse effect on the Corporation and its ability to make payments with respect to the Series 2012 Bonds.

Labor Costs and Disruption. Hospitals are labor intensive. Labor costs, including salary, benefits and other liabilities associated with the workforce, have significant impact on hospital operations and financial condition. Hospital employees are increasingly organized in collective bargaining units, and may be involved in work actions of various kinds, including work stoppages and strikes. Overall costs of the hospital workforce are high, and turnover is high. Pressure to recruit, train and retain qualified employees is expected to accelerate. These factors may materially increase hospital costs of operation. Workforce disruption may negatively impact hospital revenues and reputation.

Pension and Benefit Funds. As large employers, hospitals may incur significant expenses to fund pension and benefit plans for employees and former employees, and to fund required workers' compensation benefits. Funding obligations in some cases may be erratic or unanticipated and may require significant commitments of available cash needed for other purposes.

Labor Relations and Collective Bargaining.

Nonprofit health care providers and their employees are under the jurisdiction of the National Labor Relations Board. At the present time, all hourly employees of the Corporation who are not in exempt positions (approximately 1100 employees, or 91% of employees) are represented by the Carson Tahoe Healthcare Employees Association. The contract with the association covers employee wages, benefits and working conditions. The current contract extends through June 30, 2013. Negotiations for the renewal are expected to begin in _____, 20__. There can be no assurance that such negotiations will result in terms favorable to the Corporation. Negotiations with the employees' association or a shortage of qualified professional personnel could cause an increase in payroll costs beyond those projected. The Corporation cannot control the prevailing wage rates in its service areas and any increase in such rates will directly affect the costs of its operations.

Increasingly, various labor unions repeatedly attempt to organize employees at hospitals. President Obama has encouraged enactment of "check-card" legislation which could make the attempt to organize health care employees easier or faster. If other or additional Hospital employees become union members in the future, employee strikes or other adverse labor actions may have an adverse impact on operations, revenue and hospital reputation.

Health Care Worker Classification. Health care providers, like all businesses, are required to withhold income taxes from amounts paid to employees. If the employer fails to withhold the tax, the employer becomes liable for payment of the tax imposed on the employee. On the other hand, businesses are generally not required to withhold federal taxes from amounts paid to a worker classified as an independent contractor. The IRS has established criteria for determining whether a worker is an employee or an independent contractor for tax purposes. If the IRS were to reclassify a significant number of hospital independent contractors (e.g., physician medical directors) as employees, back taxes and penalties could be material.

Staffing. In recent years, the health care industry has suffered from a scarcity of nursing personnel, respiratory therapists, pharmacists and other trained health care technicians. A significant factor underlying this trend includes a decrease in the number of persons entering such professions. This is expected to intensify in the future, aggravating the general shortage and increasing the likelihood of hospital-specific shortages. In addition, state budget cuts to university programs may impact the training available for nursing personnel and other health care professionals. Competition for employees, coupled with increased recruiting and retention costs will increase hospital operating costs, possibly significantly, and growth may be constrained. This trend could have a material adverse impact on the financial conditions and results of operations of hospitals.

Professional Liability Claims and General Liability Insurance. In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased in health care nationwide, resulting in substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against health care providers.

Litigation also arises from the corporate and business activities of hospitals, from a hospital's status as an employer or as a result of medical staff or provider network peer review or the denial of medical staff or provider network privileges. As with professional liability, many of these risks are covered by insurance, but some are not. For example, some antitrust claims or business disputes are not covered by insurance or other sources and may, in whole or in part, be a liability of the Hospital if determined or settled adversely.

There is no assurance that hospitals will be able to maintain coverage amounts currently in place in the future, that the coverage will be sufficient to cover malpractice judgments rendered against a hospital or that such coverage will be available at a reasonable cost in the future. For a discussion of the insurance coverage of the Corporation, see "APPENDIX A—INFORMATION CONCERNING THE OBLIGATED GROUP—_____."

State Laws. The following discusses certain Nevada laws to which health care providers such as the Hospital are subject:

Indigent Patients. Pursuant to Nevada Revised Statutes ("NRS") 439B.320, hospitals are required to provide without charge in each fiscal year, care for indigent inpatients who are not covered by health insurance or who are not eligible for Medicare, Medicaid or any other federal or state program of public assistance, in an amount which represents 0.6% of its net revenue for its preceding fiscal year. Reporting requirements mandate the hospital report total number of inpatients treated who are claimed to be indigent to the Department of Human Resources. The Department then will compute the obligation of each hospital for care of indigent patients and provide that information to the supervising board of the county in which the hospital is located. No payment for indigent care to the hospital may be made until the total amount of cost of treatment to indigent inpatients exceeds the minimum statutory obligation of the hospital for the fiscal year. The law also permits, but does not require, the supervising board of the county to pay a higher rate to a hospital for treatment of indigent inpatients if it is determined that that hospital is serving a disproportionately large share of low-income patients. The law also permits the Director of the Department of Human Resources to impose an assessment on a hospital if, after investigation, it is determined that the hospital failed to meet its minimum obligation for the treatment of indigent inpatients in any fiscal year. The Hospital is unaware of any potential monetary assessment to be made by the Department of Human Resources. Likewise, the supervising board of the county is not required to pay for the treatment of indigent inpatients until the Director of the Department of Human Resources certifies that the hospital has met its obligations.

Billing Consistency. NRS 439B.400 requires a hospital to maintain and use a uniform list of billed charges for units of service or goods provided to all inpatients. A hospital is prohibited from using a billed charge for one inpatient that is different from the billed charge used for another inpatient for the same service or goods. This law, however, does not restrict a hospital from negotiating a discounted rate from the hospital's billed charges or to contract for a different rate or mechanism for payment.

Uninsured Patients. NRS 439B.260 requires a "major hospital" to reduce or discount total billed charges by at least 30% for hospital services provided to an inpatient who has no policy of health insurance or other contractual agreement with a third party for the payment of the charges and who is not otherwise eligible for coverage by a state or federal program of public assistance. Hospitals are required to include in their first statement to the patient notice of the discount offered by this law. In order to qualify for this reduction or discount, the patient must make a reasonable arrangement within 30 days after the date the notice was sent to pay his or her hospital bill. The legislation also requires a hospital to reduce or discount the total billed charges of its outpatient pharmacy by at least 30% to a patient who is eligible for Medicare.

Emergency Care. NRS 439B.410 imposes an obligation on Nevada hospitals to provide emergency care to individuals and admit them as inpatients where appropriate regardless of ability to pay.

Physician Relationships. NRS 439B.420 prohibits a hospital or related entity from establishing a rental agreement with a physician or entity that employs physicians that requires any portion of his or her medical practice to be referred to the hospital or related entity. Furthermore, the rent required of a physician or entity which employs physicians by a hospital or related entity must not be less than 75 percent of the rent for comparable office space leased to another physician or other lessee in the building, or in a comparable building owned by the hospital or

entity. A hospital or related entity is prohibited from paying any portion of the rent of a physician or entity which employs physicians within facilities not owned or operated by the hospital or related entity, unless the resulting rent is no lower than the highest rent for which the hospital or related entity rents comparable office space to other physicians. A health facility is prohibited from offering any provider of medical care any financial inducement, whether in the form of immediate, delayed, direct or indirect payment to induce the referral of a patient or group of patients to the health facility. This does not prohibit bona fide gifts under $100, or reasonable promotional food or entertainment. A hospital, if acting as a billing agent for a medical practitioner performing services in the hospital, is prohibited from adding any charges to the practitioner's bill for services other than a charge related to the cost of processing the billing. A hospital or related entity is prohibited from selling goods or services to a physician unless the costs for such goods and services are at least equal to the cost for which the hospital or related entity paid for the goods and services. A practitioner or health facility is prohibited from referring a patient to a health facility or service in which the referring party has a financial interest unless the referring party first discloses the interest to the patient. This subsection does not apply to practitioners who are subject to the provisions of NRS 439B.425. A hospital may have to disclose its agreements with physicians to the state for review in accordance with the statute. A willful violation of the statute is subject to a civil penalty in an amount of not more than $5,000 per occurrence, or 100 percent of the value of the illegal transaction, whichever is greater and reasonable expenses incurred by the state in enforcing the law.

Negative Rankings Based on Clinical Outcomes, Cost, Quality, Patient Satisfaction and Other Performance Measures

Health plans, Medicare, Medicaid, employers, trade groups and other purchasers of health services, private standard-setting organizations and accrediting agencies increasingly are using statistical and other measures in efforts to characterize, publicize, compare, rank and change the quality, safety and cost of health care services provided by hospitals and physicians. Published rankings such as “score cards,” “pay for performance” and other financial and nonfinancial incentive programs are being introduced to affect the reputation and revenue of hospitals and the members of their medical staffs and to influence the behavior of consumers and providers such as the Hospital. Currently prevalent are measures of quality based on clinical outcomes of patient care, reduction in costs, patient satisfaction, and investment in health information technology. Measures of performance set by others that characterize a hospital negatively may adversely affect its reputation and financial condition.

Licensing, Surveys, Investigations and Audits

Health care facilities, including those of the Hospital, are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements relating to Medicare and Medicaid participation and payment, state licensing agencies and private payors. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require or include affirmative activity or response by the Hospital. These activities generally are conducted in the normal course of business of health care facilities. Nevertheless, an adverse result could cause a loss or reduction in the Hospital’s scope of licensure, certification or accreditation, could reduce the payment received, or could require repayment of amounts previously remitted to the provider.

