



TO: BOARD OF DIRECTORS

BOD Meeting: 10/08/2026

FROM: Katharine Wylie, Agency Administrator

Item: 3a)

**SUBJECT: STAFF REPORT for RESOLUTION 2026-4 — SEISMIC
RETROFIT CONSTRUCTION FINANCING**

RECOMMENDATION

Staff recommends the Board approve Resolution 2026-4, Declaration of Official Intention to Finance Capital Expenditures Through Tax-Exempt Obligations and To Be Reimbursed with Proceeds Thereof, and Appointing Financing Team.

BACKGROUND

Under California law, the Mendocino Coast Health Care District must complete a seismic retrofit of the taxpayer-owned Mendocino Coast Hospital. Per the lease agreement, the District is responsible for funding the construction, while Adventist Health Mendocino Coast will oversee daily hospital operations and project management for the retrofit.

ANALYSIS

The Resolution proposes a financing team that includes *Wulff-Hansen* as Municipal Advisor, *Jones Hall* as Bond Counsel, and *Hilltop Securities* as Placement Agent/Underwriter¹. Tonight, Wulff-Hansen representatives will explain the proposed private placement financing and repayment structure, which would provide the District with periodic construction draws for the retrofit project.

Using financing for the project rather than immediately drawing down the District's approximately \$18.9 million in existing cash reserves preserves the District's liquidity and provides a prudent financial cushion for future capital needs, contingencies, and unexpected expenses while the seismic work is completed.

At the November 19 meeting, staff expects to return with lender's proposals and final financing documents for Board approval. Following approval, the District would work to lock the interest rate and close the financing, anticipated in early December.

¹ Letters of Reference/information and a proposed distribution list at the back of this packet



FISCAL IMPACT

The cost estimate for this private placement finance structure is \$275,000. This financing cost is customarily paid out of bond proceeds at successful close of escrow.

Wulff Hansen	\$75,000 - \$80,000
Hilltop Securities	\$50,000 - \$60,000
Jones Hall	\$70,000 - \$80,000
Lender Legal	\$7,500 - \$8,500
Trustee & Counsel	\$7,000 - \$8,000
Counterparty	\$4,000 - \$6,000
Unassigned Miscellaneous	\$40,000 - \$50,000

ADDENDUM TO MUNICIPAL ADVISORY AGREEMENT

Addendum B

1. Purpose

This Addendum B to the Municipal Advisory Agreement dated August 25, 2025 between Mendocino Coast Health Care District (hereafter, "CLIENT") and Wulff, Hansen & Co. (hereafter, "Municipal Advisor" or "Advisor" or "MA") specifies and describes specific municipal advisory services to be performed by Municipal Advisor under that Agreement.

2. Services

2.1 Scope of Services

Municipal Advisor will provide the following services to CLIENT pursuant to this Addendum:

Client owns the Mendocino Coast District Hospital, which is required to meet current structural and nonstructural seismic performance standards administered by the Department of Health Care Access and Information ("HCAI"), with a statewide compliance deadline of January 1, 2030. To meet these requirements, the District must complete a series of structural and nonstructural improvements to its hospital facility, including reinforcement and retrofit of the building's structural frame, bracing and anchoring of building utility systems and equipment, upgrades to the facility's water and wastewater storage systems, and related design, engineering, permitting, and construction work necessary to bring the hospital into compliance (collectively, the "Project"). It is anticipated that the cost of required improvements is anticipated to total approximately \$20 million. The District intends to fund the required improvements through a combination of tax-exempt private placement financing (the "Financing") and HCAI SCU Grant funds. In connection with the Project, Municipal Advisor shall perform the following services (the "Services"):

- a) Attendance at CLIENT Board meetings (including participating telephonically or virtually, as appropriate) at which matters relating to the Services, the Project, or the Financing are considered;
- b) Attendance at meetings with the CLIENT, its personnel, and its consultants (including participating telephonically or virtually, as appropriate) as requested by the CLIENT;
- c) Work with CLIENT personnel and Board members to learn, discuss and respond to matters relating to the Services and the Financing, and to develop and coordinate recommendations acceptable to interested parties;
- d) Prepare and maintain Distribution Lists with contact information on all relevant participants in the Financing;
- e) Prepare and maintain a detailed Financing Schedule indicating the timing for each significant step in the financing process;
- f) If requested, assist CLIENT in the selection of any needed outside professionals (e.g. underwriter/placement agents, bond counsels, feasibility consultants, disclosure counsels, trustees, title company, escrow agents, and others), as appropriate;
- g) If requested, assist CLIENT in pursuing and coordinating a grant from HCAI's Seismic Compliance Unit grant program;
- h) Present financing options, including the pros and cons of each suitable option, market information, and other information relevant to the financing and within the purview of our expertise to the CLIENT and its Board of Directors;
- i) Prepare iterative cash flow analyses and other analyses required for the District and or the Board to make fully informed decisions on the timing, financing structures and process, including the input of the District, Board members and other consultants of the CLIENT;
- j) Assist CLIENT and its legal counsel in the preparation and approval of a Debt Management Policy (as required by the State of California before municipal securities may be issued);

