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October 22, 2026

Mendocino Coast Health Care District
Series 2026 Certificates of Participation

Tri Counties Bank (the "Lender") is pleased to provide the following loan terms and conditions for discussion purposes. This Term Sheet is not a loan commitment and should not be treated as a definitive commitment. The terms outlined reflect a loan structure that the Lender is willing to consider, subject to additional due diligence, final underwriting, and formal credit approval. The Lender informs you and your advisors, if any, that it requires that the documentation and additional information to complete its underwriting is subject to the Lender's review and approval and such approval is in its sole discretion.

Borrower: Mendocino Coast Health Care District (the "Borrower" or the "District")

Purpose: Proceeds of the Mendocino Coast Health Care District (Mendocino County, California) Certificates of Participation, Series 2026 (the "Certificates") are expected to be used to: (a) finance a portion of the cost of the State of California-mandated seismic retrofit of Mendocino Coast Hospital (the "Hospital") required to meet the California Department of Health Care Access and Information ("HCAI") January 1, 2030, compliance deadline (the "Project"); and (b) pay certain costs of issuance and related expenses.

Amount: Not to exceed $19,000,000

Security: The Certificates will be secured by a first lien on the General Operating Ad Valorem Tax Revenues of the District (the "General Operating Ad Valorem Tax Revenues"). Pursuant to an irrevocable direction and agreement for disposition, the General Operating Ad Valorem Tax Revenues will flow from the County of Mendocino (the "County") directly to the Trustee, commencing with the 2026-27 fiscal year, who will then "lock box" the revenue for payment on the Certificates. The priority of money in the lock box will go to pay the semi-annual interest payment on the Certificates first and then any remaining funds will be released to the District.

In addition to the pledge of the General Operating Ad Valorem Tax Revenues, the Certificates will be secured by a pledge of the gross revenues of the District, consisting of the Adventist Health lease revenue, other revenue, and investment income (the "Gross Revenues" and, together with the General Operating Ad Valorem Tax Revenues, the "Pledged Revenues"). The Lender acknowledges that

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no Hospital operating revenues or real property collateral will secure the Certificates.

Additionally, the District will maintain a debt service reserve fund ("DSRF") equal to one year of maximum annual interest on the Certificates at Tri Counties Bank for the life of the Certificates, which shall be structured to comply with all IRS Section 103 requirements.

Maturity: Seven Years

Interest-only for up to five years, fully amortized based on 20-year amortization beginning in year 6.

Interest Rate: Fixed Rate; Indicative Rate of 4.85%, Tax-Exempt, Non-Bank Qualified as of October 22, 2026
Rate to be locked through 12/11/2026
30/360 Interest Accrual.

Tax Status: Interest excluded from gross income for federal income tax purposes and exempt from California personal income taxation, as to be opined upon by Jones Hall LLP, as Bond Counsel to the District.

Loan Fees: $0, Waived due to existing banking relationship

Payments: Semi-annual interest payments until maturity. Principal payable at maturity or from prepayments, including from take-out financing proceeds.

Prepayment: 3% in years 1-2, 2% in years 3-5, 1% in year 5

Expenses: The Borrower will be required to pay all fees, expenses and charges in connection with this request as are reasonably incurred in connection with the processing of a loan of this nature including, but not limited to, fees of the Borrower's counsel, financial advisor fees, placement agent fees, CDIAC fees, (if applicable), and documentation costs, including fees of Lender's counsel, Nixon Peabody LLP, in an amount $20,000, assuming no documents are drafted by Lender's counsel.

Legal Opinions: Bond Counsel will deliver opinions that (a) interest on the Certificates is tax-exempt as described above, (b) the Pledged Revenues are available for payment of the Certificates, and (c) the Certificates are exempt from registration under the Securities Act of 1933, as amended. Borrower's counsel will deliver a

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legal opinion as to the validity and enforceability of the Certificates documents and the pledge of the Pledged Revenues, in addition to such other opinions as the Lender may require.

Covenants:

- Requirement to seek approval of the Lender for any issuance of additional debt payable from the Pledged Revenues.
- Restrictions on mergers, acquisitions, and conveyance
- Restrictions on sale or disposition of assets of the Borrower without Lender consent
- Limitations on encumbrances without Lender consent
- Requirement to maintain adequate insurance
- Covenant to take all actions required to obtain take-out financing, grant funding, and/or other financing sources to refund the Certificates at or prior to final maturity
- And standard covenants customarily required by the Lender for similar loans/structures and/or similar borrowers

Reporting Requirements: Reporting requirements customarily required by the Lender for similar loans/structures and/or similar borrowers will be required, to include, but not limited to, the following:

- Annual Audited Financial Statements within 270 days of fiscal year end
- Annual Budget within 45 days of adoption
- Such additional information as the Lender may from time to time reasonably request

Additional Terms:

- Primary depository relationship to be maintained at the Lender
- A default rate of interest equal to the then-applicable interest rate plus 3% will be required as applicable.
- No amendment to the Borrower's operative governing documents or otherwise that would adversely affect the payment obligations of the Borrower, or any of the Lender's rights, interest, security, or remedies of the Lender, without the Lender's consent.
- The Lender shall be provided notice of the occurrence of any Material Event for other debt of the Borrower, if applicable.

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- Compliance with other documents, all applicable laws, statutes, acts, rules, and regulations and investment policy guidelines.
- Compliance with all covenants, including compliance with anti-terrorism / OFAC.
- Terms offered herein shall expire after 5 business days unless otherwise accepted by Borrower.

The Lender is offering this loan to be evidenced by the Certificates under the following additional conditions: (i) the Certificates are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) the Lender will hold the Certificates as one single debt instrument; (iii) no CUSIP numbers will be obtained for the Certificates; (iv) no official statement, placement memorandum or similar offering document has been prepared in connection with the direct placement of the Certificates; (v) the Certificates will not close through DTC or any similar repository and will not be in book entry form; (vi) the Certificates will not be listed on any stock or other securities exchange; and (vii) the Certificates will not be rated.

The Lender intends that the purchase of the Certificates be exempt from the requirements for CUSIP numbers under Municipal Securities Rulemaking Board Rule G-34(a)(i)(F). The Lender represents and warrants that (i) it is a bank or an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Lender is to hold the Certificates to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

The Borrower acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Borrower and Lender and its affiliates, (ii) in connection with such transaction, Lender and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Borrower, (iii) Lender and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) Lender and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not Lender, or any affiliate of Lender, has provided other services or advised, or is currently providing other services or advising the Borrower on other matters), (v) Lender and its affiliates have financial and other interests that differ from those of the Borrower, and (vi) the Borrower has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IN THE EVENT ANY MATERIAL CHANGE SHALL OCCUR IN THE FINANCIAL MARKETS AFTER THE DATE OF THIS TERM SHEET, BUT BEFORE CLOSING, INCLUDING BUT NOT LIMITED TO ANY GOVERNMENTAL ACTION OR OTHER EVENT WHICH MATERIALLY

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ADVERSELY AFFECTS THE EXTENSION OF CREDIT BY BANKS, LEASING COMPANIES OR OTHER LENDING INSTITUTIONS, THE LENDER MAY MODIFY THE INDICATIVE PRICING DESCRIBED ABOVE.

Sincerely,

Tri Counties Bank

Vanessa Ryan
SVP, Director of Public Sector Banking

Agreed and Accepted: _____

Name: Wayne C. Allen

Title: CFO

Date: November 10, 2026

Mendocino Coast Health Care District