Management of the Hospital currently anticipates no difficulty renewing or continuing currently held licenses, certifications or accreditations, nor does it anticipate a reduction in third-party payments from such events that would materially adversely affect the operations or financial condition of the Hospital. Nevertheless, actions in any of these areas could result in the loss of utilization or revenues, or the Corporation’s ability to operate all or a portion of its health facilities, and, consequently, could have a material adverse effect the Corporation’s ability to pay debt service payments relating to the Series 2012 Bonds.

Market Dynamics and Competition

In providing health care services, the Hospital competes with a number of other providers in its service area, which may include for-profit and not-for-profit providers of acute health care services. See “_____” in APPENDIX A for a description of the principal competitors of the Hospital.

In addition, competition could also result from certain health care providers that may be able to offer lower priced services to the population served by the Hospital. These services could be substituted for some of the revenue generating services currently offered by the Hospital. The services that could serve as substitutes for services provided by the Hospital include ambulatory surgical centers, expanded preventive medicine and outpatient treatment, freestanding independent diagnostic testing facilities, and increasingly sophisticated physician group practices. Certain forms of health care delivery are designed to offer comparable services at lower prices, and the federal government and private third-party payors may increase their efforts to encourage the development and use of such programs. In addition, future changes in state and federal law may have the effect of increasing competition in the health care industry. The effect on the Hospital of any such affiliations or entry into the market of alternative providers of certain services, if completed, cannot be determined at this time, but the [management of the Hospital believes that it has positioned itself to effectively provide community-based health care throughout the service area of the Hospital.]

Corporate Compliance Program

The Corporation maintains a compliance program for itself and its affiliates which includes a compliance plan to assist all employees in understanding and adhering to the legal and ethical standards that govern the provision of patient care (the "Compliance Plan"). The Compliance Plan has been designed to (i) comply with the standards set forth in the Federal Sentencing Guidelines for Organizational Defendants and (ii) help assure that the Corporation acts in accordance with its mission, values and known legal duties.

Issues Related to the Health Care Market of the Corporation

Affiliation, Merger, Acquisition and Divestiture. Significant numbers of affiliations, mergers, acquisitions and divestitures have occurred in the health care industry in recent years. As part of its ongoing planning process, the Corporation considers potential affiliations, acquisitions and divestitures of operations or properties which may become affiliated with or become part of its Obligated Group in the future. As a result, it is possible that certain newly acquired or affiliated organizations and their assets and liabilities may be added to the Obligated Group and certain existing facilities may be divested. See "INTRODUCTION—Substitution of Security" herein.

Possible Increased Competition. The Corporation and any future Members of the Obligated Group could face increased competition in the future from other hospitals, from skilled nursing facilities and from other forms of health care delivery that offer health care services to the populations which the Corporation currently serves. This could include the construction of new hospitals or the renovation of existing hospitals, as well as skilled nursing facilities, health maintenance organization facilities, ambulatory surgery centers, freestanding emergency facilities, private laboratory and radiological services, skilled and specialized nursing facilities, home care, intermediate nursing home care, preventive care and drug and alcohol abuse programs. In addition, competition could result from forms of health care delivery that are able to offer lower priced services to the population served by the Corporation. These services could be substituted for some of the revenue generating services currently offered by the Corporation and its affiliates. The services that could serve as substitutes for hospital treatment include skilled and specialized nursing facilities, home care, intermediate nursing home care, preventive care, and drug and alcohol abuse programs.

Availability of Insurance Products. In recent years the health care industry has seen significant reductions in the availability of general commercial liability and other insurance products. There can be no assurance that the Corporation will be able in the future to fund any self-insurance or obtain commercial insurance on reasonably acceptable terms and conditions. Increases in the cost of such insurance products could have a material adverse effect on the Corporation and its results of operations.

Risks Related to Tax-Exempt Status

Tax Exemption for Nonprofit Hospitals. Loss of tax-exempt status by the Corporation (or other Members of the Obligated Group, if any) or by any user of property financed or refinanced with the proceeds of the Series 2012 Bonds could result in loss of tax exemption of the Series 2012 Bonds and of other tax-exempt debt issued therefor, and defaults in covenants regarding the Series 2012 Bonds and such other related tax-exempt debt would likely be

triggered. Such an event would have material adverse consequences on the financial condition of the Corporation (or other Members of the Obligated Group, if any). The maintenance by an entity of its tax-exempt status depends, in part, upon its maintenance of its status as an organization described in Section 501(c)(3) of the Code. The maintenance of such status is contingent upon compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including its operation for charitable and educational purposes, its avoidance of transactions which may cause its assets to inure to the benefit of private individuals, and other limitations. The Internal Revenue Service ("IRS") has announced that it intends to closely scrutinize transactions between nonprofit hospitals and for-profit entities, and in particular has issued revised audit guidelines for tax-exempt hospitals. Although specific activities of hospitals, such as medical office building leases and compensation arrangements and other contracts with physicians, have been the subject of interpretations by the IRS in the form of Private Letter Rulings, many activities have not been addressed in any official opinion, interpretation, or policy of the IRS. Because the Corporation conducts large-scale and diverse operations involving private parties, there can be no assurance that certain of its transactions would not be challenged by the IRS in a manner which could adversely affect the tax-exempt status of the Corporation (or other Members of the Obligated Group, if any).

Anti-Kickback Statute. The IRS has taken the position that hospitals that are in violation of the Anti-Kickback Law may also be subject to revocation of their tax-exempt status. See the information herein under the caption ["BONDHOLDERS' RISKS—_____"]. As a result, tax-exempt hospitals, such as those owned or operated by the Corporation, that have, and will continue to have, extensive transactions with physicians are subject to an increased degree of scrutiny and perhaps enforcement by the IRS.

Intermediate Sanctions. The Taxpayer Bill of Rights 2, enacted on July 30, 1996, added Section 4958, commonly referred to as the "intermediate sanctions law," to the Code. Section 4958 of the Code and related regulations provide the IRS with an "intermediate" tax enforcement tool that may be used as an alternative to revoking the federal tax exemption of an organization that violates the private inurement prohibition.

Possible Changes in Tax Status. The possible modification or repeal of certain existing federal income or state tax laws or other loss by the Corporation or any future Members of the Obligated Group of the present advantages of certain provisions of the federal income or state tax laws could materially and adversely affect the status of the Members of the Obligated Group and thereby the revenues of the Corporation or any future Members of the Obligated Group. The Corporation has obtained a letter from the IRS determining that it is an exempt organization under Section 501(c)(3) of the Code. As an exempt organization, the Corporation is subject to a number of requirements affecting its operations. The failure of the Corporation or any future Members of the Obligated Group to remain qualified as exempt organizations would affect the funds available to them for payments to be made under the Loan Agreement or the Master Indenture. Failure of the Corporation or the City to comply with certain requirement of the Code, or adoption of amendments to the Code to restrict the use of tax-exempt bonds for facilities such as those being financed with Series 2012 Bond proceeds, could cause interest on the Series 2012 Bonds to be included in the gross income of owners or former owners for federal income tax purposes. It is not possible to predict the scope or effect of future legislative or regulatory actions with respect to taxation of nonprofit corporations. There can be no assurance that future changes in the laws and regulations of the federal, state, or local governments will not materially and adversely affect the operations and revenues of the Obligated Group by requiring them to pay income or real estate taxes.

Internal Revenue Service Examination Program. In recent years, the IRS has increased the frequency and scope of its examination and other enforcement activity regarding tax-exempt organizations and tax-exempt bonds. Currently, the primary penalties available to the IRS under the Code are the revocation of tax-exempt status of an organization and a determination that interest on tax-exempt bonds is subject to federal income taxation. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit corporations, it could do so in the future. Loss of tax-exempt status by the Corporation or any future Member of the Obligated Group or improper use of property financed with proceeds of the Series 2012 Bonds could potentially result in loss of the tax exemption of the interest on the Series 2012 Bonds (which may be retroactive to the date of issuance), and defaults in covenants regarding the Series 2012 Bonds could be triggered. Loss of such tax-exempt status could also result in substantial tax liabilities on income of the Obligated Group. In addition, although the IRS has only infrequently taxed the interest received by holders of bonds that were represented to be tax-exempt, the IRS has examined a number of bond issues and

concluded that such bond issues did not comply with applicable provisions of the Code and related regulations. No assurance can be given that the IRS will not examine the purchaser, a Bondholder, the Obligated Group, or the Series 2012 Bonds. If the Obligated Group or the Series 2012 Bonds are examined, it may have an adverse impact on their price and marketability. Based on the use of proceeds from the sale of the Series 2012 Bonds described herein and in APPENDIX A hereto, and on the representations and warranties of the Obligated Group as to factual matters, Bond Counsel will deliver its opinion in the form attached hereto as APPENDIX D. See "TAX MATTERS" and "LEGAL MATTERS" herein.

Tax-Exempt Status of the Series 2012 Bonds. The tax-exempt status of the Series 2012 Bonds is based on the continued compliance by the City, the Obligated Group, and users of property financed or refinanced with proceeds of the Series 2012 Bonds with certain covenants relating generally to restrictions on the use of the facilities financed or refinanced with the proceeds of such Series 2012 Bonds, arbitrage limitations and rebate of certain excess investment earnings to the federal government. Failure to comply with such covenants with respect to the Series 2012 Bonds could cause interest on the Series 2012 Bonds to become subject to federal income taxation retroactive to the original date of issue of the Series 2012 Bonds. In such event, the Series 2012 Bonds are not subject to redemption solely as a consequence thereof, and the principal thereof may not be required to be accelerated by the Bond Trustee. No additional interest or penalty is payable in the event of the taxability of interest on the Series 2012 Bonds. See "TAX MATTERS" herein.

