

**APPRAISAL REPORT**

THE MEADOWS OF NAPA VALLEY  
1800 ATRIUM PARKWAY  
NAPA, CALIFORNIA

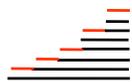
AS OF JANUARY 13, 2016  
SLVS FILE NO. 16-01-02

**PREPARED FOR**

ODD FELLOWS HOME OF CALIFORNIA

**PREPARED BY**

MICHAEL G. BOEHM, MAI, CRE



**Senior Living Valuation Services, Inc.**



# 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. 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.

## **Total Going Concern Market Value 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 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)

**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**

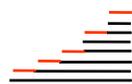
Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that as of the effective stabilized full occupancy of the proposed campus expansion, projected to be November 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**

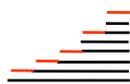
Based on an inspection of the property and the investigation and analysis undertaken, we have formed the opinion, subject to the assumptions and limiting conditions set forth in this report, that the estimated prospective market value of both the existing and proposed Odd Fellows Home of California Obligated 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.

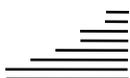


**ODD FELLOWS HOME OF CALIFORNIA OBLIGATED GROUP**  
**SUMMARY OF VALUATIONS**

	Market Value As Is <u>@ 1/13/16</u> (1)	Market Value At Completion of Construction <u>@ 11/1/17</u> (2)	Market Value At Stabilization <u>@ 11/1/18</u> (3)
<b>Meadows of Napa Valley (Napa, CA) -</b>			
<b>Existing Units - First Generation Entry Fees</b>	<b>\$15,425,000</b>	<b>\$14,450,000</b>	<b>\$13,650,000</b>
<b>Expansion Units - First Generation Entry Fees (92 units)</b>	<b>\$53,575,000</b>	<b>\$63,300,000</b>	N/A
<b>Ongoing Going Concern Cash Flows (4)</b>	<b>\$68,000,000</b>	<b>\$77,175,000</b>	<b>\$81,375,000</b>
<b>Less: Cost to Complete Renovations/Expansion</b>	<b><u>(\$73,675,000)</u></b>	<b><u>N/A</u></b>	<b><u>N/A</u></b>
<b>Total Reported Market Values</b>	<b>\$63,325,000</b> =====	<b>\$154,925,000</b> =====	<b>\$95,025,000</b> =====
<b>Saratoga Retirement Community (Saratoga, CA) -</b>			
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 =====
<b>Obligated Group Favorable Financing Values (5) -</b>			
<b>Existing Series 2012 Bond Financing</b>	<b>\$ 6,500,000</b>	<b>\$10,375,000</b>	<b>\$11,275,000</b>
<b>Proposed Series 2016 Bond Financing</b>	<b><u>N/A</u></b>	<b><u>\$ 5,400,000</u></b>	<b><u>\$ 2,050,000</u></b>
<b>Total Favorable Bond Financing Value</b>	<b>\$ 6,500,000</b> =====	<b>\$15,775,000</b> =====	<b>\$13,325,000</b> =====
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.



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# Aerial Photograph of Subject Campus



Senior Living Valuation Services, Inc.

Ms. Audrey Stevens  
January 22, 2016  
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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.

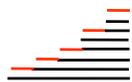
Respectfully submitted,

SENIOR LIVING VALUATION SERVICES, INC.



Michael G. Boehm, MAI, CRE  
President

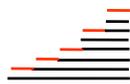
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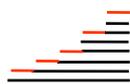
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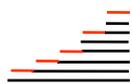


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## **INTRODUCTION**

### **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.

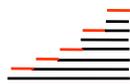
The subject site is developed with the not-for-profit Meadows of Napa Valley continuing care retirement community (CCRC). Meadows of Napa Valley is a multiple level retirement community that currently includes 279 total operating units/beds, comprised of 150 independent living apartments, 40 assisted 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.

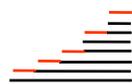
Our valuation of the subject is based on an Income Approach (discounted cash flow) analysis only. A Sales Comparison Approach was not used to value the subject due to the lack of comparable arms length, non-duress sales of multiple level rental retirement communities or entry fee, continuing care retirement 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.



**Senior Living Valuation Services, Inc.**

## **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**

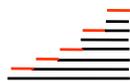
- 1) As Is at January 13, 2016;
- 2) At the Completion of Construction of the proposed expansion and renovations, projected at November 1, 2017;
- 2) At Occupancy Stabilization/Sellout of the proposed expansion, projected to be November 1, 2018.

## **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**

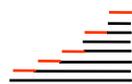
As defined by the Office of the Comptroller of the Currency under 12 CFR, Part 34, Sub-part C-Appraisals, 34.42 Definitions (f), market value is defined as:

"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.



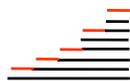
8. Where the discounted cash flow analysis is utilized, it has been prepared on the basis of the information and assumptions stipulated in this appraisal report. The achievement of any financial projections including actuarial projections will be affected by fluctuating economic conditions and is dependent 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.

### **Extraordinary Assumptions**

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

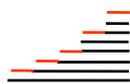
Existing Financing-	Issue Date:	Series 2012A (April, 2012)
	Current Debt Amount:	\$91,935,000
	Remaning Term:	± 26.2 years (to 4/1/2042)
	Assumed Interest Rate:	± 4.0% to 5.0%

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.

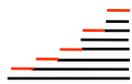
The analysis and estimates of value made in this appraisal report are in part relying on owner/operator representations regarding the current campus occupancy, current rent rolls and fees, the planned capital expansion and renovations, entry fee refund liabilities, historical and projected operating 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**

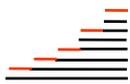
Senior Living Valuation Services, Inc. is a San Francisco based appraisal firm that exclusively specializes in the appraisal and analysis of all forms of senior housing properties. On the following page is a listing of recent continuing care retirement community assignments that have been completed by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

DRAFT  
Subject to change



**CONTINUING CARE RETIREMENT COMMUNITIES**

<u>Property</u>	<u>Location</u>	<u>Report Date</u>
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.

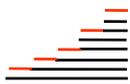
Land Area: ± 19.06 Acres; 830,253 Square Feet

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)

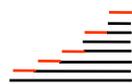
Projected Net Income: Period 1 (2/16 to 10/16) (9 months) - \$1,260,908;  
 Period 2 (11/16 to 10/17)- \$1,800,198;  
 Period 3 (11/17 to 10/18)- \$3,510,697;  
 Period 4 (11/18 to 10/19)- \$5,076,178;  
 Period 11 (11/25 to 10/26)- \$8,661,895

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)



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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)

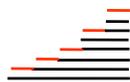
Valuation of Proposed Series 2016  
Obligated Group Favorable  
Bond Financing:

@ 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



Senior Living Valuation Services, Inc.

## **REGIONAL AND CITY ANALYSIS**

The subject property is located in the southern portion of the City of Napa, Napa County, California. Napa is located about 50 miles northeast of San Francisco, 47 miles north of Oakland, 60 miles southwest of Sacramento and 15 miles east of Sonoma. Napa is the largest City and County seat of Napa County.

### **Regional Overview**

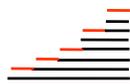
Napa County is an integral portion of the northern portion of the larger nine county region known as the San Francisco Bay Area, the nation's fifth largest metropolitan area with a total approximate regional population of 7,400,000. Napa County has the smallest population of the nine Bay Area Counties, comprising only about 2% of the total metropolitan area population. Napa County is bordered by Sonoma County to the west (Santa Rosa, Sonoma), Lake County to the north (Clear Lake), Solano County to the east (Fairfield, Vallejo, Vacaville) and the San Pablo Bay to the south. The County has a predominately mountainous, heavily wooded terrain punctuated by the north/south Napa Valley which bisects the County, the Napa River running through the Valley and Lake Berryessa located in the northeast portions of the County.

The Napa Valley is internationally known as one of the world's most productive wine growing/production regions. The Valley is dominated by these vineyards and other agricultural uses and small towns housing the local population. The Valley has become a major regional tourist destination with quaint retail shops located in many of the Valley's towns. Larger scale development tends to be focused in Napa, by far the County's largest City comprising approximately 56% of the total County population.

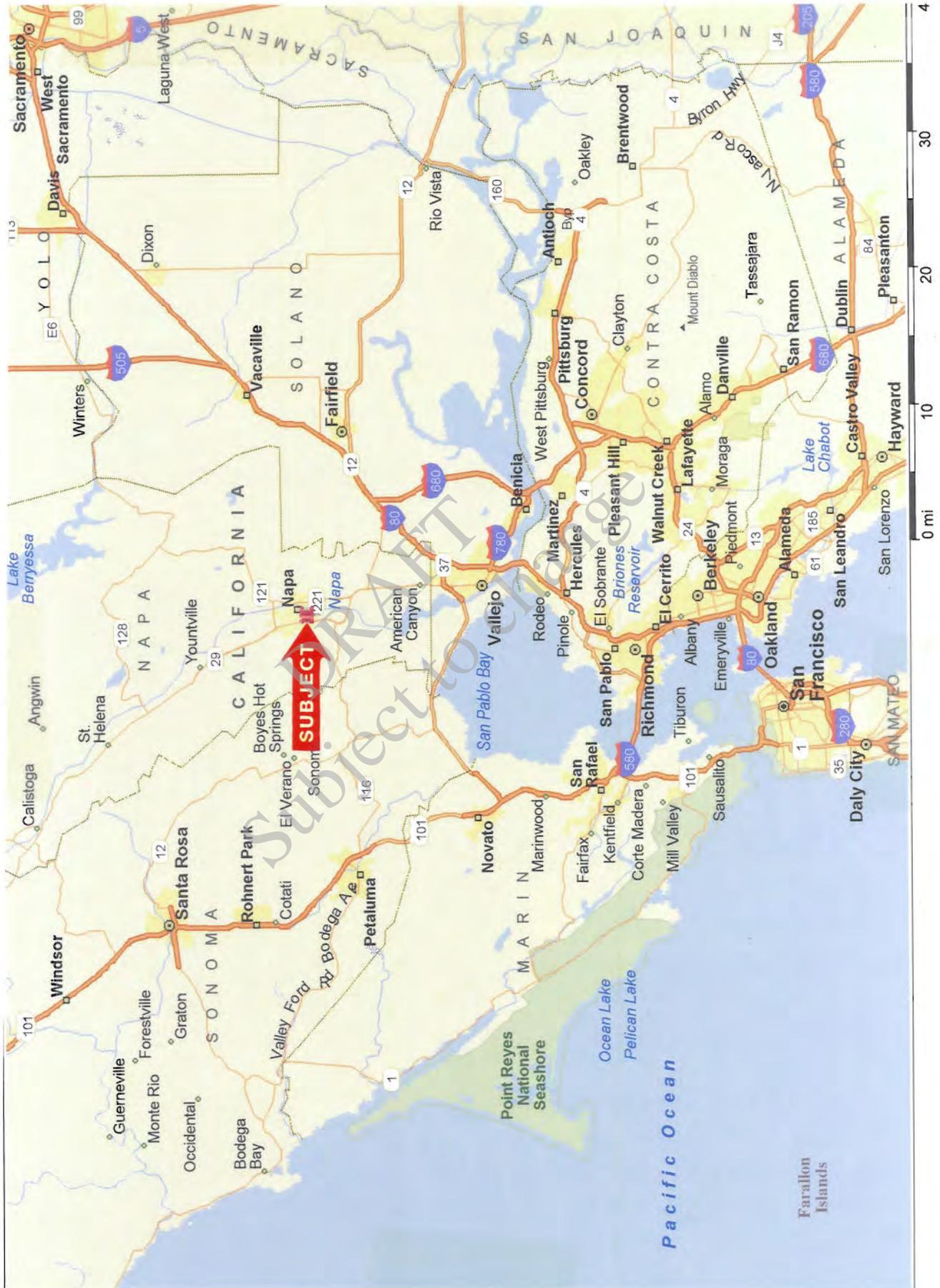
The productivity of the Valley as a premier wine growing region is dependent on its temperate, Mediterranean climate, characterized by warm (not hot) summers and mild, wet winters. Average lows in January are about 38 degrees, with average July highs of 68 degrees. Average rainfall for the year is about 24 inches, falling almost totally from November to April. The City is prone to the occasional earthquake and is located in a region of active earthquake faults.

### **City Population and Demographics**

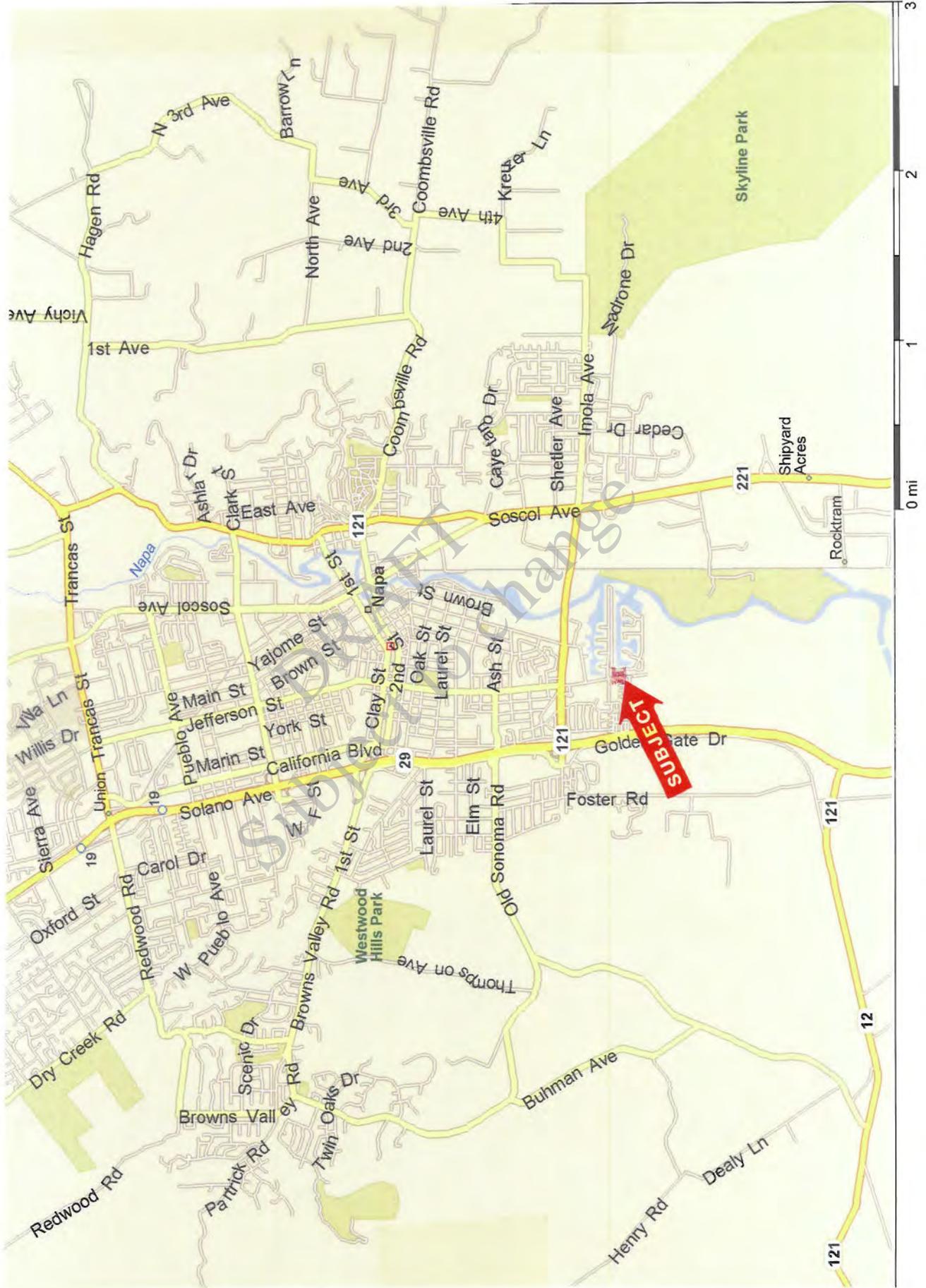
Napa, population 80,011 (2014) is the county seat and largest city in Napa County. The earliest area vineyards date to the 1860's. The City of Napa was incorporated in 1872 and has always been the commercial/retail center of the larger Napa Valley agricultural region (and in its early history silver mining); today housing much of the area's agricultural and tourist work force. The City has until recently grown relatively more quickly than the County as a whole because it has more land area available for development than other Valley towns. Many of these valley towns are hostile to new development, wanting to maintain the less congested bucolic character of the larger Valley. This is less the case in Napa although antigrowth forces are also powerful within Napa itself. The area has fully recovered from the 2007 to 2011 economic downturn and sharp decline in local home prices. Population trends and projections for Napa and Napa County include:



# Regional Location



# City Location



	<u>Napa City</u>		<u>Napa County</u>	
	<u>Population</u>	<u>% Inc.</u>	<u>Population</u>	<u>% Inc.</u>
1970	36,786	-	79,140	-
1980	50,879	38.3%	99,199	25.3%
1990	63,400	24.6%	109,900	10.8%
2000	71,412	12.6%	121,330	10.4%
2010	76,915	7.7%	136,484	12.5%

Source: US Census Bureau

Some of Napa's population growth has been and will continue to be from the annexation of adjacent unincorporated County lands.

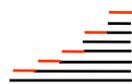
Demographically, compared to the region as a whole and as illustrated in comparative zip code data on the following page, the subject zip code (94559) has the following characteristics:

- 1) a median age of about 36 years, which is slightly older than Statewide median (34.3 years) and younger than national median (36.9 years)(and slightly younger than the one other Napa zip code). The subject zip code has an average percentage of the population above 65 years old (11.2%; 10.9% Statewide; 12.8% nationally);
- 2) a median income ranking in the 76th percentile nationally and 56th percentile Statewide. The subject zip code has the lower median income of Napa's two zip codes (because it includes the older portions of the Town).

### **Housing**

Napa's housing stock of approximately 30,000 units can be characterized by its diversity, good condition, relative affordability and low vacancy rates. About 15% of the City housing stock is in multi-family units; the subject retirement community is one of the largest multiple family developments in the City. About 20% of the City's housing stock has been built with in the last 20 years, most on the fringes of the City limits. There is some modest new construction evident in the City including new apartments/townhomes directly across Atrium Parkway from the subject to the north.

The median price of a single family home in Napa in late 2015 was about \$536,000, up sharply over the past few years, and including about 10% upward during the past year. Renter occupied units average about \$1,500 rent per month.



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# Regional Demographic Data by Zip Code

ZIP CODE	POST OFFICE #	POST OFFICE NAME	COUNTY FIPS CODE	POPULATION			2000-2009 ANNUAL RATE		2009 AGE DISTRIBUTION (%)										MEDIAN AGE		
				2000	2009	2014	% Rate	State Centile	0-4	5-9	10-14	15-19	20-24	25-44	45-64	65-64	85+	18+	2009	% 2009 Males	% 2009 Females
94134	SAN FRANCISCO	075	39862	42541	43315	0.7	50	6.3	6.1	5.9	6.6	6.3	28.9	26.0	12.0	1.9	77.7	36.1	48.9	51.1	
94158	SAN FRANCISCO	075	101	999	1250	28.0	100	2.8	1.8	1.4	2.5	12.3	48.5	21.1	7.5	1.7	93.3	33.8	55.8	44.4	
94301	PALO ALTO	085	16186	16226	16396	0.0	9	4.2	4.6	5.5	4.8	3.8	29.1	29.6	13.8	4.7	82.6	43.3	48.8	51.2	
94303	PALO ALTO	085	43936	47189	48312	0.8	54	8.7	8.4	8.0	8.4	7.3	28.3	22.0	7.7	1.1	69.9	31.2	50.5	46.6	
94304	PALO ALTO	085	2245	3232	3696	4.0	94	3.7	3.2	3.3	4.0	5.3	34.7	25.4	13.1	3.3	86.7	40.1	53.4	46.6	
94305	STANFORD	085	13311	15496	16317	1.7	78	2.9	1.5	1.3	19.7	40.1	23.6	6.4	3.7	0.7	92.9	25.1	54.1	45.9	
94306	PALO ALTO	085	24338	24402	24669	0.0	9	5.0	4.8	5.3	5.7	5.8	29.0	30.1	11.5	2.7	81.2	41.5	49.1	50.9	
94401	SAN MATEO	081	31892	33559	34314	0.6	45	6.3	6.6	5.1	5.9	7.2	32.9	24.1	9.6	3.2	79.3	36.7	50.1	49.9	
94402	SAN MATEO	081	23948	24166	24482	0.1	13	5.5	5.7	6.4	6.1	4.1	24.3	30.8	14.3	2.9	78.4	43.7	48.7	51.3	
94403	SAN MATEO	081	37762	39736	40741	0.6	45	5.9	5.5	5.5	5.2	5.9	29.7	27.6	11.6	3.0	79.9	40.3	49.4	50.6	
94404	SAN MATEO	081	31876	32674	33472	0.3	23	5.5	5.0	5.2	4.9	4.9	31.5	30.2	11.6	1.3	81.1	40.6	48.7	51.3	
94501	ALAMEDA	001	58561	59889	60011	0.2	18	5.7	5.1	5.0	5.7	7.7	30.3	27.4	10.7	2.4	80.9	38.6	48.4	51.3	
94502	ALAMEDA	001	13698	13727	13836	0.0	9	5.6	6.2	7.1	6.5	4.0	21.5	34.1	12.6	2.3	76.9	44.4	47.6	52.4	
94503	AMERICAN CANYON	055	10023	15781	17970	5.0	95	6.2	6.5	7.0	7.4	4.8	24.1	29.9	12.4	1.7	75.6	40.8	49.3	50.7	
94505	DISCOVERY BAY	013	8878	13298	15125	4.5	95	7.0	7.2	7.6	6.5	3.8	25.5	30.2	11.4	0.8	79.8	40.7	50.3	49.7	
94506	DANVILLE	013	22705	27317	29950	2.0	83	6.9	8.1	9.6	8.1	3.6	20.5	34.7	7.8	0.6	70.0	40.7	49.2	50.8	
94507	ALAMO	013	14606	15306	15620	1.5	39	5.5	6.8	8.8	7.4	3.6	15.2	38.1	14.3	2.2	73.5	46.4	49.2	50.8	
94508	ANGWIN	055	3884	4266	4445	1.0	82	4.9	4.5	4.5	11.9	15.5	25.1	22.2	9.4	1.9	83.6	31.0	48.9	51.0	
94509	ANTIOCH	013	61970	64719	66789	0.5	39	8.2	7.9	7.6	7.7	6.8	27.8	24.5	8.2	1.3	71.5	33.3	49.0	51.0	
94510	BENICIA	095	26926	28079	28445	0.5	39	5.5	6.0	7.1	7.3	5.6	24.3	32.5	10.2	1.4	75.7	41.1	48.6	51.4	
94512	BIRDS LANDING	095	50	54	56	0.8	54	7.4	7.4	7.4	7.4	7.4	24.1	25.9	13.0	0.0	70.4	35.0	50.0	50.0	
94513	BRENTWOOD	013	27379	55210	68491	7.9	97	10.0	9.6	9.0	7.7	5.3	29.5	21.3	6.7	0.8	66.2	31.4	49.3	50.7	
94514	BYRON	013	1313	1265	1348	0.4	2	6.8	7.7	7.4	12.1	5.1	26.1	25.2	8.3	1.3	69.0	34.4	53.7	46.3	
94515	CALISTOGA	055	6810	7200	7282	0.6	45	6.1	5.9	5.6	5.8	5.9	24.9	27.7	14.7	3.5	78.8	41.6	51.2	48.8	
94517	CLAYTON	013	12516	13982	14903	1.2	66	6.3	6.9	7.7	6.5	3.8	22.1	34.7	10.1	1.1	74.8	43.0	48.9	51.1	
94518	CONCORD	013	27263	29154	28625	0.8	23	6.1	6.1	6.3	6.2	5.6	26.5	29.4	11.7	2.2	77.7	40.6	48.6	51.4	
94519	CONCORD	013	18982	18604	20112	0.3	23	6.8	6.8	6.7	6.5	5.7	27.6	27.8	10.1	2.0	75.6	38.4	49.5	50.5	
94520	CONCORD	013	36144	38519	39257	0.7	50	8.5	7.6	6.7	7.1	8.0	32.7	21.0	7.0	1.4	73.0	31.8	51.3	48.7	
94523	PLEASANT HILL	013	40553	42703	43790	0.5	39	6.2	6.1	6.6	6.9	6.2	25.5	30.1	10.8	1.6	76.9	40.1	48.0	52.0	
94525	CROCKETT	013	33091	33647	33872	0.2	18	5.6	5.4	5.7	5.5	5.9	27.2	30.4	11.5	2.6	79.8	41.4	48.5	51.5	
94526	DANVILLE	013	3184	3332	3396	0.5	39	5.0	4.8	4.9	5.4	6.6	25.2	33.6	12.2	2.3	82.0	43.6	49.2	50.8	
94528	DIABLO	013	29194	29970	30409	0.3	23	5.7	6.6	8.0	6.9	3.9	19.0	34.6	13.3	1.9	74.8	44.9	48.6	51.4	
94530	EL CERRITO	013	743	750	765	0.1	13	6.0	7.2	8.7	7.2	3.6	16.0	35.3	14.3	1.7	73.2	45.7	49.6	50.4	
94531	ANTIOCH	013	23274	23695	23962	0.2	18	4.6	4.5	4.8	4.5	5.0	27.8	30.3	14.5	4.0	83.5	44.3	47.6	52.4	
94533	FAIRFIELD	095	26948	40317	45873	3.6	93	9.7	9.7	9.6	7.7	4.2	30.1	24.4	4.1	0.4	65.6	32.3	49.2	50.8	
94534	FAIRFIELD	095	62736	67907	69896	0.9	58	8.1	7.5	7.0	7.5	7.6	28.1	25.1	9.7	1.4	72.7	33.1	46.8	51.2	
94535	TRAVIS AFB	095	27798	34948	38071	2.5	88	7.3	7.7	8.1	7.0	4.5	25.1	29.4	9.7	1.3	72.2	38.9	48.7	51.3	
94536	FREMONT	001	9885	9585	9390	0.4	2	12.7	8.9	6.3	7.7	24.4	35.3	3.9	0.7	0.0	69.6	22.9	56.5	43.5	
94538	FREMONT	001	55797	58553	72040	0.5	39	6.9	6.5	6.2	6.1	6.2	31.4	26.1	9.2	1.5	76.8	36.8	50.0	50.0	
94539	FREMONT	001	46950	48208	49377	0.3	23	7.9	6.7	6.2	6.2	7.3	33.7	23.4	7.8	1.1	75.8	34.0	51.0	49.0	
94541	HAYWARD	001	58466	61958	63498	0.6	45	6.2	6.5	7.8	7.8	5.1	23.2	33.1	8.8	1.0	74.0	40.5	49.5	50.5	
94542	HAYWARD	001	4149	70312	13349	0.4	30	3.1	4.9	7.2	7.0	7.6	30.1	22.9	8.0	2.1	73.4	33.4	50.3	49.7	
94544	HAYWARD	001	71675	75130	76457	0.5	39	8.5	7.9	5.0	7.6	6.6	30.8	29.0	8.0	1.0	81.7	36.9	48.6	51.4	
94545	HAYWARD	001	27571	28087	28668	0.2	18	6.9	6.8	6.4	7.0	7.3	30.8	21.2	7.5	1.3	71.7	31.7	50.1	49.9	
94546	CASTRO VALLEY	001	41518	41707	42000	0.0	9	5.6	5.5	5.8	6.2	5.9	25.4	29.6	10.5	1.6	75.8	35.7	48.9	51.1	
94547	HERCULES	013	19431	22532	23982	1.6	77	5.6	5.7	6.1	7.1	6.9	25.5	32.4	9.8	3.7	79.1	41.8	48.3	51.7	
94548	KNIGHTS	013	161	144	185	-1.2	0	7.6	8.3	8.3	7.6	5.6	27.8	25.6	9.7	0.9	78.4	39.9	47.5	52.5	
94549	LA FAYETTE	013	27146	27718	28056	0.2	18	5.0	5.8	7.3	7.3	4.7	18.9	34.8	13.8	2.3	76.9	34.0	49.3	50.7	
94550	LIVERMORE	001	41245	46402	48802	1.3	70	6.9	7.0	7.4	7.0	5.2	26.5	29.2	9.5	1.3	76.9	45.5	48.8	51.2	
94551	LIVERMORE	001	34321	37710	39786	1.0	62	8.1	8.3	8.1	7.1	5.2	30.0	28.4	6.1	0.7	71.0	38.7	49.6	50.4	
94552	CASTRO VALLEY	001	13767	14527	15036	0.6	45	6.3	7.3	8.0	6.2	3.3	26.1	33.1	8.8	0.9	74.3	35.5	49.1	49.9	
94553	MARTINEZ	013	47359	48936	49799	0.4	30	5.4	5.4	5.9	6.3	5.8	27.2	31.4	10.8	1.6	79.3	41.0	49.5	50.5	
94555	FREMONT	001	33629	33699	34231	0.0	9	8.0	8.0	7.6	6.5	5.4	29.5	27.0	7.2	0.8	72.3	36.5	49.7	50.3	
94556	MORAGA	013	16421	16573	16671	0.1	13	3.9	4.9	6.3	10.8	7.9	15.9	32.4	15.5	2.6	80.6	45.2	47.6	52.4	
94558	NAPA	055	63110	67075	68790	0.7	50	6.1	6.2	6.5	6.7	5.9	23.7	28.6	13.4	2.9	77.0	41.2	49.4	50.6	
94559	NAPA	055	27652	28893	29323	0.5	39	6.6	6.3	6.1	6.7	7.1	30.8	25.2	9.0	2.2	77.0	36.0	52.2	47.8	
94560	NEWARK	001	42471	43302	43851	0.2	18	7.2	6.3	6.5	7.3	7.3	29.9	25.1	8.5	1.0	75.2	35.0	50.2	49.8	
94561	OAKLEY	013	29193	37416	41562	2.7	90	8.2	8.0	8.1	8.0	5.8	28.8	25.8	6.6	0.7	70.6	33.7	49.9	50.1	
94563	ORINDA	013	17738	18059	18216	0.2	18	4.8	5.9	7.6	7.3	3.8	15.3	35.1	17.1	3.1	76.9	48.1	48.0	52.0	
94564	PINOLE	013	17746	18252	18521	0.3	23	5.8	5.8	6.2	7.0	6.5	24.9	30.3	11.8	1.7	77.9	40.6	48.0	52.0	
94565	PITTSBURG	013	78787	85566	89642	0.9	56	8.8	8.3	7.7	7.8	7.5	29.3	22.2	7.2	1.1	70.4	31.2	49.2	50.8	
94566	PLEASANTON	001	36160	40039	41556	1.1	64	6.1	7.1	7.7	6.9	4.7	24.1	32.2	9.5	1.6	74.5	41.0	48.7	51.3	
94567	POPE VALLEY	055	706	800	847	1.4	72	4.9	5.6	5.8	6.3	3.9	22.3	36.6	13.4	1.5	79.3	45.8	52.0	48.0	
94568	DUBLIN	001	29949	42683	47093	3.9	93	6.7	6.4	6.3	6.0	6.5	37.0	25.3	5.3	0.4	77.2	35.7	51.9	48.1</	

# Regional Demographic Data by Zip Code

ZIP CODE		2009 HOUSEHOLD INCOME DISTRIBUTION (%)					MEDIAN HOUSEHOLD INCOME				2009 HOME VALUE DISTRIBUTION (%)					2009 Median Home Value			
#	POST OFFICE NAME	2009 Per Capita Income	2009 HH Income Base	Less than \$25,000	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$149,999	\$150,000 or More	2009		2009 National Centile	2009 State Centile	2009 Home Value Base	Less than \$50,000	\$50,000 to \$99,999	\$100,000 to \$174,999	\$175,000 to \$399,999	\$400,000 or More	2009 Median Home Value
									2009	2014									
94134	SAN FRANCISCO	20997	11130	15.9	18.8	35.9	21.1	8.2	68212	72937	86	70	7308	5.9	2.6	0.3	24.3	66.9	468046
94158	SAN FRANCISCO	40789	518	21.4	25.3	33.2	12.0	8.1	53055	55336	68	48	256	0.0	0.0	63.3	0.0	36.7	157653
94301	PALO ALTO	95365	7714	9.0	11.9	16.4	14.5	48.2	142231	152823	99	98	3865	0.1	0.3	0.4	3.1	96.2	1000001
94303	PALO ALTO	36440	12888	13.6	16.1	26.3	16.7	27.3	84851	90589	94	84	7683	0.8	0.5	0.9	11.6	86.2	758663
94304	PALO ALTO	75565	1728	13.8	13.2	25.1	17.4	30.6	94372	102862	96	89	312	0.0	0.0	0.0	1.9	98.1	986239
94305	STANFORD	35858	3752	25.0	22.6	21.5	10.2	20.7	53117	55499	98	48	838	0.0	0.0	0.4	7.3	92.4	863454
94306	PALO ALTO	72203	10420	10.4	10.3	23.3	17.2	38.8	115503	128131	98	95	5576	1.8	0.3	0.9	2.8	94.2	883307
94401	SAN MATEO	38146	12617	18.0	18.9	33.9	21.1	13.3	72270	76802	88	73	5665	0.2	0.3	0.5	16.2	82.8	584025
94402	SAN MATEO	65780	9919	6.0	11.0	27.8	18.7	36.4	110924	118158	98	93	6317	0.0	0.3	0.4	2.8	96.5	870633
94403	SAN MATEO	47692	15935	8.7	14.1	31.2	21.4	24.6	90845	97726	95	87	9155	0.3	0.3	0.1	6.5	92.8	700761
94404	SAN MATEO	69109	13818	5.0	5.5	23.1	22.1	44.4	134665	138939	99	97	8241	0.1	0.3	0.4	4.0	95.3	852780
94501	ALAMEDA	37943	25205	13.3	21.4	33.5	19.9	11.9	69707	74193	87	71	9912	1.5	0.8	2.9	29.8	65.0	482980
94502	ALAMEDA	57533	5177	5.4	7.7	23.8	27.4	35.8	123873	125044	99	96	4305	0.5	1.0	0.0	15.1	83.4	577536
94503	AMERICAN CANYON	24411	5198	17.5	17.7	40.7	18.0	6.0	65782	67990	84	67	4398	10.3	4.6	6.7	61.9	16.5	263485
94505	DISCOVERY BAY	50504	4722	5.2	6.8	29.2	25.5	35.4	115790	117236	98	95	4154	0.3	0.3	0.4	20.1	78.9	567860
94506	DANVILLE	78146	8418	1.7	3.8	10.8	14.5	69.1	202276	208663	100	100	7733	0.2	0.6	1.6	1.6	96.0	902925
94507	ALAMO	70925	5231	5.0	7.9	12.8	15.9	58.4	171325	178415	100	99	4677	0.5	0.1	0.4	2.7	96.3	933123
94508	ANGWIN	37442	1247	8.1	16.0	37.9	21.8	16.3	78912	81277	92	80	722	1.1	1.4	1.5	30.5	55.5	573980
94509	ANTIOCH	25526	21606	16.8	21.3	35.3	18.9	7.6	63837	67385	82	64	13258	0.6	0.8	8.7	78.5	11.4	264207
94510	BENICIA	40532	10730	8.9	15.1	33.6	24.1	18.2	85650	87165	94	84	7411	1.2	2.3	7.1	55.1	34.3	320501
94512	BIRDS LANDING	31481	24	12.5	29.2	33.9	20.8	4.2	62986	72662	81	63	15	0.0	0.0	33.3	60.0	6.7	190625
94513	BRENTWOOD	33743	17537	8.3	13.8	32.4	27.9	17.6	91215	95229	95	87	14518	0.8	0.9	2.5	46.5	49.4	397207
94514	BYRON	30987	411	21.4	19.5	27.5	15.6	16.1	62928	71288	81	63	314	8.9	1.3	6.4	29.3	54.1	429545
94515	CALISTOGA	32440	2801	17.0	29.1	31.3	12.0	10.5	54781	59966	71	51	1717	8.6	8.6	4.4	18.3	80.0	480105
94517	CLAYTON	56480	4942	3.5	6.4	23.2	25.8	39.1	81282	86222	93	81	7459	5.9	2.6	8.3	30.1	55.1	415627
94518	CONCORD	36389	10431	10.7	18.1	31.2	25.8	14.3	76109	79064	90	77	4805	1.1	0.4	4.8	69.0	24.7	322649
94519	CONCORD	29559	6996	10.0	18.9	39.1	25.6	6.4	43793	51176	81	42	5118	2.4	3.9	14.8	73.5	5.2	243402
94520	CONCORD	20267	12932	22.1	28.1	36.5	10.2	3.1	43793	51176	81	42	5118	2.4	3.9	14.8	73.5	5.2	243402
94521	CONCORD	36262	15281	8.7	14.4	36.2	25.5	15.2	84259	89321	94	83	10966	0.2	0.2	4.0	44.7	50.9	403674
94523	PLEASANT HILL	44399	13969	9.4	13.7	33.5	25.4	16.0	88753	93815	95	86	8716	0.5	0.0	2.2	31.9	65.4	476497
94525	CROCKETT	34286	1540	19.5	24.0	29.0	20.0	7.5	58416	62280	76	56	826	1.7	0.0	7.6	66.1	24.6	290533
94526	DANVILLE	62942	10998	4.1	7.4	20.0	23.8	44.7	137354	140627	99	98	9120	0.3	0.0	0.2	4.6	94.4	788728
94528	DIABLO	74414	252	3.2	8.3	18.3	12.3	57.9	162797	168275	100	99	229	0.0	0.0	0.0	0.2	98.2	738924
94530	EL CERRITO	42081	10347	11.7	17.8	35.8	19.4	15.3	75701	78812	90	76	6148	1.7	1.4	1.8	25.5	69.6	478121
94531	ANTIOCH	37195	11544	3.7	5.4	28.5	35.6	26.8	117205	118227	98	95	10361	0.9	0.1	1.0	58.7	41.3	377471
94533	FAIRFIELD	22912	22335	16.2	25.0	41.0	13.2	4.6	62191	65047	80	62	12377	3.4	2.8	35.7	54.7	3.3	184947
94534	FAIRFIELD	40314	11738	4.8	9.4	36.2	27.5	22.1	89205	98843	97	91	9968	0.9	0.5	4.7	63.1	30.8	298458
94535	TRAVIS AFB	19058	2319	12.6	35.1	41.5	8.1	2.7	53238	60664	68	48	242	3.3	0.0	31.0	62.0	3.7	196111
94536	FREMONT	38466	24646	7.3	12.3	36.2	26.8	17.4	90299	98026	95	87	14305	1.0	1.1	0.8	22.7	74.4	630413
94538	FREMONT	34862	19980	8.3	11.2	38.4	27.9	14.2	87779	93043	95	85	9907	1.6	1.1	2.5	27.0	67.8	456768
94539	FREMONT	54168	15070	5.2	5.6	22.1	22.7	44.4	136409	138115	99	97	12033	0.6	1.3	1.8	8.1	86.2	790902
94541	HAYWARD	24421	20631	15.9	23.6	38.8	15.6	6.0	61099	65522	79	60	8786	1.1	0.1	3.1	65.6	30.2	333965
94542	HAYWARD	42814	4566	9.6	10.2	29.4	24.6	26.2	101090	105881	97	91	2915	0.0	0.2	1.3	22.2	76.3	537587
94544	HAYWARD	22554	22225	13.6	23.4	38.0	18.1	6.8	63545	66520	82	64	11464	2.3	3.2	8.7	57.6	28.1	332584
94545	HAYWARD	25904	8716	11.2	17.0	41.0	22.6	8.1	74772	78147	89	75	6115	2.1	3.9	4.3	54.0	35.8	351179
94546	CASTRO VALLEY	37728	16394	11.1	16.3	38.2	21.2	13.3	76662	80233	90	77	10370	2.9	0.3	2.0	57.0	57.8	429493
94547	HERCULES	34946	7537	4.9	11.1	38.3	31.9	13.9	93234	97365	96	88	6188	1.1	0.4	3.4	57.4	37.7	338474
94548	KNIGHTSEN	31014	56	14.3	21.4	39.3	19.6	5.4	65296	67800	64	66	44	0.0	0.0	9.1	72.7	18.2	881250
94549	LAFAYETTE	63511	10420	5.3	8.9	22.9	20.5	42.4	131092	134676	99	97	7907	0.2	0.2	0.4	3.8	95.4	799791
94550	LIVERMORE	44811	16728	6.9	11.5	30.2	27.0	24.4	101949	105776	97	92	11732	0.1	0.2	1.0	19.8	78.9	541220
94551	LIVERMORE	41082	13104	6.4	10.9	31.3	29.9	21.5	101561	105100	97	91	9308	0.6	1.1	1.6	34.5	62.2	454476
94552	CASTRO VALLEY	58361	4945	3.6	6.5	16.3	26.3	48.3	146309	149766	100	98	4367	0.6	0.8	0.5	8.6	89.4	656621
94553	MARTINEZ	36730	19136	12.1	16.7	34.3	24.1	12.9	78797	82414	92	79	12896	2.6	1.5	4.1	48.6	43.1	365729
94555	FREMONT	41161	10675	5.0	7.0	26.6	31.1	28.2	113678	115772	98	94	7802	1.6	2.5	1.5	15.0	79.2	540006
94556	MORAGA	59981	5709	5.0	9.0	23.3	21.5	41.2	129770	133257	99	97	4683	0.5	0.7	0.6	7.0	91.2	800140
94558	NAPA	36250	24719	11.0	20.8	35.1	18.8	14.3	71388	74070	88	72	16911	2.6	1.9	2.9	36.6	56.0	441223
94559	NAPA	27887	10564	15.8	27.5	36.5	13.4	6.8	58353	61707	74	56	5288	1.9	1.2	1.3	56.3	39.4	357001
94560	NEWARK	30233	13134	7.9	11.9	37.5	28.8	12.9	87424	89919	94	85	8035	0.7	0.5	0.9	30.0	67.8	465746
94561	OAKLEY	27833	11804	11.0	12.6	41.4	26.2	8.8	80591	83606	92	81	9609	5.3	1.4	5.4	74.9	12.9	282108
94563	ORINDA	72947	6700	6.3	7.8	17.8	19.7	48.5	145861	152600	100	98	5753	0.1	0.4	1.0	3.9	94.7	868196
94564	PINOLE	30866	6374	10.3	15.7	38.9	25.8	9.3	79288	82450	92	80	4625	1.0	0.3	4.3	60.9	38.4	345721
94565	PITTSBURG	21701	26129	17.7	23.3	36.6	17.7	4.7	60419	63157	78	59	15782	4.3	2.8	12.2	72.9	7.8	238692
94566	PLEASANTON	57400	14656	6.1	8.7	25.0	22.4	37.8	121118	123812	99	95	10301	0.6	0.3	2.7	8.8	87.6	706330
94567	POPE VALLEY	39048	295	10.8	20.3	37.3	12.9	16.6	68692	71328	86	70	207	6.3	1.0	2.0	40.1	50.2	405556
94568	DUBLIN	47370	14120	3.1	8.7	30.7	27.7	29.9	112222	116012	98	94							

## **Employment and Economic Development**

The local economy is dominated by agriculture, retail trade and tourism. Agriculture employs about 6,000 area residents at the wineries and in grape production. These wineries tend to be relatively small operations with several dozen located in the Napa Valley and in the adjacent to the west, Sonoma Valley. The City's relatively small industrial/distribution warehouse base is concentrated in the southeastern portions of the City as is a newer corporate park. Other large Napa employers include the local school district, Napa State Hospital, Queen of the Valley Medical Center, Silverado Resort, Treasury Wine Estates and the subject. New job growth will be derived from the retail trade and tourism sector. The current economic climate could be considered as healthy. The local unemployment rate is currently about 3.6%, well below the national average.

