

Memorandum

To: Wayne Allen
Mendocino Coast Health Care District

From: Wulff, Hansen & Co.

Date: November 6, 2025

Subject: Preliminary Proposed Financing Strategy for Seismic Retrofit and Modernization Project

Overview

Cal-Mortgage financing remains the most likely long-term funding source for the District's seismic retrofit and modernization project. However, a Cal-Mortgage transaction cannot be completed until the Guaranteed Maximum Price (GMP) contract for the improvements is executed. Current estimates indicate that the GMP will not be finalized until early 2029 for the seismic retrofit.

Interim Financing Recommendation

Given this timeline, we recommend that the District pursue a short-term financing with an approximately five-year maturity featuring interest-only payments and the ability for early prepayment/redemption. These bonds would be secured by District revenues but, in practice, would be paid primarily from the allocable share of District property tax revenues.

This structure would allow the District to initiate the seismic retrofit while preserving eligibility and flexibility for a long-term Cal-Mortgage financing which would replace the initial short-term financing.

Next Steps

Although we will continue to evaluate funding options for the broader modernization project, our primary near-term focus will be on securing financing to advance the seismic work.

Over the next several weeks, we will develop a detailed financing structure and written Plan of Finance. We anticipate presenting this plan to the Board at its December meeting.