

Board of Directors

Jacob Eapen, MD
William F. Nicholson, MD
Bernard Stewart, DDS
Michael J. Wallace
Jeannie Yee

Board of Directors' Meeting
January 14, 2026
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BOARD OF DIRECTORS' MEETING Wednesday, January 14, 2026 – 6:00 P.M.

Board Room of Washington Hospital, 2000 Mowry Avenue, Fremont and via Zoom
<https://whhs.zoom.us/j/99981412172?pwd=gaD3BTibgMbnmcfZq21JHxyhJ3Xmaz.1>
Passcode: 619182

Board Agenda and Packet can be found at:
[January 2026 | Washington Health](#)
AGENDA

PRESENTED BY:

I.	CALL TO ORDER & PLEDGE OF ALLEGIANCE	William F. Nicholson, MD President
II.	ROLL CALL	Cheryl Renaud District Clerk
III.	COMMUNICATIONS	
	A. Oral <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed three (3) minutes on issues or concerns not on the agenda and within the subject matter of jurisdiction of the Board. "Request to Speak" cards should be filled out in advance and presented to the District Clerk. For the record, please state your name.</i>	
	Written	
IV.	CONSENT CALENDAR <i>Items listed under the Consent Calendar include reviewed reports and recommendations and are acted upon by one motion of the Board. Any Board Member or member of the public may remove an item for discussion before a motion is made.</i>	William F. Nicholson, MD President <i>Motion Required</i>
	A. Consideration of Minutes of the Regular Meetings of the District Board: December 10, 15 & 22, 2025	

V. PRESENTATIONS

A. Brown Act Updates

PRESENTED BY:

Paul Kozachenko
Legal Counsel

VI. REPORTS

A. Medical Staff Report

Aaron Barry, MD
Chief of Staff

B. Service League Report

Sheela Vijay
Service League President

C. Quality Report: Critical Care Update

Omeed Azizirad, MD
Co-Medical Director,
Intensivist Program

D. Finance Report

Ajay Sial
Senior Vice President & Chief
Financial Officer

E. Hospital Operations Report

Kimberly Hartz
Chief Executive Officer

F. Health System Calendar Report

Kimberly Hartz
Chief Executive Officer

VII. ACTION

A. Consideration of Resolution No.1276: Resolution of the Board of Directors of Washington Township Health Care District authorizing Washington Township Health Care District ("District") to enter into a Loan and Line of Credit in the principal amount of \$20,000,000; approving the forms of Business Loan Agreement, Promissory Note, Governmental Certificate, and related documents required to secure the Loan and Line of Credit; and authorizing the Chief Executive Officer, and the Senior Vice President & Chief Financial Officer of the District to execute the Business Loan Agreement, Promissory Note, Governmental Certificate, and other related documents required to secure the Loan and Line of Credit

Motion Required

VIII. ANNOUNCEMENTS

IX. ADJOURN TO CLOSED SESSION

A. Conference Involving Trade Secrets pursuant to Health & Safety Code Section 32106

- Strategic Planning

B. Conference with Labor Negotiators Pursuant to Government Code Section 54957.6; Agency designated representative(s): Kimberly Hartz, CEO

**X. RECONVENE TO OPEN SESSION & REPORT ON
PERMISSABLE ACTIONS TAKEN DURING CLOSED
SESSION**

William F. Nicholson, MD
President

XI. ADJOURNMENT

William F. Nicholson, MD
President

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, please contact the District Clerk at (510) 818-6500. Notification two working days prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

Board of Directors' Meeting
December 10, 2025
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A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, December 10, 2025 in the Board Room at 2000 Mowry Avenue, Fremont and Zoom access was provided. Director Wallace called the meeting to order at 6:00 p.m. and led those in attendance of the meeting in the Pledge of Allegiance.

CALL TO ORDER

*PLEDGE OF
ALLEGIANCE*

Roll call was taken: Directors present: Michael Wallace; William Nicholson, MD; Jeannie Yee; Bernard Stewart, DDS; Jacob Eapen, MD

ROLL CALL

Also present: Kimberly Hartz, Chief Executive Officer; Ajay Sial, Senior Vice President & Chief Financial Officer; Larry LaBossiere, Senior Vice President & Chief Operations Officer; Tina Nunez, Senior Vice President & Chief Administrative Officer; Terri Hunter, Vice President & Chief Nursing Officer; Kel Kanady; Jerri Randrup; Sheela Vijay; Gisela Hernandez; Will Cobb; Laura Anning; John Zubiena; John Lee; Paoyin Fan; Angus Cochran; Melissa Garcia; Brian Smith, MD; Aaron Barry, MD; Tammi Tyson; Marcus Watkins; Farhan Fadoo, MD; Paul Kozachenko, Legal Counsel; Sri Boddu; Cheryl Renaud, Assistant to the Chief Executive Officer & District Clerk; Shirley Ehrlich, Executive Assistant II

Director Wallace welcomed any members of the general public to the meeting.

OPENING REMARKS

Director Wallace noted that Public Notice for this meeting, including Zoom information, was posted appropriately on our website. This meeting was recorded for viewing at a later date.

Director Yee moved for the following Slate of Board Officers for the calendar year of 2026 as presented: (effective as of this meeting)

*ELECTION OF
OFFICERS*

President: William F. Nicholson, MD
First Vice President: Jeannie Yee
Second Vice President: Bernard Stewart, DDS
Treasurer: Jacob Eapen, MD
Secretary: Michael Wallace

Director Stewart seconded the motion.

Roll call was taken:

William Nicholson, MD – aye
Jeannie Yee - aye
Bernard Stewart, DDS – aye
Jacob Eapen, MD – aye
Michael Wallace – aye

Motion Approved.

There were no Oral Communications.

*COMMUNICATIONS:
ORAL*

There were no Written Communications.

*COMMUNICATIONS:
WRITTEN*

Director Nicholson presented the Consent Calendar for consideration:

CONSENT CALENDAR

- A. Consideration of the Minutes of the Regular Meetings of the District Board:
November 12, 17 & 24, 2025
- B. Consideration of the Reappointment to the Washington Township Hospital Development Corporation Board of Directors for 2026

Director Yee moved that the Board of Directors approve the Consent Calendar, Items A-B. Director Wallace seconded the motion.

Roll call was taken:

William Nicholson, MD – aye
Jeannie Yee - aye
Bernard Stewart, DDS – aye
Jacob Eapen, MD – aye
Michael Wallace – aye

Motion Approved.

Kimberly Hartz, Chief Executive Officer, introduced Will Cobb, Partner with PricewaterhouseCoopers, who provided a presentation on the Result of the Annual Audit FY 2025. Will Cobb reported that there were no audit adjustments identified for FY 2025 and that he will issue an unqualified opinion.

*PRESENTATION:
RESULT OF ANNUAL
AUDIT FY 2025*

Director Yee moved that the Board of Directors approve the Annual Audit Results for FY 2025 as presented. Director Wallace seconded the motion.

*ACTION ITEM:
CONSIDERATION OF
AUDIT REPORT FY
2025*

Roll call was taken:

William Nicholson, MD – aye
Jeannie Yee - aye
Bernard Stewart, DDS – aye
Jacob Eapen, MD – aye
Michael Wallace – aye

Motion Approved.

*MEDICAL STAFF
REPORT*

Dr. Aaron Barry, Chief of Medical Staff, reported that there are 681 Medical Staff members, including 374 active members. Dr. Barry stated Medical Staff Services is looking forward to the opening of the UCSF-Washington Health Cancer Center taking place on December 11, 2025.

*SERVICE LEAGUE
REPORT*

Sheela Vijay, Service League President, reported that for the month of November 2025, 260 Service League volunteers contributed a total of 1,982 hours across various departments within the hospital. Their efforts positively impact patients, families, and staff every day.

On Tuesday, December 2, the Service League received a donation of 108 scarves and 19 baby blankets from the Girl Scouts. This annual tradition is greatly appreciated, and the items will be given to patients to offer comfort during their hospital stays.

On December 1-3, 2025, the Service League held their semi-annual Masquerade \$5 Sale in the Anderson Auditoriums. Many employees and community members joined us for holiday shopping. The event raised over \$8,000 for the League.

On Sunday, December 7, the Service League held their Orientation, welcoming 64 individuals to learn about the hospital and the Service League's programs. The group included 18 adults, 17 college students, and 29 high-school students, bringing a diverse mix of perspectives and enthusiasm.

Sheela thanked all the volunteers that made the sale possible, with special recognition for Cherie Gamardo, for managing and promoting the fundraiser. The Gift Shop also held a fundraiser, with four lucky winners.

Sheela also recognized the dedication of one of the longest serving members, Fran Stone. Sheela had asked Fran to reflect on the meaning and impact of her service. Fran stated the following:

It has been said that patients and their families who come to Washington Health are very appreciative of the friendly faces and help they receive from the volunteers. I have had the privilege of being one of those volunteers for 47 years. I have seen the hospital evolve into a regional healthcare center that serves our community. The hours and years that I have spent as a volunteer are of great pride to me. We are very fortunate to have Washington Health here, and I am honored to be a volunteer.

