CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
BOND FINANCING PROGRAM
EXECUTIVE SUMMARY

Applicant/ Borrower:	Castle Family Health Centers, Inc. (Castle Family) 3605 Hospital Road Atwater, CA 95301 (Merced County)	**Amount Requested:**	$14,000,000
		Requested Loan Term:	40 years
		Authority Meeting Date:	August 27, 2026
		Resolution Number:	473
Project Sites:	1775 3rd Street, Atwater, CA 95301 6029 N. Winton Way, Winton, CA 95388		
Facility Type:	Nonprofit corporation operating community clinics		
Eligibility:	Government Code Section 15432(d)(6)		
Prior Borrower:	Yes (June 2023)		

Background: Castle Family was incorporated as a California non-profit public benefit corporation in 2006 and received federal 501(c)(3) non-profit designation in 2007. In 2010 Castel Family was designated as a Federally Qualified Health Center (FQHC) look-alike program, and on August 13, 2026, Castle Family was awarded full status as a FQHC. Castle Family is one of three FQHC providers in Merced County, providing care for low income, medically indigent, and uninsured populations.

Use of Proceeds: Bond proceeds will be used to finance the design, construction, installation, and equipping of an expansion of the Atwater Health Center campus. A portion of the bonds will also be used to refinance the construction loan incurred to construct the Winton Health Center.

Type of Issue:	Negotiated public offering, tax-exempt bonds (expected minimum denominations of $5,000)
Expected Credit Rating:	"AA-" (S&P) based on Cal-Mortgage Insurance
Financing Team:	See Exhibit 1 to identify possible Conflicts of Interest

Financial Overview: Castle Family's income statement reflects continued growth in operating revenues and positive operating performance over the three-year review period. Castle Family's balance sheet demonstrates strengthening liquidity and a manageable debt position throughout the review period.

Estimated Sources of Funds:		**Estimated Uses of Funds:**	
Bond proceeds	$ 14,000,000	Project fund	$ 12,500,000
Grant funds	2,500,000	Refunding	3,300,000
Applicant funds	500,000	Financing costs	1,200,000
Total Estimated Sources	$ 17,000,000	**Total Estimated Uses**	$ 17,000,000

Due Diligence: Staff has confirmed Castle Family has provided documentation that satisfies the California Health Facilities Financing Authority's (Authority or CHFFA) requirements, including: Eligibility, Legal Review, the California Environmental Quality Act, and the certifications for Pass-Through Savings, Community Service Obligation, and the Iran Contracting Act.

Staff Recommendation: Staff recommends the Authority approve Resolution Number 473 in an amount not to exceed $14,000,000 for Castle Family Health Centers, subject to the conditions in the resolution. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC, the Authority's municipal advisor, concur with the Authority's staff recommendation.

STAFF SUMMARY, ANALYSIS, AND RECOMMENDATION

I. PURPOSE OF FINANCING

In 2023, Castle Family purchased its Atwater facility with loan funds from the Authority through the Healthcare Expansion Loan Program II (HELP II). Castle Family is now requesting to issue tax-exempt bonds to finance the design, construction, renovation, expansion, installation, and equipping of the approximately 6,800 square-foot medical office building to help reduce maximum capacity issues across Castle Family's facilities in Atwater. This expansion will enhance access, capacity, and quality of care, linking an additional 6,000 to 8,000 patients to Castle Family's integrated health services, including comprehensive primary care, women's health and prenatal services, pediatric and adolescent care, behavioral health, chronic disease management, laboratory services, and enabling services such as care coordination, case management, health education, eligibility assistance, and interpretation services. The additional clinical capacity is expected to reduce wait times, improve continuity of care, and enhance access to healthcare services. Castle Family also intends to refinance its existing BBVA Compass Bank (now PNC Bank, N.A.) loan, which was originally issued in 2018 to finance a portion of the construction costs of its Winton Health Center.