No Market for Series 2012 Bonds

Subject to prevailing market conditions, B.C. Ziegler and Company (the "Underwriter") intends, but is not obligated, to make a market in the Series 2012 Bonds. There is presently no secondary market for the Series 2012 Bonds and no assurance that a secondary market will develop. Consequently, investors may not be able to resell the Series 2012 Bonds purchased should they need or wish to do so for emergency or other purposes.

Incurrence of Additional Funded Indebtedness

The Master Indenture permits Additional Indebtedness to be incurred by any Member of the Obligated Group. See APPENDIX C – ["SUMMARIES OF FINANCING DOCUMENTS—THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE MORTGAGE—Limitations on Indebtedness"].

Other Risk Factors

The following factors, among others, may also affect the future operations or financial performance of the Corporation and any future Members of the Obligated Group:

(a) Medical and other scientific advances resulting in decreased usage of hospital facilities or services, including those of the Obligated Group;

(b) Limitations on the availability of technical personnel;

(c) Decreases in population within the service area of the Hospital;

(d) Increased unemployment or other adverse economic conditions which could increase the proportion of patients who are unable to pay fully for the cost of their care;

(e) Imposition of wage and price controls for the health care industry, such as those that were imposed and adversely affected health care facilities in the early 1970s;

(f) The ability of, and the cost to, the Obligated Group to continue to insure or otherwise protect itself against malpractice claims; and

(g) The attempted imposition of or the increase in taxes related to the property and operations of nonprofit organizations.

The occurrence of one or more of the foregoing, or the occurrence of other unanticipated events, could adversely affect the financial performance of the Corporation and any future Members of the Obligated Group.

Pending Medicare Legislation

[TO BE UPDATED]

As of the date of this Official Statement, a number of bills have been introduced that, if enacted, could affect the ownership and structure of certain specialty hospitals, including physician investment in such specialty hospitals. The impact of the bills ranges from simply authorizing a study as to the effects of specialty hospitals to excluding specialty hospitals from one or a number of the current exceptions under the Stark law provisions that would otherwise permit physician investment in certain hospitals.

It is unclear at this time which, if any, of these bills will be enacted, whether others will be introduced or what the ultimate impact of any legislation enacted might have on the operations of the Corporation and its affiliates, including, without limitation, the SSH Facility. See History and Background—General—Joint Ventures in APPENDIX A attached hereto.

Nursing Shortage

Recently the health care industry, including the Corporation, has experienced a shortage of nursing, technical and related staff, which has resulted in increased costs and lost revenues due to the need to hire agency nursing personnel at higher rates, increased compensation levels, and the inability to use otherwise available, beds as a result of staffing shortages. The Corporation has incurred increased employment costs. If the shortage continues, it could adversely affect the Obligated Group's operations or financial condition.

Possible Limitations on Security

The enforceability of the liens of the Deed of Trust, the Loan Agreement and the Bond Indenture, and in particular the enforceability of the first security interest in the Obligated Group's Gross Revenues granted in the Master Indenture, may be limited by a number of factors, including: (i) the absence of an express provision permitting assignment of receivables owed to the Obligated Group under its contracts, and present or future prohibitions against assignment contained in any applicable statutes or regulations; (ii) certain judicial decisions which cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of the Obligated Group, to collect and retain accounts receivable from certain governmental programs; (iii) commingling of proceeds of Gross Revenues with other moneys of the Obligated Group not subject to the first security interest in Gross Revenues; (iv) statutory liens; (v) rights arising in favor of the United States of America or any agency thereof; (vi) constructive trusts, equitable or other rights impressed or conferred by a federal or state court in the exercise of its equitable jurisdiction; (vii) federal bankruptcy laws or state insolvency laws which may affect the enforceability of the Indenture or the first security interest in the Gross Revenues of the Obligated Group which are earned by the Obligated Group within 90 days preceding or, in certain circumstances with respect to related corporations, within one year preceding and after any effectual institution of bankruptcy or insolvency proceedings by or against the Obligated Group; (viii) rights of third parties in Gross Revenues converted to cash and not in the possession of the Master Trustee; and (ix) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the Uniform Commercial Codes of the state in which the Obligated Group is organized as from time to time in effect. Under the Uniform Commercial Code, such first security interest ceases to attach to proceeds of Gross Revenues, e.g., collections of accounts receivable which cannot be traced to a specific account of the Obligated Group or otherwise have ceased to be "identifiable cash proceeds."

Limitations on Foreclosure of the Deed of Trust

The Deed of Trust secures the Corporation's obligations pursuant to the Master Indenture. In the event that there is a default under the Master Indenture, the Master Trustee, as beneficiary under the Deed of Trust, has the right to foreclose on the Encumbered Property under certain circumstances.

In the event that the Deed of Trust is foreclosed, in addition to the customary costs and expenses of operating and maintaining the Hospital, the party or parties succeeding to the interest of the Corporation in the Encumbered Property (including the Master Trustee, if such party was to acquire the interest of the Corporation in the Encumbered Property) could be required to bear certain associated costs and expenses, which could include: the cost of complying with federal, state and local laws, ordinances, regulations or any other rules related to the removal or remediation of certain hazardous materials or toxic substances in the soil or groundwater; the cost of complying with laws, ordinances and regulations related to health and safety and the continued use and occupancy of the Hospital, including but not limited to the Americans With Disabilities Act; real property taxes and insurance; and costs associated with the potential reconstruction or repair of the Encumbered Property in the event of any casualty or condemnation.

Any valuation of the Hospital will at all times be dependent upon many factors beyond the control of the Corporation, such as changes in general and local economic conditions, changes in the supply of or demand for acute care in the same locality, and changes in real estate and zoning laws or ordinances or other regulatory restrictions. A material change in any of these factors could materially change the value in use of the Hospital. There is no assurance that the amount available upon foreclosure of the Hospital after the payment of foreclosure costs will be sufficient to pay the amounts owing by the Corporation on the Series 2012 Obligation.

In the event of foreclosure, a prospective purchaser of the Encumbered Property may assign less value to the Encumbered Property than the value of the Encumbered Property while owned by the Corporation since such purchaser may not enjoy the favorable financing rates associated with the Series 2012 Bonds and other benefits, including the value and benefit of the Corporation's hospital equipment, which is not part of the Encumbered Property. To the extent that buyers whose income is not tax-exempt may be willing to pay less for the Encumbered Property than nonprofit buyers, then the resale of the Encumbered Property after foreclosure may require more time to solicit nonprofit buyers interested in assuming the financing now applicable to the Encumbered Property. In addition, there can be no assurance that the Encumbered Property could be sold at one hundred percent (100%) of its fair market value in the event of foreclosure. Although the Master Trustee will have available the remedy of foreclosure of the Deed of Trust in the event of a default (after giving effect to any applicable grace periods, and subject to any legal rights which may operate to delay or stay such foreclosure, such as may be applicable in the event of the Corporation's bankruptcy), there are substantial risks that the exercise of such a remedy will not result in recovery of sufficient funds to satisfy all the Corporation's obligations.

Matters Relating to Enforceability of the Master Indenture

The obligations of the Corporation and any future Members of the Obligated Group under the Series 2012 Obligation will be limited to the same extent as the obligations of debtors typically are affected by bankruptcy, insolvency and the application of general principles of creditors' rights and as additionally described below.

The accounts of the Corporation and any future Members of the Obligated Group will be combined for financial reporting purposes and will be used in determining whether the test relating to debt service coverage contained in the Master Indenture is met, notwithstanding the uncertainties as to the enforceability of certain obligations of the Members of the Obligated Group contained in the Master Indenture which bear on the availability of the assets and revenues of the Members of the Obligated Group for payment of debt service on Obligations, including the Series 2012 Obligation pledged under the Bond Indenture as security for the Series 2012 Bonds. The joint and several obligations described herein of Members of the Obligated Group to make payments of debt service on Obligations issued under the Master Indenture (including transfers in connection with voluntary dissolution or liquidation), and any other amounts payable by the Obligated Group Members under the Master Indenture, on the dates, at the times, at the places and in the manner provided in the Master Indenture and in such Obligations, may not be enforceable to the extent (1) enforceability may be limited by applicable bankruptcy, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights and by general equitable principles and (2) such payments (i) are requested to be made on any Obligation which is issued for a purpose which is not consistent with the charitable purposes of the member of the Obligated Group from which such payments are requested or which are issued for the benefit of any entity other than a tax-exempt organization; (ii) are requested to be made from any monies or assets which are donor restricted or which are subject to a direct or express trust which does not permit the use of such

monies or assets for such a payment; (iii) would result in the cessation or discontinuation of any material portion of the health care or related services previously provided by the Member of the Obligated Group from which such payment is requested; or (iv) are requested to be made pursuant to any loan violating applicable usury laws.