Sheela stated that Fran's dedication and commitment to Washington Health is truly an example, of what we receive back, when we serve our community. As we move

into the last months of the Service League calendar year, the League continues to welcome new volunteers and support opportunities throughout the hospital.

Ajay Sial, Senior Vice President & Chief Financial Officer, presented the Finance Report for October 2025. The average daily inpatient census was 167.5 with discharges of 1,084 resulting in 5,191 patient days. Outpatient observation equivalent days were 238. The average length of stay was 4.81 days. The case mix index was 1.656. Deliveries were 121. Surgical cases were 543. The Outpatient visits were 9,864. Cath Lab cases were 220. Emergency visits were 5,105. Joint Replacement cases were 190. Neurosurgical cases were 29. Cardiac Surgical cases were 49. Total FTEs were 1,685.6. FTEs per adjusted occupied bed was 5.93. Overall, the net income for October was \$814,000.

FINANCE REPORT

Kimberly Hartz, Chief Executive Officer, presented the Hospital Operations Report for November 2025. Patient gross revenue of \$215.0 million for November was unfavorable to budget of \$230.5 million (6.7%), and it was unfavorable compared to November 2024 by \$6.2 million (2.8%).

HOSPITAL OPERATIONS REPORT

Trauma Cases of 175 for November was favorable to the budget of 151 by 24 (15.9%) and favorable to November 2024 by 17 (10.8%). Trauma gross revenue of \$18.4 million for November was favorable to the budget of \$17.4 million by \$1.0 million (5.9%).

The Average Length of Stay was 4.54. The Average Daily Inpatient Census was 165.6 and was unfavorable to budget of 186.1 by 20.6 (11.0%). There were 1,048 Discharges that was unfavorable to budget of 1,070 by 174 (19.9%). There were 4,967 patient days which was unfavorable to budget of 5,584 by 617 days (11.0%). There were 519 Surgical Cases and 185 Cath Lab cases at the Hospital. Deliveries were 124. Non-Emergency Outpatient visits were 8,402. Emergency Room visits were 4,937. Total Government Sponsored Preliminary Payor Mix was 76.1%, against the budget of 73.5%. Total FTEs per Adjusted Occupied Bed were 6.22.

There was \$107K in charity care adjustments in November 2025.

December Employee of the Month is Maria Contreras, Lead Financial Counselor, Patient Financial Services.

EMPLOYEE OF THE MONTH

Past Health Promotions & Community Outreach Events:

HOSPITAL CALENDAR

- November 19: Managing Gestational Diabetes: A Healthy Pregnancy Journey – Facebook and YouTube
- November 20: Community Health Needs Assessment and Community Improvement Plan Presentation – Union City Family Center

- November 20: "Beyond the Bridge" Film Screening in collaboration with Fremont Councilmember Kathy Kimberlin and United Way Bay Area – Anderson Auditorium
- November 28: Niles Festival of Lights Parade – Niles Main Street
- December 1: Holiday Tree Lighting Celebration – Anderson Auditorium
- December 3: Endovascular Treatments for Stroke – Facebook and YouTube
- December 4: Healthy Lifestyle Habits to Prevent Cancer – Acacia Creek
- December 5: Fremont Holidays on the Plaza – Fremont Downtown Event Center
- December 5: Newark Tree Lighting – Newark Library

Upcoming Health Promotions & Community Outreach Events:

- December 11: Washington Health Walk: Stress Management – Nakamura Clinic, Union City
- December 11: UCSF – Washington Cancer Center Open House – Anderson Auditorium
- December 15: Guy Emanuele Elementary School Health Fair – Union City
- January 7: Washington Health Walk: Pedestrian Safety – Mark Green Sports Center, Union City

On Monday, December 1, the Foundation hosted its Annual Holiday Tree Lighting Celebration with Santa in the main lobby at Washington West. The event was well attended by over 50 community members, including students and staff from the California School for the Deaf.

On Giving Tuesday, the Foundation celebrated by showing appreciation to our community for its continued support of Washington Health. The Foundation's end-of-year mail campaign will go out to over 1,500 supporters of the Hospital.

The Foundation's Annual Meeting will take place on Tuesday, January 27, 2026.

Director Yee moved that the Board of Directors approve Resolution No. 1277: Declaring the Results of the vote Cast on Measure B at the November 4, 2025 Special Statewide Election.

*ACTION ITEM:
ADOPTION OF
RESOLUTION 1277*

Director Stewart seconded the motion.

Roll call was taken:

William Nicholson, MD – aye
Jeannie Yee - aye
Bernard Stewart, DDS – aye
Jacob Eapen, MD – aye
Michael Wallace – aye

Motion Approved.

Director Nicholson thanked all of those who worked on the Measure B campaign and the citizens of the District who voted for this Measure. This allows additional funding to come to this institution for operations and providing care to deliver trauma, intensive care and other services throughout this organization.

ANNOUNCEMENTS

Kimberly Hartz, Chief Executive Officer, announced that the Washington Health Urgent Care will be opening on December 17, 2025 and will be open 7 days a week for walk-ins and appointments. Xray and Lab services will also be available.

There being no further business, Director Nicholson adjourned the meeting at 7:09p.m.

ADJOURNMENT

William F. Nicholson, MD
President

Michael Wallace
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, December 15, 2025 in the Board Room at 2000 Mowry Avenue, Fremont and Zoom access was provided. Director Nicholson called the meeting to order at 6:00 p.m. and led those present in the Pledge of Allegiance.

CALL TO ORDER

Roll call was taken: Directors present: William Nicholson, MD; Jeannie Yee; Bernard Stewart, DDS; Jacob Eapen, MD

ROLL CALL

Absent: Michael Wallace

Also present: Kimberly Hartz, Chief Executive Officer; Ajay Sial, Senior Vice President & Chief Financial Officer; Tina Nunez, Senior Vice President & Chief Administrative Officer; Terri Hunter, Vice President & Chief Nursing Officer; Paul Kozachenko, Legal Counsel; Cheryl Renaud, Executive Assistant to the CEO & District Clerk; Shirley Ehrlich, Executive Assistant II

Director Nicholson welcomed any members of the general public to the meeting.

OPENING REMARKS

Director Nicholson noted that Public Notice for this meeting, including Zoom information, was posted appropriately on our website. This meeting is being conducted in the Board Room and by Zoom.

There were no Oral Communications.

*COMMUNICATIONS:
ORAL*

There was one written communication provided to the Board of Directors. Due to the nature of the letter, containing Protected Health Information (PHI), the content was not disclosed to protect patient privacy and compliance with the Health Insurance Portability Accountability Act (HIPAA).

*COMMUNICATIONS:
WRITTEN*

There were no Items on the Consent Calendar for consideration.

CONSENT CALENDAR

The Action Item: Consideration of Resolution No.1276: Resolution of the Board of Directors of Washington Township Health Care District authorizing Washington Township Health Care District to enter into a Loan and Line of Credit in the principal amount of \$20,000,000; approving the forms of Business Loan Agreement, Promissory Note, Governmental Certificate, and related documents required to secure the Loan and Line of Credit; and authorizing the Chief Executive Officer, the Senior Vice President & Chief Operating Officer, and the Senior Vice President & Chief Financial Officer of the District to execute the Business Loan Agreement, Promissory Note, Governmental Certificate, and other related documents required to secure the Loan and Line of Credit was removed from the Agenda and will be presented at the January 14, 2026 meeting.

ACTION ITEM

There were no Announcements.

ANNOUNCEMENTS

Director Nicholson adjourned the meeting to closed session at 6:04 p.m., as the discussion pertained to reports regarding Medical Audit & Quality Assurance Matters pursuant to Health & Safety Code Section 32155; Conference Involving Trade Secrets pursuant to Health & Safety Code Section 32106 - Strategic Planning, and Conference with Legal Counsel – Anticipated Litigation pursuant to Government Code Section 54956.9(d)(2).

ADJOURN TO CLOSED SESSION

Director Nicholson stated that the public has a right to know what, if any, reportable action takes place during closed session. Since this meeting was being conducted in the Board Room and via Zoom, there is no way of knowing when the closed session will end. The public was informed they could contact the District Clerk for the Board's report beginning December 16, 2025. The minutes of this meeting will reflect any reportable actions.

Director Nicholson reconvened the meeting to open session at 9:01p.m. During closed session, the District Clerk reported that the Board of Directors approved the closed session minutes of November 17, 2025 and the Medical Staff Credentials Committee Report by unanimous vote of all directors present. Also, the Board of Directors authorized the Chief Executive Officer to sign the notice of return of late claim to Dennis Murphy because it was not presented within six months after the event or occurrence as required by law.

RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION

There being no further business, Director Nicholson adjourned the meeting at 9:01 p.m.

ADJOURNMENT

William F. Nicholson, MD
President

Michael Wallace
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, December 22, 2025 in the Board Room at 2000 Mowry Avenue, Fremont and by Teleconference. Director Nicholson called the meeting to order at 7:34 a.m.