The bonds will be insured by the California Health Facility Construction Loan Insurance Program under the Department of Health Care Access and Information's Cal-Mortgage Loan Insurance Division (Cal-Mortgage) and will receive the State's rating of AA- as rated by Standard & Poor's Financial Services, LLC. To meet Cal-Mortgage's requirements for the proposed financing, the Authority will subordinate its first lien position for Castle Family's HELP II loan to Cal-Mortgage. Castle Family may also pursue a private, point-in-time rating from Fitch Ratings in order to lower the Cal-Mortgage insurance premium fee. If Castle Family receives a private credit rating of "BB+", the Cal-Mortgage premium fee would be lowered from 3% of the total amount of principal and interest payments over the term of the bond to 2.65%. This would save Castle Family approximately $105,000 in total debt service after factoring in the private rating cost of $30,000.

Project Fund **$12,500,000**

A portion of the bond proceeds will be used to finance the design, construction, installation, and equipping of an expansion of the 6,800 square-foot medical office building on the existing Atwater Health Center campus. The expansion will add 8,400 square feet of space and will include 15 additional exam rooms, a laboratory draw area, care team workspaces, administrative offices, telehealth capabilities, counseling and care coordination rooms, a multipurpose wellness room, point-of-care testing stations, and supporting staff areas to accommodate five primary care providers and a behavioral health provider. Upon completion, the Atwater Health Center campus will total approximately 15,200 square feet.

Refunding	**3,300,000**

A portion of the bond proceeds will be used to refinance a construction loan obtained in 2018 to construct Castle Family's Winton Health Center. The original loan totaled $4.4 million, bears interest at a rate of 4.298% with a final bullet maturity due on October 1, 2029, and is secured by a deed of trust on the Winton Health Center. Refinancing the loan will release the lien on the property, allowing the facility to be pledged as collateral for the Series 2026 Bonds and satisfy Cal-Mortgage's loan-to-value requirements. In addition, the refinancing will pay off the existing loan and eliminate the approximately $2.5 million balloon payment due in October 2029. The bonds will also provide a longer-term amortization schedule, reduce refinancing risk, and improve debt repayment flexibility.

Financing Costs		**1,200,000**
Estimated cost of issuance	$975,000	
Underwriter's discount	225,000	
Total Estimated Uses of Funds		**$17,000,000**

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES

This executive summary and recommendations includes certain requirements. Additional or more stringent covenants or disclosures may be added following consultation with Authority staff but without further notification to the Authority's Board. These covenants and disclosures cannot be diluted or removed without subsequent review. If there have been modifications to the proposed covenants and disclosures following the preparation of this executive summary, staff will report it at the meeting.

After reviewing Castle Family's current finances, and considering what the market will support, Castle Family, KNN Public Finance, LLC, (the Authority's municipal advisor), and the underwriter have concluded that the covenants listed below should be applicable to this transaction, and that Castle Family's current financial situation does not suggest that additional covenants should be required.

<u>The covenants listed below are applicable to this transaction.</u>

Cal-Mortgage Insurance. *The primary security for this transaction is insurance from the Cal-Mortgage covering payment of principal and interest on the 2026 Bonds. Following completion of this proposed 2026 transaction, the only Castle Family bonds that will be outstanding are the 2026 bonds.*

Deed of Trust. *As is required by the Insurance Law, Castle Family will execute a Deed of Trust with Fixture Filing, Security Agreement and Assignment of Leases and Rents Agreement pledging certain assets to the Trustee, as assignee of the Authority, and Cal-Mortgage. Cal-Mortgage can release assets from the Deed of Trust without consent from the Authority or Bondholders.*

Unconditional Promise to Pay. *Castle Family agrees to pay the Trustee all amounts required for principal, interest or redemption premium, if applicable, and other payments and expenses designated in the Loan Agreement, which includes all payments under the Indenture for the 2026 bonds. All Revenues and any other amounts held in a designated fund or account under the Indenture are pledged to secure the full payment of the 2026 bonds.*