A Member of the Obligated Group may not be required to make any payment to provide for the payment of any Obligation, or portion thereof, the proceeds of which were not loaned or otherwise disbursed to such Member of the Obligated Group to the extent that such transfer would render the Member of the Obligated Group insolvent or which would conflict with, not be permitted by or which is subject to recovery for the benefit of other creditors of such Member of the Obligated Group under applicable fraudulent conveyance, bankruptcy or moratorium laws. There is no clearly applicable precedent in the law as to whether such transfers from a Member of the Obligated Group in order to pay debt service on the Obligations may be voided by a trustee in bankruptcy in the event of bankruptcy of the Member of the Obligated Group, or by third-party creditors in an action brought pursuant to state fraudulent transfer or fraudulent conveyance statutes. Under the United States Bankruptcy Code, a trustee in bankruptcy and, under state fraudulent transfer or fraudulent conveyance statutes and common law, a creditor of a related guarantor, may avoid any obligation incurred by a related guarantor if, among other basis therefor, (1) the guarantor has not received fair consideration or reasonably equivalent value in exchange for the guaranty and (2) the guaranty renders the guarantor insolvent, as defined in the United States Bankruptcy Code or applicable state fraudulent transfer or fraudulent conveyance statutes, or the guarantor is undercapitalized.

Application by courts of the tests of "insolvency," "reasonably equivalent value" and "fair consideration" has resulted in a conflicting body of case law. It is possible that, in an action to force a Member of the Obligated Group to pay debt service on an Obligation for which it was not the direct beneficiary, a court might not enforce such a payment in the event it is determined that the Member of the Obligated Group is analogous to a guarantor of the debt of the Member of the Obligated Group who directly benefited from the borrowing and that sufficient consideration for the Member of the Obligated Group's guaranty was not received and that the incurrence of such obligation has rendered or will render the Member of the Obligated Group insolvent or the Member of the Obligated Group is or will thereby become undercapitalized.

There exist, in addition to the foregoing, common law authority and authority under applicable state statutes pursuant to which the courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that such corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion pursuant to a petition of the Attorney General or such other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

Nature of Facilities

The Hospital is not, and the Hospital will not be, comprised of general purpose buildings and generally would not be suitable for industrial or commercial use. Consequently, it could be difficult to find a buyer or lessee for such facilities and, upon any default, the Master Trustee may not realize the amount of the outstanding Series 2012 Bonds from the sale or lease of such facilities if it were necessary to proceed against such facilities, whether pursuant to a judgment, if any, against the Obligated Group, or, in regard to the Hospital, pursuant to the Deed of Trust.

Environmental Risks

There are potential risks relating to liabilities for environmental conditions with respect to the Hospital facilities. If hazardous substances are found to be located on property, owners of such property may be held liable for costs and other liabilities related to the presence, migration or removal of such substances, which costs and liabilities could exceed the value of the property. The Corporation is not aware of any pending or threatened claim, investigation or enforcement action regarding environmental issues relating to its facilities. Any future claim, investigation or enforcement action could have material adverse consequences to the operations or financial condition of the Corporation and could impact the ability of the Corporation to pay debt service on the Series 2012 Bonds when due.

Potential Effects of Bankruptcy

If the Corporation or any future Member of the Obligated Group were to file a petition for relief (or if a petition were filed against a Member of the Obligated Group) under the Federal Bankruptcy Code, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such Member of the Obligated Group, and its property. If the bankruptcy court so ordered, such Member of the Obligated Group's property, including its accounts receivable and proceeds thereof, could be used for the benefit of such Member of the Obligated Group despite the claims of its creditors. Creditors of a tax-exempt organization such as the Corporation, however, may not make the Corporation the subject of an involuntary bankruptcy case under the Federal Bankruptcy Code.

Possible Exchange of Series 2012 Obligation

The Master Indenture requires the surrender of the Series 2012 Obligation in exchange for a replacement obligation issued under a new master indenture by an obligated group which is financially and operationally different from the then current Members of the Obligated Group under certain conditions, including, but not limited to, confirmation of the Rating Agencies that the underlying rating on the substitute obligation will have at least an equal rating to the then current underlying rating on the Series 2012 Obligation. See APPENDIX C—["SUMMARIES OF FINANCING DOCUMENTS—THE SERIES 2012 OBLIGATION, THE MASTER INDENTURE AND THE MORTGAGE—Substitution of Obligations" and "—Special Covenants Related to the Series 2012 Obligation"].

Maintenance of Credit Rating

The Series 2012 Bonds will be rated as to their creditworthiness by Standard & Poor's Rating Services (the "Rating Agency"). There can be no assurance that the Series 2012 Bonds will maintain their original rating from the Rating Agency or that the rating will not be withdrawn. If the rating on the Series 2012 Bonds is lowered or withdrawn, the Series 2012 Bonds may lack liquidity in the secondary market. Adverse developments with respect to the financial condition of the Corporation or any Member of the Obligated Group could impact the credit rating of the Series 2012 Bonds and may have a material adverse effect on a holder's ability to sell Series 2012 Bonds or the bid and ask prices for the Series 2012 Bonds. See "RATING" herein.

Extension of Letters of Credit

The Series 2003B Bonds and Series 2005 Bonds (together, the "Variable Rate Bonds") are variable rate demand obligations, the payment on which is supported by letters of credit (each, a "Letter of Credit") issued by U.S. Bank National Association (the "Credit Bank").

Variable Rate Bonds may be tendered for purchase at any time under the terms of the respective indentures of trust governing the Variable Rate Bonds (the "Variable Rate Indentures"). In the absence of a successful remarketing of tendered Variable Rate Bonds, such a tender could result in a draw on the applicable Letter of Credit in an amount necessary to purchase the tendered bonds and an immediate obligation to repay the amount drawn under the terms of the applicable reimbursement agreement.

The expiration date of each Letter of Credit recently was extended to December 13, 2016. Management of the Corporation presently expects that each Letter of Credit will be extended or replaced with a substitute letter of credit prior to the current expiration dates in accordance with the terms of the respective Variable Rate Indentures. If, however, the Corporation is unable to extend or replace the Letters of Credit in a timely manner as required under the Variable Rate Indentures, the Variable Rate Bonds will be subject to mandatory tender which would result in a draw on the Letters of Credit in the full amount of the then-outstanding Variable Rate Bonds and a corresponding reimbursement obligation under the terms of the associated reimbursement agreement which, in the absence of other satisfactory arrangements, could result in an immediate obligation to repay the obligations associated with the Variable Rate Bonds.

CONTINUING DISCLOSURE

Inasmuch as the Series 2012 Bonds are limited obligations of the City, the City has determined that no financial or operating data concerning it is material to any decision to purchase, hold or sell the Series 2012 Bonds, and the City will not provide any such information. The Corporation, as the sole "obligated person" with respect to the Series 2012 Bonds, has undertaken all responsibilities for any continuing disclosure to holders of the Series 2012 Bonds as described below, and the City shall have no liability to the holders or any other person with respect to such disclosures.

General

Pursuant to the terms of a continuing disclosure agreement or other undertaking with respect to the Series 2012 Bonds (the "Continuing Disclosure Undertaking"), the Corporation will send or cause to be sent to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA"), certain financial information and operating data and notices of certain events, pursuant to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission (the "Rule"). A copy of the Continuing Disclosure Undertaking, in substantially the form expected to be executed by the Corporation, is attached to this Official Statement as APPENDIX E.

Failure to Comply

In the event of a failure of the Corporation to comply with any provision of the Continuing Disclosure Undertaking, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Corporation to comply with the obligations under the Continuing Disclosure Undertaking. A failure to comply with the Continuing Disclosure Undertaking shall not be deemed an Event of Default under the Bond Indenture. The sole remedy under the Continuing Disclosure Undertaking shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damage thereunder under any circumstances.

Amendment of Continuing Disclosure Undertaking

The provisions of the Continuing Disclosure Undertaking, including but not limited to the provisions relating to the accounting principles pursuant to which the financial statements are prepared, may be amended as deemed appropriate by an authorized officer of the Corporation; but any such amendment must be adopted procedurally and substantively in a manner consistent with the Rule, including any interpretation thereof made from time to time by the SEC. Such interpretations currently include the requirements that (a) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Corporation or the type of activities conducted thereby, (b) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Series 2012 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) the amendment does not materially impair the interests of Series 2012 Bondowners, as determined by parties unaffiliated with the Corporation (such as independent legal counsel). The foregoing interpretations may be changed in the future. [The Corporation agrees not to amend the Continuing Disclosure Undertaking to eliminate filing of the Annual Report and Quarterly Financials, as each such term is defined in APPENDIX E hereto.]

Compliance With Continuing Disclosure Undertakings

The Corporation is in compliance in all material respects with each prior undertaking made by it pursuant to the Rule for each of the five most recently completed fiscal years.

LITIGATION

The City

There is not now pending or, to the knowledge of the City, threatened against the City any litigation restraining or enjoining the issuance or delivery of the Series 2012 Bonds or questioning or affecting the validity of the Series 2012 Bonds or the proceedings or City under which the Series 2012 Bonds are to be issued. Neither the creation,

organization or existence of the City nor the title of any of the present members or other officials of the City to their respective offices is being contested. There is no litigation pending or, to the City's knowledge, threatened against the City which in any manner questions the right of the City to enter into the Bond Indenture or the Loan Agreement or to secure the Series 2012 Bonds in the manner provided in the Bond Indenture and the Act.

The Obligated Group

The Corporation has advised that no litigation, proceedings or investigations are pending or, to its knowledge, threatened against it except (i) litigation, proceedings or investigations in which the probable ultimate recoveries and the estimated costs and expenses of defense, in the opinion of management of the Corporation, will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or are not in excess of the total reserves held under the applicable self-insurance program, or (ii) litigation, proceedings or investigations which, if adversely determined, will not, in the opinion of management of the Corporation, have a material adverse effect on the operations or condition, financial or otherwise, of the Obligated Group. The Corporation also has advised that there is no litigation pending or, to the knowledge of the Corporation, threatened, which in any manner questions the right of the Obligated Group to enter into the financing described herein. The Corporation currently maintains [$10 million] aggregate policy coverage limits on hospital professional liability. Any judgment in excess of such limit could have a material adverse effect on the financial condition of the Obligated Group. See APPENDIX A—INSURANCE" hereto.