CALL TO ORDER

Roll call was taken. Directors present: William Nicholson, MD; Jeannie Yee; Bernard Stewart, DDS; Jacob Eapen, MD

ROLL CALL

Absent: Michael Wallace

Also present: Kimberly Hartz, Chief Executive Officer; Terri Hunter, Vice President & Chief Nursing Officer; Brian Smith, MD, Chief Medical Information Officer and Quality & Patient Safety Physician Officer; Mary Bowron, Assistant Vice President & Chief Quality Officer; Aaron Barry, MD; Jeanie Ahn, MD; Ranjana Sharma, MD; John Romano, MD; Rohit Arora, MD

There were no Oral communications.

*COMMUNICATIONS:
ORAL*

There were no Written communications.

*COMMUNICATIONS:
WRITTEN*

Director Nicholson adjourned the meeting to closed session at 7:36 a.m. as the discussion pertained to Medical Audit and Quality Assurance Matters pursuant to Health & Safety Code Section 32155.

*ADJOURN TO CLOSED
SESSION*

Director Nicholson reconvened the meeting to open session at 8:31 a.m. and reported no reportable action was taken in closed session.

*RECONVENE TO OPEN
SESSION & REPORT ON
CLOSED SESSION*

There being no further business, the meeting adjourned at 8:31 a.m.

ADJOURNMENT

William F. Nicholson, MD
President

Michael Wallace
Secretary



WASHINGTON HEALTH
INDEX TO BOARD FINANCIAL STATEMENTS
November 2025

<u>Schedule Reference</u>	<u>Schedule Name</u>
Board - 1	Statement of Revenues and Expenses
Board - 2	Balance Sheet
Board - 3	Operating Indicators



MEMORANDUM

Date: December 31, 2025
To: Board of Directors
From: Kimberly Hartz, Chief Executive Officer
Subject: Washington Health (Hospital) – November 2025
Operating & Financial Activity

SUMMARY OF OPERATIONS

1. Utilization – Schedule Board 3

	November <u>Actual</u>	November <u>Budget</u>	Current 12 <u>Month Avg.</u>
<u>ACUTE INPATIENT:</u>			
IP Average Daily Census	165.6	186.2	176.2
Combined Average Daily Census	172.7	195.9	183.9
No. of Discharges	1048	1,070	1,070
Patient Days	4,967	5,584	5,357
Discharge ALOS	4.54	5.22	5.07
<u>OUTPATIENT:</u>			
OP Visits	8,402	8,776	9,161
ER Visits	4,937	5,261	5,279
Observation Equivalent Days – OP	212	290	234

Comparison of November's actual Acute Inpatient statistics versus the budget showed a lower level of Average Daily Census which translates into lower Patient Days. Discharges were lower than budget, and the Average Length of Stay (ALOS), based on discharged days, out-performed the Budget. Outpatient visits were unfavorable to budget, and Emergency Room visits were unfavorable to budget for the month. Outpatients Observation Equivalent days were favorable to budget.

2. Staffing – Schedule Board 3

Total paid FTEs were below budget. Total productive FTEs for November came in at 1,482.8, below the budgeted level of 1,563.6. Non-Productive FTEs were below budget by 27.0. Total FTEs per Adjusted Occupied Bed were 6.31, or 0.29 worse than the budgeted level of 6.02.



3. Income - Schedule Board 1

Total Gross Patient Revenue of \$214,994,000 for November was (\$15,512,000) below the budget, or (6.7%).

Deductions from Revenue totaled \$163,934,000 which equates to a 76.3% blended contractual rate. This was favorable to the budgeted rate of 76.7%.

Total Net Operating Revenue of \$54,063,000 was (\$934,000) or (1.7%) below the Budget.

Total Operating Expenses for the month were \$55,604,000, which was lower than the budget by \$201,000, or 0.4%.

For the month of November, the Hospital reported a Net Operating Loss of (\$1,541,000) from Operations, a (2.85%) Margin.

The Total Non-Operating Income of \$1,130,000 for the month includes an unrealized loss on investments of (\$434,000) and was unfavorable to the budget by (\$42,000).

The Net loss for November was (\$411,000), which equates to a (0.8%) Margin, and was (\$775,000) below the Budgeted Net Income of \$364,000.

The Total Net Loss for November using FASB accounting principles, in which the unrealized loss on investments, net interest expense on GO bonds and property tax revenues are removed from the non-operating income and expense, was (\$758,000) (a (1.40%) Margin) compared to Budgeted Loss of (\$599,000) for an unfavorable variance of (\$159,000).

4. Balance Sheet – Schedule Board 2

There were no noteworthy changes in assets and liabilities when compared to October 2025.

KIMBERLY HARTZ
Chief Executive Officer



**WASHINGTON HEALTH
STATEMENT OF REVENUES AND EXPENSES
November 2025
GASB FORMAT
(In thousands)**

November						
PRIOR YEAR	ACTUAL		BUDGET	FAV (UNFAV)	VAR	% VAR.
\$ 134,201	\$ 132,237	\$ 86,980	\$ 82,757	\$ 143,037	\$ (10,800)	-7.6%
					(4,712)	-5.4%
221,181	214,994			230,506	(15,512)	-6.7%
(168,384)	(160,665)			(172,126)	11,461	6.7%
(4,464)	(3,269)			(4,652)	1,383	29.7%
(172,848)	(163,934)			(176,778)	12,844	7.3%
78.15%	76.25%			76.69%		
48,333	51,060			53,728	(2,668)	-5.0%
3,606	3,003			1,269	1,734	136.6%
51,939	54,063			54,997	(934)	-1.7%
24,463	25,685			26,388	703	2.7%
7,799	9,291			8,815	(476)	-5.4%
6,792	7,813			7,166	(647)	-9.0%
8,706	7,281			7,634	353	4.6%
2,061	2,019			2,254	235	10.4%
3,617	3,515			3,548	33	0.9%
53,438	55,604			55,805	201	0.4%
(1,499)	(1,541)			(808)	(733)	-90.7%
-2.89%	-2.85%			-1.47%		
555	608			472	136	28.8%
71	9			-	9	0.0%
(1,801)	(1,850)			(1,640)	(210)	-12.8%
219	116			99	17	17.2%
-	-			-	-	0.0%
-	-			-	-	0.0%
2,194	2,032			2,032	-	0.0%
378	(24)			209	(233)	
-	673			-	673	
324	(434)			-	(434)	0.0%
1,940	1,130			1,172	(42)	-3.6%
\$ 441	\$ (411)	\$ 0.85%	\$ -0.76%	\$ 364	\$ 0.66%	\$ (775)
\$ (955)	\$ (758)	\$ -1.84%	\$ -1.40%	\$ (599)	\$ -1.09%	\$ (159)

FISCAL YEAR TO DATE						
	PRIOR YEAR	ACTUAL	BUDGET	FAV (UNFAV)	VAR	% VAR.
<u>OPERATING REVENUE</u>						
INPATIENT REVENUE	\$ 629,385	\$ 681,795	\$ 709,378	\$ (27,583)		-3.9%
OUTPATIENT REVENUE	459,699	450,015	433,665	16,350		3.8%
TOTAL PATIENT REVENUE	1,089,084	1,131,810	1,143,043	(11,233)		-1.0%
CONTRACTUAL ALLOWANCES	(820,923)	(843,804)	(850,835)	7,031		0.8%
PROVISION FOR DOUBTFUL ACCOUNTS	(18,855)	(21,011)	(23,263)	2,252		9.7%
DEDUCTIONS FROM REVENUE	(839,778)	(864,815)	(874,098)	9,283		1.1%
DEDUCTIONS AS % OF REVENUE	77.11%	76.41%	76.47%			
NET PATIENT REVENUE	249,306	266,995	268,945	(1,950)		-0.7%
OTHER OPERATING INCOME	8,124	8,431	6,384	2,047		32.1%
TOTAL OPERATING REVENUE	257,430	275,426	275,329	97		0.0%
<u>OPERATING EXPENSES</u>						
SALARIES & WAGES	120,692	129,949	131,400	1,451		1.1%
EMPLOYEE BENEFITS	38,655	46,355	45,426	(929)		-2.0%
SUPPLIES	34,188	38,235	35,888	(2,347)		-6.5%
PURCHASED SERVICES & PROF SVCS	37,318	37,975	39,310	1,335		3.4%
INSURANCE, UTILITIES & OTHER	9,587	10,555	11,558	1,003		8.7%
DEPRECIATION	17,240	17,909	17,745	(164)		-0.9%
TOTAL OPERATING EXPENSE	257,680	280,978	281,327	349		0.1%
OPERATING INCOME (LOSS)	(250)	(5,552)	(5,998)	446		7.4%
OPERATING INCOME MARGIN %	-0.10%	-2.02%	-2.18%			
<u>NON-OPERATING INCOME & (EXPENSE)</u>						
INVESTMENT INCOME	3,067	3,120	2,360	760		32.2%
REALIZED GAIN/(LOSS) ON INVESTMENTS	97	73	-	73		0.0%
INTEREST EXPENSE	(8,171)	(8,900)	(8,197)	(703)		-8.6%
RENTAL INCOME, NET	713	456	437	19		4.3%
BOND ISSUANCE COSTS	(1)	-	-	-		0.0%
FEDERAL GRANT REVENUE	(3)	-	-	-		0.0%
PROPERTY TAX REVENUE	10,149	10,322	10,322	-		0.0%
EQUITY INVESTMENT EARNINGS	987	407	1,046	(639)		-61.1%
GAIN (LOSS) ON DISPOSALS	-	673	-	673		0.0%
UNREALIZED GAIN/(LOSS) ON INVESTMENTS	2,065	74	-	74		0.0%
TOTAL NON-OPERATING INCOME & EXPENSE	8,903	6,225	5,968	257		4.3%
NET INCOME (LOSS)	\$ 8,653	\$ 673	\$ (30)	\$ 703		2343.3%
NET INCOME MARGIN %	3.36%	0.24%	-0.01%			
NET INCOME (LOSS) USING FASB PRINCIPLES**	\$ 1,863	\$ (3,708)	\$ (5,008)	\$ 1,300		26.0%
NET INCOME MARGIN %	0.72%	-1.35%	-1.82%			

