Mountains
COMMUNITY HEALTH

Securing Healthcare in the Mountains for the Next 75 Years

A lifeline for mountain healthcare

1951
Serving the mountain communities

30,000
Year-round Rim residents

2M+
Annual visitors to the mountains

40,000 patient visits
Only acute-care hospital serving this side of the mountain

- Provides direct care and stabilizes patients and transfers them to higher levels of care when needed.
- Supports emergency response partners and local economic vitality as a key employer.
- Keeps residents from traveling down the mountain for care when roads, weather, or emergencies make every minute matter.

Without this project, the future of local access to healthcare is at risk. MCH cannot continue operating in a 75-year-old building for much longer.

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PROJECT SCOPE

What we are building

New Acute Care Wing

17 modern acute-care beds designed around today's patient needs.

New Emergency Department

Updated spaces to improve emergency care, flow, privacy, and safety.

Expanded Skilled Nursing Facility

13 additional beds so residentscan remain close to home.

Improved arrival + support areas

Better entry, drop-off, storage, and back-of-house support spaces.

Seismic safety upgrades

Compliance with California safety requirements and improved resilience.

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FACILITY REALITY

Why the project is needed now

75 years

Current hospital building age

26 years

Emergency Department age

2030

Seismic requirement deadline

- Existing spaces no longer support modern healthcare needs or patient expectations.
- The Emergency Department is too limited for today’s care standards.
- The hospital must meet seismic requirements to continue operating.
- Delaying increases risk, cost, and uncertainty.

The building has served the mountain well — but it was not designed for the next 75 years of care.

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Benefits for patients and families

- Safer, more comfortable patient rooms with improved privacy and care flow.
- Improved emergency care spaces and true isolation rooms.
- Better climate control, more storage, and a modern nurse call system.
- Expanded long-term care skilled nursing beds so more residents can remain close to family.

What patients will feel

More comfort, dignity, privacy, and confidence in the care environment.

What families will feel

A better experience during stressful moments and more local recovery options.

What care teams gain

Spaces and systems that support safer, more efficient, higher-quality care.

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A chance to meet more community needs

The new Emergency Department creates an opportunity to repurpose approximately 2,500 square feet of existing ED space.

- Outpatient services
- Infusion care
- Wound care
- Urgent care
- Specialty care
- Behavioral health
- Pediatrics
- CHNA priorities

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WORKFORCE IMPACT

Staff need modern spaces to provide care

Safer workflows

Better room layouts and care flow improve safety and reduce workarounds.

Infection control

More appropriate rooms and storage support privacy, cleanliness, and isolation needs.

Recruitment + retention

Updated facilities help support staff morale and the ability to recruit and keep skilled caregivers.

Modern facilities help caregivers do their best work — and help MCH remain an employer of choice in the mountains.

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Disaster readiness is healthcare access

- Helps the hospital remain functional after an earthquake or disaster.
- Strengthens local emergency response and stabilization capacity.
- Protects access when roads or utilities are disrupted by earthquakes, wildfires, storms, or other emergencies.

Local

Emergency care when roads are unsafe

Functional

Prepared for disruption

Resilient

Built for the next disaster

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PROJECT FUNDING

How we had PLANNED to pay for it (per 2024 FFS)

$72M

Approximate total project cost

$48.5M

USDA long term, low-interest rate loan

$23.5M

Capital campaign + savings

Bond repayment

2024 Financial Feasibility Study showed adequate debt service coverage sufficient to pay principal and interest payments over 35 years.

Capital campaign

Philanthropy, grants, and community support will help close the remaining gap and support equipment and technology needs.

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$4 Million Annual Revenue Reduction Beginning FY2028

Federal Legislation Passed

- Signed July 4, 2025
- Nearly $1 trillion reduction in federal Medicaid spending over 10 years
- Expected annual MCH revenue reduction: ~$4 million beginning FY2028

Financial Impact

- **Debt Service Coverage Ratio (2024 FFS):** 1.86
- **Projected After OBBBA:** -0.17
- **Result:** MCH is no longer projected to generate sufficient operating cash flow to meet annual USDA loan principal and interest obligations.

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PROJECT FUNDING

How we NOW propose to pay for it (post OBBBA)

$72M

Approximate total project cost

$48.5M

USDA low-interest loan

$23.5M

Capital campaign / philanthropy gap

Bond repayment

$61 M bond measure would pay the principal and interest payments on USDA debt; maximum tax levy of $25 per $100,000 of assessed value for 30 years, with independent oversight and local control.