LEGAL MATTERS

The Series 2012 Bonds are being offered when, as and if issued and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of legality of the Series 2012 Bonds by Swendseid & Stern, Reno, Nevada, a member in Sherman & Howard L.L.C., Bond Counsel to the City. Certain legal matters will be passed upon for the City by its District Attorney; for the Underwriter by its special counsel, Baird Holm LLP, Omaha, Nebraska; and for the Corporation by its counsel, Allison, MacKenzie, Pavlakis, Wright & Fagan, Ltd., Carson City, Nevada.

TAX MATTERS

In the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2012 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2012 Bonds (the "Tax Code"), and interest on the Series 2012 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the Series 2012 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Series 2012 Bonds. These requirements include: (a) limitations as to the use of proceeds of the Series 2012 Bonds; (b) limitations on the extent to which proceeds of the Series 2012 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2012 Bonds above the yield on the Series 2012 Bonds to be paid to the United States Treasury.

The Corporation will covenant and represent in the Loan Agreement that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Series 2012 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the Series 2012 Bonds are delivered. Bond Counsel's opinion as to the exclusion of interest on the Series 2012 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Corporation to comply with these requirements

could cause the interest on the Series 2012 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the Corporation and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2012 Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2012 Bonds. Owners of the Series 2012 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2012 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Series 2012 Bonds may be sold at a premium, representing a difference between the original offering price of those Series 2012 Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the Series 2012 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2012 Bonds. Owners of the Series 2012 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2012 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Series 2012 Bonds, the exclusion of interest on the Series 2012 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Series 2012 Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Series 2012 Bonds. Owners of the Series 2012 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2012 Bonds. If an audit is commenced, the market value of the Series 2012 Bonds may be adversely affected. Under current audit procedures the Service will treat the City as the taxpayer and the Series 2012 Bond owners and the Corporation may have no right to participate in such procedures. The Corporation has covenanted in the Loan Agreement not to take any action that would cause the interest on the Series 2012 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income (except to the extent described above) for the owners thereof for federal income tax purposes. None of the City, the Corporation, the Underwriter or Bond Counsel is responsible for paying or reimbursing any Series 2012 Bond holder with respect to any audit or litigation costs relating to the Series 2012 Bonds.

The form of Bond Counsel's opinion is included as APPENDIX D to this Official Statement.

Original Issue Discount

The excess of the principal amount of the Series 2012 Bonds payable at maturity over the original offering price of the Series 2012 Bonds as shown on the cover of this Official Statement will be treated as "original issue discount" for federal income tax purposes and will to the extent accrued as described below constitute interest which is not included in gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Series 2012 Bonds is treated as accruing over the term of the Series 2012 Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on _____ and _____ with straight line interpolation between compounding dates. In the case of a purchaser who acquires Series 2012 Bonds in the initial offering, the amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is not included in gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Series 2012 Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Series 2012 Bonds (including sale, redemption or payment at maturity). Owners who purchase Series 2012 Bonds in the initial offering at a price other than the original offering price shown on the cover page of this Official Statement and owners who purchase the Series 2012 Bonds after the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Series 2012 Bonds. Owners of the Series 2012 Bonds also should consult their own tax advisors with respect to the state and local tax consequences of owning the Series 2012 Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount of Series 2012 Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

Original Issue Premium

The Series 2012 Bonds maturing in ____ (collectively, the "Premium Bonds") are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

FINANCIAL ADVISOR

JNA Consulting Group, LLC, Boulder City, Nevada have served as financial advisors to the City (the "City's Financial Advisors") with respect to the Series 2012 Bonds. The City's Financial Advisors have not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the City and the Corporation with respect to the accuracy and completeness of disclosure of such information. No guaranty, warranty, or other representation is made by the City's Financial Advisors respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement. The fees being paid to the City's Financial Advisors are contingent upon the execution and delivery of the Series 2012 Bonds.

CERTAIN RELATIONSHIPS AND POTENTIAL CONFLICTS OF INTEREST

The Bond Trustee and the Master Trustee are the same entity and a wholly-owned subsidiary of U.S. Bancorp. Any obligations of the Bond Trustee or the Master Trustee are their sole obligations, respectively, and do not create any obligation on the part of U.S. Bancorp or any affiliate of U.S. Bancorp.

FINANCIAL STATEMENTS

Included as part of APPENDIX B to this Official Statement are the audited consolidated financial statements of the Corporation as of and for the years ended December 31, 2011 and 2010, together with the report thereof of BKD, LLP, independent accountants.

RATING

It is anticipated that Standard & Poor's ("S&P") will assign its long-term rating of "BBB+" with a stable outlook to the Series 2012 Bonds. Any explanation of the significance of such rating may only be obtained from S&P. Certain information and materials not included in this Official Statement were furnished to S&P concerning the Series 2012 Bonds. Generally, rating agencies base their rating on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that the rating mentioned above will remain for any given period of time or that such rating might not be lowered or withdrawn entirely by S&P, if in their judgment circumstances so warrant. The Underwriter has no responsibility to bring to the attention of the holders of the Series 2012 Bonds any proposed revision or withdrawal of the rating on the Series 2012 Bonds. Any such downward change in or withdrawal of such rating might have an adverse effect on the market price of the Series 2012 Bonds. See "BONDHOLDERS' RISKS—Maintenance of Credit Rating" included elsewhere in this Official Statement.

UNDERWRITING

Pursuant to a bond purchase agreement by and among the City, the Corporation and the Underwriter, the Underwriter will (i) purchase the Series 2012 Bonds at an aggregate purchase price of $_____, which purchase price reflects $_____ of aggregate underwriter's discount and $_____ of net original issue [discount/premium]. The bond purchase agreement provides that the Underwriter will purchase all of the Series 2012 Bonds if any are purchased. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2012 Bonds to the public. The bond purchase agreement provides for the Corporation and any future Member of the Obligated Group to indemnify the Underwriter and the City against certain liabilities. The obligation of the Underwriter to accept delivery of the Series 2012 Bonds is subject to various conditions of the bond purchase agreement.

ESCROW VERIFICATION

Causey Demgen & Moore, Inc., Denver, Colorado (the "Verification Agent") will verify from the information provided by the Underwriter the mathematical accuracy as of the date of issuance of the Series 2012 Bonds of (1) the computations contained in the schedules provided by the Underwriter to determine that the anticipated receipts from the securities and cash deposits listed in such schedules to be held in escrow (the "Escrow Securities") will be sufficient to pay when due the principal, interest and any call premium payment requirements of the 2002 Refunded Bonds and the 2003A Refunded Bonds, and (2) the computations of yield on both the Escrow Securities and the Series 2012 Bonds contained in the schedules provided to bond counsel for use in its determination that the interest on the Series 2012 Bonds is excluded from gross income for federal income tax purposes. The Verification Agent will express no opinion on the reasonableness of the assumptions provided to them, the likelihood that the principal of and interest on the Series 2012 Bonds will be paid as described in the schedules provided to them, or the exclusion of the interest on the Series 2012 Bonds from gross income for federal income tax purposes.

MISCELLANEOUS

The references herein to the Master Indenture, the Series 2012 Obligation, the Bond Indenture, the Loan Agreement and the Continuing Disclosure Undertaking are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and for full and complete statements of the provisions thereof reference is made to the Act, the Master Indenture, the Series 2012 Obligation, the Bond Indenture, the Loan Agreement, and the Continuing

Disclosure Undertaking. Copies of such documents are on file at the office of the City and following the delivery of the Series 2012 Bonds will be on file at the office of the Bond Trustee. All estimates and other statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

It is anticipated that CUSIP identification numbers will be printed on the Series 2012 Bonds, but neither the failure to print such numbers on any Series 2012 Bond nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for any Series 2012 Bonds.

The attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The Obligated Group has reviewed the information contained herein which relates to it, its Property and operations, and has approved all such information for use within this Official Statement.

The execution and delivery of this Official Statement have been approved by the Corporation.

CARSON TAHOE REGIONAL HEALTHCARE

By:_____
Authorized Signatory

Appendix A - Information Concerning the Obligated Group

Appendix B - Audited Financial Statements for the Corporation
for the Fiscal Years ended December 31, 2011 and 2010

Appendix C - Summaries of Financing Documents

Appendix D - Form of Opinion of Bond Counsel

Appendix E - Form of Continuing Disclosure Undertaking

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ESCROW AGREEMENT

This ESCROW AGREEMENT, dated as of September 1, 2012, is by and among CARSON CITY, NEVADA, a consolidated municipality and a public body politic and corporate duly created and existing under the laws and Constitution of the State of Nevada (the "City"), U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, acting in its capacity as escrow agent hereunder (the "Escrow Agent"), and CARSON TAHOE REGIONAL HEALTHCARE, f/k/a Carson-Tahoe Hospital, a nonprofit corporation duly organized and existing under the laws of the State of Nevada (the "Corporation").