Pledge of Gross Revenues. *Castle Family pledges to deposit all revenues, income, receipts and money received into a Gross Revenue Fund.*

Negative Pledge Against Prior Liens. *Castle Family agrees not to create, assume or permit any Lien upon the Gross Revenues or its Property other than Permitted Encumbrances.*

Reserve Fund. *Castle Family is required to fund and maintain a reserve fund in an amount equal to 50% of maximum annual debt service (as permitted by Cal-Mortgage) pursuant to the Indenture.*

Limited Permitted Encumbrances. *Castle Family is subject to a restrictive set of allowable encumbrances it may incur pursuant to the Loan Agreement.*

Debt Service Coverage Requirement. *The Loan Agreement and Regulatory Agreement contain a debt service coverage requirement based on 1.25 times Maximum Annual Debt Service coverage ratio. A debt service coverage requirement is a ratio measuring ability to make interest and principal payments as they become due by assessing the amount of revenue available to meet debt service payments.*

Additional Debt Limitation. *Castle Family agrees not to incur additional Indebtedness unless authorized by various financial performance or projection measures set out in the Loan Agreement and Regulatory Agreement.*

Limitations on Mergers, Sales or Conveyances. *Castle Family agrees not to merge or consolidate with any other entity or sell or convey all or substantially all of its assets to any Person unless authorized by various limiting measures in the Loan Agreement and the Regulatory Agreement.*

Disposition of Cash and Property Limitations. *Castle Family agrees not to sell, lease or dispose of certain assets unless authorized by various limiting measures set out in the Loan Agreement and Regulatory Agreement.*

Limitations or Acquisition of Plant, Property and Equipment (PP&E). *The Loan Agreement and the Regulatory Agreement require Castle Family to deliver certain certifications and obtain the consent of Cal-Mortgage before it acquires PP&E with certain defined exceptions.*

Comply with SEC Rule 15c2-12. *Castle Family will take such action as is necessary to assist the underwriter in complying with SEC Rule 15c2-12. Castle Family will contractually agree to disclose designated financial and operating information to the Municipal Securities Rulemaking Board web site (EMMA) during the life of the bonds and to report designated "material events" such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.*

Staff has completed its due diligence, and KNN has reviewed the bond documents associated with the proposed financing and found these documents and proposed covenants to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS

Castle Family Health Centers, Inc.
Statement of Activities
(Income Statement)

	Year Ended June 30,		
	2025	**2024**	**2023**
Operating revenues			
Net patient service revenue	$ 32,478,060	$ 23,820,202	$ 21,700,573
Grants revenue	806,702	744,134	3,750,191
Other operating revenue	4,117,281	6,922,804	4,451,877
Total operating revenues	37,402,043	31,487,140	29,902,641
Operating expenses			
Salaries and wages	15,496,032	13,629,056	12,734,304
Employee benefits	3,254,241	3,548,495	3,478,701
Professional fees	5,485,683	3,926,726	3,553,467
Purchased services	4,336,708	2,712,859	2,507,211
Supplies	3,427,916	3,133,739	2,705,587
Utilities	73,504	68,492	34,081
Rental and lease	1,524,915	1,302,961	1,196,065
Depreciation and amortization	727,213	877,667	884,784
Insurance	583,014	567,983	466,114
Other operating expenses	385,277	415,312	584,188
Total operating expenses	35,294,503	30,183,290	28,144,502
Excess of revenues over expenses	2,107,540	1,303,850	1,758,139
Non-operating revenues			
Interest expense	(219,254)	(361,087)	(396,055)
Other non-operating revenue	289,153	320,299	148,523
Increase in net assets without donor restrictions	2,177,439	1,263,062	1,510,607
Net assets			
Beginning of year	16,164,250	14,901,188	13,390,581
End of year	$ 18,341,689	$ 16,164,250	$ 14,901,188

