Regular Teleconference Meeting of
the
Executive Committee of the Board of Directors of the
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS

Offices of the Association of Bay Area Governments
Bay Area Metro Center
Room 8302 (Tomales)
375 Beale Street – San Francisco, CA

July 6, 2016 •10:30 AM

Teleconference Locations:

Solano County
County Government Center
675 Texas Street, Suite 1900
Fairfield, CA 94533

Sonoma County
County Fiscal Building
585 Fiscal Drive, Suite 100
Santa Rosa, CA 95403

Santa Clara County
County Government Center
70 West Hedding Street,
E. Wing, 2nd Floor
San Jose, CA 95110

Contra Costa County
625 Court Street, Room 100/102
Martinez, CA 94553.

AGENDA

1. Call to Order *(Introductions and confirm quorum).*

2. Public Comment.

3.* Minutes of the Authority Executive Committee Meeting of June 29, 2016.

4.* Consideration of **Resolution 16-05** approving the form and authorizing the execution and delivery of certain documents in connection with the issuance of Senior Living Revenue Bonds (Odd Fellows Home of California – The Meadows Of Napa Valley), Series 2016A and Series 2016B.

5. Other business.

6. Adjourn

The Committee may take any action on any item on this agenda

This agenda and related materials may be found at: http://www.abag.ca.gov/meetings/financeauthority.html

* Enclosures

Teleconference Meeting of the
Executive Committee of the Board of Directors of the
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
A Joint Powers Authority of California Cities and Counties
Offices of the Association of Bay Area Governments
Bay Area Metro Center
Room 8302 (Tomales)
375 Beale Street- San Francisco, CA

SUMMARY MINUTES

Wednesday 29 June 2016

Members & Alternates Present

Chuck Lomeli	County of Solano
Jonathan Kadlec	County of Sonoma
Paul McDonough	County of Santa Clara
Russell Watt	County of Contra Costa

(All Above Committee Members attended by phone.)

Authority Staff

Kenneth Moy, ABAG Legal Counsel/Acting General Counsel and Acting Secretary to the Authority
Courtney Ruby, ABAG Interim Finance Director/Interim Chief Financial Officer to the Authority

Invited Presenters & Guests

Palo Alto Gardens:
- Peter Villareal, MidPen Housing
- Paul Thimmig, Quint & Timmig LLP

Terracina at Elk Grove:
- Julie A. Wunderlich, Jones Hall

1. Call to Order

The meeting was called to order by Chair Lomeli at 10:32 a.m.

2. Public Comment

None.

3. Executive Committee Minutes

The Minutes of the Authority Executive Committee Meetings of May 4, 2016 were approved. /M/ Kadlec /S/ Watt/ roll call – Lomeli, Kadlec, McDonough and Watt ayes/ 0 nay.

4. Consideration of **Resolution 16-03** approving and authorizing the execution of an Amendment to the Loan Agreement for the Authority's Multifamily Housing Revenue Bonds (Palo Alto Gardens Apartments), Series 1999A.

The Committee received reports from Moy regarding the staff memorandum and from MidPen Housing and Quint & Thimmig regarding the forgivable CDBG loan from the City of Palo Alto and the Amendment to the Loan Agreement. MidPen Housing and Quint & Thimmig responded to questions from committee members regarding provisions in the Amendment which would allow MidPen to obtain other loans secured by the property. /M/ Kadlec /S/ Watt to approve Resolution 16-03 with the proviso that the Amendment be modified to address committee concerns regarding subsequent loans and as approved by the Authority's Acting General Counsel. Motion passed on a roll call – Lomeli, Kadlec, McDonough and Watt ayes/ 0 nay

5. Consideration of **Resolution 16-04** authorizing Amendment to the Indenture of Trust relating the Authority's Multifamily Housing Revenue Bonds (Terracina at Elk Grove) 2008 Series A.

The Committee received reports from Moy regarding the staff memorandum and from Jones Hall regarding the Amendment to the Indenture. Jones Hall responded to questions from committee members regarding the history of the transfer restriction. /M/ McDonough /S/ Watt to approve Resolution 16-04. Motion passed on a roll call – Lomeli, Kadlec, McDonough and Watt ayes/ 0 nay.

6. Presentation and adoption of the budget for the ABAG Finance Authority for Nonprofit Corporations for Fiscal Year 2016-17.

Ruby presented the assumptions of the proposed FY 2016-17 operating budget for the Authority and the components of the budget. Ruby responded to questions from committee members. /M/ Lomeli /S/ Kadlec to approve FY 2016-17 budget as proposed. Motion passed on a roll call – Lomeli, Kadlec, McDonough and Watt ayes/ 0 nay.

7. Presentation and acceptance of status report on adoption and implementation of internal controls post-embezzlement.

Ruby presented the status report on adoption and implementation of internal controls post- embezzlement and responded to questions from members of the committee. The committee accepted the report.

8. Presentation and acceptance of status report on proposed consolidation of the staffs of the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) and potential impacts on the Authority.

Moy presented the status report on proposed consolidation of the staffs of the ABAG and MTC. The committee accepted the report.

9. Presentation and authorization of a Contract for Services with Sheelagh Flanagan for the period from July 1, 2016 to December 31, 2016 in an amount not to exceed One Hundred Thousand Dollars ($100,000).

Moy presented the background on the proposed contract and responded to questions from the committee. /M/ Watt /S/ Kadlec to approve the contract as proposed. Motion passed on a roll call – Lomeli, Kadlec, McDonough and Watt ayes/ 0 nay.

10. Presentation and authorization of an Amendment to the Contract for Services with Charlie Adams that extends the term of the contract from June 30, 2016 to June 30, 2017 and increases the amount payable under the contract from Thirty Thousand Dollars ($30,000) to Ninety Thousand Dollars ($90,000).

Moy presented the background on the proposed contract. /M/ McDonough /S/ Watt to approve the contract as proposed. Motion passed on a roll call – Lomeli, Kadlec, McDonough and Watt ayes/ 0 nay.

There being no other business, Chair Lomeli adjourned the meeting at 11:55 a.m.

Respectfully submitted,

Kenneth Moy
Acting Secretary

AGENDA ITEM No. 4
ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
A Joint Powers Authority of Cities and Counties
Meeting of 6 July 2016

The Executive Committee of the Board of Directors of the ABAG Finance Authority for Nonprofit Corporations is requested to consider Resolution **16-05**, authorizing conduit tax-exempt financing of up to $**72** million for The Odd Fellows Home of California, (the **"Borrower"**), a California nonprofit owner and operator of retirement communities in the Cities of Saratoga (Santa Clara County) and Napa (Napa County). Napa County completed the required TEFRA hearing and made its final determination on this matter on June 21, 2016. Financing documentation for this transaction is substantially complete and available for review upon request.

The Odd Fellows Home of California

Location of Facilities:	**1800 Atrium Parkway Napa, California**
Use of Funds:	**Acquisition and construction of expanded facilities in Napa, California**
Financing Amount:	**Not to Exceed $72,000,000**
Ratings:	**BBVA Compass Bank ratings: A- / Baa1 / BBB+ (Fitch/Moody's/S+P) Underlying rating expected from Fitch for Odd Fellows of California of "BBB-"**

The Borrower

The Odd Fellows Home of California, dba Saratoga Retirement Community in Saratoga and dba The Meadows of Napa Valley in Napa (the "Borrower"), is a 501(c)(3) non-profit retirement community operator. The Borrower was formed by the Grand Lodge of California, Independent Order of Odd Fellows (the "Grand Lodge") and has operated a retirement facility at its present location in Saratoga since 1912. The Borrower currently owns and operates 143 independent living apartments, 100 assisted living apartments, 12 special care beds, and a 94-bed skilled nursing facility in Saratoga and, as a result of a July 2002 merger of the two communities, there are currently 154 residential living units, 40 assisted living units, 20 memory care units, and a 69-bed skilled nursing facility in Napa. Residents are not required to be members of the Independent Order of Odd Fellows to live at either of the facilities.

The proposed project will be undertaken at the Borrower's Napa location. The Meadows of Napa Valley is located at 1800 Atrium Parkway, Napa, California, on a 20-acre parcel of land approximately one mile from downtown Napa. A prior owner originally built the facility in 1988, as the Meadows Retirement Apartments. The Meadows Retirement Apartments were acquired by the Odd Fellows in August 1992. In 1993, funded by the $18,995,000 California Statewide Communities Development Authority Insured Certificates of Participation (the "1993 Certificates"), a portion of the original residential units was converted to assisted living accommodations, and in July 1994, the first resident moved into the assisted living wing. The Meadows Care Center (the skilled nursing facility) was completed in June 1995. In 2006, The Meadows began efforts to redevelop the campus to its existing configuration encompassing the continuing care retirement community continuum.

The Borrower was originally organized for the purpose of operating a retirement community in Saratoga, California, for members of the Grand Lodge, and its sister organization, The Rebekah Assembly of California (the "Rebekah Assembly", and collectively with the Grand Lodge, the "Order"), both charitable and fraternal organizations with membership throughout the United States. The Borrower was formed under the authority of and with the approval of the Grand Lodge. The Grand Lodge received its charter in the State of California in 1853, and as of July 31, 2012, was responsible for 166 lodges in California with approximately 5,830 members. The Grand Lodge is subject to the regulations of the Sovereign Grand Lodge, a North Carolina nonprofit corporation, which was established in 1819 for the purpose of chartering component organizations within the Order and supervising their operations. The Sovereign Grand Lodge, through its affiliate organizations, was one of the originators of retirement homes for the aged in North America, founding the first homes during the early 1800's.

While originally organized for the purpose of providing retirement housing only for members of the Order, the Borrower has, since 1995, also been operated to provide services to elderly and disabled persons of the general public, as well.

Public Benefit

The Grand Lodge has a long history of service and charity to the communities it serves, including through the two organizations under its control: the Borrower and the California Odd Fellows Foundation. The Borrower has twelve special care beds on the Saratoga campus and 20 special care beds on the Napa campus reserved for the specific needs of residents diagnosed with Alzheimer's disease and/or related dementia. These Alzheimer's facilities are available to residents needing such care as well as to the surrounding community. In addition, the Borrower has an endowment fund available to assure that residents who deplete their resources are not forced to move off campus. The nursing beds on both campuses are licensed to participate in the Medi-Cal programs and the Saratoga campus also serves a number of SSI residents.

The California Odd Fellows Foundation owns and operates a 154-unit low-income senior apartment complex located directly east and adjacent to the Saratoga campus, known as Fellowship Plaza. Fellowship Plaza is a Section 8 HUD project.

In July 2008, the Saratoga campus was honored with a Community Service Award for aiding local and state economic development efforts.

The Financing Project

The proposed expansion at the Meadows includes, but is not limited to, the planning, entitlement, design and construction of a 3-story building containing 92 independent living units with underground parking, new fitness and aquatics center, kitchen and dining expansion and remodel, utility relocation with general site improvements, atrium building renovation, and physical therapy pavilion (collectively the “Project”). A preliminary guaranteed maximum price contract has been received and is currently under review on the project. All permits will be in place to allow for a construction start after closing of the Series 2016 debt facility. The project is expected to be complete within 17 months with all units occupied in 12 months after Certificate of Occupancy.

Financing Structure and Security Provisions

The loan proceeds, together with the Borrower’s equity cash and prepaid project expenses will be used to fund certain construction costs, capitalized interest during construction and initial ramp-up periods, and a debt service reserve equal to the 25% of the expected maximum annual debt service of the long-term portion of the Bonds. The Borrower has agreed to fund approximately $10.9 million through cash and prepaid expenses within the first three months of closing. The equity will fund at closing capitalized interest. As construction progresses, the bank will fund additional project draw requests each month. Under the terms of the Indenture and the Loan Agreement, only the Borrower is authorized to request disbursements from, or make draws on, the Project Fund.

The short-term portion of the Series 2016 debt (approximately $60.4 million) will be repaid to the bank periodically from first generation entrance fees collected from the 92 newly constructed apartments once the entrance fee receipts are released from statutory refund requirements. Final payments of the short-term debt is expected by April 2019 however the short term bonds maturity date is two years later in May, 2021. The remaining long-term portion of the debt (approximately $11 million) will be repaid annually beginning after the short term debt is paid off, amortizing over approximately 12 years with a maturity in May, 2032.

The debt will be issued on a parity basis with the Authority’s Series 2012 bonds, which are insured by Cal-Mortgage.

Estimated Sources & Uses of Funds

Sources of Funds	
Short-term debt	$ 60,397,000
Long-term debt	11,032,000
Equity cash and prepaid	13,837,000
Total Sources	**$ 85,266,000**

Uses of Funds	
Project	$ 82,390,000
Funded, capitalized interest	1,298,000
Debt service reserve fund	266,000
Financing costs	1,312,000
Total Uses	**$ 85,266,000**

The Authority's fees in connection with this financing would equate to approximately $25,000.00 at delivery of the Bonds and an annual fee of .02% of the original principal amount of the Bonds. The Authority's out-of-pocket costs including fees of legal counsel would be reimbursed separately at closing.

The Authority would accept no financial risk in the transaction. The financing documentation and official statement would contain statements having the same effect as the following:

> **Neither the faith and credit of the Authority or the Association of Bay Area Governments nor the faith and credit or taxing power of any member of the Authority, the Association of Bay Area Governments, the State of California, or any political subdivision thereof, is pledged to the payment of the principal or premium, if any, or purchase price of, or interest on these securities or other costs incident thereto except from the specific revenues and funds pledged therefor. These securities are not a debt of the Authority, the Association of Bay Area Governments or the State of California or any political subdivision thereof, and neither the Authority, the Association of Bay Area Governments nor the State of California, nor any political subdivision thereof is liable for the payment thereof.**

The Authority must also receive comprehensive indemnification from the Borrower and must receive a comprehensive legal opinion from a nationally recognized securities law firm with respect to matters of disclosure.

Financing Team

The Borrower has proposed that Cain Brothers & Company, LLC, San Francisco, serve as Placement Agent for the Bank Direct Placement debt and that Orrick Herrington & Sutcliffe, Sacramento, serve as Bond Counsel for the proposed transaction. The Borrowers are represented by Burke, Williams & Sorensen, LLP, Los Angeles. The Authority would be represented generally in this matter by Jones Hall, San Francisco. The Authority's Trustee for this transaction would be U.S. Bank, Portland.

Enclosures and Other Documentation

Enclosed with this memorandum are the following:

Resolution 16-05
Application from Odd Fellows
Selected attachments to the Application from Odd Fellows

Attachments to the Application that are not enclosed are:
Attachment E: BBVA Compass Bank Commitment

In addition, Attachments I-1 and I-2 are extracts of the appraisals of the Napa and Saratoga facilities.

The BBVA Compass Bank Commitment and the full complete appraisals are available from the ABAG FAN website here:

http://abag.ca.gov/meetings/financeauthority.html

Authority Guidelines for Issuance

As proposed, the financing would meet the Authority's Guidelines for Issuance in all respects.

Staff Recommendation

Staff respectfully recommends approval of **Resolution No. 16-05** authorizing the proposed financing.

RESOLUTION NO. 16-05

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS
EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

A RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF SENIOR LIVING REVENUE BONDS (ODD FELLOWS HOME OF CALIFORNIA – THE MEADOWS OF NAPA VALLEY), SERIES 2016, IN MULTIPLE SERIES, AND THE LOAN OF THE PROCEEDS THEREOF TO FINANCE CERTAIN HEALTH CARE FACILITIES FOR ODD FELLOWS HOME OF CALIFORNIA AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

RESOLVED, by the Executive Committee of the Board of Directors of the ABAG Finance Authority for Nonprofit Corporations (the "Authority"), as follows:

WHEREAS, pursuant to the provisions of the Joint Powers Act, comprising Articles 1, 2, 3 and 4 of Chapter 5 of Division 7 of Title 1 (commencing with section 6500) of the Government Code of the State of California (the "Act"), certain California cities and counties entered into a joint exercise of powers agreement, dated as of April 1, 1990, and revised as of September 18, 1990 and June 9, 1992 (the "Agreement"), pursuant to which the Authority was organized; and

WHEREAS, the Agreement was entered into in order to enable the Authority to assist nonprofit corporations and other entities to obtain financing for projects and purposes serving the public interest; and

WHEREAS, the Authority is authorized by its Agreement to issue revenue bonds, notes or other evidences of indebtedness, including, without limitation, certificates of participation in leases or other agreements in order to assist nonprofit corporations and other entities in financing projects and purposes serving the public interest; and

WHEREAS, pursuant to the provisions of the Act and the Agreement, the cities and counties which are the contracting parties comprising the membership of the Authority are authorized to jointly exercise any power common to such contracting parties, including, without limitation, the power to acquire and dispose of property, both real and personal; and

WHEREAS, Odd Fellows Home of California (the "Corporation"), a California nonprofit public benefit corporation, wishes to (i) finance expansion, capital construction, renovation and improvement projects at the Corporation's retirement community facility consisting of independent living, assisted living and skilled nursing units and related support facilities known as The Meadows of Napa Valley, including, among other things, the construction of independent living units and fitness facilities, the expansion and remodeling of dining facilities, and the renovation of health care and other common facilities, and (ii) pay capitalized interest and certain costs of issuance (collectively, the "Project"); and

WHEREAS, the Corporation is requesting the assistance of the Authority in financing the Project; and

WHEREAS, pursuant to the provisions of the Act and the Agreement, the Authority is authorized to issue revenue bonds and to lend the proceeds thereof to nonprofit corporations to finance and refinance the acquisition, construction, improvement, furnishing and equipping of health care facilities; and

WHEREAS, pursuant to a Trust Indenture (the "Indenture"), between the Authority and U.S. Bank National Association, as bond trustee (the "Trustee"), the Authority will issue its ABAG Finance Authority for Nonprofit Corporations Senior Living Revenue Bonds (Odd Fellows Home of California – The Meadows of Napa Valley), Series 2016A and Series 2016B (collectively, the "Bonds"), in multiple series, in an aggregate principal amount not to exceed $72,000,000 for the purpose, among others, of financing the Project; and

WHEREAS, pursuant to a Loan Agreement (the "Loan Agreement"), between the Authority and the Corporation, the Authority will lend the proceeds of the Bonds to the Corporation for the purpose, among others, of financing the Project; and

WHEREAS, the Bonds are expected to be purchased directly by Compass Mortgage Corporation, as the sole initial bondholder; and

WHEREAS, the Bonds are expected to be issued on a parity basis with the Authority's outstanding Insured Senior Living Revenue Bonds (Odd Fellow Home of California), 2012 Series A (the "Series 2012 Bonds"), but will not be insured by the Office of Statewide Health Planning and Development of the State of California; and

WHEREAS, there have been presented to this meeting the following documents and agreements:

1. A proposed form of Indenture; and

2. A proposed form of Loan Agreement; and

WHEREAS, the Board of Supervisors of the County of Napa is the applicable elected representatives which are qualified to approve the issuance of the Bonds pursuant to Section 147(f) of the Internal Revenue Code and said Board of Supervisors conducted a public hearing on June 21, 2016, and adopted a resolution approving the issuance of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Executive Committee of the Board of Directors of the ABAG Finance Authority for Nonprofit Corporations, as follows:

Section 1. The Authority finds that it is in the public interest to assist the Corporation in financing the Project.

Section 2. The Authority hereby approves the issuance on a tax-exempt basis of its revenue bonds designated as the "ABAG Finance Authority for Nonprofit Corporations Senior Living Revenue Bonds (Odd Fellows Home of California – The Meadows of Napa Valley), Series 2016A and Series 2016B," in multiple series, in an aggregate principal amount not to exceed $72,000,000. The Bonds shall be issued and secured in accordance with the terms of, and shall be substantially in the form set forth in, the Indenture presented at this meeting, with such changes in the aggregate principal amount, the dates, or the series designation of such Bonds as may be necessary to cause the same to carry out the intent of this Resolution and as the President or Acting Secretary of the Authority, or the designee of any of them, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Bonds may be executed by the manual or facsimile signature of the President of the Authority, and may be attested by the manual or facsimile signature of the Acting Secretary of the Authority. Payment of the principal of, redemption premium, if any, and interest on, the Bonds shall be made solely from payments made by the Corporation pursuant to the Loan Agreement, and the Bonds shall not be deemed to constitute a debt or liability of the Authority or any member of the Authority.

Section 3. The proposed form of Indenture, as presented to this meeting, is hereby approved. The President or Acting Secretary of the Authority, or the designee of any of them, is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as such officer, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The series designation, dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the Bonds shall be provided in the Indenture, as finally executed.

Section 4. The proposed form of Loan Agreement, as presented to this meeting, is hereby approved. The President or Acting Secretary of the Authority, or the designee of any of them, is hereby authorized and directed, for and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially said form, with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as such officer, with the advice of counsel to the Authority, may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The Bonds, when so 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 the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Authority by an officer of the Authority, which any officer of the Authority, acting alone, is authorized and directed, for and on behalf of the Authority, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof in accordance with the Indenture, upon payment of the purchase price thereof.

Section 6. The President, Acting Secretary, and other appropriate officers and agents of the Authority are hereby authorized and directed, jointly and severally, for and in the name and on behalf of the Authority, to execute and deliver any and all documents, including, without limitation, any and all documents and certificates to be executed and delivered in connection with the issuance of the Bonds on a parity with the Series 2012 Bonds, a tax certificate and agreement, and one or more assignments or consents with respect to deeds of trust, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Authority has approved in this Resolution.

Section 7. All actions heretofore taken by the Chair, Vice Chair, President, Acting Secretary and other appropriate officers and agents of the Authority with respect to the sale or issuance of the Bonds are hereby ratified, confirmed and approved.

Section 8. All approvals, consents, directions, notices, orders, requests and other actions permitted or required by any of the documents authorized by this Resolution, including, without limitation, any of the foregoing which may be necessary or desirable in connection with any amendment of such documents, or any redemption or purchase of the Bonds, may be given or taken by the Authorized Representative of the Authority (as such term is defined in the Indenture) without further authorization by the Authority, and the Authorized Representative is hereby authorized and directed to give any such approval, consent, direction, notice, order or request and to take any such action which such Authorized Representative, with the advice of the counsel to the Authority, may deem necessary or desirable to further the purposes of this Resolution.

Section 9. This Resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 6th day of July 2016.

ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS

____

Chairman
ABAG Finance Authority
for Nonprofit Corporations

Attest:

____

Acting Secretary
ABAG Finance Authority
for Nonprofit Corporations

I, the undersigned, the duly appointed and qualified Acting Secretary of the ABAG Finance Authority for Nonprofit Corporations, do hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of said Authority at a duly called meeting of the Executive Committee of the Board of Directors of said Authority held in accordance with law on July 6, 2016.