**NET INCOME (FASB FORMAT) EXCLUDES PROPERTY TAX INCOME, NET INTEREST EXPENSE ON GO BONDS AND UNREALIZED GAIN(LOSS) ON INVESTMENTS



WASHINGTON HEALTH
BALANCE SHEET
November 2025
(In thousands)

ASSETS AND DEFERRED OUTFLOWS		November 2025	Audited June 2025	LIABILITIES, NET POSITION AND DEFERRED INFLOWS		November 2025	Audited June 2025
CURRENT ASSETS							
1	CASH & CASH EQUIVALENTS	\$ 3,491	\$ 30,849	1	CURRENT MATURITIES OF L/T OBLIG	\$ 10,365	\$ 9,880
2	ACCOUNTS REC NET OF ALLOWANCES	76,229	81,212	2	ACCOUNTS PAYABLE	26,649	39,261
3	OTHER CURRENT ASSETS	26,436	31,385	3	OTHER ACCRUED LIABILITIES	33,228	86,340
4	TOTAL CURRENT ASSETS	106,156	143,446	4	INTEREST	10,707	13,801
				5	TOTAL CURRENT LIABILITIES	80,949	149,282
ASSETS LIMITED AS TO USE							
5	BOARD DESIGNATED FOR CAPITAL AND OTHER	165,717	181,650	6	LONG-TERM DEBT OBLIGATIONS	205,993	215,181
6	GENERAL OBLIGATION BOND FUNDS	107,548	129,459	7	REVENUE BONDS AND OTHER	464,337	466,177
7	REVENUE BOND FUNDS	50,703	50,903		GENERAL OBLIGATION BONDS		
8	BOND DEBT SERVICE FUNDS	19,788	41,368				
9	OTHER ASSETS LIMITED AS TO USE	11,380	11,079				
10	TOTAL ASSETS LIMITED AS TO USE	355,136	414,459	OTHER LIABILITIES			
11	OTHER ASSETS	396,543	383,105	8	SUPPLEMENTAL MEDICAL RETIREMENT	47,963	46,109
12	OTHER INVESTMENTS	20,139	26,133	9	WORKERS' COMP AND OTHER	10,882	10,540
13	NET PROPERTY, PLANT & EQUIPMENT	584,596	565,182	10	NET PENSION	55,728	50,459
14	TOTAL ASSETS	\$ 1,462,570	\$ 1,532,325	11	ROU ASSET LONG-TERM	8,792	9,712
15	DEFERRED OUTFLOWS	14,082	18,475	12	NET POSITION	573,310	571,767
16	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,476,652	\$ 1,550,800	13	TOTAL LIABILITIES AND NET POSITION	\$ 1,447,954	\$ 1,519,227
				14	DEFERRED INFLOWS	28,698	31,573
				15	TOTAL LIABILITIES, NET POSITION AND DEFERRED INFLOWS	\$ 1,476,652	\$ 1,550,800

WASHINGTON HEALTH
 OPERATING INDICATORS
 November 2025

12 MONTH AVERAGE	November			
	ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
176.2	165.6	186.2	(20.6)	-11%
7.7	7.1	9.7	(2.6)	-27%
183.9	172.7	195.9	(23.2)	-12%
8.6	7.5	8.5	(1.0)	-12%
192.5	180.2	204.4	(24.2)	-12%
3.7	4.8	3.9	0.9	23%
5,357	4,967	5,584	(617)	-11%
234	212	290	78	27%
1,070	1,048	1,070	(22)	-2%
5.07	4.54	5.22	0.7	13%
3.07	2.73	3.27	0.5	17%
1.651	1.665	1.594	0.071	4%
38	44	35	9	26%
125	129	121	8	7%
57	54	53	1	2%
26	23	27	(4)	-15%
196	185	207	(22)	-11%
35	25	28	(3)	-11%
28	30	33	(3)	-9%
32	29	34	(5)	-15%
536	519	538	(19)	-4%
198	185	192	(7)	-4%
139	124	134	(10)	-7%
9,161	8,402	8,776	(374)	-4%
5,279	4,937	5,261	(324)	-6%
1,488.7	1,482.8	1,563.6	80.8	5%
208.4	214.6	241.6	27.0	11%
1,697.1	1,697.4	1,805.2	107.8	6%
5.12	5.51	5.21	(0.30)	-6%
5.83	6.31	6.02	(0.29)	-5%

PATIENTS IN HOSPITAL

1	ADULT & SCN AVERAGE DAILY CENSUS
2	OUTPT OBSERVATION AVERAGE DAILY CENSUS
3	COMBINED AVERAGE DAILY CENSUS
4	NURSERY AVERAGE DAILY CENSUS
5	TOTAL
6	SPECIAL CARE NURSERY AVERAGE DAILY CENSUS
7	ADULT & SCN PATIENT DAYS
8	OBSERVATION EQUIVALENT DAYS - OP
9	DISCHARGES-ADULTS & SCN
10	AVERAGE LENGTH OF STAY-ADULTS & SCN
11	AVERAGE LENGTH OF STAY-ADULTS & SCN / CASE MIX INDEX

OTHER KEY UTILIZATION STATISTICS

12	OVERALL CASE MIX INDEX (CMI)	1.634	1.622	0.012	1%
13	SURGICAL CASES	233	180	53	29%
14	CARDIAC	636	599	37	6%
15	GASTROENTEROLOGY	280	261	19	7%
16	GENERAL	119	133	(14)	-11%
17	NEUROSURGERY	963	1,009	(46)	-5%
18	ORTHOPEDICS	148	130	18	14%
19	UROLOGY	149	164	(15)	-9%
20	VASCULAR	147	163	(16)	-10%
21	OTHER	2,675	2,639	36	1%
22	TOTAL CASES	1,032	949	83	9%
23	CATH LAB CASES	679	665	14	2%
24	DELIVERIES	46,461	43,837	2,624	6%
25	OUTPATIENT VISITS	25,879	26,063	(184)	-1%
26	EMERGENCY VISITS				

LABOR INDICATORS

26	PRODUCTIVE FTE'S	1,487.4	1,541.6	54.2	4%
27	NON PRODUCTIVE FTE'S	206.2	227.0	20.8	9%
28	TOTAL FTE'S	1,693.6	1,768.6	75.0	4%
29	PRODUCTIVE FTE/ADJ. OCCUPIED BED	5.31	5.29	(0.02)	0%
30	TOTAL FTE/ADJ. OCCUPIED BED	6.05	6.07	0.02	0%

RESOLUTION NO. 1276

RESOLUTION OF THE BOARD OF DIRECTORS OF WASHINGTON TOWNSHIP HEALTH CARE DISTRICT AUTHORIZING WASHINGTON TOWNSHIP HEALTH CARE DISTRICT (“DISTRICT”) TO ENTER INTO A LOAN AND LINE OF CREDIT IN THE PRINCIPAL AMOUNT OF \$20,000,000; APPROVING THE FORMS OF BUSINESS LOAN AGREEMENT, PROMISSORY NOTE, GOVERNMENTAL CERTIFICATE, AND RELATED DOCUMENTS REQUIRED TO SECURE THE LOAN AND LINE OF CREDIT; AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER, AND THE CHIEF FINANCIAL OFFICER OF THE DISTRICT TO EXECUTE THE BUSINESS LOAN AGREEMENT, PROMISSORY NOTE, GOVERNMENTAL CERTIFICATE, AND OTHER RELATED DOCUMENTS REQUIRED TO SECURE THE LOAN AND LINE OF CREDIT

WHEREAS, the Washington Township Health Care District is a local health care district (“District”) that owns and operates a general acute care hospital and provides essential healthcare services to the population residing within the District’s political boundaries, including the cities of Fremont, Newark, Union City, parts of South Hayward and Sunol;

WHEREAS, the District has been impacted financially due to the changes implemented by the federal government with respect to reimbursement amounts and changes in payment structures which have resulted in a decrease in certain reimbursement rates and payor payment delays which, in turn, have affected cashflow, revenues and unforeseen and inconsistent payors’ payment schedules; and

WHEREAS, the District believes that securing a loan and line of credit from Fremont Bank (the “Bank”) in the principal amount of \$20,000,000 (“Line of Credit”) is prudent given the uncertainty of the continued impacts on revenue and certain payment schedule changing; and

WHEREAS, attached to this resolution are forms of Business Loan Agreement, Promissory Note, Governmental Certificate, and related documents which are required to be executed in order to secure the Line of Credit.