Capital campaign

Philanthropy, grants, and community support will help close the remaining gap and support equipment and technology needs.

Unforeseen Project Costs

A $61 million bond measure would also provide a cushion of up to $12.5 million to cover any unforeseen project costs.

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BACKGROUND

- June 2024 - District locked in USDA Loan of $48.5m at 3.5% to fund a portion of the Seismic Expansion Project of $72m. Loan as initially approved would be structured with the hospital property and hospital revenue as collateral.
- May 2025 – Interim construction loan secured as required for the USDA Loan to begin the first phase of construction
- July 2025 – Federal funding cuts to Medicaid (Medi-Cal) approved (OBBBA)
- Fall 2025 – District estimated impact of Medicaid (Medi-Cal) cuts: anticipated $4M loss in revenue
- January 2026 - Option of a General Obligation (GO) bond measure presented for initial board consideration
- April 2026 - Board received favorable voter survey results for viability of GO bond measure, and elected to explore it further by engaging communication consultant and bond counsel

SURVEY LANGUAGE

Bond measure message tested with the community in March 2026

Would you vote yes or no?

To repair and upgrade 75-year-old Mountains Community Health including: Fixing deteriorating roofs, plumbing, electrical, and safety systems; upgrading/expanding Emergency Room, surgery, medical technology/treatments; and maintaining local access to life-saving emergency medical care for accidents, heart attacks, strokes and other emergencies, shall San Bernardino Mountains Community Hospital District's measure be adopted authorizing 67* million dollars in bonds at legal rates, levying $29 per $100,000 assessed value (approx. $5 million dollars annually) while bonds are outstanding, with independent oversight and all money locally-controlled?

The results showed strong support for the priorities this project addresses: emergency care, facility improvements, access, and resilience.

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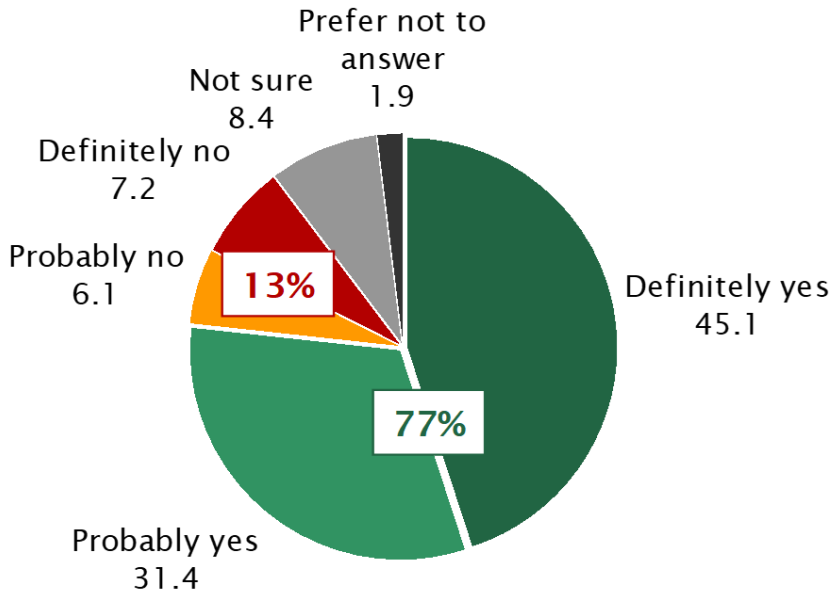
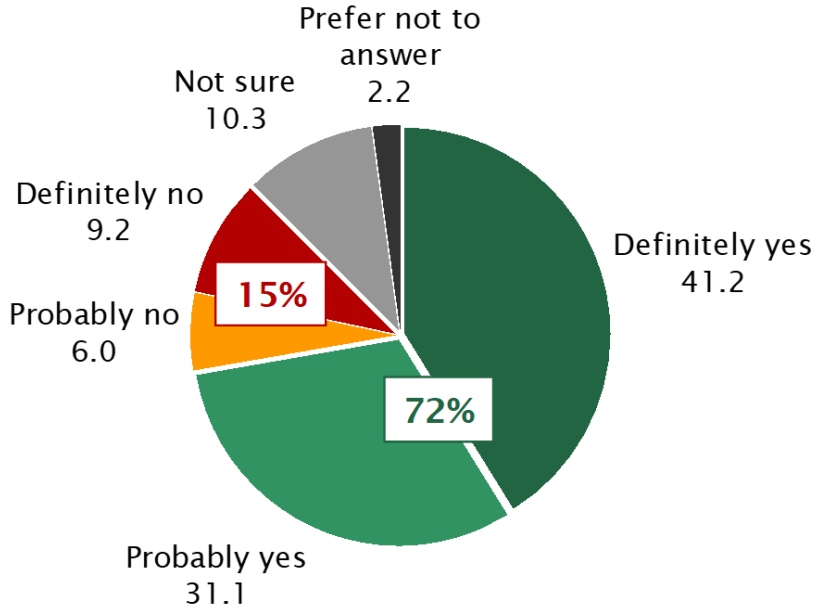
SURVEY – ballot test RESULTS