## **Transportation**

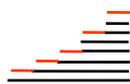
Major access to/from Napa is via Highway 29 (abuts subject site on the west) which runs north/south through the Napa Valley and connects to Interstate 80 to the south in Vallejo (about 25 miles). Interstate 80 links the East Bay and San Francisco to the south and Sacramento and points east to the northeast. Highway 29 extends in a northwesterly direction through the Valley to Highway 101 about 50 miles to the northwest. Highway 29 intersects with Highway 12 just south of Napa. Highway 12 skirts southern Napa County linking Highway 101 (via Highway 116) and the Sonoma Valley to the west and Interstate 80 to the east. Major surface thoroughfares in Napa include the north to south Jefferson Street (though a minor residential street in the subject neighborhood), California Boulevard, Soscol Avenue and Highway 121 (Silverado Trail) and the east to west Redwood/Trancas, Lincoln, 1st Street, Old Sonoma Road and Imola Avenue (near subject).

Air transportation is available at Oakland International Airport - 47 miles to the south, or at San Francisco International Airport - 60 miles to the southwest. Napa County Airport, three miles south of the City, offers charter flights. Napa is also served by Greyhound and the Vine, a local bus service.

## **Community Data**

Napa's location as part of the larger nine county San Francisco Bay Area allows its residents a full range of nearby cultural and recreational opportunities.

The City of Napa itself offers 13 mini-parks, 18 neighborhood parks and 2 community parks. Kennedy Regional Park offers a professional 18-hole golf course and driving range, picnic area, boat dock and ramp. Westwood Hills Park offers a natural history museum, picnic area and several nature hiking trails offering a panoramic view of the Napa Valley. Conn Dam/Lake Hennessey Regional Park offers picnicking, boating and shoreline fishing. Other nearby recreational facilities include Lake Berryessa, Bothe Napa Valley State Park, Silverado Country Club, Skyline Park and two private 18-hole golf courses. The region has several dozen wineries, most of which are open for public tours/tastings. Napa Valley College, a two year college with an enrollment of about 2,400, is located on 180 acres just east of the Napa River in southern Napa.

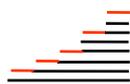


Local acute medical care is available at Queen of the Valley Hospital, located about four miles north of the subject in Napa or at St. Helena Hospital, located about eight miles to the north. The City is also home to a State mental hospital (Napa State Hospital) and a large Veteran's Home is located in nearby Yountville (which includes nursing beds).

Napa is located in Health Service Area 3, Health Facility Planning Area 407 with four licensed long term care facilities/nursing homes providing approximately 445 long term nursing care beds (including the subject's 69 beds). The City is also home to four existing major congregate rental senior projects. The subject is the only entry fee CCRC's in or near Napa; the next nearest is located about 23 miles to the east in Fairfield (Paradise Valley Estates). Additional detail about this CCRC and other relevant local and regional senior housing projects is provided in the Market Analysis section of this report.

### **Conclusions**

Napa has retained an overall small town, somewhat rural character although it is a fairly large City which is besieged each summer and fall with tourists visiting the Valley's wineries. The City has emerged as a retirement destination due to its scenic location and near perfect climate although the overall total and senior population is modest in size. The City is far enough away but close enough to the major urban centers of the Bay Area to be in high demand. The City has a growing antipathy to new development as local congestion/traffic is a significant problem. Nevertheless, the City's location, international reputation as a tourist destination and an affluent and aging in place elderly population should ensure good long run demand for a major multi-level senior housing project like the subject into the foreseeable future.



## NEIGHBORHOOD DESCRIPTION

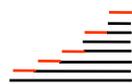
The subject is located at the southwest corner of Atrium Parkway and South Jefferson Street within the southernmost portion of the incorporated city of Napa, just east of Highway 29 and south of Imola Avenue. Atrium Parkway only extends along the northern boundary of the subject site. In fact, the subject site's southern boundary is a portion of the City limit, adjacent to unincorporated and largely undeveloped Napa County (large grassy acreages, most in flood zone areas along the Napa River). The subject rests in the southwesterly portion of an approximately one-half mile square residential area bordered by the City line to the south, Highway 29 to the west, Imola Avenue West (Highway 121) to the north and by the Napa River/Napa Valley College to the east. The Napa River to the east is a major north/south neighborhood boundary, segregating the subject neighborhood from major land uses to the east. The neighborhood is approximately 90% developed with newer subdivision development just east of the subject and new apartments and townhomes just north of the subject. The overall reputation of the immediate neighborhood is average.

Specifically, the subject site is bounded by Highway 29 to the west, undeveloped open space, grazing areas to the south; an upscale and relatively newer (1990's) marina/subdivision to the east and by newer (2000's and 2010's) apartments and townhomes to the north across Atrium Parkway. Imola Avenue, a major east/west thoroughfare in southern Napa, linking Highway 221 and 29, lies about three blocks to the north. South Jefferson Street from the north provides the only access to the subject site and neighborhood.

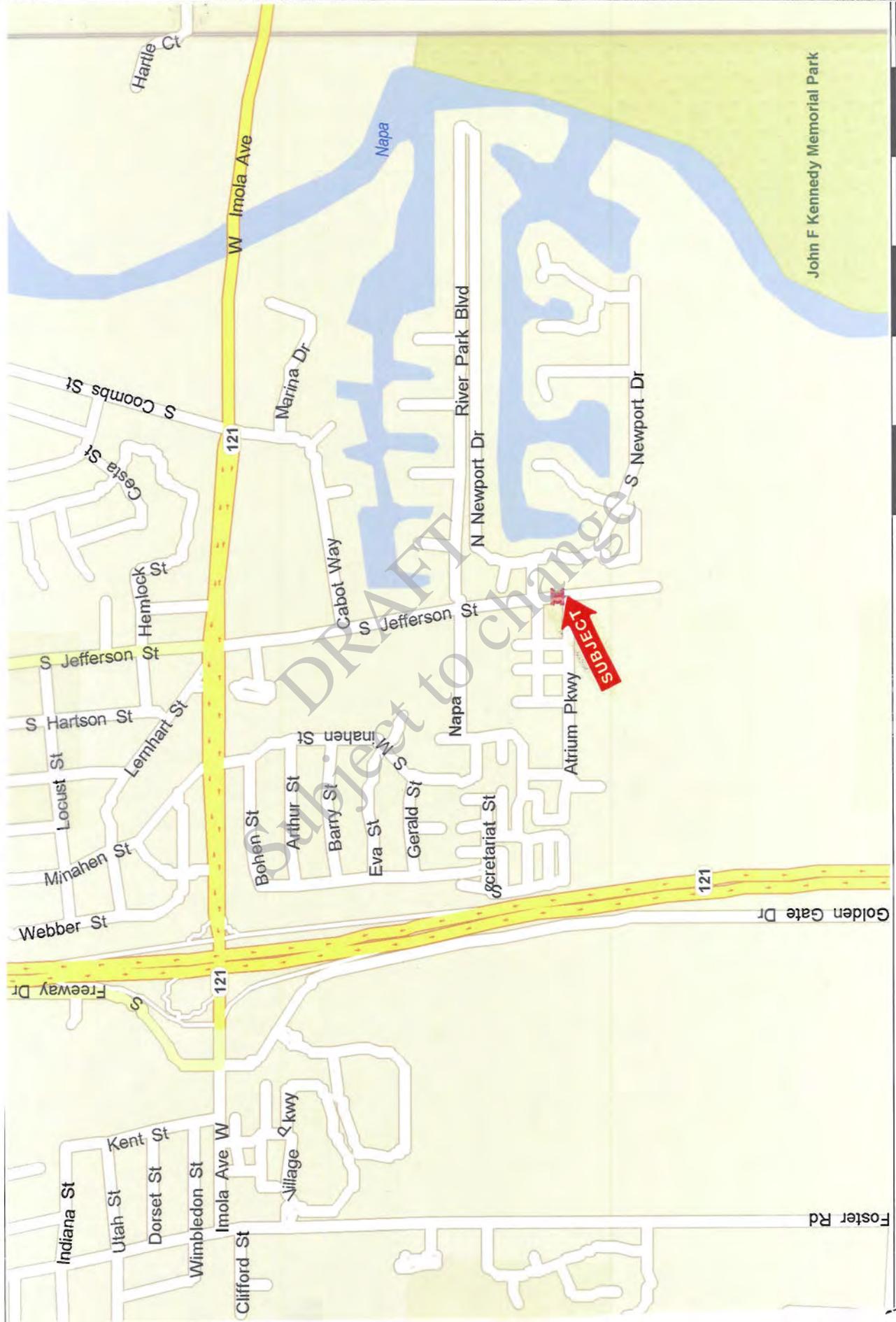
Modest strip retail development is common along Imola Avenue. The Highway 29/Imola Avenue interchange is located about one-half mile to the northwest and the Highway 221/Imola Avenue intersection is located about 1.5 miles to the northeast. Approximately one-half mile and extending to two miles to the east, lies the Napa River, Kennedy Memorial Park, Napa Valley College, Napa Municipal Golf Course and east of Highway 221, the Napa State Hospital (mental institution) grounds. Downtown Napa is located approximately two miles to the north. Queen of the Valley Hospital is located about four miles north along Trancas Street. The Highway 12/29 split is located about 1.5 miles to the southwest.

Overall, the subject is located at the southern developed fringe of Napa in a residentially oriented and open space neighborhood along a secondary commercial/residential street. The site has a more isolated location, only accessible from Jefferson Avenue, at some distance from major area amenities, downtown and an acute hospital. Few amenities are within easy walking distance of the site. However, the overall contained and small size of Napa allows for easy access to all amenities of the Town (via car or transportation van). Though the subject has a higher density than surrounding residential development, it is not incompatible with the neighborhood due to its location at the southern end of incorporated City development, the large size of the site and its overall residential orientation.

On the following page, we have evaluated the subject site's appropriateness for senior housing using an industry checklist. As shown, the subject site has a ranking of "77" which ranks as a "good" site with no significant negative features.



# Neighborhood Location



Senior Living Valuation Services, Inc.

# Neighborhood Zoning Map



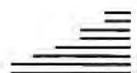
**NEIGHBORHOOD PHOTOGRAPHS**



View East along Atrium Parkway,  
Subject to Right



View West,  
Subject to Left



Senior Living Valuation Services, Inc.

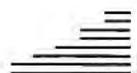
**NEIGHBORHOOD PHOTOGRAPHS**



View North along Jefferson,  
Subject to Left



View South,  
Subject to Right



Senior Living Valuation Services, Inc.

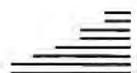
**NEIGHBORHOOD PHOTOGRAPHS**



New Apartments across Atrium Parkway to North



Apartments to East of Subject across Jefferson



Senior Living Valuation Services, Inc.

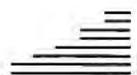
**NEIGHBORHOOD PHOTOGRAPHS**



View South from Subject



Highway 29 to West of Subject



Senior Living Valuation Services, Inc.

**Site Evaluation Checklist**

1. Site services available:

Gas Yes X (3)  
 Electricity Yes X (3)  
 Water Yes X (3)  
 Sewer Yes X (3)  
 Telephone Yes X (3)

No (0)  
 No (0)  
 No (0)  
 No (0)  
 No (0)

10. Religious facility proximity:

0-5 blocks  
 1/2-1 mile  
 1-5 miles  
 5-10 miles

X (5)  
 (3)  
 (1)  
 (0)

2. Vehicular access to site:

From quiet residential street  
 From secondary commercial street  
 From busy primary artery

X (5)  
 (3)  
 (1)

11. Convenience shopping proximity: bank, drugstore, cleaners, deli, etc.:

0-5 blocks  
 1/2-1 mile  
 1-5 miles  
 5-10 miles

(5)  
X (3)  
 (1)  
 (0)

3. Property zoning:

Zoned for elderly housing  
 Can be rezoned for elderly housing

X (5)  
 (3)

12. Parks and recreation facility proximity:

0-5 blocks  
 1/2-1 mile  
 1-5 miles  
 5-10 miles

(5)  
 (3)  
X (1)  
 (0)

4. Fire and police protection proximity:

0-1 mile  
 1-5 miles  
 5-10 miles  
 Does not exist

(5)  
X (3)  
 (1)  
 (0)

13. Major shopping mall proximity:

0-5 miles  
 5-10 miles  
 10-20 miles

X (5)  
 (3)  
 (1)

5. Emergency health care proximity:

0-1 mile  
 1-5 miles  
 5-10 miles  
 Does not exist

(5)  
X (3)  
 (1)  
 (0)

14. Public transportation access point:

At site  
 2 blocks  
 5 blocks  
 Does not exist

(5)  
 (3)  
 (1)  
X (0)

6. Full service hospital proximity:

0-1 mile  
 1-5 miles  
 5-10 miles  
 Greater than 10 miles

(5)  
X (3)  
 (1)  
 (0)

15. Surrounding property value:

Comparable  
 Lower  
 Higher

X (5)  
 (3)  
 (1)

7. Participation of medical facility in project:

Yes (5)

No X (0)

16. Project design and compatibility with surrounding neighborhood (Example: Highrise in neighborhood of single-family bungalows not compatible):

Yes X (5)

No (0)

8. Degree of neighborhood safety and security:

Very safe  
 Average  
 Security required

X (5)  
 (3)  
 (1)

17. Completion of market study and demographic analysis of site:

Yes X (5)

No (0)

9. Cultural facility proximity: theater, library, museum, etc.

0-5 blocks  
 1/2-1 mile  
 1-5 miles  
 5-10 miles

(5)  
 (3)  
X (1)  
 (0)

18. Nearest similar facility:

5-10 miles  
 1-5 miles  
 0-1 mile

(5)  
X (3)  
 (1)

Scoring: Maximum Score = 100 points

85 to 100 Excellent

70 to 85 Good site

55 to 70 Average site

0 to 55 Below average

Should appeal to wide market.

Depending on negatives, may have slightly limited market range.

Need to carefully evaluate negatives. May have limited marketability.

May be more risks than necessary. Get several additional opinions.

Total = 72



## SITE DESCRIPTION

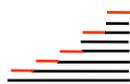
**LOCATION:** The subject site is located at the southwest corner of Atrium Parkway and South Jefferson Street in the southern portion of Napa. The site has a specific street address of 1800 Atrium Parkway, Napa, California 94559. The subject site consists of two contiguous land parcels which can be formally identified as Napa County Assessor's Parcel Nos. 043-070-004 and -015. An assessor's parcel map is presented on the following page. A detailed legal description of the site is provided in the Addenda of this report.

**PHYSICAL CHARACTERISTICS:** The subject site has an irregular rectangular shape, with an irregular northern boundary following a short southern extension of Atrium Parkway which ends at the northwest corner of the subject site. The site includes approximately 1,034 feet fronting on Atrium Parkway to the north and 471 feet fronting South Jefferson Street to the east. It is bounded by Highway 29 to the west and undeveloped County acreages to the south. The site includes approximately 830,253 square feet or 19.06 acres.

The topography of the site is generally level with some very mild berming/undulations in portions. All improvements are generally at grade with adjoining land uses and streets. All buildings have been built on the same grade. The entire subject site appears to lie in a Flood Zone X, an area of minimal flooding - per FEMA Map No. 06055C 0518F, dated 9/29/10. However, a major flood zone area along the Napa River lies to the immediate east of the subject, appearing to extend into South Jefferson Street and possibly into the northeast tip of the subject site itself. Flood insurance is not required. Although a Phase I site assessment or soils report was not made available, there are no known material environmental detriments to the operation and development of the subject as existing. No obvious adverse soil or subsoil or other environmental conditions affecting the site or nearby land uses were observed during our site inspection. The subject is not located in an Alquist Priolo special earthquake study zone although active earthquake faults extend throughout the immediate Napa area.

**EXISTING IMPROVEMENTS:** The subject site is currently developed with the integrated 279 total unit/bed The Meadows at Napa Valley retirement campus which include two large, two story apartment buildings which are connected to a one story, central atrium commons area. Two existing apartment wings (now vacant) are proposed to be razed for construction of a new three story apartment wing. To the west of this main building(s) lies a freestanding one story, multi-wing/ neighborhood nursing home and a freestanding two story apartment/memory care building. The buildings are bounded by paved parking areas to the north and south and between the buildings, an internal site driveway extends around almost the entire site perimeter. Additional improvement detail is discussed in the Description of Improvements section of this appraisal.

Atrium Parkway, which forms the northern boundary and main access into the site is a two-lane, 30 foot wide, fully improved (sidewalks/curbs on both sides), minor east/west residential thoroughfare extending along the northern boundary of the subject site. The street allows access to the western portion of the subject site and the nursing home.

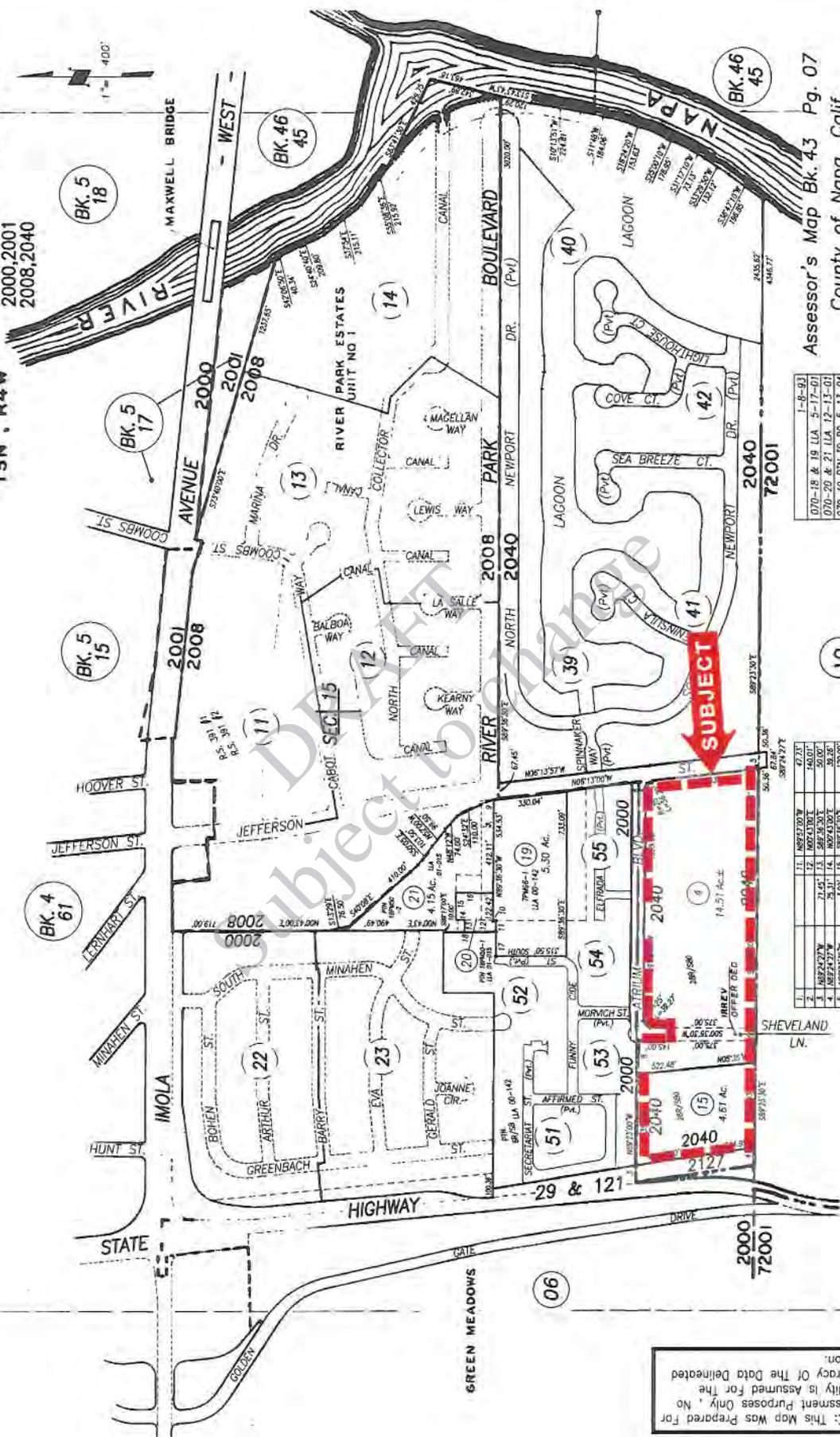
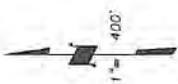


# Assessor's Parcel Map

43-07

Tax Area Code  
2000, 2001  
2008, 2040

T5N, R4W



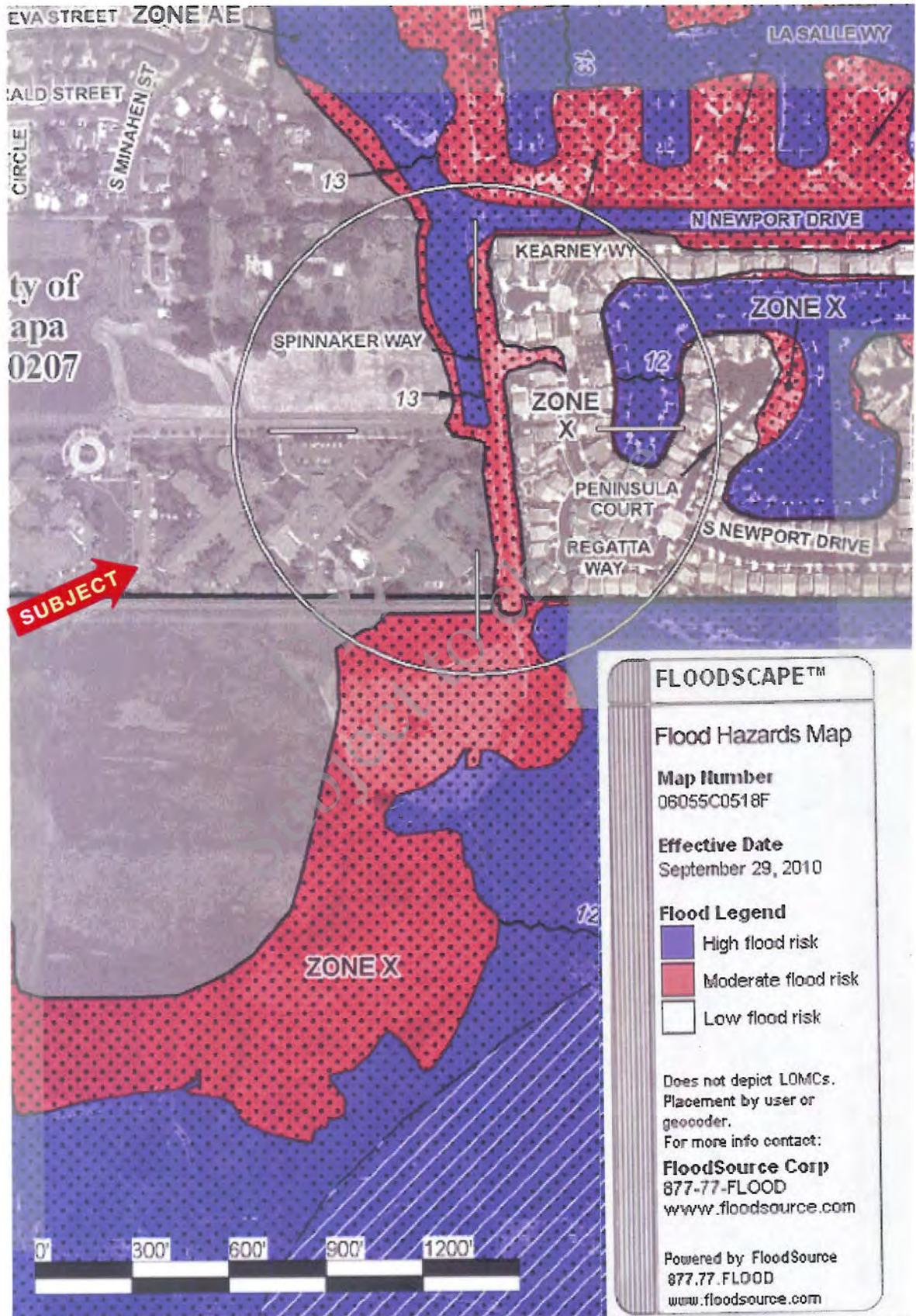
Assessor's Map Bk. 43 Pg. 07  
County of Napa, Calif.  
1961  
REDRAWN FROM 43-09

REVISION	DATE
THRU 55	6-7-04
070-18 TO PG 5 ST	
070-19 PIN TO RD 5-13-04	
070-20 & 21 IIA 12-13-01	
1-8-03	

1	11	08972700 W	47.73
2	12	00741300 E	140.07
3	13	58972600 E	50.00
4	14	00741300 E	58.26
5	15	00741300 W	167.98
6	16	30074100 W	167.98
7	17	08972700 W	116.08
8	18	52974100 W	244.35
9	19	52974100 W	58.64
10	20	52974100 W	114.47

NOTE: This Map Was Prepared For Assessment Purposes Only. No Liability is Assumed For The Accuracy Of The Data Delineated Hereon.

# Flood Map



South Jefferson Street to the east is two-lane, 90 foot, fully improved major north/south commercial arterial through Napa. South Jefferson Street, which becomes a residential thoroughfare south of Imola Avenue, ends at the southeastern tip of the subject site and provides the only access to Atrium Parkway and the subject site. Both of these streets are asphalt paved, with concrete sidewalks and curbs, underground utilities and stanchion-mounted lighting. At the time of our inspection, traffic along both Atrium Parkway and South Jefferson was light.

The subject site is served by all utilities including water and sewer (Napa Municipal), natural gas and electric power by Pacific Gas & Electric. Fire, police, ambulance and paramedic services are provided by Napa.

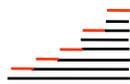
**ACCESS AND EXPOSURE:** The subject site is accessed from both the north (main) and Atrium Parkway (to all buildings) and from South Jefferson Street from the east (south driveway). Interior circulation roads allow access along the subject's southern driveway (from Jefferson) and portions of the western site perimeter. South Jefferson Street, which extends three blocks to the north to Imola Avenue provides the only access to the subject site. The Highway 29/Imola Avenue interchange is located one-half mile to the northwest; the Highway 221/Imola Avenue interchange about 1.5 miles to the northeast.

Although the subject is located at the edge of a residential neighborhood in southernmost Napa, its exposure and visibility of the subject is good in the immediate neighborhood and from the heavily trafficked Highway 29 to the west. Exposure and visibility is blocked to the north and east by adjacent development.

**EASEMENTS OR ENCUMBRANCES:** Although a title report was not available to identify any easements or encumbrances impacting the subject, the site is known to be impacted by typical utility and public sidewalk access easements. The subject site was previously impacted by a 60 foot wide street dedication (Sheveland Lane) which bisected the main building portion of the subject site from the approximate six acres of the subject nursing home portion of the site. This dedication has been vacated as part of the subject's proposed expansion apartment wing. These easements and encumbrances do not appear to adversely affect the subject or its continued operation as a senior housing business, although we recommend a legal review of a current title report.

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.

**ZONING:** The subject site has a RM-20, PD, High Density Multi-Family Residential (Napa) zoning designation which allows one unit per every 2,000 square feet of land area (up to 21.9 units/acre). The existing retirement campus (19.5 total units/beds acre with the proposed expansion; 14.6 units/beds per acre currently) was approved in 1985 after specific project review as a planned development (the proposed expansion was approved in 2015) and has been operating on the site as a legal conforming land uses since 1988.

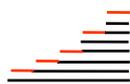


The subject is partially licensed with the California Department of Social Services as a residential care facility for the elderly (assisted living) and with the California Department of Health Services as a long term care nursing facility. Meadows of Napa Valley is also certified with the California Department of Social Services as a continuing care retirement community.

**TAXES AND ASSESSMENTS:** Since passage of Proposition 13, or the Jarvis-Gann Initiative, in 1978, real property in California and San Diego County is assessed at its 1976 value, trended upward at a maximum rate of 2% annually, unless there is a transfer of ownership or new construction. When either of these occur, the property is reassessed at full market value. Furthermore, Proposition 13 limits annual taxes to 1%, plus a small amount for bonded indebtedness, of the assessed value.

The subject is currently assessed at a total of \$36,554,326 (2015/2016) although it is exempt from ad valorem real estate taxes as it is owned and operated by a not-for-profit corporation. The subject is responsible for direct assessments of \$121,118.54 which have been paid as due. If the subject were to be taxed as a for-profit entity, its annual real estate taxes would approach \$500,000 (as is and even higher with the proposed expansion). Because the most likely buyer of the subject is another not-for-profit, it is likely to retain its real estate exemption if it were to be sold to the most likely buyer (or if it were to be taxed, these charges are likely to be passed through to residents in the form of higher monthly fees).

**EXCESS LAND:** None, the site is fully improved to its developable property boundaries.



## DESCRIPTION OF IMPROVEMENTS

The overview discussion of the existing and proposed improvements addressed below was accumulated through a discussion with the subject's owner/operator, our site inspection and review of some site, floor and unit plans. Detailed architectural drawings were not available. An overall partial site/floor plan (east campus only) and full post expansion site plan are provided on the following pages. As is subject photographs are provided on following pages.

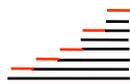
**GENERAL TYPE:** The existing 279 total unit/bed The Meadows of Napa Valley improvements consists of four major building components, including: 1) two, two-story, average to good quality, Class D retirement apartment buildings (the lower level west wings have been converted to assisted living use); 2) connected to a central one story, atrium/commons building; 3) a freestanding one story, Class D nursing home/convalescent hospital; and 4) a freestanding, two story, Class D apartment and memory care building (known as the Villas/Appellation building).

**AGE/CONDITION:** The existing Meadows of Napa Valley was built in three phases in 1988 (atrium buildings and commons area), 1995 (nursing home) and 2009 (Villas/Appellation building). Two wings of the apartment building were converted to assisted living use in 1992/93. The overall condition of the subject is average to good with no evidence of material deferred maintenance and a normal amount of wear and tear. The subject improvements have an estimated total economic life of about 50 years with a chronological and average effective age of about 15 years, suggest a remaining average economic life of about 35 years.

In 2015, the subject began a major, approximately \$73,675,000 campus renovation and expansion. This included vacating/transferring residents from two apartment wings (the F & G wings) which will be razed for the construction of a new, three story 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. This new construction will have a useful life of about 50 years at its completion.

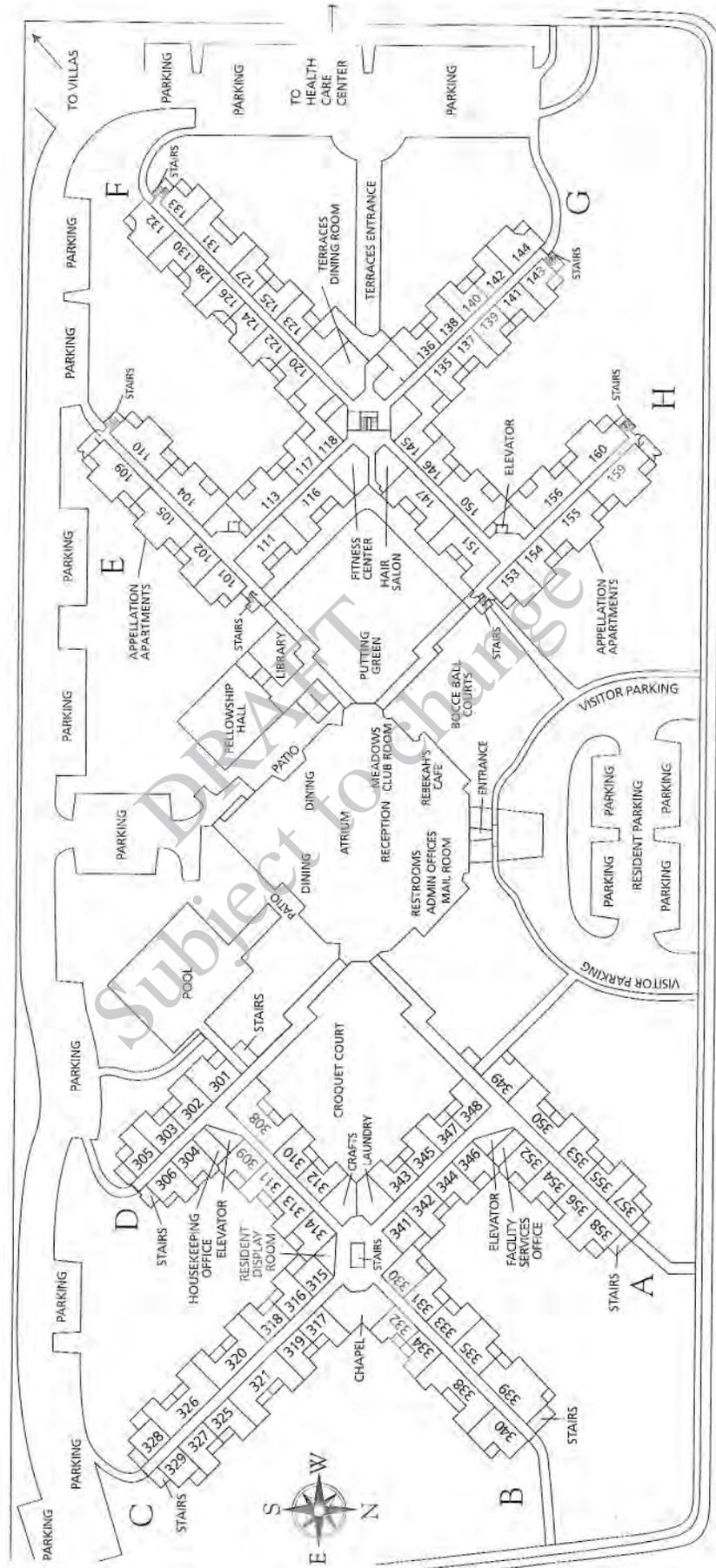
**SIZES/UNIT MIX/BUILDING SIZES:** The subject's unit mix and building sizes by component/building are detailed on following pages. The subject currently includes 279 total units/beds, including 150 congregate apartments (IL/ACLF), 40 assisted living units (AL), 20 licensed memory care units (MC) and 69 licensed nursing beds in 37 rooms (SNF). After the planned expansion and renovations, the subject will include 242 (150 existing + 92 proposed expansion) apartment units (post expansion total campus unit/bed count of 371).

Each major campus component/building includes its own common areas, all within a total existing campus gross building area of approximately 336,011 square feet. Approximately 16,000 in the F & G wings will be razed and 225,706 square feet in new building area will be built (including about approximately 175,688 SF in the expansion wing apartments, 43,018 SF in the expansion building below grade parking garage and 7,000 SF in the new pool building) for a net post expansion campus gross building area of approximately 545,717 square feet.