NOW THEREFORE, be it resolved that:

1. In accordance with District Law, Policies and Procedures, the District is hereby authorized to enter into the Line of Credit, and the forms of the Business Loan Agreement,

Promissory Note, Governmental Certificate, and related documents (the “Bank Documents”), all in substantially the form attached to this resolution, are hereby approved.

2. Kimberly Hartz, the Chief Executive Officer, and Ajay Sial, the Chief Financial Officer (“Authorized Officers”), are hereby authorized, on behalf of the District, to execute the Bank Documents required in connection with securing the Line of Credit; in the event that the Bank approves an extension of the term of the Line of Credit, the Authorized Officers, or any of them, are hereby authorized, on behalf of the District, to execute amendments to or restatements of any or all of the Bank Documents as may be in the best interests of the District; provided, however, that any amendment that increases the principal amount of the Line of Credit shall first be approved by the District Board of Directors.

3. The Authorized Officers are hereby authorized to take any and all actions necessary to execute any and all instruments and do any and all things deemed by him or her to be necessary, or desirable, to carry out the intent and purposes of the foregoing resolution.

4. The First Vice President is authorized to sign this Resolution.

Passed and adopted by the Board of Directors of the Washington Township Health Care District this 14th day of January 2026, by the following vote:

AYES:

NOES:

RECUSAL:

WILLIAM NICHOLSON, MD
President, Board of Directors
Washington Township Health Care District

JEANNIE YEE
First Vice President, Board of Directors
Acting Secretary, Board of Directors
Washington Township Health Care District

BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$20,000,000.00	01-09-2026	02-03-2028	3322922			KF	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "****" has been omitted due to text length limitations.

Borrower: WASHINGTON TOWNSHIP HEALTH CARE DISTRICT 2000 MOWRY AVENUE FREMONT, CA 94538	Lender: Fremont Bank Commercial Loan Operations 2580 Shea Center Drive Livermore, CA 94551-0752 (800) 359-2265
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THIS BUSINESS LOAN AGREEMENT dated January 09, 2026, is made and executed between WASHINGTON TOWNSHIP HEALTH CARE DISTRICT ("Borrower") and Fremont Bank ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of January 09, 2026, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

LINE OF CREDIT. The Indebtedness includes a revolving line of credit. Advances under the Indebtedness, as well as directions for payment from Borrower's accounts, may be requested orally by Borrower. All requests shall be confirmed in writing on the day of the request. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person as described in the "Advance Authority" section below or (B) credited to any of Borrower's accounts with Lender.

ADVANCE AUTHORITY. The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: **KIMBERLY HARTZ, CEO of WASHINGTON TOWNSHIP HEALTH CARE DISTRICT; and AJAY SIAL, CFO of WASHINGTON TOWNSHIP HEALTH CARE DISTRICT.**

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 2000 MOWRY AVENUE, FREMONT, CA 94538. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business:

Washington Hospital.

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to Lender.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, or an OCBOA acceptable to Lender, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than one hundred eighty (180) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, prepared by Borrower.

Interim Statements. As soon as available, but in no event later than sixty (60) days after the end of each fiscal quarter, Borrower's balance sheet and profit and loss statement for the period ended, prepared by Borrower.

Additional Requirements.

Annual Financial Statements. As soon as available, but in no event later than one-hundred eighty (180) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant, satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, or an OCBOA acceptable to Lender,

applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Financial Covenants and Ratios. Comply with the following covenants and ratios:

Minimum Income and Cash flow Requirements. Borrower shall comply with the following cash flow ratio requirements:

Debt Service Coverage Ratio. Maintain a ratio of Debt Service Coverage in excess of **1.100 to 1.000**. The term "Debt Service Coverage Ratio" means the sum of earnings before interest, taxes, depreciation and amortization divided by the sum of the current portion of long term debt plus current maturities of capital leases, plus Interest Expense. This coverage ratio will be evaluated as of quarter-end.

Tangible Net Worth Requirements. Other Net Worth requirements are as follows:

Minimum Liquidity. Borrower shall maintain a liquidity of not less than Ten Million and No /100 Dollars (\$10,000,000.00) on a quarterly basis.

Additional Requirements.

Accounts Receivable Aging Reports. As soon as possible, but in no event later than ninety (90) days after the end of each quarter, Borrower's Accounts Receivable Aging Reports, prepared by Borrower.

Except as provided above, all computations made to determine compliance with the requirements contained in this paragraph shall be made in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by Borrower as being true and correct.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Beneficial Ownership Information. Comply with all beneficial ownership information reporting requirements of the Corporate Transparency Act and its implementing regulations (collectively the CTA), if applicable to that Borrower. Any Borrower that is or becomes a reporting company as defined in the CTA: (1) has filed, or will file within required timeframes a complete and accurate report of its beneficial ownership information with the Financial Crimes Enforcement Network (FinCEN) as required by the CTA; (2) will update or correct its beneficial ownership information with FinCEN within required timeframes upon any change in its beneficial ownership information; (3) will provide Lender with a copy of its beneficial ownership information report filed with FinCEN upon request; (4) consents to allow Lender to obtain from FinCEN beneficial ownership information filed by Borrower; and (5) will notify Lender in writing of any change in its beneficial ownership information within 30 days of such change.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books,

accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

RECOVERY OF ADDITIONAL COSTS. If the imposition of or any change in any law, rule, regulation, guideline, or generally accepted accounting principle, or the interpretation or application of any thereof by any court, administrative or governmental authority, or standard-setting organization (including any request or policy not having the force of law) shall impose, modify or make applicable any taxes (except federal, state or local income or franchise taxes imposed on Lender), reserve requirements, capital adequacy requirements or other obligations which would (A) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (B) reduce the amounts payable to Lender under this Agreement or the Related Documents, or (C) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect to the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefor, within five (5) days after Lender's written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including finance leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts receivable, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge or restructure as a legal entity (whether by division or otherwise), consolidate with or acquire any other entity, change its name, convert to another type of entity or redomesticate, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise.

Loans, Acquisitions and Guarantees. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (1) cure the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

COMPLIANCE WITH EXECUTIVE ORDER AND USA PATRIOT ACT. Neither Borrower, nor to Borrower's knowledge, any of Borrower's respective Officers, Directors, Shareholders, Partners, Members or Associates, and no other direct or indirect holder of any equity interest in Borrower is an entity or person: (i) that is listed in the Annex to, or is otherwise subject to the provisions of United States Presidential Executive Order 13224 issued on September 24, 2001 ("Executive Order"); (ii) whose name appears on the U.S. Department of the Treasury, Office of Foreign Assets Control's ("OFAC") most current list of "Specifically Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, www.treas.gov/ofac/; (iii) who commits, threatens to commit or supports "terrorism", as that term is defined in the Executive Order; or (iv) who is otherwise affiliated with any entity or person listed above (any and all parties or persons described in clauses (i) through (iv) above are herein referred to as a "Prohibited Person"). Borrower covenants and agrees to use commercially reasonable efforts to ensure that neither Borrower nor any of its respective Officers, Directors, Shareholders, Partners, Members or Associates, and no other direct or indirect holder of any equity interest in Borrower will: (a) conduct any business, or engage in any transaction or dealing, with any Prohibited Person, including, but not limited to, the making or receiving of any contribution of funds, goods, or services, to or for the benefit of a Prohibited Person; or (b) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Executive Order or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001. On request by Lender from time to time, Borrower further covenants and agrees promptly to deliver to Lender any such certification or other evidence as may be requested by Lender in its sole and absolute discretion, confirming that, to Borrower's knowledge, no violation of this Section shall have occurred.

ACKNOWLEDGMENT OF EVENT OF DEFAULT PROVISIONS. Borrower and/or Guarantor hereby acknowledges and agrees that Borrower and/or Guarantor has read and understood all terms and conditions as contained in the Loan Documents, including, but not limited to, the Promissory Note, the Business Loan Agreement and all Related Documents. Borrower and/or Guarantor further acknowledges that all conditions, including the Affirmative Covenants detailing the Financial Statements requirements and the Financial Covenants and Ratios requirements, will be met during the term of the Loan. In the event these requirements are not met, the loan shall be considered in default, and Lender may, at its option, implement any and all rights and remedies available to it under the Loan Documents, including, but not limited to, increasing the interest rate on the Loan to the Default Rate as stated in the Promissory Note.