Test of ballot language before and after positive and negative arguments

Initial Ballot Test: 77%



Final Ballot Test: 72%



Source: TrueNorth Research

METHODOLOGY

How did we select voters to survey?

- Selected to estimate results of *November 2026 Election*
- Stratified & Clustered Random Sample of likely voters Nov 2026 using age, gender, partisanship, household party type, and sub-geographies
- Ensures balanced, representative sample of likely voters

What was the sample size?

- 348 completed interviews
- Overall margin of error of ± 5.1% @ 95% level of confidence

Source: True North Research

SURVEY CONCLUSIONS & RECOMMENDATIONS

Does a bond appear to be feasible for 2026? *Yes.*

Election Date: November 2026

Positive Signs

- Voters rank being prepared for disasters and improving healthcare locally among the most important issues facing the community
- Strong natural support for bond (77%)
- ***All ballot tests are above two-thirds threshold, even after opposition arguments***

Hospital Communications: Begin a conversation with the community to strengthen awareness of facility needs, how they connect to emergency preparedness and quality healthcare, and consensus on a bond proposal.

Independent Campaign: Need to have solid independent campaign to navigate through the election cycle, communicate key messages, turn out supporters, and weather uncertainties.

GO Bond Proposed

- General Obligation Bond options presented in voter survey with range of rates from $14 to $30 per $100,000 in assessed value
- A tax rate of $25 as shown below is lower than what was used in the survey to align with USDA loan repayment, additional coverage and a portion to cover the non-USDA portion of the project

Projected Tax Rate per $100,000 of Assessed Value	Annual Levy for Median Home Value	Maximum Par Amount	Latest Payment Date	Total Debt Service	GO Project Fund Amount	Financing Type	Balance to Fund $72 million
$25	$85	$61,000,000	9/1/2058	$100,671,625	$58,500,000	USDA Loan & Bonds	$13,500,000

- If a lower amount is sufficient to cover debt service, a lower amount will be levied
- Maximum par amount does not need to be issued. Any unneeded authorization may be rescinded without voter approval