____

Acting Secretary
ABAG Finance Authority
for Nonprofit Corporations

Application for Health Care and Education Bond Financing

Please submit the following information in MS Word format by e-mail to kennethm@abag.ca.gov. Deliver the list of required documentation listed in Section 4, along with the application fee to:

ABAG Finance Authority for Nonprofit Corporations
c/o Kenneth Moy
Association of Bay Area Governments
375 Beale Street, Suite 700
San Francisco, CA 94105

1. Contact Information	
Provide the following information about the Borrower:	
Legal name	Odd Fellows Home of California (OFHC)
Address	1880 Atrium Parkway Napa, California
Principal contacts name, title, telephone and fax number, and e-mail address	Mary Schoeggl Chief Financial Officer (541) 857-7610 (ph) (541) 857-7895 (fx) mary@retirement.org
Provide the following information for each facility with projects being financed (if different than above):	
Legal name	Meadows of Napa Valley
Address	1880 Atrium Parkway Napa, California
Principal contacts name, title, telephone and fax number, and e-mail address	Wayne Panchesson Executive Director (707) 257-7885 (ph) (707) 320-2200 (fx) **wpanchesson@retirement.org**
Whether part of Obligated Group	NO
Provide the address, telephone and fax numbers, e-mail address, name and title of principal contact for each of the following:	
Finance Team	
Investment Banker (or Financial Advisor)	Cain Brothers, Amy Hayman, Bill Pomeranz, Edwin Eng
Underwriter/Lender(s)	BBVA Compass, Ted Singh
Bond Counsel	Orrick, Douglas Goe
Underwriter's Counsel	NA
Borrower's Legal Counsel	Burke, Williams, & Sorensen, LLP Charles Slyngstad
Trustee	

Sponsoring Jurisdiction	
Contact person for TEFRA hearing process. Please include the TEFRA hearing date, if already scheduled.	Napa County
Contact person(s) for status of required local approval, actions, and/or any funding, if different than above.	
Summarize the status of all required local approval and actions.	Building permits will be ready in July 2016
2. Description of Facility and Services Provided	
Discussion of the Public Benefit provided by the Project.	See Staff Report.
For Private Education financings, please describe any scholarship or financial aid programs administered by the School. Also include the current and projected student enrollment, the number of faculty and staff, and describe any endowment or project-related capital campaign.	
3. Financing Structure	
Provide a description of the proposed terms of the financing, and include the following information:	See Staff Report and attached commitment letter (“**D**”) from Cal-Mortgage authorizing parity debt and commitment letter (“**E**”) from BBVA Compass Bank to make parity debt loan.
State the amount of bonds being requested.	
Financing structure (i.e. public sale, private placement; refunding, new money; single series, multiple series; taxable, tax-exempt, etc.)	Not-to-exceed $72,000,000. Private placement of tax exempt, drawdown bonds with BBVA Compass Bank
Number of years to maturity and interest rate mode.	Up to 15 years on variable rate basis with option to use cap or interest rate swap to hedge variable rate risk.
Summarize sources and uses of funds. Include a description of all funding sources.	See Staff Report.
Credit enhancement, rating, reserves, and other applicable security provisions.	**TO COME UNDER SEPARATE COVER.** The Odd Fellows Home of California will obtain and maintain a published rating as required by the uninsured parity debt provisions of the Cal Mortgage commitment. Fitch Ratings is expected to complete its report in July 2016.

4. Submissions

Please submit the following items in order to complete your application:

Complete distribution list. In addition to the parties listed in *Section 1*, include information for the following, if applicable: Additional lenders or any other members of the finance team.	See Attachment **A**, Series 2016 Distribution List**.**
A brief description and any additional background information, including annual reports or marketing materials for the applicant.	See Staff Report and Attachment **B**, Audited 2015 Financial Statements. In addition, here are the hyperlinks to the websites for the two OFHC campuses. *Meadows of Napa Valley:* http://www.retirement.org/meadowsnapa/ *Saratoga Retirement Community:* http://www.retirement.org/saratoga/
Estimated timeline or schedule for the financing project.	See Attachment **C**, Series 2016 Calendar as of 2016**.**
Copy of commitment letters for all sources of funding.	See Attachments **D** and **E.**
Detailed uses of funds, including cost of issuance and construction.	See Attachment **G.**
Any feasibility study or report and/or project financial forecasts.	See Attachment **H.**
Copy of any available property appraisal report.	See Attachment **I**, for summary reports extracted from the appraisals for The Meadows of Napa and the Saratoga Retirement Community**.** Full copies of the reports are available.
8x11 size: photographs, drawings, plan elevations, or site maps (optional).	See website: http://www.retirement.org/meadowsnapa/
For Refunding Projects: please submit an Official Statement or other applicable documentation for previous financing, if the issuer was not the Authority.	Not Applicable
A non-refundable application fee of $1,000.00, payable to the ABAG Finance Authority for Nonprofit Corporations. Application fee will be used as a credit towards the bond administration fee paid at closing.	Sent under separate cover.

Authority staff may request additional information in order to complete an application.

Attachment A	Distribution list
Attachment B	Annual reports
Attachment C	Financing Calendar
Attachment D	Commitment letter from Cal-Mortgage and requirements for parity debt
Attachment E	Commitment letter from BBVA Compass Bank
Attachment F	TO BE SUBMITTED UNDER SEPARATE COVER – Rating report from Fitch Ratings.
Attachment G	Sources and uses of funds
Attachment H	Project financial forecasts
Attachment I	Property appraisal reports – executive summaries from separate reports - The Meadows of Napa Valley - Saratoga Retirement Community The full reports are available upon from the ABAG FAN website.

Attachment A: Series 2016 Distribution List

CAIN BROTHERS

THE MEADOWS OF NAPA
ODD FELLOWS HOME OF CALIFORNIA

$71,429,000 SERIES 2016 REVENUE BONDS

May 23, 2016

WORKING GROUP LIST

Borrower:

Primary Contacts:

Terry Olson
Chairman of the Board
tolson3876@aol.com

The Meadows of Napa
Odd Fellows Home of California
1800 Atrium Parkway
Napa, CA 94559

Manager:

Primary Contacts:

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Attachment B-1:
Audited
2015 Financial Statements

Report of Independent Auditors and
Financial Statements with
Supplementary Information

Odd Fellows Home of California

March 31, 2015 and 2014

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Odd Fellows Home of California

Report on the Financial Statements

We have audited the accompanying financial statements of Odd Fellows Home of California, which comprise the statements of financial position as of March 31, 2015 and 2014, and the related statements of activities and changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Odd Fellows Home of California as of March 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of statements of activities – Saratoga Retirement Community and statements of activities – The Meadows of Napa Valley, presented as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

San Francisco, California
October 28, 2015

FINANCIAL STATEMENTS

	2015	2014
ASSETS		
Current assets		
Cash & cash equivalents	$ 5,049,979	$ 5,304,229
Investments	56,751,364	44,751,528
Accounts receivable, net	4,901,457	4,034,886
Supplies and other prepaid expenses	855,982	953,275
Due from Grand Lodge Endowment Fund	34,000	34,000
Current portion of assets restricted under bond indenture agreements	5,162,393	5,149,679
Total current assets	72,755,175	60,227,597
Property and equipment, net	106,828,264	110,359,448
Other assets		
Assets held for sale	3,344,000	-
Assets held in trust	5,849	2,818
Assets restricted under bond indenture agreements, net of current portion	7,179,174	7,137,671
Bond issuance and other financing costs, net	4,222,876	4,562,510
Total other assets	14,751,899	11,702,999
Total assets	$ 194,335,338	$ 182,290,044
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities		
Accounts payable and accrued expenses	$ 4,454,674	$ 3,462,909
Accrued interest payable	2,317,500	2,357,925
Refundable deposits	743,563	545,923
Current portion of entrance fees due upon reoccupancy	355,261	1,019,250
Current portion of long-term debt	2,770,000	2,695,000
Due to/from PRS MC LLC, net	202,944	50,975
Total current liabilities	10,843,942	10,131,982
Long-term debt, net of current portion	101,381,418	104,919,941
Entrance fees refundable upon reoccupancy, net of current portion	58,103,330	52,047,860
Deferred revenue from entrance fees	23,688,002	20,323,884
Total liabilities	194,016,692	187,423,667
Net assets (deficit)		
Unrestricted	(610,687)	(6,010,266)
Temporarily restricted	845,028	792,338
Permanently restricted	84,305	84,305
Total net assets (deficit)	318,646	(5,133,623)
Total liabilities and net assets	$ 194,335,338	$ 182,290,044

See accompanying notes.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
Years Ended March 31, 2015 and 2014

	2015	2014
CHANGES IN UNRESTRICTED NET ASSETS (DEFICIT)		
Revenues:		
Service fees	$ 25,776,710	$ 24,622,342
Health center revenues, net	16,654,643	17,279,546
Entrance fees earned	3,296,231	3,093,624
Contributions	3,759,194	444,983
Investment income	2,959,659	1,921,937
Other revenue	1,367,647	1,353,536
Total revenues	53,814,084	48,715,968
Net assets released from restrictions	19,231	31,846
Total revenue, gains, and support	53,833,315	48,747,814
Expenses:		
Program expenses:		
Dietary services	7,999,171	7,449,109
Facility services and utilities	7,630,268	7,278,154
Health and social services	10,760,826	10,646,937
Assisted living	3,854,776	3,680,487
General and administrative:		
Administrative and marketing	5,574,218	4,339,277
Interest	4,225,981	4,299,555
Depreciation	6,940,637	6,648,426
Fund disbursement	19,231	31,846
Management services	2,610,317	2,505,115
Loss on disposal of property and equipment	101,010	98,984
Total expenses	49,716,435	46,977,890
Operating income	4,116,880	1,769,924
Nonoperating income:		
Unrealized change in value of investments	1,282,699	1,400,668
Total nonoperating income	1,282,699	1,400,668
Increase in unrestricted net assets (deficit)	5,399,579	3,170,592
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	58,637	54,356
Investment income	22,121	19,332
Unrealized change in value of investments	23,074	29,685
Fund disbursement	(31,911)	-
Net assets released from restrictions	(19,231)	(31,846)
Increase in temporarily restricted net assets	52,690	71,527
CHANGES IN NET ASSETS (DEFICIT)	5,452,269	3,242,119
Net deficit, beginning of year	(5,133,623)	(8,375,742)
Net assets (deficit), end of year	$ 318,646	$ (5,133,623)

See accompanying notes.

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 41,776,394	$ 40,695,039
Advanced fees received	6,661,630	3,594,727
Other operating cash receipts	1,572,579	1,262,428
Cash paid to employees and suppliers	(36,567,065)	(35,298,007)
Interest and bond fees paid	(4,266,406)	(3,650,870)
Contributions received	473,831	492,839
Net cash provided by operating activities	9,650,963	7,096,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,872,727)	(4,783,538)
Proceeds from sale of property and equipment	4,396	-
Proceeds from sale of investments	-	3,000
Purchases of investments	(7,818,970)	(8,750,000)
Change in assets restricted under bond indenture agreements	78,711	1,582,654
Net cash used in investing activities	(11,608,590)	(11,947,884)
CASH FLOWS FROM FINANCING ACTIVITIES		
Refundable portion of entrance fees received	9,157,050	10,591,380
Refunds of refundable entrance fees	(3,990,150)	(3,698,992)
Principal payments on long-term debt	(2,695,000)	(1,150,000)
Amortization of bond premium	(768,523)	(790,564)
Net cash provided by financing activities	1,703,377	4,951,824
Net (decrease) increase in cash and cash equivalents	(254,250)	100,096
Cash and cash equivalents - beginning	5,304,229	5,204,133
Cash and cash equivalents - ending	$ 5,049,979	$ 5,304,229
Reconciliation of changes in net assets (deficit) to net cash flows provided by operating activities		
Changes in net assets (deficit)	$ 5,452,269	$ 3,242,119
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	6,940,637	6,648,426
Amortization	339,634	349,245
Nonrefundable portion of entrance fees received from new residents	6,718,430	3,594,727
Entrance fees earned	(3,296,231)	(3,093,624)
Entrance fee refunds on nonrefundable contracts	(56,800)	-
Unrealized change in value of investments	(1,305,773)	(1,430,353)
Investment income	(2,981,780)	(1,941,269)
Non cash contribution	(3,344,000)	(6,500)
Loss on disposal of property and equipment	101,010	98,984
Net change in:		
Accounts receivable, net	(647,667)	(852,181)
Supplies and other prepaid expenses	71,052	(61,591)
Accounts payable and accrued expenses	1,350,998	554,991
Accrued interest payable	(40,425)	299,440
Due to PRS MC LLC	151,969	(1,481)
Refundable deposits	197,640	(304,777)
Net cash provided by operating activities	$ 9,650,963	$ 7,096,156

See accompanying notes.

	2015	2014
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 4,675,425	$ 4,416,410
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment financed with accounts payable and accrued expenses	$ 104,986	$ 467,250

See accompanying notes.

NOTE 1 – ORGANIZATION

Organization and basis of presentation – The Odd Fellows Home of California (the "Corporation") is a non-profit public benefit corporation organized under the California Non-Profit Public Benefit Corporation Law for charitable purposes. It was originally established by the Grand Lodge of California, Independent Order of Odd Fellows in 1893, and has been operating in Saratoga since 1912. On July 31, 2002, the Corporation merged with the California Odd Fellows Home of Napa, Inc. ("The Meadows"), also a non-profit public benefit corporation, established by the Grand Lodge in 1992. The Meadows continues to operate as in the past, but its corporate structure has been joined with the Odd Fellows Home of California (the surviving corporation).

The Saratoga facility (dba Saratoga Retirement Community), located in Saratoga, California, consists of 143 independent living apartments, 91 assisted living apartments, 94-bed skilled nursing facility, and 18 memory care beds.

The Napa facility (dba The Meadows of Napa Valley), located in Napa, California, consists of 165 independent living apartments, 62 assisted living apartments, 69-bed skilled nursing facility, and 20 memory care beds.

The Saratoga Retirement Community is licensed to operate as a continuing care retirement community ("CCRC"), offering two entrance fee options: nonrefundable or 90% refundable option. The entrance fee and the monthly fee together will provide the resident with use of an apartment or cottage and access to care in assisted living or the skilled nursing facility on a temporary or permanent basis.

The Meadows of Napa Valley offers four levels of care as a Multi-Level Care Facility ("MLCF"). On January 30, 2012, The Meadows of Napa Valley received a Provisional Certificate of Authority from the California State Department of Social Services to enter into Continuing Care Contracts to provide care to residents for a term in excess of one year in exchange for payment. In July 2013, The Meadows of Napa Valley began entering into Continuing Care Contracts on certain apartments. The Meadows of Napa Valley will continue to offer apartments on a month to month rental basis as well as apartments under a continuing care contract. The Community offers either a nonrefundable or a 90% refundable entrance fee contract. On December 23, 2013, the California State Department of Social Services extended the Provisional Certificate of Authority to August 30, 2014. A certificate of authority was issued to the Meadows of Napa Valley by the California State Department of Social Services on October 7, 2014.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying financial statements include only the accounts of the Corporation.

Performance indicator – "Change in unrestricted net assets (deficit)" as reflected in the accompanying statements of activities and "changes in net assets (deficit)" is the performance indicator. Change in unrestricted net assets (deficit) includes all changes in unrestricted net assets (deficit), including unrealized change in value of trading securities, and excluding receipt of restricted contributions, contributions of, and assets released from donor restrictions, and investment returns restricted by donors or law.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenses, gains and losses during the reporting period. Significant items subject to such estimates and assumptions include workers' compensation, future service obligation, and deferred revenue from entrance fees. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include cash, money market accounts and other securities with maturities of three months or less at the date of acquisition that are not otherwise held by an investment advisor or restricted under bond indenture agreements.

Investments – Investments are stated at fair value based on quoted market prices. Investments acquired by gift are recorded at fair value on the date received. Investments in marketable securities are adjusted to fair value through recognition of unrealized gains and losses in nonoperating income (loss) as they are classified as trading securities. Gains or losses are calculated based on specific identification of the investments. Dividend, interest, and other investment income are recorded net of related custodial and advisory fees. The Corporation's policy is to recognize transfers in and out of Level 1 and Level 2 as of the end of the reporting period.

Accounts receivable – Accounts receivable primarily represents amounts due from residents for living accommodations, services, amounts due from third parties, and interest receivable. The Corporation receives payment for health services from residents, insurance companies, Medicare, Medi-Cal, HMOs, and other third-party payors. As a result, the Corporation is exposed to certain credit risks. The Corporation manages its risk by regularly reviewing its accounts and by providing appropriate allowances for uncollectible accounts. An allowance for doubtful accounts is established based on past collection history and specific identification of uncollectable amounts.

Accounts receivable are stated at amounts management expects to collect. If necessary, management provides for possible uncollectible amounts through a charge to bad debt and a credit to a valuation allowance based on its assessment of the current status of individuals' balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the residents accounts receivable.

Supplies inventory – The accounting method used to record inventory is the FIFO (First in First Out) method. Inventory is valued at the lower of cost or market value as of March 31, 2015 and 2014.

Assets held for sale – Includes land and buildings that were donated to the Corporation in April 2014. These assets were listed for sale in March 2015. The property is located in Galt, CA in San Joaquin County. The land and buildings are valued at the estimated market value which was determined based on an offer to purchase the land received in August 2015. (See Note 18)

Assets restricted under bond indenture agreements – The bonds indenture agreements require that certain funds be invested and held with a Trustee in various required accounts. These required deposits and their related actual account balances are as follows:

	Investment Location	Invested Balance 2015	Invested Balance 2014
Debt service reserve	Trustee	$ 7,179,174	$ 7,137,671
Bond project fund	Trustee	-	96,639
Interest fund	Trustee	2,317,637	2,358,040
Principal fund	Trustee	2,770,112	2,695,000
Reserve fund	Trustee	74,644	-
Total assets restricted under bond indenture agreements		$ 12,341,567	$ 12,287,350

Property and equipment – Purchased property and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges, major replacements and improvements, and other related costs capitalized during construction. Maintenance, repairs, and minor replacements are charged to expense when incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

The Corporation, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. The review addresses the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment losses were present for the years ended March 31, 2015 and 2014.

Refundable deposits – Refundable deposits contain application fees paid and deposits paid by residents who have selected a unit for move-in.

The Meadows of Napa Valley – Each applicant for residency is required to pay a $1,000 application fee deposit. This deposit will be refunded if the application is denied. If the application is approved, but subsequently withdrawn, it is fully refunded. When a unit becomes available, a CCRC applicant is required to pay an entrance fee deposit of $10,000 to reserve the unit prior to occupancy. This deposit is refundable prior to occupancy. For applicants who execute a rental agreement, the $1,000 is nonrefundable after three months of residency.

Saratoga Retirement Community – Each applicant for residency is required to pay a $1,000 application fee deposit. This deposit will be refunded if the application is denied. If the application is approved but subsequently withdrawn, a portion is refunded. When a unit becomes available, the applicant is also required to pay an entrance fee deposit, which varies in amount, to reserve the unit prior to occupancy. This deposit is refundable prior to occupancy.

Deferred revenue from entrance fees – Nonrefundable fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue. The Corporation has two different continuing care contracts, which include 90% refundable contracts and nonrefundable contracts. The nonrefundable deferred entrance fees are amortized to income over the estimated remaining actuarial life expectancy of the resident. Amounts amortized to income relating to these types of contracts were $3,296,231 and $3,093,624 for the years ended March 31, 2015 and 2014, respectively, as included in entrance fees earned in the statements of activities and changes in net assets (deficit). At March 31, 2015 and 2014, the Corporation had nonrefundable deferred entrance fees of $23,668,002 and $20,323,884, respectively, related to entrance fees received that will be recognized as revenue in future years.

Entrance fees refundable upon reoccupancy – The other contracts are 90% refundable at the time of reoccupancy after termination of the contract. The nonrefundable portion is amortized to income over the estimated remaining actuarial life expectancy of the resident. Included in such balances are amounts expected to be refunded to residents, as actuarially determined. The refundable portion of entrance fees as of March 31, 2015 and 2014, were $58,458,591 and $53,067,110, respectively, of which $355,261 and $1,019,250 were due to residents as included in current portion of entrance fees refundable upon reoccupancy, at the time the apartment is re-occupied by another resident. Actual refunds of such entrance fees were $3,990,150 and $3,698,992 for the years ended March 31, 2015 and 2014, respectively.

Obligation to provide future services – The Corporation annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 5.5% for 2015 and 2014, based on the expected long-term rate of return on government obligations. At March 31, 2015 and 2014, no additional future service liability is deemed to exist.

Professional and general liability – The Corporation has secured claims-made policies for general and professional liability insurance with self-insured retentions of $50,000 per claim with limits of $1,000,000 per claim and $3,000,000 aggregate per policy period. The Corporation has also secured excess general and professional liability insurance with limits of $10,000,000 per claim and $15,000,000 aggregate per policy period. Policy period begins January 1, 2015, and ends January 1, 2016. The Corporation has accrued $1,325,203 in accounts payable and accrued expenses as its best estimate of the cost of known claims incurred prior to March 31, 2015, that are within the retention amount. The Corporation has accrued $326,214 as a receivable from insurance proceeds. The Corporation has accrued no liability as its best estimate of the cost of known claims incurred prior to March 31, 2014 that are within the retention amount. In addition, the Corporation has accrued no liability at March 31, 2015 and 2014, as its best estimate of the costs of claims incurred but not yet reported. These liabilities would be included in accounts payable and accrued expense in the accompanying statements of financial position.

Net assets – The Corporation reports three classifications of net assets. A description of each classification of net assets is as follows:

Unrestricted net assets – represent unrestricted resources available to support the Corporation's operations and temporarily restricted resources which have become available for use by the Corporation in accordance with the intention of the donor.

Temporarily restricted net assets – represent contributions that are limited in use by the Corporation in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of the Corporation according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets.

Permanently restricted net assets – represent net assets subject to donor imposed stipulations that they be maintained by the Corporation in perpetuity. The Board of Directors has interpreted California's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of permanently restricted donations absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanently restricted fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Generally, the donors of these assets permit the Corporation to use all or part of the investment return on these assets.

Contributions – The Corporation reports unconditional contributions of cash and other assets at fair value at the date the contribution is made. Conditional contributions are reported at fair value at the date the conditions are substantially met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities and changes in net assets (deficit) as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as temporarily restricted contributions and net assets released from restriction in the accompanying financial statements.

Revenue recognition (service fees, health center revenues, other revenue) – Service fees and health center revenues are recognized in the month in which services are provided and collectability is reasonably assured. In addition, health center revenue is presented net of third party rate adjustments. Other revenue is recognized as the related services are provided and includes guest services income, catering income, and other miscellaneous income.

The Corporation provides health care services primarily to residents of its communities and the surrounding area. Laws and regulations governing Medicare and Medi-Cal programs are complex and subject to interpretation. The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medi-Cal programs.

Charity care – The Corporation provides care without charge or at amounts less than its established rates to residents who meet certain criteria under its charity care policy. Because the Corporation does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue.

Tax exempt status – The Corporation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 50l(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statements of activities and changes in net assets (deficit).

The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses. At March 31, 2015 and 2014, there were no such uncertain tax positions.

Concentrations of credit risk – The Corporation's cash, cash equivalents, investments, and assets restricted under bond indenture agreement consist of various financial instruments. These financial instruments may subject the Corporation to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation, the fair value of debt securities are dependent on the ability of the issuer to honor its contractual commitments, and the fair value of investments are subject to change. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Concentration of credit risk results from the Corporation granting credit without collateral to its residents and patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables as of March 31, 2015 and 2014, from residents and third-party payors is listed at Note 4.

Fair value of financial instruments – The carrying values of cash, investments, accounts receivable, accounts payable and accrued liabilities, refundable deposits and due to affiliates approximate fair value due to the short maturity of such instruments. The carrying value of the long-term debt approximates its fair value due to the floating variable interest pay rate of such instruments. The fair value of debt is disclosed in Note 8. The fair values of investments and assets restricted under bond indenture agreements are disclosed in Note 15.

Advertising – The Corporation expenses advertising costs as incurred. The Corporation incurred advertising costs of $295,871 and $329,358 for the years ended March 31, 2015 and 2014, respectively.

New accounting pronouncements – In October 2012, the FASB issued ASU No. 2012-05, *Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* ("ASU 2012-05") to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit (NFP) imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the NFP. The adoption of ASU 2012-05 was effective for the Corporation beginning April 1, 2014. The adoption of ASU 2012-05 did not have a material impact on the Corporation's financial statements.

In April 2013, the FASB issued ASU No. 2013-06, *Services Received from Personnel of an Affiliate* ("ASU 2013-06") to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service. The adoption of ASU 2013-06 is effective for the Corporation beginning April 1, 2015. The adoption of ASU 2013-06 is not expected to have a material impact on the Corporation's financial statements.