Castle Family Health Centers Inc
Statements of Financial Position
(Consolidated Balance Sheets)

	As of June 30,		
	2025	**2024**	**2023**
Assets			
Current assets			
Cash and cash equivalents	$ 24,944,143	$ 17,958,618	$ 14,128,240
Patient accounts receivable, net of allowances	1,333,414	1,158,546	1,835,330
Other receivables	226,832	127,581	891,065
Assets limited as to use	346,947	761,220	561,534
Supplies	152,998	203,424	218,496
Prepaid expenses and deposits	330,573	338,778	57,150
Total current assets	27,334,907	20,548,167	17,691,815
Capital assets, net of accumulated depreciation	7,275,780	7,919,109	8,523,841
Right-of-use assets	-	1,589,602	3,023,865
Total assets	$ 34,610,687	$ 30,056,878	$ 29,239,521
Liabilities and Net Assets			
Current liabilities			
Current maturities of long-term debt	$ 267,551	$ 279,000	$ 264,041
Current operating lease liability	-	1,589,602	1,434,263
Accounts payable and accrued expenses	2,086,044	742,792	858,075
Accrued payroll and related liabilities	1,640,749	1,716,296	1,546,451
Deferred revenue	571,717	995,139	561,534
Due to third-party payors	7,517,423	4,116,595	3,476,080
Total current liabilities	12,083,484	9,439,424	8,140,444
Non-current liabilities			
Debt borrowings, net of current maturities	4,185,514	4,453,204	4,608,287
Operating lease liability, less current portion	-	-	1,589,602
Total Non-current liabilities	4,185,514	4,453,204	6,197,889
Total liabilities	16,268,998	13,892,628	14,338,333
Net assets			
Net assets without donor restrictions	18,341,689	16,164,250	14,901,188
Total net assets	18,341,689	16,164,250	14,901,188
Total liabilities and net assets	$ 34,610,687	$ 30,056,878	$ 29,239,521

	Proforma[a] FYE 06/30/2025	**2025**	**2024**	**2023**
Debt Service Coverage - Operating (x)	2.9	5.7	3.5	4.1
Debt Service Coverage - Net (x)	3.2	6.3	4.0	4.4
Debt to Unrestricted Net Assets (x)	0.8	0.2	0.3	0.3
Margin (%)		5.6	4.1	5.9
Current Ratio (x)		2.3	2.2	2.2

[a] Recalculates FY 2025 audited results to include the impact of this proposed financing.

Financial Discussion

Castle Family's income statement reflects continued growth in operating revenues and positive operating performance over the three-year review period.

Castle Family has demonstrated positive financial performance over the review period with Total operating revenues increasing from approximately $29.9 million in fiscal year FY 2023 to $37.4 million in FY 2025, representing an increase of 25.1%. Net patient service revenue, which makes up more than 70% of Total operating revenue, increased from approximately $21.7 million in FY 2023 to nearly $32.5 million in FY 2025. According to Castle Family's management, the increase in Net patient service revenue was primarily due to a 20.8% increase in annual patient visits, which grew from 148,125 in FY 2023 to 178,865 in FY 2025. Growth was supported by the implementation of new patient programs and increased revenue per visit, reflecting annual adjustments to Medicaid Prospective Payment System (PPS), reimbursement rates, and changes in the payer mix. Grants revenue experienced a significant decline from approximately $3.8 million in FY 2023 to nearly $807,000 in FY 2025. During FY 2023, Castle Family received approximately $3 million in one-time federal COVID-19 funding.