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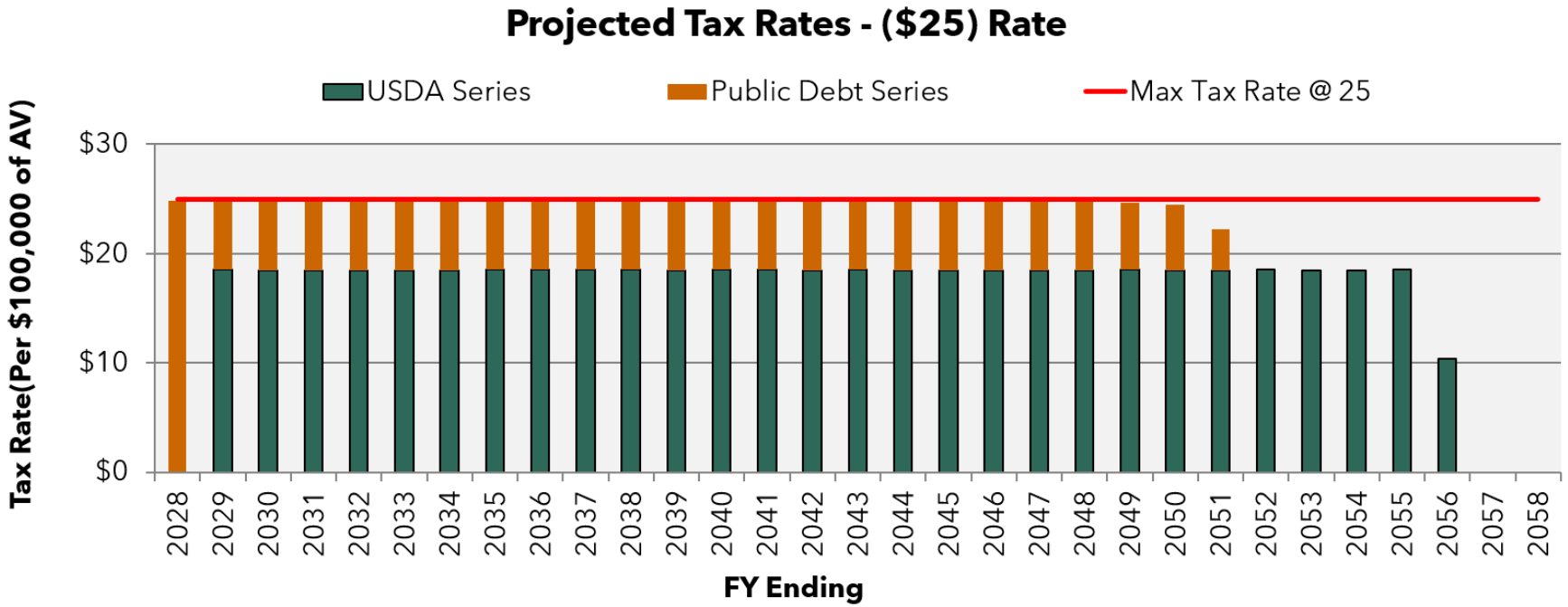
Notes: Preliminary, subject to change.

PROJECTED TAX RATES – ($25) RATE



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FUNDING AMOUNTS

	USDA	Public Debt	Total
Par Amount	$48,500,000	$12,500,000	$61,000,000
Project Amount	48,500,000	12,500,000	61,000,000
Total Debt Service	83,143,525	23,039,200	106,182,725
Final Maturity Date	9/1/2059	9/1/2058	
Repayment Ratio	1.71	1.84	1.74

Public offered debt not typically sold at par per market demand but shown at par for illustration purposes.