# Site/Floor Plan – East Buildings Only

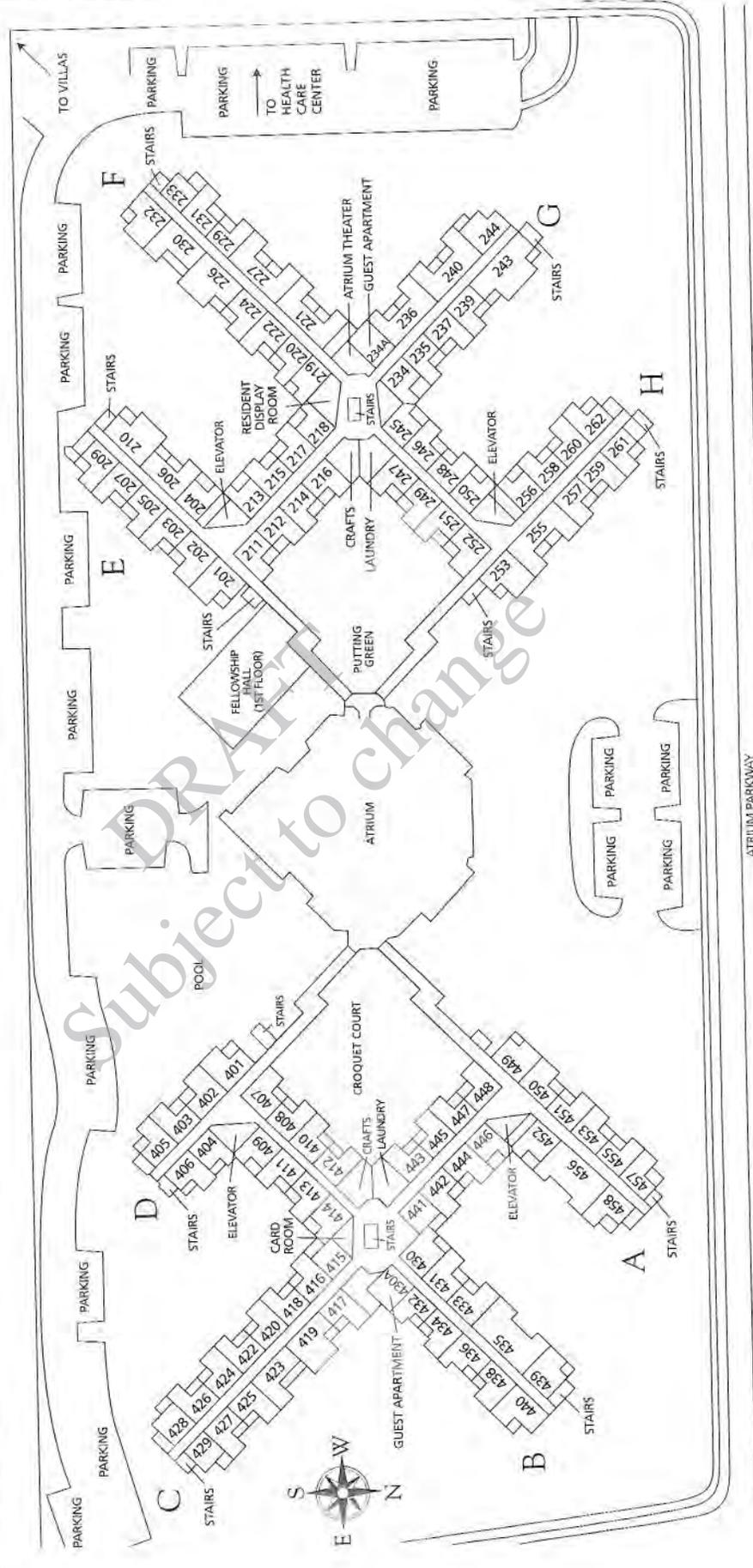
1ST FLOOR



# Site/Floor Plan – East Buildings Only

3. not for profit organization.

2ND FLOOR



Subject to change  
 DR AET



# Site Plan (with Expansion)



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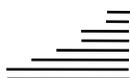
## Rendering of Proposed IL Expansion Wing



Senior Living Valuation Services, Inc.

**MEADOWS OF NAPA VALLEY**  
**ILU UNIT MIX**

<u>Unit Type/Name</u>	<u>No. of Units</u>	<u>Unit Square Footage</u>	<u>Total Square Footage</u>
<b><u>ILU Apartments</u></b>			
<b><u>Existing Units</u></b>			
Alcove Original	2	513	1,026
Alcove Renovated	6	513	3,078
Alcove Appellation	<u>2</u>	<u>513</u>	<u>1,026</u>
Totals Alcove	10	513 (avg.)	5,130
1BR Discount	5	554	2,770
1BR Discount	6	554	3,324
1BR Original	5	554	2,770
1BR Renovated	49	554	27,146
1BR Appellation	14	554	7,756
1BR Deluxe Original	1	571	571
1BR Deluxe Renovated	7	571	3,997
1BR Deluxe Appellation <sup>72</sup>	2	571	1,142
1BR Den Appellation	<u>2</u>	<u>980</u>	<u>1,960</u>
Totals 1BR	91	565 (avg.)	51,436
2BR, 1BA Original	1	722	722
2BR, 1BA Renovated	3	722	2,166
2BR, 1BA Appellation	4	722	2,888
2BR, 1BA Deluxe Original	1	764	764
2BR, 1BA Deluxe Renovated	3	764	2,292
2BR, 1BA Deluxe Appellation	1	764	764
2BR, 1BA Supreme Renovated	1	980	980
2BR, 1BA Supreme Appellation	2	980	1,960
2BR, 1 1/2BA Appellation	6	1,076	6,456
2BR, 2BA Renovated	6	1,050-1,142	6,576
2BR, 2BA Appellation	<u>21</u>	<u>1,050-1,142</u>	<u>23,016</u>
Totals 2BR	49	992 (avg.)	48,584
Totals – Existing IL Units	150	701 (avg.)	105,150
	==	==	====
<b><u>Proposed Expansion Units</u></b>			
1BR, 1BA	12	1,080-1,120	13,080
2BR, 2BA	<u>80</u>	<u>1,530-2,470</u>	<u>134,160</u>
Totals- Expansion IL Units	92	1,600 (avg.)	147,241
	==	==	====



**MEADOWS OF NAPA VALLEY**  
**COMPONENTS OF GROSS BUILDING AREA BY BUILDING- POST EXPANSION**

	<u>No. of Units</u>	<u>Average Unit Sq. Ft.</u>	<u>Estimated Total Sq. Ft.</u>
<b><u>Main Atrium Buildings</u></b>			
<b>Independent Living Units-</b>			
Existing IL Apartments	110	652	71,744
Expansion IL Apartments (proposed)	<u>92</u>	<u>1,600</u>	<u>147,241</u>
Total Rentable Area- IL Units	202	1,084	218,985
<b>Assisted Living Units-</b>			
One Bedroom, 1BA	33	513-571	17,886
Two Bedroom, 2BA	<u>7</u>	<u>722-980</u>	<u>5,957</u>
Total Rentable Area- AL Units	40	596	23,843
Common Areas/Circulation			159,860
Underground Parking Garage (proposed)			<u>43,018</u>
Gross Building Area- Main Atrium Buildings			445,706 =====
<b><u>Appellation/Villas Building</u></b>			
Existing IL Apartments	40	835	33,406
Memory Care Studio Rooms	<u>20</u>	<u>300 (est.)</u>	<u>6,000</u>
Total Rentable Area- IL/MC Units	60	657	39,406
Common Areas/Circulation			<u>20,605</u>
Gross Building Area- Appellation/Villas Building			60,011 =====
Pool Building			7,000 =====
<b><u>Health Center-</u></b>			
Private	5/5 Beds	200 (est.)	1,000
Semiprivate	<u>32/64 Beds</u>	<u>250 (est.)</u>	<u>8,000</u>
Total Health Center	37/69 Beds	216	9,000
Common Areas/Circulation			<u>24,000</u>
Gross Building Area- Health Center			33,000 =====
Gross Building Area- All Campus Buildings			545,717 =====

Source: On site management. All units and building sizes are approximations. No units or buildings were (counted or) measured by appraiser. 336,011 SF existing – 16,000 SF to be razed + 225,706 SF to be built.



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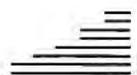
**SUBJECT PHOTOGRAPHS**



Commons Building



Commons Building Entry



Senior Living Valuation Services, Inc.

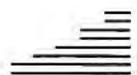
**SUBJECT PHOTOGRAPHS**



Atrium Lounge



Rendering of Atrium Lounge Proposed Upgrades

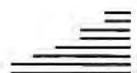


Senior Living Valuation Services, Inc.

**SUBJECT PHOTOGRAPHS**



Atrium Common Area Dining Room

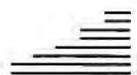


Senior Living Valuation Services, Inc.

**SUBJECT PHOTOGRAPHS**



Atrium Common Areas



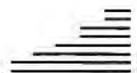
**SUBJECT PHOTOGRAPHS**



Typical Connecting Wing Pod



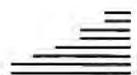
Typical Apartment Corridor



**SUBJECT PHOTOGRAPHS**



Typical Apartment Interiors

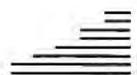


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**SUBJECT PHOTOGRAPHS**



Typical Apartment Building Exteriors

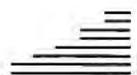


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Approximate Location of IL Wing Expansion

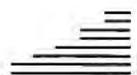


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To Be Razed Apartment Wings

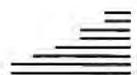


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Villas (Assisted Living) Apartment Building



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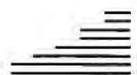
**SUBJECT PHOTOGRAPHS**



Villas (AL) Main Entry Lobby



Villas (AL) Building Corridor



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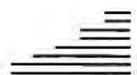
**SUBJECT PHOTOGRAPHS**



Villas (AL) Apartment Common Areas



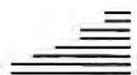
Dining Room



**SUBJECT PHOTOGRAPHS**



Typical Villas (AL) Room Interiors



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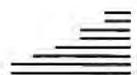
**SUBJECT PHOTOGRAPHS**



Appellation Courtyard



Health Center Courtyard



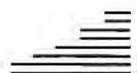
**SUBJECT PHOTOGRAPHS**



Health Center



Health Center Entry



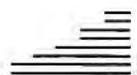
**SUBJECT PHOTOGRAPHS**



Typical Nursing Room Interior



Nursing Building Entry



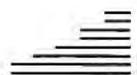
**SUBJECT PHOTOGRAPHS**



Interior Site Landscaping



Outdoor Pool



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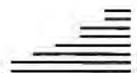
**SUBJECT PHOTOGRAPHS**



Southern Driveway



Northwest Site Parking Reconfiguration



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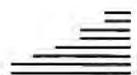
**SUBJECT PHOTOGRAPHS**



Subject from Atrium Parkway & Jefferson



Eastern Site Boundary (along Jefferson)



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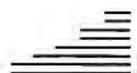
**SUBJECT PHOTOGRAPHS**



Nurses Station



Health Center Dining Room



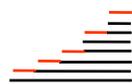
**STRUCTURAL AND EXTERIORS:** The two story main residential building improvements and one story, atrium/commons building consist of a wood frame and floors structure over a slightly above grade concrete slab. The wood frame and floor improvement rest below sloped wood frame roofs with a red tile covering. The two irregular "X" shaped residential building improvement are located on opposite sides of the square central building connected via four enclosed walkways, forming large open interior courtyards. The one story central building is a wood frame at grade structure with a raised (two story) roof sloping to a large central skylight and cupola, creating a large interior atrium. The building entry facing north includes a large porte cochere. The freestanding one story health center building improvements consist of a wood frame and floors over a slightly above grade concrete slab. The wood frame and floor improvement rest below sloped wood frame roofs with a red tile covering. The building entry include an extended covered walkway (not a porte cochere) oriented to the northeast. The freestanding Villas/Appellation building is a two story wood frame structure with a sloping wood truss roof with clay tile cover and overhangs; this building is oriented to the south. The building entry is covered below a second floor extended balcony (not a porche cochere).

The expansion unit apartment wing will be three stories above a concrete slab foundation above a concrete reinforced below grade parking garage. The wood frame and floor proposed wing will rest below sloped wood frame roofs with a red tile covering. The new C-shaped wing will attach to the west atrium building at the location of the current F & G wings which will be razed.

The building improvement facades are basically stucco with inset balconies or decks with wood rails in the apartment building wings (the new apartment building wing includes concrete, stone and brick accents and more extensive stacked glass window lines and includes decorative parapets). These decks and the irregular building lines in all buildings prevent a monolithic appearance in all buildings. The commons, new apartment wing building and health center building exteriors include more decorative elements and windows with muntin treatments, with an overall Spanish mission decor. Door types vary throughout the development including several corridor fire doors, solid wood unit doors, interior hollow unit doors, and glass exterior doors with above average hardware.

Interior ceilings consist/will consist of painted gypsum board and/or dropped acoustical ceiling for mechanical equipment and inlaid fluorescent lighting in all hallway corridors and some common areas. The central commons atrium facility (part of the planned renovations) has a raised pitched ceiling to the large skylight with exposed beams and decorative columns. The Villas building entry lobby is partially open to the second floor. All buildings contain a fully automatic sprinkler system. Interior walls are painted with trim molding, decorative unit door treatments and continuous wood rails. The majority of the improvement floor area are carpeted except for utility common areas and unit baths/kitchen areas which include vinyl tiling. The health center patient room interiors and portions of the common areas include vinyl tiling; some commons building interiors include stone tiling.

**MECHANICAL:** The subject has adequate lighting, plumbing and fixtures. The HVAC system consists of an individual unit/room, wall-mounted unit controlled package heating system. Common area HVAC consists of a forced air system. The two story apartment wings include four 2-stop hydraulic elevators, two in each major residential building (east and west) and several stairwells (exterior stairwells were only recently added); the Villas apartment building includes two, two stop hydraulic elevators and several stairwells. The proposed apartment building wing will include, two, four level elevators and several stairwells.



**INTERIORS:** Based on our site inspection, unit interiors are functional and competitive for its multiple level congregate/assisted/skilled nursing uses. The campus will include (post expansion) 242 total congregate living apartment units (150 rentable units currently and 92 expansion units) including within the existing units a unit mix of: 10 (7%), 513 square foot alcove studios; 91 (61%), 554 to 980 square foot one bedroom, one bath units; and 49 (33%), 722 to 1,142 square foot two bedroom or suite units with 1 to 2 baths. The overall square footage of the existing congregate living apartment units is a smallish 701 square feet although the apartment units in the Villas building are larger than in the atrium buildings. Over the years, the subject has combined adjacent units to create more market favored larger units.

The expansion unit mix is proposed include 10 (11%), one bedroom, one bath units of 1,080 to 1,120 square feet and 82 (89%), two bedroom, two bath units of 1,530 to 2,470 square feet. The average square footage of the expansion apartments is a very large 1,600 square feet (more than double the existing units). Main building floor and unit plans for both existing and proposed units are provided on the following pages.

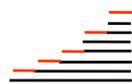
The assisted living unit mix (a 1992/93 conversion of the congregate apartments in the two lower level western wings) includes 40 total units including 33, 513 to 571 square foot one bedroom units and seven, 722 to 980 square foot two bedroom units. The overall square footage of the assisted living units is a large 596 square feet. The 20 memory care units are studios of about 300 square feet.

The health center includes 69 licensed beds in 37 rooms, including 5 one bed private rooms of about 200 square feet and 32 two bed semiprivate rooms of about 250 square feet.

Each unit is entered from a central corridor into the unit's main living area. All apartment/assisted living units contain individual heat/air conditioning units, smoke detectors, sprinkler system and an emergency call system, cable TV, full baths and kitchenettes. Unit baths include sink with vanity, water closet and walk-in showers with grab bars and emergency pull cord. Unit kitchens include a half length refrigerator, overhead baseboard and sink above wood cabinets and a small, two burner stove. Each unit contains living room and bedroom closet space. Bedrooms contain an emergency pull cord. Each unit has access onto an exterior recessed balcony or first floor patio. Balcony decks are accessed via a full length sliding glass door. The expansion unit apartments will include full kitchens, washer/dryer units, dens in larger units and small exterior patios/decks.

The memory care rooms and nursing patient rooms are smaller studio units without kitchens but with individual bathrooms. The nursing rooms which have an irregular configuration include hospital bed, dresser and privacy curtains. Residents can furnish these rooms themselves or they can be provided. All units/rooms have emergency call systems monitored at a central location.

Each of the major buildings/campus components include their own common areas that include resident lounges, clinic/visiting doctor's offices, common area dining rooms, aide or nursing stations, therapy rooms and common area shower rooms in the nursing building. The Villas/Appellation building includes a small locked memory care wing with its own common areas lounges, offices and warming kitchen. The health center is arranged into five residential pods with their own small common areas including common area dining and lounge areas. Each floor of the apartment buildings includes storage areas, resident laundry areas and limited common area rooms.

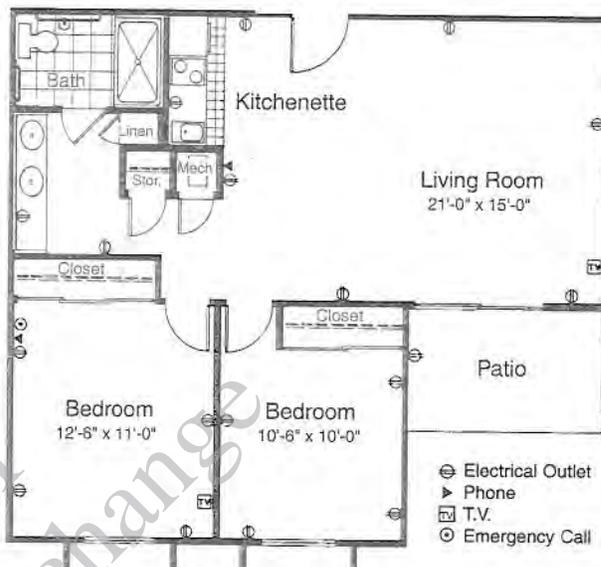


# Unit Plans – Existing Units

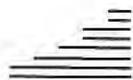
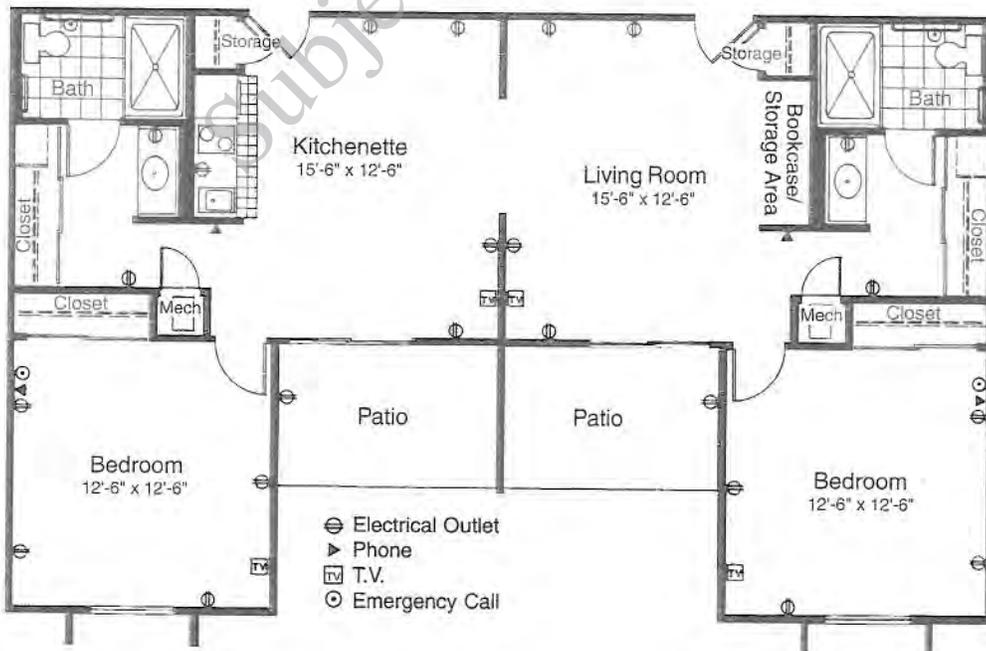
Two-Bedroom Standard Apartment  
764 Sq. Ft.



Two-Bedroom Deluxe Apartment  
851 Sq. Ft.



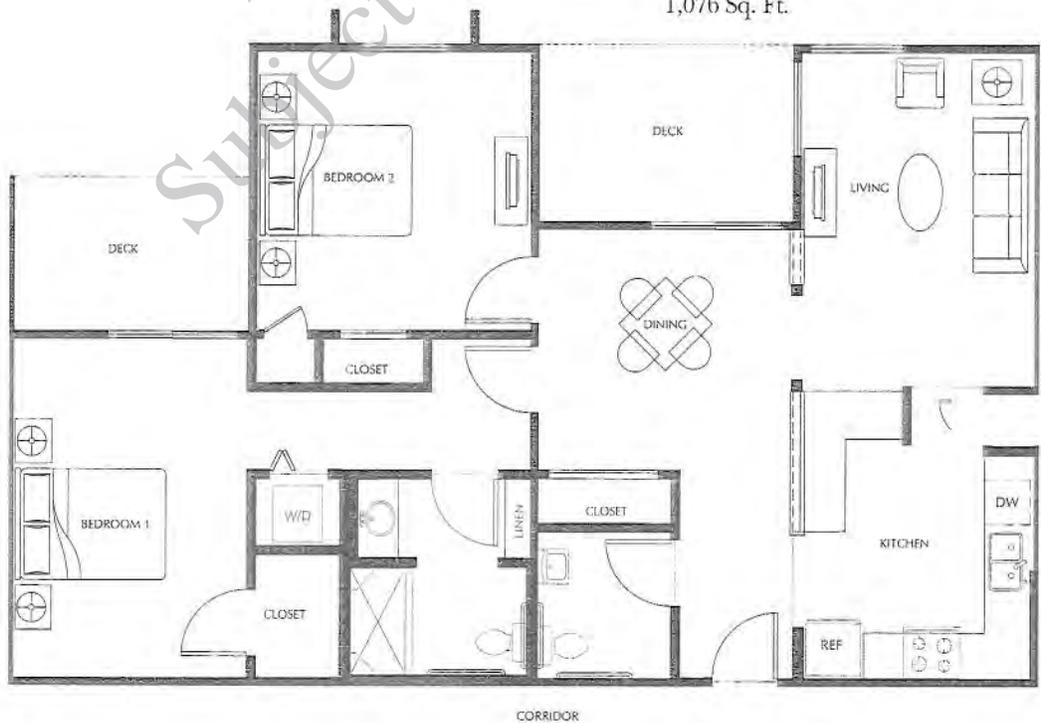
Two-Bedroom, Two-Bath Suite  
1,142 Sq. Ft.



# Unit Plans – Existing Units



Two-Bedroom, 1 Bath  
Appellation Apartment  
722 Sq. Ft.



Two-Bedroom, 1.5 Bath  
Appellation Apartment  
1,076 Sq. Ft.



# Unit Plans – Existing Units

Alcove – Studio Apartment  
513 Sq. Ft.



One-Bedroom Standard Apartment  
554 Sq. Ft.



One-Bedroom Deluxe Apartment  
571 Sq. Ft.



# Representative Unit Plans – Expansion Units

## STAGS' LEAP

Living Space: 975–1085 SQ. FT. • Deck: 80 SQ. FT.



## OAK KNOLL

Living Space: 1475–1516 SQ. FT. • Deck: 80 SQ. FT.



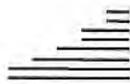
## HOWELL MTN.

Living Space: 1615–1663 SQ. FT. • Deck: 80 SQ. FT.



## MT. VEEDER

Living Space: 2350–2403 SQ. FT. • Deck: 2 X 80 SQ. FT.



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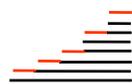
The focal point of the development is the central atrium connected to the congregate residential building wings via enclosed ground floor walkways. This central commons building (which will be renovated) includes the central atrium seating area, office space, beauty salon, public restrooms, the main lobby/reception area, an activity/billiard room, a recreation room, two main dining areas, two private dining rooms, the facility's main commercial kitchen areas, an exercise room, various mechanical and storage rooms, spa and exercise room. The nexus of the residential buildings on the first and second floors contain additional common areas including a chapel, lounges, arts and crafts rooms, resident laundry rooms, an art gallery, a library, a card room and a movie lounge. The overall quality of interior improvements is average (atrium buildings) to above average (Villas/Appellation, nursing building and the proposed apartment expansion wing) for a multiple level retirement project.

**LANDSCAPING AND PARKING:** The development's parking is located in several open asphalt paved, exterior parking areas which surround the main apartment building on three sides and separately to the east of the health center. Total on-site parking includes space for about 225 cars (0.8/unit/bed) which includes almost completed/new parking reconfigurations in the northwest corner of the site. The proposed expansion wing below grade parking garage will include about 100 new fully improved parking spaces.

An interior circulation road extends from the northwest of the site (Atrium Parkway cul-de-sac) to the southeast corner (South Jefferson Street) and around the southern and western portion of the Atrium/Appellation building. Off-street parking is available along Atrium Parkway and Jefferson Street. On site parking is adequate as many subject residents do not drive.

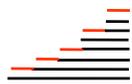
Facility landscaping consists mainly of large grassy areas and younger trees along the perimeter of the subject buildings and in the large open interior landscaped courtyards between the apartment wings and commons building and between health center pod buildings. The site currently include an exterior small pool located south of the commons building which will be replaced with a pool building. Additional landscaping includes several mature oak trees, mild berming, concrete walkways, shrubs and various ground covers including some flowering perennials. The site's southern and western boundaries are marked by a short chain link fence (and a partial shrub line to the south). The site is open to the north and Atrium Parkway and to the east and Jefferson Street. Overall site landscaping is pleasant but average; the subject's overall street appeal is average.

**FUNCTIONAL UTILITY/CONCLUSIONS:** Overall, the functional utility of the existing and proposed overall site layout, exteriors, floor and unit plans and common areas in each of the subject's varied living and common areas are adequate, functional and competitive within their individual market segments. The campus' separate buildings/wing allocations allows for adequate segregation of residents of differing frailty and dependence. The existing apartment unit mix has a fairly homogeneous unit mix, with about 61% of similar and smallish one bedroom units (for independent congregate living). The proposed expansion apartment units are much larger and include 89% two bedroom units. Because the assisted living units are apartment unit conversions, they are larger than average. The Villas/Appellation and health center buildings are newer and good quality with an overall residential and non institutional living environment.



The subject is an overall average sized/scaled multiple level retirement community with larger than average care components (60/242 or 25% AL/MC to ILU ratio; 69/242 or 29% SN/ILU ratio). The existing improvements have an overall average quality - we would anecdotally rank the current subject physical improvements at about the 50th percentile of all comparable multiple level retirement projects. The subject has been well maintained; it reflects its approximate current 15 year old average effective age. The proposed apartment wing will rank at about the 80<sup>th</sup> percentile in overall quality and with the proposed renovations, will push the subject to the approximately the 67<sup>th</sup> percentile (33% above, 67% below) of all multiple level retirement communities in overall quality and living environment.

DRAFT  
Subject to change



## MARKET ANALYSIS

### Introduction

The elderly are by far the fastest growing population segment, whether expressed in percentage increase or actual number of persons. Although not as well documented statistically, the elderly have more money than ever before because of social security, pension programs, savings and the substantial increase in the market value of their residences. Most of them are active and in reasonably good health. This increased health and life expectancy lends them to seek life enriching activities through an independent lifestyle that provides assistance when needed.

### Industry Overview

The housing industry for the elderly can be classified by the three major types of buyers: the active elderly (go-gos), intermediate (slow-gos) and the person who needs constant care (no-gos). Active retirees want recreational amenities with the housing they buy. They want a golf course, tennis courts, swimming pool, walking and bicycle path, saunas and spas. They want to be near good places to eat and to be able to enjoy a wide range of cultural activities and travel opportunities.

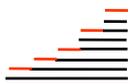
Intermediate retirees want a congregate-type of lifestyle that allows them independence yet gives them the opportunity to take part in quiet activities such as arts and crafts. Retirees in this intermediate classification also will look for transportation to shopping, banking or medical offices, some mild form of recreational activities, such as swimming and golf, plus the opportunity to socialize in a common dining room or lounge area.

Retirees who need constant care are concerned with medical assistance. They will look for facilities that offer services and conveniences that will make their lives more comfortable. Also, they will want a medical center where they can go when their health fails. The needs of these retirees can be met in a skilled nursing facility or an assisted living facility (residential care). The subject is targeted at all three types of seniors.

From a real estate and financial perspective, housing for the elderly is complex to analyze as they usually represent a combination of other businesses. The major types of homes for the elderly include:

Congregate Housing (ACLF, sheltered or enriched housing): Specially planned, designed and managed multi-unit rental housing typically with self contained apartments. Supportive services such as meals, housekeeping, transportation, social and recreational activities are usually provided. In California, as is the case in most States, these facilities are not licensed.

Assisted Living (ALF, personal care or residential care): Group living arrangements that provide staff supervised meals, housekeeping and personal care (assistance with bathing and medication) and private or shared sleeping rooms. These facilities are generally licensed and must meet designated operating standards including minimum staff requirements. In California, these facilities must be licensed by the California Department of Social Services, and are formally known as residential care facilities for the elderly (assisted living). The State of California does not allow



for Medicaid waiver reimbursement for qualifying assisted living projects. Memory care is considered as a specialized form of assisted living care, under the same residential care facility for the elderly licensure.

Care Facilities (SNF, skilled nursing or intermediate care) skilled nursing and intermediate care facilities (commonly known as nursing homes) are both operated under the guidance of a licensed administrator with licensed nurses and aides providing around the clock nursing care, generally one step below that offered at an acute care hospital. In California, these facilities must be licensed with the California Department of Health Services. A certificate need is not required for a new facility or bed additions.

Life Care Complex (CCRC, life care community, continuing care, campus complex): A housing development planned, designed and operated to provide a full range of accommodations and services for older adults, including independent living, congregate housing and medical care. Residents may move from one level to another as their needs change. Life care complexes typically charge a buy-in fee (sometimes refundable) in addition to a monthly maintenance fee for services.

Age Restricted Housing: Developments that offer home ownership and/or rental units for older persons. Support services often are available for a fee.

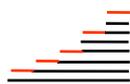
An additional overview of the different senior housing property types and their characteristics is provided on the following page.

### **Subject Description**

Meadows of Napa Valley is an existing, not-for-profit, Type B (limited health care discounts) continuing care retirement community (CCRC), including 279 total units/beds with 150 independent living apartments, 40 assisted living units, 20 memory care units and 69 nursing beds.

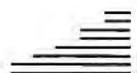
A CCRC is an organization established to provide housing and services, including health care, to people of retirement age. At a minimum, the community meets each of the following criteria:

- 1) It has independent living units and health care facilities, such as congregate living, personal care and intermediate and/or skilled nursing care, or provides for such care;
- 2) It offers a contract that lasts for more than one year and guarantees shelter and various health care services; and
- 3) Its fees for health care utilization are typically (but not always) less than the full cost of such services and have been partly prepaid by the residents through the entry fees.



**COMPARATIVE SENIOR HOUSING PROPERTY TYPE CHARACTERISTICS**

<u>Feature</u>	<u>Age Restricted Apartments (IL)</u>	<u>Congregate Living Units (ACLF)</u>	<u>Assisted Living Units (ALF)</u>	<u>Alzheimer/Dementia Units (ALZ)</u>	<u>Skilled Nursing Beds (SNF)</u>
Average Age	65-80+	75-85+	80-90+	70-90+	80+
Resident Function Level	Independent, Most Drive	Mostly Independent, Some Drive	Physically or Cognitively Frail, Few Drive	Significant Cognitive Impairment, None Drive	Significant Physical Impairment, None Drive
Purchase Decision Maker	Senior	Senior	Adult Child	Adult Child, Doctor	Adult Child, Doctor
Third Party Payment Source	None (sometimes Section-8)	None	Limited (SSI, Medicaid)	Limited	Extensive (Medicaid, Medicare)
Living Arrangements	Material Number of Couples	Some Couples	Mostly Female, Living Alone	Mostly Female, Living Alone	Mostly Female, Living Alone
Buyer Motivation	100% Housing & Security	50% Services 50% Housing & Security	67% Services 33% Housing	75% Services 25% Housing	75% Services 25% Housing
Services Offered	Recreation	Meals, Housekeeping, Recreation	Meals, Housekeeping, Recreation, Living Assistance	Meals, Housekeeping, Recreation, Living Assistance	Meals, Housekeeping, Recreation, Health Care
Average Monthly Rent	\$500-\$2,000	\$1,500-\$4,000	\$2,000-\$6,000	\$2,500-\$8,000	\$3,000-\$9,000
Average Annual Operating Expense/Unit	\$5,000/	\$30,000/	\$40,000/	\$45,000/	\$73,000/
Operating Margin Before Debt Service	40%-70%	25%-45%	20%-35%	20%-35%	5%-20%
Licensed by State	No	No	Yes	Yes	Yes



A CCRC complex such as the subject is a combination of a) an apartment project; b) a hotel offering meals, housekeeping, and transportation; c) a medical facility offering less intensive medical care than that offered by a hospital, and d) a social club or recreational center offering activities. Newer entry fee communities usually contain a greater number of larger units to accommodate the more active elderly and are developed and sometimes operated for profit, have higher total expenses and operating costs than other senior facilities, and to date, have been rarely sold after fully occupied. Of approximately 1,300 true entry fee projects around the country (about 100 in California), about 80% are owned by not-for-profit operators and 20% by for-profit operators. There are currently about 30 to 40 entry fee communities under development around the country in early 2016.

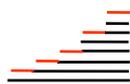
In California, CCRC's (actually the contracts) must be certified with the Department of Social Services, Continuing Care Section. This certification is necessary for all projects offering residents a continuing care contract. The basis of the contract is the receipt of an endowment/entry fee from a potential resident conditioned upon an agreement to furnish housing and lifecare (residents do not usually buy real estate, but right of occupancy and healthcare). State licensing requires that at least 50% of the contracts be subscribed by residents before licensing (evidenced by a minimum 10% down payment), specific deposit subscription and escrow fund requirements, reporting and disclosure requirements and minimum reserve fund accounts.

Meadows of Napa Valley is certified with the California Department of Social Services as a continuing care retirement community. The subject's 20 memory care units are currently licensed as residential care facility for the elderly with the California Department of Social Services. The subject's 69 skilled nursing beds are currently licensed with the California Department of Health Services. As of January, 2016, the subject had an overall campus occupancy of approximately 92.5% (258/279). A summary of subject amenities is provided on the following page; detailed pricing sheets are provided in the Addenda.

Under the proposed Meadows of Napa Valley continuing care agreement, the subject accepts as residents of the independent living patio home units persons at least 62 years of age who are able to function independently at the time of admission, and who have sufficient financial resources to pay the entrance fee, monthly service fees and other expenses associated with independent living. Under the terms of the residence agreement, the resident agrees to pay an initial entrance fee and a monthly service fee which entitle the resident to occupy an independent living apartment unit for a lifetime, subject to certain conditions outlined in the agreement. Residents receive a refund (after a probationary period) under two major entry fee plan options, summarized below:

1) **90% Refundable Plan**- a 90% refund of their entry fee paid (not the resale fee, the entry fee paid when they moved in) upon death, voluntary withdrawal or permanent transfer to care units/beds. The entry fee under this plan option is higher, with the resident receiving one meal per day and weekly housekeeping and linen service. Under this plan option, residents are also guaranteed access to the campus care components and receive a 25% discount from full market care unit market rents/rates;

2) **Non Refundable Amortizing to Zero Refundable Plan**- a declining refund is made based on the length of stay in the apartment units. The amount of the refund amortizes downward to a zero refund after 60 months (five years). Therefore, after 60 months of occupancy, no refund would be made. The entry fees under the amortizing to zero refund plan option are lower than under the 90% refundable plan option (about 49% lower). The monthly fees and health care benefit are the same.



## Subject Amenities

### RESIDENTIAL LIVING SERVICES AND AMENITIES

The Meadows of Napa Valley offers a retirement lifestyle that combines gracious residential living with convenience and affordability. And because there are four levels of care available on campus, residents enjoy peace of mind knowing that Assisted Living, Memory Care, and Skilled Nursing Care and Rehabilitation are available, should the need for these services arise.

Our many services free up your day so you can enjoy the variety of social and recreational activities coordinated by our friendly staff.

- Delicious meals prepared by our Executive Chef
- Deluxe Continental breakfast served daily
- Fabulous Sunday Champagne Brunch
- Main Dining Room
- Rebekah's Cafe
- Fireside Lounge and Bar
- Fitness Center
- Outdoor Heated Pool
- Hair Salon
- Gift Shop
- Billiard and Game Room
- Croquet Court (coming soon)
- Bocce Court
- Putting Green
- Hobby Center
- Movie Theatre
- Library
- Chapel
- Weekly housekeeping
- Round-the-clock concierge and security
- Extended basic cable TV
- Individually controlled heating and air conditioning
- Emergency alert call system in each apartment
- Complimentary laundry facilities
- Special events
- Organized social activities and entertainment
- Scheduled transportation



# Subject Amenities

## THE HEALTH AND REHABILITATION CENTER SERVICES

The Health and Rehabilitation Center at the Meadows offers both short-term skilled nursing care for individuals recovering from illness or injury, and long-term care for individuals needing more extensive nursing services. We also offer an outstanding Rehabilitation Program featuring state-of-the-art therapeutic modalities.

### Skilled Nursing Services and Amenities

- Laboratory services
- Radiology
- Rehabilitation and Therapy services:
- Physical therapy
- Occupational therapy
- Speech therapy

### MEMORY CARE AT THE VILLAS

At the Meadows, we offer a program created exclusively for the care of people with Alzheimer's and other types of cognitive impairment. Our Memory Care at the Villas uses three components (physical space, special programming, and the people in residents' lives) that work in harmony to produce optimal support for residents with dementia.

This program has proven to improve the levels of functioning in residents with dementia; to encourage residents to participate in more socialization and self-care activities; and to decrease wandering, anxiety, and restlessness.

For a complete list of services offered through Memory Care at the Villas, please ask your Marketing Representative for details.

## ASSISTED LIVING SERVICES AND AMENITIES

Our "Levels of Care" Assisted Living Program was designed with the understanding that people have different needs, and therefore they require different types of services and support. Our program offers eight levels of assistance, so you pay only for the services you need. For details about the services provided in each level, please contact the Assisted Living Resident Services Coordinator.