WITNESSETH:

WHEREAS, the City is authorized by the County Economic Development Revenue Bond Law, now constituting Sections 244A.669 through 244A.763 of the Nevada Revised Statutes, as amended (the "Act"), to finance one or more projects or parts thereof within the City or partially within the City so that health and care facilities may be acquired, developed, expanded and maintained by private enterprises who will provide health care services of high quality at reasonable rates for the benefit of the residents of the City; and

WHEREAS, the City is further authorized under the Act to issue its revenue bonds in order to finance any such project and to refinance obligations incurred to finance such projects; and

WHEREAS, the City is further authorized under the Act to take such actions as are necessary or useful in order to accomplish and otherwise carry out the provisions of the Act; and

WHEREAS, the City has heretofore issued its "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002," pursuant to the Act and an Indenture of Trust, dated as of March 1, 2002 (the "2002 Indenture"), between the City and the Escrow Agent, in its capacity as trustee thereunder, which are currently outstanding in the aggregate principal amount of $20,180,000 (the "2002 Bonds"); and

WHEREAS, the City has heretofore issued its "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A," pursuant to the Act and an Indenture of Trust, dated as of October 1, 2003 (the "2003A Indenture," and together with the 2002 Indenture, the "Refunded Bonds Indentures"), between the City and the Escrow Agent, in its capacity as trustee thereunder, which are currently outstanding in the aggregate principal amount of $39,035,000 (the "2003A Bonds," and together with the 2002 Bonds, the "Refunded Bonds"); and

WHEREAS, the Corporation has requested that the City issue its revenue refunding bonds pursuant to the Act to refund all of the outstanding aggregate principal amount of the Refunded Bonds; and

WHEREAS, the City proposes to issue its "City of Carson City, Nevada, Hospital Revenue Refunding Bonds (Carson Tahoe Regional Healthcare Project), Series 2012" in the

aggregate principal amount of $_____ (the "Bonds"), pursuant to the Act and an Indenture of Trust, dated as of September 1, 2012 (the "Indenture"), between the City and the Escrow Agent, acting in the capacity of trustee thereunder (in such capacity, the "Trustee"), to, among other purposes, current refund the 2002 Bonds and advance refund the 2003A Bonds; and

WHEREAS, the Corporation has exercised its option to redeem the 2002 Bonds on October __, 2012 (the "2002 Bonds Redemption Date"), at a redemption price equal to 101% of the principal amount thereof plus accrued interest thereon to the 2002 Bonds Redemption Date; and

WHEREAS, the Corporation has exercised its option to redeem the 2003A Bonds on September 1, 2013 (the "2003A Bonds Redemption Date"), at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the 2003A Bonds Redemption Date; and

WHEREAS, the City and the Corporation have in the Loan Agreement, dated as of September 1, 2012 (the "Loan Agreement"), provided for the deposit into the 2012 Escrow Account hereinafter created a portion of the proceeds of the Bonds and certain funds relating to the Refunded Bonds (collectively, the "Escrow Deposit"); and

WHEREAS, a portion of the Escrow Deposit shall remain as an uninvested cash deposit (the "Cash Deposit"), as set forth in the certified public accountants' report attached hereto as Exhibit A (the "Verification Report"); and

WHEREAS, the schedule of debt payments and disbursements relating to the 2002 Bonds described in the Verification Report demonstrates the sufficiency of the Cash Deposit to redeem, pay and discharge the principal of and interest on the 2002 Bonds through and including the 2002 Bonds Redemption Date (the "2002 Bonds Bond Requirements"); and

WHEREAS, a portion of the Escrow Deposit shall be used to purchase securities (the "Initial Defeasance Securities") that are direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America (the "Defeasance Securities"), as set forth in the Verification Report, together with an uninvested cash balance (the "Cash Balance"); and

WHEREAS, the schedule of receipts from the Initial Defeasance Securities and the schedule of debt payments and disbursements relating to the 2003A Bonds in the Verification Report demonstrate the sufficiency of such Initial Defeasance Securities and the Cash Balance to redeem, pay and discharge the principal of and interest on the 2003A Bonds through and including the 2003A Bonds Redemption Date (the "2003A Bonds Bond Requirements," and together with the 2002 Bonds Bond Requirements, the "Refunded Bonds Bond Requirements"); and

WHEREAS, at no time will the City or the Corporation ever have possession or any form of control over the Escrow Deposit or any Initial Defeasance Securities or Defeasance Securities purchased therewith; and

WHEREAS, the City, the Escrow Agent and the Corporation are each empowered to undertake the obligations and commitments on its part herein set forth.

NOW THEREFORE, THIS ESCROW AGREEMENT WITNESSETH:

That in consideration of the mutual agreements herein contained and in order to secure the payment of the Refunded Bonds Bond Requirements, as the same become due, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

Section 1. Use of Funds Deposited Into 2012 Escrow Account.

A. The City and the Escrow Agent hereby create and establish the "2012 Escrow Account," and within the 2012 Escrow Account the "2002 Subaccount" and the "2003A Subaccount." As provided in Section 3.06 of the Indenture and Section 4.3 of the Loan Agreement, the City, the Trustee and the Corporation shall promptly deposit, or cause to be deposited, the Escrow Deposit into the 2012 Escrow Account. The Escrow Agent shall thereafter promptly make the transfers described in subsections (B) and (C) hereof.

B. A portion of the proceeds of the 2012 Escrow Account equivalent to the Cash Deposit shall be promptly transferred by the Escrow Agent into the 2002 Subaccount and shall remain uninvested at all times as set forth in the Verification Report. The Cash Deposit held by the Escrow Agent in the 2002 Subaccount shall constitute a special trust fund held by the Escrow Agent for the sole and exclusive benefit of the 2002 Bonds, and the Escrow Agent keep such monies wholly segregated from all other funds of the Escrow Agent and shall never commingle such moneys with any other moneys. The Escrow Agent shall use the moneys deposited into the 2002 Subaccount for the payment of the 2002 Bonds Bond Requirements. The Escrow Agent shall make such payment of the 2002 Bonds Bond Requirements from the 2002 Subaccount on the date and in the amount set forth opposite such date in the Verification Report. From and after the deposit of such moneys in the 2002 Subaccount, the 2002 Bonds shall remain the obligations of the City until paid as provided herein, but the 2002 Bonds Bond Requirements shall be payable solely and only from the 2002 Subaccount and shall not be payable from any other funds of the City or the Corporation. After depositing the Cash Deposit into the 2002 Subaccount, the owners of the 2002 Bonds shall not be entitled to or have any rights with respect to the Trust Estate established under the 2002 Indenture. The 2002 Subaccount shall be irrevocable and the owners of the 2002 Bonds shall have an express lien on the moneys in the 2002 Subaccount until used and applied in accordance with this Escrow Agreement. The City and the Corporation covenant that they shall not change or revoke their election to redeem the 2002 Bonds on the date referred to in the recitals of this Escrow Agreement.

C. The balance of the proceeds of the 2012 Escrow Account (i.e., that portion not otherwise used to establish the Cash Deposit) shall be promptly used by the Escrow Agent to purchase the Initial Defeasance Securities and to establish the Cash Balance, as set forth in the Verification Report, and such Initial Defeasance Securities and Cash Balance shall thereafter be promptly deposited by the Escrow Agent into the 2003A Subaccount. The moneys and Defeasance Securities deposited into the 2003A Subaccount shall constitute a special trust fund

held by the Escrow Agent for the sole and exclusive benefit of the 2003A Bonds, and the Escrow Agent keep such monies and securities wholly segregated from all other funds and securities of the Escrow Agent and shall never commingle such moneys or securities with any other moneys or securities. The Escrow Agent shall use the moneys and Defeasance Securities deposited into the 2003A Subaccount of the 2012 Escrow Account for the payment of the 2003A Bonds Bond Requirements. The Escrow Agent shall make such payment of the 2003A Bonds Bond Requirements from the 2003A Subaccount on the date and in the amount set forth opposite such date in the Verification Report. From and after the deposit of such moneys and Defeasance Securities in the 2003A Subaccount, the 2003A Bonds shall remain the obligations of the City until paid as provided herein, but the 2003A Bonds Bond Requirements shall be payable solely and only from the 2003A Subaccount and shall not be payable from any other funds of the City or the Corporation. After depositing the moneys and Defeasance Securities described in this paragraph into the 2003A Subaccount, the owners of the 2003A Bonds shall not be entitled to or have any rights with respect to the Trust Estate established under the 2003A Indenture. The 2003A Subaccount shall be irrevocable and the owners of the 2003A Bonds shall have an express lien on the moneys and Defeasance Securities in the 2003 Subaccount until used and applied in accordance with this Escrow Agreement. The City and the Corporation covenant that they shall not change or revoke their election to redeem the 2003A Bonds on the date referred to in the recitals of this Escrow Agreement.

D. No moneys paid or deposited into and accounted for in the 2002 Subaccount shall ever be considered as a banking deposit and the Escrow Agent shall have no right or title with respect thereto, and the Escrow Agent consequently waives, expressly and irrevocably, any rights of setoff and any security interests or liens that may apply in its favor if acting in its own capacity and not as Escrow Agent hereunder, or by operation of law. It is recognized that title to the moneys accounted for in the 2002 Subaccount from time to time shall remain vested in the City but subject always to the prior charge and lien thereon of this Escrow Agreement and the use thereof required to be made by the provisions of this Escrow Agreement.

E. No moneys or securities paid or deposited into and accounted for in the 2003A Subaccount shall ever be considered as a banking deposit and the Escrow Agent shall have no right or title with respect thereto, and the Escrow Agent consequently waives, expressly and irrevocably, any rights of setoff and any security interests or liens that may apply in its favor if acting in its own capacity and not as Escrow Agent hereunder, or by operation of law. It is recognized that title to the moneys and securities accounted for in the 2003A Subaccount from time to time shall remain vested in the City but subject always to the prior charge and lien thereon of this Escrow Agreement and the use thereof required to be made by the provisions of this Escrow Agreement.