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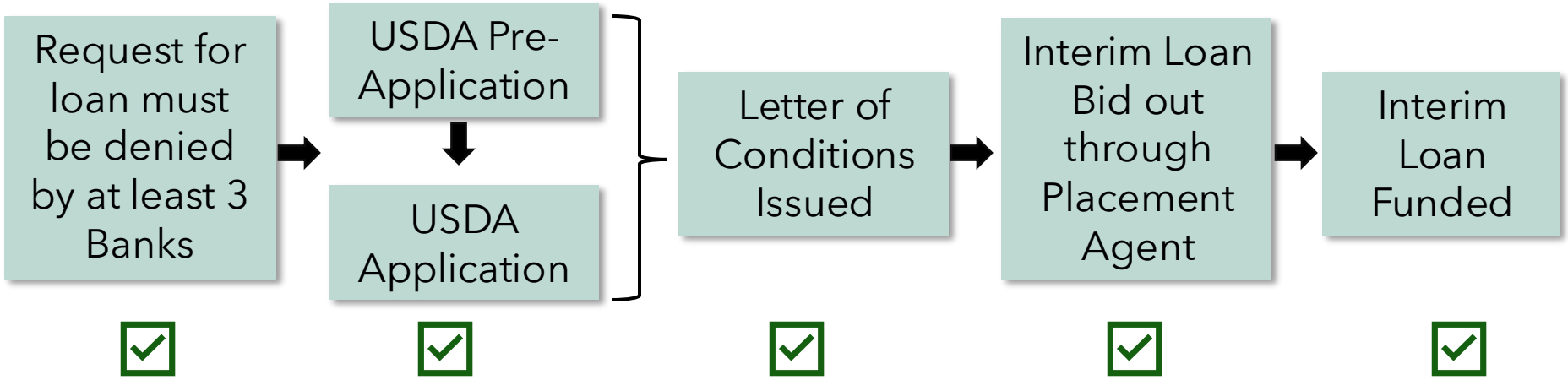
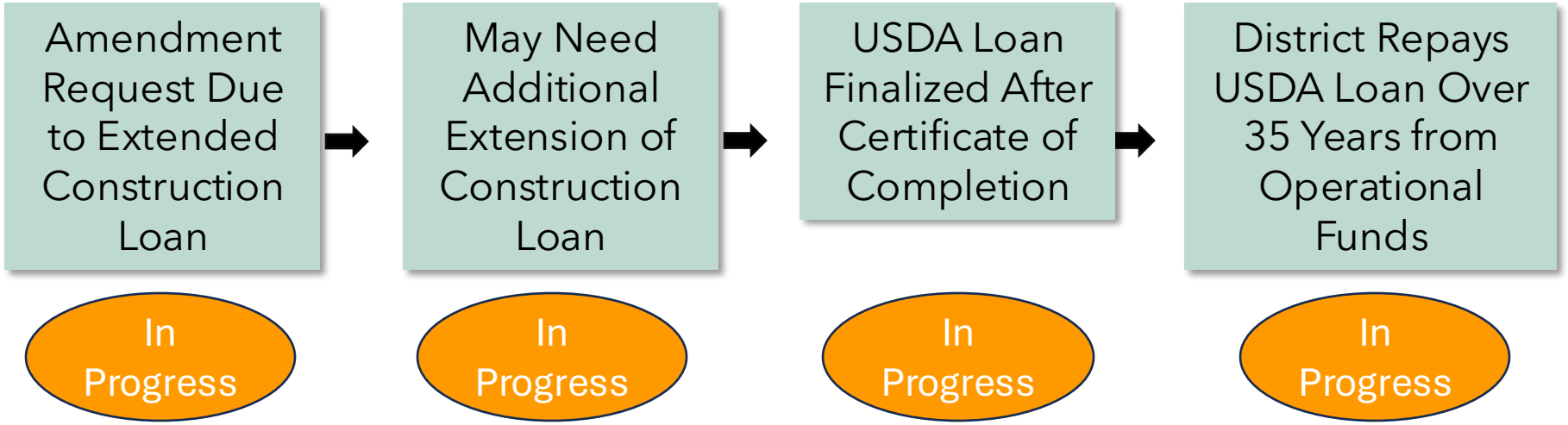
Notes: Assumes annual increase in assessed value of 4.00%. USDA based on interest rate of 3.5%. Public debt assumes yields based 15-year average 'A' scale per maturity plus 100 basis points. Maximum term