NOTE 3 – INVESTMENT INCOME

Income from investments, assets restricted under bond indenture agreements, and cash and cash equivalents is comprised of the following:

	2015	2014
Dividends and interest	$ 1,287,070	$ 918,087
Net realized gains on investments	1,694,710	1,023,182
	$ 2,981,780	$ 1,941,269

Investment income is reported net of investment expenses of $287,827 and $220,442 for the years ended March 31, 2015 and 2014, respectively.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2015	2014
Resident monthly fees	$ 901,228	$ 660,732
Medicare	1,662,865	1,289,996
Medi-cal	2,528,142	981,326
HMO/secondary insurance	807,309	495,511
Entrance fees	223,300	-
Other accounts receivables	660,049	864,981
Subtotal accounts receivable	6,782,893	4,292,546
Less allowance for doubtful accounts	(1,881,436)	(257,660)
Total accounts receivable	$ 4,901,457	$ 4,034,886

Accounts receivable, gross by payor at March 31, consisted of the following:

	2015	2014
Self pay	15%	19%
Medicare	27%	38%
Medi-Cal	41%	29%
HMO/secondary	13%	14%
Entrance fees	4%	0%
Other	0%	0%

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2015	2014
Land	$ 6,329,109	$ 6,377,100
Land improvements	5,513,270	5,491,547
Buildings	146,676,865	145,349,804
Furniture and equipment	14,155,236	13,573,192
Automobiles	591,831	588,294
	173,266,311	171,379,937
Less accumulated depreciation	(67,796,267)	(62,500,090)
Construction in progress	1,358,220	1,479,601
	$ 106,828,264	$ 110,359,448

NOTE 6 – UNAMORTIZED DEBT ISSUANCE COSTS

Debt issuance costs associated with the 2012 series bond issuance are being amortized over the terms of the bonds. Amortization expense amounted to $94,913 and $97,585 for the years ended March 31, 2015 and 2014, respectively.

The balance of unamortized debt issuance costs consists of the following:

	2015	2014
Costs related to 2012 bond issuance	$ 1,417,893	$ 1,417,893
Less accumulated amortization	(232,822)	(137,910)
Unamortized debt issuance costs	$ 1,185,071	$ 1,279,983

NOTE 7 – DEFERRED FINANCING COSTS

In connection with the issuance of $98.5 million bonds (see Note 8), the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage) was paid $3,638,187 at the bond closing on October 1, 2012, for the cost of insuring the bonds over the 29 years and 5 months term.

Amortization expense amounted to $244,721 and $251,660 for the years ended March 31, 2015 and 2014, respectively. The unamortized balance is as follows:

	2015	2014
Deferred finance costs	$ 3,638,187	$ 3,638,187
Less accumulated amortization	(600,382)	(355,660)
Unamortized deferred financing costs	$ 3,037,805	$ 3,282,527

NOTE 8 – LONG-TERM DEBT

Long-term debt at March 31 consisted of the following:

	2015	2014
Insured Senior Living Revenue Bonds, Series 2012	$ 94,705,000	$ 97,400,000
Add: Unamortized premium	9,446,418	10,214,941
Less current portion	(2,770,000)	(2,695,000)
Total long-term debt	$ 101,381,418	$ 104,919,941

Series 2012A Insured Senior Living Revenue Bonds – The insured senior living revenue bonds ("2012 Series A") are insured by the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage) and were issued to refinance the 1993 Certificates, the 1999 Certificates and the 2003 Series A bonds. The terms of the bond require that the Corporation maintain deposits with a trustee. Such deposits are reflected as assets restricted under bond indenture (see Note 2). Principal maturities for the serial bonds range from $1,150,000 to $4,220,000 are due beginning April 1, 2013 through 2024. Mandatory sinking fund prepayments start in 2025 at $4,430,000 and increase up to $6,235,000 in 2032. Mandatory sinking fund payments start in 2033 at $1,455,000 and increase up to $2,215,000 in 2042. Interest on the bonds is payable semi-annually on April 1 and October 1 at rates ranging from 3.1% to 5.0%. The term bond matures in 2032 and 2042.

The 2012 Bonds and the interest thereon are payable from revenues, and are secured by a pledge and assignment of said revenues and of the amounts held in the funds and accounts established pursuant to the indenture between ABAG Finance Authority for Non-profit Corporation (the Authority) and U.S. Bank, N.A. The bonds are further secured by assignment of the right, title and interest of the Authority in the loan agreement between the Authority and the Corporation.

Under the loan agreement, the 2012 Bonds and related loan repayments are further secured by a deed of trust on all of the Corporations real property and security interest in fixtures and personal property. The bonds are also subject to a regulatory agreement more fully described below, under "Regulatory Agreements."

Bond interest expense on the 2012 Series A bonds was $4,635,000 and $4,715,850 for the years ended March 31, 2015 and 2014, respectively.

The fair value of long-term debt is based on quoted market prices in an active market. At March 31, 2015 and 2014, the fair value of long-term debt was $116,768,448 and $114,856,445, respectively.

Aggregate mandatory maturities of long-term debt, shown net of discounts and premiums, are as follows:

Year Ending March 31,	Total
2016	$ 2,770,000
2017	2,880,000
2018	3,000,000
2019	3,150,000
2020	3,305,000
Thereafter	79,600,000
Total	94,705,000
Add: Unamortized premium	9,446,418
	$ 104,151,418

Regulatory agreements – On October 1, 2012, the Corporation entered into a regulatory agreement with Cal-Mortgage which establishes the requirements of Cal-Mortgage with respect to certain details of the financing transaction related to the 2012 Series A. This regulatory agreement supersedes the previous regulatory agreements. As part of the regulatory agreement, the Corporation is required to comply with certain financial covenants such as debt service coverage ratio, days cash on hand and current ratio. As of March 31, 2015 and 2014, management believes the Corporation was in compliance with these financial covenants.

Grand Lodge guarantees – In October 2012, the Grand Lodge entered into a guarantee agreement with the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage), the mortgage insurers of the 2012 Series A bonds. The 2012 bonds were issued to refinance the 1993, 1999, and 2003 bonds, these refunded bonds were also under guarantee by the Grand Lodge. The Guarantee has been a required prerequisite by Cal Mortgage. The 2012 Guarantee agreement allows for release of the agreement by submission of written request to Cal Mortgage if the Corporation has met all payment obligations, is not in default with any covenants, and has for at least 5 consecutive years maintained, as of each fiscal year end, a debt service coverage ratio of at least 1.30, maintained greater than 300 days cash on hand, and a current ratio of at least 1.5. As of March 31, 2015 and 2014, management believes the Corporation has met and exceeded the covenant levels.

NOTE 9 – MANAGEMENT AGREEMENTS

On May 23, 2010, the Corporation renewed the management contract with PRS Management & Consulting, LLC ("PRS MC, LLC"), which commenced on August 2, 2010, and will continue for a term of seven (7) years.

Management and accounting fees charged by PRS MC, LLC were, as follows:

	2015	2014
Management and accounting services for Saratoga Retirement Community	$ 1,812,083	$ 1,736,393
Management and accounting services for The Meadows	798,234	768,722
	$ 2,610,317	$ 2,505,115

The amount owed for management services and other expenses to these related parties was $202,944 and $50,975 as of March 31, 2015 and 2014, respectively.

In addition to management services, the Corporation pays for travel and other services provided by PRS MC, LLC personnel. Other significant expenditures involving entities related to PRS MC, LLC include marketing expenses.

Management fee commitments for Saratoga Retirement Community and The Meadows are as follows:

Fiscal Year Ended March 31,	Saratoga Retirement Community	The Meadows
2016	$ 1,933,696	$ 870,961
2017	2,006,390	903,757
2018	693,939	312,596
	$ 4,634,025	$ 2,087,314

NOTE 10 – RELATED PARTY TRANSACTIONS

The Odd Fellows Home of California is under the control of the Grand Lodge of California, Independent Order of Odd Fellows (Grand Lodge), a non-profit corporation exempt under Internal Revenue Code section 501(c)(8) and California Revenue and Taxation Code Section 23701(b). Also affiliated with the Odd Fellows Home of California is the Rebekah Assembly of California, a related non-profit corporation, which is exempt under the same code sections as the Grand Lodge.

The composition of the members of the board of directors of the Corporation is determined in the bylaws. Four directors, who are members of the order, and four directors, who may or may not be members of the order, but are from the professional sector (legal, accounting, medical, financial) are elected by the Grand Lodge. Three directors, who are members of the order, are elected by the Rebekah Assembly. In addition, the Grand Secretary and Grand Treasurer of the Grand Lodge are ex-officio members of the board with voting rights.

The Grand Lodge provided administrative services to the Corporation. In the years ended March 31, 2015 and 2014, a total of $175,856 and $169,627 were paid to the Grand Lodge ($57,385 from The Meadows and $118,471 from Saratoga Retirement Community as of March 31, 2015, and $55,713 from The Meadows and $113,914 from Saratoga Retirement Community as of March 31, 2014).

The Odd Fellows Home Endowment Fund of the Grand Lodge was created to help fund the operations of the Corporation. Investment income earned by the fund and passed through to the Corporation in the years ended March 31, 2015 and 2014, amounted to $408,000, of which $34,000 was receivable by the Corporation at March 31, 2015 and 2014.

NOTE 11 – THIRD-PARTY RATE ADJUSTMENTS AND REVENUE

Approximately 67% and 64% of health center revenue for the years ended March 31, 2015 and 2014, were derived under federal and state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. In the opinion of management, retroactive adjustments, if any, would not be material to the financial position, the changes in net assets, or cash flows of the Corporation.

NOTE 12 – RETIREMENT PLAN

The Corporation has a 403(b) matching retirement plan that covers employees who have reached the age of 21 and have completed one year of service of at least 1,000 hours. Contributions to the plan are based on a match of the employee's own contribution (determined for each plan year at its discretion), up to a maximum of 2% of plan compensation, evaluated each pay cycle. Total contributions charged to expense for the plan was $177,068 and $163,074 for the years ended March 31, 2015 and 2014, respectively.

NOTE 13 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily and permanently restricted contributions have been received and are available for the following purposes:

	2015	2014
Living Legacy General Fund	$ 480,625	$ 429,951
IOOF Members Fund (financial assistance in paying rents, medical supplies, etc. for Odd Fellows and Rebekahs)	230,969	230,969
Living Legacy Resident Assistance Fund	73,763	73,713
Miscellaneous Temporarily Restricted	34,133	36,535
Lifeline Pendant Fund	1,361	1,361
Living Legacy Admin Fund	9,839	9,839
Living Legacy In Home Assistance Fund	4,300	4,300
Living Legacy Misc Temp Restricted Fund	2,290	2,290
Living Legacy Employee Education Fund	6,375	2,925
Employee Christmas Fund	370	55
Living Legacy Library Fund	1,003	400
Temporarily restricted net assets	$ 845,028	$ 792,338
Permanently restricted net assets	$ 84,305	$ 84,305

Contributions received in prior years of $84,305 have been permanently restricted by donors to allow only earnings to be used for general purposes.

NOTE 14 – UNRESTRICTED NET ASSETS (DEFICIT)

Unrestricted net assets (deficit) include amounts designated by Board action for the following purposes:

	2015	2014
SRC IOOF Members Fund	$ 492,894	$ 443,896
SRC Cemetery Fund	33,825	31,011
Total Board Designated net assets	526,719	474,907
Unrestricted net assets (deficit)	(1,137,406)	(6,485,173)
Total unrestricted net assets (deficit)	$ (610,687)	$ (6,010,266)

NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. FASB ASC Topic 820 describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value per share (or its equivalent) with the ability to redeem the investment in the near term.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position at March 31, 2015 and 2014, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities, fixed income securities, mutual funds and cash equivalents included in money market funds.

Hedge fund – The Corporation owns limited partnership interests in a hedge fund. All limited partnerships are structured as closed-end, commitment-based investment funds where the Corporation commits a specified amount of capital upon inception of the fund (committed capital) which is then drawn down over a specified period of the fund's life. Such limited partnerships generally do not provide redemption options for investors and, subsequent to final closing, do not permit subscriptions by new or existing investors. Accordingly, the Corporation generally holds interests in such limited partnerships for which there are no active markets, although, in some situations, a transaction may occur in the secondary market where an investor purchases a limited partner's existing interest and remaining commitment.

The Corporation's ownership is based upon their percentage of Limited Partnership interests divided by the total commitment of the fund. The investment utilizes underlying fair values as a practical expedient. Specifically, inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances.

The hedge fund is currently undergoing a scheduled liquidation which provides quarterly distributions through January 2016. The value was derived from the liquidation worksheet provided by Coast Access Fund, LTD and is classified as a Level 3 investment. Modifications were made to the liquidation schedule during the year ended March 31, 2015.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and refundable deposits approximate fair value due to the short maturity of such instruments.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis at March 31:

	2015			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 6,873,311	$ -	$ -	$ 6,873,311
Fixed income				
AAA - short & intermediate term	10,266,024	-	-	10,266,024
Intermediate - investment grade	5,992,254	-	-	5,992,254
Treasury inflation-protected securities	28,573	-	-	28,573
Floating rate bonds	1,636,849	-	-	1,636,849
Global (foreign) bonds	1,791,961	-	-	1,791,961
Equity securities				
Large cap core	9,184,497	-	-	9,184,497
Large cap value	4,218,334	-	-	4,218,334
Large cap growth	6,142,359	-	-	6,142,359
Mid cap growth	2,555,686	-	-	2,555,686
Mid cap value	2,911,449	-	-	2,911,449
Small cap core	2,308,830	-	-	2,308,830
International	4,486,972	-	-	4,486,972
Mutual funds	10,523,230	-	-	10,523,230
Hedge fund	-	-	178,451	178,451
Total assets	$ 68,920,329	$ -	$ 178,451	$ 69,098,780

	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 12,189,807	$ -	$ -	$ 12,189,807
Fixed income				
AAA - short & intermediate term	9,642,110	-	-	9,642,110
Intermediate - investment grade	4,047,605	-	-	4,047,605
Treasury inflation-protected securities	822,007	-	-	822,007
Floating rate bonds	1,616,267	-	-	1,616,267
Global (foreign) bonds	1,616,267	-	-	1,616,267
Equity securities				
Large cap core	3,895,963	-	-	3,895,963
Large cap value	5,817,502	-	-	5,817,502
Large cap growth	4,559,981	-	-	4,559,981
Mid cap growth	1,862,776	-	-	1,862,776
Mid cap value	2,191,847	-	-	2,191,847
Small cap core	1,739,374	-	-	1,739,374
International	3,731,428	-	-	3,731,428
Mutual funds	8,382,239	-	-	8,382,239
Hedge fund	-	-	230,752	230,752
Total assets	$ 62,115,173	$ -	$ 230,752	$ 62,345,925

The following table reconciles the beginning and ending balances of recurring fair value measurements recognized in the accompanying financial statements using significant unobservable (Level 3) inputs:

	2015	2014
Hedge fund		
Beginning of year balance	$ 230,752	$ 385,214
Total realized and unrealized gains and losses		
Included in changes in unrestricted net assets	13,801	(1,576)
Purchases, issuances and settlements	(66,102)	(152,886)
End of year balance	$ 178,451	$ 230,752

As required by FASB ASC Topic 820, the investments are classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which the Corporation's investments have been classified, the Corporation has assessed factors including, but not limited to, the ability to redeem at net asset value ("NAV") at the measurement date and the existence or absence of certain restrictions at the measurement date. In accordance with this guidance, if the Corporation has the ability to redeem from the investment at the measurement date or in the near-term at NAV, the investment would be classified as a Level 2 fair value measurement. Alternatively, if the Corporation will never have the ability to redeem from the investment or is restricted from redeeming for an uncertain or extended period of time from the measurement date, the investment would be classified as a Level 3 fair value measurement.

The following table provides the fair value and redemption terms and restrictions for investments redeemable at net asset value at March 31, 2015:

Fund Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge fund	$ 178,451	$ -	None	N/A

The following table provides the fair value and redemption terms and restrictions for investments redeemable at net asset value at March 31, 2014:

Fund Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge fund	$ 230,752	$ -	None	N/A

The Board of Directors, in conjunction with the external investment advisors and management, monitors and analyzes the valuation of the investments on a quarterly basis. The valuations consider variables such as financial performance of several publicly traded companies in the oil and gas market, recent sales prices of investments, and other pertinent information.

Short-term investments consist of the following at fair value at March 31:

	2015	2014
Cash and cash equivalents including amounts held for investment purposes	$ 6,873,311	$ 6,885,578
Equity, fixed income, mutual funds, hedge funds investments	62,225,469	50,156,118
Total	69,098,780	57,041,696
Less assets restricted under bond indenture agreements	(12,341,567)	(12,287,350)
Less assets held in trust	(5,849)	(2,818)
Total short-term investments	$ 56,751,364	$ 44,751,528

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Litigation – The Corporation is party to various claims and legal actions in the normal course of business. In the opinion of management, the Corporation has substantial meritorious defenses to pending or threatened litigation and, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position of the Corporation.

Asbestos abatement – The Corporation is aware of the existence of asbestos in certain areas of its building. The Corporation has not recorded a liability for any asbestos abatement costs because the cost cannot be reasonably estimated at this time. At such time in the future that plans are made to make changes to structures with asbestos and the related asbestos removal cost estimates are completed, the Corporation will record an estimate of the costs of the requirement asbestos abatement.

Health care reform – In March 2010, President Obama signed the Health Care Reform Legislation into law. The new law will result in sweeping changes across the health care industry. The primary goal of this comprehensive legislation is to extend health care coverage to approximately 32 million uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. The Corporation is unable to predict the full impact of the Health Care Reform Legislation at this time due to the law's complexity and current lack of implementing regulations or interpretive guidance. However, the Corporation expects that provisions of the Health Care Reform Legislation may have a material effect on its business.

NOTE 17 – HEALTH AND SAFETY CODE SECTION 1790(a)(3) DISCLOSURE

In order to provide up-to-date health care facilities for the Corporations continuum of care, the Board of Directors in 2012 issued $98,550,000 of Insured Revenue Bonds (the "Bonds"), $4,845,307 of which was allocated to the Project Fund. Withdrawals for construction costs and capital improvements totaled $3,496,638 for the fiscal year ended March 31, 2014. Withdrawals from the project fund for capital improvements totaled $112,814 for the fiscal year ended March 31, 2015, and the account was closed in February 2015. Consistent with the Corporation's non-profit status, the Bonds were necessary to refinance existing bonds and to improve facilities essential to their provision of housing, health care, and financial security to their aged residents.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Corporation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Corporation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are issued.

The Meadows continues to update the master plan for the campus to include additional amenities and Independent Living units. The updated plans are a continual work in progress as the management team and the board study the options for expansion and enhancement to the programs and services offered to our existing residents as well as our prospective residents. The Board Strategic Planning committee together with the Building and Grounds committee continue to look at all options to improve the campus and respond to the market demand.

Land donated to the Corporation in April 2014 was listed for sale in March 2015. The land is located in Galt, California in San Joaquin County. An offer to purchase the land dated August 3, 2015, was received and counteroffers were made. As of the date of the financial statements, the transaction was in escrow and is expected to be finalized on December 21, 2015.

On October 2, 2015, the Corporation self-reported overpayments that were received from the Medi-Cal program to the office of the Inspector General ("OIG") in accordance with the requirements of the Self Disclosure Protocol. The initial overpayments were unpaid to the California Department of Health Care Services ("DHCS") on June 4, 2015, as a result of a DHCS audit. The remaining balance of overpayment was reported and returned to DHCS on the same date as the submission to OIG.

The Corporation has evaluated subsequent events through October 28, 2015, which is the date the financial statements are issued.

SUPPLEMENTARY INFORMATION

ODD FELLOWS HOME OF CALIFORNIA
SARATOGA RETIREMENT COMMUNITY
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2015 and 2014

	2015	2014
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues:		
Service fees	$ 15,314,298	$ 14,525,384
Health center revenues, net	9,493,037	9,691,033
Entrance fees earned	2,937,488	2,972,326
Contributions	3,757,626	428,557
Investment income	2,702,529	1,906,234
Other revenue	886,454	885,065
Total revenues	35,091,432	30,408,599
Net assets released from restrictions	17,059	18,765
Total revenue, gains, and support	35,108,491	30,427,364
Expenses:		
Program expenses:		
Dietary services	4,544,610	4,350,908
Facility services and utilities	4,437,550	4,199,552
Health and social services	5,952,609	6,053,875
Assisted living	2,083,997	2,036,295
General and administrative:		
Administrative and marketing	2,821,102	2,301,006
Interest	3,540,971	3,605,025
Depreciation	4,490,219	4,375,189
Fund disbursement	17,059	18,765
Management services	1,812,083	1,736,393
Loss on disposal of property and equipment	57,181	57,410
Total expenses	29,757,381	28,734,418
Operating income	5,351,110	1,692,946
Nonoperating income:		
Unrealized change in value of investments	1,181,832	1,366,197
Total nonoperating income	1,181,832	1,366,197
Change in unrestricted net assets	6,532,942	3,059,143
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	54,340	52,050
Investment income	22,121	19,332
Unrealized change in value of investments	23,074	29,685
Fund disbursement	(31,911)	-
Net assets released from restrictions	(17,059)	(18,765)
Increase in temporarily restricted net assets	50,565	82,302
CHANGES IN NET ASSETS (DEFICIT)	$ 6,583,507	$ 3,141,445

STATEMENTS OF ACTIVITIES
Years Ended March 31, 2015 and 2014

		2015		2014
CHANGES IN UNRESTRICTED NET ASSETS				
Revenues:				
Service fees	$	10,462,412	$	10,096,958
Health center revenues, net		7,161,606		7,588,513
Entrance fees earned		358,743		121,298
Contributions		1,568		16,426
Investment income (loss)		257,130		15,703
Other revenue		481,193		468,471
Total revenues		18,722,652		18,307,369
Net assets released from restrictions		2,172		13,081
Total revenue, gains, and support		18,724,824		18,320,450
Expenses:				
Program expenses:				
Dietary		3,454,561		3,098,201
Facility services and utilities		3,192,718		3,078,602
Health and social services		4,808,217		4,593,062
Assisted living		1,770,779		1,644,192
General and administrative:				
Administrative and marketing		2,753,116		2,038,271
Interest		685,010		694,530
Depreciation		2,450,418		2,273,237
Fund disbursement		2,172		13,081
Management services		798,234		768,722
Loss on disposal of property and equipment		43,829		41,574
Total expenses		19,959,054		18,243,472
Operating (loss) income		(1,234,230)		76,978
Nonoperating income:				
Unrealized change in value of investments		100,867		34,471
Total nonoperating income		100,867		34,471
Change in unrestricted net assets		(1,133,363)		111,449
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS				
Contributions		4,297		2,306
Net assets released from restrictions		(2,172)		(13,081)
Change in temporarily restricted net assets		2,125		(10,775)
CHANGES IN NET ASSETS (DEFICIT)	$	(1,131,238)	$	100,674

Attachment B-2: 2016 Financial Statement

Odd Fellows Home of California
Statement of Financial Position
As of May 31, 2016

	Un-Audited 05/31/16	Un-Audited 03/31/16
Assets		
Current assets:		
Cash and cash equivalents	$ 5,166,146	$ 4,215,087
Short term investments	66,518,109	65,341,624
Accounts receivable, net	3,491,656	4,060,020
Prepaid expenses & inventory	808,056	945,395
Receivable from Endowment fund, current	34,000	34,000
Current portion of assets restricted under bond indenture agreement	1,235,279	5,154,858
Total current assets	**77,253,246**	**79,750,984**
Property and equipment, net	106,205,152	106,612,606
Other assets:		
Assets held in trust	6,456	6,133
Restricted deposits	3,392,269	2,322,075
Restricted cash and investments	-	-
Assets restricted under bond indenture agreements	6,981,570	6,970,610
Bond issue and other financing costs, net	3,839,880	3,893,126
Total other assets	**14,220,175**	**13,191,944**
	$ 197,678,572	**$ 199,555,534**

	Un-Audited 05/31/16	Un-Audited 03/31/16
Liabilities and net assets		
Current liabilities:		
Accounts payable & accrued expenses	$ 3,174,215	$ 4,422,410
Accrued interest	736,847	2,262,100
Refundable deposits	6,238,419	3,163,875
Current portion of entrance fees refundable due upon reoccupancy	1,032,553	1,010,475
Current portion of long term debt	3,000,000	2,880,000
Due to/(from) PRS MC LLC, net	313,350	114,162
Other current liabilities	12,207	12,500
Total current liabilities	**14,507,591**	**13,865,522**
Other liabilities:		
Entrance fees refundable due upon reoccupancy	61,455,561	61,993,546
Deferred revenue from entrance fees	26,272,439	26,747,766
Long term debt	86,055,000	89,055,000
Long term debt premium	8,580,176	8,700,559
Total liabilities	**196,870,766**	**200,362,393**
Net assets:		
Unrestricted	(176,309)	(1,769,933)
Temporarily restricted	899,809	878,770
Permanently restricted	84,305	84,305
Total net assets	**807,806**	**(806,858)**
	$ 197,678,572	**$ 199,555,534**