Total operating expenses increased from approximately $28.1 million in FY 2023 to $35.3 million in FY 2025, primarily led by increases in Salaries and wages, Professional fees, and Purchased services. Salaries and wages increased moderately from approximately $12.7 million in FY 2023 to nearly $15.5 million in FY 2025. According to Castle Family's management, the increase in Salaries and wages was primarily due to California's minimum wage increases and related wage adjustments implemented to address wage compression. Professional fees increased from approximately $3.6 million in FY 2023 to nearly $5.5 million in FY 2025, and Purchased services increased from more than $2.5 million to over $4.3 million over the same period. Professional fees increased due to the expansion of contracted services, including the Oral Assessment Program and support for the 340B Drug Pricing Program[1]. Purchased services also increased as a result of higher temporary staffing costs associated with California's health care minimum wage increases.

Castle Family does not anticipate the potential Medicaid/Medi-Cal reductions due to H.R. 1 will require reductions in its services or in staffing. Castle Family plans to diversify and strengthen its revenue sources through improved provider productivity with the use of artificial intelligence, which can help reduce administrative burdens, streamline clinical workflows, improve documentation efficiency, and allow providers to spend more time focused on patient care. Castle Family also continues to expand its Enhanced Care Management program, which assists patients in navigating the healthcare system, scheduling appointments, obtaining transportation, and accessing other services needed to support continuity of care. These services help address barriers to care while strengthening patient engagement and supporting improved health outcomes.

[1] Oral Assessment Program services are integrated directly through dental and clinical checkups. The 340B Drug Pricing Program is a federal resource that lowers medication costs for eligible clinics.

Castle Family's balance sheet demonstrates strengthening liquidity and a manageable debt position throughout the review period.

Castle Family’s balance sheet reflects strengthening liquidity with a current ratio of 2.2x in FYs 2023 and 2024 and 2.3x in FY 2025. Castle Family’s strengthening liquidity was driven by a 77% increase in Cash and cash equivalents, growing from more than $14.1 million in FY 2023 to over $24.9 million in FY 2025. The increase in cash and equivalents was primarily driven by one-time and recurring revenue sources, including one-time approximately $4.5 million received through the Employee Retention Tax Credit in FY 2024. Additional growth was supported by higher patient volumes, annual Medicaid PPS rate adjustments, Medicare Shared Savings Program payments, Enhanced Care Management revenue, and recurring care-based incentive payments.

Castle Family has also demonstrated the ability to meet its existing debt obligations with strong operating debt service coverage ratios of 4.1x in FY 2023, 3.5x in FY 2024, and 5.7x in FY 2025. After incorporating the proposed financing, Castle Family’s pro-forma FY 2025 operating debt service coverage ratio remains solid at 2.9x, showing the ability to continue meeting its debt obligations. Castle Family has maintained a low reliance on debt with a debt-to-unrestricted-net-assets ratio of 0.3x in FYs 2023 and 2024 and then 0.2x as of FY 2025. Due to the large financing need of the expansion project, Castle Family’s pro-forma FY 2025 debt-to-unrestricted net assets ratio increases to 0.8x.

IV. DUE DILIGENCE

Due diligence has been completed with regard to the following items:

- **Government Code section 15438.5(a) of the Act (Pass-Through Savings):** Castle Family completed and submitted the Pass-Through Savings Certification.
- **Government Code section 15459.1 of the Act (Community Service Obligation):** Castle Family completed and submitted the Community Service Obligation Certification and indicated that Medi-Cal and Medicare patients are accepted.
- **Compliance with Government Code section 15455(b) of the Act (California Environmental Quality Act):** Castle Family submitted relevant documentation addressing the California Environmental Quality Act (Pub. Resources Code, §21000 et seq.).
- **Legal Review:** Castle Family completed and submitted documentation responsive to the Authority's Legal Status Questionnaire.
- **Iran Contracting Act Certificate:** The underwriter submitted the Iran Contracting Act Certificate (Pub. Contract Code, §2200 et seq.).