- k) Assist CLIENT with any staff reports or other reports to be made to the Board or members of the public in which matters relating to the Financing are discussed;
- l) Assist CLIENT in structuring the parameters of the transaction as to best reflect CLIENT's priorities and interests, including:
 - a. Amortization structure, payment dates, and term of borrowing;
 - b. Security;
 - c. Terms (e.g. call provisions, parity debt, etc.);
 - d. Covenants;
- m) Assist in preparing and arranging for the Financing to be sold to a private investor through a placement agent (Private Placement);
- n) Assist the placement agent in preparing the Lender Request for Proposal;
- o) Assist CLIENT in providing requested information needed for the preparation of the financing/legal documents to bond counsel and the placement agent;
- p) Review and comment on all financing/legal documents prepared by bond counsel to reflect CLIENT's interests and priorities;
- q) Provide or arrange for the preparation of a detailed summary of all Lender Proposals received;
- r) Recommend to CLIENT which, if any, term sheet(s) should be brought before the Board for approval;
- s) After a term sheet has been approved, assist CLIENT in locking in key terms of Financing, including the interest rate;
- t) Assist all parties in closing the transaction;
- u) Provide follow-up consultation with respect to the transaction and reporting requirements, as appropriate.
- v) At CLIENT's request and perform other municipal advisory services necessary to complete the issuing, placement and or closing of the transaction.

If it is ultimately determined at a later time that the District intends to pursue financing via a public offering of municipal securities, Municipal Advisor shall amend the Scope of Services in this Addendum B, as appropriate.

2.2 Limitations on Scope of Services

The services to be provided by Municipal Advisor to CLIENT pursuant to this Addendum are subject to the following limitations in addition to those described in the Agreement.

None.

3. Termination

The provisions of this Addendum B shall terminate and thereafter be null and void upon the closing and completion of Services or December 31, 2028, whichever occurs first. This Addendum B may only be extended or amended by a written agreement between CLIENT and Wulff, Hansen & Co.

4. Fees

With regard to Services to be provided by Municipal Adviser under this Addendum B, Municipal Advisor shall be compensated as follows:

4.1 Municipal Advisor Fee

Municipal Advisor's fee for services shall be fully contingent on the successful closing and completion of the contemplated Financing. Municipal Advisor's fee for service for a financing in a par amount not to exceed \$20 million shall be \$77,500.

4.2 Expenses

During the term of this Addendum B, pre-approved out-of-pocket expenses, including travel expenses, incurred by Municipal Advisor shall be reimbursed by CLIENT. Reimbursement for expenses may be paid from bond proceeds at closing subject to approval by bond counsel or from any source of legally available funds upon Client's receipt of an

itemized invoice from Advisor. Such reimbursed expenses are separate from and in addition to any compensation due to Municipal Advisor under Section 4.1.

5. Conflicts of Interest

Municipal Advisor is not aware of any additional material conflicts of interest to which it is subject in the context of this Addendum B other than those previously disclosed to CLIENT in connection with the Agreement.

APPROVED:

Mendocino Coast Health Care District

/s/ _____

Print Name and Title

Date: _____

APPROVED:

Wulff, Hansen & Co.

/s/  _____

Chris Charles, President

Date: August 17, 2026



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Mission Statement: Mendocino Coast Health Care District provides a Hospital (facility) and fosters leadership, advocacy and collaboration for our community health and well-being.

Response to Request for Qualifications for Underwriter Services

Mendocino Coast Health Care District

July 28, 2026

Mendocino Coast Health Care District

CONTACT:

Mike Cavanaugh, Managing Director
Mike.Cavanaugh@hilltopsecurities.com

777 South Highway 101, Suite 104, Solana Beach, CA 92075

Phone: 760.632.6824

July 28, 2026
Response to Request for Proposals
For Underwriter Services

July 28, 2026

Mr. Ben H Levine

Wulff, Hansen & Co.
100 Smith Ranch Road, Suite 330
San Rafael, CA 94903

Mr. Roy Nelson

Wulff, Hansen & Co.
100 Smith Ranch Road, Suite 330
San Rafael, CA 94903

Mr. Rob Pankratz

Wulff, Hansen & Co.
100 Smith Ranch Road, Suite 330
San Rafael, CA 94903

Bud, Roy and Rob:

Hilltop Securities Inc. ("HilltopSecurities", "HTS" or the "Firm") is pleased to have this opportunity to submit our qualifications to you and Mendocino Coast Health (the "Borrower") to provide underwriting/placement agent services on the proposed issuance of approximately \$15-18 million in revenue bonds (the "Bonds"). HilltopSecurities is a full-service financial services firm providing investment banking, investment advisory, securities clearing, securities brokerage, and asset management services. With over 80 years of experience working with more than 1,450 issuers including not-for-profits, health systems, and other municipalities nationwide, HilltopSecurities' offers Mendocino Health broad perspective, highly experienced staff, market leading distribution capabilities, and technological resources. When evaluating our qualifications to act as underwriter, please consider:

Commitment to the Public Finance and Growing Healthcare Practice: Establishing and growing our investment banking presence in fixed income, public finance, and the healthcare sector is a primary goal of HilltopSecurities. The firm is comprised of 800 professionals, including over 200 specifically dedicated to public finance. As other investment banks have cut their public finance departments, HTS has been focused on growing its investment banking capabilities with over 35 strategic investment banking hires since the beginning of 2020, including six senior bankers in the not-for-profit healthcare sector focused on hospitals to create a diversified total healthcare group of 11 bankers. Michele Vobach, who recently joined from UBS, is leading our healthcare practice and has a long history, with deep knowledge, serving as a senior banker on over \$2 billion in transactions since 1990 while at her prior firms of BofA/Merrill Lynch and Goldman Sachs. In addition, the breadth of our investment in growing our business in healthcare investment banking comes at the same time as many of our peers are streamlining their Public Finance departments and healthcare specific coverage. More important, Public Finance is our primary business, not a small division within a broader corporate investment bank. Mendocino Coast Health can rest assured that the firm not only has the resources, but also the willingness and desire to support our banking team and issuing clients to achieve the optimal financing results.