Odd Fellows Home of California
Detail Statement of Activities - Unrestricted only
Year and month to date for the period ending May 31, 2016

	Actual May-16	Budget May-16	Variance	Actual YTD	Budget YTD	Variance
Operating revenues:						
Service fees revenues						
Monthly fees independent living	$ 1,283,305	$ 1,321,900	$ (38,595)	$ 2,598,142	$ 2,643,800	$ (45,658)
Monthly fees assisted / residential living	605,387	692,938	(87,551)	1,211,343	1,385,876	(174,533)
Monthly fees memory care	218,823	222,028	(3,205)	450,047	444,056	5,991
Monthly fees credits	(26,062)	(15,277)	(10,785)	(40,212)	(30,554)	(9,658)
Bad debt	(310)	(524)	214	(833)	(1,048)	215
Resident assistance	-	(4,198)	4,198	-	(8,396)	8,396
Health center revenues						
Monthly fees CCRC resident std rm & ancillaries	100,202	122,425	(22,223)	250,730	240,901	9,829
Monthly fees public resident std rm & ancillaries	558,437	517,113	41,324	1,084,541	1,017,545	66,996
Medicare revenues / std rm & ancillaries	464,051	553,518	(89,467)	830,421	1,089,181	(258,760)
Medicaid revenues / std rm & ancillaries	391,153	424,963	(33,810)	729,771	836,218	(106,447)
HMO revenues / std rm & ancillaries	58,332	43,537	14,795	94,968	85,668	9,300
Hospice / other	220,603	359	220,244	284,409	706	283,703
Activities	6,867	4,738	2,129	14,026	9,476	4,550
Bad debt	(8,750)	(8,750)	-	(17,500)	(17,500)	-
Monthly fees credits	(5,333)	(17,918)	12,585	(40,467)	(35,258)	(5,209)
Entrance fee revenues						
Entrance fees earned amortization income	240,662	241,559	(897)	475,808	483,118	(7,310)
Entrance fee termination income	127,446	66,667	60,779	396,772	133,334	263,438
Contributions	35,100	34,092	1,008	69,100	68,184	916
Other revenues						
Level of care	44,140	61,236	(17,096)	87,782	122,472	(34,690)
Home care / private duty	1,839	11,231	(9,392)	3,495	22,462	(18,967)
Dietary	33,933	25,346	8,587	56,914	50,692	6,222
Other income - net	28,137	29,219	(1,081)	47,296	58,437	(11,141)
Release from restriction	70	-	70	70	-	70
Total operating revenues	**$ 4,378,031**	**$ 4,326,202**	**$ 51,830**	**$ 8,586,624**	**$ 8,599,370**	**$ (12,746)**
Operating expenses:						
Administration	$ 427,278	$ 435,885	$ 8,607	$ 754,905	$ 866,641	$ 111,736
Dietary	704,561	735,967	31,406	1,361,366	1,460,643	99,277
Health and social services						
Health services	886,337	932,709	46,372	1,734,401	1,839,763	105,362
Home care / private duty	2,954	10,967	8,013	5,997	21,584	15,587
Recreation / activities	30,795	36,559	5,764	77,486	72,740	(4,746)
Assisted / residential living	350,963	332,792	(18,171)	672,760	656,997	(15,763)
Facility services and utilities						
Facility services	459,748	480,210	20,462	863,375	952,518	89,143
Utilities	175,067	186,921	11,854	343,682	373,842	30,160
Depreciation	556,606	551,576	(5,030)	1,115,261	1,103,152	(12,109)
Fund disbursement	70	-	(70)	70	-	(70)
Fees to PRS MC LLC						
Management services	225,697	225,696	(1)	451,393	451,392	(1)
Accounting services	10,920	10,920	-	21,840	21,840	-
Loss (gain) on disposal of property and equipment	-	-	-	-	-	-
Vacation accrual adjustment	14,014	-	(14,014)	9,202	-	(9,202)
Total operating expenses	**$ 3,845,010**	**$ 3,940,202**	**$ 95,192**	**$ 7,411,738**	**$ 7,821,112**	**$ 409,374**
Excess revenue over expense - operating	**$ 533,021**	**$ 386,000**	**$ 147,021**	**$ 1,174,886**	**$ 778,258**	**$ 396,628**
Financing activities - unrestricted						
Investment income	$ 161,208	$ 102,328	$ 58,880	$ 310,765	$ 204,656	$ 106,109
Realized gain (loss)	20,769	91,422	(70,653)	79,556	182,844	(103,288)
Unrealized gain (loss)	585,316	105,213	480,103	833,966	210,426	623,540
Fees unrestricted funds	(26,355)	(26,450)	95	(60,495)	(52,900)	(7,595)
Total unrestricted financing income	**740,936**	**272,513**	**468,423**	**1,163,792**	**545,026**	**618,766**
Interest expense	314,272	314,272	0	616,464	616,465	1
LOC / remarketing & other fees	1,949	2,119	170	3,898	4,238	340
Amortization expense	26,623	26,624	1	53,246	53,248	2
Total unrestricted financing expense	**342,844**	**343,015**	**171**	**673,608**	**673,951**	**343**
Excess income over expense - financing	**$ 398,093**	**$ (70,502)**	**$ 468,595**	**$ 490,184**	**$ (128,925)**	**$ 619,109**
Change in unrestricted net assets before extraordinary items	**$ 931,113**	**$ 315,498**	**$ 615,616**	**$ 1,665,070**	**$ 649,333**	**$ 1,015,737**
Extraordinary items:						
Early retirement of issue costs	-	-	-	-	-	-
Extraordinary items	-	-	-	-	-	-
Start-up costs	(33,308)	(24,778)	(8,530)	(71,446)	(49,556)	(21,890)
Nonoperating revenues	-	-	-	-	-	-
Change in unrestricted net assets after extraordinary items	**$ 897,805**	**$ 290,720**	**$ 607,085**	**$ 1,593,624**	**$ 599,777**	**$ 993,847**

Odd Fellows Home of California

Consolidated Statement of Activities and Changes in Net Assets

Year to date for the period ending May 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Service fees	$ 4,218,488	$ -	$ -	$ 4,218,488
Health center revenue	3,230,900	-	-	3,230,900
Entrance fees earned	872,580	-	-	872,580
Contributions	69,100	3,179	-	72,279
Investment income, net*	329,826	646	-	330,472
Other revenue, net	195,487	-	-	195,487
Total revenues	8,916,380	3,826	-	8,920,206
Net assets released from restriction	70	(70)	-	-
Total revenues, gains, and support	$ 8,916,450	$ 3,756	$ -	$ 8,920,206
Expenses:				
Program expenses:				
Dietary	$ 1,361,366	$ -	$ -	$ 1,361,366
Facility services and utilities	1,207,057	-	-	1,207,057
Health and social services	1,817,885	-	-	1,817,885
Assisted living	672,760	-	-	672,760
General and administrative expenses:				
Administrative and marketing	754,905	-	-	754,905
Interest expense and financing fees*	673,608	-	-	673,608
Depreciation	1,115,261	-	-	1,115,261
Fund disbursement	70	2,000	-	2,070
Fees to PRS MC LLC				
Management services	451,393	-	-	451,393
Accounting services	21,840	-	-	21,840
Loss (gain) on disposal of property and equipment	-	-	-	-
Vacation accrual adjustment	9,202	-	-	9,202
Total expenses	$ 8,085,346	$ 2,000	$ -	$ 8,087,346
Operating income	$ 831,104	$ 1,756	$ -	$ 832,859
Nonoperating income (loss):				
Unrealized change in value of investments	$ 833,966	$ 19,284	$ -	$ 853,251
Start-up costs	(71,446)	-	-	(71,446)
Total nonoperating changes	$ 762,520	$ 19,284	$ -	$ 781,805
Change in net assets	$ 1,593,624	$ 21,040	$ -	$ 1,614,664
Net assets, beginning of year	$ (1,769,933)	$ 878,770	$ 84,305	$ (806,858)
Net assets, end of year	$ (176,309)	$ 899,809	$ 84,305	$ 807,806

Odd Fellows Home of California
Statement of Cash Flows
As of May 31, 2016

Cash flows from operating activities (Indirect Method)		
Change in net assets	$	1,614,664
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		1,115,261
Amortization included in financing fees		(67,136)
Nonrefundable contract - entrance fees received		965,600
Nonrefundable contract - entrance fee refunds paid (refundable period)		(89,069)
Entrance fees earned		(872,580)
Unrealized change in value of investments		(853,251)
Realized (gain) loss and reinvested income on investments		(330,468)
Restricted Cash and Investments		-
Assets held in Trust		(270,106)
Non-Cash Donations		-
Loss (gain) on disposal of property and equipment		-
Net changes in:		
Accounts receivable, net		104,865
Supplies and prepaid expenses		133,167
Accounts payable and accrued expenses		(1,248,195)
Accrued Interest		(1,525,253)
Refundable deposits		2,004,350
Due to RS LLC, net		199,188
Other liabilities		(616)
Net cash provided by operating activities	**$**	**880,420**

Cash flows from investing activities		
Purchase of property and equipment	$	(707,806)
Proceeds from sale of property and equipment		-
Proceeds from sale of investments		-
Purchase of investments		-
Change in assets restricted under bond indenture agreement, net of realized gains		3,920,024
Release from restriction		270,106
Net cash used in investing activities	**$**	**3,482,324**

Cash flows from financing activities		
Repayment of long-term debt	$	(2,880,000)
Proceeds from issuance of long-term debt		-
Bond issue costs paid		-
Refundable contract - entrance fees received		458,100
Refundable contract - entrance fee refunds paid		(989,785)
Net cash used in financing activities	**$**	**(3,411,685)**

Net increase (decrease) in cash and cash equivalents	**$**	**951,059**
Cash and cash equivalents, beginning of year	**$**	**4,215,087**
Cash and cash equivalents, end of year	**$**	**5,166,146**

Attachment B-3: Background

Odd Fellows Board of Directors

Directors	Occupation	Term Began	Term Ends
Bill Fallis	Contractor	2015	2016
Ivan Fawley	Retired Healthcare Administrator	2015	2016
David Fleck	Attorney	2014	2017
Lynn Hill	Owner of property management business	2005	2018
Jay Johnson	Office Manager Grand Lodge of California	2010	2016
Maurice Kemp	Retired Attorney	2015	2016
Ray Link	Secretary Grand Lodge of California	2008	2017
Pauline Love	Retired	2014	2017
Robin Oliver	Financial Consultant	2006	2016
Terry Olson	Healthcare Management	2012	2018
Shelly Peters	Business Owner	2015	2018
Gerald Poarch	Retired Battalion Chief from Costa Mess Fire Department	2010	2017
Brian Schlesinger	Business Owner, Property Management	2015	2016
Mary Ann Tschernoscha	Records Manager for International Law	2003	2016
Gerald Worth	Retired Accountant and CPA	before 2003	2016

The Meadows of Napa Valley
Executive Director

Wayne Panchesson, NHA, RCFEA, MPA, MT, *Executive Director*

Mr. Panchesson has served as the Executive Director of The Meadows for approximately **15** years. He has a Master's in Public / Health Administration from California State University at Chico and Bachelor of Science degree from the University of California at Berkeley. Mr. Panchesson is a recipient of the Betty-Nesvold Award for having the best graduate thesis in Health Care Administration from the California State University System. Since 1996 Mr. Panchesson has been a Licensed Nursing Home Administrator in California, and since 2009, a California RCFE Licensed Administrator. During his 26-year health care career Mr. Panchesson has worked for many organizations including Sutter Health, Mercy Healthcare, Walker Methodist, and Prestige Care, Inc. and Pacific Retirement Services.

The Meadows of Napa Valley
Health Center Administrator

Mr Miller has seven years of experience in senior living and for the past four years has been the Skilled Nursing Administrator at Pacific Retirement Service's (PRS) managed community, The Meadows of Napa Valley. Prior to PRS Mr Miller held various positions in Corporate Marketing and Customer Relations for Holiday Retirement at their Corporate Office in Salem, Oregon. Mr Miller became interested in the Senior Housing industry while studying for his Senior Capstone Project at Southern Oregon University and later perused certification as an ALF/RCF Administrator through the OHCA (Oregon Healthcare Association).

Mr Miller graduated in 2007 from Southern Oregon University earning a Bachelor of Science Degree in Business Administration with an emphasis in Management. While attending SOU Ryan participated in the International Education programs where he studied in Winchester, England, Wernigerode, Germany, New Zealand, and Australia.

Saratoga Retirement Community
Executive Director

Cathy Schumacher earned her Bachelor of Science in Nursing from the University of Portland ’80. She worked in a multitude of nursing positions early in her career and has experience in oncology, adult and child psychiatry and special needs clients. She earned her MBA from Cal State University at Long Beach in 1994. She began working in community settings in 1995, primarily care managing geriatric residents in their homes. In 1999, she founded her own geriatric care management practice and was a member of the National Association of Geriatric Care Managers. In 2002, she joined The Canterbury in Rancho Palos Verdes as their Director of Nursing. For 10 years, she worked with the Episcopal Home Communities in Southern California. She was promoted to the corporate Risk Manager in 2006 and then the Executive Director of the Canterbury in 2008. In 2012, she relocated to Northern California and joined Saratoga Retirement Community as the Executive Director. She currently holds an active RN license, her RCFE license and her NHA license.

Saratoga Retirement Community
Health Center Administrator

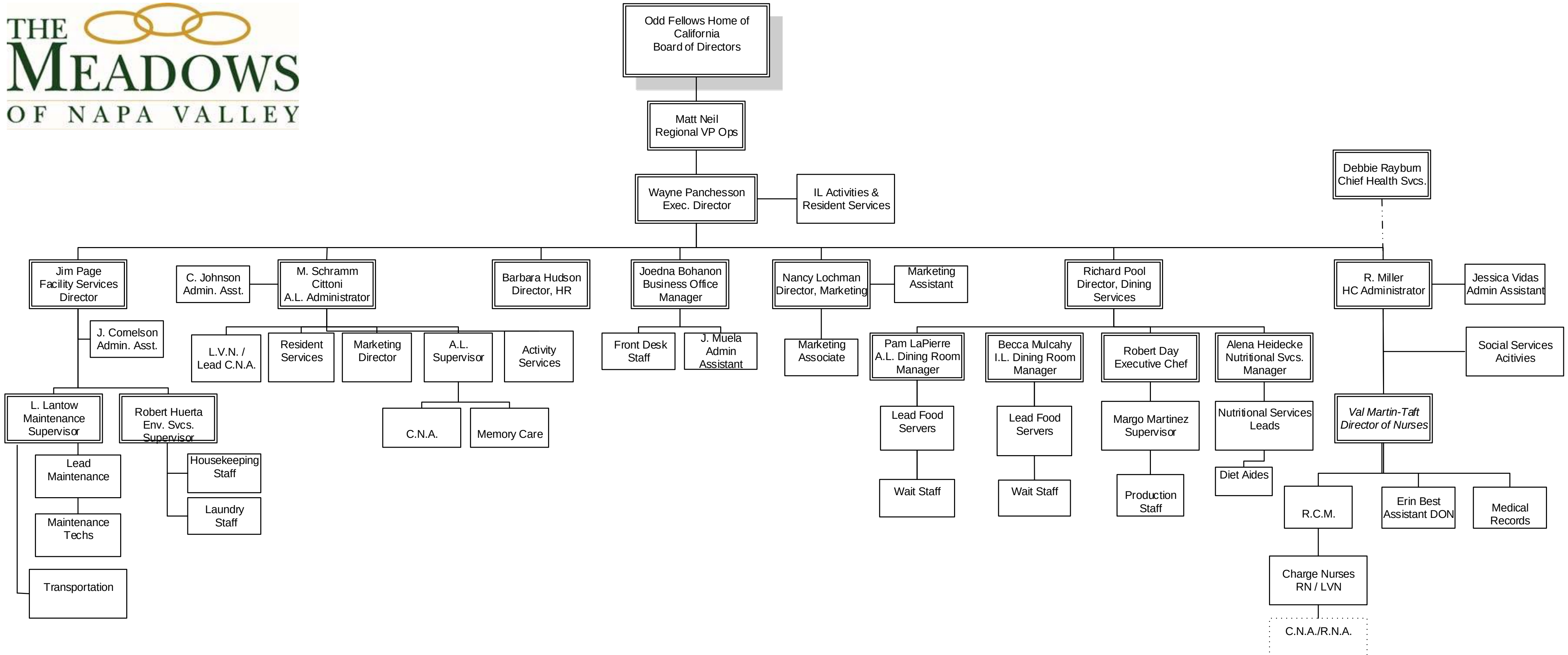
Susan Platte obtained her bachelor of science from Arizona State University and began working as the Dietary Services Coordinator at Classic Residence by Hyatt (now Vi Living) in Scottsdale, AZ. She later obtained her MBA in Healthcare Management from the University of Phoenix and moved into an Assistant Administrator role. After obtaining her Arizona Administrator license she relocated to the Palo Alto Community of the same company to take on the position of Care Center Administrator. In 2009 Susan moved into the role of Health Center Administrator at Saratoga Retirement Community. She is a licensed Nursing Home Administrator in California and has her RCFE certification.

Pacific Retirement Services
Chief Financial Officer

Mary Schoeggl, CFO – Mrs. Schoeggl began her career with Rogue Valley Manor in 1989. In 1991, she joined PRS as Director of Information Systems/Assistant Controller. Mrs. Schoeggl later held the positions of Controller/Vice President of Finance and was responsible for the accounting, financial audits, annual budgets, bond compliance, and all financial reports, communicating directly to each entity's board of directors for the PRS Affiliates and PRS Managed Facilities. Mrs. Schoeggl then held the position of Vice President of Development for the next few years where she led the development team in multiple expansion projects, repositioning, and development of PRS communities, totaling more than $850 million in construction. In her 25 years at PRS, Mrs. Schoeggl has been closely involved in the financial turn-around of several retirement communities as they became affiliates of PRS. Currently four of the PRS market rate CCRCs have investment grade ratings, including two which were distressed when they became an affiliate of PRS. Since assuming her current role as Chief Financial Officer, Mrs. Schoeggl is responsible for the accounting, budgeting, financial reporting, investment management, credit ratings, accreditations and financing activities for PRS, its 37 affiliates and third-party development marketing and management contracts (an estimated $200 million annual operating budget) and has completed multiple financing negotiations and restructurings for various PRS Affiliates and PRS Managed Facilities totaling more than $700 million. Mrs. Schoeggl has a B.S. in Business Accounting from Southern Oregon State College (now known as Southern Oregon University).

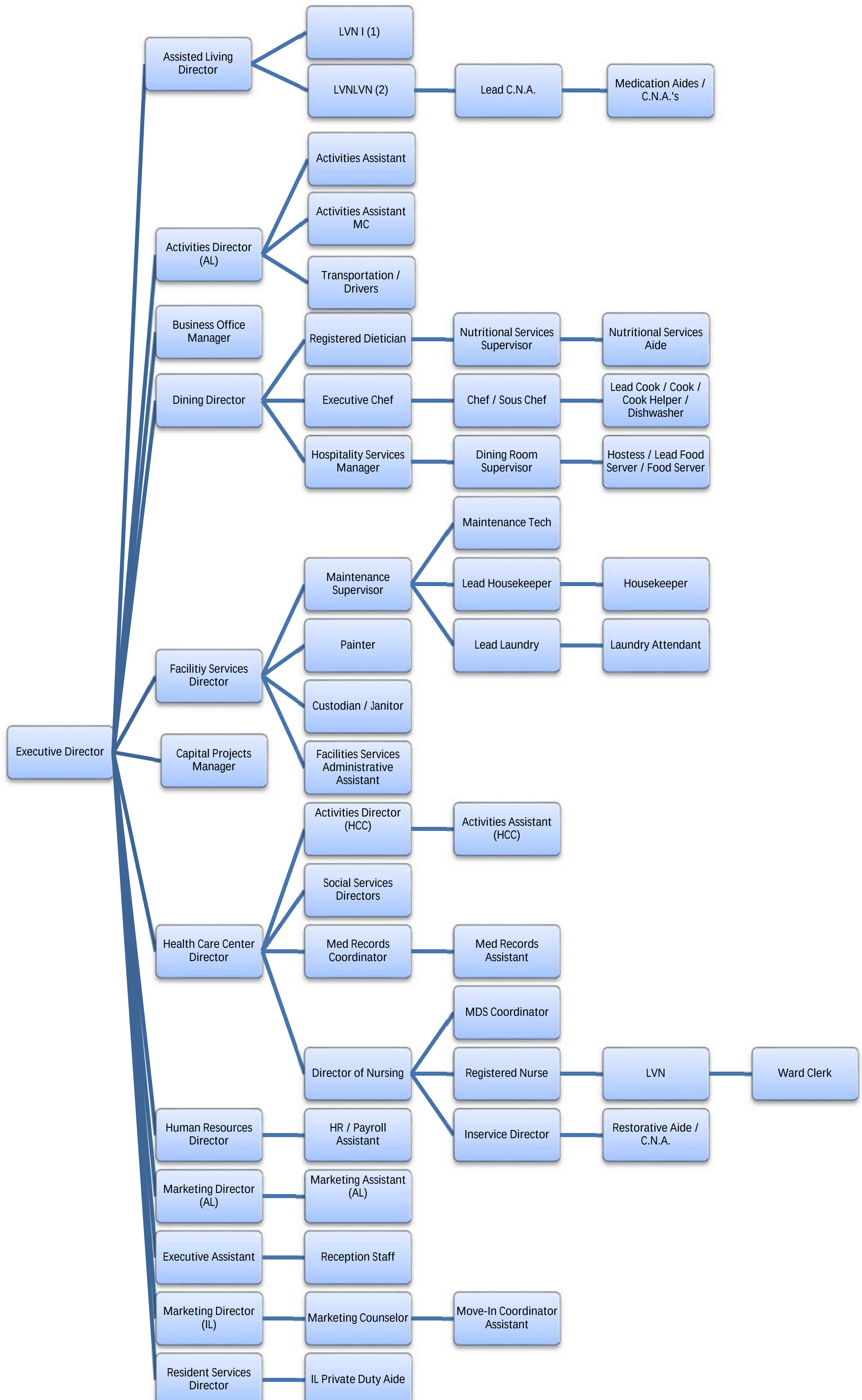
Pacific Retirement Services
Chief Operating Officer

Mike Morris, Chief Operating Officer - Mr. Morris has worked for PRS since 1998, when he began in Resident Services. Since then, Mr. Morris has overseen the operations of skilled nursing, assisted living and memory care facilities, multi-level retirement communities ("MLRCs") and CCRCs in California and Oregon. In addition to serving as Executive Director for University Retirement Community in Davis, California, Mr. Morris has been involved in CCRC startups and acquisitions in multiple states. He has supported the operational and financial turn-around of several retirement communities throughout the west coast, including the repositioning of campuses and conversions from MLRCs to CCRCs. Mr. Morris is a licensed Nursing Home Administrator in California and Oregon, and a certified Residential Care Facilities for the Elderly Administrator in California. He is a member of Leading Age, and served as Vice Chair on the Board of Aging Services of California (now Leading Age California). Mr. Morris holds a B.A. in Psychology and Business Administration from the University of Puget Sound in Washington.



Odd Fellows Home of California Board of Directors
Matt Neil Regional VP Ops
Wayne Panchesson Exec. Director
IL Activities & Resident Services
Debbie Rayburn Chief Health Svcs.
Jim Page Facility Services Director
C. Johnson Admin. Asst.
M. Schramm Cittoni A.L. Administrator
Barbara Hudson Director, HR
Joedna Bohanon Business Office Manager
Nancy Lochman Director, Marketing
Marketing Assistant
Richard Pool Director, Dining Services
R. Miller HC Administrator
Jessica Vidas Admin Assistant
J. Cornelson Admin. Asst.
L.V.N. / Lead C.N.A.
Resident Services
Marketing Director
A.L. Supervisor
Activity Services
Front Desk Staff
J. Muela Admin Assistant
Marketing Associate
Pam LaPierre A.L. Dining Room Manager
Becca Mulcahy I.L. Dining Room Manager
Robert Day Executive Chef
Alena Heidecke Nutritional Svcs. Manager
Social Services Acitivies
L. Lantow Maintenance Supervisor
Robert Huerta Env. Svcs. Supervisor
C.N.A.
Memory Care
Lead Food Servers
Lead Food Servers
Margo Martinez Supervisor
Nutritional Services Leads
Val Martin-Taft Director of Nurses
Lead Maintenance
Housekeeping Staff
Laundry Staff
Maintenance Techs
Transportation
Wait Staff
Wait Staff
Production Staff
Diet Aides
R.C.M.
Erin Best Assistant DON
Medical Records
Charge Nurses RN / LVN
C.N.A./R.N.A.