for each is 30 years, terms above maximize efficiency for lowest overall interest cost. Terms to be set at pricing and closing based on final AV and yields.

Process for debt repayment - currently





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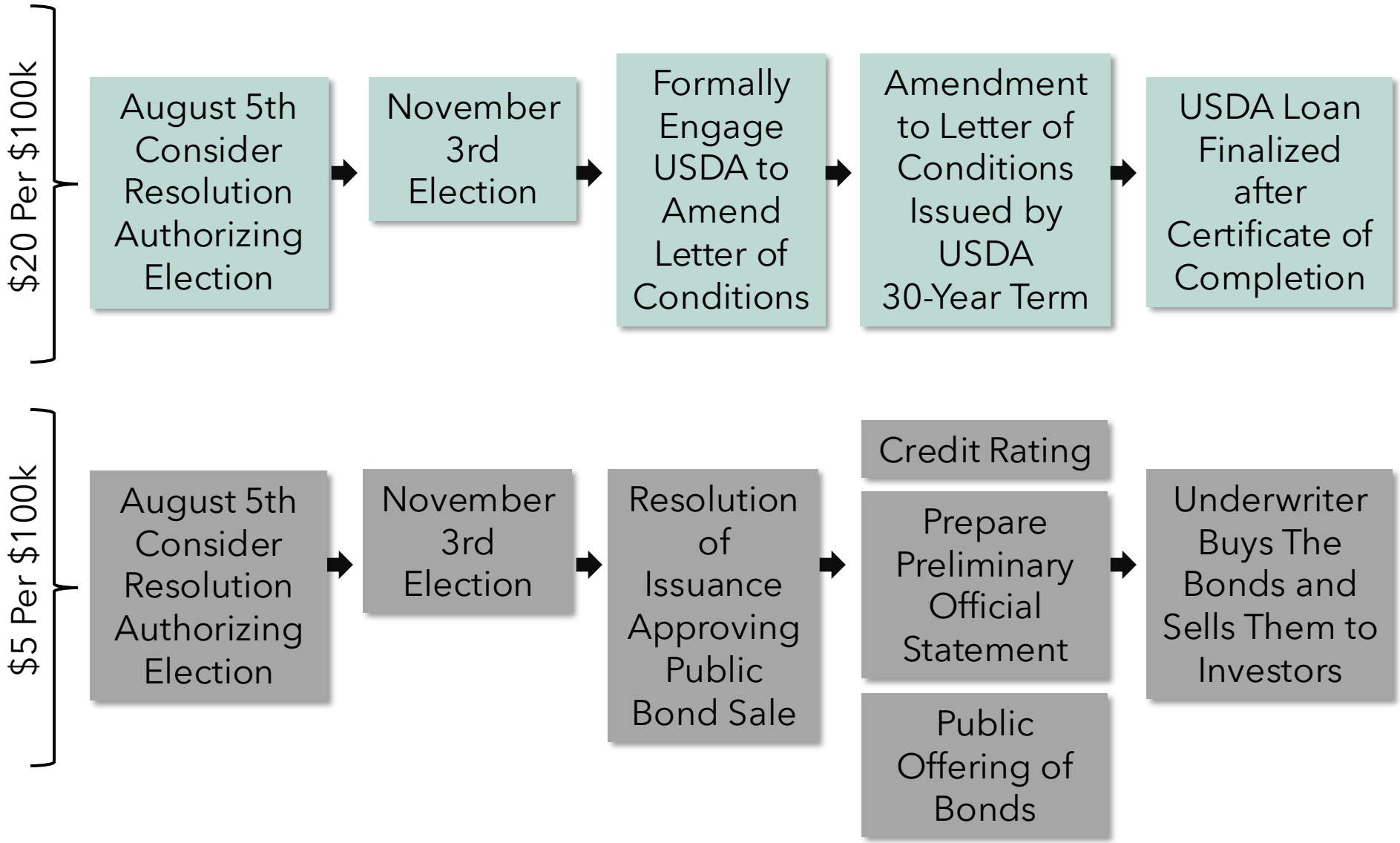
Notes: Preliminary, subject to change