### Basic Assisted Living Services

- Three meals a day
- Weekly housekeeping with daily trash removal
- Weekly personal laundry service
- Weekly flat-linen service
- Emergency alert call system
- Interior and exterior maintenance
- Groundskeeping
- Paid utilities: water and electricity
- Basic cable TV service
- Social and recreational programs
- Assistance with making medical and dental appointments
- Transportation to local medical and dental appointments
- Caregivers on duty 24 hours a day, 7 days a week
- Protective oversight of health status
- All resident care provided by Certified Nursing Assistants

### Services for an Additional Fee

- Assistance with bathing, dressing, and personal care
- Assistance with medication administration
- Additional assistance communicating with medical professionals, as needed
- Escort to meals and activities
- Mechanically altered meals
- Daily housekeeping services
- Additional personal and flat-laundry services
- Beauty/barber shop
- Pharmacy services
- Physical, occupational, and speech therapies (available in the Meadows Care Center)
- Special medication handling
- Verbal directing and behavioral interventions for residents with mild memory-impairing conditions
- Health status checks at regular intervals
- Incontinence management



The subject also offers a fee for service rent only (no entry fees) option within existing units; it will also offer an alternate 50% Refundable plan option within the expansion units. Entrance fees under the 90% Refundable Plan option are currently \$207,100 to \$598,300 (average \$330,977; \$167,909 average under the amortizing to zero refund plan option). Monthly service fees for single residents will range from approximately \$1,418 to \$4,003 (average \$2,658), also depending upon the type of living unit. The monthly fees under the rent only option are approximately 33% to 35% higher than under the entry fee plan option (range of \$1,890 to \$5,337, average of \$3,543). The rent only option will not be available within the expansion units.

Services provided to residents at no additional cost include one meal per day (plus continental breakfast), weekly housekeeping and laundry linen/towel service, building and grounds maintenance, custodial service, scheduled transportation service, all utilities except telephone and cable television, special diet and tray service when approved by a physician, planned activities, parking, use of all common and activity areas and programs, an emergency call system, wellness programming, storage, legal guaranteed access to the care center and facility security. The entry fee residence agreement also entitles residents guaranteed access to health care at approximately 25% discounts from full market assisted living/memory care/skilled nursing full market rents/rates; the rent only units are fee-for-service for any health care transfers (no discounts). Monthly service fees are subject to increase at the discretion of the owner upon 30 days notice to the residents.

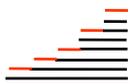
### **Market Area Definition**

Our experience in analyzing senior housing indicates that these facilities have a total target market area of approximately 20 to 30 miles from the site. This area represents a reasonable driving distance for relatives and friends and reflects the fact that most elderly do not move great distances when choosing the elderly housing option. A primary market area is generally defined as an area from which a facility will draw about 70% of its residents. The other 30% are typically relocated to the market area by their adult children who live or near the primary market area. Perhaps more important than a strict definition of market area based on distance, is the overall character of the development's environment, whether it be urban, suburban, or small town/rural.

In our opinion, the primary market area for the subject probably extends about seven miles outward from the subject site. This would include all of developed Napa, extending to Yountville to the northwest and American Canyon to the southeast (but not to Sonoma to the west). This definition of primary market area is conservative, but consistent with the prior residences of current subject residents. Entry fee campuses tend to draw from wider/larger market areas than rental retirement communities.

### **Competitive Facility Supply**

During the course of our appraisal, we identified those existing and proposed projects which would allow us to assess the market value, market attractiveness and overall competitive market environment of the subject overall and its individual components. Our survey is broken down into three major categories of senior facilities:



# Primary Market Area (7 Mile Ring)

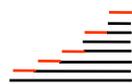


- 1) Regional Entry Fee Facilities - All licensed entry fee retirement facilities in the North Bay. Some of these projects are comparable to the subject but none are directly competitive due to distance;
- 2) Market Area Rental Senior Housing Facilities - All larger, high end congregate rental and assisted living projects impacting the subject's immediate market area. These projects are currently and will remain directly competitive with the subject;
- 3) Market Area Long Term Care Facilities - All licensed nursing facilities impacting the subject's market area. These projects compete with the subject's nursing beds/component.

**Regional Entry Fee Facilities** – As shown on the following pages, the subject is the only entry fee CCRC located within or even near its seven mile primary market area; the nearest regional CCRC to the subject is about 23 miles to the east in Fairfield. Due to the distances involved, these facilities do not compete directly with the subject although several have many similar characteristics, amenities and living environments. Seven of the 10 projects surveyed offer cottage type units (which the subject does not).

All but two of the projects surveyed are not-for-profits (all except for Nos. 7 and 8). Only Nos. 7 (Varenna) and 8 (Fountaingrove Lodge) have been built in the past ten years. Two of the projects have condominium structure pricing structures (No. 3/Smith Ranch Homes and 4/Villa Marin). No. 8 (Fountaingrove Grove) has a retired LGBT affinity target market. The average occupancy of the existing surveyed regional entry fee projects is about 91.4%.

The entry fee projects surveyed can be summarized as follows:





**MEADOWS OF NAPA VALLEY  
CENSUS OF REGIONAL ENTRY CCRC FEE FACILITIES**

(continued)

No.	Name/Location	Yr. Built/ Miles from Subject	Total Unit/Beds		ILU Unit Type	ILU Unit Sizes	Entry Fee		Monthly Fee		Reported Occupancy
			ILU	SNF			Entry Fee (Refund Option)	Entry Fee/ SF	Monthly Fee	Mo. Fee/SF	
6.	Aldersly 326 Mission Avenue San Rafael (415) 453-9827	1921-2004/+ 35	57	20	30	370-390 450-700	\$99,000-\$108,000 \$160,100-\$229,000 (amortizable)	\$267-\$277 \$327-\$356	\$3,386 \$3,504-\$4,839	\$8.68-\$9.15 \$6.91-\$7.79	88%
7.	Varenna 1401 Fountaingrove Parkway Santa Rosa (707) 526-1226	2006/36	163 (27 Cottages)	0	60	530 857-956 867-2,775 2BR Cottage 1,316-2,095	\$204,500 \$251,500-\$397,000 \$366,000-\$1,103,500 \$618,500-\$1,424,500 (% refundable)	\$386 \$415-\$418 \$398-\$422 \$470-\$561	\$2,495 \$2,700-\$3,465 \$3,265-\$5,915 \$4,475-\$6,795	\$4.71 \$3.62-\$4.49 \$2.13-\$3.37 \$2.68-\$3.40	97%
8.	Fountaingrove Lodge 4210 Thomas Lake Harris Santa Rosa (707) 584-6595	2013/36	70	0	22	833-950 1,180-2,001 2,001 1BR Cottage 833 2BR Cottage 1,180-1,341	\$295,500-\$389,500 \$449,500-\$719,500 \$740,000 \$399,500 \$499,500-\$579,500 (% refundable)	\$354-\$410 \$381-\$393 \$370 \$480 \$423-\$432	\$2,545-\$3,600 \$2,870-\$5,525 \$5,150 \$3,795 \$4,225-\$4,525	\$3.05-\$3.79 \$2.43-\$3.01 \$2.57 \$4.56 \$3.37-\$3.58	70%
9.	The Tamalpais 501 Via Castias Greenbrae (415) 461-2300	1970 s/37	240	52	11	425 625-765 1,100	\$81,600 \$153,500-\$344,900 \$363,300 (+\$24,000) (amortizable)	\$192 \$246-\$451 \$330	\$3,208 \$3,834-\$5,039 \$5,496	\$7.55 \$6.13-\$6.59 \$5.00	99%
10.	University Retirement 1515 Shasta Drive Davis (530) 747-7000	1999/46	206	40	20	425 625-765 1,100	\$142,800 \$268,000-\$603,600 \$635,800 (+\$24,000) (amortizable)	\$632 \$430-\$789 \$578	\$3,247-\$3,486 \$3,728-\$4,497 \$4,847	\$7.64-\$8.16 \$5.88-\$5.96 \$4.41	93%
5.	Meadows of Napa Valley 1800 Atrium Parkway Napa (707) 257-7885	1988-17/-	150 (+92)	69	60	513 554-1,120 722-2,470	\$207,100-\$280,300 \$215,100-\$533,100 \$239,100-\$804,750 (% refundable)	\$404-\$546 \$317-\$545 \$331-\$546	\$1,634-\$2,285 \$1,418-\$3,941 \$3,301-\$5,337	\$4.25-\$5.94 \$3.41-\$6.34 \$2.88-\$5.47	93%
						513 554-1,120 722-2,470	\$104,700-\$142,200 \$109,100-\$279,625 \$121,300-\$442,981 (non refundable)	\$204-\$277 \$197-\$277 \$168-\$277	Same		



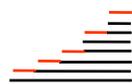
# Regional Entry Fee CCRC Facilities



<u>No.</u>	<u>Project</u>	<u>Physical Plant Comparability to Subject</u>	<u>Amenities Package Comparability to Subject</u>	<u>General Comments</u>
1.	Paradise Valley Estates	Superior	Comparable	Good quality project; former retired military restricted population; many cottages
2.	Spring Lake Village	Comparable	Comparable	Older project; smallish units; adding new units
3.	Smith Ranch Homes	Superior	Comparable	Higher quality; condominium structure; no on site AL/SN
4.	Villa Marin	Superior	Comparable	Higher quality; condominium structure
5.	Friends House	Inferior	Comparable	Middle market, smaller campus
6.	Aldersly	Inferior	Comparable	Middle market, smaller campus
7.	Varenna	Superior	Comparable	Newer and high quality; no on site AL/SN
8.	Fountaingrove Lodge	Superior	Comparable	Abuts No. 7; high end; LGBT target market; no on site AL/SN
9.	Tamalpais	Inferior	Comparable	Older with smaller units; tower building
10.	University Retirement	Superior	Comparable	Good quality; college town location

The subject's newer Villas/Appellation building is (and the expansion apartment building will be) new and modern and can match the overall quality of any of the regional CCRC's. Those CCRC campuses considered to be most similar to the subject are discussed in detail below.

Comparable No. 1 (Paradise Valley Estates) is a good quality, not-for-profit CCRC located in Fairfield, about 23 miles east of the subject. This 1997 built campus includes 327 apartments and cottages (many cottages), 87 nursing beds and 40 assisted living units. This project's overall quality and living environment is comparable to the subject, with multiple entry fee plan options, like the subject. This project was formerly a retired military restricted campus but is now open to all seniors, it is reportedly 84% occupied.



Comparable No. 2 (Spring Lake Village) is located in the eastern portion of Santa Rosa, about 30 miles northwest of the subject. This not-for-profit campus was built in 1981 and includes 275 apartments and cottages, 10 assisted living units and 50 nursing beds (62 additional apartment units are planned). The overall quality and living environment of Spring Lake Village is similar to the subject's existing atrium buildings (below the subject's expansion units); it is reportedly 100% occupied. This campus does/will not compete with the subject due to distance although it has elements of comparability.

The financial programs/options of these projects are summarized on the following page. Only three of the projects offer multiple plan options similar to the subject (Nos. 1, 2 and 6). Nos. 3 (Smith Ranch Homes) and 4 (Villa Marin) have condominium structures.

On a following page, we have ranked the surveyed regional CCRC projects on various locational and quality characteristics. Though the ranking is subjective, it is consistent. As shown, the subject would rank within the lower end of the projects surveyed although with the proposed expansion and renovations, the subject will rise into a middle to upper tier CCRC campus..

**Market Area Rental Senior Housing Facilities (ACLF/AL/MC)** - On a following page, we have surveyed the congregate senior rental projects (congregate, assisted, memory care) located within or impacting the subject's immediate Napa market area (10 mile radius). These projects are directly comparable and competitive to the subject's rent only option within existing units (but less so for the entry fee expansion units).

Each of the existing for-profit rental facilities is a congregate housing development offering two or three daily meals, weekly maid service and recreational opportunities and in some cases, assisted living. These facilities generally exhibit high occupancy rates. Many are located near medical, retail and major recreational facilities. None offer nursing beds on their sites, different from the subject. The newest of the projects was built in 1999. Generally, the projects can be categorized as follows:

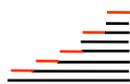
#### **Congregate Living Oriented**

2. Springs of Napa (no assisted living) (comparable to subject congregate living)
4. Redwood Retirement (no assisted living) (comparable to subject congregate living)

#### **Assisted Living Oriented**

1. Emeritus Villa del Rey (comparable to subject assisted living; inferior memory care)
3. Aegis (superior to subject assisted living; comparable memory care)

In general, the immediate Napa market area is typical of many California markets, namely, generally in equilibrium (supply=demand) with varied senior housing options. Napa became overbuilt for senior housing in the 1980's with congregate oriented projects (included the opening of the large subject). The subject is by far, is the largest retirement community in the local market area and is the only local not-for-profit project and one with a full continuum of care and housing on one site.



**MEADOWS OF NAPA VALLEY  
COMPARABLE ENTRY FEE FACILITIES-FEE REFUNDABILITY**

No.	Facility	1 BR Entry Fee	Average Fee Refundable After 8 Years (1)	% Refundable	Notes:
1.	Paradise Valley Estates	\$586,150	\$556,843	95%	Entrance fee amortizes to 0% refundability after 53 months; 50% and 95% refundable plans available.
2.	Spring Lake Village	\$549,551	\$344,663	75%	Entrance fee amortizes to 0% refundability after 60 months; 75% refundable plan available.
3.	Smith Ranch Homes	\$1,140,000	\$1,140,000	±100%	Entrance fee 100% refundable (condo).
4.	Villa Marin	\$405,000	\$405,000	±100%	Entrance fee 100% refundable (condo).
5.	Friends House	\$144,850	\$ 0	0%	Entrance fee amortizes to 0% refund after 72 months.
6.	Aldersly	\$255,050	\$127,525	50%	Entrance fee amortizes to 0% refundability after 60 months; 50% refundable plan also available.
7.	Varena	\$324,250	\$291,825	90%	Entrance fee 90% refundable.
8.	Fountaingrove Lodge	\$342,500	\$342,500	100%	Entrance fee 100% refundable.
9.	The Tamalpais	\$249,200	\$ 0	0%	Entrance fee amortizes to 0% refundability after 48 months.
10.	University Retirement	\$142,000	\$ 0	0%	Entrance fee amortizes to 0% refundability after 36 months.
S.	Meadows of Napa Valley	\$249,940	\$224,946	90%	Entrance fee 90% refundable; non refundable and rent only plans available.

**NOTES:**

(1) Estimated average life expectancy at entry.

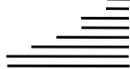


**MEADOWS OF NAPA VALLEY  
COMPARATIVE EVALUATION OF CCRC FACILITIES**

Comp No.	Name	Locational Characteristics					Quality Characteristics						
		Access	Transportation	Recreation	Personal Services	Health Services	Total	Project Construction	Project Design	Amenities	Neighborhood	Total	
	<b>Subject</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>15</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>14</b>	<b>29</b>
1.	Paradise Valley Estates	3	3	4	3	3	16	4	4	5	4	17	33
2.	Spring Lake Village	3	3	3	3	3	15	3	3	5	4	15	30
3.	Smith Ranch Homes	3	3	3	3	3	15	4	4	4	4	16	31
4.	Villa Marin	3	3	3	4	3	16	4	4	5	3	16	32
5.	Friends House	3	3	3	3	3	15	3	3	5	3	14	29
6.	Aldersly	3	3	3	3	3	15	3	3	5	3	14	29
7.	Varena	3	3	3	3	3	15	4	4	4	3	15	30
8.	Fountaingrove Lodge	3	3	3	3	3	15	4	4	4	3	15	30
9.	The Tamalpais	3	3	3	3	3	15	3	3	5	3	14	29
10.	University Retirement	3	3	3	4	3	16	4	4	5	3	16	32

Quality Grid

- 5 - Excellent
- 4 - Good
- 3 - Average
- 2 - Below Average



Senior Living Valuation Services, Inc.

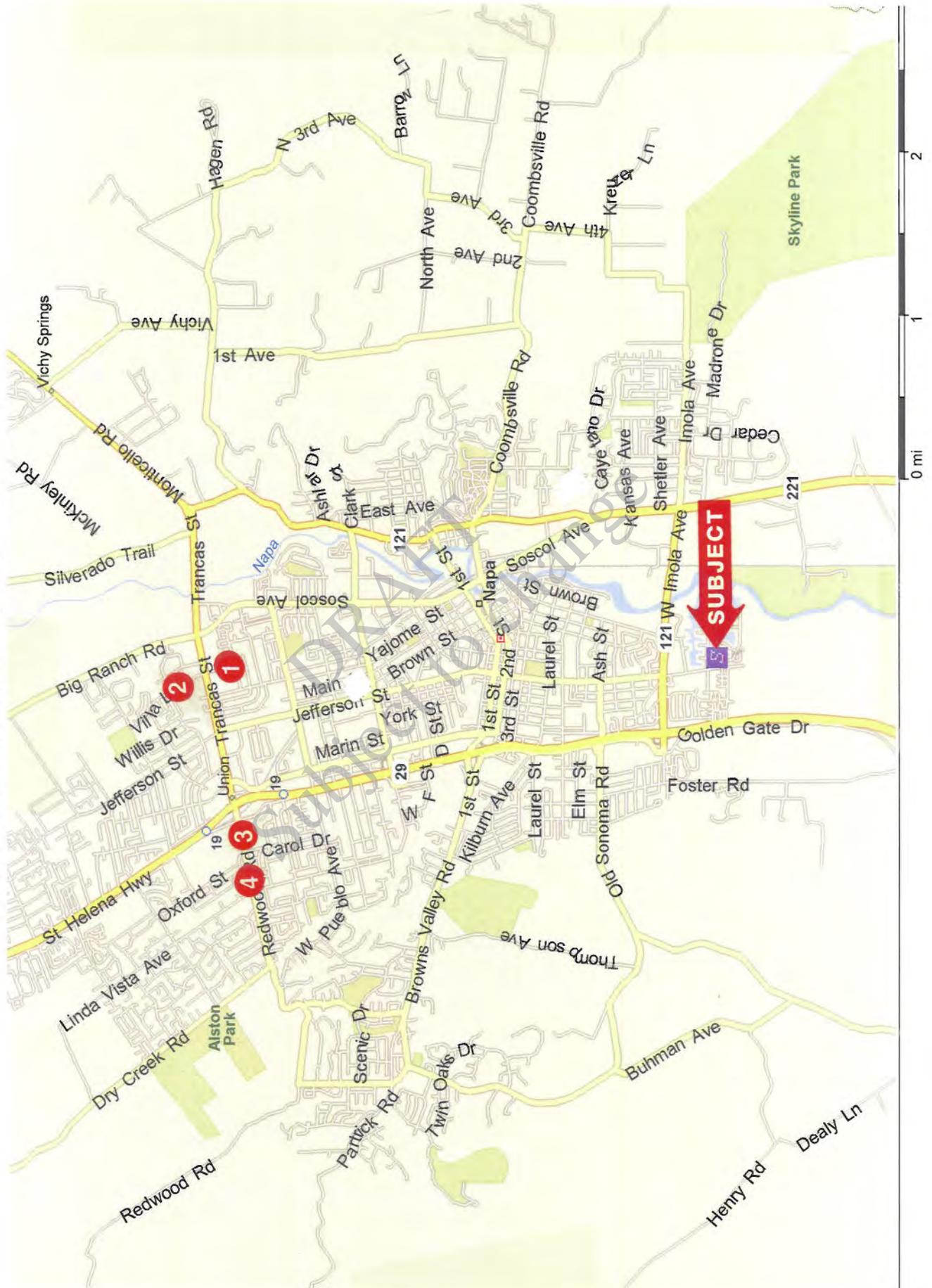
**THE MEADOWS OF NAPA VALLEY  
MARKET AREA CONGREGATE SENIOR RENTAL FACILITIES**

No.	Name/Location	Age/ Miles From Subject	Total Units/ AL/MC Beds	Unit Type	Size- S.F.	Congregate (ACLF) Units Monthly Rent		Assisted Living (AL) Units Monthly Rental		Memory Care (MC) Units	Total Reported Occupancy
						Rent	Rent/SF	Private	Semi- Private		
1.	Brookdale Napa 3255 Villa Lane Napa (707) 252-3333	1978/ 3.5	108/84/24	Studio 1BR	342 608	Not Available		\$3,500- \$5,900 \$3,700- \$6,100	\$1,900- \$4,300	\$4,900- \$7,900 (P) \$3,905- \$6,705 (SP)	91%
2.	The Springs of Napa 3460 Villa Lane Napa (707) 224-7855	1978/ 3.8	100/0/0	Studio 1BR 2BR	435 560 715	\$2,800 \$2,900- \$3,000 \$6,000- \$6,200	\$6.00 \$5.18- \$5.36 \$8.39- \$8.67	Not Available		N/A	98%
3.	Aegis of Napa Valley 2100 Redwood Road Napa (707) 251-1409	1999/ 3.8	48/34/14	Studio Suite	362- 453 548- 650	Not Available		\$3,893- \$4,893 \$5,109- \$6,019	- -	\$4,745- \$5,745 (P) \$4,137- \$5,137 (SP)	94%
4.	Redwood Retirement 2350 Redwood Road Napa (707) 257-0333	1984/ 4	93/0/0	Studio 1BR 2BR	347- 547 477- 707 745- 755	\$2,295+ \$3,000+ \$4,000+	\$4.20- \$6.61 \$4.24- \$6.29 \$5.30- \$5.37	Not Available		N/A	96%



Senior Living Valuation Services, Inc.

# Market Area Senior Rental Facilities



Comparable No. 1 (Brookdale Napa) is a 1978 built, 108 unit combination assisted living and memory care project located about 3.5 miles north of the subject in Napa. This project competes directly with the subject's assisted living and memory care units; it is reportedly 91% occupied.

Comparable No. 2 (Springs of Napa) is a 1978 built, 100 unit congregate only project located about four miles north of the subject in northwest Napa. This Holiday managed project has an overall similar unit mix, quality and living environment to the subject's atrium apartment units. This project is reportedly 98% occupied.

Comparable No. 3 (Aegis) is a 1999 built, 48 unit combination assisted living and memory care project located about four miles northwest of the subject in northwest Napa. This project has an overall superior quality to the subject's assisted living units and comparable to its memory care units; it is reportedly 94% occupied.

Comparable No. 4 (Redwood Retirement) is a 1984 built, 93 unit congregate only living facility located about four miles northeast of the subject in Napa. This project has an overall similar unit mix, quality and living environment to the subject's atrium apartment units. This project is reportedly 96% occupied.

The overall occupancy of all local rental projects surveyed is about 94.8%.

**Proposed Area Senior Housing-** Our survey of local jurisdictions and the state of California noted no proposed entry fee CCRCs within or near the subject's primary market area. However, we did note two proposed local rental senior housing projects, both of which are in early predevelopment.

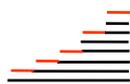
Justin Siena/Oppidan is proposing a 175 independent/assisted/memory care facility near Solano and Tower Avenues in Napa. This project, if built, could compete with the subject's assisted living and memory care units (but not its entry fee units).

Referred to as the Napa Pipe larger master planned community along the Napa River and southeast of the subject on a former industrial site, is planned to include 150 senior units. The composition of these units has yet to be determined but is likely to be assisted living/memory care. This project, if built, could also compete with the subject's assisted living and memory care units.

### **Market Area Demand**

To measure the theoretical size of the subject primary market area demand, we have analyzed demographic statistics extrapolated from the 2010 census for 2015 and 2020 by a national demographic service. These demographic statistics, illustrating households by age and income, are shown on a following page for the subject's seven mile primary market area. These demographic statistics are used to calculate market saturation rate necessary to help analyze the market environment of the subject property. Specifically, this analysis:

- 1) Determines the number of age (75+) and income (\$35,000+) qualifying senior households within the market area (seven mile primary market area). These parameters establish the difference scenarios for calculating the market saturation rates;



**MEADOWS OF NAPA VALLEY**  
**MARKET SATURATION ANALYSIS**

	<u>#HH (2)</u>	<u>Saturation Rates (1) (5)</u>		<u>Subject Only (302 Units) (6)</u>
		<u>Without Subject- (500 Units) (3)</u>	<u>With Subject- (802 Units)</u>	
<b><u>Primary Market Area- 7 Mile Radius</u></b>				
<b><u>2015 Estimate</u></b>				
75+, \$35,000 Inc.	2,383	21.0%	33.7%	12.7%
<b><u>2020 Projection</u></b>				
75+, \$35,000 Inc.	2,736	18.3%	29.3% 41.2% (4)	11.0%

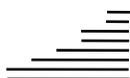
**Notes:**

- (1) Market saturation rates represent the (entry fee and rental) percentage of total market demand which is necessary to absorb a) existing units not including the subject or b) existing units including the subject.
- (2) Number of income and age qualifying households within primary market area (7 mile radius) per Nielsen.
- (3) Number of competitive units estimated at zero CCRC units and approximately 500 estimated rental beds.
- (4) With 325 proposed units (175 units Justin Siena and 150 units Napa Pipe).

(5) <u>Saturation Level</u>	<u>Evaluation of Overall Market Environment</u>
0 - 10%	Lightly Competitive
10 - 20%	Moderately Competitive
20 - 30%	Heavily Competitive
30%+	Extremely Competitive

- (6) Evaluation of penetration rates:

These penetration rates represent the total market percentage which the subject alone must capture to absorb its units. Penetration rates below 2% are generally regarded as positive for a project; 2% to 5% neutral, and over 5% are considered more difficult (but not impossible) to achieve/sustain.



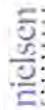
# Primary Market Area Demographic Data – 2015 Projection (7 Mile Ring)

## Pop-Facts: Household Income by Age of Householder 2015

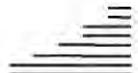
Radius 2: 1800 ATRIUM PKWY, NAPA, CA 94559-4837, 0.00 - 7.00 Miles, Total

2015 Estimate Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
<b>Household Totals</b>	863	4,413	5,747	6,890	7,036	5,260	2,959	1,668
% of Total Households	2.48%	12.67%	16.50%	19.78%	20.20%	15.10%	8.49%	4.79%
Income Less than \$15,000	105	239	233	446	565	452	466	419
% Across Age Ranges	3.59%	8.17%	7.97%	15.25%	19.32%	15.45%	15.93%	14.32%
% Within Age Range	12.17%	5.42%	4.05%	6.47%	8.03%	8.59%	15.75%	25.12%
Income \$15,000 - \$24,999	121	387	384	306	403	420	443	323
% Across Age Ranges	4.34%	13.89%	13.78%	10.98%	14.46%	15.07%	15.90%	11.59%
% Within Age Range	14.02%	8.77%	6.68%	4.44%	5.73%	7.98%	14.97%	19.36%
Income \$25,000 - \$34,999	23	461	463	404	457	456	373	220
% Across Age Ranges	0.81%	16.14%	16.21%	14.14%	16.00%	15.96%	13.06%	7.70%
% Within Age Range	2.67%	10.45%	8.06%	5.86%	6.50%	8.67%	12.61%	13.19%
Income \$35,000 - \$49,999	115	690	779	640	724	845	547	239
% Across Age Ranges	2.51%	15.07%	17.01%	13.98%	15.81%	18.45%	11.95%	5.22%
% Within Age Range	13.33%	15.64%	13.55%	9.29%	10.39%	16.06%	18.49%	14.33%
Income \$50,000 - \$74,999	257	926	1,045	1,204	1,238	884	409	192
% Across Age Ranges	4.18%	15.04%	16.98%	19.56%	20.11%	14.36%	6.65%	3.12%
% Within Age Range	29.78%	20.98%	18.18%	17.47%	17.60%	16.81%	13.82%	11.51%
Income \$75,000 - \$99,999	114	684	913	1,068	1,054	627	248	96
% Across Age Ranges	2.37%	14.24%	19.00%	22.23%	21.94%	13.05%	5.16%	2.00%
% Within Age Range	13.21%	15.50%	15.89%	15.50%	14.98%	11.92%	8.38%	5.76%
Income \$100,000 - \$124,999	72	393	620	955	863	472	139	80
% Across Age Ranges	2.00%	10.93%	17.25%	26.57%	24.01%	13.13%	3.87%	2.23%
% Within Age Range	8.34%	8.91%	10.79%	13.86%	12.27%	8.97%	4.70%	4.80%
Income \$125,000 - \$149,999	1	299	480	538	512	234	76	38
% Across Age Ranges	0.05%	13.73%	22.04%	24.70%	23.51%	10.74%	3.49%	1.74%
% Within Age Range	0.12%	6.78%	8.35%	7.81%	7.28%	4.45%	2.57%	2.28%
Income \$150,000 - \$199,999	29	191	436	637	574	453	141	37
% Across Age Ranges	1.16%	7.65%	17.45%	25.50%	22.98%	18.13%	5.64%	1.48%
% Within Age Range	3.36%	4.33%	7.59%	9.25%	8.16%	8.61%	4.77%	2.22%
Income \$200,000 or more	26	143	394	692	646	417	117	24
% Across Age Ranges	1.06%	5.82%	16.02%	28.14%	26.27%	16.96%	4.76%	0.98%
% Within Age Range	3.01%	3.24%	6.86%	10.04%	9.18%	7.93%	3.95%	1.44%
<b>Median Household Income</b>	\$56,607	\$61,604	\$74,274	\$85,414	\$78,124	\$62,922	\$40,426	\$29,199

Prepared On: Fri Jan 15, 2016



Prepared For: MEADOWS OF NAPA VALLEY



Senior Living Valuation Services, Inc.

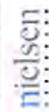
# Primary Market Area Demographic Data – 2020 Projection (7 Mile Ring)

## Pop-Facts: Household Income by Age of Householder 2015

Radius 2: 1800 ATRIUM PKWY, NAPA, CA 94559-4837, 0.00 - 7.00 Miles, Total

2020 Projection Age/Income	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 64	Age 65 - 74	Age 75 - 84	Age 85+
<b>Household Totals</b>	900	4,282	5,813	6,603	7,081	6,427	3,286	1,725
% of Total Households	2.49%	11.86%	16.09%	18.28%	19.61%	17.79%	9.10%	4.78%
Income Less than \$15,000	98	214	210	396	516	500	472	399
% Across Age Ranges	3.49%	7.63%	7.49%	14.12%	18.40%	17.83%	16.83%	14.22%
% Within Age Range	10.89%	5.00%	3.61%	6.00%	7.29%	7.78%	14.36%	23.13%
Income \$15,000 - \$24,999	125	358	352	276	383	478	482	379
% Across Age Ranges	4.49%	12.86%	12.65%	9.92%	13.76%	17.18%	17.32%	11.82%
% Within Age Range	13.89%	8.36%	6.06%	4.18%	5.41%	7.44%	14.67%	19.07%
Income \$25,000 - \$34,999	24	420	433	347	416	508	385	208
% Across Age Ranges	0.88%	15.32%	15.80%	12.66%	15.18%	18.53%	14.05%	7.59%
% Within Age Range	2.67%	9.81%	7.45%	5.26%	5.87%	7.90%	11.72%	12.06%
Income \$35,000 - \$49,999	114	620	726	562	684	978	597	253
% Across Age Ranges	2.51%	13.67%	16.01%	12.40%	15.09%	21.57%	13.17%	5.58%
% Within Age Range	12.67%	14.48%	12.49%	8.51%	9.66%	15.22%	18.17%	14.67%
Income \$50,000 - \$74,999	269	891	1,047	1,105	1,197	1,070	466	205
% Across Age Ranges	4.30%	14.26%	16.75%	17.68%	19.15%	17.12%	7.46%	3.28%
% Within Age Range	29.89%	20.81%	18.01%	16.73%	16.90%	16.65%	14.18%	11.88%
Income \$75,000 - \$99,999	118	670	922	1,010	1,041	770	282	108
% Across Age Ranges	2.40%	13.62%	18.74%	20.52%	21.15%	15.65%	5.73%	2.19%
% Within Age Range	13.11%	15.65%	15.86%	15.30%	14.70%	11.98%	8.58%	6.26%
Income \$100,000 - \$124,999	79	405	649	939	882	599	162	90
% Across Age Ranges	2.08%	10.64%	17.06%	24.68%	23.18%	15.74%	4.26%	2.37%
% Within Age Range	8.78%	9.46%	11.16%	14.22%	12.46%	9.32%	4.93%	5.22%
Income \$125,000 - \$149,999	2	328	558	570	570	312	93	51
% Across Age Ranges	0.08%	13.20%	22.46%	22.95%	22.95%	12.56%	3.74%	2.05%
% Within Age Range	0.22%	7.66%	9.60%	8.63%	8.05%	4.85%	2.83%	2.96%
Income \$150,000 - \$199,999	33	205	458	626	610	586	182	43
% Across Age Ranges	1.20%	7.47%	16.70%	22.82%	22.24%	21.36%	6.64%	1.57%
% Within Age Range	3.67%	4.79%	7.88%	9.48%	8.61%	9.12%	5.54%	2.49%
Income \$200,000 or more	38	171	458	772	782	626	165	39
% Across Age Ranges	1.25%	5.60%	15.01%	25.30%	25.63%	20.52%	5.41%	1.28%
% Within Age Range	4.22%	3.99%	7.88%	11.69%	11.04%	9.74%	5.02%	2.26%
<b>Median Household Income</b>	\$58,286	\$64,840	\$78,752	\$90,235	\$83,266	\$67,518	\$42,643	\$31,481

Prepared On: Fri Jan 15, 2016



Prepared For: MEADOWS OF NAPA VALLEY



Senior Living Valuation Services, Inc.

- 2) Calculates the total number of existing competitive units impacting the subject's market area (estimated at 500 total units);
- 3) Analyzes the market environment of the subject property given the calculated market saturation rates.

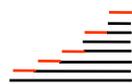
Our market saturation rate analysis (33.7% local market saturation rate including the subject) as illustrated on the following page suggest an extremely competitive local senior housing market environment when considering all major senior housing projects. It is important to keep in mind that saturation rate analysis is only a tool used to measure the overall level of saturation in any one market area. It cannot take into account the specific characteristics of one development. For example, a project with superior construction or location (like the subject), amenities package, or marketing plan could be successful even in a highly saturated market. This analysis is only presented to measure the degree to which the subject's primary market area is overbuilt. Overall, it can be concluded that the subject is operating in an environment with a wide range of senior housing options, serving a relatively small senior target market (average supply/low demand).

On a following page, we have placed the subject market area's saturation of senior housing units within a continuum of senior housing saturation rates in other markets. As shown, the subject market area ranks above the median and average of the saturation rates listed in the continuum, suggesting a heavily competitive local market area and a negative local market indicator.

On a following page, we have placed the subject market area's saturation of senior housing units to the local care giver population (45 to 65 year olds, \$75,000 income plus). Assessing the depth and saturation to this population is relevant because care givers, in many cases, have significant input into the housing decisions of their parents and will move them to a nearby senior community to be close and often contribute financially to the fees/rent. As shown, the subject market area care giver population ranks near the median but below the average of the listed saturation rates listed in this continuum of ratios, a neutral local market indicator.

On a following page, we have also compared the subject's average entry fee to the local market median home prices to help assess relative market risk. The subject's existing unit entry fees rank well below average of the entry fee to home ratios in other markets around the country, a positive market indicator (in other words, the subject is affordable for its market). The proposed expansion unit entry fees are slightly above the median and average, a neutral market indicator.

**Assisted Living Demand-** On a following page, to specifically evaluate local market depth for assisted living, we have estimated local demand for assisted living using national statistics of frailty among elderly age cohorts. The statistics reflect a local market demand of 68 additional assisted living beds in 2015 and 51 assisted living beds in 2020. Both indications suggest a market segment near saturation with room for possibly one new assisted living facility (the proposed subject expansion is only independent living units).



**MEADOWS OF NAPA VALLEY  
COMPARATIVE CALIFORNIA MARKET SENIOR HOUSING  
SATURATION STATISTICS**

<u>Market Area</u>	<u>Number of Age and Income Qualifying HH (75+ \$35,000 Income+)</u>	<u>Market Saturation Percentage</u>
Rocklin	1,534	47.0%
Thousand Oaks	2,012	39.8%
Monterey	2,966	39.7%
Oakland	1,975	38.1%
Hemet	3,484	36.2%
<b>Napa (w/subject)</b>	<b>2,383</b>	<b>33.7%</b>
Stockton	3,754	32.3%
Aptos	3,189	31.7%
Vacaville	3,298	31.0%
Escondido	6,453	30.7%
West Hills	4,008	30.2%
San Luis Obispo	1,295	29.4%
Red Bluff	565	28.8%
Antioch	1,652	28.3%
Folsom	3,899	27.5%
Sacramento	2,699	26.9%
Oroville	3,100	26.3%
Camarillo	1,673	23.2%
Modesto	2,815	23.6%
Fresno	5,586	23.1%
Walnut Creek	6,708	22.7%
Laguna Hills	9,741	22.6%
Chico	1,688	22.4%
Pasadena	7,602	22.0%
Fairfield	1,102	21.7%
San Leandro	4,902	21.6%
San Ramon	1,050	21.5%
Bakersfield	3,299	20.5%
Berkeley	6,861	19.7%
Redwood City	11,555	18.4%
Long Beach	10,191	17.8%
South Sacramento	3,266	16.6%
Coachella Valley	5,675	15.9%
Saratoga Area	20,724	14.4%
San Francisco	<u>14,145</u>	<u>12.1%</u>
Averages (w/o subject)	4,751 ===	25.3% ====

**NOTES:** The purpose of this schedule is to assess the riskiness of the subject's market environment by placing it within a continuum of California market saturation rates (units/ households) for senior housing.



**MEADOWS OF NAPA VALLEY**  
**COMPARATIVE CALIFORNIA CAREGIVER/SENIOR UNIT RATIOS**

<u>Market Area</u>	<u>Number of Caregiver HH (45-65, \$75,000 Income+)</u>	<u>Caregiver/ Unit Ratio</u>
Monterey	3,354	2.85
Red Bluff	554	3.40
Stockton	4,460	3.68
Sacramento-Pocket	2,309	3.76
Oroville	3,509	4.30
San Luis Obispo	2,307	5.15
Grass Valley	1,978	5.22
Chico	2,073	5.47
Oakland	4,362	5.80
Rancho Mirage	6,104	6.76
West Hills	8,494	7.02
Aptos	8,258	8.16
Vacaville	8,316	8.12
Coachella Valley	5,087	8.19
Bakersfield	7,452	8.43
Berkeley	11,952	8.84
Ventura	8,856	9.00
Roseville	15,632	9.01
Modesto	6,013	9.07
<b>Napa (w/subject)</b>	<b>7,539</b>	<b>9.40</b>
Laguna Hills	22,523	10.21
La Jolla	9,219	10.77
Sacramento	12,632	10.88
Rancho Santa Margarita	5,856	12.15
Fairfield	10,531	12.10
Culver City	12,979	13.38
Elk Grove	11,132	15.40
Hancock Park Area	9,321	14.02
San Francisco	24,584	14.36
Irvine	27,210	14.59
Culver City	25,251	14.81
San Jose	22,911	16.18
Encino	17,698	17.61
San Ramon	4,057	17.95
Danville	9,208	18.38
Dana Point	11,974	19.22
Daly City	<u>10,548</u>	<u>36.88</u>
Averages (w/o subject)	9,878 ===	10.82 ===

**NOTES:** The purpose of this schedule is to assess the riskiness of the subject's market environment by placing it within a continuum of California market caregiver ratios (Caregiver HH / Senior Units) for senior housing.