SRC Organizational Chart



Attachment C: Series 2016 Calendar

THE MEADOWS OF NAPA
ODD FELLOWS HOME OF CALIFORNIA
FINANCING CALENDAR

June 27, 2016

May 2016						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June 2016						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July 2016						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

	Task	Date	Responsibility
1.	TEFRA hearing	Complete	OFHC, CB, PRS, BC
2.	First draft MTI , First and Second Supplemental MTI circulated	Complete	BC
3.	Update loan sizing with final construction costs	Complete	PRS, CB
4.	Submit Issuer Staff report	Complete	CB
5.	First draft Inter-Creditor Agreement circulated	Complete	DPC
6.	Circulate Deposit Agreement Control Agreement	Week of June 27th	DPC
7.	Final draft of Issuer Bond Resolution	Week of June 27th	BC
8.	Circulate proforma title policy	Week of June 27th	Title
9.	Update projections with final loan sizing and construction costs	Week of June 27th	PRS
10.	Submit Fitch requested information	Week of June 27th	CB
11.	Circulate revised Bank and Bond documents	Week of June 27th	DPC, BC
12.	Submit documents to Issuer	Week of June 27th	CB
13.	Construction call to review GMP	Week of June 27th	DP, PRS, OFHC, CB
14.	Receive all permits	Week of June 27th	PRS, OFHC
15.	Issuer Meeting –need near final documents	**July 6th @10:30am pdt**	IS, ISC, CB, CC, BC, OFHC
16.	Circulate draft flow of funds	Week of July 4th	CB
17.	Circulate draft opinions	Week of July 4th	BC, CC, DPC, TC
18.	Circulate Tax Certificate and Agreement	Week of July 4th	BC
19.	Circulate Revised DACA	Week of July 4th	DP, DPC
20.	Call to review outstanding issues, Closing Mechanics	Week of July 4th	PRS, OFHC, CC, CB, BC, BC, TR, CM, DP, DPC, Title
21.	First draft of closing memo/transcript index	Week of July 11th	BC
22.	Final board approval	Week of July 11th	OFHC
23.	Due diligence call	Week of July 11th	CB, BC, DP, DPC, CC, UC, PRS, OFHC, CM

The Meadows of Napa
Odd Fellows Home of California
Financing Calendar

June 27, 2016

May 2016						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June 2016						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July 2016						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

	Task	Date	Responsibility
24.	Secure public rating	Week of July 11th	CB, PRS, RA
25.	Circulate final bond and bank documents	Week of July 11th	BC, DPC, CM
26.	Call to review documents, outstanding issues	Week of July 11th	CB, PRS, OFHC, BC, UC, DP, DPC, CC, CM
27.	Legal due diligence completed	Week of July 11th	BC, DPC, CC
28.	Distribute draft closing and recording instructions	Week of July 11th	BC, DPC
29.	Final title report	Week of July 18th	Title
30.	Circulate final flow of funds	Week of July 18th	CB
31.	Pre-closing	Week of July 18th	All
32.	Closing	Week of July 18th	All

KEY	Participants	Role
OFHC	Odd Fellows Home of California/Napa	Borrower/Facility
PRS	Pacific Retirement Services	Borrower
AU	Moss Adams	Auditor
BC	Orrick, Herrington & Sutcliffe LLP	Bond Counsel
CB	Cain Brothers	Underwriter
CC	Burke, Williams, & Sorensen, LLP	Corporate Counsel
CM	Cal-Mortgage	Bond Insurer
FC	Bill Hendrickson	Feasibility Consultant
DP	BBVA Compass	Bank Purchaser
DPC	Sheppard Mullin	Bank Purchaser's Counsel
IS	Association of Bay Area Governments	Issuer
ISC	TBD	Issuer Counsel
TR	US Bank Corporate Trust Services	Trustee
Title	North American Title	Title Company
UC	Foley and Lardner	Underwriters Counsel

Attachment D: CalMortgage

OSHPD Office of Statewide Health Planning and Development

Office of the Director
400 R Street, Suite 310
Sacramento, California 95811-6213
(916) 326-3600 Main Line
(916) 322-2531 Fax
www.oshpd.ca.gov

March 28, 2016

Mr. Robin Oliver
Chairman of the Board
Odd Fellows Home of California
14500 Fruitvale Avenue
Saratoga, CA 95070

RE: Odd Fellows Home of California
Project No. 1026
Application for OSHPD Consent to Issue Parity Debt or for OSHPD Cal-Mortgage Loan Insurance

Dear Mr. Oliver:

The Odd Fellows Home of California (**Corporation**) applied to the Office of Statewide Health Planning and Development (**OSHPD**), Cal-Mortgage Loan Insurance Division (**Cal-Mortgage**), for consent to issue parity debt or to insure a loan to the Corporation pursuant to the California Health Facility Construction Loan Insurance Law. The purpose of the loan is to construct a new, three-story building with 92 independent living units and other campus improvements at The Meadows of Napa Valley campus.

OSHPD hereby issues a conditional consent to allow the Corporation to issue parity debt or a conditional commitment to insure a loan to the Corporation in an amount not to exceed **$71,429,000**. Issuance of this consent or commitment is subject to the following conditions:

A. A parity debt transaction includes the following conditions:

1) An Intercreditor Agreement or Master Indenture with the holder of Uninsured Parity Debt is mandatory and shall require that:

a. An event of default under one debt shall constitute an event of default under all agreements.

b. Rights and obligations of the holders of the Uninsured Parity Debt should be substantially the same as the insured debt, except that it is not covered under the Contract of Insurance.

c. Remedies for default shall be substantially the same, except that OSHPD shall retain the right to replace management and all other rights as provided in the Insurance Law and in the existing transaction documents.

d. All parties shall be required to cooperate such that the interests of all parties are equally protected.

e. The Trustee for the existing OSHPD insured debt shall act as Trustee for all the parity debt, including future parity debt.

f. Full principal and interest payments due to the parity debt holders must be due to the Trustee 60 days before a principal or interest payment date.

g. The Trustee shall copy OSHPD on all parity debt monthly statements.

h. Right to cure a missed parity debt payment upon 60 days' notice after payment default on interest or principal due to parity debt lenders.

i. No acceleration of parity debt loan/bonds without OSHPD consent except for payment default (only after 60-day right to cure has expired) or taxability default.

j. If OSHPD elects to cure, OSHPD will be obligated to pay interest and principal only, and OSHPD shall not be obligated to pay additional fees, penalties, or default interest rate charges.

2) Any collateral given shall secure on a pari passu basis (pari passu = ratably).

3) The amount of parity debt should not exceed the OSHPD insured debt.

4) The Corporation should demonstrate a significant net present value savings with the parity debt compared to a loan insured by OSHPD.

5) The Regulatory Agreement shall contain or be amended to contain provisions that the Corporation shall maintain the following:

a. The Corporation must maintain a full investment grade rating so long as parity debt is outstanding.

b. The Trustee for the existing debt should act as Trustee for the Uninsured Parity Debt and any future parity debt.

c. Monthly construction progress reports must be submitted to OSHPD.

d. If the Corporation is in default, remedies may include, but are not limited to:

   i. OSHPD may require the Corporation to hire management consultants to make recommendations to achieve investment grade ratings, so long as parity debt is outstanding.

   ii. OSHPD may require the refinancing of the parity debt with or without OSHPD insurance.

6) In conjunction with any amendments to the existing deed(s) of trust benefiting OSHPD, an endorsement of the existing ALTA policy, or a new policy, will be required evidencing ongoing title insurance for the benefit of OSHPD and the Uninsured Parity Debt holders, in an amount not less than the loan(s) secured thereby.

B. OSHPD shall retain a security interest in all of the Corporation's property. Such security shall be secured through first deeds of trust, fixture filings, UCC-1s, and a gross revenue pledge, perfected by a Deposit Account Control Agreement and/or a Securities Agreement covering all the property of the Corporation.

C. OSHPD shall receive a security interest evidenced by deeds of trust in all real property acquired by the Corporation after the close of the loan insured by OSHPD.

D. The proposed services to be provided as part of this project and the structure of the transaction shall not differ from those set forth in the Financial Feasibility Report dated February 24, 2016, the Application for Loan Insurance, the program description, and scope, as agreed to by OSHPD.

E. The Short Term Bonds (entrance fee) shall have a term that, at a minimum, matures 5-years from the date of the loan. Principal shall be due at the final maturity date. The no-call period, if any, shall not extend beyond the first eighteen months of the loan; after which there shall be no prepayment penalty, unless otherwise agreed to by OSHPD.

F. The Long Term Bonds shall have a term that matures 15 years from the date of the loan. Principal shall be amortized over a 12-year period, beginning in 2020. The no-call period, if any, shall not extend beyond the first eight years of the loan. Thereafter the redemption price for the following two years shall not exceed 102 percent for the first year and 101 percent for the second year, after which there shall be no prepayment penalty, unless otherwise agreed to by OSHPD.

G. If insured by OSHPD, the Grand Lodge will provide a Guaranty in a form that is satisfactory to OSHPD.

H. Within 60 days from the date of OSHPD's commitment letter, the Corporation shall obtain approval from a lender or issuer.

I. The Regulatory Agreement, Contract of Insurance, and Deed of Trust used for this transaction shall be OSHPD's latest form as determined by OSHPD.

J. The Regulatory Agreement shall contain or be amended to contain provisions that the Corporation shall maintain the following:

1) A current ratio (ratio of current assets to current liabilities, as determined by the annual audited financial statements) of at least 1.5 to 1, beginning the first full fiscal year after the bonds are issued.

2) A debt service coverage ratio of 1.25 to 1, beginning the first full fiscal year after issuance of the bonds.

3) A non-restricted cash balance, as determined by the annual audited financial statements, of at least two hundred and fifty (250) days cash on hand beginning in the first full fiscal year after issuance. The required days cash on hand shall be maintained prior to, during, and after any future expansion.

4) The bylaws of the Grand Lodge pertaining to the Odd Fellows Home Endowment Fund shall not be changed without the prior written consent of OSHPD.

5) The Corporation shall comply with all recommendations of the Management Company. However, the Corporation shall not be required to comply with such recommendations if: (1) the Board of Directors makes a determination that such recommendations are not in the best interests of the Corporation and (2) OSHPD gives its written consent to the Corporation that it need not comply with such recommendations.

K. Prior to the sale or pricing of the loan insured by OSHPD, OSHPD shall receive the following:

1) Copies of the preliminary: (a) Sources and Uses of Funds, including documentary evidence verifying owner's equity and (b) Debt Service Schedule, with all updates of both, each of which must be acceptable to OSHPD.

2) Proforma title report for issuance of ALTA Lender's title policy (6-17-06), (or other Form acceptable to OSHPD) with exceptions to title acceptable to

OSHPD and with OSHPD designated as a co-beneficiary and in an amount equal to the bond par amount for the project, with the following CLTA Forms:

a. CLTA Form 100, or ALTA Endorsement 9.3-06
b. ALTA Endorsement 9.5-06 or 9.3
c. CLTA Form 103.4 or 103.7, or ALTA Endorsement 17-06 or 17.1-06
d. CLTA Form116 or ALTA Endorsement 22.1-06
e. CLTA Form 116.4 or ALTA Endorsement 19-06
f. ALTA endorsement 33.06 and 32.2-06 (construction)

OSHPD may require additional endorsements.

3) Evidence that either the following insurance coverage is in effect for work in progress or work to be performed, or of a commitment to provide such insurance coverage before construction begins:

   a. Statutory worker's compensation and employer's liability
   b. Bodily injury and property damage liability
   c. Builders Risk
   d. Payment and Performance Bond
   e. Other insurance as is required in the Regulatory Agreement

4) As construction is part of this project:

   a. Copies of all required permits and governmental agency approvals required for the project, or assurances from the governmental agency that permits will be issued. All such permits, approvals, and assurances must be acceptable to OSHPD.

   b. A certification from the architect that: (1) the final set of the architectural plans and (2) the construction materials outline specification for the entire project is complete and available to Cal-Mortgage upon request.

   c. Copies of the ready to be executed construction contracts based upon final approved architectural plans, with a fixed limit of construction cost (not-to-exceed price or guaranteed maximum price) for the entire project, including all amendments or additions thereto, and all correspondence between the contractor and the Corporation.

   d. Copies of the ready to be executed architect and engineer contracts, including all amendments or additions thereto, and all correspondence between the parties.

   e. Copy of the proposed fire and extended coverage for all work performed under contract and other improvements on the site against loss or damage to the extent of replacement value covered by the standard extended coverage insurance endorsement.

f. Copy of the proposed payment, performance, and materialman's bond.

5) Resolution of the governing board authorizing the borrowing.

6) Evidence that the Corporation has pre-sold 50 percent of the 92 independent living units, which must be acceptable to OSHPD.

7) Updates, if any, to the Market and Financial Feasibility Report, which must be acceptable to OSHPD.

8) Documents indicating that any other conditions required by the Advisory Loan Insurance Committee and the Director of OSHPD have been satisfied.

L. Prior to closing of the loan insured by OSHPD, OSHPD shall receive the following:

1) Copies of the final: (a) Sources and Uses of Funds and (b) Debt Service Schedule after the Bonds have been priced.

2) As construction is part of this project:

a. Copies of the executed construction contracts with a fixed limit of construction cost (not-to-exceed price or guaranteed maximum price), including all amendments or additions thereto, and all correspondence between the contractor and the Corporation.

b. Copies of the executed architect and engineer contracts, including all amendments or additions thereto, and all correspondence between the parties.

c. Evidence of fire and extended coverage for all work performed under contract and other improvements on the site against loss or damage to the extent of replacement value covered by the standard extended coverage insurance endorsement. The policies shall include a standard mortgage clause making any loss payable to the mortgagee and OSHPD as their interest may appear.

d. Evidence of payment, performance, and materialman's bonds in the amount of the construction contract for all contractors and subcontractors.

M. Confirmation that there has been no adverse material change in the financial condition of the Corporation, or any other market condition including, but not limited to, potential revenue sources and levels, expenses of operation, or any other condition or occurrence adversely affecting the ability to pay debt service or comply with any of the terms and conditions of the Regulatory Agreement.

N. At the loan closing, OSHPD shall receive an ALTA Lender's title policy (6-17-06), with exceptions to title acceptable to OSHPD and with OSHPD designated as a beneficiary in an amount equal to the loan with the endorsements described above.

In the event that additional facts, or changes in the law, or changes in the structure of the transaction come to the attention of OSHPD, then OSHPD may require additional conditions. It is further understood that OSHPD maintains the right to adjust the above-indicated amount to be insured commensurate with cost information at the time of the final execution of documents.

Please send two copies of all drafts of any documents to the Corporation's Account Manager, who will distribute one copy to OSHPD's Staff Counsel or furnish draft documents in digital format acceptable to OSHPD.

This consent or commitment is issued in full consideration and knowledge of all parties to be preliminary in nature and shall not be final until there is full compliance with all applicable laws, including the provisions of Chapter 1, Part 6, Division 107 of the Health and Safety Code, cited in Section 129000 as the "California Health Facility Construction Loan Insurance Law," and the associated regulations and requirements, and all the conditions contained therein.

This consent or commitment will expire **six months** from the date of this letter unless extended by OSHPD at the request of the Corporation. Lapse of this consent or commitment will void the application and require submission of a new application prior to further processing.

Very truly yours,

Robert P. David

ROBERT P. DAVID
Director

cc: See next page

cc: Fran Mueller, Chief Deputy Director, OSHPD
Jeremy P. Marion, Acting Deputy Director, Cal-Mortgage, OSHPD
Lauren Hadley, Account Manager, Cal-Mortgage, OSHPD
Ryan Buckley, Attorney, Legal Office, OSHPD
Wayne Panchesson, Executive Director, The Meadows of Napa Valley
Brian McLemore, Chief Executive Officer, Pacific Retirement Services
Mary Schoeggl, Chief Financial Officer, Pacific Retirement Services
Matt Neal, Vice President of Operations, Pacific Retirement Services
Amy Hayman, Managing Director, Cain Brothers & Company, LLC
Bill Pomeranz, Managing Director, Cain Brothers & Company, LLC
Edwin Eng, Senior Vice President, Cain Brothers & Company, LLC
Blake Fowler, Director, State Treasurer's Office
Julie Giordano, Assistant Director, State Treasurer's Office
Patrick Zagar, Rating Analyst, U.S. Public Finance, Standard & Poor's
Cal-Mortgage Files
DO Files

ATTACHMENT E: BBVA COMPASS BANK COMMITMENT

Available at:
http://abag.ca.gov/meetings/financeauthority.html

ATTACHMENT F: FITCH RATINGS

(Rating is still in processing. Report is expected prior to closing.)

Attachment G: Sources and Uses Tables

The Meadows of Napa Valley - Uninsured drawdown loan for $82MM project

Current Filename : [Napa_debtsize_2016-06-28_v53 (Summary Tables for ABAG)
Source Filename : [Napa_debtsize_2016-06-28_v53 (52)-MNV_06.27.16

1. OVERALL SERIES 2016 SOURCES AND USES

SOURCES	
ST redemption	11,032,000
Long term loan	60,397,000
Cash (Project)	10,305,033
Cash (Reserve)	265,967
Cash (evelopment fee paid by OFHC)	3,000,000
Total Sources	**85,000,000**
USES	
Project	82,114,806
Funded interest	1,306,514
Debt reserve	265,967
Bank fee	50,000
Financing costs	1,261,851
Rounding	862
Total Uses	**85,000,000**

2. SERIES 2016 PROJECT COSTS

Land	175,000
Construction	61,634,641
A/E	4,021,692
FF&E	2,053,000
Marketing	1,034,100
Development	3,000,000
Other	3,029,257
Contingency	7,167,115
	82,114,806

The Meadows of Napa Valley - Uninsured drawdown loan for $82MM project

Current Filename : [Napa_debtsize_2016-06-28_v53 (Summary Tables for ABAG)

Source Filename : [Napa_debtsize_2016-06-28_v53 (52)-MNV_06.27.16

3. PRELIMINARY SERIES 2016 DEBT SERVICE SCHEDULE

Year Ending	Interest	Principal	Annual Debt	Balance
				71,429,000
1-Apr-19	1,071,450	60,397,000	61,468,450	11,032,000
1-Apr-20	255,280	808,000	1,063,280	10,224,000
1-Apr-21	236,583	827,000	1,063,583	9,397,000
1-Apr-22	217,447	846,000	1,063,447	8,551,000
1-Apr-23	197,870	866,000	1,063,870	7,685,000
1-Apr-24	177,831	886,000	1,063,831	6,799,000
1-Apr-25	157,329	906,000	1,063,329	5,893,000
1-Apr-26	136,364	927,000	1,063,364	4,966,000
1-Apr-27	114,913	948,000	1,062,913	4,018,000
1-Apr-28	92,977	970,000	1,062,977	3,048,000
1-Apr-29	70,531	993,000	1,063,531	2,055,000
1-Apr-30	47,553	1,016,000	1,063,553	1,039,000
1-Apr-31	24,042	1,039,000	1,063,042	0
	2,800,170	**71,429,000**	**74,229,170**	

The Meadows of Napa Valley - Uninsured drawdown loan for $82MM project

Current Filename : [Napa_debtsize_2016-06-28_v53 (Summary Tables for ABAG)
Source Filename : [Napa_debtsize_2016-06-28_v53 (52)-MNV_06.27.16

4. PRELIMINARY AGGREGATE SERIES 2012 AND SERIES 2016 DEBT SERVICE SCHEDULE

Bond Year Ending	Series 2016			Series 2012	Total Debt
	Interest	Principal	Annual Debt	Debt Service	Service
1-Apr-16				7,404,200	7,404,200
1-Apr-17				7,409,000	7,409,000
1-Apr-18				7,409,000	7,409,000
1-Apr-19	1,071,450	60,397,000	61,468,450	7,406,500	68,874,950
1-Apr-20	255,280	808,000	1,063,280	7,411,250	8,474,530
1-Apr-21	236,583	827,000	1,063,583	7,407,500	8,471,083
1-Apr-22	217,447	846,000	1,063,447	7,405,250	8,468,697
1-Apr-23	197,870	866,000	1,063,870	7,409,000	8,472,870
1-Apr-24	177,831	886,000	1,063,831	7,408,000	8,471,831
1-Apr-25	157,329	906,000	1,063,329	7,407,000	8,470,329
1-Apr-26	136,364	927,000	1,063,364	7,405,500	8,468,864
1-Apr-27	114,913	948,000	1,062,913	7,403,000	8,465,913
1-Apr-28	92,977	970,000	1,062,977	7,404,000	8,466,977
1-Apr-29	70,531	993,000	1,063,531	7,407,750	8,471,281
1-Apr-30	47,553	1,016,000	1,063,553	7,408,500	8,472,053
1-Apr-31	24,042	1,039,000	1,063,042	7,405,750	8,468,792
1-Apr-32				7,409,000	7,409,000
1-Apr-33				2,317,250	2,317,250
1-Apr-34				2,318,131	2,318,131
1-Apr-35				2,320,688	2,320,688
1-Apr-36				2,319,713	2,319,713
1-Apr-37				2,320,119	2,320,119
1-Apr-38				2,321,569	2,321,569
1-Apr-39				2,318,988	2,318,988
1-Apr-40				2,317,419	2,317,419
1-Apr-41				2,321,438	2,321,438
1-Apr-42				2,320,675	2,320,675
	2,800,170	**71,429,000**	**74,229,170**	**149,116,190**	**223,345,360**

The Meadows of Napa Valley - Uninsured drawdown loan for $82MM project

Current Filename : [Napa_debtsize_2016-06-28_v53 (Summary Tables for ABAG)
Source Filename : [Napa_debtsize_2016-06-28_v53 (52)-MNV_06.27.16

5. PRELIMINARY SERIES 2016 COSTS OF ISSUANCE

Placement Agent	642,861
Bond counsel	205,000
Underwriter counsel	N/A
Bank counsel	60,000
Borrower counsel	60,000
Issuer counsel	15,000
Trustee counsel	5,000
Issuer	25,000
Title	75,000
Survey	10,000
Feasibility	25,000
Rating	55,000
Bank fee	50,000
Environmental	7,000
Appraisal	17,000
Contingency	59,990
	1,311,851

The Meadows of Napa Valley - Uninsured drawdown loan for $82MM project

Current Filename : [Napa_debtsize_2016-06-28_v53 (Summary Tables for ABAG)