Extensive Market Knowledge and Client Service: In sharing our qualifications to serve as underwriter, we emphasize both our underwriting and financial advisory experience because we believe that it is unique and relevant to our ability to provide banking expertise as underwriter. We do not view our engagements as underwriter as a single transaction, but an ongoing relationship, whereby our banking team has the experience and knowledge to provide thoughtful and innovative ideas to enhance the overall portfolio and program. We strive to understand our clients' long-term goals and approach each transaction as a custom financing designed to provide the lowest all-in cost of capital while also positioning for maximum flexibility in the future. Our senior healthcare investment banking team will use our market knowledge and experience to position the credit properly with investors as well as our quantitative capabilities to structure the bonds to achieve optimal pricing. HilltopSecurities' Public Finance has completed 4,742 transactions for over \$256 billion between 2021 and 2025. HilltopSecurities was in the market with 18 municipal bond issuances each week during this timeframe. This ranks This experience coupled with our extensive investor relationships provide the market knowledge and insight necessary to ensure successful execution. As we describe in detail herein, the HTS team has extensive proprietary bespoke structuring, credit rating agency, peer analysis, strategic advisory and quantitative modeling tools. These services along with our state-of-the-art asset liability modeling and research platform will be deployed for the benefit of your financing.



Specifically, **we have successfully completed eight transactions that sequester parcel tax, general obligation bond revenue and/or operating property tax for a bond financing.** We have completed seven via a private placement and the other through a limited public offering. As outlined herein, we have unique experiences with this structure.

Committed Team. We will be involved with the transaction from start to finish and will be responsible for all work generated by HilltopSecurities. Our team is made up of highly qualified, experienced bankers located on the West Coast. HilltopSecurities is well qualified to provide Mendocino Coast Health with the best quality of senior managing underwriting or placement agent services. However, we are willing to serve any role you deem most beneficial to your financing needs. We commit our experience, personnel and reputation to meet your needs most effectively.

Sincerely yours,



Mike Cavanaugh
Managing Director



Josh Lentz
Senior Vice President

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DISCLOSURE: Hilltop Securities Inc. (“HilltopSecurities”) is providing the information contained in this document for discussion purposes only in anticipation of serving as underwriter to Mendocino Coast Health Care District (the “Borrower”). As an underwriter, HilltopSecurities’ primary role is to purchase securities for resale to investors in an arm’s length transaction between the Borrower and HilltopSecurities. HilltopSecurities’ financial and other interests will differ from those of the Borrower, and therefore, HilltopSecurities will not serve as a municipal advisor, financial advisor, or fiduciary to the Borrower or any other person or entity on such transaction, regardless of whether HilltopSecurities or its representatives or affiliates have advised or are advising any such parties on other matters. The information provided herein is not intended to be and should not be construed as “advice” within the meaning of Section 15B of the Securities and Exchange Act of 1934. The Borrower should consult with its financial, municipal, legal accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate. If the Borrower would like a municipal advisor that has legal fiduciary duties to it, the Borrower should consider engaging a municipal advisor to serve in that capacity. HilltopSecurities will not have any duties or liability to any person or entity in connection with the information being provided herein. The information provided in this document is indicative only and constitutes our judgment as of this date based on current market conditions and other information available to us.

California Healthcare Experience

HilltopSecurities Senior or Sole Managed Nationwide Healthcare Underwriting Experience. HilltopSecurities is not the largest underwriter in California or nationally by either volume or financings sold, but we do believe that on a per-banker basis we compare favorably to any firm. Not considered in the total below are our municipal advisory (and Co-Managed) clients. HilltopSecurities has made several strategic hires who specialize in healthcare including recently adding six professionals from UBS. Since 2022, HilltopSecurities acted as senior manager or placement agent on \$1.3 billion in fixed rate healthcare financing nationwide. This does not account for their experience. (Source: Internal Data)

HTS Healthcare Transactions Nationwide		
Year	Par Amount	Financings
2022	\$106,063,000	3
2023	\$532,445,000	8
2024	\$92,490,000	3
2025	\$96,500,000	2
2026	\$535,575,000	5
Total	\$1,363,073,000	21

HTS Healthcare Transactions in CA		
Year	Par Amount	Financings
2023	\$29,495,000	2
2024	\$13,500,000	1
2025	\$69,145,000	2
2026	\$140,000,000	3
Total	\$252,140,000	8

HilltopSecurities Senior or Sole Managed in California Healthcare Underwriting Experience. Mike Cavanaugh, proposed co-lead banker, has completed most all of the California Healthcare Financings for the firm since 2022. Working with Josh Lentz they have closed three healthcare deals thus far in 2026, namely, Gateways Hospital and Mental Health Centers Revenue Bonds, Series 2026A and 2026B, Lompoc Valley Medical Center Revenue Bonds, Series 2026, and Cobre Valley Regional Medical Center Revenue and Refunding Bonds, Series 2026.