Section 2. Redemption Notices.

A. The City, on the Corporation's direction, hereby irrevocably instructs the Escrow Agent, and the Escrow Agent hereby covenants and agrees, to cause a notice of redemption of the 2002 Bonds in substantially the form attached hereto as Exhibit B to be delivered to each registered owner of a 2002 Bond on the date hereof in the manner provided in Section 5.04 of the 2002 Indenture (or such other manner as may be acceptable to any registered

owner of the 2002 Bonds). The Escrow Agent (in its capacity as trustee under the 2002 Indenture) hereby waives the 40 day notice requirement from the Corporation to the Escrow Agent (in its capacity as trustee under the 2002 Indenture) for the redemption of the Refunded Bonds contained in Section 5.04 of the 2002 Indenture. Additionally, the City and the Escrow Agent (in its capacity as trustee under the 2002 Indenture) hereby waive the 89 day notice requirement relating to prepayment of the Corporation Note (as defined in the 2002 Indenture) contained in Section 9.2 of the Loan Agreement, dated as of March 1, 2002, between the City and the Corporation.

B. The City, on the Corporation's direction, hereby irrevocably instructs the Escrow Agent, and the Escrow Agent hereby covenants and agrees, to cause a notice of redemption of the 2003A Bonds in substantially the form attached hereto as Exhibit C to be delivered to each registered owner of a 2003A Bond on the date hereof and again not more than 60 nor less than 25 days prior to the 2003A Bonds Redemption Date in the manner provided in Section 5.04 of the 2002 Indenture (or such other manner as may be acceptable to any registered owner of the 2002 Bonds). The Escrow Agent (in its capacity as trustee under the 2003A Indenture) hereby waives the 40 day notice requirement from the Corporation to the Escrow Agent for the redemption of the Refunded Bonds contained in Section 5.04 of the 2003A Indenture. The City and the Escrow Agent (in its capacity as trustee under the 2003A Indenture) hereby waive the 89 day notice requirement relating to prepayment of the Corporation Note (as defined in the 2003A Indenture) contained in Section 9.2 of the Loan Agreement, dated as of October 1, 2003, between the City and the Corporation. Additionally, pursuant to Section 7.02 of the 2003A Indenture, the City and the Corporation hereby waive any right to optionally redeem the 2003A Bonds prior to the 2003A Bonds Redemption Date.

Section 3. Fees of Escrow Agent. The Escrow Agent's fee and costs for and in carrying out the provisions of this Escrow Agreement are $____ and will be paid by the Corporation directly to the Escrow Agent from the Cost of Issuance Fund (as defined in the Indenture) as payment in full of all of its charges for services performed under this Escrow Agreement. Such payment for services rendered and to be rendered by the Escrow Agent shall not be deposited into the 2012 Escrow Account, and such fees and such costs of the Escrow Agent shall not be deducted from the 2012 Escrow Account. Under no circumstances shall the Escrow Agent have or assert a lien on the 2012 Escrow Account for its charges, fees and expenses and under no circumstances shall the Escrow Agent make any claim against the 2012 Escrow Account for such charges, fees or expenses.

Section 4. Accounting for 2012 Escrow Account.

A. The Escrow Agent, by execution of this Escrow Agreement, acknowledges receipt of the Cash Deposit, the Initial Defeasance Securities, and the Cash Balance, all as set forth in the Verification Report.

B. The Escrow Agent shall hold the Cash Deposit in trust within the 2002 Subaccount pursuant to Article VII of the 2002 Indenture to secure and for the payment of the 2002 Bonds Bond Requirements

C. The Escrow Agent shall hold the Initial Defeasance Securities, the moneys received from time to time as principal of and interest on the Initial Defeasance Securities, any Defeasance Securities acquired as substitutions or reinvestments hereunder, and the Cash Balance in trust within the 2003A Subaccount pursuant to Article VII of the 2003A Indenture to secure and for the payment of the 2003A Bonds Bond Requirements, and the Escrow Agent shall collect the principal of and interest on such Initial Defeasance Securities and any other Defeasance Securities acquired as substitutions and reinvestments hereunder, promptly as such principal and interest become due.

D. The moneys and securities in the 2012 Escrow Account shall not be subject to any control or order of the City or Corporation in any manner whatsoever; without limiting the broad scope of the foregoing, the moneys and securities in the 2012 Escrow Account shall not be subject to checks drawn by the City or the Corporation, and shall not otherwise be subject to the City's or the Corporation's order in any manner, under any circumstances.

E. The Escrow Agent shall apply from time to time from the 2002 Subaccount sufficient moneys to pay, without any default, the 2002 Bonds Bond Requirements, as the same become due as hereinabove referred to.

F. The Escrow Agent shall apply from time to time from the 2003A Subaccount sufficient moneys and disburse amounts coming due on any securities therein to pay, without any default, the 2003A Bonds Bond Requirements, as the same become due as hereinabove referred to.

G. Except as provided in Section 6 hereof, no Defeasance Securities held hereunder shall be sold, and no Defeasance Securities held hereunder and callable for prior redemption at the option of the holder or owner thereof shall be called at any time for prior redemption, except if necessary to avoid a default in the payment of the 2003A Bonds Bond Requirements.

Section 5. Sufficiency of 2012 Escrow Account.

A. The moneys accounted for in the 2002 Subaccount of the 2012 Escrow Account shall be in an amount which at all times shall be sufficient to pay the 2002 Bonds Bond Requirements as they become due.

B. The moneys and securities accounted for in the 2003A Subaccount of the 2012 Escrow Account shall be in an amount which at all times shall be sufficient to pay the 2003ABonds Bond Requirements as they become due.

C. If at any time it shall appear to the Escrow Agent that the money in the 2002 Subaccount will not be sufficient to make any payment due to the holders of any of the 2002 Bonds as the 2002 Bonds Bond Requirements become due, the Escrow Agent shall give written notice to the chief financial officer of the Corporation as soon as reasonably practicable stating such fact, and the amount of such deficiency.

D. If at any time it shall appear to the Escrow Agent that the money and any principal of and interest on the Defeasance Securities as they become due in the 2003A Subaccount will not be sufficient to make any payment due to the holders of any of the 2003A Bonds as the 2003A Bonds Bond Requirements become due, the Escrow Agent shall give written notice to the chief financial officer of the Corporation as soon as reasonably practicable stating such fact, and the amount of such deficiency.

E. Upon receipt of the notice described in paragraphs C or D of this Section, the Corporation shall forthwith deposit with the Escrow Agent for deposit in either the 2002A Subaccount or the 2003A Subaccount, as applicable, such additional moneys as may be required to meet fully the 2002 Bonds Bond Requirements or the 2003A Bonds Bond Requirements, respectively, as the same become due.

Section 6. Substitution.

A. No Defeasance Securities shall ever be substituted for all or a portion of the Cash Deposit deposited into the 2002 Subaccount. The Cash Deposit deposited into the 2002 Subaccount shall at all times remain uninvested as set forth in the Verification Report.

B. Other Defeasance Securities may be substituted for the Initial Defeasance Securities deposited into the 2003A Subaccount, subject to (i) delivery of a certified public accountants' report verifying the yield on such substituted Defeasance Securities and verifying that such substituted Defeasance Securities (together with any cash balance) are fully sufficient to pay the 2003A Bonds Bond Requirements as the same become due, (ii) delivery of a favorable written opinion of the City's bond counsel as to the legality of any such substitution and the continued exemption of interest on the 2003A Bonds from federal income taxation, and (iii) the prior written consent of Radian Asset Assurance, Inc., as the provider of the insurance policy relating to the 2003A Bonds (the "Insurer"), and in any event in such a manner so as not to increase the price paid for the initial acquisition of Defeasance Securities deposited into the 2003A Subaccount of the 2012 Escrow Account. Any Defeasance Securities temporarily substituted may be withdrawn from the 2003A Subaccount when the Initial Defeasance Securities are purchased and credited to the 2003A Subaccount. Similarly, any temporary advancements of moneys to the 2003A Subaccount to pay designated 2003A Bonds Bond Requirements because of a failure to receive promptly the principal of and interest on any Defeasance Securities at their respective fixed maturity dates, or otherwise, may be repaid to the person advancing such moneys upon the receipt by the Escrow Agent of such principal and interest payments on such Defeasance Securities.

Section 7. Termination of 2012 Escrow Account.

A. When payment or provision for payment shall have been made for the 2002 Bonds so that all of the 2002 Bonds Bond Requirements shall be or shall have been paid in full and discharged, the Escrow Agent shall immediately deposit any moneys then remaining in the 2002 Subaccount into the Bond Interest Fund created by the Indenture to be used on the next interest payment coming due on the Bonds.

B. When payment or provision for payment shall have been made for the 2003A Bonds so that all of the 2003A Bonds Bond Requirements shall be or shall have been paid in full and discharged, the Escrow Agent shall immediately deposit any moneys and securities then remaining in the 2003A Subaccount into the Bond Interest Fund created by the Indenture to be used on the next interest payment coming due on the Bonds.

Section 8. Status Report. By January 1 of each of the years 2013 and 2014, the Escrow Agent shall submit to the City and the Corporation a report covering all moneys and securities which the Escrow Agent shall have received and all payments which it shall have made or caused to be made hereunder.

Section 9. Purchasers' Responsibility. The initial purchasers of the Bonds and owners from time to time of the Bonds shall in no manner be responsible for the application or disposition of the proceeds thereof or any moneys or securities accounted for in the 2012 Escrow Account.