V. OUTSTANDING DEBT

Date Issued	Original Amount	Amount Outstanding as of June 30, 2025	Estimated Amount Outstanding after Proposed Financing
EXISTING LONG-TERM DEBT			
PNC Bank, N.A.	$ 4,400,000	$ 3,527,752	$ -
CHFFA HELP II loan	878,750	805,821	805,821
Various notes payable	N/A	119,492	119,492
PROPOSED NEW DEBT			
CHFFA Series 2026 bonds			14,000,000
TOTAL DEBT		**$ 4,453,065**	**$ 14,925,313**

VI. UTILIZATION STATISTICS

	Fiscal Year Ended June 30,		
	2025	2024	2023
Clinic Visits			
Atwater Clinic	9,612	3,300	0
Bloss Clinic	4,342	7,785	8,615
Castle Clinic	65,231	61,895	59,428
Winton Clinic	14,030	14,907	15,495
Specialty Clinic	12,087	11,769	11,629
Total Clinics	105,302	99,656	95,167
Urgent Care Visits	5,435	5,652	5,274
Lab	26,278	25,238	22,067
Radiology	10,498	10,849	9,535
Total All Visits	147,513	141,395	132,043
Behavioral Health	5,981	5,498	4,546
Optometry	4,281	3,447	1,773
Winton Dental	5,942	5,460	4,659
Castle Dental	6,209	4,217	4,936
OroMed	8,704	483	0
Castle Cosmetics	235	230	168
Total All Visits & Encounters	178,865	160,730	148,125
Procedures			
X-rays	6,362	6,537	6,151
DEXA Scans	155	0	0
Ultrasound	3,422	3,515	3,087
Mammography	2,437	2,501	2,340
Lab Tests	122,448	107,795	97,853
Total Procedures	134,824	120,348	109,431

VII. BACKGROUND AND LICENSURE:

Background

Castle Family was incorporated as a California non-profit public benefit corporation in 2006 and received federal 501(c)(3) non-profit designation in 2007. In 2010 Castle Family was designated as an FQHC look-alike program, with the Bloss Memorial Healthcare District (BMHD) as a co-applicant, and on August 13, 2026, Castle Family was awarded full status as a FQHC. In the early 1990s, BMHD managed two rural health clinics and the Bloss Memorial Hospital, which was established in 1936. While the clinics flourished, the Bloss Memorial Hospital closed in 1998 as it encountered aggressive competition from neighboring hospitals, low occupancy rates, and cost-cutting reforms in federal programs and managed care insurance plans. In 1999, BMHD established another rural health clinic, and the facilities then operated as Castle Family Health Centers under the ownership of BMHD until Castle Family completed its designation and licensures in June 2010.

Castle Family operates four clinics that are known as Atwater Health Center, Castle Health Center, Bloss Health Center, and Winton Health Center. The Atwater Health Center includes 15 exam rooms and currently provides family medicine, pediatrics, laboratory and radiology services. The Castle Health Center provides primary care with 53 exam rooms, urgent care, specialty health care services, radiology, laboratory, pharmacy, and health education. The Bloss Health Center houses nine exam rooms, women's health with seven dedicated exam rooms, and behavioral health with three dedicated rooms. The Winton Health Center has 18 exam rooms, five dental operatories, and three behavioral health offices. Today, Castle Family is one of three FQHC providers in Merced County, providing care for low income, medically indigent and remaining uninsured populations.

Licensure and Accreditation

Castle Family is licensed by the Department of Public Health to operate and maintain its facilities as community clinics.

VIII. STAFF RECOMMENDATION:

Staff recommends the Authority approve Resolution Number 473 in an amount not to exceed $14,000,000 for Castle Family Health Centers, subject to the conditions in the resolution. TAP International, Inc., the Authority's financial analyst, and KNN Public Finance, LLC, the Authority's municipal advisor, concur with the Authority's staff recommendations.