As noted above we have focused on growing our investment banking capabilities with strategic investment banking hires since the beginning of 2020, including Josh Lentz. Mr. Lentz joined HilltopSecurities in July 2022, and previously he was a commercial municipal and nonprofit banker with Western Alliance Bank (January 2016 through July 2022) and a municipal advisor with Fieldman, Rolapp & Associates (August 2006 through January 2016). Most of the Districts that Mr. Lentz has worked with have been public and nonprofit health care providers. The projects that he has financed include new replacement hospitals, new additions to hospitals, health care clinics, medical office buildings and skilled nursing facilities. While Josh was at Western Alliance Bank, the bank bought a lot of the property tax sequestered deals offered by HilltopSecurities and other investment banks. This experience is very unique and valuable to HilltopSecurities and our clients, including the Borrower. Josh's past clients have included El Dorado County Community Health Centers (Placerville, California), Newcastle Fire Protection District (Newcastle, California), Mobridge Regional Hospital (Mobridge, South Dakota), Southern Inyo Healthcare District (Lone Pine, California), La Junta Health Care District (La Junta, Colorado), Hot Springs County Hospital District (Thermopolis, Wyoming) and Regional Center for Border Health (San Luis, Arizona), to name a few.

Josh and Mike, who will head your HilltopSecurities team, have recently Closed the following California healthcare transactions, Senior Managing \$70,000,000 Gateways Hospital, a 501c3, sold as BBB Fitch-rated in December 2025. We also sole managed \$21,215,000 Oak Valley Hospital District GO Bonds refunding, which sold on November 19, 2025 and \$20,000,000 Lompoc Valley Medical Center new money transaction which Closed on April 23, 2026..



San Bernardino Mountains closed in May 2025 and we have a few other issuers waiting for the market to cooperate for refunding opportunities. (San Gorgonio Memorial and Lompoc Valley).



In addition, your same HilltopSecurities is engaged with Alameda Healthcare District and John C Fremont Healthcare District on future financings slated for 2026 or early 2027.



Our Public Finance banking experience with healthcare is deep and growing, especially when you consider the number of transactions completed by our smaller banking staff. Outside of California some of our healthcare clients include, Bexar County Hospital District, Dallas County Hospital District, Harris County Hospital District, El Paso County Hospital District, Midland County Hospital District, Tarrant County Hospital District and Hunt Memorial Hospital District. Harris County Hospital District just passed a successful \$2.5 Billion GO election (none issued yet).

Specific to your needs, your HilltopSecurities team has completed tax revenue lockbox deals for parcel tax, general obligation and general property tax revenue for multiple issuers including:

 North Sonoma County Healthcare District	\$12,400,000 North Sonoma County Healthcare District 2017 Parcel Tax Secured Financing Program; 12/29/2016
 COALINGA MEDICAL CENTER	\$11,109,000 Coalinga Regional Medical Center Taxable Refunding Revenue Bond; 7/12/2019
 SONOMA SPECIALTY HOSPITAL	\$12,763,114 Palm Drive Health Care District Taxable Parcel Tax Bonds; 7/25/2019
 SONOMA SPECIALTY HOSPITAL	\$2,931,338 Palm Drive Health Care District GO Bonds; 7/25/2019
 Tulare Local Healthcare District	\$11,964,000 Tulare Local Health Care District 2020A Revenue Bonds; 6/18/2020
 Tulare Local Healthcare District	\$8,775,000 Tulare Local Health Care District 2020B Revenue Bonds; 6/18/2020
 SOUTHERN INYO HEALTHCARE DISTRICT Your Health Care Your Future	\$3,700,000 Southern Inyo County Healthcare District Tax Exempt Revenue Bonds; 9/30/2020
 SAN GORGONIO MEMORIAL HOSPITAL	\$9,175,000 San Gorgonio Memorial Healthcare District Working Capital Loan; 9/14/2022

The most recent financing for the San Geronio Memorial Healthcare District ("SGMHD") was unique and demonstrates our abilities. See below Case Study for the 2022 San Geronio Memorial property tax lockbox transactions and the recent Gateways Hospital.



SGMHD issued an RFP in September 2021 for placement agent services on a proposed issuance of approximately \$8,000,000 in fixed rated taxable working capital and \$3,500,000 for equipment. SGMHD was experiencing severe financial hardship, and the money was to be used for working capital. Mike Cavanaugh as lead banker for HilltopSecurities was hired to assist SGMHD in obtaining a bank loan. At the same time the district was working with HilltopSecurities and another broker dealer on refunding their 2015 GO Bonds. Working with the municipal advisor, HilltopSecurities put together a list of 46 names from 35 institutions (mostly banks). The request for terms was dated February 8, 2022 with a due date of February 23, 2022. The pledge consisted of, "The 2022 Revenue Bonds ("2022 Bonds") will be paid from and secured by a pledge of and security interest in 50% of the Operating Tax Revenues and if not sufficient, then all available revenue of SGMHD ("Pledged Revenues"). In each year, the Operating Tax Revenues will be paid by Riverside County, California (the "County") directly to US Bank National Association, as agent for the lockbox account (the "Agent"), which will transfer the Operating Tax Revenues to the 2022 Bond Trustee, to the extent required to pay debt service on the 2022 Bonds and any parity debt. Any Operating Tax Revenues remaining after providing for each six-month's debt service will be remitted by the Agent to the SGMHD."

The 2022 Bonds and any parity debt will be paid from and secured by a first lien on the Pledged Revenues. SGMHD receives Operating Tax Revenues via normal County tax disbursements. Operating Tax Revenues will flow from the County directly to the Agent who will then segregate the Operating Tax Revenues for payment of principal and interest on the 2022 Bonds and parity debt. Pledged Revenues will be used to pay the 2022 Bonds and parity debt first and then any remaining balance will be released to SGMHD. Please note, SGMHD also receives voter approved special ad valorem tax revenues, which are NOT part of the Pledged Revenues for the 2022 Bonds and parity debt. The solicitation included a history of the tax revenue, audited financials and an Appendix A document. Soon after the proposals were received, it was determined SGMHD was out of compliance with covenants regarding a 2021 loan. This required a default waiver, which was signed by the 2021 lender but ultimately lead to the two banks responding to the request for terms backing out of the transactions.