Source Filename : [Napa_debtsize_2016-06-28_v53 (52)-MNV_06.27.16

6. PRELIMINARY SERIES 2016 CONSTRUCTION LOAN DRAW SCHEDULE

Month-end	Periods from closing	Monthly Project Costs	Cumulative project only	Opening loan balance	Equity Cash funded for Project and costs	OFHC pays development fees	Closing costs	Bank's closing fee	Monthly project draw	Equity Cash funded for DSRF	DSRF funded at closing	Draws on BBVA loan	Monthly interest	Month-end loan balance
1-Jul-16	0	4,332,755	4,332,755	0	(5,644,606)	0	1,261,851	50,000	4,332,755	(265,967)	265,967	0		0
1-Jul-16	1	3,899,616	8,232,370	0	(2,879,616)	(1,020,000)			3,899,616			0	0	0
1-Aug-16	2	790,221	9,022,591	0	(780,054)	(10,167)			790,221			0	0	0
1-Sep-16	3	1,499,159	10,521,750	0	(596,711)	(19,800)			1,499,159			882,648	0	882,648
1-Oct-16	4	1,491,659	12,013,409	882,648	(19,481)	(19,800)			1,491,659			1,452,378	1,202	2,336,228
1-Nov-16	5	2,133,364	14,146,772	2,336,228	(26,981)	(29,700)			2,133,364			2,076,682	3,182	4,416,092
1-Dec-16	6	2,842,568	16,989,341	4,416,092	(19,481)	(39,600)			2,842,568			2,783,487	6,015	7,205,594
1-Jan-17	7	3,493,078	20,482,419	7,205,594	(9,481)	(49,233)			3,493,078			3,434,364	9,814	10,649,772
1-Feb-17	8	4,489,311	24,971,730	10,649,772	(9,481)	(59,400)			4,489,311			4,420,430	14,505	15,084,706
1-Mar-17	9	5,203,525	30,175,255	15,084,706	(9,481)	(69,300)			5,203,525			5,124,744	20,545	20,229,995
1-Apr-17	10	4,509,320	34,684,575	20,229,995	(12,490)	(59,400)			4,509,320			4,437,430	27,553	24,694,978
1-May-17	11	4,596,904	39,281,479	24,694,978	(12,490)	(59,400)			4,596,904			4,525,013	33,634	29,253,625
1-Jun-17	12	4,596,070	43,877,549	29,253,625	(12,490)	(59,400)			4,596,070			4,524,180	39,843	33,817,648
1-Jul-17	13	4,579,070	48,456,619	33,817,648	(11,657)	(59,400)			4,579,070			4,508,013	46,059	38,371,720
1-Aug-17	14	3,513,949	51,970,568	38,371,720	(11,657)	(49,500)			3,513,949			3,452,792	52,261	41,876,774
1-Sep-17	15	3,519,782	55,490,350	41,876,774	(11,657)	(49,500)			3,519,782			3,458,625	57,035	45,392,434
1-Oct-17	16	3,519,782	59,010,132	45,392,434	(17,490)	(49,500)			3,519,782			3,452,792	61,823	48,907,049
1-Nov-17	17	3,519,782	62,529,914	48,907,049	(17,490)	(49,500)			3,519,782			3,452,792	66,610	52,426,452
1-Dec-17	18	3,523,415	66,053,330	52,426,452	(17,490)	(49,500)			3,523,415			3,456,425	71,404	55,954,280
1-Jan-18	19	3,648,415	69,701,745	55,954,280	(21,123)	(49,500)			3,648,415			3,577,792	76,208	59,608,281
1-Feb-18	20	3,641,289	73,343,034	59,608,281	(21,123)	(49,500)			3,641,289			3,570,665	81,185	63,260,131
1-Mar-18	21	2,228,134	75,571,168	63,260,131	(21,123)	(29,700)			2,228,134			2,177,310	86,159	65,523,600
1-Apr-18	22	5,553,638	81,124,806	65,523,600	(121,378)	(79,200)			5,553,638			5,353,060	89,242	70,965,902
1-May-18	23	990,000	82,114,806	70,965,902	0	(990,000)			990,000			0	96,654	71,062,555
1-Jun-18	24	0	82,114,806	71,062,555	0				0			0	96,785	71,159,341
1-Jul-18	25	0	82,114,806	71,159,341	0				0			0	96,917	71,256,258
1-Aug-18	26	0	82,114,806	71,256,258	0				0			0	97,049	71,353,308
1-Sep-18	27	0	82,114,806	71,353,308	0				0			0	74,830	71,428,137
		82,114,806			(10,305,033)	(3,000,000)	1,261,851	50,000	82,114,806		265,967	70,121,624	1,306,514	

Attachment H: Management Projections

The Meadows of Napa Valley – Management Projections

Current Filename : [Napa_Management_Projections_ABAG2]
Source Filename : [Con SRF_MNV BBVA Parity (2017 Bdget 16 EstAct) v1 6.29.16]

	Audit	Unaudited					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Revenues:							
Service fees	25,776	25,668	26,607	27,478	31,199	35,094	36,464
Health center revenue	16,655	17,621	19,288	19,630	20,287	20,890	21,611
Entrance fees earned	3,296	3,694	3,699	4,426	5,452	6,589	7,289
Contributions	3,760	414	409	409	409	409	409
Investment income, net	2,960	1,779	2,007	1,618	1,675	1,859	2,123
Other Revenue, net	1,367	1,328	1,522	1,563	1,740	1,923	1,994
Total Revenues	53,814	50,504	53,532	55,124	60,762	66,764	69,890
Net assets released from restriction	19	277	10	10	11	12	12
Total revenue, gains, and support	53,833	50,781	53,542	55,134	60,773	66,776	69,902
Expenses:							
Program expenses:							
Dietary	8,000	8,325	8,688	8,999	10,124	11,172	11,582
Facility services and utilities	7,631	7,600	7,944	8,223	9,400	10,026	10,399
Health and social services	10,761	11,006	11,800	12,157	12,692	13,163	13,673
Assisted Living	3,855	4,001	3,809	3,942	4,080	4,224	4,371
General and administrative expenses:							
Administrative and marketing	5,575	4,781	5,129	5,306	5,906	6,151	6,367
Interest expense and financing fees	3,887	4,092	3,712	3,443	3,538	3,416	3,244
Depreciation	6,940	6,704	6,619	7,351	9,857	10,571	10,959
Amortization	339	41	320	309	315	328	316
Management Services	2,610	2,805	2,894	2,995	3,247	3,513	3,645
Fund Disbursement	19	277	7	7	8	8	8
Loss (gain) on disposal of property and equipment	101	39	2,186	-	-	-	-
Total expenses	49,718	49,671	53,108	52,732	59,167	62,572	64,564
Operating income	4,115	1,110	434	2,402	1,606	4,204	5,338
Nonoperating income (loss):							
Non-operating Revenue (loss)	-	-	-	-	-	-	-
Unrealized change in value of investments	1,283	(1,971)	1,262	1,617	1,675	1,861	2,122
Startup Costs	-	(397)	(288)	(188)	(121)	-	-
Total nonoperating changes	1,283	(2,368)	974	1,429	1,554	1,861	2,122
Change in unrestricted net assets	5,398	(1,258)	1,408	3,831	3,161	6,065	7,460
Temporarily restricted net assets:							
Total changes in Temporarily restricted net assets	52	32	11	11	11	11	11
Temporarily restricted net assets:	52	32	11	11	11	11	11
Permanently restricted net assets:							
Total changes in Permanently restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets:	-	-	-	-	-	-	-
Change in net assets	5,450	(1,226)	1,419	3,842	3,172	6,076	7,471
Net assets, beginning of year	(5,134)	319	(907)	512	4,354	7,525	13,601
Net assets, end of year	316	(907)	512	4,354	7,525	13,601	21,072

The Meadows of Napa Valley – Management Projections

Current Filename : [Napa_Management_Projections_ABAG2]
Source Filename : [Con SRF_MNV BBVA Parity (2017 Bdget 16 EstAct) v1 6.29.16]

	Audit	Unaudited					
	2015	2016	2017	2018	2019	2020	2021
Cash flows from operating activities							
Change in net assets	5,450	(1,226)	1,419	3,842	3,172	6,076	7,471
Adjustments to reconcile change in net assets to net cash provided by operating activities:							
Depreciation (net of Disposals)	6,940	6,704	6,619	7,351	9,857	10,571	10,959
Amortization included in financing fees	339	41	320	309	315	328	316
Non Refund - Entrance fees received from new residents	6,719	6,618	5,552	5,026	5,940	7,062	8,048
Non Refund - Entrance fee refunds (refundable period)	(57)	(308)	-	-	-	-	-
Entrance fees earned	(3,296)	(3,694)	(3,699)	(4,426)	(5,452)	(6,589)	(7,289)
Unrealized change in value of investments	(1,306)	1,996	-	-	-	-	-
Realized (gain) loss and reinvested income on investments	(2,973)	(1,804)	-	-	-	-	-
Loss (gain) on disposal of property and equipment	101	39	2,186	-	-	-	-
Non Cash Contribution	(3,344)	(1)	-	-	-	-	-
Net changes in:	-	-	-	-	-	-	-
Accounts receivable, net	(647)	1,101	(751)	(131)	(435)	(449)	(217)
Supplies and prepaid expenses	71	(116)	124	(28)	(84)	(61)	(37)
Accounts payable and accrued expenses	1,315	(80)	207	288	1,095	778	517
Refundable deposits	197	99	(540)	-	-	-	-
Due to affiliate, net	151	(89)	-	-	-	-	-
Other noncurrent liabilities	1	4	-	-	-	-	-
Net cash provided by operating activities	9,652	9,284	11,437	12,231	14,407	17,716	19,768
Cash flows from investing activities							
Purchase of property and equipment	(3,872)	(6,476)	(26,214)	(53,829)	(14,502)	(5,446)	(5,713)
Proceeds from sale of property and equipment	4	3,354	-	-	-	-	-
Purchase of investments	(7,819)	(8,831)	1,309	(5,946)	(8,866)	(12,103)	(13,203)
Change in assets restricted under bond indenture agreement, net of real	78	290	(317)	(3)	(6,352)	6,174	(78)
Net cash used in investing activities	(11,609)	(11,663)	(25,222)	(59,778)	(29,720)	(11,375)	(18,994)
Cash flows from financing activities							
Initial entrance fees received	-	-	-	-	58,315	2,079	-
Refundable Contract - Entrance Fees Received	9,157	8,910	8,133	8,572	9,336	10,448	11,384
Refundable Contract - Entrance Fee Refunds Paid	(3,990)	(4,140)	(3,793)	(4,115)	(5,411)	(6,259)	(7,050)
Repayments on long-term debt	(2,695)	(2,770)	(2,880)	(3,000)	(3,150)	(3,305)	(3,475)
Repayments on long-term debt - Project Bank ST	-	-	-	-	(52,066)	(8,331)	-
Repayments on long-term debt - Project Bank LT	-	-	-	-	-	-	(808)
Proceeds from issuance of long-term debt - Banks	-	-	15,075	46,945	9,410	-	-
Bond premium	(769)	(745)	(722)	(698)	(672)	(645)	(616)
Bond issue costs paid	-	-	(1,262)	-	-	-	-
Net cash used in financing activities	1,703	1,255	14,551	47,704	15,762	(6,013)	(565)
Net increase (decrease) in cash and cash equivalents	(254)	(1,124)	766	157	449	328	209
Cash and cash equivalents, beginning of year	5,304	5,050	3,926	4,692	4,849	5,298	5,626
Cash and cash equivalents, end of year	5,050	3,926	4,692	4,849	5,298	5,626	5,835

The Meadows of Napa Valley – Management Projections

Current Filename : [Napa_Management_Projections_ABAG2]
Source Filename : [Con SRF_MNV BBVA Parity (2017 Bdget 16 EstAct) v1 6.29.16]

	Audit	Unaudited					
	2015	2016	2017	2018	2019	2020	2021
Assets							
Current Assets	-	-	-	(0)	(0)	(0)	(0)
Cash & Cash Equivalents	5,050	3,926	4,692	4,849	5,298	5,626	5,835
Short term investments	56,751	65,342	64,033	69,979	78,845	90,948	104,151
Subtotal	61,801	69,268	68,725	74,828	84,143	96,574	109,986
Accounts Receivable - net	4,935	4,073	4,824	4,955	5,390	5,839	6,056
Supplies and Prepaid Expenses	856	947	823	851	935	996	1,033
Current Portion of Assets Restricted Under Bond Indenture Agreeme	5,162	5,154	5,205	5,208	5,311	5,386	5,464
Total Current Assets	72,754	79,442	79,577	85,842	95,779	108,795	122,539
Property and Equipment							
Property and Equipment	174,625	179,901	206,143	260,014	274,541	279,987	285,700
Less: Accumulated Depreciation	(67,797)	(73,351)	(82,156)	(89,507)	(99,364)	(109,935)	(120,894)
Property and Equipment, Net	106,828	106,550	123,987	170,507	175,177	170,052	164,806
Other Assets							
Assets restricted under bond indenture agreement							
Funded Interest Fund	-	-	-	-	-	-	-
Debt Service Reserve Fund - Project	-	-	266	266	266	266	266
Debt Service Reserve Fund - Existing	7,179	6,971	6,971	6,971	6,971	6,971	6,971
Entrance Fee Fund	-	-	-	-	6,249	-	-
Subtotal	7,179	6,971	7,237	7,237	13,486	7,237	7,237
Bond issue costs and other financing costs, net	4,222	4,182	5,096	4,745	4,406	4,078	3,762
Restricted Deposits	-	2,322	6,055	5,916	571	363	363
Assets held for sale	3,344	-	-	-	-	-	-
Assets held in trust	5	4	4	4	4	4	4
Other noncurrent assets, net	1	2	2	2	2	2	2
Total Other Assets	14,751	13,481	18,394	17,904	18,469	11,684	11,368
Total Assets	**194,333**	**199,473**	**221,957**	**274,252**	**289,424**	**290,530**	**298,712**
Liabilities							
Current Liabilities							
Accounts Payable	1,074	3,204	2,250	2,326	2,639	2,851	2,961
Current Portion of Entrance Fees Refundable Due Upon Reoccupanc	356	1,010	846	896	1,390	1,715	1,927
Accrued Expenses	5,695	3,487	4,812	4,974	5,262	5,503	5,698
Refundable Deposits	743	3,164	6,357	6,218	873	665	665
Current Portion of Long Term Debt	2,770	2,880	3,000	3,150	3,305	3,475	3,645
Current Portion of Long Term Debt - Project Bank LT	-	-	-	-	-	808	827
Due to/from PRS MC LLC, net	203	114	114	114	114	114	114
Total Current Liabilities	10,841	13,859	17,379	17,678	13,583	15,131	15,837
Long Term Liabilities							
Entrance fees refundable due upon reoccupancy	58,104	61,993	66,333	70,790	121,208	127,055	131,389
Long-term debt - Existing	91,935	89,055	86,055	82,905	79,600	76,125	72,480
Long-term debt - Project Bank ST	-	-	15,075	60,398	8,332	1	1
Long-term debt - Project Bank LT	-	-	-	1,622	11,032	10,224	9,397
Bond premium	9,446	8,701	7,979	7,281	6,609	5,964	5,348
Deferred revenue from entrance fees	23,688	26,770	28,623	29,223	41,533	42,427	43,186
Total Other Liabilities	183,173	186,519	204,065	252,219	268,314	261,796	261,801
Total Liabilities	**194,014**	**200,378**	**221,444**	**269,897**	**281,897**	**276,927**	**277,638**
Net Assets							
Unrestricted	(611)	(1,869)	(461)	3,370	6,530	12,595	20,055
Temporarily restricted	845	879	890	901	912	923	934
Permanently restricted	85	85	85	85	85	85	85
Total Net Assets	319	(905)	514	4,356	7,527	13,603	21,074
Total Liabilities and Net Assets	**194,333**	**199,473**	**221,958**	**274,253**	**289,424**	**290,530**	**298,712**

The Meadows of Napa Valley – Management Projections

Current Filename : [Napa_Management_Projections_ABAG2]
Source Filename : [Con SRF_MNV BBVA Parity (2017 Bdget 16 EstAct) v1 6.29.16]

	Audit	Unaudited					
Debt Service Coverage Ratio	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Change in net assets	5,398	(1,258)	1,408	3,831	3,161	6,065	7,460
Deduct:							
Entrance fees earned	(3,296)	(3,694)	(3,699)	(4,426)	(5,452)	(6,589)	(7,289)
Unrealized change in value of investments	(1,283)	1,971	(1,262)	(1,617)	(1,675)	(1,861)	(2,122)
Add:							
Depreciation	6,940	6,704	6,619	7,351	9,857	10,571	10,959
Amortization	339	41	320	309	315	328	316
Interest expense and financing fees	3,887	4,092	3,712	3,443	3,538	3,416	3,244
Entrance Fees Received	15,876	15,528	13,685	13,598	15,276	17,510	19,432
Entrance Fees Refunded	(4,047)	(4,448)	(3,793)	(4,115)	(5,411)	(6,259)	(7,050)
Loss (gain) on disposal of property and equipment	101	39	2,186	-	-	-	-
Income Available for Debt Service	23,915	18,975	19,176	18,374	19,608	23,181	24,950
Annual Debt Service (a)	6,955	6,972	7,289	7,259	7,485	7,499	8,283
Annual Debt Service Coverage Ratio	3.44x	2.72x	2.63x	2.53x	2.62x	3.09x	3.01x
Annual Debt Service Coverage Ratio, Revenue Only (a)	1.74x	1.13x	1.27x	1.22x	1.30x	1.59x	1.52x
Maximum Annual Debt Service	7,316	7,316	8,457	8,457	8,457	8,457	8,457
Maximum Annual Debt Service Coverage Ratio	3.27x	2.59x	2.27x	2.17x	2.32x	2.74x	2.95x
Maximum Annual Debt Service Coverage Ratio, Revenue Only	1.65x	1.08x	1.10x	1.05x	1.15x	1.41x	1.49x

(a) Excludes principal payments on short-term repaid with entrance fees

	Audit	Unaudited					
Days Cash on Hand	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Cash & Cash Equivalents	5,050	3,926	4,692	4,849	5,298	5,626	5,835
Short term investments	56,751	65,342	64,033	69,979	78,845	90,948	104,151
Project Fund	-	-	-	-	-	-	-
Cash on hand	61,801	69,268	68,725	74,828	84,143	96,574	109,986
Total expenses	49,718	49,671	53,108	52,732	59,167	62,572	64,564
Less: Gain/Loss on Property/Equipment		(39)	(2,186)	-	-	-	-
Depreciation	(6,940)	(6,704)	(6,619)	(7,351)	(9,857)	(10,571)	(10,959)
Amortization	(339)	(41)	(320)	(309)	(315)	(328)	(316)
Total expenses less depreciation and amortization	42,439	42,887	43,983	45,072	48,995	51,673	53,289
Daily operating expenses	116	117	121	123	134	142	146
Days cash on hand	532	590	570	606	627	682	753

	Audit	Unaudited					
Cash to Debt Ratio	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Cash & Cash Equivalents	5,050	3,926	4,692	4,849	5,298	5,626	5,835
Short term investments	56,751	65,342	64,033	69,979	78,845	90,948	104,151
Funds Available for Debt Service	61,801	69,268	68,725	74,828	84,143	96,574	109,986
Long-Term Indebtedness Outstanding (less current portion)	91,935	89,055	101,130	144,925	98,964	86,350	81,878
Cash to Debt Ratio	0.67x	0.78x	0.68x	0.52x	0.85x	1.12x	1.34x

	Audit	Unaudited					
Operating Ratio	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Total expenses	49,718	49,671	53,108	52,732	59,167	62,572	64,564
Less:							
Depreciation	(6,940)	(6,704)	(6,619)	(7,351)	(9,857)	(10,571)	(10,959)
Amortization	(339)	(41)	(320)	(309)	(315)	(328)	(316)
Total expenses less depreciation and amortization	42,439	42,926	46,169	45,072	48,995	51,673	53,289
Total revenue, gains, and support	53,833	50,781	53,542	55,134	60,773	66,776	69,902
Less: Contributions	(3,760)	(414)	(409)	(409)	(409)	(409)	(409)
Entrance fees earned	(3,296)	(3,694)	(3,699)	(4,426)	(5,452)	(6,589)	(7,289)
Total revenues less entrance fees earned	46,777	46,673	49,434	50,299	54,912	59,778	62,204
Operating Ratio %	91.0%	92.0%	93.0%	90.0%	89.0%	86.0%	86.0%

Operating Margin (Operations Only)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Total revenue, gains, and support	53,833	50,781	53,542	55,134	60,773	66,776	69,902
Investment/Interest Income, Unrestricted	-	25	(495)	107	13	22	95
Contributions	(3,760)	(414)	(409)	(409)	(409)	(409)	(409)
Total Operating Revenue	50,073	50,392	52,638	54,832	60,377	66,389	69,588
Total expenses	49,718	49,671	53,108	52,732	59,167	62,572	64,564
Loss (gain) on disposal of property and equipment							
Total Operating Expenses	49,718	49,671	53,108	52,732	59,167	62,572	64,564
Total Change in Net Assets	355	721	(470)	2,100	1,210	3,817	5,024
Operating Margin	0.7%	1.4%	-0.9%	3.8%	2.0%	5.8%	7.2%

Attachment I-1:
Napa 2016 Appraisal (extract)

Complete appraisal available at:
http://abag.ca.gov/meetings/financeauthority.html

APPRAISAL REPORT

THE MEADOWS OF NAPA VALLEY
1800 ATRIUM PARKWAY
NAPA, CALIFORNIA

AS OF JANUARY 13, 2016
SLVS FILE NO. 16-01-02

PREPARED FOR

ODD FELLOWS HOME OF CALIFORNIA

PREPARED BY

MICHAEL G. BOEHM, MAI, CRE

Senior Living Valuation Services, Inc.

Appraisers & Consultants to the Senior Housing Industry

January 22, 2016

Odd Fellows Home of California
c/o Pacific Retirement Services
One West Main Street, Suite 303
Medford, OR 97501

Attention: Ms. Audrey Stevens

Re: The Meadows of Napa Valley
1800 Atrium Parkway
Napa, California 94559
SLVS File No. 16-01-02

Ms. Schoeggl:

In accordance with your request, we have conducted the required investigation, gathered the necessary data, and made certain analyses that have enabled us to form an opinion of the market value of the above captioned existing continuing care retirement community. This narrative appraisal report has been prepared to be in compliance with the current requirements of the Uniform Standards of Professional Appraisal Practice and Title XI of FIRREA appraisal requirements. This is an Appraisal Report in a self contained, comprehensive appraisal report format.

The value stated herein is based on our understanding of the site and improvement descriptions as represented to us by the Client and/or the Client's representatives as well as other available sources. It is your responsibility to read this report and inform the appraiser of any errors or omissions you are aware of prior to utilizing it.

<u>Total Going Concern Market Value As Is @ 1/13/16</u>

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the market value of the effective fee simple total going concern interest in the subject and including the discounted value of projected first generation entry fees and less the costs to complete the planned campus renovations and expansion, as is as of January 13, 2016, is:

SIXTY THREE MILLION THREE HUNDRED TWENTY FIVE THOUSAND DOLLARS
($63,325,000)

1458 Sutter Street, San Francisco, CA 94109 • tel : (415) 749-1387 • fax: (415) 749-1487 • e-mail: mboehm@slvsinc.com

Ms. Audrey Stevens
January 21, 2016
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Prospective Total Going Concern Market Value At Completion of Construction @ 11/1/17

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that as of the completion of construction of the proposed campus expansion, projected to be November 1, 2017, that the effective fee simple total going concern interest of the subject and including the discounted value of projected first generation entry fees, will have a prospective market value of:

ONE HUNDRED FIFTY FOUR MILLION NINE HUNDRED TWENTY FIVE THOUSAND DOLLARS
($154,925,000)

Prospective Total Going Concern Market Value At Expansion Full Occupancy @ 11/1/18

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that as of the effective stabilized full occupancy of the proposed campus expansion, projected to be November 1, 201, that the effective fee simple total going concern interest of the subject and including the discounted value of (only) uncollected and projected first generation entry fees, will have a prospective market value of:

NINETY FIVE MILLION TWENTY FIVE THOUSAND DOLLARS
($95,025,000)

Market Value of Obligated Group Favorable Bond Financing As Is @ 1/13/16

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the estimated market value of the existing Odd Fellows Home of California Obligated Group Series 2012 favorable bond financing, as of January 13, 2016, is:

SIX MILLION FIVE HUNDRED THOUSAND DOLLARS
($6,500,000)

Market Value of Obligated Group Bond Financing At Completion of Construction @ 11/1/17

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the estimated prospective market value of both the existing and proposed Odd Fellows Home of California Obligated Group Series 2012/Series 2016 favorable bond financings, as of the completion of construction of the proposed subject expansion, projected to be November 1, 2017, will be:

FIFTEEN MILLION SEVEN HUNDRED SEVENTY FIVE THOUSAND DOLLARS
($15,775,000)

Market Value of Obligated Group Bond Financing At Expansion Full Occupancy @ 11/1/18

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the estimated prospective market value of both the existing and proposed Odd Fellows Home of California Obligated Group Series 2012/Series 2016 favorable bond financings, as of the effective full occupancy of the proposed subject expansion, projected to be November 1, 2018, will be:

THIRTEEN MILLION THREE HUNDRED TWENTY FIVE THOUSAND DOLLARS
($13,325,000)

It is important to note that this Obligated Group favorable financing value applies to both the subject and its sister CCRC facility, Saratoga Retirement Community, and not to the subject alone. Details of the reported valuation conclusions within the context of the Odd Fellows Home of California Obligated Group are provided on the following page.