EXHIBIT 1

FINANCING TEAM

Borrower:	Castle Family Health Centers, Inc.
Agent for Sale:	California State Treasurer
Issuer's Counsel:	Office of the Attorney General
Issuer's Municipal Advisor:	KNN Public Finance, LLC
Issuer's Financial Analyst:	TAP International, Inc.
Borrower's Counsel:	Provider Legal
Bond Counsel:	Stradling Yocca Carlson & Rauth LLP
Underwriter:	Piper Sandler & Co.
Underwriter's Counsel:	Pierson Ferdinand LLP
Bond Insurer:	Department of Health Care Access and Information – Cal-Mortgage Loan Insurance Division
Feasibility Consultant:	Greg Facktor and Associates
Trustee:	U.S. Bank Trust Company, National Association
Trustee's Counsel:	Dorsey & Whitney LLP
Rating Agencies:	Standard & Poor's Financial Services, LLC Fitch Ratings, Inc.
Auditor:	Blomberg & Griffin Accountancy Corporation

RESOLUTION NO. 473

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS TO FINANCE AND REFINANCE PROJECTS FOR CASTLE FAMILY HEALTH CENTERS, INC.

WHEREAS, the California Health Facilities Financing Authority (the "Authority"), a public instrumentality of the State of California, is authorized and empowered by the provisions of the California Health Facilities Financing Authority Act (the "Act") to issue revenue bonds and loan the proceeds thereof to any participating health institution to finance the construction, expansion, remodeling, renovation, furnishing, equipping, and acquisition of health facilities (including by reimbursing expenditures made for such purposes), to refinance indebtedness of a participating health institution in connection therewith; and to refund any outstanding bonds or any outstanding series or issue of bonds of the Authority;

WHEREAS, Castle Family Health Centers, Inc. is a nonprofit, public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), which owns and operates health facilities in the State of California;

WHEREAS, the Corporation has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed $14,000,000, and make one or more loans of the proceeds thereof to the Corporation to (i) refinance the construction of the Corporation's health facility in the City of Winton, California, as more particularly described under the caption "2018 Project" in Exhibit A hereto (the "2018 Project"), (ii) finance the design, construction, installation, and equipping of an expansion of the Corporation's health facility in the City of Atwater, California, as more particularly described under the caption "2026 Project" in Exhibit A hereto (the "2026 Project" and, together with the 2018 Project, the "Project"), (iii) pay capitalized interest of the Bonds (as defined below), (iv) pay costs of issuance of the Bonds, and (v) at the sole option of the Corporation, provide a debt service reserve fund for the Bonds;

WHEREAS, to the extent required by subdivision (b) of Section 15455 of the Government Code, the Corporation has provided documentation to the Authority, to the extent applicable, that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code or is not a "project" under such division; and

WHEREAS, approval of the terms of the issuance and sale of such revenue bonds and various related matters is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Health Facilities Financing Authority, as follows:

Section 1. Pursuant to the Act, revenue bonds of the Authority designated as the "California Health Facilities Financing Authority Insured Revenue Bonds (Castle Family Health Centers, Inc.), Series 2026" (the "Bonds"), in an aggregate principal amount not to exceed $14,000,000, are hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the indenture pursuant to which the Bonds will be issued, subject to (a) the final approval of Health Facility Construction Loan Insurance (the

"Insurance") by the Department of Health Care Access and Information (the "Department"), insuring the payment of the Bonds and (b) receipt of an investment grade bond rating. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the third recital above.

Section 2. The Treasurer of the State of California (the "Treasurer") is hereby authorized to enter into agreements to sell the Bonds in one or more series, on one or more sale dates at any time within six (6) months of the date of this Resolution, at public or private sale, in such aggregate principal amounts (not to exceed the aggregate principal amount set forth in Section 1) and in such series, at such prices (so long as the discount on the Bonds sold shall not exceed 6 percent of the par value thereof) and at such interest rate or rates and upon such other terms and conditions as the Treasurer, with the advice and consent of the Corporation, may determine. The Bonds or any series of them may, at the sole option of the Corporation, be secured by deeds of trust, a reserve fund, bond insurance, a credit facility, and other security arrangements and/or supported by one or more liquidity facilities.