As a solution, it was determined SGMHD would again solicit banks to refund the 2021 loan, issue new money to fund working capital but dropping the equipment lease. While drafting a revised term sheet, Moody's issued a revised rating of the district on May 4, 2022.

Moody's stated, "San Geronio Memorial Healthcare District's (Ba2 negative) credit profile is characterized by a tenuous cash position and weak finances that have contributed to difficulty in securing a bridge loan financing for liquidity needs pending the delayed receipt of approximately \$8 million to \$9 million in intergovernmental transfers beyond the end of the fiscal year. The district has failed to secure interim financing from a bank and is exploring other options. However, an extremely weak liquidity position of 11 days' cash at year end in fiscal 2021 will continue into fiscal 2022. ... While results through the third quarter are slightly favorable to budget, operating performance remains extremely weak, violating covenants of 1.5 times debt service coverage and 50 days' cash on the district's \$2.3 million outstanding revenue bonds and imperiling its ability to secure additional financing. The district's close to \$11.3 billion

tax base continues to grow supported by ongoing housing additions. On May 3, 2022, Moody's downgraded the district's general obligation unlimited tax rating to Ba2 from Ba1. The outlook is negative."

While canvassing the market for buyers, HilltopSecurities came across one institution willing to submit terms for the working capital loan. On May 27, 2022 HilltopSecurities received a letter of intent to provide funding to the district. Given the challenges of the district, we were able to obtain a tax-exempt opinion and issue tax exempt bonds. The buyer required HilltopSecurities to be the original purchaser, produce a limited offering memorandum and a bond purchase contract. HilltopSecurities was able to successfully close this \$9,175,000 public offering on September 14, 2022, over a year after the initial request for proposal was received. HilltopSecurities is proud of all our relationships but would suggest calling Dan Heckathorne CFO for SGMHD at 951-845-1121 for a reference of our abilities to find the lowest cost of capital.

See below for another recent case study, demonstrating our abilities to deliver successful underwriting:

\$70,000,000

California Municipal Finance Authority
 Gateways Hospital and Mental Health Center
 Revenue Bonds Series 2026A &
 Taxable Revenue Bonds Series 2026B
 HilltopSecurities Role: Senior Manger

Key Highlights

- Proceeds funded the construction of a new adolescent inpatient hospital; transaction was structured without a mortgage on primary asset
- Hilltop created a tailored funding solution for Gateways and worked with Fitch Ratings to garner a BBB rating
- Structured with deeds of trust as collateral that together were appraised at less than 50% of bond size
- Produced a detailed investor presentation and conducted one-on-one investor discussions
- Attracted significant investor attention from 95 investor accounts



Pricing Day Highlights

- Priced on March 4, 2026
- Received over \$1.2 billion in orders from 36 accounts for a \$70 million transaction (17.4x oversubscribed)
- Strength of demand allowed underwriters to lower taxable interest rates by 10 basis points in 2028, 10 in 2031, 5 in 2037
- Tax-exempt interest rates were lowered by 14 basis points in 2041, 18 in 2046 and 20 in 2055
- Reduced total borrowing costs by approximately \$1.8 million
- Provided approximately \$1.5 million in additional working capital for Gateways Hospital

Engagement Team

HilltopSecurities ensures accessibility of key personnel to the Borrower during the engagement through the utilization of a team approach, which provides a higher level of experience, proficiency, and client service.

As Lead Banker, **Mr. Mike Cavanaugh, Managing Director**, will provide day-to-day coverage and will ensure work is completed timely and efficiently, and **Mr. Joshua Lentz, Senior Vice President**, who has extensive experience in healthcare banking, will provide redundant coverage



to the Borrower that allows us to provide in-person coverage on relatively short notice and to ensure work is completed timely and efficiently. Josh is a recent addition to the HilltopSecurities team coming over from a well-known bank that provided numerous loans to California healthcare providers similar to Mendocino Health. Mike and Josh will work together to design structures and strategies that best achieve the objectives of the Borrower with further strategic healthcare banking support including **Ms. Michele Vobach, Senior Managing Director**, who is the head of healthcare investment banking at HilltopSecurities, and **Mr. Jim Towne, Managing Director / Head of Hedging and Reinvestment**, and quantitative support from **Mr. Nolan Blair, Associate**.

In addition, **Mr. William (Bill) Evans, Senior Managing Director and Head of Municipal Underwriting** will work closely with the banking team to ensure maximum market acceptance for the public offering. Bill will act as Lead Underwriter for this effort and will work closely with **John Pellicci, Senior Managing Director/Head of High Yield Underwriting & Trading**, and **Ms. Kim Smith, Managing Director**, who is HilltopSecurities lead short term trader. **Yaffa Ratner, Senior Managing Director/Head of Credit**, and **Ted Chapman, Municipal Credit Analyst**, will provide credit guidance on this transaction. Bill, John, Kim, Yaffa, and Ted will work closely with the baking team to ensure maximum market acceptance for the Borrower's financing.

The table below shows the Core Finance Team at HilltopSecurities. Please refer to **Appendix A** for bios.