**MEADOWS OF NAPA VALLEY**  
**COMPARATIVE ENTRY FEE TO MARKET AREA HOME VALUE RATIOS**

<u>CCRC Campus Location</u>	<u>Average Refundable Entry Fee</u>	<u>Local Median Home Price</u>	<u>Entry Fee/ Home Price Ratio</u>
Raleigh, NC (north)	\$ 586,043	\$ 226,800	2.58
Austin, TX (west)	\$ 529,712	\$ 230,000	2.30
Palm Beach Gardens, FL	\$ 449,496	\$ 210,000	2.14
Seattle, WA	\$ 723,769	\$ 365,000	1.98
Evanston, IL	\$ 822,072	\$ 425,000	1.93
Oro Valley, AZ	\$ 342,839	\$ 180,000	1.90
LaGrange Park, IL	\$ 494,979	\$ 260,000	1.90
Fayetteville, AR	\$ 284,509	\$ 151,200	1.88
Urbandale, IA	\$ 318,398	\$ 183,500	1.74
Orchard Park, NY	\$ 290,145	\$ 180,000	1.61
Highlands Ranch, CO	\$ 468,587	\$ 292,200	1.60
Grand Rapids, MI	\$ 158,559	\$ 99,500	1.59
Cincinnati, OH	\$ 186,821	\$ 119,800	1.56
Atlanta, GA (north)	\$ 422,867	\$ 306,400	1.38
<b>Napa, CA- Proposed Units</b>	<b>\$ 766,011</b>	<b>\$ 563,075</b>	<b>1.36</b>
San Diego, CA (north)	\$ 515,315	\$ 381,400	1.35
Scottsdale, AZ	\$ 474,051	\$ 366,600	1.29
West Brandywine, PA	\$ 305,051	\$ 237,000	1.29
Charlotte, NC	\$ 214,788	\$ 168,500	1.27
Altadena, CA	\$ 609,000	\$ 482,700	1.26
Media, PA	\$ 322,229	\$ 257,500	1.25
Gladwyne, PA	\$ 470,512	\$ 375,000	1.25
Houston, TX (west)	\$ 199,716	\$ 160,000	1.25
Issaquah, WA	\$ 488,277	\$ 396,400	1.23
Overland Park, KS	\$ 250,295	\$ 210,000	1.19
Munster, IN	\$ 179,016	\$ 185,000	0.97
Mystic, CT	\$ 312,843	\$ 334,000	0.94
Honolulu, HI	\$ 515,889	\$ 555,700	0.93
Thousand Oaks, CA	\$ 461,913	\$ 511,800	0.90
Ashburn, VA	\$ 346,912	\$ 400,000	0.87
Newton, MA	\$ 509,921	\$ 625,000	0.82
Silver Spring, MD	\$ 286,147	\$ 353,000	0.81
Portland, OR	\$ 199,643	\$ 255,700	0.78
Pikesville, MD	\$ 202,673	\$ 266,000	0.77
Pompton Plains, NJ	\$ 290,854	\$ 470,000	0.62
<b>Napa, CA- Existing Units</b>	<b>\$ 330,971</b>	<b>\$ 563,075</b>	<b>0.59</b>
Averages (35 markets)	\$ 419,151 =====	\$ 322,449 =====	1.30 ==

**Notes:**

The above schedule is heavily weighted toward upscale and newer CCRC projects, in relatively affluent market areas.



Senior Living Valuation Services, Inc.

**MEADOWS OF NAPA VALLEY  
ESTIMATES OF ASSISTED LIVING DEMAND  
(7 MILE RADIUS, 75+, INCOMES \$35,000+)**

<u>Age and Frailty</u>	<u>2015</u>	<u>2020</u>
Ages 75-84 (78%)	1,859	2,134
% Frail	<u>21.25%</u> (1)	<u>21.25%</u> (1)
Total Potential Demand	395	453
Ages 85+ (22%)	524	602
% Frail	<u>45.4%</u> (1)	<u>45.4%</u> (1)
Total Potential Demand	<u>238</u>	<u>273</u>
Total Target Market	632	726
Less AL Supply (w/ subject)	<u>(360)</u>	<u>(523)</u>
Adjusted Target Market	272	203
Estimated Capture Rate	<u>x 25%</u>	<u>x 25%</u>
Estimated Additional Market Demand	68 ==	51 ==

(1) Source: 65 Plus in America, Department of Commerce, 2007.



## **Health Center Market Environment**

Meadows of Napa Valley includes a 69 bed skilled nursing health center. Because demand for nursing care is "need" based (a need for long term care), the preceding discussion of supply and demand does not apply directly to the subject's health center. The subject nursing beds inclusion as part of a larger retirement community diminishes (but does not eliminate) its overall exposure to the pen competitive nursing home market segment. The subject's health center is currently only about 82% occupied with 40% private pay. On the following page, we have surveyed those nursing care facilities impacting the subject's primary market area; three are located within the subject's seven mile primary market area in Napa.

The surveyed projects as a group are older with the subject being easily the newest and highest quality nursing home in its market area. None are part of a larger retirement community. The nursing homes surveyed have an average private pay census of about 25% which is slightly below Statewide averages; the overall occupancy of these surveyed projects is about 94%. Generally, nursing homes with higher private pay census' are higher quality facilities because they must compete for patients in the open private pay market and private rates are typically higher than subsidized Medical nursing rates.

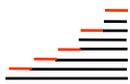
The subject has an above average private pay census of about 40% and a higher than typical Medicare census of about 25%. Comparable No. 1 (Piners Nursing Home/49 beds) and 4 (Golden Living Center/82 beds) are the higher quality of the local nursing homes. All of the surveyed nursing projects compete with the subject nursing component.

To provide some additional analysis of the saturation of skilled nursing beds in the area, we have calculated nursing home bed saturation rates for various Counties/market areas within California as shown on the following page. This comparative analysis suggests that the subject's Napa County has an above average saturation of nursing beds than most other markets in northern California and the State as a whole.

## **Summary**

In summary, key characteristics of the market environment for Meadows of Napa Valley overall and its components include:

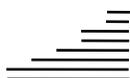
- 1) The subject's apartments are currently about 97% occupied which is higher than its recent occupancy history (in part, because many units have been vacated and removed from the rentable unit count for the proposed expansion building). The subject is the largest retirement community in Napa and has a large number of average sized apartment units. The subject is the only local retirement community with a full continuum of housing and care on one site (and is the only CCRC in the Napa/County area). The nearest entry fee CCRC to the subject is located over 20 miles from the subject (Paradise Valley Estates);



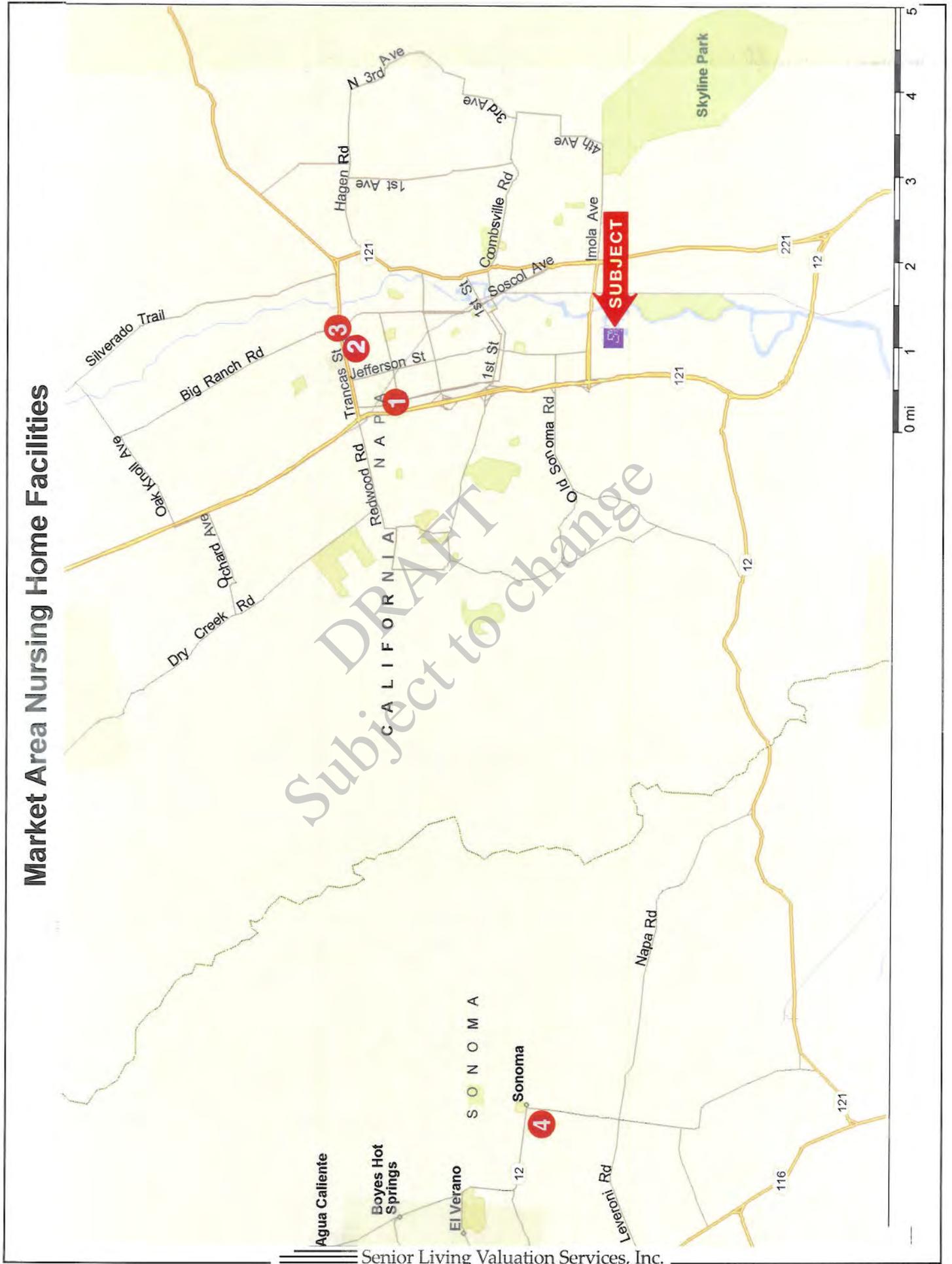
**THE MEADOWS OF NAPA VALLEY  
CENSUS OF MARKET AREA NURSING HOMES**

<u>No.</u>	<u>Name/Address</u>	<u>Miles to Subject</u>	<u>No. of Beds/Type</u>	<u>Percent Private</u>	<u>Daily Tariff</u>		<u>Current Occupancy</u>
					<u>Private Rate</u>	<u>Semi-Private Rate</u>	
1.	Piners Nursing Home 1800 Pueblo Avenue Napa (707) 224-7925	3	49	76%	\$400	\$300	84%
2.	Napa Nursing Center 3275 Villa Lane Napa (707) 257-0931	4.5	130	38%	\$300	\$290	91%
3.	Golden Living Center 705 Trancas Street Napa (707) 255-6060	4.5	118	24%	\$315	\$278	100%
4.	Golden Living Center 678 2nd Street W Sonoma (707) 938-1096	13.5	82	37%	-	\$283	100%
	Averages	-	95	25%	\$338	\$288	94%

DRAFT  
Subject to change



# Market Area Nursing Home Facilities



Senior Living Valuation Services, Inc.

**MEADOWS OF NAPA VALLEY**  
**COMPARATIVE NURSING HOME BED SATURATION**

<u>Regional Market Area</u>	<u>No. of Beds</u>	<u>65+ Population (1)</u>	<u>Saturation Rate - Beds/Population Ratio</u>
Sonoma County	2,250	83,549	2.7%
Marin County	968	50,586	1.9%
Solano County	1,042	58,203	1.9%
Sacramento County	3,977	189,699	2.1%
Contra Costa County	2,945	157,810	1.9%
Alameda County	5,722	201,365	2.8%
California (Statewide)	120,305	5,005,523	2.4%
<hr/>			
Napa County (subject)	742	23,800	3.1%

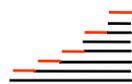
**NOTES:**

(1) Estimated per 2014 census population.



- 2) The subject is a care component heavy multiple level retirement community. The proposed expansion units are large and will be able to match or exceed the quality of any regional CCRC or senior project. The subject's assisted living units are congregate living apartment conversions and larger than market area assisted living units. The subject's memory care units are new and modern, only matched locally in quality by Aegis. The subject nursing home is also above average and the newest in its primary market area. The subject nursing home is noteworthy for its high Medicare census and lower occupancy due to the heavy, high turnover Medicare census;
- 3) The subject has four local congregate, assisted living and memory care competitors although none offer nursing care on site and none offer both congregate living and assisted living on one site. The occupancy of these existing local rental projects is generally high. The subject has no direct entry fee CCRC competitor. Local senior housing saturation rates are high and caregiver saturation rates are neutral; the local senior population is relatively small. The subject's entry fees are below regional entry fees for existing units and near average for the expansion units. Finally, the local senior age and income eligible target market is projected to grow materially +14.8% (2,736/2,383) over the next five years;
- 4) The overall quality of the subject's existing physical plant is mixed but average (atrium buildings and assisted living) to above average (proposed apartment building, memory care units and nursing beds). The subject has a large number of existing average sized one bedroom apartment units; the proposed apartments are well above average sized. The existing subject is trending toward a majority entry fee campus (currently at 49 units or 33%, projected at 135 units but over the next 10 years); the expansion units are all entry fee. Based upon our experience in the appraisal of other 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) with the greatest concern being the small sized senior population in the primary market area;
- 5) The subject benefits from the experienced development, marketing and operation of Pacific Retirement Services and the regionally based ownership/sponsorship of the not-for-profit Odd Fellows Home of California which also owns the regional and high end Saratoga Retirement Community. This credibility, experience and knowledge of the local market is important because seniors who commit to the subject proposed entry fees are really making a combination insurance related decision (for future health care needs) and lifestyle decision (and not a real estate decision) in entering the subject retirement community. The subject is the only major local not-for-profit retirement community.

These specific conclusions are addressed further and used to evaluate market rents/rates prices for the subject property's existing and proposed units in the Income Approach section of this appraisal.



## **HIGHEST AND BEST USE**

Highest and Best Use is defined as that use, from among reasonably probable and legally alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value. The highest and best use concept must also give recognition of that use to community environment and to community development goals, in addition to wealth maximization of individual property owners.

The highest and best use of the land or site, if vacant and available for use, may be different from the highest and best use of the existing improved property. This will be true when the improvement is not an optimum use and yet makes a contribution to total property value in excess of the value of the land only. In order to determine the property's highest and best use, it is necessary to analyze the following factors.

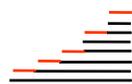
### **As Vacant**

#### **Physically Possible Uses:**

The site's physical characteristics are similar to land parcels found throughout the area in terms of access (good), shape (generally rectangular), exposure (fair to good) and topography (level), and the total land area is more than large enough to support most types of development. Overall, it appears that the site's physical characteristics do not hamper most forms of development although the site is located at the developable southern edge of Napa, away off of any major thoroughfare (although the site abuts a freeway).

#### **Legally Permissible Uses:**

The 19.06 acre subject site has a RM-20 PD zoning designation within Napa. This zoning allow medium density residential housing (up to about 22 units/acre) after specific project review for neighborhood compatibility. The proposed to be expanded campus (19.5 total post expansion units/beds/acre) was approved in the late 1980's and has been operating on the site since 1988; campus expansions were approved in 1994, 2008 and 2015. The denser, mixed use residentially oriented subject is different from but not incompatible within its lower to medium density residential neighbors. The subject is located on a large site, on the southern fringe of developed Napa and bounded by undeveloped acreages to the south (in Napa County). Given these factors, it appears that only a residential (of probably only lower to medium densities, i.e. townhomes or apartments) or an unspecified institutional land use is likely to be approved on the site by Napa (the local single family home neighbors would likely protest any more intensive use on the subject site). Large scale retail, commercial or industrial land uses are highly unlikely to be approved or appropriate on the subject site.



### **Financially Feasible and Maximally Productive Uses (As Vacant):**

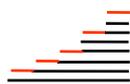
The subject has been and is expected to remain a market feasible and profitable (in the sense of being able to meet debt service) project and is currently about 93% occupied overall. Since 2012, the subject has been able to convert 49 rental units into entry fee units (a positive sign). The subject has been and is likely to continue to be more than competitive within its individual market segments and overall despite local competition within all senior housing market segments and a small size primary market area senior population. If the subject's units/beds can be kept filled at a high percentage and operating expenses somewhat controlled, they have the potential to be a more feasible land use than most other residential or institutional land uses (a townhome development would be the most likely alternate development on the subject site), due to higher allowed densities from smaller units, lower parking requirements and the greater net project income/cash flow created by a large number of units/beds and entry fees. A multiple level retirement community has the potential for a higher financial feasibility than almost all possible institutional/public land uses. In our opinion, given all of the above factors, it is probable that an owner of the subject site in 2016 would conclude that the highest and best use of the site as vacant is as a multiple level senior housing land use/integrated retirement community.

### **As Improved**

The subject development as existing and as proposed to be expanded meets the above criteria of physically possible, legally permissible and financially feasible. In addition, the value of the subject improvements are well in excess of the value of the land only and are not incompatible with the neighborhood. They would therefore not likely be torn down for any alternate land uses. The subject as existing is already one of the largest multiple level senior projects in the region and obtaining approvals for more units/beds even beyond the currently planned expansion would probably encounter some city and neighborhood resistance.

The subject's overall physical plant and its individual components are competitive in their respective market segments/niches as a middle tier (but trending upward) senior housing facility with a larger percentages of care components to independent living units. The newer Villas/Appellation building is above average and modern. The subject's apartment units in the older atrium buildings are smallish and contain a large number of relatively less favored one bedroom units. The proposed campus expansion and renovations will help broaden its market appeal and sustain its competitiveness into the long run.

Considering long term market demand as evidenced by the subject's occupancy history, the subject's overall sustainable middle competitive tier (as an entry fee CCRC), our census of competing properties and the overall characteristics of the subject property, we have concluded that the highest and best use of the site as improved is basically as the physical development currently existing and operating on the site with the planned campus expansion and renovations.



## **COST APPROACH**

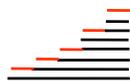
The Cost Approach considers an estimate of the fair market value of the land, the replacement cost new of the improvements (including all hard and soft costs) and entrepreneurial profit less accrued depreciation from all causes.

As discussed in the Scope of the Assignment section of this report, we have not estimated a value for the subject using a Cost Approach. This was considered appropriate considering the current characteristics of the future cash flow streams accruing from the subject. 49 (out of 150) of the existing subject entry fee apartments have been previously occupied and a first generation entry fee already collected. Therefore, the initial fee collections for 49 units do not contribute to the future cash flow and therefore the current market value of the project. As a result, it is impossible for a January, 2016 valuation (or any future valuation date) of the subject using a Cost Approach analysis to even theoretically equal an Income Approach analysis (which is the basis for estimating market value). The only point where the two approaches could be equal (and represent market value) is before any entry fees are collected (or only when the entire project is brand new). This approach is also rarely relied on by buyers and investors in valuing/pricing properties like the subject (even when new because cost does not equal value).

### **As Is 1/13/16 Market Value Adjustments**

To estimate the as is January 13, 2016 market value of the subject, we have deducted the projected (hard and soft) costs of the proposed campus expansion and renovations, which are scheduled to be completed by about October, 2017. The total projected expansion and renovations development costs (\$73,675,000) are detailed in the Addenda.

The total direct building costs of the renovation and expansion is estimated at \$62,532,471 (approximately \$11,142,539 in indirect costs) or approximately \$277/SF of new construction (for 225,706 square feet of new construction) or \$679,701 per each of the 92 expansion units. Considering the development cost experience at other similar CCRC campuses and senior housing projects as detailed on a following page, the total projected development costs appear to be reasonable as they include substantial renovations to the existing atrium building common areas and a new pool building (and not only to 92 new apartments). Therefore, \$73,675,000 in costs to complete the renovations and expansion have been deducted from the subject's estimated 1/13/16 as is market value (does not affect the prospective market value estimates).



# Seniors Housing Construction Costs

This *Special Issue Brief* was prepared for the American Seniors Housing Association by Larry Graeve of The Weitz Company. For additional information, please contact:

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Construction material prices were down slightly for 2015, although shortages of skilled construction labor continues to be an issue in some markets. "Construction employment is up but the industry would be expanding even more rapidly if contractors could find enough qualified workers," according to Ken Simonson, Chief Economist for the Associated General Contractors. The effect of the labor shortage is significant, as evidenced by the selling price for construction services increasing around 10% in 2015. For 2016, increases for construction services are expected to grow more modestly, between 3 to 5%.

## Construction Costs per Gross Square Foot

	Mid-Level		High-Level		Shreveport, LA Mid Level/City Index 83.1	
	Low	High	Low	High	Low	High
<b>SUBJECT</b> Independent Living	\$125	\$161	\$158	\$216	\$104	\$134
Cottages	\$118	\$136	\$159	\$191	\$98	\$113
Assisted Living	\$152	\$202	\$219	\$293	\$126	\$168
Skilled Nursing	\$184	\$218	\$234	\$302	\$153	\$181
<b>SUBJECT</b> IL Commons	\$221	\$269	\$302	\$372	\$184	\$223
Underground Parking	\$73	\$108	\$107	\$150	\$61	\$89

### Notes/Definitions:

- Component costs include full burden of general condition, insurance, tax, performance bond & fee, **but do not include site costs.**
- Costs based on a national average with city index of 100; the means index for a specific city should be used to adjust the data to that particular city. Shreveport, LA, for example, has an index of 83.1, which translates to a cost range of \$104–\$134 per SF for independent living. Chicago, IL has an index of 117.6, which translates to a cost range of \$147–\$189 per SF for independent living.
- Mid-Level projects: generally are of wood-framed construction with standard amenities and finishes, and typically target the more moderate income senior.
- High-Level projects: generally are of steel or concrete construction with high-end luxury amenities and finishes, and typically target the higher income senior.

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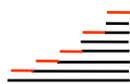
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*Special Issue Brief*

## **SALES COMPARISON APPROACH**

The Sales Comparison Approach is a method of comparing the subject property to recent sales and/or listings of similar types of properties located in the subject or competing areas. Each of these sales must be analyzed to establish the elements of comparability. The reliability of this technique depends on 1) the degree of comparability between the subject and the sales properties; 2) the length of time since the sales were consummated; 3) the accuracy of the sales data; and 4) the absence of unusual conditions affecting the sale.

As discussed in the Scope of the Assignment section of this report, we have not estimated a value for the subject using a Sales Comparison Approach. We are not aware of the sale of a truly comparable cash flow stream (for a partial conversion entry fee continuing care retirement community) to that estimated for the ownership interest in the subject property. This cash flow stream includes the idiosyncratic and complex ownership rights in unit turnover and ownership rights/responsibilities arising from obligations to residents for future health care utilization. Differences in entry fee projects are so significant (unit mix, refundability) that even if there were arms-length sales of other entry fee projects, their comparability to estimate a market value for the subject would be extremely difficult to objectively quantify to arrive at a precise and reliable value indication. Certain market data regarding sales of entry fee communities is discussed in the Income Approach section of this report (as capitalization rate support).



## INCOME APPROACH

The Income Approach is based upon the economic principle that the value of a property capable of producing real estate income is the present worth of anticipated future net benefits. The net income projection is translated into a present capital value indication using a capitalization process. There are various methods of capitalization that are based on inherent assumptions concerning the quality, durability, and pattern of the income projection.

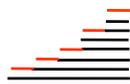
Where the pattern of projected income is irregular due to variable unit turnover and healthcare utilization, the discounted cash flow analysis is the most accurate. Discounted cash flow analysis (DCF) is a method for estimating the present worth of future cash flow expectancies by individually discounting each anticipated collection at an appropriate discount rate. The indicated market value by this approach is the accumulation of the present worth of each projected year's net income (before debt service, income taxes, and depreciation) and the present worth of the reversion of the estimated property value at the end of the projection period. The estimated value of the reversion is based on the direct capitalization of the reversion year's net income.

The methods utilized to estimate annual cash inflows, cash outflows, capitalization and discount rates, and value of the reversion, are discussed in detail in the following paragraphs.

### Summary of Methodology

To determine the as is, expansion completion and expansion sellout total going concern market values of the subject property using an Income Approach, we have performed the following:

- 1) Assessed those facilities most competitive with the subject to determine the market price for the subject's existing and proposed apartment entry and monthly fees;
- 2) Projected the utilization and transition period for the collection of first generation entry fees for existing and proposed units;
- 3) Projected annual entry fee apartment unit turnover and net attrition (turnover) receipts for both existing and proposed units;
- 4) Estimated net receipts to the ownership interest from monthly fees, care components and miscellaneous income sources;
- 5) Estimated all outlays including apartment and care component operating expenses, management fees and replacement reserves;
- 6) Determined an appropriate capitalization rate and discount rate used to capitalize the above cash flow streams and reversion into a total going concern value as is at January, 2016, at expansion completion, projected at November, 2017 and at expansion sellout, projected at November, 2018.



## **Projection Period**

In our analysis of the subject's income, we have utilized a projection period of February, 2016 to October, 2026 which reflects a 9.75 year discounted cash flow analysis (period one - 2/16 to 10/16 - is a nine month period). These extended cash flows are considered appropriate considering the complicated components of revenue and expenses for a sophisticated property such as the subject. This time period also reflects the estimated time to achieve approximate actuarial (fixed level of unit turnover and health care utilization) and cash flow stabilization.

Our discounted cash flow analysis is premised on the owner of the property enjoying the cash flow benefits of ownership through October, 2025 and the net proceeds of the sale (reversion) at October 31, 2025 based upon the period 11 (11/25 to 10/26) net income. The value of the reversion at the end of period 10 (10/31/25) is based upon the direct capitalization of the fiscal year 2026 net cash flows. The theory is that the investor purchasing the property at October 31, 2025 would be more interested in the anticipated net income in their first year of ownership than they would be in the previous year's income prior to their ownership.

## **Evaluation of Market Entry Fees and Monthly Fees**

In estimating the potential gross annual income for the subject property over the projection period, we have analyzed the subject's current fee schedule for both existing and proposed expansion units and prepared our own survey of the properties considered to be most competitive and comparable to the subject. A summary of subject's entry and monthly fees by unit type and plan option as of early 2016 is illustrated on the following pages (and detailed in the Addenda).

The subject has offered an entry fee pricing option only since 2012. 49 out of approximately 146 (about 33%) current independent living residents have chosen the entry fee pricing option. Considering the operator's projections and recent units sold, we have estimated the following plan option mix for the subject:

### **Existing Units (for all units turning over into the future)**

**90% Entry Fee Plan Option**

**10% Rent Only Option**

**25%- 90% Refundable Plan**

**75%- Non Refundable Plan**

### **Expansion Units (first generation sale and all future turnover)**

**100% Entry Fee Plan Option**

**90%- 90%/95% Refundable Plan**

**5%- 50% Refundable Plan**

**5%- Non Refundable Plan**

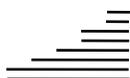
For the expansion units, we have forecast that all presales through opening in November, 2017 will receive a charter member benefit of 95% entry fee refundability.



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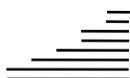
**MEADOWS OF NAPA VALLEY**  
**SUMMARY OF CURRENT LISTED ENTRY FEES**

Unit Type	Total No. of Units	Square Footage	90% Refundable		Non Refundable	
			Entry Fee	Average EF/SF	Entry Fee	Average EF/SF
<b><u>Existing Units</u></b>						
<b><u>Alcove Apartments</u></b>						
Alcove Original	2	513	\$207,100	\$404	\$104,700	\$204
Alcove Renovated	6	513	\$215,100	\$419	\$109,100	\$213
Alcove Appellation	<u>2</u>	<u>513</u>	<u>\$280,300</u>	<u>\$546</u>	<u>\$142,200</u>	<u>\$277</u>
Totals Alcove	10	513	\$226,540	\$442	\$114,840	\$224
	==	==	=====	==	=====	=====
<b><u>One Bedroom Apartments</u></b>						
1BR Discount	5	554	\$215,100	\$388	\$109,100	\$197
1BR Discount	6	554	\$232,200	\$419	\$118,000	\$213
1BR Original	5	554	\$215,100	\$388	\$109,100	\$197
1BR Renovated	49	554	\$232,200	\$419	\$118,800	\$213
1BR Appellation	14	554	\$302,000	\$545	\$153,200	\$277
1BR Deluxe Original	1	571	\$232,000	\$406	\$118,000	\$207
1BR Deluxe Renovated	7	571	\$239,100	\$419	\$121,300	\$212
1BR Deluxe Appellation	2	571	\$311,200	\$545	\$157,680	\$276
1BR Den Appellation	<u>2</u>	<u>980</u>	<u>\$533,100</u>	<u>\$317</u>	<u>\$270,100</u>	<u>\$276</u>
Totals 1BR	91	565	\$249,940	\$442	\$126,904	\$225
	==	==	=====	==	=====	=====
<b><u>Two Bedroom Apartments</u></b>						
2BR, 1BA Original	1	722	\$239,100	\$331	\$121,300	\$168
2BR, 1BA Renovated	3	722	\$302,000	\$418	\$153,200	\$212
2BR, 1BA Appellation	4	722	\$391,200	\$542	\$198,400	\$275
2BR, 1BA Deluxe Original	1	764	\$260,800	\$341	\$132,300	\$173
2BR, 1BA Deluxe Renovated	3	764	\$319,200	\$418	\$162,100	\$212
2BR, 1BA Deluxe Appellation	1	764	\$415,300	\$544	\$210,600	\$216
2BR, 1BA Supreme Renovated	1	980	\$389,000	\$397	\$197,300	\$201
2BR, 1BASupreme Appellation	2	980	\$533,100	\$544	\$270,100	\$276
2BR, 1 1/2BA Appellation	6	1,076	\$584,600	\$543	\$296,500	\$276
2BR, 2BA Renovated	6	1,096	\$461,000	\$421	\$233,700	\$213
2BR, 2BA Appellation	<u>21</u>	<u>1,096</u>	<u>\$598,300</u>	<u>\$546</u>	<u>\$303,200</u>	<u>\$277</u>
Totals 2BR	49	992	\$502,790	\$507	\$254,890	\$257
	==	==	=====	==	=====	=====
Totals – Existing Units	150	701	\$330,977	\$472	\$167,909	\$240
	==	==	=====	==	=====	=====
<b><u>Proposed Expansion Units</u></b>						
1BR, 1BA	12	1,090	\$507,750	\$466	\$279,625	\$257
2BR (+), 2BA	<u>80</u>	<u>1,677</u>	<u>\$804,750</u>	<u>\$480</u>	<u>\$442,881</u>	<u>\$264</u>
Totals – Proposed Expansion Units	92	1,600	\$766,011	\$479	\$421,587	\$263
	==	==	=====	==	=====	=====



**MEADOWS OF NAPA VALLEY  
SUMMARY OF CURRENT LISTED MONTHLY FEES**

Unit Type	Total No. of Units	Square Footage	Entry Fee		Rental Only	
			Monthly Fee	Average MF/SF	Monthly Fee	Average MF/SF
<b><u>Existing Units</u></b>						
<b><u>Alcove Apartments</u></b>						
Alcove Original	2	513	\$1,634	\$3.19	\$2,178	\$4.25
Alcove Renovated	6	513	\$2,025	\$3.95	\$2,700	\$5.36
Alcove Appellation	<u>2</u>	<u>513</u>	<u>\$2,285</u>	<u>\$4.45</u>	<u>\$3,046</u>	<u>\$5.94</u>
Totals Alcove	10	513	\$1,999	\$3.90	\$2,665	\$5.19
	==	==	===	===	===	===
<b><u>One Bedroom Apartments</u></b>						
1BR Discount	5	554	\$1,418	\$2.56	\$1,890	\$3.41
1BR Discount	6	554	\$1,668	\$3.01	\$2,224	\$4.01
1BR Original	5	554	\$1,892	\$3.42	\$2,523	\$4.55
1BR Renovated	49	554	\$2,285	\$4.12	\$3,046	\$5.50
1BR Appellation	14	554	\$2,512	\$4.53	\$3,350	\$6.05
1BR Deluxe Original	1	571	\$1,988	\$3.48	\$2,651	\$4.64
1BR Deluxe Renovated	7	571	\$2,377	\$4.16	\$3,169	\$5.55
1BR Deluxe Appellation	2	571	\$2,716	\$4.76	\$3,621	\$6.34
1BR Den Appellation	<u>2</u>	<u>980</u>	<u>\$3,741</u>	<u>\$3.82</u>	<u>\$4,988</u>	<u>\$5.09</u>
Totals 1BR	91	565	\$2,225	\$3.99	\$3,007	\$5.32
	==	==	===	===	===	===
<b><u>Two Bedroom Apartments</u></b>						
2BR, 1BA Original	1	722	\$2,476	\$3.43	\$3,301	\$4.57
2BR, 1BA Renovated	3	722	\$2,679	\$3.71	\$3,572	\$4.95
2BR, 1BA Appellation	4	722	\$2,928	\$4.05	\$3,897	\$5.40
2BR, 1BA Deluxe Original	1	764	\$2,558	\$3.35	\$3,411	\$4.46
2BR, 1BA Deluxe Renovated	3	764	\$2,770	\$3.63	\$3,692	\$4.83
2BR, 1BA Deluxe Appellation	1	764	\$3,136	\$4.10	\$4,180	\$5.47
2BR, 1BA Supreme Renovated	1	980	\$3,408	\$3.48	\$4,544	\$4.64
2BR, 1BASupreme Appellation	2	980	\$3,741	\$3.82	\$4,988	\$5.09
2BR, 1 1/2BA Appellation	6	1,076	\$3,923	\$3.65	\$5,229	\$4.86
2BR, 2BA Renovated	6	1,096	\$3,741	\$3.41	\$4,988	\$4.55
2BR, 2BA Appellation	<u>21</u>	<u>1,096</u>	<u>\$4,003</u>	<u>\$3.65</u>	<u>\$5,337</u>	<u>\$4.87</u>
Totals 2BR	49	992	\$3,539	\$3.57	\$4,718	\$4.76
	==	==	===	===	===	===
Totals – Existing Units	150	701	\$2,658	\$3.79	\$3,543	\$5.05
	==	==	===	===	===	===
<b><u>Proposed Expansion Units</u></b>						
1BR, 1BA	12	1,090	\$3,941	\$3.61		
2BR (+), 2BA	<u>80</u>	<u>1,677</u>	<u>\$4,823</u>	<u>\$2.88</u>		
Totals – Expansion Units	92	1,600	\$4,708	\$2.94		
	==	==	===	===		



Senior Living Valuation Services, Inc.

**Entry Fees** - To assess whether the subject's entry fees represent market prices, we have conducted a survey of key regional entry fee projects in the North Bay area market as illustrated in the Market Analysis section of this appraisal. This survey is summarized on a following page.

The comparison of the subject entry fees to the comparable high refundable and separately amortizing to zero property entry fees accumulates the entry fee per square foot range, average and most comparable of all surveyed facilities to the subject's apartment units. In our opinion, the most comparable projects in age, location, quality and financial program noted in our survey to the subject property include Paradise Valley Estates in Fairfield and Spring Lake Village in Santa Rosa. These projects are the most similar to the subject in overall market position, campus mix, age, living environment and location. The other entry fee projects surveyed have even greater differences with the subject in either age/physical plant, location and refund plan options.

The subject's existing and proposed entry fees for apartment by unit type and plan option, can be summarized as follows:

<u>Unit Type</u>	<u>Subject Average Entry Fee/SF Comparison to Comparables</u>
------------------	---

**Existing Units (135 units by period 10)**

**90% Refundable Plan Option (25% of all units)-**

10 Studio Apartment	above average (about 3%), at lower end of most comparable
91 1BR Apartment	below average (about 16%), within lower end of most comparable
49 2BR Apartment	below average (about 8%), within range of most comparable

**Non Refundable Plan Option (75% of all units)-**

10 Studio Apartment	below average (about 7%), within range of most comparable
91 1BR Apartment	below average (about 41%), at low end of most comparable
49 2BR Apartment	below average (about 24%), within range of most comparable

**Expansion Units (92 units)**

**95%/90% Refundable Plan Option (90% of all units)-**

12 1BR Apartment	below average (about 11%), within range of most comparable
80 2BR Apartment	below average (about 13%), within range of most comparable

**50% Refundable Plan Option (5% of all units)-**

12 1BR Apartment	below average (about 35%), below most comparable
80 2BR Apartment	below average (about 36%), at low end of most comparable

**Non Refundable Plan Option (5% of all units)-**

12 1BR Apartment	below average (about 33%), within range of most comparable
80 2BR Apartment	below average (about 22%), within range of most comparable



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**MEADOWS OF NAPA VALLEY  
COMPARATIVE ENTRY FEE ANALYSIS**

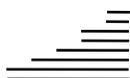
**Refundable Entry Fee/Square Foot**

<u>Studio</u>		<u>One Bedroom</u>		<u>Two Bedroom</u>	
<u>Comp. No.</u>	<u>EF/SF</u>	<u>Comp. No.</u>	<u>EF/SF</u>	<u>Comp. No.</u>	<u>EF/SF</u>
2*	\$448-\$633	1*	\$412	1*	\$381-\$403
6	\$350-\$362	2*	\$631-\$1,259	2*	\$420-\$1,180
7	\$386	3	\$405-\$927	3	\$773-\$894
		4	\$319-\$484	4	\$583-\$758
		6	\$429-\$466	7	\$398-\$422
		7	\$415-\$418	8	\$381-\$393
		8	\$359-\$410	10	\$578
		10	\$430-\$789		
Range	\$350-\$633		\$319-\$1,259		\$381-\$1,180
Average	\$428		\$524		\$553
Subject- Existing Units	\$404-\$546 \$442 (avg.) (10 units)		\$317-\$545 \$442 (avg.) (91 units)		\$331-\$546 \$507 (avg.) (49 units)
Subject- Expansion Units	-		\$466 (avg.) (12 units)		\$480 (avg.) (80 units)

**Amortizable Entry Fee/Square Foot**

<u>Studio</u>		<u>One Bedroom</u>		<u>Two Bedroom</u>	
<u>Comp. No.</u>	<u>EF/SF</u>	<u>Comp. No.</u>	<u>EF/SF</u>	<u>Comp. No.</u>	<u>EF/SF</u>
2*	\$216-\$306	1*	\$217	1*	\$201-\$212
6	\$267-\$277	2*	\$305-\$609	2*	\$420-\$571
9	\$192	5	\$274-\$303	5	\$203-\$213
		6	\$327-\$356	9	\$330
		9	\$246-\$451	10	\$430-\$489
		10	\$632		
Range	\$192-\$306		\$217-\$632		\$201-\$571
Average	\$242		\$381		\$340
Subject- Existing Units	\$204-\$277 \$224 (avg.) (10 units)		\$197-\$276 \$225 (avg.) (91 units)		\$168-\$277 \$257 (avg.) (49 units)
Subject- Expansion Units	-		\$257 (avg.) (12 units)		\$264 (avg.) (80 units)

\*Most comparable to subject includes Nos. 1 (Paradise Valley Estates) and 2 (Spring Lake Village).



Senior Living Valuation Services, Inc.

The subject's existing and proposed entry fees per square foot are within the range of entry fees per square foot of all projects, generally below market averages and within the low end to within the range of entry fees per square foot at the most similar projects. The subject's expansion units are larger which decreases a square foot calculation; the subject's expansion unit entry fees on a dollar basis are closer to and even above market averages.

In our opinion, considering the subject's history, current occupancy, location, overall competitive position, competitive monthly fees and a typical health care benefit, we have concluded that the existing and proposed entry fees under all plan options represent market entry fees and they therefore have been used in our cash flow projections for the subject as discussed below. The subject's currently existing independent living apartments are currently about 97% occupied (146/150).