Section 10. Amendment. The City, the Corporation and the Escrow Agent may, without the consent of or notice to the owners of the Refunded Bonds or the owners of the Bonds, enter into any amendment, change or modification of this Escrow Agreement as may be required or permitted for the purpose of curing any ambiguity or formal defect or omission in this Escrow Agreement. The Bonds have been issued in reliance upon this Escrow Agreement and this Escrow Agreement shall be irrevocable and, except as provided in the immediately preceding sentence, not subject to amendment after any of the Bonds shall have been issued except if necessary to obtain or maintain a rating on the Refunded Bonds. Any such amendments shall be in writing executed by the parties hereto; provided that no such amendment, waiver or modification shall become effective unless and until the Escrow Agent receives an opinion of the City's bond counsel to the effect that such amendment, waiver or modification does not affect the exclusion from gross income for federal income tax purposes of the interest on the Refunded Bonds or the Bonds.

Section 11. Miscellaneous Provisions.

A. After the Refunded Bonds are secured by this Escrow Agreement, the Corporation and the City, on direction of the Corporation, shall not exercise any optional or other redemption, other than mandatory sinking fund redemption, if applicable, of the Refunded Bonds.

B. The Escrow Agent is holding the funds in the 2002 Subaccount for the purpose of defeasing the 2002 Bonds in accordance with Article VII of 2002 Indenture, and is holding the funds and securities in the 2003 Subaccount for the purpose of defeasing the 2003A Bonds in accordance with Article VII of the 2003A Indenture. The Escrow Agent accepts the trust created by this Escrow Agreement upon the terms and conditions hereof and upon the terms provided in Article VII of the 2002 Indenture and Article VII of the 2003A Indenture.

C. The duties and responsibilities of the Escrow Agent are limited to those expressly and specifically stated in this Escrow Agreement and the Refunded Bonds Indentures.

D. In the absence of gross negligence or willful misconduct, the Escrow Agent shall not be liable or responsible for any loss resulting from any investment or reinvestment made pursuant to and in compliance with the provisions hereof. The City shall not be responsible for any loss resulting from any investment or reinvestment made under the provisions hereof.

E. The Escrow Agent shall not be personally liable or responsible for any act which it may do or omit to do hereunder while acting with reasonable care, except for duties expressly imposed upon the Escrow Agent hereunder or as otherwise expressly provided herein.

F. The Escrow Agent shall neither be under any obligation to inquire into or be in any way responsible for the performance or nonperformance by the City or the Corporation of any of their obligations under this Escrow Agreement, nor shall the Escrow Agent be responsible in any manner for the recitals or statements contained in this Escrow Agreement (other than the recitals relating to the Escrow Agent in the last preamble).

G. Nothing in this Escrow Agreement creates any obligation or liability on the part of the Escrow Agent to anyone other than the City, the Corporation, the owners of the Refunded Bonds and the owners of the Bonds.

H. Time is of the essence in the performance of the obligations from time to time imposed upon the Escrow Agent by this Escrow Agreement.

I. Whenever in this Escrow Agreement the City, the Corporation or the Escrow Agent is named or is referred to, such provision is deemed to include any successor of the City, the Corporation or the Escrow Agent, respectively, whether so expressed or not.

J. If any section, paragraph, clause or provision of this Escrow Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Escrow Agreement.

Section 12. No Pecuniary Liability of City. It is understood and agreed that nothing contained in or arising out of this Escrow Agreement shall ever constitute the debt or indebtedness of the City within the meaning of any provision or limitation of the Constitution or statutes of the State of Nevada, and shall not constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers but that all amounts payable hereunder shall be payable solely from the funds pledged therefor in accordance with the Indenture, the Refunded Bonds Indentures and this Escrow Agreement. It is further understood and agreed by the Corporation and the Escrow Agent that the City and its officers and employees shall incur no pecuniary liability hereunder, and that the City shall not pay out of its general fund or otherwise contribute any part of the costs of refunding the Refunded Bonds and shall not be liable for any expenses related hereto, all of which the Corporation and the Escrow Agent, as applicable, agree to pay as provided in this Escrow Agreement.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the City, the Corporation and the Escrow Agent have caused this Escrow Agreement to be executed in their respective corporate names and the City and the Corporation have caused their respective corporate seals to be hereunto affixed and the City and the Corporation have caused this Escrow Agreement to be attested by their duly authorized officers, all as of the date first above written.

CARSON CITY, NEVADA

(SEAL) By:_____
Mayor

Attest:

_____
City Clerk

CARSON TAHOE REGIONAL HEALTHCARE

(SEAL) By:_____
Chief Executive Officer

Attest:

_____
Secretary

U.S. BANK NATIONAL ASSOCIATION

By:_____
Authorized Officer

EXHIBIT A

Verification Report

EXHIBIT B

Form of Redemption 2002 Bonds Notice

NOTICE OF DEFEASANCE AND REDEMPTION
OF
CARSON CITY, NEVADA
HOSPITAL REVENUE BONDS
(CARSON-TAHOE HOSPITAL PROJECT)
SERIES 2003A

MATURITY (SEPTEMBER 1)	PAR AMOUNT TO BE REFUNDED	CUSIP NUMBERS
2013	$ 610,000	145810 CH8
2014	650,000	145810 CJ4
2015	690,000	145810 CK1
2022	6,055,000	145810 CL9
2031	12,175,000	145810 CM7

NOTICE IS HEREBY GIVEN that Carson City, Nevada (the "City") has caused to be deposited in escrow with U.S. Bank National Association, refunding bond proceeds and other moneys sufficient to refund, pay, and discharge the principal of and interest due on the "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2002" maturing on September 1, 2013 to and including September 1, 2031 (the "Refunded Bonds").

The Refunded Bonds are called for redemption on October __, 2012 (the "Redemption Date"). On the Redemption Date, the principal amount of the Refunded Bonds plus accrued interest thereon to the Redemption Date will become due and payable at the office of the trustee, U.S. Bank National Association, 60 Livingston Avenue, Mail Station: EP-MN-WS2N, St. Paul, MN 55107 (or to any successor in trust) (the "Trustee"), and thereafter interest will cease to accrue.

According to a report pertaining to such escrow of independent certified public accountants, the escrow is fully sufficient at the time of the deposit and at all times subsequently to pay the principal of and interest on the Refunded Bonds as the same becomes due on the Redemption Date.

In compliance with federal law, the Trustee is required to withhold at the current rate of withholding from payments of principal to individuals who fail to furnish valid Taxpayer Identification Numbers. A completed form W-9 should be presented with your Refunded Bond.

The CUSIP numbers have been assigned to this issue by Standard & Poor's Corporation and are included solely for the convenience of the bondholders. Neither the City nor the Trustee shall be responsible for the selection or use of the CUSIP numbers, nor is any

representation made as to their correctness on the Refunded Bonds or as indicated in any redemption notice.

DATED: September __, 2012.

U.S. BANK NATIONAL ASSOCIATION
as Trustee

/s/_____
Authorized Officer

EXHIBIT C

Form of Redemption 2003A Bonds Notice

NOTICE OF DEFEASANCE AND REDEMPTION
OF
CARSON CITY, NEVADA
HOSPITAL REVENUE BONDS
(CARSON-TAHOE HOSPITAL PROJECT)
SERIES 2003A

MATURITY (SEPTEMBER 1)	PAR AMOUNT TO BE REFUNDED	CUSIP NUMBERS
2013	$ 1,120,000	145810 BH9
2014	1,160,000	145810 BJ5
2015	1,210,000	145810 BK2
2016	1,265,000	145810 BL0
2023	10,745,000	145810 BM8
2029	12,660,000	145810 BN6
2033	10,875,000	145810 BP1

NOTICE IS HEREBY GIVEN that Carson City, Nevada (the "City") has caused to be deposited in escrow with U.S. Bank National Association, refunding bond proceeds and other moneys which have been invested (except for an initial cash balance remaining uninvested) in bills, notes, bonds, and similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States of America, to refund, pay, and discharge the principal of and interest due on the "Carson City, Nevada Hospital Revenue Bonds (Carson-Tahoe Hospital Project), Series 2003A" maturing on September 1, 2013 to and including September 1, 2033 (the "Refunded Bonds").

The Refunded Bonds are called for redemption on September 1, 2013 (the "Redemption Date"), and the City has waived any right to optionally redeem the Refunded Bonds prior to the Redemption Date. On the Redemption Date, the principal amount of the Refunded Bonds plus accrued interest thereon to the Redemption Date will become due and payable at the office of the trustee, U.S. Bank National Association, 60 Livingston Avenue, Mail Station: EP-MN-WS2N, St. Paul, MN 55107 (or to any successor in trust) (the "Trustee"), and thereafter interest will cease to accrue.

According to a report pertaining to such escrow of independent certified public accountants, the escrow, including the known minimum yield from such investments and the initial cash balance remaining uninvested, is fully sufficient at the time of the deposit and at all times subsequently, to pay the principal of and interest due on the Refunded Bonds as the same become due on or prior to the Redemption Date.

In compliance with federal law, the Trustee is required to withhold at the current rate of withholding from payments of principal to individuals who fail to furnish valid Taxpayer Identification Numbers. A completed form W-9 should be presented with your Refunded Bond.

The CUSIP numbers have been assigned to this issue by Standard & Poor's Corporation and are included solely for the convenience of the bondholders. Neither the City nor the Trustee shall be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the Refunded Bonds or as indicated in any redemption notice.

DATED: _____, 20__.

U.S. BANK NATIONAL ASSOCIATION
as Trustee

/s/_____
Authorized Officer