HilltopSecurities Core Team		
Lead Banker/Day-to-Day Project Manager		Co-Project Manager/Secondary Point of Contact
Mike Cavanaugh Managing Director 760.632.6824 mike.cavanaugh@hilltopsecurities.com		Josh Lentz Senior Vice President 602.224.7112 josh.lentz@hilltopsecurities.com
Strategic Banking Support		Quantitative Support
Michele Vobach Senior Managing Director	Jim Towne Managing Director	Nolan Blair Associate
Underwriting		
William Evans Senior Managing Director	John Pellicci Senior Managing Director	Kimberly Smith Managing Director
Credit Support		
Yaffa Rattner Senior Managing Director	Ted Chapman Managing Director	

Fee Schedule

HilltopSecurities proposes the following fee structures, which are subject to negotiation with the Borrower. All fees and charges represent "not-to-exceed" amounts. HilltopSecurities' fee is entirely contingent on the successful completion of the financing. If the issue fails to close, we will not be reimbursed for any expenses. A detailed breakdown of not-to-exceed expenses is below based on a \$18,000,000 transaction Non-Rated Note sold publicly. We are proposing a takedown range, since we are unsure of the status of audits and other items that could complicate the process.

Based on \$18,000,000 Issuance		Non-Rated Note	
Spread Component	\$/ \$1,000 range	TOTAL AMOUNT	
Takedown (Average)	\$ 5.00 to \$7.50	\$90,000 to \$135,000	
Management fee	-		
Expenses	1.22	1.22	\$21,874
Total	\$ 6.22 to \$ 8.72	\$111,874 to \$156,874	

Itemized Expenses	
CDIAC	\$4,500
CUSIP Fees	\$992
DTC	\$975
Day Loan	\$435
Ipreo	\$2,122
UW Counsel	\$12,500
CD Lookback	\$250
Misc/Travel	\$100
Total	\$21,874

If the Bonds were structured as a Placement or a hybrid with a Public Offering, HilltopSecurities would propose the following fees:

- 1. Public Offering.** HilltopSecurities proposes to keep the same "not-to-exceed" amounts as stated above as derived by the principal amount and the takedowns, management fee and expenses.
- 2. Private Placement.** If all or a portion of the Bonds are completed through a placement, HilltopSecurities proposes the following fee schedule to serve as placement agent of \$3/1,000, thus \$18,000,000 par amount would equate to \$54,000 placement agent fee.

Mendocino Coast Health Care District

Appendix A

HilltopSecurities Resumes

Appendix A



Mike Cavanaugh, *Managing Director*, will serve as the primary contact and lead banker responsible for coordination of all HilltopSecurities efforts on behalf of the Borrower. Mike will be the day-to-day contact and will work with Josh to design structures and strategies to best achieve the objectives of the Borrower and be team leader unifying banking, sales, trading and underwriting for the Borrower's benefit.

Mr. Cavanaugh started his career in Public Finance in 1991 as a financial analyst and has over fifteen years of senior management banking experience. Mike has been the lead banker on most of the California healthcare transactions completed by HilltopSecurities in California since 2008, including Gateways, Lompoc and Oak Valley all in the past 12 months.

Mr. Cavanaugh started his career in Public Finance in 1991 as a financial analyst and has over fifteen years of senior management banking experience. Mike has been the lead banker on all but two of the healthcare transactions completed by HilltopSecurities in California since 2008. Mike Cavanaugh, since 2013, has served as senior manager, co-manager or placement agent on 59 health care transactions totaling \$1.3 billion in California. These include four transactions for Oak Valley Hospital District (e.g., Placement Agent on 2020 forward delivery revenue refunding bonds, Senior Manager on 2020 BB rated revenue refunding bonds, Placement Agent on 2021 revenue refunding bonds and GO Refunding in 2025), lead banker on the San Geronio Memorial 2022 Bonds, Plumas Hospital District 2021 GO Bonds, San Benito Health Care District Insured Revenue Bonds 2021 (Cal Mortgage Insured), Tulare Local Healthcare District 2020 Revenue Refunding Bonds, Lompoc Valley Medical Center 2020 Insured Revenue Refunding Bonds (Cal Mortgage Insured), Lompoc Valley Medical Center 2020 GO Refunding Bonds, Tahoe Forest Hospital District General Obligation Bonds (Closed September 2019), Palm Drive Health Care District General Obligation and Parcel Tax Bonds (Closed July 2019) and North Sonoma County Healthcare District Parcel Tax Bonds. In addition, he has been a co-manager on multiple healthcare financings including Lompoc Valley Healthcare District, Southwest Community Health Center, Lincoln Glen Manor, San Benito Health Care District, two financings for Kaweah Delta Healthcare District, Sierra Kings Health Care, **Mendocino Coast Health**, North Kern South Tulare Hospital District and Eden Township Healthcare. Mr. Cavanaugh holds a Bachelor of Science Degree in Business Administration from the University of Southern California. He is a Registered Representative with the Financial Industry Regulatory Authority (Series 7).



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Managing Director
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Josh Lentz
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Josh Lentz, *Senior Vice President*, focuses primarily on project development finance for all types of borrowers. Mr. Lentz has considerable experience working on California healthcare financings, including revenue bonds, USDA-RD direct and guarantee loans and grant funding. Mr. Lentz joined HilltopSecurities in July 2022, and previously he was a commercial municipal and nonprofit banker with Western Alliance Bank (January 2016 through July 2022) and a municipal advisor with Fieldman, Rolapp & Associates (August 2006 through January 2016).

In the past five years, Mr. Lentz worked on 16 transactions totaling nearly \$380 million that involved revenue bonds, interim construction financing in anticipation of take-out with USDA-RD direct loans and/or guarantees as wells as USDA-RD grants in certain cases. Most of the borrowers that Mr. Lentz has worked with have been public and nonprofit health care providers. t]The projects that he has financed include new replacement hospitals, new additions

to hospitals, health care clinics, medical office buildings and skilled nursing facilities. Clients have included El Dorado County Community Health Centers (Placerville, California), Newcastle Fire Protection District (Newcastle, California), Mobridge Regional Hospital (Mobridge, South Dakota), Southern Inyo Healthcare District (Lone Pine, California), La Junta Health Care District (La Junta, Colorado), Hot Springs County Hospital District (Thermopolis, Wyoming) and Regional Center for Border Health (San Luis, Arizona), to name a few.