**Monthly Fees** - The subject's monthly fees under the existing unit rent only option and the entry fee option can be compared to monthly fees at other entry fee and rental projects as detailed in the Market Analysis section of this report and summarized on the following pages.

The comparison to the subject's currently contracted and proposed monthly fees per square foot under the entry fee option can be summarized as follows:

<u>Unit Type</u>	<u>Subject Average Monthly Fee/SF Comparison to Comparables</u>
<b><u>Existing Units (150 units)</u></b>	
<b>Entry Fee Option (90% of all units by period 10, 33% currently)-</b>	
10 Studio Apartment	below average (about 44%), below most comparable
91 1BR Apartment	below average (about 18%), within range of most comparable
49 2BR Apartment	at average, within range of most comparable
<b>Rent Only Option (10% of all units by period 10, 67% currently)-</b>	
10 Studio Apartment	above average (about 4%)
91 1BR Apartment	at average
49 2BR Apartment	below average (about 9%)
<b><u>Expansion Units (92 units)</u></b>	
12 1BR Apartment	below average (about 26%), within range of most comparable
80 2BR Apartment	below average (about 20%), within range of most comparable

The subject's monthly fees per square foot are within the range of monthly fees per square foot of all projects, below market averages under the entry fee plan option and near the market average for the rent only option and mostly within the range of monthly fees per square foot at the most comparable projects (below for existing studio units). As noted above, the subject's expansion units are larger which decreases a square foot calculation; the subject's expansion unit monthly fees on a dollar basis are closer to market averages.

**MEADOWS OF NAPA VALLEY  
COMPARATIVE CCRC MONTHLY FEE ANALYSIS**

**Monthly Fee/Square Foot**

**Apartments**

	<u>Studio</u>		<u>One Bedroom</u>		<u>Two Bedroom</u>	
	<u>Comp. No.</u>	<u>MF/SF</u>	<u>Comp. No.</u>	<u>MF/SF</u>	<u>Comp. No.</u>	<u>MF/SF</u>
	2*	\$5.76-\$5.95	1*	\$3.45	1*	\$2.58-\$3.00
	6	\$8.68-\$9.15	2*	\$4.99-\$5.36	2*	\$4.29-\$5.36
	7	\$4.71	3	\$1.65-\$3.27	3	\$1.61-\$2.29
	9	\$7.55	4	\$2.89-\$4.23	4	\$3.72-\$5.62
	10	\$7.64-\$8.16	5	\$4.80-\$5.47	5	\$2.94-\$3.39
			6	\$6.91-\$7.79	7	\$2.13-\$3.37
			7	\$3.62-\$4.49	8	\$2.43-\$3.01
			8	\$3.05-\$3.79	9	\$5.00
			9	\$6.13-\$6.59	10	\$4.41
			10	\$7.64-\$8.16		
Range		\$4.71-\$9.15		\$1.65-\$8.16		\$1.61-\$5.62
Average		\$6.99		\$4.89		\$3.59
Subject- Existing Units		\$3.19-\$4.45 \$3.90 (avg.) (10 units)		\$2.56-\$4.76 \$3.99 (avg.) (91 units)		\$3.35-\$4.10 \$3.57 (avg.) (49 units)
Subject- Expansion Units		-		\$3.61 (avg.) (12 units)		\$2.88 (avg.) (80 units)

\*Most comparable to subject includes Nos. 1 (Paradise Valley Estates) and 2 (Spring Lake Village).



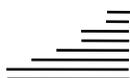
**MEADOWS OF NAPA VALLEY  
COMPARATIVE ACLF/AL/MC RENT ANALYSIS**

**ACLF-Congregate Living Units (Monthly Rents)**

	<u>Studio</u>		<u>One Bedroom</u>		<u>Two Bedroom</u>	
	<u>Comp. No.</u>	<u>Mo. Rent</u>	<u>Comp. No.</u>	<u>Mo. Rent</u>	<u>Comp. No.</u>	<u>Mo. Rent</u>
	2	\$2,840	2	\$2,900-\$3,000	2	\$6,000-\$6,700
	4	\$2,295+	4	\$3,000+	4	\$4,000+
Range		\$2,295-\$2,840		\$2,900-\$3,000		\$4,000-\$6,700
Average		\$2,568		\$2,975		\$5,175
Subject		\$2,178-\$3,046 \$2,665 (avg.) (10 units)		\$1,890-\$4,987 \$3,007 (avg.) (91 units)		\$3,301-\$5,337 \$4,718 (avg.) (49 units)

**AL/MC-Assisted Living/Memory Care Units (Monthly Rents)**

	<u>Studio</u>		<u>One Bedroom</u>		<u>Memory Care</u>	
	<u>Comp. No.</u>	<u>Mo. Rent</u>	<u>Comp. No.</u>	<u>Mo. Rent</u>	<u>Comp. No.</u>	<u>Mo. Rent</u>
	1	\$3,500-\$5,900	1	\$3,700-\$6,100	1	\$4,900-\$7,900
	3	\$3,893-\$4,893	3	\$5,109-\$6,019	3	\$4,745-\$5,745
Range		\$3,500-\$5,900		\$3,700-\$6,100		\$4,745-\$7,900
Average		\$3,219		\$5,232		\$5,823
Subject		-		\$3,461-\$6,659 (1BR) (33 units) \$5,726-\$6,627 (2BR) (7 units)		\$6,609 (20 units)



In our opinion, considering the subject's history, current occupancy, location, overall competitive position, competitive entry fees and typical health care benefit, we have concluded that the existing and proposed monthly fees under all plan options represent market monthly fees and they therefore have been used in our cash flow projections for the subject as discussed below.

**Assisted Living/Memory Care Rents** - The subject's 40 assisted living units and 20 memory care units are made available to entry fee residents at discounted rents (about 25% off of full market rents); all current and future rent only option residents and direct admits pay full market rents for assisted living or memory care. The subject's assisted living/memory care are currently about 92% occupied (55/60) with 100% direct admits.

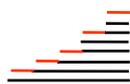
To assess whether the subject's current full market assisted living/memory care rents represents market rents, we have compared the subject's contracted assisted living/memory rents to the monthly rents at assisted living facilities surveyed in the Market Analysis section of this report, and summarized as follows:

<u>Unit Type</u>	<u>Subject Assisted Living/Memory Care Rent Comparison to Comparables</u>
33 AL 1 BR 7 AL 2 BR	below average (about 3%), within range of all market rents not available in market; about 22% above 1BR average rents
20 MC Private	above average (about 14%), within range of all market rents

The local assisted living/memory care market segments are generally in equilibrium with high occupancies. The subject's contracted assisted living/memory care unit rents are near market averages (slightly above average for memory care) and within the range of all market assisted living/memory care rents at the local senior projects (two bedroom assisted living is not offered at any other local project surveyed). This placement within the range is reasonable and considers the larger size of the subject's assisted living units and their older age (conversions from congregate units) and separately, the relative newness of its memory care units.

In our opinion, considering the subject's assisted living/memory care component's overall competitive position, occupancy history, relative ages and inclusion within a larger retirement community, we have concluded that the current contracted assisted living and memory care rents represent market rents. They are therefore used in our cash flow projections as discussed below.

**Nursing Care Rates** - The subject's 69 nursing beds are first be made available to entry fee residents who pay a discounted rate for any nursing care stays (about 25% off of the private pay rate) and current rent only resident transfers and direct admits who pay full market rates. The subject has a current payor source mix of approximately 40% private pay, 35% Medical and 25% Medicare. Medical and Medicare rates are not market determined but established by State agency. Private pay rates are market determined. The current occupancy within the subject nursing component is approximately 83% (57/69).



To assess whether the subject's current private pay nursing rates represents market rates, we have compared the subject contracted nursing rates to the daily rates at nursing facilities surveyed in the Market Analysis section of this report, and summarized as follows:

<u>Bed Type</u>	<u>Subject Nursing Private Pay Rate Comparison to Comparables</u>
5 Private	above average (about 14%), at upper end of all market rates
64 Semiprivate	above average (about 16%), above all market rates

The local skilled nursing market is generally in equilibrium with high occupancies despite older aged and quality physical plants and below average private pay census. The subject's private pay nursing rates are modestly above market averages and at the upper end to above the range of all market private pay rates reflecting its relative newness and higher quality. The subject currently has only about 23 private pay residents.

In our opinion, considering the subject's nursing component's overall competitive position, its limited private pay census and exposure to the open market, its relatively newer age and quality and its inclusion within a larger retirement community, we have concluded that the current projected private pay rates represent market rates. They (and the fixed Medicare and Medicaid rates) are therefore used in our cash flow projections as discussed below.

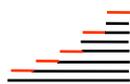
### Components of Revenue

The subject's projected revenue cash flow stream components are discussed separately below and can be summarized as follows:

- 1) Projected first generation entry fee collections for the existing units;
- 2) Projected first generation entry fees collections for the expansion units;
- 3) Net annual turnover entry fee receipts for existing and proposed expansion apartment units;
- 4) Net annual CCRC and rent only monthly fee receipts;
- 5) Annual assisted living/memory care and nursing care revenues;
- 6) Annual other/miscellaneous/ancillary income.

**Entry Fee Receipts for First Generation Sales** - To determine the value and timing of first generation cash flow entry fees which will be received for the subject's entry fee pricing option, it is necessary to estimate the timing and rate of collections on these units.

**Existing Units-** The subject has offered an entry fee pricing option in its existing apartments since 2012 and has been emphasizing the entry fee option in marketing. 49 (about 33% of the occupied units) existing residents have entered the subject by paying an entry fee. In our cash flow projections for the subject, we have forecast that 90% of all existing units (135/150) by period 10 (10% would remain rent only) will be occupied by entry fee residents as these units turnover into the future. Forecasted to be converted from rental to entry fee at rate of 7 to 9 units per year as detailed on a following page.



**MEADOWS OF NAPA VALLEY**  
**COMPARATIVE NURSING HOME PRIVATE PAY RATES**

**SNF Daily Private Pay Rates**

	<u>Private Room</u>		<u>Semiprivate Room</u>	
	<u>Comp. No.</u>	<u>Daily Rate</u>	<u>Comp. No.</u>	<u>Daily Rate</u>
	1	\$400	1	\$300
	2	\$300	2	\$290
	3	\$315	3	\$278
			4	\$283
Range		\$300-\$400		\$278-\$300
Average		\$338		\$288
Subject		\$384 (5 beds)		\$298-\$368 (64 beds)

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Subject to change



Our projections consider the operator's projections, the experience at existing CCRC's offering both an entry fee and rent only option and considering the entry fee pricing, we have estimated the following plan option mix for the subject:

**25%- 90% Refundable Plan**  
**75%- Non Refundable Plan**

The average entry fees under both plan options are increased by 3% per year and discounted to the various valuation dates at a 10% discount rate (discussed and supported later in this report section). The subject's currently existing unit listed entry fees were concluded to represent market entry fees earlier in this report section.

**Summary-** As shown, the discounted value of the first generation entry fee collections for existing units (for 86 units, 135 projected stabilized entry fee units less 49 units already converted) as is, at January 13, 2016 is \$15,419,007, rounded to \$15,425,000

The discounted value of the existing unit first generation entry fees as of the completion of the proposed expansion, projected to be November 1, 2017, has been estimated at \$14,440,510 (\$15,419,007 January, 2016 value less the value of the discounted collections from February, 2016 to October, 2017- \$3,196,823, and then multiplied by the discount rate of 10% for 1.75 years, or 1.1815), rounded to \$14,450,000.

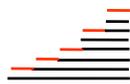
The discounted value of the existing unit first generation entry fees as of the sellout of the proposed expansion, projected to be November 1, 2018, has been estimated at \$13,653,011 (\$15,419,007 January, 2016 value less the value of the discounted collections from February, 2016 to October, 2018- \$4,916,691, and then multiplied by the discount rate of 10% for 2.75 years, or 1.3), rounded to \$13,650,000.

**Expansion Units-** As of January, 2016, the subject had yet to begin to collect 10% deposits (formal presales) but has been collecting \$1,000 refundable deposits since the spring of 2015 (about 123 collected through 1/15). Considering the operator's projections and the experience at similar campuses, we have estimated the following plan option mix for the subject expansion units:

**90%- 90%/95% Refundable Plan**  
**5%- 50% Refundable Plan**  
**5%- Non Refundable Plan**

The subject's currently proposed expansion unit entry fees were concluded to represent market entry fees earlier in this report section.

In our opinion, considering the operator projections, its location, sponsor, overall quality, competitive entry and monthly fees and its overall competitive position, we have projected the following sale of the expansion units:

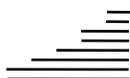


**MEADOWS OF NAPA VALLEY**  
**DISCOUNTED VALUE OF FIRST GENERATION ENTRY FEES- EXISTING UNITS**

<u>Period</u>	<u>Units Sold (2)</u>	<u>Units Closed (2)</u>	<u>Average Fee</u>	<u>Gross Undiscounted Collections</u>	<u>Discount Factor (1)</u>	<u>Discounted Value @ 2/16</u>
1 (1/16-10/16) (9 mos.)	7	7	\$208,676 (3)	\$ 1,460,732	.9310	\$ 1,359,941
2 (11/16-10/17)	8	8	\$271,279	\$ 2,170,229	.8464	\$ 1,836,882
3 (11/17-10/18)	8	8	\$279,417	\$ 2,235,336	.7694	\$ 1,719,868
4 (11/18-10/19)	9	9	\$287,800	\$ 2,590,197	.6995	\$ 1,811,843
5 (11/19-10/20)	9	9	\$296,434	\$ 2,667,803	.6359	\$ 1,696,456
6 (11/20-10/21)	9	9	\$305,327	\$ 2,747,940	.5781	\$ 1,588,584
7 (11/21-10/22)	9	9	\$314,486	\$ 2,830,378	.5255	\$ 1,487,364
8 (11/22-10/23)	9	9	\$323,921	\$ 2,915,290	.4778	\$ 1,392,926
9 (11/23-10/24)	9	9	\$363,639	\$ 3,002,748	.4343	\$ 1,304,093
10 (11/24-10/25)	<u>9</u>	<u>9</u>	<u>\$343,648</u>	<u>\$ 3,092,831</u>	.3948	<u>\$ 1,221,050</u>
Totals	86	86	\$298,995	\$25,713,584		\$15,419,007
	==	==	=====	=====		=====
			(avg.)			
Rounded				\$25,725,000		\$15,425,000
				=====		=====

**NOTES:**

- (1) 10.0% estimated discount rate.
- (2) Projected annual turnover of rent only units, being resold as entry fee units.
- (3) Weighted average entry fee by plan option for existing units (25%- 90% Refundable and 75%- Non Refundable), increased by 3% per year.



	<u>No. of Units</u>	<u>Sale Rate Units/Month</u>
Comparable CCRC Sales Rates-		
Varena	158	2.4
Fountaingrove (LGBT)	49	1.4
Stoneridge Creek Phase I	373	5.2
Subject Projected to Opening @ 11/17- 70% Presales (2/16-10/17)		
	65	3.1
Subject Projected Post Opening- (11/17-7/18)		
	27	3.0

The above appraisal projections result in the subject achieving an expansion sellout by October, 2018. All presold units are projected to close (resident move-in and collection of the full entry fee) within the first two quarters or six months after opening; all post opening sales are projected to close three months after sale.

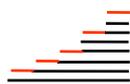
In our cash flow estimates for the subject, we have projected that the entry fees for all 92 expansion units will be totally collected over the first 12 months after opening, or November, 2017 to October, 2018. Therefore, the expansion units are projected to be fully occupied by November 1, 2018. These estimates are conservative but reasonable and incorporate the subject's characteristics and the actual sales and presale to closing conversion rate history at other area CCRC's. They incorporate the time it will take new residents to sell their existing homes and/or make arrangements to physically move into their units (when the full entry fee is due).

**Summary-** Projected entry fee collections by each quarter of the sellout period are illustrated on the following page and discounted to the completion of construction date of 11/1/17 (and also to the as is valuation date of 1/13/16) using a 10.0% discount rate (explained and supported later in this section). Estimated at the completion of construction at November, 2017 at \$63,301,219, rounded to \$63,300,000. Discounted back to the as is valuation date at 1/13/16 at a 10% discount rate to \$53,578,151, rounded to \$53,575,000.

As shown, the total projected entry fee receipts/pool for all 92 expansion units has been estimated at \$66,309,135, rounded to \$66,300,000 (accumulated collections, undiscounted).

### **Turnover Entry Fee Receipts**

The resident agreement with Meadows of Napa Valley entry fee residents indicates that residents who voluntarily leave, die or enter the campus care components permanently are eligible to receive a 90% refund, 50% refundable or zero refund based upon the length of stay in the apartment unit. As residents permanently vacate their entry fee unit, it becomes available to the public for resale, allowing Meadows of Napa Valley to obtain a new entry fee at current market levels.



**THE MEADOWS OF NAPA VALLEY**  
**DISCOUNTED VALUE OF FIRST GENERATION ENTRY FEES – EXPANSION UNITS**

<u>Period</u>	<u>Units Sold (3)</u>	<u>Units Closed (2)</u>	<u>Average Fee</u>	<u>Gross Undiscounted Collections</u>	<u>Discount Factor (1)</u>	<u>Discounted Value @ 11/17</u>
Presales to 11/17	65	0				
Q1 (11/17-1/18)	9	33	\$704,685	\$23,254,605	.9765	\$22,707,054
Q2 (2/18-4/18)	9	41	\$716,702	\$29,384,790	.9535	\$28,017,298
Q3 (5/18-7/18)	9	9	\$759,430	\$ 6,834,870	.9310	\$ 6,363,349
Q4 (8/18-10/18)	<u>0</u>	<u>9</u>	<u>\$759,430</u>	<u>\$ 6,834,870</u>	.9091	<u>\$ 6,213,518</u>
Totals	92	92	\$720,751	\$66,309,135		\$63,301,219
	==	==	=====	=====		=====
Rounded				\$66,300,000		\$63,300,000
				=====		=====
Discounted to 1/16 @ 10% Discount Rate for 1.75 Years (0.8464 factor)						\$53,578,151
						=====
Rounded						\$53,575,000
						=====

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Subject to change

**NOTES:**

- (1) 10.0% estimated discount rate.
- (2) Estimated three month lag between unit sale and closing.
- (3) Absorption rate estimated at 70% presales by opening (65 units) in November, 2017 (closing evenly over 1<sup>st</sup> two quarters); 3.0 units projected average sales rate per month from 11/17 to 7/18, closing three months after sale.



To estimate attrition receipts over the projection period, two key components are necessary. First, an estimate of the number of entry fee units (not residents) that turnover in each period is necessary. Our estimate of the number of turnover units considers its characteristics and the actuarial estimates and history at comparable buy-in fee projects. Projections for existing unit turnover and expansion unit turnover are made separately. A comparison and turnover projections for the subject are set forth on the following pages. The projected subject annual unit turnover for both existing and proposed units are well within the range of turnover experience at other CCRC's as shown. In our estimate of gross turnover receipts for existing units, we have forecast that 14 units (10.4% of total 135 total entry fee units) will turnover beginning in period 11 (11/25-10/26), or at estimated actuarial stabilization (fixed level of unit turnover per year). In our estimate of gross turnover receipts for expansion units, we have forecast that 9 units (9.8% of total 92 total units) will turnover beginning in period 11 (11/25-10/26), or at estimated actuarial stabilization (fixed level of unit turnover per year).

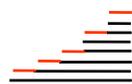
Second, one must compute an average entry fee resale price each period to determine gross attrition entry fee receipts collected each year. In our discounted cash flow analysis, we have assumed that the average entry fee will increase by 3.0% each year beginning in November, 2016 for the existing units and at November, 2017 for the expansion units (no entry fee increases during presales), reflecting the experience at other facilities as shown on the following page, the current and anticipated future competitive environment and the subject's overall competitive position and general inflationary trends and expectations.

The exact annual increase in subject fees/rents is not that relevant (as long as it is consistently applied) in the final value determination as the projected annual cash flow increase is offset by using an appropriate discount rate (i.e. higher cash flow growth rate, higher discount rate or vice versa).

Our calculation of gross turnover receipts over the projection period is illustrated on the following pages. The cash flow schedules estimate the gross collections from new residents in each period less any refund due to the exiting resident/their estate. The refund percentages used incorporate a weighted average of the projected plan option refunds due to the estimated sellout resident basis (what each resident paid at occupancy as detailed in the Addenda) per unit. For existing units- $\$10,869,964/49 = \$221,836$  at an average stabilized refund percentage due of 22.5% (25% at a 90% refund and 75% at a 0% refund). For the expansion units- $\$66,309,092/92 = \$720,751$  at an average stabilized refund percentage due of 76.82% (90% at a 90% refund, 5% at a 50% refund and 5% at a 0% refund). In period three, the average refund percentage is estimated at 79.75% to incorporate the 95% refund charter residents and amortizing downward to the stabilized 76.82% by period 11 as 95% refund residents are replaced with 90% refund residents.

The average refund basis per year is adjusted each year for unit turnover. Net attrition receipts are calculated as gross resale receipts from entering new residents less refunds to all exiting/vacating residents.

**Monthly Service Fees** - In addition to entry fees and under the entry fee and rent only options, subject residents are required to pay monthly maintenance fees to fund all operating costs of the development including direct real estate taxes, utilities, insurance, meals, housekeeping services and all other costs associated with physical building maintenance and staffing including replacement reserves and management fees. These fees are adjusted upward annually to offset increases in operating costs.



**MEADOWS OF NAPA VALLEY  
UNIT TURNOVER PROJECTIONS**

Facility	Terrace Los Gatos (Los Gatos, CA)	Moldaw (Palo Alto, CA)	Rancho San Antonio (Cupertino, CA)	Aldersly (San Rafael, CA)	Paradise Valley Estates (Fairfield, CA)	Subject (1)
Facility Age	1992	2009	1989	1921+	1997	1988-17
Units	175	170	319	61	327	135/92 (2)
Year 1 (2/12-10/16)(9 mos.)	18	12	31	8	27	1/0
Year 2 (11/16-10/17)	18	13	31	8	27	2/0
Year 3 (11/17-10/18)	18	14	31	8	27	3/1
Year 4	18	15	31	8	27	4/2
Year 5	18	16	31	8	27	5/3
Year 6	18	16	31	8	27	6/4
Year 7	18	16	31	8	27	7/5
Year 8	18	16	31	8	27	8/6
Year 9	18	16	31	8	27	10/7
Year 10	18	16	31	8	27	12/8
Year 11 (11/25-10/26)	18	16	31	8	27	14/9
% Turnover at Eff. Actuarial Stabilization	10.3%	9.4%	9.7% (Avg. - All Facilities)	13.1%	8.3% 10.2%	10.4%/9.8%

**Notes:**

- (1) Appraisal actuarial estimates of annual entry fee unit turnover for subject are consistent with the above comparable data, consider the operator projections and the subject's characteristics.
- (2) Projected total subject existing entry fee units (135, or 90% of 150)/proposed entry fee units (92).

**MEADOWS OF NAPA VALLEY**  
**LONG TERM ENTRY FEE APPRECIATION**

	<u>Unit</u> <u>Type</u>	<u>Avg.</u> <u>EF/SF</u> <u>2002</u>	<u>Avg.</u> <u>EF/SF</u> <u>2016</u>	<u>14 Year</u> <u>Increase</u> <u>2002-16</u>	<u>Compounded</u> <u>Annual</u> <u>Increase</u> <u>2002-16</u>
1. Paradise Valley Estates Fairfield	1BR	\$246	\$412	67.5%	3.8%
	2BR	\$243	\$392	61.3%	3.5%
2. Spring Lake Village Santa Rosa	Studio	\$212	\$261	23.1%	1.5%
	1BR	\$312	\$437	40.1%	2.4%
	2BR	\$307	\$496	61.6%	3.5%
3. Tamalpais Greenbrae	Studio	\$170	\$192	12.9%	0.9%
	1BR	\$221	\$349	57.7%	3.3%
4. Aldersly San Rafael	Studio	\$137	\$272	98.5%	5.0%
	1BR	\$159	\$342	115%	5.6%

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Subject to change



**MEADOWS OF NAPA VALLEY**  
**ESTIMATE OF NET ANNUAL ENTRY FEE UNIT TURNOVER RECEIPTS - EXISTING UNITS**

Period	Projected No. of Turnover Units (2) (A)	Average Resale Price (B)	Gross Resale Receipts (C)	Less: Resident Refunds			Total Net Attrition Receipts (G) (C) - (F)
				% Avg. Refunded (D)	Refundable Entry Fee Basis (E)	Total Refunds (F) (A) x (D) x (E)	
Period 1 - (2/16-10/16) (9 mos.)	1	\$208,674 (1)	\$208,674	22.50% (4)	\$221,836 (3)	\$49,913	\$158,761
2 - (11/16-10/17)	2	213,369	426,738	22.50%	221,567	99,705	327,033
3 - (11/17-10/18)	3	219,770	659,310	22.50%	221,283	149,366	509,944
4	4	226,363	905,453	22.50%	221,214	199,093	706,360
5	5	233,154	1,165,770	22.50%	221,490	249,176	916,595
6	6	240,149	1,440,892	22.50%	221,189	299,955	1,140,937
7	7	247,353	1,731,472	22.50%	223,360	351,792	1,379,680
8	8	254,774	2,038,190	22.50%	225,030	405,053	1,633,137
9	10	262,417	2,624,170	22.50%	227,209	511,220	2,112,950
10	12	270,289	3,243,474	22.50%	230,197	621,533	2,621,940
11 - (11/25-10/26)	14	\$278,398	\$3,897,574	22.50%	\$234,004	\$737,112	\$3,160,462

**NOTES:**

- (1) \$208,674 estimated weighted average entry fee (25% - 90% Refundable Plan and 75% - Amortizing Plan), prices increased annually by 3% beginning at 11/16.
- (2) Per accompanying schedule.
- (3) Refund per unit basis per current resident base (\$10,869,964/49-see Addenda), adjusted for turnover each period.
- (4) Projected weighted average refund percentage due (25% at a 90% refund and 75% at a 0% estimated refund).



**MEADOWS OF NAPA VALLEY**  
**ESTIMATE OF NET ANNUAL ENTRY FEE UNIT TURNOVER RECEIPTS - EXPANSION UNITS**

Period	Projected No. of Turnover Units (2) (A)	Average Resale Price (B)	Gross Resale Receipts (C) (A) x (B)	Less: Resident Refunds			Total Net Attrition Receipts (G) (C) - (F)
				% Avg. Refunded (D)	Refundable Entry Fee Basis (E)	Total Refunds (F) (A) x (D) x (E)	
Period 1 - (2/16-10/16) (9 mos.)	0	\$737,311 (1)	\$ 0	79.75% (4)	\$720,751 (3)	\$ 0	\$ 0
2 - (11/16-10/17)	0	737,311	0	79.75%	720,751	0	0
3 - (11/17-10/18)	1	759,430	759,430	79.75%	720,751	574,799	814,631
4	2	782,213	1,564,426	79.38%	721,171	1,144,985	419,441
5	3	805,680	2,417,039	79.02%	722,498	1,712,698	704,341
6	4	829,850	3,319,400	78.65%	725,211	2,281,545	1,037,855
7	5	854,746	4,273,728	78.28%	729,760	2,856,457	1,417,270
8	6	880,388	5,282,327	77.92%	736,553	3,443,467	1,838,861
9	7	906,800	6,347,597	77.55%	745,934	4,049,415	2,298,181
10	8	934,004	7,472,028	77.19%	758,173	4,681,624	2,790,405
11 - (11/25-10/26)	9	\$962,024	\$8,658,213	76.82%	\$773,463	\$5,347,568	\$3,310,644

**NOTES:**

- (1) \$737,311 estimated weighted average entry fee (90% - 90% Refundable Plan, 5% - Amortizing Plan and 5% - 50% Refundable Plan), prices increased annually by 3% beginning at 11/17.
- (2) Per accompanying schedule.
- (3) Refund per unit basis per appraisal sellout projections (\$66,309,092/92), adjusted for turnover each period.
- (4) Projected weighted average refund percentage due (90% at 95% initial/90% stabilized refund, 5% at a 50% refund and 5% at a 0% refund).



Our estimate of gross monthly fees in period one (2/16 to 10/16) is based on the current weighted average contracted monthly fee (entry fee and rent only), with the expansion units added to the average in period three (11/17-10/18). All monthly fees after period three are inflated by 3% per year but the weighted average annual increase is actually only 1.56% as lower monthly entry fee residents replace higher monthly fee rent only residents for the existing units. Monthly fees (rent only and entry fee) were determined to represent market fees as discussed earlier in this section of the report.

Double occupancy fees are calculated separately and incorporate second occupants from an estimated 33 units (22% of 150) for the existing units and 37 additional double occupants in period three (40% of 92) and then declining by one expansion unit double occupied unit each year to a stabilized 62 total double occupied units (26% of 242) by period 11, multiplied by the average double occupancy fee which is also increased by 1.5% per year.

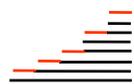
To arrive at net monthly fee collections from gross potential monthly fee income, it is necessary to make the following adjustments: 1) a permanent vacancy and collection loss of about 4% (9.7 units) by the beginning of period four (11/18-10/19); and 2) an escalating 1.3% (period four) to 2% (period 11) stabilized vacancy factor of gross fees for lost income from units being vacant during a turnover period when the unit is remarketed, when no monthly fee is collected. Total stabilized vacancy and collection losses are estimated at 6% (4% + 2%) of gross potential revenues in each period. This estimate considers the subject's current occupancy and the occupancy at other regional CCRC and rental projects (about 91% average at regional CCRC's and 94.8% at local rentals). These estimates are conservative but realistic over the long term. During the expansion unit absorption period three (11/17-10/18), the average permanent vacancy has been estimated at 25.78% based on the expansion unit sellout projections.

**Assisted Living/Memory Care Revenues** - The subject's 40 assisted living and 20 memory care units are projected to be occupied by rent only direct admit residents who pay full market rents for any assisted living/memory care stays. The average contracted assisted living/memory care rent per the current rent roll is approximately \$5,805/month as detailed in the Addenda. Current assisted living and memory care rents were concluded to be market rents earlier in this report section.

Net revenues from the assisted living/memory care rents are calculated on the following page. Average contracted AL/MC rents are increased 3% per year. Our cash flow projections estimate a stabilized occupancy of 91.7% (55/60) in each period, consistent with the current occupancy.

**Nursing Care Revenues** - The subject's 69 existing nursing beds are/will be occupied by: 1) Meadows of Napa Valley temporary transfer patients who have not released their entry fee apartment; 2) Meadows of Napa Valley permanent patients who have released their entry fee apartment; and 3) rent only or direct admits who did not pay an entry fee and/or moved directly into health center from outside the campus. Internal entry fee transfers pay 75% of a full market private pay rates; all rent only transfers and direct admits pay full market rates.

Private pay nursing rates were concluded to represent market rents earlier in this report section (Medicare and Medical rates are fixed by State agency and are not market determined). The current contracted average daily rate (\$374.65/day) is based upon the current census and rates as detailed in the Addenda (40% private pay at \$321/day average, 35% Medical at \$275/day and 25% Medicare at an estimated \$600/day net average). All rates are projected to be increased by 3% per year.



**MEADOWS OF NAPA VALLEY  
CALCULATION OF NET MONTHLY FEE RECEIPTS**

Period	Average Mo. Fee (1)		Double Occupancy Fees (1)		Gross Annual Mo. Fees [(A) x 150/242 + (B) x (C)] x 12 (D)	Less:		Net Annual Collections (D)-(E)-(F)
	(A)	(B)	Average Mo. Fee (1) (B)	No. of Double Occupancy (C)		Permanent Vacancy (3) (E)	Less: Turnover Vacancy (4) (F)	
1 - (2/16-10/16) (9 mos.)	\$3,332	\$643	\$643	33	\$4,689,171	\$140,675	\$ 93,783	\$4,454,712
2 - (11/16-10/17)	3,413	662	662	33	6,405,009	192,150	128,100	6,084,758
3 - (11/17-10/18)	3,969	694	694	70	12,108,936	3,121,684	157,416	8,829,836
4 - (11/18-10/19)	4,031	705	705	69	12,290,473	491,619	172,067	11,626,787
5	4,095	716	716	68	12,474,728	498,989	187,121	11,788,618
6	4,159	727	727	67	12,661,743	506,470	202,588	11,952,686
7	4,224	738	738	66	12,851,559	514,062	218,477	12,119,020
8	4,291	749	749	65	13,044,218	521,769	234,796	12,287,654
9	4,358	761	761	64	13,239,762	529,590	251,555	12,458,616
10	4,426	773	773	63	13,438,235	537,529	268,765	12,631,941
11 - (11/25-10/26)	\$4,496	\$785	\$785	62	\$13,640,424	\$545,617	\$272,808	\$12,821,999

**Notes:**

- (1) Based upon current contracted monthly rent (see Addenda); and separately the double occupancy surcharges and census (22% of occupied existing units and then increasing by 47 units in period three to incorporate an estimated 40% double occupied of the 92 expansion units), Increased by 1.56% per year after period three (3% in periods two and three) to incorporate increasing number of entry fee residents (from 33% currently to a stabilized 90% by period 11) paying higher monthly fees than rent only residents..
- (2) 4% (9.7 units) estimated deduction for stabilized vacancy by the beginning of period four (11/18-10/19) and 3% in periods one and two. Estimated at 25.78% in period three (11/17-10/18) to incorporate the absorption of the 92 expansion units during these 12 months.
- (3) 1.3% to 2% (increasing at 0.1% per year to a stabilized 2% by period 10) for the estimated deduction for temporary vacancies from units turning over when no monthly fees are collected.



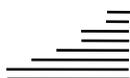
**MEADOWS OF NAPA VALLEY**  
**CALCULATION OF ASSISTED LIVING/MEMORY CARE REVENUES**

<u>Period</u>	<u>Total Residents</u> (A)	<u>Average AL/MC Monthly Rent</u> (B)	<u>Total AL/MC Resident Revenue</u> (A) x (B) x 12
1 – (2/16-10/16)(9 mos.)	55 (1)	\$5,805 (2)	\$2,873,475
2 – (11/16-10/17)	55	5,979	3,946,239
3 – (11/17-10/18)	55	6,159	4,064,626
4	55	6,343	4,186,565
5	55	6,534	4,312,162
6	55	6,730	4,441,527
7	55	6,931	4,574,773
8	55	7,139	4,712,016
9	55	7,354	4,853,376
10	55	7,574	4,998,977
11 – (11/25-10/26)	55	\$7,801	\$5,148,947

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Subject to change

Notes:

- (1) Considering the current census and the operator’s budget, an appraisal estimated 55/60 (91.7%) stabilized occupancy in each period (38 assisted living and 17 memory care).
- (2) Average monthly rent (\$5,805/mo.) equal to the weighted current contracted assisted/residential living (\$5,447) and memory care (\$6,608) rent per the current rent roll, increased by 3% per year.



**MEADOWS OF NAPA VALLEY  
CALCULATION OF NURSING REVENUES**

Period	Discount Temporary	Discount Permanent	Discount Average	Discount Resident	Non Discount Patients	Non Discount Daily Rate	Non Discount Annual Patient Revenues	Net Ancillary Revenues (5)	Total Nursing Revenues (C) + (F) + (G)
	(A)	(A)	(B)	(A) x (B) (C)	(D)	(E)	(D) x (E) (F)	(G)	(C) + (F) + (G)
1 - (2/16-10/16)(9 mos.)	365	365	\$240.75 (2)	\$ 87,874	20,677 (3)	\$374.65 (4)	\$5,809,979	\$160,552	\$6,058,404
2 - (11/16-10/17)	365	1,124	248.17	278,938	19,918	385.89	7,686,147	220,492	8,185,577
3 - (11/17-10/18)	365	1,883	255.81	481,686	19,159	397.47	7,615,055	227,107	8,323,849
4	730	2,642	263.69	696,662	18,035	409.39	7,383,352	233,920	8,313,934
5	730	3,401	271.81	924,423	17,276	421.67	7,284,803	240,938	8,450,164
6	730	4,160	280.18	1,165,552	16,517	434.32	7,173,697	248,166	8,587,415
7	730	4,919	288.81	1,420,658	15,758	447.35	7,049,368	255,611	8,725,637
8	1,095	5,678	297.71	1,690,373	14,634	460.77	6,742,941	263,279	8,696,593
9	1,095	6,437	306.88	1,975,355	13,875	474.60	6,585,011	271,177	8,831,543
10	1,095	7,196	316.33	2,276,288	13,116	488.83	6,411,537	279,313	8,967,128
11 - (11/25-10/26)	1,095	7,950	\$326.07	\$2,592,254	12,362	\$503.50	\$6,224,246	\$287,692	\$9,104,192

**Notes:**

- (1) Appraisal estimates of future entry fee discounted stabilized nursing utilization include 1.0 temporary transfers (365 patient days) and 1.0 permanent transfers (365 patient days) per the current rent roll and increasing to a stabilized 3.0 temporary transfers (1,095 patient days) and 21.78 permanent transfers (7,950 patient days) by period 11. 10% projected stabilized internal utilization by period 11 (24.78/242).
- (2) Average discounted daily rate for internal entry fee transfers (estimated 75% of full market private pay rate of \$240.75/day), increased by 3% per year.
- (3) 85% projected stabilized occupancy (58.65/69 beds) in each period, based upon the current census; number of direct admits = capacity (58.65 beds or 21,407 patient days) less internal CCRC resident utilization (column A + B).
- (4) Average non discounted rate per current rent roll (\$374.65/day- see Addenda), or 40% private pay @ \$321/day average, 35% Medical @ \$275/day and 25% Medicare @ \$600/day net average, increased by 3% per year.
- (5) Estimated at \$10.00/PPD for net ancillary income, increased by 3% per year.



The subject's nursing beds will be occupied by the inside entry fee apartment transfers, with any remaining vacant beds available to be rented to internal rent only residents or outside direct admit residents. As the number of entry fee resident transfers grows, the number of rent only/direct admit residents will decline. Per the actuarial experience at other comparable CCRC facilities, the number of internal campus transfers is forecast to increase from two patients in period one (365 temporary days and 365 permanent days) to a stabilized period 11 three temporary patient or 1,095 days and 21.78 permanent patient days or 7,950 patient days- combined 11% of 227 entry fee units.

In our cash flow projections for the subject, we have estimated nursing component cash flows as set forth on the following page. The subject's nursing beds are projected to have a stabilized occupancy of 58.65 beds/21,407 patient days or 85% of all beds (58.69/69) in each period. The 85% stabilized occupancy estimate within this campus component is consistent with the current occupancy and reflects the subject's high, high turnover Medicare census.

The nursing care cash flows also include an estimated **net** ancillary revenue (net of ancillary expenses) of approximately \$10.00 per patient day or \$160,552 in period one (for 21,407 patient days), increased by 3% per year, consistent with historical collections and the experience at similar projects.

**Reserve Interest Income-** Represents the annual interest on approximately \$7,400,000 in currently held reserves. After first generation expansion unit entry fees are collected by period three, projected to increase to \$11,300,000. Estimated to earn 3% long term interest rate in each occupancy stabilized period, or \$339,000 ( $\$11,300,000 \times 3\%$ ).