COUNTERPARTS AND ELECTRONIC SIGNATURES. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The words "execution," "signed," "signature," and words of similar import herein shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 USC § 7001 et seq.), the California Uniform Electronic Transactions Act (Civil Code §§ 1633.1 – 1633.17), or any other similar state laws based on the Uniform Electronic Transactions Act.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Commercial Arbitration Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Borrower and Lender agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much of such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Alameda County, State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed

at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in extending Loan Advances, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the extension of Loan Advances and delivery to Lender of the Related Documents, shall be continuing in nature, shall be deemed made and redated by Borrower at the time each Loan Advance is made, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. To the extent permitted by applicable law, all parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means WASHINGTON TOWNSHIP HEALTH CARE DISTRICT and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and

interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Fremont Bank, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note dated January 09, 2026 and executed by WASHINGTON TOWNSHIP HEALTH CARE DISTRICT in the principal amount of \$20,000,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

OCBOA. The term "OCBOA" means Other Comprehensive Basis of Accounting, as designated by Lender in writing as an acceptable alternative to GAAP.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED JANUARY 09, 2026.

BORROWER:

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____
**KIMBERLY HARTZ, CEO of WASHINGTON
TOWNSHIP HEALTH CARE DISTRICT**

By: _____
**AJAY SIAL, CFO of WASHINGTON TOWNSHIP
HEALTH CARE DISTRICT**

LENDER:

FREMONT BANK

By: _____
Authorized Officer, Commercial Lending

COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$20,000,000.00	01-09-2026	02-03-2028	3322922				KF

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "****" has been omitted due to text length limitations.

Grantor: WASHINGTON TOWNSHIP HEALTH CARE DISTRICT 2000 MOWRY AVENUE FREMONT, CA 94538	Lender: Fremont Bank Commercial Loan Operations 2580 Shea Center Drive Livermore, CA 94551-0752 (800) 359-2265
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THIS COMMERCIAL SECURITY AGREEMENT dated January 09, 2026, is made and executed between WASHINGTON TOWNSHIP HEALTH CARE DISTRICT ("Grantor") and Fremont Bank ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

All Inventory, Chattel Paper, Accounts, Deposit Accounts, Equipment and General Intangibles

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

FUTURE ADVANCES. In addition to the Note, this Agreement secures all future advances made by Lender to Grantor regardless of whether the advances are made a) pursuant to a commitment or b) for the same purposes.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. **This is a continuing Security Agreement and will continue in effect even though all or any part of the Indebtedness is paid in full and even though for**

a period of time Grantor may not be indebted to Lender.

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the structure of the entity Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's principal residence; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with regard to any such Accounts. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, including the sales of inventory, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of California, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. While Grantor is not in default under this Agreement, Grantor may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a

lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS. Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lender for application to the Indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of any Event of Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or ability to perform Grantor's obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the California Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Commercial Arbitration Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Grantor and Lender agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much of such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Alameda County, State of California.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this

Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. To the extent permitted by applicable law, all parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means WASHINGTON TOWNSHIP HEALTH CARE DISTRICT and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means WASHINGTON TOWNSHIP HEALTH CARE DISTRICT.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes the future advances set forth in the Future Advances provision, together with all interest thereon and all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means Fremont Bank, its successors and assigns.

Note. The word "Note" means the Note dated January 09, 2026 and executed by WASHINGTON TOWNSHIP HEALTH CARE DISTRICT in the principal amount of \$20,000,000.00, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JANUARY 09, 2026.

GRANTOR:

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____
**KIMBERLY HARTZ, CEO of WASHINGTON
TOWNSHIP HEALTH CARE DISTRICT**

By: _____
**AJAY SIAL, CFO of WASHINGTON TOWNSHIP
HEALTH CARE DISTRICT**

0003322922034512112025

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$20,000,000.00	01-09-2026	02-03-2028	3322922			KF	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "****" has been omitted due to text length limitations.

Borrower:	WASHINGTON TOWNSHIP HEALTH CARE DISTRICT 2000 MOWRY AVENUE FREMONT, CA 94538	Lender:	Fremont Bank Commercial Loan Operations 2580 Shea Center Drive Livermore, CA 94551-0752 (800) 359-2265
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LOAN TYPE. This is a Variable Rate Nondisclosable Revolving Line of Credit Loan to a Government Entity for \$20,000,000.00 due on February 3, 2028.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

Personal, Family, or Household Purposes or Personal Investment.

Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: new line of credit for short term operating capital.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$20,000,000.00 as follows:

Undisbursed Funds:

\$19,996,750.00

Total Financed Prepaid Finance Charges:

\$3,250.00

\$2,500.00 Loan Fee
\$750.00 Documentation Fee [or]
BORROWER'S AUTHORIZATION: Borrower hereby authorizes Lender to deduct the aforementioned loan fees due from Borrower's demand deposit account # _____ with Lender.

Note Principal:

\$20,000,000.00

ADDITIONAL DISBURSEMENT. Notwithstanding the amount stated in the DISBURSEMENT INSTRUCTIONS paragraph above, Borrower agrees that Lender may disburse, and hereby instructs Lender to disburse, any and all amounts in excess of the above-stated amount which are attributed to accrued and unpaid interest on any loan(s) being paid with the disbursement proceeds arising between the date in which this Disbursement Request is prepared by Lender and the date the loan is funded. Borrower agrees that Lender's calculation of such accrued interest is binding, and Borrower may request from Lender, in writing, a copy of a statement indicating the excess accrued and unpaid interest payable and the per diem associated therewith.

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JANUARY 09, 2026.

BORROWER:

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____
KIMBERLY HARTZ, CEO of WASHINGTON
TOWNSHIP HEALTH CARE DISTRICT

By: _____
AJAY SIAL, CFO of WASHINGTON TOWNSHIP
HEALTH CARE DISTRICT

GOVERNMENTAL CERTIFICATE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$20,000,000.00	01-09-2026	02-03-2028	3322922				KF

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "****" has been omitted due to text length limitations.

Entity:	WASHINGTON TOWNSHIP HEALTH CARE DISTRICT 2000 MOWRY AVENUE FREMONT, CA 94538	Lender:	Fremont Bank Commercial Loan Operations 2580 Shea Center Drive Livermore, CA 94551-0752 (800) 359-2265
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WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is WASHINGTON TOWNSHIP HEALTH CARE DISTRICT ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws and regulations of the State of California. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 2000 MOWRY AVENUE, FREMONT, CA 94538. The Entity shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and held on **January 09, 2026**, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Certificate were adopted.

OFFICIALS. The following named persons is an Officials of WASHINGTON TOWNSHIP HEALTH CARE DISTRICT:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
KIMBERLY HARTZ	CEO	Y	X _____
AJAY SIAL	CFO	Y	X _____

ACTIONS AUTHORIZED. Any two (2) of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without limitation, any two (2) of such authorized persons is authorized, empowered, and directed to do the following for and on behalf of the Entity:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Entity and Lender, such sum or sums of money as in their judgment should be borrowed; however, not exceeding at any one time the amount of **Twenty Million & 00/100 Dollars (\$20,000,000.00)**, in addition to such sum or sums of money as may be currently borrowed by the Entity from Lender.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Entity's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Entity's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, **including agreements requiring disputes with Lender to be submitted to binding arbitration for final resolution and waiving the right to a trial by jury**, as the Officials may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate. The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from the Entity, at Lender's address shown above, written notice of revocation of such authority: **KIMBERLY HARTZ, CEO of WASHINGTON TOWNSHIP HEALTH CARE DISTRICT; and AJAY SIAL, CFO of WASHINGTON TOWNSHIP HEALTH CARE DISTRICT.**

ASSUMED BUSINESS NAMES. The Entity has filed or recorded all documents or filings required by law relating to all assumed business names used by the Entity. Excluding the name of the Entity, the following is a complete list of all assumed business names under which the Entity does business: **None.**

NOTICES TO LENDER. The Entity will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES. The Officials named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupy the positions set opposite their respective names. This Certificate now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Entity's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, we have hereunto set our hand and attest that the signatures set opposite the names listed above is their genuine signatures.

We each have read all the provisions of this Certificate, and we each personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated January 09, 2026.

CERTIFIED TO AND ATTESTED BY:

X _____
KIMBERLY HARTZ, CEO of WASHINGTON
TOWNSHIP HEALTH CARE DISTRICT

X _____
AJAY SIAL, CFO of WASHINGTON TOWNSHIP
HEALTH CARE DISTRICT

NOTE: If the Officials signing this Certificate is designated by the foregoing document as one of the officials authorized to act on the Entity's behalf, it is advisable to have this Certificate signed by at least one non-authorized official of the Entity.

NOTICE OF INSURANCE REQUIREMENTS

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
	01-09-2026		3322922				KF

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Any item above containing "****" has been omitted due to text length limitations.