Nolan Blair, *Associate*, started his career in public finance with Oppenheimer in 2021 and joined HilltopSecurities in June 2024. Nolan will provide analytical and quantitative support. Originally from the San Francisco Bay Area, Nolan now calls San Diego County home and has been a California resident since birth. His experience includes over 130 transactions he assisted on while employed at Oppenheimer. He is a graduate of Brigham Young University with a BS in Economics. He is a Registered Representative of FINRA with Series 52 and 63 licenses.



Nolan Blair
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William Evans
Senior Managing Director
Head of Negotiated Underwriting

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William Evans, *Senior Managing Director, Negotiated Underwriter*, will serve as lead underwriter for the team on all investment grade transactions. Mr. Evans has worked in the public finance industry since 2002 and joined HilltopSecurities in 2020. Mr. Evans earned an Executive MBA from Fordham University and is a graduate of Northeastern University with a BS/BA in Finance and Accounting. He is a Registered Representative of FINRA with the Series 3, 7, 24, 50, 53, 54 and 63 licenses.

John Pellicci, *Senior Managing Director*, is the firm's Head of High Yield Municipal Underwriting & Sales. John has expertise in a variety of sections including Hospitality, Development Land Secured, Project Finance, Senior Housing, Healthcare and Private Higher Education. He collaborates with banking teams and investors to create unique capital funding solutions. John joined HilltopSecurities in 2021 after serving for 35 years at Piper Sandler. He holds a bachelor's degree in economics from St. Olaf College.



John Pellicci
Senior Managing Director
Head of Municipal Underwriting and Sales

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Yaffa Ratner
Senior Managing Director
Public Finance Banking

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Yaffa Rattner, *Senior Managing Director*, serves as the firm's Head of Municipal Credit since joining HilltopSecurities in 2021. Yaffa is experienced in the high yield sector including senior living, charter schools and special districts. She is a frequent speaker at industry conferences on emerging trends in the high yield sector. Her experience includes 13 years as Managing Director and Head of Municipal Credit at Piper Sander, and 12 years at Moody's Investor Service as Senior Vice President, Senior Rating Committee Member and Manager of a credit team. **Yaffa has been named a First Team Analyst by Smith's Research**

and Gradings for several years. She holds a master's degree with a concentration in Public Finance from Columbia University and a bachelor's degree from Barnard College of Columbia University.

Theodore “Ted” Chapman, *Managing Director/Investment Analyst*, joined HilltopSecurities in 2021. Prior to HilltopSecurities, **Mr. Chapman spent 21 years as a municipal bond credit analyst at S&P Global Ratings**, serving as a subject matter expert and credit rating criteria author for municipal water utility revenue bonds and ESG. He served from 2007 as a senior credit officer for credit rating committees within S&P’s U.S. Public Finance department. Mr. Chapman holds a Master of Public Administration from the University of Texas – El Paso and earned a BA in Political Science from the University of Arizona.



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Kelly Jocoy
Managing Director
Municipal Retail Trading Manager

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Kelly Jocoy, Managing Director, will serve as lead trader for the District and work closely with Bill Evans on pricing and structuring of your bonds. He works out of our Sherman Oaks, CA office. Mr. Jocoy has over 40 years of experience in the municipal bond markets. Mr. Jocoy joined HilltopSecurities in October 2015 coming from Citibank, where he was director of municipal trading and oversaw all the firm’s competitive and negotiated underwriting for California and the Northwest. In addition, he was responsible for all secondary block trading for revenue bonds in

California including all Cal Mortgage insured bonds. Mr. Jocoy focuses on expanding the underwriting business for the firm’s Western Region, while overseeing the firm’s immense retail trading demands. He works closely with our banking team and Bill Evans on municipal financing structures. He holds the professional registrations of General Securities Representative (Series 7), Uniform Securities Agent State Law (Series 63) and Municipal Securities Principal (Series 53).

August 14, 2026

4 West 4th Avenue
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t. 415.391.5780
f. 415.276.2088

Via Email PDF

Mendocino Coast Health Care District
775 River Drive
Fort Bragg, CA 95437

Re: Proposal of Jones Hall LLP to Provide Bond Counsel Services to the
Mendocino Coast Health Care District

To Whom It May Concern:

Thank you for the opportunity to provide a Statement of Qualifications and Fee Proposal to serve as Bond Counsel to the Mendocino Coast Health Care District (the "District") in connection with a proposed private placement financing using tax-exempt bonds, notes or other long-term obligations of the District to finance capital improvement projects.

In the role of Bond Counsel to the District, we would serve as the primary legal counsel on the financing, ensuring compliance with State law and Federal tax law requirements governing these types of issuances. As a Bond Counsel firm working on tax-exempt debt financings in California for nearly 50 years, we would be well-positioned to assist the District in this regard. A few recent examples of similar types of financings include the following:

- Pajaro Valley Health Care District, 2024 GO Bonds
- Palm Drive Health Care District, 2019 GO Refunding Bonds
- Palm Drive Health Care District, 2019 Parcel Tax Refunding Bonds

Should you require any additional information about our firm or any attorneys that would be assigned to the District's financing, do not hesitate to reach out to us at the phone number set forth above or via email: jwawrzyniak@joneshall.com; dfama@joneshall.com.