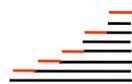
Though some of these reserves are not legally restricted and could theoretically be withdrawn from the project, it is our experience that these funds would likely remain in the project (and transfer to any buyer would therefore have to pay for them) to maintain the sense of financial stability among bond holders and current and future residents and their families.

**Other Income** - Other income includes all revenues from miscellaneous sources including rental income from common areas (i.e. barber/beauty shop), meals to visitors, parking garage fees, assisted living services provided to residents in their apartments and extra personal services for residents. Estimated at 5% of net monthly fees and assisted living/memory care revenues, or \$790,668 by the occupancy stabilized period four (+\$218/apartment and AL/MC unit). Consistent with historical collections and projections made for the subject, and consistent with the experience at comparable higher end senior entry fee projects.

### **Expenses or Outlays**

Our forecasted expenses (referred to as departmental operating expenses) for the apartments and assisted living/memory care units and separately the nursing care component for the subject are based on the recent operating history (fiscal 2015, fiscal 2016 annualized), the operator pro forma projections (fiscal 2017) and third party consultants as summarized on the following page (and detailed in the Addenda of this report) and the actual historical operating expenses at comparable entry fee projects.

Departmental operating expenses include insurance, all on site administrative expenses, direct real estate taxes, marketing, utilities, maintenance, housekeeping/laundry, activities, living assistance and dietary/food. Health center costs also include all nursing payroll and supplies. Departmental operating expenses in the occupancy stabilized period four (11/18 to 10/19) are as follows:



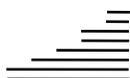
**Senior Living Valuation Services, Inc.**

**MEADOWS OF NAPA VALLEY**  
**HISTORICAL & BUDGETED INCOME AND EXPENSE STATEMENT**

	<u>Historical</u>		<u>Budget</u>
	<u>Y/E 3/2015</u>	<u>Y/E 3/2016 (3)</u>	<u>Y/E 3/2017</u>
Revenues -			
Health Center	\$7,161,606	\$7,929,093	\$8,355,000
Service Fees	10,462,412	10,037,980	10,092,000
Other Income	<u>738,323</u>	<u>537,998</u>	<u>737,000</u>
Total Revenues (1)	\$18,362,341	\$18,021,071	\$19,184,000
Expenses –			
Dietary	\$3,454,561	\$3,497,223	\$3,787,000
Facility Services & Utilities	3,192,718	3,104,208	3,510,000
Health & Social Services	4,808,217	4,869,540	5,000,000
Assisted Living	1,770,779	1,703,910	1,540,000
Administrative & Marketing	<u>2,753,116</u>	<u>2,074,155</u>	<u>2,363,000</u>
Total Expenses (2)	\$15,979,391	\$15,249,036	\$16,200,000
% of Total Revenues	(87.0%)	(84.6%)	(84.5%)
Net Income	\$2,382,950 =====	\$2,772,035 =====	\$2,984,000 =====

Notes:

- (1) Without contributions or earned entry fees.
- (2) Without management fees, interest income or expense, replacement reserves/capital expenditures, or debt service payments.
- (3) 8 months ending 11/30/15 annualized.

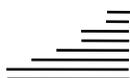


**MEADOWS OF NAPA VALLEY**  
**PRO FORMA INCOME AND EXPENSE STATEMENT**

	Pro Forma			
	<u>Y/E 3/2018</u>	<u>Y/E 3/2019</u>	<u>Y/E 3/2020</u>	<u>Y/E 3/2021</u>
Revenues -				
Health Center	\$8,399,000	\$8,749,000	\$9,035,000	\$9,428,000
Service Fees	10,870,000	15,562,000	16,772,000	17,442,000
Other Income	<u>738,000</u>	<u>927,000</u>	<u>981,000</u>	<u>1,101,000</u>
Total Revenues (1)	\$20,007,000	\$25,238,000	\$26,788,000	\$27,971,000
Expenses –				
Dietary	\$4,123,000	\$5,344,000	\$5,740,000	\$5,959,000
Facility Services & Utilities	3,972,000	4,869,000	5,110,000	5,311,000
Health & Social Services	5,179,000	5,475,000	5,711,000	5,988,000
Assisted Living	1,594,000	1,650,000	1,708,000	1,767,000
Administrative & Marketing	<u>2,626,000</u>	<u>2,980,000</u>	<u>3,085,000</u>	<u>3,193,000</u>
Total Expenses (2)	\$17,494,000	\$20,318,000	\$21,354,000	\$22,218,000
% of Total Revenues	(87.4%)	(80.5%)	(79.7%)	(79.4%)
Net Income	\$2,513,000 =====	\$4,920,000 =====	\$5,434,000 =====	\$5,753,000 =====

Notes:

- (1) Without contribution income or earned entry fees.
- (2) Without management fees, interest income or expense, replacement reserves/capital expenditures, or debt service payments.



	Departmental Operating Expense <u>ILU/AL/MC</u>	Health Center - <u>SNF</u>	<u>Total</u>
Net Operating Expenses	\$12,674,200	\$ 7,492,358	\$20,166,558
Per Occupied Unit/Bed	\$ 44,868	\$ 127,750	\$ 60,356
Per Resident	\$ 36,420	\$ 127,750 (\$350/PPD)	\$ 49,549
 Annual Forecasted Increase	 3%	 3%	

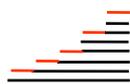
All expenses are increased by 3% per year after period four. Deflated by 3% to periods three, two and one and for the ILU/AL/MC total expenses decreased by an additional 10% in period three and 20% in period two to reflect the lower average occupancies of these periods. The above appraisal estimates include an estimated \$40,000 for each of the occupied apartments and \$65,000 per each of the occupied assisted living/memory care units.

Our estimates of operating expenses (before management fees or replacement reserves/ capital expenditures) can be compared to historical and budgeted operating data as follows:

Actual Total Expenses (Y/E 3/16 annualized)	\$15,249,036
	=====
Operator Pro Forma Total Expenses (Y/E 3/19)	\$20,318,000
	=====
Projected Total Expenses Per SLVS (11/18 to 10/19)-	
Independent Living/Assisted Living/Memory Care Units	\$12,674,200
Health Center/SNF Beds	<u>\$ 7,492,358</u>
Total Projected Total Expenses Per SLVS (11/18 to 10/19)	\$20,166,558
	=====
Difference	
(over fiscal 2016 actuals/2017 operator budget,	
our period one annualized)	+6.6%/+0.3%
(under pro forma 2019)	-0.7%

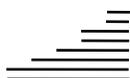
Our total expense estimates are reasonable, consistent with the subject's actual operating history and the operator budget/pro forma and represent our opinion of the total expenses of the typical operator.

As illustrated by a comparison to comparable projects on a following page, the total projected deflated expenses per occupied unit/bed for the subject are near the upper end of the range of total expenses at other entry fee projects. The subject's projected deflated operating expenses per unit/bed rank at about the 65<sup>th</sup> percentile of all entry fee projects as reported in a recent national survey of operating expenses. In our opinion, the post expansion subject would rank at about the 67<sup>th</sup> percentile of all entry fee projects in overall quality/location cost of living (33% above; 67% below) using a national standard. Our projection of total expenses is consistent with this national ranking.



**MEADOWS OF NAPA VALLEY  
OPERATING EXPENSES - COMPARABLE CCRC FACILITIES**

	No. of Units		Actual ILU	Inflated ILU	Actual Health Care	Inflated HC	Total Op.
	<u>IL</u>	<u>AL/SNF</u>	Exp. Per Unit	Exp. Per Unit - 2016	Expenses Per Bed	Exp. Per Bed - 2016	Expenses - 2016
Paradise Valley Estates Fairfield, CA	389	70	\$38,916	\$41,286	\$79,466	\$84,305	\$49,828
Rancho San Antonio Cupertino, CA	303	78	\$41,190	\$42,426	\$106,790	\$109,994	\$55,965
Moldaw Palo Alto, CA	177	0	\$46,683	\$51,012	-	-	\$51,012
The Terraces Los Gatos, CA	166	90	\$31,827	\$33,765	\$91,343	\$96,906	\$55,963
2015 ASHA							
CCRC Average Per Survey – 25 <sup>th</sup> Percentile							\$37,220
– 50 <sup>th</sup> Percentile							\$48,824
– 75 <sup>th</sup> Percentile							\$61,493
Subject - Historical	4/15-11/15	220	56	-	-	-	\$55,250
Subject – Budget	4/16-3/17	201	57	-	-	-	\$62,791
<b>Appraisal Estimates-</b>							
Subject Stabilized	11/18-10/19	282.5	58.7	-	\$44,868	-	\$60,356
Deflated to 2016 @ 3%/year						\$127,750	\$56,891



# ASHA National Survey: CCRC Operating Expenses

Table 9.6

## CCRCs — Per Occupied Unit / Bed

	Lower Decile	Lower Quartile	Median	Upper Quartile	Upper Decile
<b>REVENUE CATEGORIES:</b>					
<b>TOTAL</b>	\$43,220	\$47,663	\$62,058	\$95,850	\$107,652
<b>RENT / FEE REVENUE BY CARE LEVEL (BY ALL OCCUPIED UNITS / BEDS)</b>					
<b>Independent</b>					
Base Fees	\$19,576	\$19,289	\$24,148	\$30,451	\$29,554
2nd Occupant Base Fees	\$2,375	\$1,897	\$2,603	\$2,899	\$3,381
<b>Assisted</b>					
Base Fees (for all levels of care)	\$3,560	\$4,250	\$3,339	\$2,887	\$3,652
2nd Occupant Base Fees	\$14	\$15	\$51	\$55	\$64
Acuity-based Care Fees	\$102	\$71	\$1,087	\$1,616	\$2,101
<b>Alzheimer's Care</b>					
Base Fees (for all levels of care)	\$200	\$724	\$497	\$740	\$876
2nd Occupant Base Fees	\$0	\$0	\$1	\$9	\$0
Acuity-based Care Fees	\$0	\$0	\$45	\$687	\$847
<b>Nursing</b>					
Base Fees	\$7,745	\$9,986	\$16,871	\$18,291	\$23,012
Ancillary Revenues	\$1,121	\$1,245	\$2,069	\$2,895	\$2,726
<b>OTHER REVENUES</b>					
Community Fees	\$275	\$111	\$417	\$162	\$148
Net Cash From Entrance Fees	\$5,212	\$5,357	\$7,231	\$30,346	\$36,901
Interest Income	\$66	\$260	\$472	\$973	\$590
All Other Operating Income	\$2,975	\$4,457	\$3,226	\$3,840	\$3,799
<b>OPERATING EXPENSE CATEGORIES:</b>					
<b>TOTAL OPERATING EXPENSES</b>	\$33,573	\$38,271	\$50,836	\$64,008	\$71,156
<b>LABOR RELATED</b>					
Administrative	\$987	\$1,314	\$1,846	\$2,911	\$3,072
Dietary	\$3,177	\$3,261	\$3,994	\$3,079	\$2,762
Housekeeping	\$909	\$965	\$1,756	\$2,013	\$2,107
Maintenance	\$653	\$740	\$1,769	\$1,636	\$1,642
Assisted Living Labor	\$1,416	\$1,601	\$1,691	\$2,260	\$2,385
Nursing Labor	\$4,476	\$5,383	\$7,001	\$6,736	\$6,993
Marketing	\$340	\$462	\$704	\$1,106	\$1,347
Activities	\$49	\$211	\$409	\$1,238	\$1,356
All Labor in Other Departments	\$3,013	\$3,463	\$3,767	\$5,193	\$5,600
Payroll Taxes	\$1,187	\$1,315	\$1,652	\$1,885	\$2,203
Employee Benefits	\$2,090	\$2,367	\$3,180	\$3,895	\$3,824
<b>LABOR RELATED TOTAL</b>	\$18,297	\$21,081	\$27,769	\$31,952	\$33,290
<b>NON-LABOR RELATED</b>					
Property Taxes	\$1,507	\$1,408	\$1,155	\$2,562	\$3,947
Property Insurance	\$263	\$273	\$642	\$885	\$927
Liability Insurance	\$240	\$243	\$558	\$342	\$355
Workers Comp	\$488	\$454	\$548	\$723	\$762
Raw Food	\$2,517	\$2,408	\$3,254	\$3,976	\$3,992
Non-Labor Other Dietary	\$212	\$326	\$748	\$876	\$1,017
Utilities	\$2,153	\$2,200	\$2,531	\$3,448	\$3,456
Marketing / Advertising	\$645	\$865	\$1,152	\$1,323	\$1,171
Repairs & Maintenance	\$953	\$943	\$1,708	\$2,464	\$2,441
Housekeeping	\$109	\$131	\$297	\$497	\$612
Resident Care Supplies	\$310	\$474	\$1,195	\$1,896	\$2,202
Activities	\$24	\$31	\$212	\$747	\$1,007
Total Management Fees	\$1,111	\$1,051	\$2,012	\$2,515	\$3,027
All Other Operating Expenses	\$3,445	\$4,251	\$6,605	\$8,946	\$12,551
<b>ALL CORPORATE AND / OR OTHER OVERHEAD EXPENSES</b>	\$1,290	\$2,134	\$448	\$866	\$398
<b>NET OPERATING INCOME</b>	\$9,648	\$9,392	\$11,222	\$31,843	\$36,496
<b>DEBT SERVICE AND / OR LEASE PAYMENTS<sup>1</sup></b>	**	\$1,945	\$3,238	\$2,904	**
<b>REPLACEMENT RESERVE</b>	**	\$5,698	\$3,713	\$3,115	**
<b>NET CASH FLOW</b>	**	\$1,749	\$4,271	\$25,823	**

<sup>1</sup> Insufficient sample size.

Includes annual principal and interest payments, other debt expenses (e.g. mortgage insurance premiums, letter of credit fees, trustee fees, servicing fees, etc.), operating lease payments and ground lease payments.

Note: Properties are ranked by Revenues per Occupied Unit. Each decile and quartile represents the weighted average of all properties falling in that rank while the median reflects the average of the 5th and 6th deciles.



**Management Fees** - Represents those fees paid to an outside operator/manager over and above on site administrative costs. Management fees are estimated at 3% of total receipts (not including turnover receipts) which is consistent with industry practice and reasonable given the subject's greater complexity of operation and scale and high revenue base caused by a high percentage of nursing beds.

**Replacement Reserves** - Replacement reserves represent that allocation for capital expenditures (including ongoing replacement of all furniture and equipment) over and above routine maintenance. The reserves are estimated at \$1,000 per each unit and bed, or \$371,000 (371 post expansion units/beds x \$1,000/unit/bed) in period three. Increased by 3% per year.

This appraisal estimate is drawn from the reserve experience at other entry fee projects as set forth on a following page, the operator's projections, historical costs incurred and the subject's overall characteristics (mixed age, apartment/assisted/memory care/skilled bed ratio/location/ scale).

### **Capitalization Process**

Because Meadows of Napa Valley is being appraised in January, 2016 when it has not reached a stabilized cash flow (the subject is projected to have a stabilized occupancy at November, 2018), we have utilized a procedure where the net income at a stabilized cash flow (fiscal year 2026) is capitalized at a terminal capitalization rate of 8.5% (less a 1% sales transaction charge) to get an indicated total property value in the cash flow stabilized year (period 11) and then, along with the years one to 10 cash flows, discounted to the various valuation dates at a discount rate of 10.0%. These calculations are shown on a following page.

On the following pages, we have listed indicated overall capitalization rates derived from sales of congregate rental senior housing facilities located around the country and a few California nursing home sales. Though these facilities are not directly comparable to the subject and have different locations/competitive markets, they do have an overall similar target market and amenities package to the subject. Our experience indicates immaterial differences in capitalization rates between various regions of the country. These sales and our experience indicates that the overall capitalization rate for senior rental facilities ranges from 5% to approximately 10% with the majority of recent cap rates between 6% to 8% for congregate rental projects and 11% to 14% for nursing homes. Considering that the subject is a combination of a congregate living campus with a large care component, it is reasonable to project a cap rate range for the subject using these market statistics.

We are aware of the sale of a few entry fee facilities which would generate comparable capitalization rate ranges to analyze the subject cash flow stream. Sales of buy-in fee facilities have rarely occurred and the degree of comparability of any transaction to the subject is tenuous and imprecise.

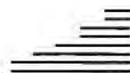
**MEADOWS OF NAPA VALLEY  
LISTING OF CCRC ANNUAL CAPITAL RESERVES**

Property Location (State)	Age	Unit Mix			Annual Capital Reserves	Annual Reserves Per Unit/Bed
		ILU	AL	SNF		
California	2002	316	70	70	\$462,000	\$ 1,000
Oregon	2001	328	0	23	\$263,250	\$ 750
North Carolina	1983+/98/99	286	40	122	\$274,500	\$ 613
North Carolina	1979	280	35	60	\$311,250	\$ 830
Virginia	1996	311	65	60	\$325,000	\$ 745
Maryland	1999	210	45	42	\$294,000	\$ 990
Michigan	1975	237	63	57	\$500,000	\$1,401
Michigan	1972	215	0	60	\$387,500	\$1,409
New Jersey	1989	299	0	60	\$322,789	\$ 899
Connecticut	1986/89	189	0	35	\$194,870	\$ 870
Connecticut	1964/77/85	194	51	60	\$358,723	\$1,176
Maryland	1991	182	12	37	\$210,000	\$ 909
Massachusetts	1989	102	0	60	\$221,471	\$1,367
Averages (13 projects)	1988	242	29	57	\$317,335	\$ 928
Subject	1988-17	242	60	69	\$371,000 (period 3)	\$1,000 (est.)



Senior Living Valuation Services, Inc.

No	Facility	Location	Age	Units	Gross Inc \$/Unit/Mo	Expense Ratio %	Sale Date	Sale Price (000)	\$/Unit	OAR	\$/SF	EGIM
1	Tuscany at McCormick Ranch	Scottsdale, AZ	2003	73	\$3,425	45.0%	6/14	\$25,463	\$348,808	6.5%	\$240.56	8.49
2	Park Regency	Loveland, CO	2006	104	\$2,805	70.0%	7/14	\$17,250	\$165,185	6.1%	\$184.12	4.93
3	Sudley Manor	Manassas, VA	2000	72	\$5,035	70.1%	7/14	\$14,100	\$195,833	9.2%	\$235.00	3.24
4	Sierra Pointe	Scottsdale, AZ	2000	216	\$4,244	56.4%	7/14	\$77,000	\$356,481	6.4%	\$288.50	7.00
5	Autumn Ridge	Clarkson, MI	2002	100	\$4,236	70.0%	8/14	\$21,500	\$215,000	7.1%	\$312.84	4.23
6	Horizon Bay	Tampa, FL	2012	69	\$5,694	65.0%	8/14	\$24,200	\$350,725	6.8%	\$157.60	5.13
7	Cottages of Carmel	Carmel, CA	2011	57	\$5,099	57.0%	8/14	\$24,500	\$430,000	8.2%	\$544.44	5.90
8	The Patrician	La Jolla, CA	1984	136	\$3,370	64.5%	9/14	\$33,000	\$242,641	5.9%	\$240.88	6.00
9	Diamond View	Meridian, ID	1990	106	\$2,358	75.0%	10/14	\$ 8,700	\$ 82,075	8.6%	\$155.79	2.90
10	Oak Ridge	Hastings, MN	2001	67	\$2,881	75.0%	10/14	\$ 6,750	\$100,746	8.5%	\$140.73	2.93
11	Dancing River	Grapevine, TX	2011	84	\$6,052	77.0%	10/14	\$18,500	\$220,238	7.6%	\$256.94	3.03
12	Gull Creek	Berlin, MD	1987	86	\$2,907	80.5%	10/14	\$ 8,030	\$ 93,372	7.3%	\$111.53	2.68
13	University Place	Abilene, TX	1985	124	\$1,546	63.5%	11/14	\$ 8,900	\$ 71,774	9.4%	\$ 63.57	3.87
14	Jackson Crossings	Jackson, WI	2006	52	\$3,319	69.4%	11/14	\$ 7,500	\$144,231	8.4%	\$174.42	3.62
15	Hallmark Buckhead	Atlanta, GA	2007	203	\$4,516	63.6%	12/14	\$80,000	\$394,089	5.0%	\$394.09	7.27
16	Greentree	Indianapolis, IN	1999	124	\$2,890	73.0%	12/14	\$17,000	\$137,100	6.8%	\$150.49	3.95
17	Evergreen Estates	Lancaster, PA	2001	96	\$3,212	73.0%	1/15	\$13,450	\$140,100	7.4%	\$226.74	3.64
18	Loving Arms	Front Royal, VA	1997	53	\$4,892	56.3%	1/15	\$14,300	\$269,811	9.5%	\$423.05	4.60
19	The Thunderbird	Glendale, AZ	1988	345	\$2,002	60.0%	1/15	\$31,800	\$ 92,174	7.9%	\$110.56	7.63
20	Skagit Valley	Burlington, WA	2001	198	\$3,283	67.9%	2/15	\$35,000	\$176,800	7.1%	\$204.42	4.49
21	Arbor Terrace	Tampa, FL	2015	92	\$4,940	67.3%	4/15	\$20,000	\$217,400	8.0%	\$271.74	4.08
22	Alta Manor	Roseville, CA	2008	86	\$4,172	70.0%	4/15	\$16,550	\$192,442	7.8%	\$431.44	3.84
23	The Solana	Germantown, TN	2012	182	\$4,845	65.0%	6/15	\$65,500	\$359,890	5.7%	\$310.57	6.19
24	Fountainview Estates	Longview, TX	2014	74	\$4,550	70.0%	8/15	\$15,150	\$204,700	8.0%	\$229.02	3.75
25	Addington Place	Northville, MI	1999	80	\$5,000	73.1%	8/15	\$17,000	\$212,500	7.6%	\$354.17	3.54
	Low		1984	52	\$1,546	45.0%	6/14	\$ 6,750	\$ 71,774	5.0%	\$ 63.57	2.68
	High		2015	346	\$6,052	80.5%	8/15	\$80,000	\$430,000	9.5%	\$544.44	8.49
	Low (minus 2 lowest):		1987	57	\$2,358	56.4%	7/14	\$ 8,030	\$ 93,372	5.9%	\$111.53	2.93
	High (minus 2 highest):		2012	203	\$5,099	75.0%	6/15	\$65,500	\$359,890	9.2%	\$423.05	7.27
	Average:		2002	115	\$3,891	67.1%	12/14	\$24,846	\$221,574	7.5%	\$248.53	4.68



**CA SKILLED NURSING FACILITY SALES SUMMARY**

<u>No.</u>	<u>Facility</u>	<u>Location</u>	<u>Beds</u>	<u>Age</u>	<u>% Pvt. Pay</u>	<u>Gross Inc. \$/Bed/Day</u>	<u>Net Inc. \$/Bed/Day</u>	<u>Expense Ratio (Percent)</u>	<u>Sale Date</u>	<u>Sale Price (000)</u>	<u>OAR</u>	<u>\$/Bed</u>	<u>GIM</u>
1.	McClay HC	Sylmar	175	1925	14%	\$157	\$29.17	81%	12/15	\$14,400	12.9%	\$82,286	0.70
2.	Manning Gardens	Fresno	59	1958	5%	\$167	\$22.29	87%	12/15	\$ 3,335	14.4%	\$56,525	1.08
3.	Shea Family Care	El Cajon	99	1968	24%	\$310	\$34.12	89%	12/14	\$ 8,622	14.3%	\$87,086	0.77
4.	Country Villa	Los Angeles	131	1968	23%	\$229	\$25.40	89%	10/14	\$10,170	11.8%	\$77,634	0.93
5.	Four Season HC	Valley Village	201	1968	25%	\$264	\$23.80	91%	8/14	\$14,875	11.7%	\$74,005	0.77
6.	Windsor HC	Oakland	94	1970	22%	\$244	\$29.28	88%	8/14	\$ 9,316	10.8%	\$99,100	1.11
	Low		59	1925	5%	\$157	\$22.29	81%	8/14	\$ 3,335	10.8%	\$56,525	0.70
	High		201	1970	25%	\$310	\$34.12	91%	12/15	\$14,875	14.4%	\$99,110	1.11
	Average		127	1960	19%	\$229	\$27.34	87.5%	2/15	\$10,120	12.7%	\$79,439	0.89

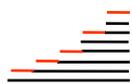


Nevertheless, we are aware of the March, 2015 sale of Wyndemere in Wheaton, Illinois. The sale involves an existing 1993 built, 432 unit/bed campus (237 IL/65 AL/130 SN) between for-profit parties. This campus is healthy with an approximately 93% overall occupancy. The sale price was \$70,000,000 (the campus was purchased in 2010 for \$45,500,000) or \$162,037 per unit/bed. The capitalization rate of this sale has been estimated as follows:

Estimated Stabilized Turnover/Year (9% of total)	27
Average Entry Fee	<u>\$ 356,800</u>
Gross Stabilized Attrition Receipts	\$9,633,600
Less: Estimated Resident Refunds – 58%	(\$5,583,600)
Plus: Net Operational Income	<u>\$ 2,100,000</u>
Estimated Owner Stabilized Net Cash Flow	\$6,150,000 =====
Effective Sale Price	\$70,000,000
Calculated Capitalization Rate	8.8%

We are also aware of the October, 2014 sale of The Kenney CCRC in Seattle, Washington. This sale represents the sale of the existing debt to a not-for-profit operator (Heritage Ministries) who is currently in the process of assuming control of the campus Board of Directors. The Kenney was built between 1907 and 2003 and includes 93 apartments, 72 assisted living/memory care units and 20 nursing beds (185 total units/beds). This campus was about 88% occupied overall at its date of sale. The sale price was \$10,500,000 or \$56,757 per unit/bed. The capitalization rate of this sale has been estimated as follows:

Estimated Stabilized Turnover/Year (15% of total)	14
Average Entry Fee	<u>\$ 176,812</u>
Gross Stabilized Attrition Receipts	\$2,475,368
Less: Estimated Resident Refunds – 76%	(\$1,515,248)
Plus: Net Operational Income	<u>\$ 170,000</u>
Estimated Owner Stabilized Net Cash Flow	\$1,130,120 =====
Effective Sale Price	\$10,500,000
Calculated Capitalization Rate	10.8%

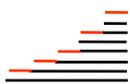


We are also aware of the August, 2014 sale of the St. Andrews Village in Aurora, Colorado. This 2006 built for-profit, Type C CCRC campus includes 146 entry fee and rental apartments, 60 assisted living units and 58 nursing beds. The project was about 85% occupied at the date of sale and was purchased by a REIT for \$42,500,000 and then leased back to the operator (one of the first REIT transactions involving an entry fee CCRC). Though not a pure arms-length sale, this transaction is a sale between knowledgeable parties and at the forefront of REITs buying CCRCs (a REIT could conceivably buy the subject and lease it to an operator). The capitalization rate of the sale has been estimated as follows:

Estimated Stabilized Turnover/Year (10.0% of total)	19
Average Entry Fee	<u>\$ 124,142</u>
Gross Stabilized Attrition Receipts	\$3,335,822
Less: Estimated Resident Refunds	(\$2,302,000)
Plus: Stabilized Net Operational Income	<u>\$1,975,000</u>
Estimated Owner Stabilized Net Cash Flow	\$3,008,822
	=====
Sale Price	\$42,500,000
Calculated Capitalization Rate	7.1%

We are also aware of the January, 2014 sale of the Peterson Meadows CCRC in Rockford, Illinois. This 1992 to 2007 built campus includes only 134 entry fee apartment and cottage units and no assisted living or nursing beds. The project was about 75% occupied at the date of sale and was purchased by another local Rockford CCRC owner/operator, Wesley Willows, who assumed the existing \$4,810,000 bond debt encumbering the campus (not-for-profit to not-for profit). The capitalization rate of the sale has been estimated as follows:

Estimated Stabilized Turnover/Year (14.2% of total)	19
Average Entry Fee	<u>\$ 124,142</u>
Gross Stabilized Attrition Receipts	\$2,358,698
Less: Estimated Resident Refunds	(\$1,701,118)
Plus: Stabilized Net Operational Income	<u>\$ 0</u>
Estimated Owner Stabilized Net Cash Flow	\$ 657,580
	=====
Sale Price (assumption of debt)	\$4,810,000
Calculated Capitalization Rate	13.7%



We are also aware of the November, 2012 closed sale of the Newcastle Place CCRC project located in Mequon, Wisconsin (northern Milwaukee suburb). This 2003/2009 built, upper tier entry fee project includes 170 entry fee apartments and townhomes, 52 assisted living/memory care units and 47 nursing beds (269 total units/beds). The project had a strong 93% occupancy at its date of sale and was purchased by Life Care Services from Milwaukee Protestant Home (not-for-profit to for-profit) for \$38,500,000 or \$143,123/total unit/bed (the buyer also purchased the management contract for a sister CCRC in Milwaukee, Eastcastle Place, for an additional purchase price). The cap rate of the sale has been estimated as follows:

Estimated Stabilized Turnover/Year (10.1% of total)	12
Average Entry Fee	<u>\$ 283,417</u>
Gross Stabilized Attrition Receipts	\$3,401,000
Less: Estimated Resident Refunds	(\$2,192,000)
Plus: Net Operational Income	<u>\$1,900,000</u>
Estimated Owner Stabilized Net Cash Flow	\$3,109,000
	=====
Sale Price	\$38,500,000
Calculated Capitalization Rate	8.1%

In April, 2015, Senior Living Valuation Services, Inc. conducted the 21st annual survey of about 370 participants in the senior housing industry regarding their investment criteria or perception of criteria used in evaluating different types of senior housing properties. The investment criteria survey polled included capitalization rates, discount rates and returns on equity. A copy of this survey is provided in the Addenda of this report. The survey indicated a capitalization rate range of 6.5% to 10% and an average of 8.6% for continuing care retirement communities. Though the survey is not definitive, it does provide some market evidence of the investment criteria being used (or perceived to be used) by industry professionals.

A third method of estimating a capitalization rate is the band of investment or weighted average technique. If the available mortgage terms are known, the debt service or mortgage constant can be calculated, and if the equity dividend rate required to attract equity on properties like the subject is known or can be estimated, the overall rate applicable in direct capitalization can be computed. Available mortgage terms of 75% of value at 6.0% interest with an amortization term of 25 years generally reflect current market terms (see Favorable Financing section of this report). Based on these terms, the mortgage constant is .0773. The equity dividend rate required to attract equity capital for entry fee CCRC properties similar to the subject is approximately 12.3% (per our investment survey). The indicated overall capitalization rate using this approach is:

## BAND OF INVESTMENT

	<u>Portion of Value</u>		<u>Rate</u>		<u>Weighted Contribution</u>
Mortgage	0.75	x	.0773		.0580
Equity	<u>0.25</u>	x	.123		<u>.0308</u>
	1.00	x	overall rate =		.0888
			OAR =		8.9%

These indicated capitalization rate ranges discussed above can be summarized as follows:

Indicated Cap Rates - National Rental Sales	5.0%-9.5% (7.5% avg.)
Indicated Cap Rates - California Nursing Home Sales	10.8%-14.4% (12.7% avg.)
Indicated Cap Rate - Wyndemere Sale	8.8%
Indicated Cap Rate - The Kenney Sale	10.8%
Indicated Cap Rate - St. Andrews Village Sale	7.1%
Indicated Cap Rate - Peterson Meadows Sale	13.7%
Indicated Cap Rate - Newcastle Place Sale	8.1%
5 CCRC Sale Average	9.7%
Indicated Cap Rate - SLVS Industry Survey	8.6% (CCRC)
Indicated Cap Rate - Band of Investment Technique	8.9%

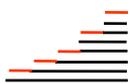
Considering the precise nature, location and competitive position of the subject property and giving most weight to the individual entry fee project sales and our experience in comparable developments, in our opinion, a going-in or overall capitalization rate range of 8.0%, or toward the lower middle portion of the range is considered appropriate for the subject cash flow stream. In estimating a proper capitalization for the subject, we considered the following:

### **Factors Suggesting A Higher Capitalization Rate**

1. Smaller primary market area senior population;
2. Projected increasing entry fee refund liabilities.

### **Factors Suggesting A Lower Capitalization Rate**

1. Competitive existing/proposed entry and monthly fees;
2. Napa location;
3. Limited care component discount liabilities;
4. Increasing quality/newness of physical plant;
5. Recent stability of occupancy.



A specific terminal capitalization rate of 8.5% (50 basis points above a 8.0% estimated going-in capitalization rate estimate) or toward the lower middle portion of the indicated range is considered appropriate for the subject property reflecting the overall riskiness, complexity and illiquidity and competitive position of the subject. The post expansion subject will have a mixed age and is located in an affluent suburban market, has a tony Napa address and has limited health care discount liabilities. However, the subject is located in less populated area and has increasing entry fee refund liabilities. These factors would tend to increase the subject's cash flow risk and decrease its liquidity (the senior market is illiquid to begin with and the potential buyer pool for entry fee projects in particular is small). On balance, these factors suggest an average cash flow risk and faster than typical liquidity for the subject overall.

### **Discount Rate**

The discount rate is a factor that is applied to the annual net income (cash flow) before debt services, income taxes and also to the future value (reversion) to arrive at the present worth. Therefore, it is related to the cash-on-cash (annual equity dividend rate) and the property's value appreciation less inflation. Cash investors in real estate are expecting 10% to 15% cash on cash return (equity dividend rate); market value appreciation averaging about 3% to 4% per year; and inflation running at about 3% to 4% per year. Therefore, this illustrates an overall discount rate range of 11% to 16%.

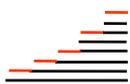
Appraisal literature has noted the relationship of capitalization rates to discount rates as follows: discount rate = capitalization rate plus cash flow growth rate less a small adjustment for the higher risk of the cap rate estimate in future years. After considering the quality of the subject's income stream, the indicated going-in or overall capitalization rate (8.0%) and estimates of inflation used throughout the discounted cash flow analysis of 3%, and finally, the degree of risk of the subject property (and the degree of confidence in our actuarial estimates), we have concluded that a discount rate of 10.0% (8.0% + 3.0% less 100 basis points) is considered appropriate for the subject property.

### **Summary – Cash Flow Valuation**

Our estimate of value by the Income Approach is set forth on the following pages, with an indicated market value for the subject's ongoing cash flow streams, as is, as of January 13, 2016 of \$68,007,982, rounded to \$68,000,000.

The Income Approach effective fee simple total going concern value of the subject's ongoing cash flow streams as of the projected effective completion of the expansion, projected to be November, 2017 has been estimated at \$77,164,271 (\$68,007,982 as is value discounted value less the discounted value from 2/16 to 10/17- \$2,697,554, and then multiplied by the 1.1 discount factor for 1.75 years- or 1.1815), rounded to \$77,175,000.

The Income Approach effective fee simple total going concern value of the subject's ongoing cash flow streams as of the projected effective completion of the expansion, projected to be November, 2017 has been estimated at \$81,391,942 (\$68,007,982 as is value discounted value less the discounted value from 2/16 to 10/18- \$5,398,796, and then multiplied by the 1.1 discount factor for 2.75 years- or 1.3), rounded to \$81,375,000.



**MEADOWS OF NAPA VALLEY**  
**DISCOUNTED CASH FLOWS & VALUATION**

Notes/ Escalation Rate	Period 1 (2/16-10/16) (9 mos.)	Period 2 (11/16-10/17)	Period 3 (11/17-10/18)	Period 4 (11/18-10/19)	Period 5 (11/19-10/20)	Period 6 (11/20-10/21)
Net Turnover Receipts - Existing Units	(1) \$ 158,761	\$ 327,033	\$ 509,944	\$ 706,360	\$ 916,595	\$ 1,140,937
Net Turnover Receipts - Expansion Units	(1) \$ 0	\$ 0	\$ 184,631	\$ 419,441	\$ 704,341	\$ 1,037,855
Operational Cash Flows Receipts - Monthly Fees (net)	(1) \$4,454,712	\$6,084,758	\$8,829,836	\$11,626,787	\$11,788,618	\$11,952,686
Assisted Living/Memory Care Units	(1) 2,873,475	4,064,626	4,064,626	4,186,565	4,312,162	4,441,527
Nursing Center - SNF Bed	(1) 6,058,404	8,185,577	8,323,849	8,313,934	8,450,164	8,587,415
Reserve Interest	- 166,500	222,000	339,000	339,000	339,000	339,000
Other Income	(3) 366,409	501,550	644,723	790,668	805,039	819,711
Total Operational Receipts	\$13,919,501	\$18,940,124	\$22,202,034	\$25,256,954	\$25,694,983	\$26,140,338
Outlays						
Depart. Op. Exp. - ILU/AL/MC	3% \$7,010,258	\$9,557,319	\$11,074,544	\$12,674,200	\$13,054,426	\$13,446,059
Depart. Op. Exp. - SNF	3% 5,180,271	7,062,436	7,274,309	7,492,538	7,717,314	7,948,834
Management Fees	(2) 417,585	568,204	666,061	757,709	770,849	784,210
Replacement Reserves	3% 209,250	279,000	371,000	382,130	393,594	405,402
Total Operational Outlays	\$12,817,364	\$17,466,959	\$19,385,913	\$21,306,577	\$21,936,184	\$22,584,504
Net Operational Cash Flows	\$ 1,102,137	\$ 1,473,165	\$ 2,816,121	\$ 3,950,377	\$ 3,758,799	\$ 3,354,834
Total Cash Flows	\$ 1,260,898	\$ 1,800,198	\$ 3,510,697	\$ 5,076,178	\$ 5,379,734	\$ 5,734,626
Discount Factor (10.0%)	.9310	.8464	.7694	.6995	.6359	.5781
Discounted Value	\$ 1,173,912	\$ 1,523,642	\$ 2,701,242	\$ 3,550,703	\$ 3,420,941	\$ 3,315,104

Notes:  
(1) Per detail supporting schedules.  
(2) 3% of total operational receipts.  
(3) 5% of net monthly fees and AL/MC revenues.