Based upon experience in the appraisal of entry fee continuing care retirement communities, we would anecdotally characterize the overall ongoing cash flow and occupancy risk of the subject at approximately the 60th percentile of all similar projects (40% more risky, 60% less risky).

The narrative appraisal report that follows sets forth the identification of the property, property rights appraised, assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, results of our investigation and analyses and the reasoning leading to the conclusions set forth.

ODD FELLOWS HOME OF CALIFORNIA OBLIGATED GROUP
SUMMARY OF VALUATIONS

	Market Value As Is @ 1/13/16 (1)	Market Value At Completion of Construction @ 11/1/17 (2)	Market Value At Stabilization @ 11/1/18 (3)
Meadows of Napa Valley (Napa, CA) -			
Existing Units - First Generation Entry Fees	**$15,425,000**	**$14,450,000**	**$13,650,000**
Expansion Units - First Generation Entry Fees (92 units)	**$53,575,000**	**$63,300,000**	**N/A**
Ongoing Going Concern Cash Flows (4)	**$68,000,000**	**$77,175,000**	**$81,375,000**
Less: Cost to Complete Renovations/Expansion	**($73,675,000)**	**N/A**	**N/A**
Total Reported Market Values	**$63,325,000**	**$154,925,000**	**$95,025,000**
Saratoga Retirement Community (Saratoga, CA) –			
Ongoing Going Concern Cash Flows (4)	$187,050,000	$195,075,000	$199,650,000
Total Combined Campus Values Before Favorable Financing	$250,375,000	$350,000,000	$294,675,000
Obligated Group Favorable Financing Values (5) –			
Existing Series 2012 Bond Financing	**$ 6,500,000**	**$10,375,000**	**$11,275,000**
Proposed Series 2016 Bond Financing	**N/A**	**$ 5,400,000**	**$ 2,050,000**
Total Favorable Bond Financing Value	**$ 6,500,000**	**$15,775,000**	**$13,325,000**
Total Summed Valuations - Obligated Group	$256,875,000	$365,775,000	$308,000,000

Notes:
(1) As Is Valuation, at January 13, 2016.
(2) At completion of construction of proposed Napa campus renovations/expansion, projected at November 1, 2017.
(3) At full occupancy of proposed Napa campus expansion, projected at November 1, 2018.
(4) Includes discounted ongoing cash flows for all net unit turnover and net operational cash flows for all components of each campus, at Meadow of Napa Valley: 242 apartments, 60 assisted living/memory care units and 69 nursing beds (371 total campus units/beds); at Saratoga Retirement Community: 143 apartments and villas, 108 assisted living/memory care beds and 94 nursing beds (348 total campus units/beds).
(5) Discounted value of existing Series 2012 Obligated Group favorable bond financing and proposed Series 2016 Obligated Group bond financing, not allocable to either campus.

Aerial Photograph of Subject Campus

Ms. Audrey Stevens
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Should you desire a quick reference to the most important information, I direct your attention to the "Introduction", "Executive Summary" and the "Reconciliation and Conclusion" sections of this report. Please feel free to call me at (415) 385-2832 with any questions.

Respectfully submitted,

SENIOR LIVING VALUATION SERVICES, INC.

Michael G. Boehm, MAI, CRE
President

TABLE OF CONTENTS

INTRODUCTION

Property Identification

The approximately 19.06 acre subject site is located at the southwest corner of Atrium Parkway and South Jefferson Street in the southern portion of the city of Napa. The site has a street address of 1800 Atrium Parkway, Napa, Napa County, California 94559. Napa is a northern suburb within the San Francisco Bay Area. A legal description of the subject site is included in the Addenda of this report.

The subject site is developed with the not-for-profit Meadows of Napa Valley continuing care retirement community (CCRC). Meadows of Napa Valley is a multiple level retirement community that currently includes 279 total operating units/beds, comprised of 150 independent living apartments, 40 assisted living, 20 memory care units and 69 nursing beds. A proposed campus expansion will raze two apartment wings (currently vacant) and add 92 new entry fee apartments to the campus. Upon completion of the expansion, the subject campus will include 371 total units/beds (242 independent living apartments, 40 assisted living units, 20 memory care units and 69 nursing beds). The project's 90% refundable entry fees currently range from $207,100 to $598,300 ($330,977 average), with monthly fees ranging between $1,634 to $4,003 ($2,658 average). Additional nonrefundable and rent only pricing options are available.

Property Ownership and History

The subject site, and all existing subject buildings and all furnishings comprising The Meadows at Napa Valley is currently vested in The California Odd Fellows Housing of Napa, Inc., a 501 (c)(3) California not-for-profit corporation. The subject has been managed by Pacific Retirement Services, Inc. of Medford, Oregon since 1999. No portions of the subject have been sold over the past three years.

The subject was approved by the City of Napa in 1986. The subject was originally built as a 242 unit unlicensed congregate living rental facility by Taylor Developments in 1987 and 1988 and was made available for occupancy in July, 1988. The current owners purchased the subject in 1992 and undertook an extensive renovation and expansion of the subject campus which included converting some apartments to assisted living, renovation of common areas and the construction of the health center which was completed in 1995. The Appellation/Villas building was completed in 2009. In 2012, the subject began to offer an entry fee pricing option in its independent living and assisted living units. As of January, 2016, the subject was approximately 93% occupied (258/279) overall.

In 2015, the subject began a major, approximately $73,675,000 campus renovation and expansion. This included vacating/transferring residents from two apartment wings which will be razed for the construction of a new apartment wing that will include 92 new apartments. Construction is expected to begin in mid 2016 and be completed by late 2017, estimated at November 1, 2017 in this report. In addition to the new apartment wing, a new pool building and major renovations within the atrium building common areas are planned. The subject has taken $1,000 deposits for the proposed 92 apartments (about 123 received to date) and is planning to begin accepting 10% deposits in late January, 2016.

The subject and its sister facility, Saratoga Retirement Community (an entry fee CCRC), are currently encumbered by Obligated Group Series 2012 insured tax exempt revenue bonds, and which have a current outstanding principal balance of approximately $91,935,000. The existing Obligated Group bond debt is proposed to be supplemented (the Series 2012 bonds will remain as is) by new Series 2016 bonds (to fund the subject expansion and renovations), insured through the State of California's Cal Mortgage insurance program. The principal balance of the new Series 2016 bonds (scheduled to be issued on May 1, 2016) is estimated at $71,429,000. These bonds will be largely paid down ($62,397,000) by the collection of first generation entry fees from the proposed expansion apartments.

Scope of the Assignment

The scope of this assignment is to inspect the subject property, conduct an investigation of market data, and prepare a full narrative appraisal report in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice, Title XI of FIRREA requirements and Cal Mortgage appraisal requirements. All information deemed pertinent to the completion of the appraisal was made available.

The appraisal was performed so that the analysis, opinions and conclusions are that of a disinterested third party, employing due diligence in the investigation, analyses and conclusions. This appraisal report was developed and prepared to comply with the reporting requirements noted in the "Certification" section of this report.

The investigation associated with this report includes the general economy of the industry, the market area, and the local neighborhood. Research and studies include supply and demand factors, comparable land and property sales, competitive property rents/rates and occupancy. Buyers, sellers, developers, public officials, management at competitive facilities, real estate brokers, and the current management of the property were interviewed concerning these and other associated matters. Specific references are made throughout this report.

Our valuation of the subject is based on an Income Approach (discounted cash flow) analysis only. A Sales Comparison Approach was not used to value the subject due to the lack of comparable arms length, non-duress sales of multiple level rental retirement communities or entry fee, continuing care retirement communities. A Cost Approach was also not used to value the subject due to the unique characteristics of the subject's entry fee pricing option, and difficulties in reliably and precisely estimating depreciation and entrepreneurial profit on the as is and proposed to be expanded campus. Therefore, even though Cost and Sales Comparison Approach value estimates could be derived for the subject, they would be given little weight in a final value determination due to these difficulties.

Client of the Appraisal

Odd Fellow Home of California c/o Pacific Retirement Services

Intended Use/User of the Appraisal

It is understood the appraisal shall be used by Odd Fellows Home of California, Cal Mortgage and others for collateral evaluation purposes as part of proposed new bond financing.

Purpose of the Appraisal

The purpose of the appraisal is to estimate the market value of the effective fee simple total going concern interest in the subject as is, at the completion of construction of the proposed campus expansion/renovations and at the projected occupancy stabilization/sellout of the proposed campus expansion.

Property Inspection

The subject was last inspected on January 13, 2016 by Michael G. Boehm, MAI, CRE, who was accompanied by Mr. Wayne Panchesson, Executive Director of Meadows of Napa Valley.

Issuance Date of Report

January 22, 2016

Effective Dates of Value

1) As Is at January 13, 2016;
2) At the Completion of Construction of the proposed expansion and renovations, projected at November 1, 2017;
2) At Occupancy Stabilization/Sellout of the proposed expansion, projected to be November 1, 2018.

Property Rights Appraised

This appraisal estimates the market value of the effective fee simple total going concern market values of the subject as an existing and proposed to be expanded senior housing business. This effective fee simple total going concern interest is encumbered by various unit refund and access to and discounts from full market rate care component liabilities. Because the interest held by residents (a leasehold interest) has no market value (because their interest cannot be sold), the owner's technical leased fee interest is equal in value to a fee simple interest (or referred to in this report as effective fee simple).

Going Concern Value is defined by the Appraisal Institute as the value created by a proven property operation; considered a separate entity to be valued with an established business. This total going concern value can be allocated to the following components: 1) real estate value; 2) furniture, fixtures and equipment; and 3) business value. These allocations are set forth in a separate section of this report.

Fee Simple is defined by the Appraisal Institute as absolute ownership unencumbered by any other interest or estate subject only to the limitations of eminent domain, escheat, police power and taxation. The interest appraised in this report is referred to as fee simple or more accurately, effective fee simple, because any interest held by residents has no market value.

Definition of Market Value

As defined by the Office of the Comptroller of the Currency under 12 CFR, Part 34, Sub-part C-Appraisals, 34.42 Definitions (f), market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

i. buyer and seller are typically motivated;
ii. both parties are well informed or well advised, and acting in what they consider their best interests;
iii. a reasonable time is allowed for exposure in the open market;
iv. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
v. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Assumptions and Standard Limiting Conditions

1. The legal description furnished to the appraiser is assumed to be correct, and the title is assumed to be marketable.

2. The appraiser assumes no responsibility for legal matters.

3. Report exhibits are only visual aids. All sizes indicated for land and improvements are from indicated sources and assumed to be correct.

4. Unless otherwise noted, it is assumed there are no detrimental easements, encumbrances, encroachments, liens, zoning violations, building code violations, or environmental violations, etc. affecting the subject property. None are known to affect the subject.

5. Information, estimates, and opinions furnished to the appraiser are obtained from sources considered reliable; however, no liability for their accuracy is assumed by the appraiser.

6. It is assumed that there are no hidden or unapparent conditions in the land or improvements that render the property more or less valuable or that would reduce its utility, development potential, marketability. All improvements are assumed to be structurally sound unless otherwise noted. No responsibility is assumed for hidden or undisclosed conditions or for arranging for engineering studies that may be required to discover any defects or uniquely favorable conditions.

7. Responsible ownership and competent management are assumed.

8. Where the discounted cash flow analysis is utilized, it has been prepared on the basis of the information and assumptions stipulated in this appraisal report. The achievement of any financial projections including actuarial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured.

9. The appraiser is not required to give testimony or appear in court, or at public hearings, or at any special meeting/hearing with reference to the property appraised by reason of preparation of this report, unless arrangements have been made prior to preparation of this report.

10. Possession of this report does not carry with it the right of publication. It shall be used for its intended purpose only and by the parties to whom it is addressed. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, the identity of the appraiser or firm, and any reference to the Appraisal Institute, or MAI designation.

11. Property values are influenced by a large number of external factors. The information contained in the report comprises the pertinent data considered necessary to support the value estimate. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the value of the subject property. Due to rapid changes in external factors, the value estimate is considered reliable only as of the effective date of the appraisal.

12. The value is estimated under the assumption that there will be no international or domestic political, economic or military actions that will seriously affect property values on a nationwide basis.

<u>Extraordinary Assumptions</u>

The Meadows of Napa Valley entry fee contract is certified with the California Department of Social Services as a continuing care retirement community. The subject's existing memory care units/beds are currently licensed a residential care facility for the elderly with the California Department of Social Services; its existing nursing beds are licensed as a long term care facility with the California Department of Health Services. This appraisal assumes that all components of Meadows of Napa Valley as existing and as proposed to be expanded do/will comply with all applicable State regulations regarding the operation and management of such facilities in California.

A current title report was not made available to identify any easements or encumbrances on or affecting the subject. Though no materially adverse easements or encumbrances are known to exist, we recommend a legal review of a current title report to identify all current easements and encumbrances and their potential impact on the subject and its ongoing operation as a senior housing business.

The subject is currently owned by a not-for-profit 501(c)(3) corporation and this report assumes that the most likely buyer of the subject would be another qualifying not-for-profit 501 (c)(3) corporation. A for-profit corporation could (and probably would) buy the subject and create a not-for-profit ownership structure to retain the substantial benefits of the existing and proposed below market rate bond issues and current real estate tax exemption (this has occurred at other projects around the country).

The subject currently includes approximately $7,400,000 in reserves/investments on its balance sheet. Though higher than required reserves, it is our opinion and it is assumed in this report, that these investments would transfer to a buyer of the subject who would therefore have to pay for them. These reserves are valued through allocated annual interest income as discussed in the Income Approach section of this report.

This report addresses the potential supplemental value created by both the existing and proposed combined Series 2012A/2016 below market rate Odd Fellow Home of California Obligated Group bond financings and which would be assumable to any qualifying (not-for-profit) buyer. It is important to note that this estimated Obligated Group favorable financing value is not allocable to either the subject or its sister Saratoga Retirement Community campus alone, but combined as an Obligated Group. The terms of these financings as discussed and valued in this report include the following:

Obligated Group Existing Financing-	Issue Date:	Series 2012A (April, 2012)
	Current Debt Amount:	$91,935,000
	Remaning Term:	$\pm$ 26.2 years (to 4/1/2042)
	Assumed Interest Rate:	$\pm$ 4.0% to 5.0%
Obligated Group Proposed Financing-	Issue Date:	Series 2016 (May, 2016)
	Initial Debt Amount:	$71,429,000
	Term:	$\pm$ 14.9 years (to 3/31/2031)
	Assumed Interest Rate:	$\pm$ 3.91% (loaded)

These favorable financings are valued through comparison to conventional market rate financing currently being offered in the market for comparable projects. Any deviations in these assumptions could have a significant impact on the financing value conclusions set forth in this report. Caution should be exercised in the evaluation of the favorable financing's contribution to the subject's total reported market value as actual market transactions involving favorable financing are rare and subject to different by potential buyers.

The analysis and estimates of value made in this appraisal report are in part relying on owner/operator representations regarding the current campus occupancy, current rent rolls and fees, the planned capital expansion and renovations, entry fee refund liabilities, historical and projected operating income and expenses and information regarding the existing/proposed physical improvements (i.e., unit mix, square footages). No units, common areas or the building overall were measured or counted by the appraiser. Though the appraisers are not experts in actuarial science, certain actuarial assumptions regarding the future turnover of subject units and health care utilization are partially based on the actuarial experience at comparable projects. No actuarial report has been prepared by an actuary (making actuarial estimates for unit turnover and health care utilization). Deviations in our projections of entry fee pricing utilization, and future projections of entry fee unit turnover and healthcare utilization could have a significant effect on the value estimates set forth in this appraisal report.

Experience of Appraisal Firm

Senior Living Valuation Services, Inc. is a San Francisco based appraisal firm that exclusively specializes in the appraisal and analysis of all forms of senior housing properties. On the following page is a listing of recent continuing care retirement community assignments that have been completed by the firm. Qualifications of Michael G. Boehm, MAI, CRE are included in the Addenda of this report.

CONTINUING CARE RETIREMENT COMMUNITIES

Property	Location	Report Date
Montereau	Tulsa, OK	2015
Epworth Village	Oklahoma City, OK	2015
Forest Hill	Pacific Grove, CA	2015
Lake Park	Oakland, CA	2015
Trinity Terrace	Fort Worth, TX	2014
Lantern Hill	New Providence, NJ	2014
Maris Grove	Glen Mills, PA	2014
Ashby Ponds	Ashburn, VA	2014
Fox Run Village	Novi, MI	2014
Tallgrass Creek	Overland Park, KS	2014
Highland Springs	Dallas, TX	2014
Eagles Trace	Houston, TX	2014
Wind Crest	Highlands Ranch, CO	2014
Cascade Manor	Eugene, OR	2014
Terraces	Phoenix, AZ	2014
Franklin United	Franklin, IN	2014
Grandview Terrace	Sun City West, AZ	2014
Bridgeway	Bensenville, IL	2014
Henry Ford Village	Dearborn, MI	2014
Moorings Park	Naples, FL	2014
Arbor Glen	Bridgewater, NJ	2014
Grace Village	Winona Lake, IN	2014
Chester Village West	Chester, CT	2014
Newcastle Place	Mequon, WI	2014
Monte Cedro	Altadena, CA	2014
River Terrace Estates	Bluffton, IN	2013
Peterson Meadows	Rockford, IL	2013
Hamilton Grove	New Carlisle, IN	2013
Southfield Village	South Bend, IN	2013
Fountainview at Gonda Westside	Los Angeles, CA	2013
Touchmark at Meadow Lake	Boise, ID	2013
Atterdag Village	Solvang, CA	2013
Redstone Highlands	Greensburg, PA	2013
Covenant Village	Plantation, FL	2013
Freedom Village	Holland, MI	2013
Concordia	Oklahoma City, OK	2012
Taylor	Laconia NH	2012
Friends House	Santa Rosa, CA	2012
Windsor Meade	Williamsburg, VA	2012
Eden Hill	New Braunfels, TX	2012
Willow Brook-DR	Delaware, OH	2012
Willow Brook-CV	Delaware, OH	2012
Friendship Village - SH	Upper St. Clair, PA	2012
Walnut Village	Anaheim, CA	2012
Knolls of Oxford	Oxford, OH	2012
Maple Knoll Village	Springdale, OH	2012
Newbridge on the Charles	Dedham, MA	2012
Judson Park	Des Moines, WA	2011
Terraces at Harris Ranch	Boise, ID	2011

EXECUTIVE SUMMARY

Property Name:	The Meadows at Napa Valley (a continuing care retirement community/CCRC)
Location:	1800 Atrium Parkway Napa, California 94559
Assessor's Parcel Nos.:	043-070-004, 015 (Napa County)
Property Rights Appraised:	Fee Simple Total Going Concern Interest (encumbered)
Dates of Appraised Value:	1) As Is @ January 13, 2016; 2) At Completion of Proposed Expansion/Renovations, projected at November 1, 2017; 3) At Stabilized Occupancy, projected at November 1, 2018.
Land Area:	± 19.06 Acres; 830,253 Square Feet
Zoning:	RM-20 PD, a planned development high density residential zoning designation (Napa), allowing the existing subject retirement campus after specific review.
Improvements:	Type: **Existing-** Two story, Class D, combination congregate/assisted living building attached to one story central atrium commons areas; freestanding two story, Class D, combination congregate/memory care building with common areas; freestanding one story, Class D, convalescent hospital with common areas; all as an integrated retirement campus; **Proposed-** Three story with below grade parking garage, Class D, congregate living building wing (two existing wings to be razed), one story pool building; Yr. Built: **Existing-** 1988/1995/2009; Current Average Effective Average Age- 15 Years; Current Average Remaining Economic Life- 35 Years; **Proposed-** June, 2016 to October, 2017; Economic Life at Completion- 50 Years; Mix/Sizes: 279/371 total campus existing/post expansion units/beds, including 150/242 congregate living apartments, 40 assisted living units, 20 memory care beds and 69 skilled nursing beds and separated common areas, all within approximately 336,011/545,717 square feet of total campus gross building area.

H & B Use (if vacant):	Senior Housing
H & B Use (as improved):	As Existing and Operating, with completion of planned expansion and renovations.
Existing Unit Undiscounted First Generation Entry Fees:	$298,995 average for 86 units ($25,725,000 undiscounted); to be collected over the next 9.75 years (2/16-10/25).
Proposed Expansion Unit First Generation Entry Fees:	$720,751 average for 92 units ($66,300,000 undiscounted); to be collected from 11/17 to 10/18.
Projected Stabilized Occupancies:	94.0% ILU (227.5/242) by period four (11/18-10/19); 91.7% AL/MC (55/60) in each period; 85.0% SN (58.65/69) in each period
Projected Entry Fee Unit Turnover At Actuarial Stabilization:	Existing Units- 14 units; 10% of 135 (Period 11- 11/25 to 10/26); Expansion Units- 9 units; 9.8% of 92 (Period 11- 11/25 to 10/26)
Projected Net Income:	Period 1 (2/16 to 10/16) (9 months) - $1,260,908; Period 2 (11/16 to 10/17)- $1,800,198; Period 3 (11/17 to 10/18)- $3,510,697; Period 4 (11/18 to 10/19)- $5,076,178; Period 11 (11/25 to 10/26)- $8,661,895
Terminal Capitalization Rate:	8.5%
Discount Rate:	10.0%

Total Going Concern Market Value,
As Is @ 1/13/16:

Cost Approach	Not Used
Income Approach	$63,325,000*
Sales Comparison Approach	Not Used
Value Conclusion	$63,325,000*

* includes deduction of $73,675,000 to complete proposed expansion and plus $69,000,000 in discounted first generation entry fees (for existing and expansion units)

Total Going Concern Market Value, At Completion of Expansion, Projected @ 11/1/17:		
	Cost Approach	Not Used
	Income Approach	$154,925,000*
	Sales Comparison Approach	Not Used
	Value Conclusion	$154,925,000*
	* includes $77,750,000 in discounted first generation entry fees (for existing and expansion units)	

Total Going Concern Market Value, At Full Occupancy of Expansion, Projected @ 11/1/18:		
	Cost Approach	Not Used
	Income Approach	$95,025,000*
	Sales Comparison Approach	Not Used
	Value Conclusion	$95,025,000*
	* includes $13,650,000 in discounted first generation entry fees (for existing units)	

Valuation of Existing Series 2012 Obligated Group Favorable Bond Financing:	
@ 1/13/16:	$6,500,000
@ 11/1/17:	$10,375,000
@ 11/1/18:	$11,275,000
	(not included in above totals and not allocable to the subject alone)

Valuation of Proposed Series 2016 Obligated Group Favorable Bond Financing:	
@ 11/1/17:	$5,400,000
@ 11/1/18:	$2,050,000
	(not included in above totals and not allocable to the subject alone)

Estimated Marketing & Exposure Time:	3 months

Attachment I-2:
Saratoga 2016 Appraisal (extract)

Complete appraisal available at:

http://abag.ca.gov/meetings/financeauthority.html

APPRAISAL REPORT

SARATOGA RETIREMENT COMMUNITY
14500 FRUITVALE AVENUE
SARATOGA, CALIFORNIA

AS OF JANUARY 13, 2016
SLVS FILE NO. 16-01-03

PREPARED FOR

ODD FELLOWS HOME OF CALIFORNIA

PREPARED BY

MICHAEL G. BOEHM, MAI, CRE

Senior Living Valuation Services, Inc.
Appraisers & Consultants to the Senior Housing Industry

January 22, 2016

Odd Fellows Home of California
c/o Pacific Retirement Services
One West Main Street, Suite 303
Medford, OR 97501

Attention: Ms. Audrey Stevens

Re: Saratoga Retirement Community
14500 Fruitvale Avenue
Saratoga, California 95070
SLVS File No. 16-01-03

Ms. Stevens:

In accordance with your request, we have conducted the required investigation, gathered the necessary data, and made certain analyses that have enabled us to form an opinion of the market value of the above captioned existing continuing care retirement community. This narrative appraisal report has been prepared to be in compliance with the current requirements of the Uniform Standards of Professional Appraisal Practice and Title XI of FIRREA appraisal requirements. This is an Appraisal Report in a self contained, comprehensive appraisal report format.