Section 3. The following documents:

(a) an indenture relating to the Bonds (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as bond trustee (the "Trustee");

(b) a loan agreement relating to the Bonds (the "Loan Agreement"), between the Authority and the Corporation;

(c) a regulatory agreement relating to the Bonds (the "Regulatory Agreement"), among the Authority, the Department, and the Corporation;

(d) a contract of insurance relating to the Bonds (the "Contract of Insurance"), among the Authority, the Department, and the Corporation;

(e) a bond purchase agreement, including the exhibits or appendices thereto, relating to the Bonds (the "Bond Purchase Agreement"), among Piper Sandler & Co., as underwriter (the "Underwriter"), the Treasurer, and the Authority, and approved by the Corporation; and

(f) a preliminary official statement relating to the Bonds (the "Preliminary Official Statement")

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions, or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect provisions relating to a deed of trust, a debt service reserve fund, bond insurance, any other credit and/or liquidity facility and/or another security arrangement, at the sole option of the Corporation, for any series of Bonds) as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof in the case of the Indenture, the Loan Agreement, and the Bond Purchase Agreement, and by delivery thereof in the case of the Preliminary Official Statement. The Executive Director shall seek the advice of bond counsel and counsel to the Authority with respect to any such insertions, deletions, or changes therein.

Section 4. The Authority hereby specifically finds and declares that the findings of the Authority set forth in the Loan Agreement are true and correct.

Section 5. The dated dates, maturity dates (not exceeding 40 years from the respective date of issue), interest rate or rates, interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of tender or purchase, terms of redemption, provisions governing transfer and other terms of the Bonds, including provision for bond insurance and any credit facility and/or liquidity facility from time to time and/or another security arrangement, at the sole option of the Corporation, redemption and other terms of the Bonds shall be as provided in said Indenture as finally executed.

Section 6. The Underwriter is hereby authorized to distribute the Preliminary Official Statement for the Bonds to persons who may be interested in the purchase of such Bonds offered in such issuance, it being understood that, at the discretion of the Underwriter (in consultation with the Corporation), a preliminary official statement may not be used with respect to any series of Bonds. The Underwriter is hereby directed to deliver the final official statement (the "Official Statement") to all actual purchasers of such Bonds.

Section 7. The Bonds, when executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or upon direction of the Underwriter thereof in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Said instructions shall provide for the delivery of the Bonds to or upon direction of the Underwriter, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

Section 8. Each officer of the Authority is hereby authorized and directed, for and in the name of and on behalf of the Authority, to do any and all things which they may deem necessary or advisable in order to consummate the issuance, sale, and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Indenture, the Loan Agreement, the Contract of Insurance, the Regulatory Agreement, the Bond Purchase Agreement, and the Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including, without limitation: (a) a tax certificate and agreement and other certifications; (b) any agreement or commitment letter with respect to the provisions of bond insurance, a surety bond, a credit facility and/or a liquidity facility for the Bonds; and (c) an assignment of the Authority's right title and interest in a deed of trust..

Section 9. The provisions of the Authority's Resolution No. 2026-01, or any superseding resolution subsequently adopted by the Authority, apply to the documents and actions approved in this Resolution.

Section 10. The Authority hereby approves and ratifies each and every action taken by its officers, agents, and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 11. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: ____________________________

EXHIBIT A

2018 Project:

Refinance the Corporation's outstanding loan currently held by PNC Bank, N.A. that was incurred to finance the construction of the Corporation's health facility located at 6029 N. Winton Way in the City of Winton, California.

2026 Project:

Finance the design, construction, installation, and equipping of an expansion of the Corporation's health facility located at 1775 Third Street in the City of Atwater, California, to add approximately 8,400 square feet to the health facility, and related capital improvements and equipment costs.