

RESOLUTION No. 07-95

RESOLUTION OF THE BOARD OF DIRECTORS OF
THE PALM DRIVE HEALTH CARE DISTRICT
AUTHORIZING THE PALM DRIVE HEALTH CARE DISTRICT TO
INCUR SHORT-TERM INDEBTEDNESS OF \$1,000,000

WHEREAS, the Palm Drive Health Care District (the "District") is authorized pursuant to Health and Safety Code Section 32130 to incur indebtedness in an amount not to exceed 85% of all estimated income and revenue for the current fiscal year, including, but not limited to, tax revenue, operating income, and any other miscellaneous income received by the District;

WHEREAS, the Board of Directors (the "Board") of the District has been advised by the Palm Drive Hospital's (the "Hospital") Chief Executive Officer that the District is projected to have a cash shortfall jeopardizing operations of the Hospital and that the sum of \$1,000,000 is reasonably needed to fund operations for the balance of the fiscal year;

WHEREAS, the cash shortfall is the result of the Bond Trustee withholding approximately \$550,000 in property taxes already collected and the result of the State of California not paying approximately \$500,000 for services already rendered and billed for the skilled nursing facility of the Hospital;

WHEREAS, Dan Smith is willing to make a loan to the District of \$1,000,000, to be made in two installments of up to \$500,000 each (the "Loan");

WHEREAS, the Loan shall be evidenced by a note or notes and shall have an interest rate not to exceed 10% and shall mature no later than December 31, 2007;

WHEREAS, the proceeds of the Loan shall be used for the benefit of the District generally, and more specifically, for medical services, including emergency, medical/surgical, intensive care and outpatient services.

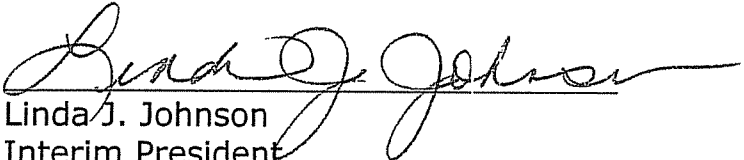
NOW THEREFORE BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE PALM DRIVE HEALTH CARE DISTRICT:

1. All of the above recitals are true and correct.


2. The Board hereby approves the Loan transaction described above and in the loan structure document.
3. The Board authorizes and directs the Secretary of the Board to consummate the Loan transaction above and execute the note.
4. The Board authorizes the Secretary to take such other further and necessary actions reasonably required to consummate the Loan transaction in substantially the form described above, including, if required, approval by the Bankruptcy Court in the pending Chapter 9 proceeding in which the District is the Debtor.

Approved and adopted at a regular meeting of the Board of Directors this 10 day of July 2007 by the following vote:

AYES	<u>5</u>
NOES	<u>0</u>
ASENT	<u>0</u>
ABSTAIN	<u>0</u>


Linda J. Johnson
Interim President
PALM DRIVE HEALTH CARE DISTRICT

ATTEST:


Robert Gillen, Secretary
PALM DRIVE HEALTH CARE DISTRICT