Grantor:	WASHINGTON TOWNSHIP HEALTH CARE DISTRICT 2000 MOWRY AVENUE FREMONT, CA 94538	Lender:	Fremont Bank Commercial Loan Operations 2580 Shea Center Drive Livermore, CA 94551-0752 (800) 359-2265
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TO:

DATE:ATTN: Insurance Agent

December

11, 2025

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RE: Policy Number(s):

Insurance Companies/Company:

Dear Insurance Agent:

Grantor, WASHINGTON TOWNSHIP HEALTH CARE DISTRICT ("Grantor") is obtaining a loan from Fremont Bank. Please send appropriate evidence of insurance to Fremont Bank, together with the requested endorsements, on the following property, which Grantor is giving as security for the loan.

Collateral: All Inventory and Equipment.

Type: All risks, including fire, theft and liability.

Amount: Full Insurable Value.

Basis: Replacement value.

Endorsements: Standard loss payee clause naming Fremont Bank, its successors and assigns as their interests may appear, as Loss Payee (438 BFU, or equivalent). ENDORSEMENTS: Special Form Coverage (formerly referred to as "All Risk") Business Personal Property Coverage in the minimum amount of Replacement Cost; General Liability Coverage in the minimum amount of \$1,000,000 per occurrence/\$2,000,000 general aggregate showing Fremont Bank as Additional Insured.; and further stipulating that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.

Deductibles: \$2,500.00.

Latest Delivery Date: By the loan closing date.

GRANTOR:

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____
KIMBERLY HARTZ, CEO of WASHINGTON
TOWNSHIP HEALTH CARE DISTRICT

By: _____
AJAY SIAL, CFO of WASHINGTON TOWNSHIP
HEALTH CARE DISTRICT

LaserPro, Ver. 24.2.10.068 Corp. Finastra USA Corporation 1997, 2025. All Rights Reserved. - CA c:\CFIWIN\CFI\PLI\11.FC
TR-16112 PR-35 (M)

RETURN TO:

Fremont Bank
Attention: Commercial Loan Servicing
P O Box 472
Livermore, CA 94551

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$20,000,000.00	01-09-2026	02-03-2028	3322922				KF

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Any item above containing "****" has been omitted due to text length limitations.

Borrower: WASHINGTON TOWNSHIP HEALTH CARE DISTRICT 2000 MOWRY AVENUE FREMONT, CA 94538	Lender: Fremont Bank Commercial Loan Operations 2580 Shea Center Drive Livermore, CA 94551-0752 (800) 359-2265
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Principal Amount: \$20,000,000.00

Initial Rate: 7.250%

Date of Note: January 09, 2026

PROMISE TO PAY. WASHINGTON TOWNSHIP HEALTH CARE DISTRICT ("Borrower") promises to pay to Fremont Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Twenty Million & 00/100 Dollars (\$20,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on January 3, 2028. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning February 3, 2026, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; then to any unpaid collection costs; and then to any escrow or reserve account payments as required under any mortgage, deed of trust, or other security instrument or security agreement securing this Note. Any accrued interest not paid when due is added to principal and thereafter will accrue interest as principal. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. All payments must be made in U.S. dollars and must be received by Lender consistent with any written payment instructions provided by Lender. If a payment is made consistent with Lender's payment instructions but received after 5:00 p.m. Pacific Time, Lender will credit Borrower's payment on the next business day.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Prime Rate as published in the Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 6.750% per annum.** Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 0.500 percentage points over the Index (the "Margin"), adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 7.250%. If Lender determines, in its sole discretion, that the Index has become unavailable or unreliable, either temporarily, indefinitely, or permanently, during the term of this Note, Lender may amend this Note by designating a substantially similar substitute index. Lender may also amend and adjust the Margin to accompany the substitute index. The change to the Margin may be a positive or negative value, or zero. In making these amendments, Lender may take into consideration any then-prevailing market convention for selecting a substitute index and margin for the specific Index that is unavailable or unreliable. Such an amendment to the terms of this Note will become effective and bind Borrower 10 business days after Lender gives written notice to Borrower without any action or consent of the Borrower. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 6.000% per annum or more than the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 basis; that is, by applying the ratio of the interest rate over the number of days in a year (365 for all years, including leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Fremont Bank, Commercial Loan Operations, 2580 Shea Center Drive, Livermore, CA 94551-0752.**

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged **5.000% of the unpaid portion of the regularly scheduled payment or \$10.00, whichever is greater.**

INTEREST AFTER DEFAULT. Upon maturity of this Note, whether the scheduled maturity date or due to this loan being accelerated by Lender because of a default under this Note, at Lender's option, and if permitted by applicable law, Lender may add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note (including any increased rate). Upon maturity of this Note, whether the scheduled maturity date or due to this loan being accelerated by Lender because of a default under this Note, the interest rate on this Note shall immediately increase by adding an additional 5.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate applied under this

paragraph exceed the maximum interest rate permitted under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. Borrower also will pay any court costs, in addition to all other sums provided by law.

JURY WAIVER. To the extent permitted by applicable law, Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of California.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Alameda County, State of California.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instrument listed herein:

(A) a Commercial Security Agreement dated January 09, 2026 made and executed between WASHINGTON TOWNSHIP HEALTH CARE DISTRICT and Lender on collateral described as: inventory, chattel paper, accounts, equipment and general intangibles.

LINE OF CREDIT. This Note evidences a revolving line of credit. Advances under this Note may be requested orally by Borrower or as provided in this paragraph. All oral requests shall be confirmed in writing on the day of the request. All communications, instructions, or directions by telephone or otherwise to Lender are to be directed to Lender's office shown above. The following person or persons are authorized to request advances and authorize payments under the line of credit until Lender receives from Borrower, at Lender's address shown above, written notice of revocation of such authority: **KIMBERLY HARTZ, CEO of WASHINGTON TOWNSHIP HEALTH CARE DISTRICT; and AJAY SIAL, CFO of WASHINGTON**

TOWNSHIP HEALTH CARE DISTRICT. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

ARBITRATION. Borrower and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Note or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Commercial Arbitration Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any collateral securing this Note shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any collateral securing this Note, including any claim to rescind, reform, or otherwise modify any agreement relating to the collateral securing this Note, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Borrower and Lender agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much of such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Note shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

ACKNOWLEDGMENT OF EVENT OF DEFAULT PROVISIONS. Borrower and/or Guarantor hereby acknowledges and agrees that Borrower and/or Guarantor has read and understood all terms and conditions as contained in the Loan Documents, including, but not limited to, the Promissory Note, the Business Loan Agreement and all Related Documents. Borrower and/or Guarantor further acknowledges that all conditions, including the Affirmative Covenants detailing the Financial Statements requirements and the Financial Covenants and Ratios requirements, will be met during the term of the Loan. In the event these requirements are not met, the loan shall be considered in default, and Lender may, at its option, implement any and all rights and remedies available to it under the Loan Documents, including, but not limited to, increasing the interest rate on the Loan to the Default Rate as stated in the Promissory Note.

COUNTERPARTS AND ELECTRONIC SIGNATURES. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The words "execution," "signed," "signature," and words of similar import herein shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 USC § 7001 et seq.), the California Uniform Electronic Transactions Act (Civil Code §§ 1633.1 – 1633.17), or any other similar state laws based on the Uniform Electronic Transactions Act.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Fremont Bank Commercial Loan Operations 2580 Shea Center Drive Livermore, CA 94551.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____
KIMBERLY HARTZ, CEO of WASHINGTON
TOWNSHIP HEALTH CARE DISTRICT

By: _____
AJAY SIAL, CFO of WASHINGTON TOWNSHIP
HEALTH CARE DISTRICT

LINE OF CREDIT ADVANCE/PAYDOWN REQUEST

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$20,000,000.00	01-09-2026	02-03-2028	3322922			KF	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "****" has been omitted due to text length limitations.

Borrower:	WASHINGTON TOWNSHIP HEALTH CARE DISTRICT 2000 MOWRY AVENUE FREMONT, CA 94538	Lender:	Fremont Bank Commercial Loan Operations 2580 Shea Center Drive Livermore, CA 94551-0752 (800) 359-2265
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Date: _____

Fremont Bank **E-MAIL:** COMMERCIALS@FREMONTBANK.COM **FAX No.:** (510) 512-7861
2580 Shea Center For same day posting, please fax by 4:00pm
Drive.
Livermore, CA 94551
Attn: Loan Servicing Department

LOAN NUMBER: **3322922**

For Deposit To or Payment From CHECKING ACCOUNT No.: _____

Please accept this letter as your authority to advance or pay down funds under the above-referenced account numbers. The information, which you require, has been provided below.

[] AMOUNT REQUESTED FOR THIS ADVANCE:\$ _____
(Funds to be advanced from credit line and deposited to checking account.)

[] AMOUNT REQUESTED FOR PAY DOWN:\$ _____
(Funds to be debited from checking account and applied to outstanding principal balance of loan.)