Process with voter approval of GO Bond



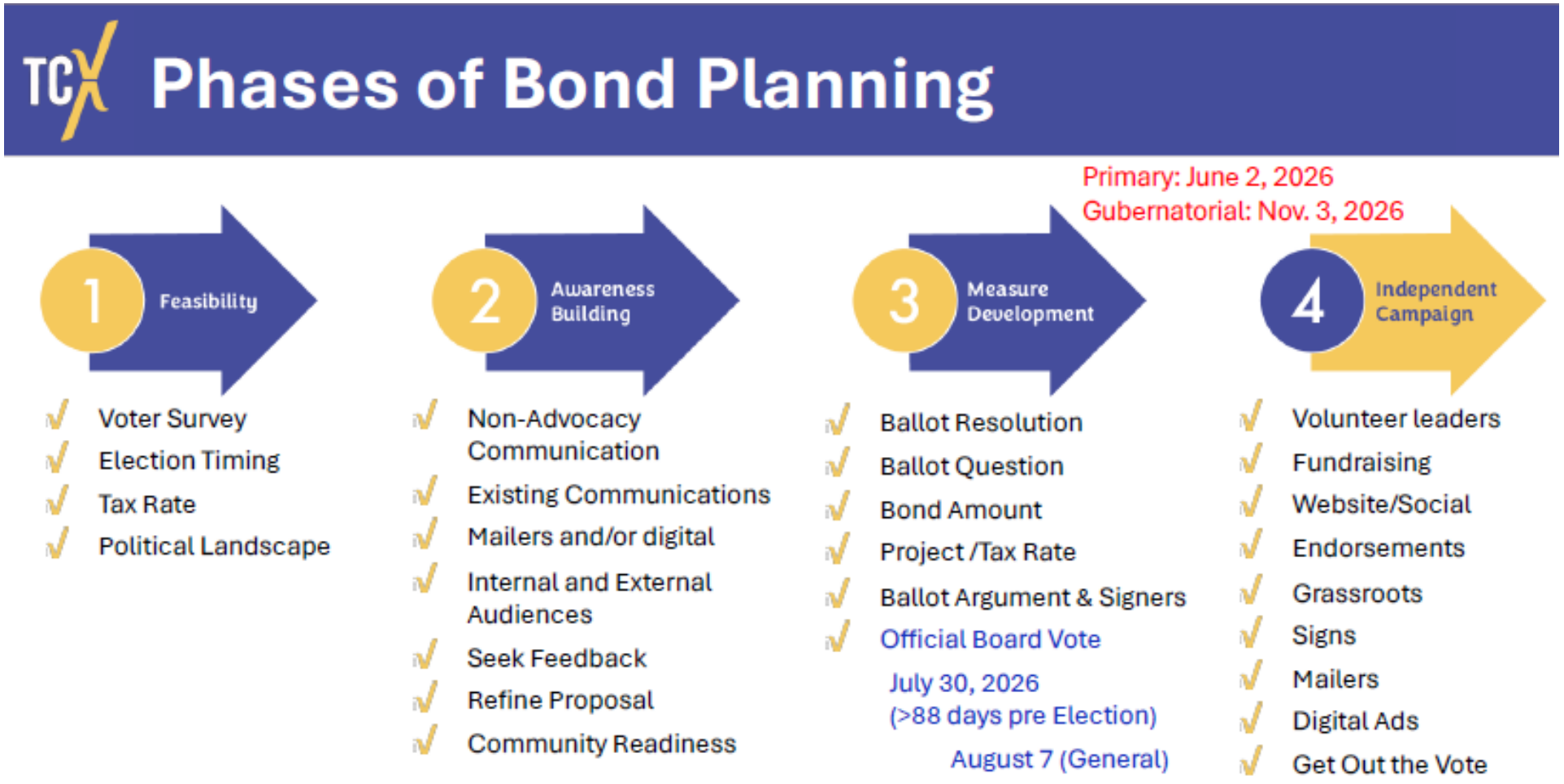
Notes: Preliminary, subject to change

How GO Bonds Work

- If a rate of $25 per $100,000 were approved by voters, it would support the USDA Debt of $48,500,000 plus a separate traditional general obligation bond public offering debt of $12,500,000 for a total of $61,000,000
- USDA Loan would maintain low 3.5% interest rate, but would be structured as a general obligation bond with annual payments established and fixed based on estimate of tax of $20 per $100,000 of assessed value over a maximum term of 30 years
- The hospital property and operating revenue would no longer serve as the security for the bonds purchased by the USDA
- Annual debt service payments would be fixed at the time of issuance of the USDA Loan and the public debt
- Each August, the tax levy would be calculated based on the assessed value provided by the County for the coming year and the amount needed to make debt service payments to USDA and to bondholders
- Funds can only be used to pay debt service

Notes: Preliminary, subject to change.

COMMUNICATION PLANNING



Source: Team Civx

COMMUNICATION STEPS

- Public Education and Outreach
  - Foundation
  - Auxiliary Members
  - Doctors and Staff
  - Community Leaders and Organizations
- Education: Fact Sheets and FAQ
- Mailer to Community with opportunity for feedback
  - Sent to all homes of all registered voters
- August 5 – Board Vote
- August – November: Independent Campaign Committee

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Source: Team Civx

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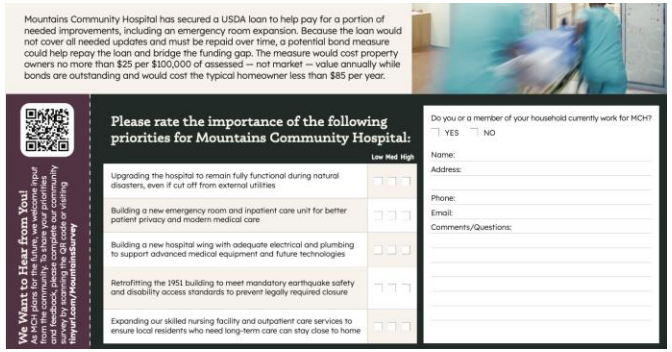
Community Survey Results


Mountains Community Hospital has secured a USDA loan to help pay for a portion of needed improvements, including an emergency room expansion. Because the loan would not cover all needed updates and must be repaid over time, a potential bond measure could help repay the loan and bridge the funding gap. The measure would cost property owners no more than $25 per $100,000 of assessed — not market — value annually while bonds are outstanding and would cost the typical homeowner less than $85 per year.