The value stated herein is based on our understanding of the site and improvement descriptions as represented to us by the Client and/or the Client's representatives as well as other available sources. It is your responsibility to read this report and inform the appraiser of any errors or omissions you are aware of prior to utilizing it.

<u>Total Going Concern Market Value As Is @ 1/13/16</u>

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the market value of the effective fee simple total going concern interest in the subject, as is as of January 13, 2016, is:

ONE HUNDRED EIGHTY SEVEN MILLION FIFTY THOUSAND DOLLARS
($187,050,000)

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<u>Prospective Total Going Concern Market Value @ 11/1/17</u>

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that as of the completion of construction of the subject's sister Obligated Group Napa campus expansion, projected to be November 1, 2017, that the effective fee simple total going concern interest of the subject will have a prospective market value of:

ONE HUNDRED NINETY FIVE MILLION SEVENTY FIVE THOUSAND DOLLARS
($195,075,000)

<u>Prospective Total Going Concern Market Value @ 11/1/18</u>

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that as of the effective stabilized full occupancy of the subject's sister Obligated Group Napa campus expansion, projected to be November 1, 201, that the effective fee simple total going concern interest of the subject will have a prospective market value of:

ONE HUNDRED NINETY NINE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS
($199,650,000)

<u>Market Value of Obligated Group Favorable Bond Financing As Is @ 1/13/16</u>

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the estimated market value of the existing Odd Fellows Home of California Obligated Group Series 2012 favorable bond financing, as of January 13, 2016, is:

SIX MILLION FIVE HUNDRED THOUSAND DOLLARS
($6,500,000)

Market Value of Obligated Group Bond Financing At Completion of Construction @ 11/1/17

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the estimated prospective market value of both the existing and proposed Odd Fellows Home of California Obligated Group Series 2012/Series 2016 favorable bond financings, as of the completion of construction of the subject's sister Obligated Group Napa campus expansion, projected to be November 1, 2017, will be:

FIFTEEN MILLION SEVEN HUNDRED SEVENTY FIVE THOUSAND DOLLARS
($15,775,000)

Market Value of Obligated Group Bond Financing At Expansion Full Occupancy @ 11/1/18

Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the estimated prospective market value of both the existing and proposed Odd Fellows Home of California Obligated Group Series 2012/Series 2016 favorable bond financings, as of the effective full occupancy of the subject's sister Obligated Group Napa campus expansion, projected to be November 1, 2018, will be:

THIRTEEN MILLION THREE HUNDRED TWENTY FIVE THOUSAND DOLLARS
($13,325,000)

It is important to note that this Obligated Group favorable financing value applies to both the subject and its sister CCRC facility, Meadows of Napa Valley, and not to the subject alone. Details of the reported valuation conclusions within the context of the Odd Fellows Home of California Obligated Group are provided on the following page.

Based upon experience in the appraisal of entry fee continuing care retirement communities, we would anecdotally characterize the overall ongoing cash flow and occupancy risk of the subject at approximately the 20th percentile of all similar projects (80% more risky, 20% less risky).

The narrative appraisal report that follows sets forth the identification of the property, property rights appraised, assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, results of our investigation and analyses and the reasoning leading to the conclusions set forth.

ODD FELLOWS HOME OF CALIFORNIA OBLIGATED GROUP
SUMMARY OF VALUATIONS

	Market Value As Is @ 1/13/16 (1)	Market Value At Completion of Construction @ 11/1/17 (2)	Market Value At Stabilization @ 11/1/18 (3)
Meadows of Napa Valley (Napa, CA) -			
Existing Units - First Generation Entry Fees	$15,425,000	$14,450,000	$13,650,000
Expansion Units - First Generation Entry Fees (92 units)	$53,575,000	$63,300,000	N/A
Ongoing Going Concern Cash Flows (4)	$68,000,000	$77,175,000	$81,375,000
Less: Cost to Complete Renovations/Expansion	($73,675,000)	N/A	N/A
Total Reported Market Values	$63,325,000	$154,925,000	$95,025,000
Saratoga Retirement Community (Saratoga, CA) –			
Ongoing Going Concern Cash Flows (4)	**$187,050,000**	**$195,075,000**	**$199,650,000**
Total Combined Campus Values Before Favorable Financing	$250,375,000	$350,000,000	$294,675,000
Obligated Group Favorable Financing Values (5) –			
Existing Series 2012 Bond Financing	**$ 6,500,000**	**$10,375,000**	**$11,275,000**
Proposed Series 2016 Bond Financing	**N/A**	**$ 5,400,000**	**$ 2,050,000**
Total Favorable Bond Financing Value	**$ 6,500,000**	**$15,775,000**	**$13,325,000**
Total Summed Valuations - Obligated Group	$256,875,000	$365,775,000	$308,000,000

Notes:

(1) As Is Valuation, at January 13, 2016.

(2) At completion of construction of proposed Napa campus renovations/expansion, projected at November 1, 2017.

(3) At full occupancy of proposed Napa campus expansion, projected at November 1, 2018.

(4) Includes discounted ongoing cash flows for all net unit turnover and net operational cash flows for all components of each campus, at Meadow of Napa Valley: 242 apartments, 60 assisted living/memory care units and 69 nursing beds (371 total campus units/beds); at Saratoga Retirement Community: 143 apartments and villas, 108 assisted living/memory care beds and 94 nursing beds (348 total campus units/beds).

(5) Discounted value of existing Series 2012 Obligated Group favorable bond financing and proposed Series 2016 Obligated Group bond financing, not allocable to either campus.

Aerial Photograph of Subject Campus

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Should you desire a quick reference to the most important information, I direct your attention to the "Introduction", "Executive Summary" and the "Reconciliation and Conclusion" sections of this report. Please feel free to call me at (415) 385-2832 with any questions.

Respectfully submitted,

SENIOR LIVING VALUATION SERVICES, INC.

Michael Boehm

Michael G. Boehm, MAI, CRE
President

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INTRODUCTION

Property Identification

The subject property, known as Saratoga Retirement Community, currently consists of approximately 37.32 acres of land located at 14500 Fruitvale Avenue in Saratoga, Santa Clara County, California 95070. A detailed legal description of the parcels comprising the subject site is provided in the Addenda of this report.

Saratoga Retirement Community is a currently existing not-for-profit continuing care retirement community (CCRC) that includes 143 total entry fee apartments and cottages, 108 assisted living and memory care units/beds and 94 nursing beds (345 total campus units/beds). The project's 90% refundable plan option entry fees currently range from $504,000 to $1,987,000 ($904,280 average), with monthly fees ranging between $3,060 to $6,759 ($5,320 average); an alternate amortizing to zero refund entry fee plan option is available.

Property Ownership and History

The fee simple title to the subject site and all existing improvements and furnishings comprising the Saratoga Retirement Community is currently held by Odd Fellows Home of California, a California 501(c)(3) not-for-profit corporation. The subject has been managed by Pacific Retirement Services, Inc. of Medford, Oregon since 1999. No portions of the subject have been sold over the past three years.

The subject has a long history as a retirement community dating to 1912 when the Home/Manor Building was opened and operated as a rest home and convalescence center (with attached residential wings). The subject is one of the oldest continually operating retirement communities in California. Major additions to the campus were made in 1958, 1970 and 1979 (the existing California Villas building). Prior to 1995, the subject occupancy was restricted to Odd Fellows members (fraternal organization) but was opened to the general public in 1995.

In 1999, the subject owners undertook a two phased, five year, approximately $108 million major redevelopment of the subject campus which included the razing of most of the older campus buildings. Phase one of the campus redevelopment included the major renovation and expansion of the existing California Villas building in 2001 and the construction of the new health center building in 2002. The second phase of the campus redevelopment was completed in 2004 and included the renovation of the main building, the construction of two new entry fee apartment buildings, the construction of the campus entry fee cottage units, the fitness center and facilities building.

The subject has been effectively fully occupied over the past few years and has an overall total campus occupancy of approximately 91.9% (317/345) in January, 2016.

The subject and its sister facility, Meadows of Napa Valley (an entry fee CCRC), are currently encumbered by Obligated Group Series 2012 insured tax exempt revenue bonds, and which have a current outstanding principal balance of approximately $91,935,000. The existing Obligated Group bond debt is proposed to be supplemented (the Series 2012 bonds will remain as is) by new Series 2016 bonds (to fund the subject expansion and renovations), insured through the State of California's Cal Mortgage insurance program. The principal balance of the new Series 2016 bonds (scheduled to be issued on May 1, 2016) is estimated at $71,429,000. These bonds will be largely paid down ($62,397,000) by the collection of first generation entry fees from the proposed Napa campus expansion apartments.

<u>Scope of the Assignment</u>

The scope of this assignment is to inspect the subject property, conduct an investigation of market data, and prepare a full narrative appraisal report in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice, Title XI of FIRREA requirements and Cal Mortgage appraisal requirements. All information deemed pertinent to the completion of the appraisal was made available.

The appraisal was performed so that the analysis, opinions and conclusions are that of a disinterested third party, employing due diligence in the investigation, analyses and conclusions. This appraisal report was developed and prepared to comply with the reporting requirements noted in the "Certification" section of this report.

The investigation associated with this report includes the general economy of the industry, the market area, and the local neighborhood. Research and studies include supply and demand factors, comparable land and property sales, competitive property rents/rates and occupancy. Buyers, sellers, developers, public officials, management at competitive facilities, real estate brokers, and the current management of the property were interviewed concerning these and other associated matters. Specific references are made throughout this report.

Our valuation of the subject is based on an Income Approach (discounted cash flow) analysis only. A Sales Comparison Approach was not used to value the subject due to the lack of comparable arms length, non-duress sales of multiple level rental retirement communities or entry fee, continuing care retirement communities. A Cost Approach was also not used to value the subject due to the unique characteristics of the subject's entry fee pricing option, and difficulties in reliably and precisely estimating depreciation and entrepreneurial profit on the as is and proposed to be expanded campus. Therefore, even though Cost and Sales Comparison Approach value estimates could be derived for the subject, they would be given little weight in a final value determination due to these difficulties.

<u>Client of the Appraisal</u>

Odd Fellow Home of California c/o Pacific Retirement Services

Intended Use/User of the Appraisal

It is understood the appraisal shall be used by Odd Fellows Home of California, Cal Mortgage and others for collateral evaluation purposes as part of proposed new bond financing.

Purpose of the Appraisal

The purpose of the appraisal is to estimate the market value of the effective fee simple total going concern interest in the subject as is, at the completion of construction of the subject's sister Obligated Group proposed campus expansion/renovations and at the projected occupancy stabilization/sellout of the subject's sister Obligated Group proposed campus expansion.

Property Inspection

The subject was last inspected on January 13, 2016 by Michael G. Boehm, MAI, CRE, who was accompanied by Ms. Karla Brown, Sales Counselor of Saratoga Retirement Community.

Issuance Date of Report

January 22, 2016

Effective Dates of Value

1) As Is at January 13, 2016;
2) At the Completion of Construction of the subject's sister Obligated Group proposed expansion and renovations, projected at November 1, 2017;
2) At Occupancy Stabilization/Sellout of the subject's sister Obligated Group proposed expansion, projected to be November 1, 2018.

Property Rights Appraised

This appraisal estimates the market value of the effective fee simple total going concern market values of the subject as an existing senior housing business. This effective fee simple total going concern interest is encumbered by various unit refund and access to and discounts from full market rate care component liabilities. Because the interest held by residents (a leasehold interest) has no market value (because their interest cannot be sold), the owner's technical leased fee interest is equal in value to a fee simple interest (or referred to in this report as effective fee simple).

Going Concern Value is defined by the Appraisal Institute as the value created by a proven property operation; considered a separate entity to be valued with an established business. This total going concern value can be allocated to the following components: 1) real estate value; 2) furniture, fixtures and equipment; and 3) business value. These allocations are set forth in a separate section of this report.

Fee Simple is defined by the Appraisal Institute as absolute ownership unencumbered by any other interest or estate subject only to the limitations of eminent domain, escheat, police power and taxation. The interest appraised in this report is referred to as fee simple or more accurately, effective fee simple, because any interest held by residents has no market value.

Definition of Market Value

As defined by the Office of the Comptroller of the Currency under 12 CFR, Part 34, Sub-part C-Appraisals, 34.42 Definitions (f), market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

i. buyer and seller are typically motivated;
ii. both parties are well informed or well advised, and acting in what they consider their best interests;
iii. a reasonable time is allowed for exposure in the open market;
iv. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
v. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Assumptions and Standard Limiting Conditions

1. The legal description furnished to the appraiser is assumed to be correct, and the title is assumed to be marketable.

2. The appraiser assumes no responsibility for legal matters.

3. Report exhibits are only visual aids. All sizes indicated for land and improvements are from indicated sources and assumed to be correct.

4. Unless otherwise noted, it is assumed there are no detrimental easements, encumbrances, encroachments, liens, zoning violations, building code violations, or environmental violations, etc. affecting the subject property. None are known to affect the subject.

5. Information, estimates, and opinions furnished to the appraiser are obtained from sources considered reliable; however, no liability for their accuracy is assumed by the appraiser.

6. It is assumed that there are no hidden or unapparent conditions in the land or improvements that render the property more or less valuable or that would reduce its utility, development potential, marketability. All improvements are assumed to be structurally sound unless otherwise noted. No responsibility is assumed for hidden or undisclosed conditions or for arranging for engineering studies that may be required to discover any defects or uniquely favorable conditions.

7. Responsible ownership and competent management are assumed.

8. Where the discounted cash flow analysis is utilized, it has been prepared on the basis of the information and assumptions stipulated in this appraisal report. The achievement of any financial projections including actuarial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured.

9. The appraiser is not required to give testimony or appear in court, or at public hearings, or at any special meeting/hearing with reference to the property appraised by reason of preparation of this report, unless arrangements have been made prior to preparation of this report.

10. Possession of this report does not carry with it the right of publication. It shall be used for its intended purpose only and by the parties to whom it is addressed. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, the identity of the appraiser or firm, and any reference to the Appraisal Institute, or MAI designation.

11. Property values are influenced by a large number of external factors. The information contained in the report comprises the pertinent data considered necessary to support the value estimate. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the value of the subject property. Due to rapid changes in external factors, the value estimate is considered reliable only as of the effective date of the appraisal.

12. The value is estimated under the assumption that there will be no international or domestic political, economic or military actions that will seriously affect property values on a nationwide basis.

Extraordinary Assumptions

The Saratoga Retirement Community entry fee contract is certified with the California Department of Social Services as a continuing care retirement community. The subject's assisted living and memory care units/beds are currently licensed a residential care facility for the elderly with the California Department of Social Services; its existing nursing beds are licensed as a long term care facility with the California Department of Health Services. This appraisal assumes that all components of Saratoga Retirement Community as existing comply with all applicable State regulations regarding the operation and management of such facilities in California.

A current title report was not made available to identify any easements or encumbrances on or affecting the subject. Though no materially adverse easements or encumbrances are known to exist, we recommend a legal review of a current title report to identify all current easements and encumbrances and their potential impact on the subject and its ongoing operation as a senior housing business.

The subject is currently owned by a not-for-profit 501(c)(3) corporation and this report assumes that the most likely buyer of the subject would be another qualifying not-for-profit 501 (c)(3) corporation. A for-profit corporation could (and probably would) buy the subject and create a not-for-profit ownership structure to retain the substantial benefits of the existing and proposed below market rate bond issues and current real estate tax exemption (this has occurred at other projects around the country).

The subject currently includes approximately $54,000,000 in reserves/investments on its balance sheet. Though much higher than required reserves, it is our opinion and it is assumed in this report, that these investments would transfer to a buyer of the subject who would therefore have to pay for them. These reserves are valued through allocated annual interest income as discussed in the Income Approach section of this report.

This report addresses the potential supplemental value created by both the existing and proposed combined Series 2012A/2016 below market rate Odd Fellow Home of California Obligated Group bond financings and which would be assumable to any qualifying (not-for-profit) buyer. It is important to note that this estimated Obligated Group favorable financing value is not allocable to either the subject or its sister Meadows of Napa Valley campus alone, but combined as an Obligated Group. The terms of these financings as discussed and valued in this report include the following:

Obligated Group Existing Financing-	Issue Date:	Series 2012A (April, 2012)
	Current Debt Amount:	$91,935,000
	Remaning Term:	± 26.2 years (to 4/1/2042)
	Assumed Interest Rate:	± 4.0% to 5.0%
Obligated Group Proposed Financing-	Issue Date:	Series 2016 (May, 2016)
	Initial Debt Amount:	$71,429,000
	Term:	± 14.9 years (to 3/31/2031)
	Assumed Interest Rate:	± 3.91% (loaded)

These favorable financings are valued through comparison to conventional market rate financing currently being offered in the market for comparable projects. Any deviations in these assumptions could have a significant impact on the financing value conclusions set forth in this report. Caution should be exercised in the evaluation of the favorable financing's contribution to the subject's total reported market value as actual market transactions involving favorable financing are rare and subject to different by potential buyers.

The analysis and estimates of value made in this appraisal report are in part relying on owner/operator representations regarding the current campus occupancy, current rent rolls and fees, entry fee refund liabilities, historical and projected operating income and expenses and information regarding the existing physical improvements (i.e., unit mix, square footages). No units, common areas or the building overall were measured or counted by the appraiser. Though the appraisers are not experts in actuarial science, certain actuarial assumptions regarding the future turnover of subject units and health care utilization are partially based on the actuarial experience at comparable projects. No actuarial report has been prepared by an actuary (making actuarial estimates for unit turnover and health care utilization). Deviations in our projections of entry fee pricing utilization, and future projections of entry fee unit turnover and healthcare utilization could have a significant effect on the value estimates set forth in this appraisal report.

Experience of Appraisal Firm

Senior Living Valuation Services, Inc. is a San Francisco based appraisal firm that exclusively specializes in the appraisal and analysis of all forms of senior housing properties. On the following page is a listing of recent continuing care retirement community assignments that have been completed by the firm. Qualifications of Michael G. Boehm, MAI, CRE are included in the Addenda of this report.

CONTINUING CARE RETIREMENT COMMUNITIES

Property	Location	Report Date
Montereau	Tulsa, OK	2015
Epworth Village	Oklahoma City, OK	2015
Forest Hill	Pacific Grove, CA	2015
Lake Park	Oakland, CA	2015
Trinity Terrace	Fort Worth, TX	2014
Lantern Hill	New Providence, NJ	2014
Maris Grove	Glen Mills, PA	2014
Ashby Ponds	Ashburn, VA	2014
Fox Run Village	Novi, MI	2014
Tallgrass Creek	Overland Park, KS	2014
Highland Springs	Dallas, TX	2014
Eagles Trace	Houston, TX	2014
Wind Crest	Highlands Ranch, CO	2014
Cascade Manor	Eugene, OR	2014
Terraces	Phoenix, AZ	2014
Franklin United	Franklin, IN	2014
Grandview Terrace	Sun City West, AZ	2014
Bridgeway	Bensenville, IL	2014
Henry Ford Village	Dearborn, MI	2014
Moorings Park	Naples, FL	2014
Arbor Glen	Bridgewater, NJ	2014
Grace Village	Winona Lake, IN	2014
Chester Village West	Chester, CT	2014
Newcastle Place	Mequon, WI	2014
Monte Cedro	Altadena, CA	2014
River Terrace Estates	Bluffton, IN	2013
Peterson Meadows	Rockford, IL	2013
Hamilton Grove	New Carlisle, IN	2013
Southfield Village	South Bend, IN	2013
Fountainview at Gonda Westside	Los Angeles, CA	2013
Touchmark at Meadow Lake	Boise, ID	2013
Atterdag Village	Solvang, CA	2013
Redstone Highlands	Greensburg, PA	2013
Covenant Village	Plantation, FL	2013
Freedom Village	Holland, MI	2013
Concordia	Oklahoma City, OK	2012
Taylor	Laconia NH	2012
Friends House	Santa Rosa, CA	2012
Windsor Meade	Williamsburg, VA	2012
Eden Hill	New Braunfels, TX	2012
Willow Brook-DR	Delaware, OH	2012
Willow Brook-CV	Delaware, OH	2012
Friendship Village - SH	Upper St. Clair, PA	2012
Walnut Village	Anaheim, CA	2012
Knolls of Oxford	Oxford, OH	2012
Maple Knoll Village	Springdale, OH	2012
Newbridge on the Charles	Dedham, MA	2012
Judson Park	Des Moines, WA	2011
Terraces at Harris Ranch	Boise, ID	2011

EXECUTIVE SUMMARY

Property Name:	Saratoga Retirement Community (a continuing care retirement community/CCRC)	
Location:	14500 Fruitvale Saratoga, California 95070	
Assessor's Parcel Numbers:	397-12-012 and 019; 397-40-006 (Santa Clara County)	
Property Rights Appraised:	Total Effective Fee Simple Going Concern (encumbered)	
Dates of Appraised Value:	1) As Is @ January 13, 2016; 2) At Completion of Sister Campus Proposed Expansion/ Renovations, projected at November 1, 2017; 3) At Stabilized Occupancy of Sister Campus Proposed Expansion, projected at November 1, 2018.	
Total Land Area:	± 1,625,522 Square Feet; 37.32 Acres	
Zoning:	R1-40,000, a low density residential zone, allowing the subject retirement campus with a conditional use permit.	
Improvements:	Type:	One, two story with basement, Class A Home Building; one, one to three story, Class B/D assisted living residence and common areas; one, one story, Class B/D convalescent hospital and common areas; two, three story, Class B/D, apartment buildings with below grade parking garages; one story, Class D, single/duplex cottages with attached garages; various support buildings including a fitness center.
	Yr. Built:	Home Building- 1912/2004; California Villas- 1979/2001; Health Center- 2002; Apartments/Cottages- 2004. Average Effective Age- 14 years; Average Remaining Useful Life- 36 Years.
	Mix/Size:	345 total units/beds, including 143 entry fee apartments (104) and cottages (39), 108 assisted living (90) and memory care (18) beds and 94 skilled nursing beds, and separated campus common areas and support buildings; all in approximately 447,676 square feet of total campus gross building area.

H & B Use (if vacant):	Senior Housing
H & B Use (as improved):	As Existing and Operating
Projected Stabilized Occupancies:	95.0% ILU (135.9/143) in each period; 91.7% AL/MC (99/108) in each period; 85.0% SN (79.9/94) in each period
Projected Entry Fee Unit Turnover At Actuarial Stabilization:	14 units; 9.8% of 143 (in each period)
Projected Net Income:	Period 1 (2/16 to 10/16)(9 mos.)- $9,103,022; Period 2 (11/16 to 10/17)- $12,512,980; Period 3 (11/17 to 10/18)- $12,981,833; Period 4 (11/18 to 10/19)- $13,464,161; Period 11 (11/25 to 10/26)- $17,295,276
Terminal Capitalization Rate:	7.5%
Discount Rate:	9.0%

Total Going Concern Market Value,
As Is @ 1/13/16:

Cost Approach	Not Used
Income Approach	$187,050,000
Sales Comparison Approach	Not Used
Value Conclusion	$187,050,000

Total Going Concern Market Value, At
Sister Campus Completion of Expansion,
Projected @ 11/1/17:

Cost Approach	Not Used
Income Approach	$195,075,000
Sales Comparison Approach	Not Used
Value Conclusion	$195,075,000

Total Going Concern Market Value, At Sister Campus Full Occupancy, Projected @ 11/1/18:		
	Cost Approach	Not Used
	Income Approach	$199,650,000
	Sales Comparison Approach	Not Used
	Value Conclusion	$199,650,000

Valuation of Existing Series 2012 Obligated Group Favorable Bond Financing:	
@ 1/13/16:	$6,500,000
@ 11/1/17:	$10,375,000
@ 11/1/18:	$11,275,000
	(not included in above totals and not allocable to the subject alone)

Valuation of Proposed Series 2016 Obligated Group Favorable Bond Financing:	
@ 11/1/17:	$5,400,000
@ 11/1/18:	$2,050,000
	(not included in above totals and not allocable to the subject alone)

Estimated Marketing & Exposure Time:	3 months