BORROWER:

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____
KIMBERLY HARTZ, CEO of WASHINGTON
TOWNSHIP HEALTH CARE DISTRICT

By: _____
AJAY SIAL, CFO of WASHINGTON TOWNSHIP
HEALTH CARE DISTRICT

AGREEMENT TO PROVIDE INSURANCE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$20,000,000.00	01-09-2026	02-03-2028	3322922				KF

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing "****" has been omitted due to text length limitations.

Grantor:	WASHINGTON TOWNSHIP HEALTH CARE DISTRICT 2000 MOWRY AVENUE FREMONT, CA 94538	Lender:	Fremont Bank Commercial Loan Operations 2580 Shea Center Drive Livermore, CA 94551-0752 (800) 359-2265
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INSURANCE REQUIREMENTS. Grantor, WASHINGTON TOWNSHIP HEALTH CARE DISTRICT ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Grantor by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

Collateral: All Inventory and Equipment.

Type: All risks, including fire, theft and liability.

Amount: Full Insurable Value.

Basis: Replacement value.

Endorsements: Standard loss payee clause naming Fremont Bank, its successors and assigns as their interests may appear, as Loss Payee (438 BFU, or equivalent). ENDORSEMENTS: Special Form Coverage (formerly referred to as "All Risk") Business Personal Property Coverage in the minimum amount of Replacement Cost; General Liability Coverage in the minimum amount of \$1,000,000 per occurrence/\$2,000,000 general aggregate showing Fremont Bank as Additional Insured.; and further stipulating that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender.

Deductibles: \$2,500.00.

Latest Delivery Date: By the loan closing date.

INSURANCE COMPANY. Grantor may obtain insurance from any insurance company Grantor may choose that is reasonably acceptable to Lender. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender.

INSURANCE MAILING ADDRESS. All documents and other materials relating to insurance for this loan should be mailed, delivered or directed to the following address:

Fremont Bank
Attention: Commercial Loan Servicing
P O Box 472
Livermore, CA 94551

FAILURE TO PROVIDE INSURANCE. Grantor agrees to deliver to Lender, on the latest delivery date stated above, proof of the required insurance as provided above, with an effective date of January 09, 2026, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL; HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.

AUTHORIZATION. For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JANUARY 09, 2026.

GRANTOR:

WASHINGTON TOWNSHIP HEALTH CARE DISTRICT

By: _____
KIMBERLY HARTZ, CEO of WASHINGTON
TOWNSHIP HEALTH CARE DISTRICT

By: _____
AJAY SIAL, CFO of WASHINGTON TOWNSHIP
HEALTH CARE DISTRICT

**FOR LENDER USE ONLY
INSURANCE VERIFICATION**

DATE: _____

PHONE _____

AGENT'S NAME: _____

AGENCY: _____

ADDRESS: _____

INSURANCE COMPANY: _____

POLICY NUMBER: _____

EFFECTIVE DATES: _____

COMMENTS: _____

SIDE AGREEMENT

This Side Agreement (“Agreement”) is entered into as of January __, 2026, by and between Washington Township Health Care District, a political subdivision of the State of California, organized and existing under and pursuant to the Local Health Care District Law of the State of California (the “Borrower” or the “District”) and Fremont Bank, a California chartered banking association (the “Lender”), with respect to the following facts:

A. Borrower and Lender have entered into a Business Loan Agreement dated January __, 2026, as well as other agreements and documents (collectively, the “Loan Agreement”) evidencing a revolving line of credit loan (the “Loan”) in the principal amount of Twenty Million Dollars (\$20,000,000).

B. Borrower is the issuer of the general obligation bonds (the “GO Bonds”) and the revenue bonds (the “Revenue Bonds” which GO Bonds and the Revenue Bonds are described and set forth in Exhibit A attached hereto (the GO Bonds and the Revenue Bonds are sometimes hereinafter referred to as the “Bonds”). The Bonds are currently outstanding, and the Borrower may in the future issue additional general obligation bonds and/or revenue bonds or revenue refunding bonds (the “Future Bonds”).

C. In connection with the Loan, the parties have entered into a Commercial Security Agreement dated __, 2026 (the “Security Agreement”), pursuant to which the Borrower has granted to Lender a security interest in certain of Borrower’s assets described in the Security Agreement.

D. In connection with Lender’s prior extensions of credit which Lender has made available to Borrower (the “Prior Financings”), Lender and Borrower entered into a subordination agreement dated __, 2015 (the “Subordination Agreement”) (a copy of which is attached hereto as Exhibit B), pursuant to which Lender has subordinated any and all security interests Borrower has granted to Lender, including without limitation, all security interests granted by Borrower to Lender (i) following the date of the Subordination Agreement, and (ii) under the Security Agreement and/or in connection with the Loan.

E. Under the terms of the agreements and documents evidencing the Bonds or that will evidence any Future Bonds (collectively, the “Bond Financings”), (a) Borrower has or will have, as applicable, obligations that are required to remain prior and superior to its obligations under (i) the Loan Agreement, (ii) all documents evidencing the Prior Financings, and (iii) all other financings of any nature or type in which Borrower is or may become obligated to Lender (the “Other Financing(s)”), and (b) (i) any security interests granted by Borrower to Lender as described in the Loan Agreement (which is subject to the California Commercial Code and with respect to which a UCC Financing Statement has been filed in accordance with the California Commercial Code) (the “Lender Security Interests”), and (ii) (A) any security interests granted by Borrower in connection with the Other Financings, and (B) any security interests which Borrower may grant to Lender in the future, whether granted pursuant to a security agreement subject to the California Commercial Code or any other code or provision of California law), (including, without limitation, any UCC Financing Statements filed in accordance with the California Commercial Code) (collectively, the “Other Security Interests”), which Lender Security Interests and Other

Security Interests are required to be and remain subject and subordinate to: any security interest (whether granted pursuant to a security agreement subject to the California Commercial Code or any other code or provision of California law, or attaching or otherwise effective pursuant to any code of provision of California law), liens, mortgages, deeds of trust or other instruments securing Borrower's obligations under or related in any way to the Bond Financings (collectively, the "Bond Security Interests").

F. Lender has agreed to subordinate Borrower's obligations under (i) the Loan Agreement and the Other Financing to Borrower's obligations under the Bond Financings, and/or (ii) Lender Security Interests and the Other Security Interests to the Bond Security Interests.

G. The parties have agreed that Lender's subordinations to the Bond Financings and the and the Bond Security Interests will be governed by the terms, conditions and requirements of the Subordination Agreement and California law.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby declared, understood, and agreed as follows:

1. Notwithstanding anything to the contrary contained in the Loan Agreement or any agreement or other document related to the Other Financings (i) Borrower's obligations under (A) the Loan Agreement and/or (B) any and all documents evidencing the Other Financings, and (ii) Borrower's and Lender's, respective obligations and all matters related to the Lender Security Interests and the Other Security Interests, are and shall be governed by the terms, conditions and requirements of the Subordination Agreement and applicable California law.

2. This Agreement is binding upon the parties hereto and shall not be assigned by Lender without the prior written consent of Borrower.

3. This Agreement shall be governed by California law.

4. In the event of any dispute under this Agreement, each party shall bear its own costs of attorneys' fees and costs whether or not a lawsuit is brought.\

5. This Agreement shall remain in full force and effect until the earlier of the date on which (a) Borrower's obligations under the Loan Agreement and all Other Financing have been terminated, and the Lender Security Interests and all the Other Security Interests (including, without limitation, any related UCC liens) have been released and terminated, and (b) the date on which all Bond Financings have been fully and finally paid, and all Bond Security Interests haven released and terminated.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

BORROWER

WASHINGTON TOWNSHIP HEALTH CARE
DISTRICT

By: _____

Kimberly Hartz, CEO

LENDER

FREMONT BANK

By: _____

Name: _____

Its: _____

EXHIBIT A
Borrower's Outstanding GO Bonds and Revenue Bonds

<i>(in thousands)</i>	Original Issue Amount	Issue Date	Maturity Date
Bond issue			
2023B General Obligation Bonds	\$ 125,000	9/12/2023	8/1/2053
2023A Revenue Bonds	40,000	9/12/2023	8/1/2053
2022A General Obligation Bonds	20,000	4/13/2022	8/1/2052
2020A Revenue Refunding Bonds	40,865	12/16/2020	7/1/2038
2019A Revenue Refunding Bonds	49,445	7/2/2019	7/1/2048
2019A General Obligation Refunding Bonds	11,110	7/2/2019	8/1/2039
2017B Revenue Refunding Bonds	66,690	6/28/2017	7/1/2037
2017A Revenue Bonds	37,655	4/18/2017	7/1/2047
2016 General Obligation Refunding Bonds	30,725	6/29/2016	8/1/2036
2015A Revenue Bonds	30,290	11/18/2015	7/1/2029
2015B General Obligation Bonds	145,500	11/18/2015	8/1/2045
2013B General Obligation Bonds	105,000	11/21/2013	8/1/2043
2013A General Obligation Bonds	40,500	11/21/2013	8/1/2043