We Want to Hear from You!
As MCH plans for the future, we welcome input from the community. To share your thoughts and feedback, please complete our community survey by scanning the QR code or visiting tinyurl.com/MountainsSurvey

Please rate the importance of the following priorities for Mountains Community Hospital:

	Low	Med	High
Upgrading the hospital to remain fully functional during natural disasters, even if cut off from external utilities			
Building a new emergency room and inpatient care unit for better patient privacy and modern medical care			
Building a new hospital wing with adequate electrical and plumbing to support advanced medical equipment and future technologies			
Retrofitting the 1951 building to meet mandatory earthquake safety and disability access standards to prevent legally required closure			
Expanding our skilled nursing facility and outpatient care services to ensure local residents who need long-term care can stay close to home			

Do you or a member of your household currently work for MCH?
☐ YES ☐ NO

Name:
Address:
Phone:
Email:
Comments/Questions:

Strong overall support for investing in MCH priorities

78 survey responses reviewed

87% rated the top priority “high”

Bottom line

The community values MCH and generally supports the proposed improvements, while asking for clarity on funding, taxes, parking, emergency care, and access to more services.

High-priority ratings by area

Share of all responses marked “High”

Highest support centered on immediate, critical infrastructure and care priorities.

What we heard

Comments show strong support, with specific questions and concerns to address.

1

Emergency care

Improve ER staffing, wait times, facilities, and quality of care.

2

Seismic safety

Prevent closure risk and prioritize required safety upgrades.

3

Access to services

Interest in maternity/peds, primary care, specialty care, Kaiser partnerships, and MRI.

4

Parking & convenience

Concerns about parking availability, especially for older patients.

5

Bond clarity

Questions about property-tax cost, annual revenue, voter threshold, and confidentiality.

Suggested message: Emphasize that community feedback is being heard, and that planning will continue to focus on emergency care, safety, access, and responsible stewardship of funds.

BOND MEASURE ACTIONS

- **Adopt Resolution ordering election and approving the following key items:**
  - Setting maximum bond amount of $61,000,000;
  - Requesting consolidation with other elections on 11- 3-26;
  - Approving the Tax Rate Statement, proposed as *$25 per $100,000 Assessed Value; and*
  - Authorizing submittal of primary and rebuttal ballot arguments in favor.
- **Deadline for submittal of resolution: 8-7-26 (88 days prior to election date)**
- **Next step:**
  - Argument with sponsors due to County 8-17-26

Draft ballot STATEMENT

"To repair and upgrade 75-year-old Mountains Community Hospital including: fixing deteriorating roofs, plumbing, electrical, and safety systems; upgrading/expanding emergency department, medical technology, and treatments; and maintaining local access to life-saving emergency medical care for accidents, heart attacks, strokes, and other emergencies, shall San Bernardino Mountains Community Hospital District's measure be adopted authorizing $61,000,000 in bonds at legal rates, levying $25 per $100,000 assessed value ($3,500,000 annually) while bonds are outstanding, with independent oversight and all money locally-controlled?"

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Notes: Preliminary, subject to change.

REIMBURSEMENT RESOLUTION

- **Adopt Resolution Regarding Districts Intent to Issue Tax-Exempt Bonds**
  - Adoption of resolution allows for reimbursement of funds expended with tax-exempt bond proceeds
  - Adoption of the resolution does not obligate the District to issue bonds, but simply allows it to reimburse itself if it chooses to do so
  - Without the reimbursement resolution, the District would not be able to reimburse itself with tax-exempt bonds, but instead could issue taxable bonds at a higher interest rate

Path Forward: USDA Loan Restructuring

Pending Voter Approval

- Following voter approval, MCH intends to negotiate revised USDA loan repayment terms that reflect the hospital's new financial outlook.

USDA Discussions

- USDA has indicated a willingness to work with MCH on restructuring the loan to support long-term financial sustainability.
- Discussions have focused on incorporating future tax revenues into the repayment structure.

Current Status

- MCH and USDA remain engaged in discussions regarding potential loan modifications.
- The existing USDA loan remains in effect under its current repayment terms until a revised agreement is finalized.

Next Steps

- Obtain legal memorandum from bond counsel documenting USDA's willingness to renegotiate.
- Continue negotiations with USDA following the outcome of the voter measure.
- Finalize revised repayment terms, if approved.

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Why the timing is right

- MCH has secured a low-interest USDA loan.
- The bond measure survey showed strong community support for emergency care, facility improvement, expanded access, and resilience.
- A design-build contract helps provide greater cost certainty in a volatile market.
- Waiting could expose the project to higher interest rates and rising construction costs.

Acting now helps secure healthcare access in the mountains for the next 75 years.