Very truly yours,



James A. Wawrzyniak, Jr.



David T. Fama

Description of Jones Hall

Jones Hall is the largest California-based law firm that focuses its practice exclusively in the area of California public finance, serving local agencies and non-profits undertaking tax-exempt debt financings in the roles of bond counsel, disclosure counsel, underwriter's counsel, and special tax counsel. We also serve as issuer's counsel to the California Municipal Finance Authority (CMFA), one of the most active non-profit conduit bond issuers in the State.

Jones Hall has served as Bond Counsel and Disclosure Counsel to California public agencies and non-profits for nearly 50 years, having been founded in 1978. Lawyers at Jones Hall practice exclusively in the area of public finance, meaning that all of the firm's attorneys and staff are devoted to the single goal of assisting clients with meeting their financing needs, which has allowed us to develop a group of attorneys with extensive knowledge of this area of finance that work closely with each other to keep abreast of recent developments, and provide a highly trained and skilled staff directly responsible to our clients. Our success has been achieved by providing responsive service to all clients, whether their financings are very large or very small. To avoid potential conflicts of interest, we do not have a litigation or lender practice.

Jones Hall is one of the most active public finance firms in the country, representing virtually every type of public agency in California, including special districts, cities, and counties, as well as non-profit health care, assisted living, affordable housing and other eligible tax-exempt borrowers. Just as importantly, Jones Hall is structured to provide the highest quality bond and disclosure counsel services in the most effective and efficient manner possible. The primary attorney(s) assigned to every matter on which we serve as bond or disclosure counsel is a partner (principal) of the firm, assisted by other principals as needed. We believe the depth and breadth of the experience of the firm's attorneys enables us to bring a greater level of knowledge and creativity to the structuring of financing transactions than that of most bond counsel firms.

Description of Primary Attorneys Assigned

James A. Wawrzyniak, Jr. and David T. Fama, both partners (principals) in the firm, would serve as the main contacts on the financings, assisted by Eorl Carlson (tax law principal) as necessary. Brief biographies of these partners follow.

James A. Wawrzyniak, Jr. James Wawrzyniak represents governmental entities and non-profits in California public financing transactions. He serves clients as bond counsel, disclosure counsel, and underwriter's counsel. Recent health care sector experience includes serving as Bond Counsel to Gracelight Community Health in its conduit revenue bond financing and Eskaton Corporation and its subsidiaries in a series of financing and refinancing transactions. Prior to joining Jones Hall, Mr. Wawrzyniak represented corporate and non-profit clients in a variety of financing and other corporate transactions at law firms in San Francisco, Washington, D.C. and New York City. He received his J.D. from Harvard Law School, *cum laude*, and his B.A. in Economics from Georgetown University, *summa cum laude*.

David T. Fama. David Fama has more than 30 years' experience as bond counsel, disclosure counsel and underwriter's counsel in financings that include 501(c)(3) financings, land-

secured financings and private placements. His expertise is spread among bond counsel and disclosure counsel work in many diverse areas, including conduit financings and joint powers authorities. He also worked as Bond Counsel to Gracelight Community Health in its conduit revenue bond financing and Eskaton Corporation. He received his J.D. from Pepperdine University School of Law and his undergraduate degree from the University of Santa Clara.

Eorl Carlson (Tax Counsel). Eorl Carlson would provide Federal tax law advice in connection with any tax-exempt financing. He regularly advises tax-exempt issuers and borrowers on a wide variety of questions arising before, during, and after issuance, including those involving use of proceeds, private activity limitations, and rebate restrictions. Mr. Carlson serves as the Vice-Chair of the American Bar Association (ABA)'s Tax-Exempt Financing Section and Vice-Chair of the Tax Law Committee for the National Association of Bond Lawyers (NABL). He leads IRS enforcement sections for NABL, works as a lead drafter on tax-exempt due diligence guidelines for State and local government issuers, and comments on guidance from the U.S. Treasury for NABL and the ABA.

Before joining Jones Hall, Mr. Carlson served as attorney-advisor for the Federal government, regulating entities under ERISA and the Internal Revenue Code. His work included drafting regulations, advising appeal boards, and conducting compliance investigations. Mr. Carlson holds a LL.M. in Tax, *with distinction*, from Georgetown University Law Center, a J.D., *cum laude*, from American University, and a B.A. from Cornell University. He also holds a LL.M. in International Law, with commendation, from the University of Aberdeen (U.K.) School of Law.

In addition to the partners described above, a project manager would be assigned to each financing undertaken by The District. The project manager has responsibility for collecting signatures, filling CDIAC forms, and preparing the closing transcript for each matter, thereby ensuring a smooth and painless closing process. All of the closing coordinators at Jones Hall are very experienced, with hundreds of deals closed by each of them, and with an average experience at Jones Hall of 15+ years.

Contingent Fees

In general, Jones Hall's fees for Bond Counsel services are based on a variety of factors, including the complexity and size of the financing, credit features such as ratings and insurance, and the anticipated timing of the transaction. As is typical for all our transactions, our fees would be payable 100% contingent on the closing of the applicable financing.

Assuming a revenue bond or note financing of up to \$20 million, we would propose a fixed, contingent fee of **\$75,000**. This would only be payable should the financing successfully close and, typically, from the proceeds of the financing itself.



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Mission Statement: Mendocino Coast Health Care District provides a Hospital (facility) and fosters leadership, advocacy and collaboration for our community health and well-being.

Mendocino Coast Health Care District

2026 Private Placement

Lastest Updated On: September 28, 2026



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