**MEADOWS OF NAPA VALLEY**  
**DISCOUNTED CASH FLOWS & VALUATION**  
(continued)

	Period 7 (11/21-10/22)	Period 8 (11/22-10/23)	Period 9 (11/23-10/24)	Period 10 (11/24-10/25)	Period 11 (11/25-10/26)
Net Turnover Receipts- Existing Units	\$1,379,680	\$1,633,137	\$2,112,950	\$2,621,940	\$3,160,462
Net Turnover Receipts- Expansion Units	\$1,417,270	\$1,838,861	\$2,298,181	\$2,790,405	\$3,310,644
Operational Cash Flows Receipts-					
Monthly Fees (net)	\$12,119,020	\$12,287,654	\$12,458,616	\$12,631,941	\$12,821,999
Assisted Living/Memory Care Units	4,574,773	4,712,016	4,853,376	4,998,977	5,148,947
Nursing Center - SNF Bed	8,725,637	8,696,593	8,831,543	8,967,138	9,104,192
Reserve Interest	339,000	339,000	339,000	339,000	339,000
Other Income	<u>834,690</u>	<u>849,983</u>	<u>865,600</u>	<u>881,546</u>	<u>898,547</u>
Total Operational Receipts	\$26,593,119	\$26,885,246	\$27,348,136	\$27,818,602	\$28,312,684
Outlays					
Dept. Op. Exp. - ILU/AL/MC	\$13,849,441	\$14,264,924	\$14,692,871	\$15,133,658	\$15,587,667
Dept. Op. Exp. - SNF	8,187,299	8,432,918	8,685,905	8,946,482	9,214,877
Management Fees	797,794	806,557	820,444	834,558	849,381
Replacement Reserves	<u>417,564</u>	<u>430,091</u>	<u>442,993</u>	<u>456,283</u>	<u>469,972</u>
Total Operational Outlays	\$23,252,096	\$23,934,489	\$24,642,214	\$25,370,981	\$26,121,896
Net Operational Cash Flows	<u>\$ 3,341,023</u>	<u>\$ 2,950,756</u>	<u>\$ 2,705,922</u>	<u>\$ 2,447,621</u>	<u>\$ 2,190,788</u>
Total Cash Flows	\$ 6,137,973	\$ 6,422,754	\$ 7,117,053	\$ 7,859,966	\$ 8,661,895,085
Capitalized Value (99%)	=====	=====	=====	=====	=====
Discount Factor (10.0%)	<u>.5255</u>	<u>.4778</u>	<u>.4343</u>	<u>.3948</u>	<u>.3948</u>
Discounted Value	\$ 3,225,703	\$ 3,068,513	\$ 3,091,108	\$ 3,103,430	\$ 39,833,865
	=====	=====	=====	=====	=====
				Total	\$68,007,982
				Called	\$68,000,000

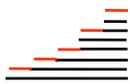


With the discounted projected first generation entry fees and for the as is value, less a deduction for the development costs of the expansion and renovations, our Income Approach value estimates can be summarized as follows:

**Summary of Income Approach Values**

	<u>As Of</u> <u>(1/13/16)</u>	<u>As Of</u> <u>(11/1/17)</u>	<u>As Of</u> <u>(11/1/18)</u>
Discounted Cash Flows- Unit Turnover and Operations	\$ 68,000,000	\$ 77,125,000	\$ 81,375,000
First Generation Entry Fee Collections-			
86 Existing Units	\$ 15,425,000	\$ 14,450,000	\$13,650,000
92 Expansion Units	<u>\$ 53,575,000</u>	<u>\$ 63,300,000</u>	<u>N/A</u>
Total Income Approach Values	\$137,000,000	\$154,925,000	\$95,025,000
		=====	=====
Less: Cost to Complete Expansion	<u>\$ 73,675,000</u>		
Total Adjusted As Is Value	<u>\$ 63,325,000</u>		
	=====		

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Subject to change



## VALUATION OF OBLIGATED GROUP FAVORABLE FINANCING

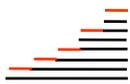
In addition to a valuation of operational and unit turnover cash flows, the subject as part of the Odd Fellows of California Obligated Group, may have additional value to a buyer due to both existing and proposed debt with terms more favorable than conventional financing. The theory is that a buyer of the subject should be willing to pay the discounted value of the difference of annual payments for the favorable financing compared to the discounted value of annual payments for a hypothetical conventional financing, because the buyer will pay less debt service over the life of the favorable financing compared to what they would pay over the life of conventional market rate financing. To create value to a buyer, the favorable financing must be assumable by the buyer.

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. The combined principal balance of the existing and proposed new bonds is approximately \$168,558,000.

We assume that a qualifying 501(c)(3) buyer of the subject would be able to assume the terms of this favorable financing. These favorable financings can be summarized as follows:

	<u>Outstanding Principal</u>	<u>Issue Date</u>	<u>Total Remaining Bond Term</u>	<u>Interest Rate</u>
Existing Series 2012A	\$91,935,000	4/2012	26.2 Years (to 3/2042)	4.0% to 5.0%
Proposed Series 2016	\$71,429,000	5/2016	14.9 Years (to 3/2031)	3.91%

To calculate the value of favorable financing for the existing and proposed bond financings, we have extensively surveyed leading lenders in the senior housing industry to determine a conventional financing market interest rate. The consensus of these lenders is that an average taxable interest rate of 4.0% to 7.0% would not be considered unreasonable in early 2016 given the specialized nature of a senior housing project. The specific sources contacted can be summarized as follows:



<u>By Lending Type</u>	<u>Current Quoted Interest Rates</u>
FHA Taxable	6.68% (30 year)*
BBB Credits	6.30% (30 year)*
Non Rated Credits	6.65% (30 year)*
 <u>Specific Institutions</u>	
KeyBank	4.0% to 8.0%
JP Morgan Chase	5.0% to 8.0%
First Merit Bank	4.0% to 7.0%

\* per 1/13/16 HJ Sims Credit Report

Therefore, assuming a current market interest rate of 6.0% (for a 25 year amortizing mortgage), the discounted value of the existing and proposed favorable financing (separately) is estimated as shown on the following pages. The projected annual cash flow for the Series 2012 and Series 2016 bond financing includes the actual estimated annual debt service payments and plus all fees, as appropriate (as estimated and detailed in the Addenda). The methodology used calculates the annual difference in cash flow under the actual below market rate financing over the remaining term/term of the bonds and a hypothetical conventional market rate financing, discounted to the various valuation dates using the 6.0% estimated market financing interest rate.

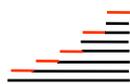
### Summary

**Existing Series 2012A Bonds-** The total favorable financing value attributable to the existing Series 2012A bonds, as of January 13, 2015 is detailed on the following page at \$6,497,000, rounded to \$6,500,000.

The value of the existing Series 2012A bond financing as of the completion of the proposed expansion, projected to be November 1, 2017, has been estimated at \$10,363,682 (\$6,497,000 January, 2016 value plus the negative value of the bond financing from February, 2016 to October, 2017- \$2,861,571, and then multiplied by the discount rate of 6% for 1.75 years, or 1.1074), rounded to \$10,375,000.

The value of the Series 2012A bond financing as of the stabilized occupancy/sellout date of the expansion, projected to be November 1, 2018, has been estimated at \$11,284,732 (\$6,497,000 January, 2016 value plus the negative value of the bond financing from February, 2016 to October, 2018- \$3,116,846, and then multiplied by the discount rate of 6% for 2.75 years, or 1.1738), rounded to \$11,275,000.

**These estimated favorable financing values are Obligated Group favorable financing values with the subject's sister facility in Saratoga and are not allocable to the subject campus alone.**



Senior Living Valuation Services, Inc.

**ODD FELLOWS HOME OF CALIFORNIA OBLIGATED GROUP  
VALUATION OF EXISTING FAVORABLE FINANCING – SERIES 2012 BONDS**

<u>Period</u>	<u>Existing Financing - Annual Debt Service (2)</u>	<u>Hypothetical Market Financing - Annual Debt Service (1)</u>	<u>Difference</u>	<u>Discount Factor @ 6.0%</u>	<u>Discounted Value</u>
1 – (2/1/16-3/31/16) (2 mos.)	\$3,634,033	\$1,184,677	(\$2,449,356)	.9903	(\$2,425,685)
2 – (4/1/16-3/31/17)	7,409,000	7,108,062	(300,938)	.9343	(281,160)
3 – (4/1/17-3/31/18)	7,409,000	7,108,062	(300,938)	.8814	(265,245)
4 – (4/1/18-3/31/19)	7,406,500	7,108,062	(298,438)	.8315	(248,153)
5 – (4/1/19-3/31/20)	7,411,250	7,108,062	(303,188)	.7844	(237,832)
6 – (4/1/20-3/31/21)	7,407,500	7,108,062	(299,438)	.7400	(221,595)
7 – (4/1/21-3/31/22)	7,405,250	7,108,062	(297,188)	.6981	(207,481)
8 – (4/1/22-3/31/23)	7,409,000	7,108,062	(300,938)	.6586	(198,207)
9 – (4/1/23-3/31/24)	7,408,000	7,108,062	(299,938)	.6213	(186,366)
10 – (4/1/24-3/31/25)	7,407,000	7,108,062	(298,938)	.5862	(175,231)
11 – (4/1/25-3/31/26)	7,405,000	7,108,062	(297,438)	.5530	(164,483)
12 – (4/1/26-3/31/27)	7,403,000	7,108,062	(294,938)	.5217	(153,868)
13 – (4/1/27-3/31/28)	7,404,000	7,108,062	(295,938)	.4922	(145,651)
14 – (4/1/28-3/31/29)	7,407,750	7,108,062	(299,688)	.4643	(139,148)
15 – (4/1/29-3/31/30)	7,408,500	7,108,062	(300,438)	.4380	(131,600)
16 – (4/1/30-3/31/31)	7,405,750	7,108,062	(297,688)	.4132	(123,014)
17 – (4/1/31-3/31/32)	7,409,000	7,108,062	(300,938)	.3898	(117,318)
18 – (4/1/32-3/31/33)	2,317,250	7,108,062	4,790,812	.3678	1,761,943
19 – (4/1/33-3/31/34)	2,318,131	7,108,062	4,789,931	.3470	1,661,905
20 – (4/1/34-3/31/35)	2,320,688	7,108,062	4,787,374	.3273	1,566,998
21 – (4/1/35-3/31/36)	2,319,713	7,108,062	4,788,349	.3088	1,478,601
22 – (4/1/36-3/31/37)	2,320,119	7,108,062	4,787,943	.2913	1,394,788
23 – (4/1/37-3/31/38)	2,321,569	7,108,062	4,786,493	.2748	1,315,440
24 – (4/1/38-3/31/39)	2,318,988	7,108,062	4,789,074	.2593	1,241,650
25 – (4/1/39-3/31/40)	2,317,419	7,108,062	4,790,643	.2446	1,171,752
26 – (4/1/40-3/31/41)	2,321,438	5,923,385	3,601,947	.2307	831,138
27 – (4/1/41-3/31/42)	<u>2,320,675</u>	<u>0</u>	<u>(2,320,675)</u>	.2177	<u>(505,178)</u>
Totals	\$145,346,023 =====	\$177,701,550 =====	\$32,355,527 =====		\$6,497,000 =====
				Called	\$6,500,000 =====

Notes:

- (1) \$91,935,000 in initial total hypothetical market rate financing @ 7.0% interest rate, 25 year amortization and term (current market terms).
- (2) Per actual projected debt service payment schedule (see Addenda).



**ODD FELLOWS HOME OF CALIFORNIA OBLIGATED GROUP  
VALUATION OF PROPOSED FAVORABLE FINANCING – SERIES 2016 BONDS**

<u>Period</u>	<u>Proposed Financing - Annual Debt Service (2)</u>	<u>Hypothetical Market Financing - Annual Debt Service (1)</u>	<u>Difference</u>	<u>Discount Factor @ 6.0%</u>	<u>Discounted Value</u>
1 – (5/1/16-3/31/17) (11 mos.)	-	\$1,415,540	\$1,415,540	.9480	\$1,341,915
2 – (4/1/17-3/31/18)	-	4,262,487	4,262,487	.8943	3,812,064
3 – (4/1/18-3/31/19)	\$64,718,442	67,919,617	3,201,175	.8437	2,700,851
4 – (4/1/19-3/31/20)	920,540	698,320	(222,220)	.7959	(176,876)
5 – (4/1/20-3/31/21)	921,162	698,320	(222,842)	.7509	(167,331)
6 – (4/1/21-3/31/22)	921,102	698,320	(222,782)	.7084	(157,817)
7 – (4/1/22-3/31/23)	921,360	698,320	(223,040)	.6683	(149,056)
8 – (4/1/23-3/31/24)	920,903	698,320	(222,583)	.6305	(140,331)
9 – (4/1/24-3/31/25)	920,810	698,320	(222,410)	.5948	(132,285)
10 – (4/1/25-3/31/26)	921,110	698,320	(222,490)	.5611	(124,842)
11 – (4/1/26-3/31/27)	920,598	698,320	(222,790)	.5294	(117,934)
12 – (4/1/27-3/31/28)	920,598	698,320	(222,278)	.4994	(111,003)
13 – (4/1/28-3/31/29)	921,273	698,320	(222,953)	.4711	(105,038)
14 – (4/1/29-3/31/30)	921,070	698,320	(222,750)	.4445	(99,002)
15 – (4/1/30-3/31/31)	<u>920,990</u>	<u>5,971,818</u>	<u>5,050,828</u>	.4193	<u>2,117,793</u>
Totals	\$75,770,090 =====	\$87,250,982 =====	\$11,480,892 =====		\$8,491,108 =====
				Called	\$8,500,000 =====

Notes:

- (1) \$71,429,000 in initial total hypothetical market rate financing @ 6.0% interest rate, 25 year amortization and term (current market terms) (to be paid down to \$9,032,000 by approximately 4/1/19).
- (2) Per actual projected debt service payment schedule (see Addenda).



**Proposed Series 2016 Bonds-** The value of the proposed Series 2016 bond financing as of the completion of the proposed expansion, projected to be November 1, 2017, has been estimated at \$5,401,291 (\$8,491,108 May, 2016 value less the value of the bond financing from May, 2016 to October, 2017- \$3,565,619, and then multiplied by the discount rate of 6% for 1.58 years, or 1.0966), rounded to \$5,400,000.

The value of the Series 2016 bond financing as of the stabilized occupancy/sellout date of the expansion, projected to be November 1, 2018, has been estimated at \$2,047,722 (\$8,491,108 May, 2016 value less the value of the bond financing from May, 2016 to October, 2018- \$6,729,475, and then multiplied by the discount rate of 6% for 2.58 years, or 1.1624), rounded to \$2,050,000.

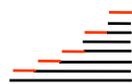
**These estimated favorable financing values are Obligated Group favorable financing values with the subject's sister facility in Saratoga and are not allocable to the subject campus alone.**

### **Comparable Market Transactions**

Actual market transactions involving the sale of senior housing properties and below market rate financing are rare although there is definite evidence that certain buyers are willing to pay an incremental project value for the right to assume below market rate financing (theoretically they should be willing to pay the amount calculated above). However, it is controversial in the industry whether this favorable financing value should be added to a project's value in evaluating the amount to be underwritten (whether it should be included in loan to value calculations) especially if the most likely buyer of a project is another qualifying entity which presumably would have access to the same below market rate bond financing as the current property owner. In other words, to another qualifying buyer, the existing bonds do not create any incremental value to them (that they would be willing to pay for).

Therefore, although we have estimated the favorable financing value of the proposed cumulative bond issue as calculated above and included this value in the subject's reported values, caution should be used in an interpretation of this incremental value. It is our experience that the some LOC credit lenders or lenders to senior projects in general, do not give full credit to the possible value impact of favorable financing because the market evidence for an incremental favorable financing value is too thin.

Nevertheless and at the end of the day, we have included the favorable financing value in our reported value because most not-for-profit CCRC projects are 100% leveraged. Because most not-for-profit CCRC sales would most likely involve the assumption of existing bond debt and because most projects are 100% leveraged (the subject and its sister Obligated Group campus in Saratoga appear to be substantially less than 100% leveraged), this in effect supports the notion that the typical not-for-profit buyer would pay for favorable financing (usually a necessary market value component to reach the amount of the bond debt) because they can meet annual debt service requirements (and presumably their mission).



## RECONCILIATION AND CONCLUSION

	Market Value As Is <u>1/13/16</u>	Market Value At Expansion Completion <u>11/1/17</u>	Market Value At Sellout <u>11/1/18</u>
Indicated Value, Cost Approach	Not Used	Not Used	Not Used
Indicated Value, Income Approach	\$63,325,000*	\$154,925,000*	\$95,025,000*
Indicated Value, Sales Comparison Approach	Not Used	Not Used	Not Used

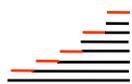
\* includes the discounted value of first generation entry fees and as is, less the costs to complete the expansion (does not include Obligated Group favorable financings)

The development of a final estimate of value involves judgment in a careful and logical analysis of the procedures leading to each indication of value. The judgment criteria are appropriateness, accuracy and quantity of evidence.

A Sales Comparison or Cost Approach analysis was not considered appropriate or relevant to estimate the market value the subject due to the idiosyncratic and complex characteristics of the subject cash flow (prior collected first generation entry fees for the existing units) and the lack of truly comparable sales of entry fee facilities. An identification of project cash flows and an assessment of their riskiness to a buyer of the ownership position (an Income Approach) was considered the only reliable indicator of current market value (the value to the typical buyer).

The Income Approach is typically considered the strongest value indicator for properties purchased primarily for their income producing potential. This approach most accurately incorporates all t be collected first generation and future annual unit turnover entry fees and absorption period cash flow streams for non stabilized expansion properties such as the subject. Comparable market entry and monthly fees were available for the subject units to arrive at an estimate of market fees/rent/rates and gross income, including net attrition receipts. Expense data was substantiated through the subject's actual operating history and comparison to comparable projects. Finally, our estimate of the capitalization and discount rate are reasonable reflecting the subject's overall cash flow risk, project liquidity, local competitive position and current market conditions. Overall, the Income Approach is considered a strong and the only truly reliable indicator of market value for the subject property.

After considering the factors leading to each indication of value, the Income Approach is considered to be the only appropriate valuation methodology for the purpose of this appraisal (to estimate market values).



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

The final market value estimate of the effective fee simple total going concern interest of Meadows of Napa Valley, as is and including the discounted value of first generation entry fees (for existing and proposed expansion units) and less the costs to complete the expansion, as of January 13, 2016, is:

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

**Prospective Total Going Concern Market Value At Expansion Completion @ 11/1/17**

Based upon an Income Approach analysis, the prospective effective fee simple total going concern market value of Meadows of Napa Valley, at the estimated completion of construction of the proposed expansion, projected to be November 1, 2017, and including the discounted value of first generation entry fees (for existing and proposed expansion units), will be:

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

**Prospective Total Going Concern Market Value At Expansion Sellout @ 11/1/18**

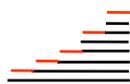
Based upon an Income Approach analysis, the prospective effective fee simple total going concern market value of Meadows of Napa Valley, at the estimated expansion unit sellout/full occupancy date, projected to be November 1, 2018, and including the value of discounted first generation entry fees (for existing units only but **not** including the accumulated undiscounted value of the expansion first generation entry fees), will be:

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

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

The market value estimate of the existing Series 2012 Obligated Group bond financing, as is, as of January 13, 2016, is:

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



**Market Value Of Obligated Group Bond Financings At Expansion Completion @ 11/1/17**

The prospective market value of the existing Series 2012 and proposed Series 2016 Obligated Group bond financings, at the estimated completion of construction of the proposed expansion, projected to be November 1, 2017, will be:

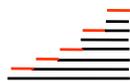
FIFTEEN MILLION SEVEN HUNDRED SEVENTY FIVE THOUSAND DOLLARS  
(\$15,775,000)

**Market Value Of Obligated Group Bond Financings At Expansion Sellout @ 11/1/18**

The prospective market value of the existing Series 2012 and proposed Series 2016 Obligated Group bond financings, at the estimated sellout/full occupancy of the proposed expansion, projected to be November 1, 2018, will be:

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

Details of these value conclusions are set forth on the following page.

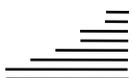


**ODD FELLOWS HOME OF CALIFORNIA OBLIGATED GROUP**  
**SUMMARY OF VALUATIONS**

	Market Value As Is <u>@ 1/13/16</u> (1)	Market Value At Completion of Construction <u>@ 11/1/17</u> (2)	Market Value At Stabilization <u>@ 11/1/18</u> (3)
<b>Meadows of Napa Valley (Napa, CA) -</b>			
<b>Existing Units - First Generation Entry Fees</b>	<b>\$15,425,000</b>	<b>\$14,450,000</b>	<b>\$13,650,000</b>
<b>Expansion Units - First Generation Entry Fees (92 units)</b>	<b>\$53,575,000</b>	<b>\$63,300,000</b>	N/A
<b>Ongoing Going Concern Cash Flows (4)</b>	<b>\$68,000,000</b>	<b>\$77,175,000</b>	<b>\$81,375,000</b>
<b>Less: Cost to Complete Renovations/Expansion</b>	<b><u>(\$73,675,000)</u></b>	<b><u>N/A</u></b>	<b><u>N/A</u></b>
<b>Total Reported Market Values</b>	<b>\$63,325,000</b> =====	<b>\$154,925,000</b> =====	<b>\$95,025,000</b> =====
<b>Saratoga Retirement Community (Saratoga, CA) -</b>			
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 =====
<b>Obligated Group Favorable Financing Values (5) -</b>			
<b>Existing Series 2012 Bond Financing</b>	<b>\$ 6,500,000</b>	<b>\$10,375,000</b>	<b>\$11,275,000</b>
<b>Proposed Series 2016 Bond Financing</b>	<b><u>N/A</u></b>	<b><u>\$ 5,400,000</u></b>	<b><u>\$ 2,050,000</u></b>
<b>Total Favorable Bond Financing Value</b>	<b>\$ 6,500,000</b> =====	<b>\$15,775,000</b> =====	<b>\$13,325,000</b> =====
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.



Senior Living Valuation Services, Inc.

**ALLOCATION OF TOTAL GOING CONCERN VALUES TO COMPONENTS**

In accordance with USPAP, we have allocated our total reported value determinations to various components including real estate, business and personal property value. To allocate the going concern value estimates at each valuation date, we have utilized both reasonable costs estimates and our Income Approach analysis to estimate a reliable and reasonable allocation to each component. A summary of our allocations is as follows:

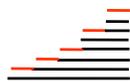
**Allocation of Total Reported Going Concern Values**

	As Is <u>1/13/16</u>	At Expansion Completion <u>11/1/17</u>	At Sellout <u>11/1/18</u>
Total Going Concern Values	\$63,325,000	\$154,925,000	\$95,025,000
Less: Personal Property (1)	1,725,000	2,775,000	2,550,000
Less: Business Value (2)	<u>350,000</u>	<u>9,400,000</u>	<u>13,825,000</u>
Real Estate Value	\$61,250,000 =====	\$142,750,000 =====	\$78,650,000 =====

- (1) FF&E estimated from reasonable costs estimates and less accrued depreciation, as applicable.
- (2) Business value estimated from the calculated difference in value of the subject as fully occupied compared to its value when vacant.

The personal property values are taken from reasonable depreciated and cost new estimates and the experience at similar projects. The FF&E estimates include a replacement cost new of approximately \$10,000 per each apartment unit and \$15,000 per care component bed (\$3,435,000 total for the 279 unit/bed existing campus). These would be the values of the personal property as if new. The as is personal property is estimated at \$1,717,500 (\$3,435,000 x 50% estimated depreciation; five year effective age and 10 year total life and considering ongoing replacement), rounded to \$1,725,000. The at expansion completion personal property is estimated at \$2,770,000 (\$1,725,000 as is plus \$925,000 new personal property estimated for the expansion units), rounded to \$2,775,000. The at expansion sellout personal property is estimated at \$2,557,500 (\$1,725,000 as is plus 90% of \$925,000), rounded to \$2,550,000.

The business component of the subject value reflects the fact that the subject is a business requiring specialized management services such as meals, housekeeping and social activities represent complications in the operation of a senior housing facility and require specific managerial expertise.



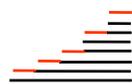
An appropriate and widely accepted method to estimate the business value component is to compare the total ongoing project value at stabilization as a fully operating stabilized property of \$81,375,000 to its estimated value as if hypothetically empty of \$67,550,000 at 11/1/18 (when no business value has yet been created and only real estate value exists), as estimated below. The estimated business value would be the difference in these values, or \$13,825,000. The business value at the other valuation dates is a residual calculation of the total reported values less the other components of value.

Approximate Valuation of Subject As If Hypothetically Empty @ 11/18

	Period 1 (11/18-10/19)	Period 2 (11/19-10/20)	Period 3 (11/20-10/21)	Period 4 (11/21-10/22)
Average Occupancy	31.99%	55.97%	79.96%	91.95%
Gross Potential Income	\$29,250,762	\$30,128,285	\$31,032,134	\$31,963,098
Less: Vacancy/Collection	(\$19,893,443)	(\$13,265,484)	(\$6,218,839)	(\$2,573,029)
Effective Gross Income	\$9,357,319	\$16,862,801	\$24,813,295	\$29,390,069
Total Expenses	\$12,218,292	\$17,828,524	\$20,523,695	\$22,252,096
Net Income	(\$2,860,973) =====	(\$965,723) =====	\$4,289,600 =====	\$6,849,000 =====
Discounted Value	(\$2,600,911) =====	(\$798,074) =====	\$3,322,776 =====	\$67,998,410 =====
			Total	\$67,754,552 =====
			Called	\$67,750,000 =====

Assumptions: 20% preleasing; 7.41 total units/beds/month absorption (estimated by evaluating the subject's competitive position and the absorption experience at other regional projects); gross potential rent and stabilized vacancy per Income Approach estimates; expenses decreasing from the stabilized period four (estimated at 75.7% of EGI) at 3.0%/year for inflation and also for lower occupancy by 5% in period three, 15% in period two and 40% in period one; 8.5% terminal cap rate; 10.0% discount rate.

The real estate component is the remainder or residual of the going concern value determination after a subtraction for the personal property and business value components, or as illustrated for the subject: \$78,650,000 at the expansion sellout at 11/18, or 82.7% of the total reported going concern value.

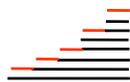


The value of real estate at the expansion completion of construction is the sellout value estimate of \$78,650,000 plus the difference in value of first generation entry fees (\$64,100,000), or \$142,750,000.

The value of real estate as is, is the expansion sellout value estimate of \$78,650,000 less the costs to complete the expansions (\$72,750,000 without \$925,000 in new FF&E to avoid double counting) and plus the change in first generation entry fees (+\$55,350,000), or \$61,250,000.

In our opinion, though these allocations are estimates, they are consistent with the allocations at CCRC projects like the subject and can be considered reliable and reasonable given the analysis set forth above.

DRAFT  
Subject to change



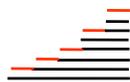
## MARKETING PERIOD

The subject's estimated marketing time is 3 months. This conclusion is based on discussions with those brokers specializing in the sale of senior housing projects (including Dave Rothchild of CB Richard Ellis (619) 696-8304, Allan McMurtry (813) 854-2361 of CLW Realty and Mark Myers of Marcus & Millichap (773) 867-1500), our knowledge of specific sale transactions (which have had widely variable marketing times) and considering current market conditions and the characteristics of the subject. Marketing times for the fee simple interest at recently sold somewhat comparable entry fee projects indicate the following:

CCRC's-		
Sedgebrook/	Lincolnshire, IL	
Monarch Landing	Naperville, IL	4 Months
Clare at Water Tower	Chicago, IL	6 Months
St. Mary of the Woods	Avon, OH	7 Months
Fairview Village	Downers Grove, IL	4 Months

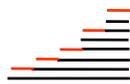
In our opinion, the subject would probably experience a faster than typical marketing time (regarded as about 4 to 6 months). There are several (at least 15 to 20) adequately financed buyers/operators/developers who are actively expanding their portfolios through new development and acquisition and might be interested in the subject given its increasingly higher quality, high fees and Napa location. However, the subject's entry fee structure and the ongoing refund and health care liabilities would eliminate most public or larger senior housing companies as prospective buyers due to a lack of experience with this senior housing product niche. The subject's most likely buyer could be a larger regional or national facility owner/operator of other comparable entry fee properties with adequate financing (i.e. Life Care Services, Brookdale, Continuing Life Communities, KISCO) or possibly a California or regional not-for-profit owner/operator of other entry fee projects (like ABHOW, Northern Presbyterian Homes or PRS, the subject manager), or possibly a regional health care system.

The subject's exposure time would be equal to its marketing time (3 months).



## CERTIFICATION

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. This appraisal report has been prepared and the analyses, opinions and conclusions were developed, in conformity with and subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and is prepared in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice and Title XI of FIRREA.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. No one provided significant professional real estate, furniture and equipment or business valuation assistance to the person signing this report.
10. As of the date of this report, Michael G. Boehm, MAI has completed the requirements of the continuing education program of the Appraisal Institute.
11. I have not performed a prior appraisal nor provided any other appraisal services involving the subject property within the three year period immediately preceding acceptance of this appraisal assignment.
12. A personal inspection of the property was made by Michael G. Boehm, MAI, CRE on January 13, 2016.



13. The market value of the effective fee simple total going concern interest of The Meadows of Napa Valley, as is and including the discounted value of first generation expansion entry fees (for both existing units and proposed expansion units) and less the costs to complete the expansion, as of January 13, 2016, is:

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

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

14. The prospective market value of the effective fee simple total going concern interest of The Meadows of Napa Valley, at the expansion completion of construction, projected to be November 1, 2017, and including the discounted value of first generation entry fees (for both existing units and proposed expansion units), will be:

**Prospective Total Going Concern Market Value At Expansion Completion @ 11/1/17:**

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

15. The prospective market value of the effective fee simple total going concern interest of The Meadows of Napa Valley, at the expansion unit sellout date, projected to be November 1, 2018 and including the discounted value of first generation entry fees (for existing units only and not for the proposed expansion units), will be:

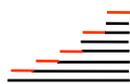
**Prospective Total Going Concern Market Value At Expansion Sellout @ 11/1/18:**

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

16. The market value of the existing Series 2012 favorable Obligated Group bond financing, as of January 13, 2016, is:

**Market Value Of Obligated Group Favorable Bond Financing As Is @ 1/13/16:**

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



17. The prospective market value of the existing Series 2012 and proposed Series 2016 favorable Obligated Group bond financing, as of the completion of construction of the expansion, projected to be November 1, 2017, will be:

**Market Value Of Obligated Group Bond Financing At Expansion Completion @ 11/1/17:**

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

18. The prospective market value of the existing Series 2012 and proposed Series 2016 favorable Obligated Group bond financing, as of the sellout/full occupancy of the expansion, projected to be November 1, 2018, will be:

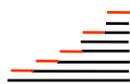
**Market Value Of Obligated Group Bond Financing At Expansion Sellout @ 11/1/18:**

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

SENIOR LIVING VALUATION SERVICES, INC.

*Michael Boehm*

Michael G. Boehm, MAI, CRE



Senior Living Valuation Services, Inc.

DRAFT  
Subject to change

A D D E N D A



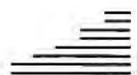
**REGIONAL ENTRY FEE FACILITIES**



No. 1 Paradise Valley Estates  
4901 Paradise Valley Drive  
Fairfield



No. 2 Smith Ranch Homes  
100 Deer Valley  
San Rafael



Senior Living Valuation Services, Inc.

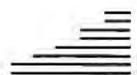
**REGIONAL ENTRY FEE FACILITIES**



No. 3 Villa Marin  
100 Thorndale Drive  
San Rafael



No. 4 Spring Lake Village  
5555 Montgomery  
Santa Rosa



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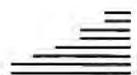
**REGIONAL ENTRY FEE FACILITIES**



No. 5 Aldersly  
326 Mission Avenue  
San Rafael



No. 6 Friends House  
684 Benicia Drive  
Santa Rosa



Senior Living Valuation Services, Inc.

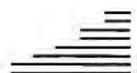
**REGIONAL ENTRY FEE FACILITIES**



No. 7 Fountaingrove Lodge  
4210 Thomas Lake Harris  
Santa Rosa



No. 8 The Tamalpais  
501 Via Casitas  
Greenbrae



Senior Living Valuation Services, Inc.

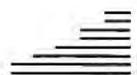
**REGIONAL ENTRY FEE FACILITIES**



No. 9 Varena  
1401 Fountaingrove Parkway  
Santa Rosa



No. 10 University Retirement  
1515 Shasta Drive  
Davis



Senior Living Valuation Services, Inc.

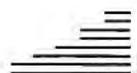
**MARKET AREA RENTAL SENIOR FACILITIES**



No. 1 Brookdale Napa  
3255 Villa Lane  
Napa



No. 2 Springs of Napa  
3260 Villa Lane  
Napa



Senior Living Valuation Services, Inc.

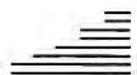
**MARKET AREA RENTAL SENIOR FACILITIES**



No. 3 Aegis of Napa  
2100 Redwood Road  
Napa



No. 4 Redwood Retirement  
2350 Redwood Road  
Napa



Senior Living Valuation Services, Inc.

# Site Legal Description

## LEGAL DESCRIPTION

ALL THAT REAL PROPERTY SITUATE IN THE CITY OF NAPA, COUNTY OF NAPA, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

COMMENCING AT A COPPER PLATED STEEL PIN WITH A 2 INCH BRASS TOP, HEREINAFTER CALLED A BRASS PIN MONUMENT AT THE SOUTHEASTERN CORNER OF THE 21.26 ACRE PARCEL SHOWN ON THAT CERTAIN MAP ENTITLED, "RECORD OF SURVEY MAP OF A PORTION OF THE PROPERTY OF WESTERN TITLE & GUARANTY CO.", OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF NAPA COUNTY, CALIFORNIA IN BOOK 6 OF SURVEYS AT PAGE 9, NAPA COUNTY RECORDS; THENCE NORTH  $6^{\circ} 13'$  WEST 523.71 FEET TO A BRASS PIN MONUMENT; THENCE NORTH  $89^{\circ} 23' 30''$  WEST 1762.57 FEET TO THE EASTERN LINE OF THE 0.310 ACRE PARCEL DESCRIBED AS "PARCEL 1" IN THE DEED TO THE STATE OF CALIFORNIA OF RECORD IN BOOK 622 OF OFFICIAL RECORDS AT PAGE 984, SAID NAPA COUNTY RECORDS; THENCE ALONG THE EASTERN LINE OF SAID 0.310 ACRE PARCEL, SOUTH  $8^{\circ} 31' 15''$  EAST 130.95 FEET; THENCE ON A TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 5,090.00 FEET THROUGH AN ANGLE OF  $4^{\circ} 26'$  FOR A DISTANCE OF 393.85 FEET TO THE SOUTHERN LINE OF SAID 21.26 ACRE PARCEL OF LAND; THENCE ALONG SAID SOUTHERN LINE, SOUTH  $89^{\circ} 23' 30''$  EAST, 1756.71 FEET TO THE POINT OF COMMENCEMENT.

EXCEPTING THEREFROM THE TRACT OF LAND DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA, RECORDED JULY 31, 1978 IN BOOK 1090 AT PAGE 885 OF OFFICIAL RECORDS OF NAPA COUNTY.

ALSO EXCEPTING THEREFROM THAT PORTION DESCRIBED IN THE INSTRUMENT TO THE STATE OF CALIFORNIA, RECORDED AUGUST 10, 1978 IN BOOK 1092 AT PAGE 520, NAPA COUNTY RECORDS.

AP# 43-070-04 AND  
43-070-15



Senior Living Valuation Services, Inc.

# Property Detail Report

For Property Located At :  
**1800 ATRIUM PKWY, NAPA, CA 94559-4837**



### Owner Information

Owner Name: ODD FELLOWS HOME OF CALIFORNIA  
 Mailing Address: 1800 ATRIUM PKWY, NAPA CA 94559-4837 C073  
 Vesting Codes: //

### Location Information

Legal Description: 28R/S80 REF MAP=6R/S9 TO CITY=ATRIUM BLVD=DL6003, IRRV OFFER DEDICATION DL6004 TELE R/W=1461/179 CC&R=93-3584 SWR=93-037209 PGE EASMT 94-020180  
 County: NAPA, CA APN: 043-070-004-000  
 Census Tract / Block: 2008.02 / 3 Alternate APN:  
 Township-Range-Sect: Subdivision:  
 Legal Book/Page: Map Reference: 93-B6 /  
 Legal Lot: Tract #: NAPA VLY  
 Legal Block: School District:  
 Market Area: School District Name:  
 Neighbor Code: Munic/Township:

### Owner Transfer Information

Recording/Sale Date: 10/06/1993 / Deed Type: GRANT DEED  
 Sale Price: 1st Mtg Document #:  
 Document #: 32343

### Last Market Sale Information

Recording/Sale Date: 08/31/1992 / 1st Mtg Amount/Type: \$6,500,000 / CONV  
 Sale Price: \$11,323,000 1st Mtg Int. Rate/Type: / ADJ  
 Sale Type: FULL 1st Mtg Document #:  
 Document #: 28966 2nd Mtg Amount/Type: /  
 Deed Type: CORPORATION GRANT DEED 2nd Mtg Int. Rate/Type: /  
 Transfer Document #: Price Per SqFt:  
 New Construction: Multi/Split Sale: MULTIPLE  
 Title Company: TICOR TITLE AGENCY  
 Lender: SACRAMENTO SVGS BK  
 Seller Name: SACRAMENTO SAVINGS & LOAN ASSOCIATI

### Prior Sale Information

Prior Rec/Sale Date: / Prior Lender:  
 Prior Sale Price: Prior 1st Mtg Amt/Type: /  
 Prior Doc Number: Prior 1st Mtg Rate/Type: /  
 Prior Deed Type:

### Property Characteristics

Year Built / Eff: / Total Rooms/Offices  
 Gross Area: Total Restrooms:  
 Building Area: Roof Type:  
 Tot Adj Area: Roof Material:  
 Above Grade: Construction:  
 # of Stories: Foundation:  
 Other Improvements: Exterior wall:  
 Basement Area:  
 Garage Area:  
 Garage Capacity:  
 Parking Spaces:  
 Heat Type:  
 Air Cond:  
 Pool:  
 Quality:  
 Condition:

### Site Information

Zoning: RM Acres: 14.45 County Use: COMMERCIAL IMPROVED (51)  
 Lot Area: 629,442 Lot Width/Depth: x State Use:  
 Land Use: COMMERCIAL BUILDING Commercial Units:  
 Site Influence: Sewer Type: Building Class:  
 Water Type:

### Tax Information

Total Value: \$26,788,554 Assessed Year: 2015 Property Tax: \$84,786.14  
 Land Value: \$4,313,592 Improved %: 84% Tax Area: 002040  
 Improvement Value: \$22,474,962 Tax Year: 2015 Tax Exemption: 80  
 Total Taxable Value:

## Property Detail Report

For Property Located At :  
**1900 ATRIUM PKWY, NAPA, CA 94559-4824**



### Owner Information

Owner Name: ODD FELLOWS HOME OF CALIFORNIA  
 Mailing Address: 1800 ATRIUM PKWY, NAPA CA 94559-4837 C/O CONTROLLER  
 Vesting Codes: //

### Location Information

Legal Description: 28R/S80 REF MAP=6R/S9 CC&R=93-3584 SWR=93-037209 PGE EASMT 94-020180  
 County: NAPA, CA APN: 043-070-015-000  
 Census Tract / Block: 2008.02 / 3 Alternate APN:  
 Township-Range-Sect: Subdivision:  
 Legal Book/Page: Map Reference: 93-B6 /  
 Legal Lot: Tract #:  
 Legal Block: School District: NAPA VLY  
 Market Area: School District Name:  
 Neighbor Code: Munic/Township:

### Owner Transfer Information

Recording/Sale Date: 10/06/1993 / Deed Type: GRANT DEED  
 Sale Price: 1st Mtg Document #:  
 Document #: 32343

### Last Market Sale Information

Recording/Sale Date: 08/31/1992 / 1st Mtg Amount/Type: \$6,500,000 / CONV  
 Sale Price: \$11,323,000 1st Mtg Int. Rate/Type: / ADJ  
 Sale Type: FULL 1st Mtg Document #:  
 Document #: 28966 2nd Mtg Amount/Type: /  
 Deed Type: CORPORATION GRANT DEED 2nd Mtg Int. Rate/Type: /  
 Transfer Document #: Price Per SqFt: MULTIPLE  
 New Construction: Multi/Split Sale:  
 Title Company: TICOR TITLE AGENCY  
 Lender: SACRAMENTO SVGS BK  
 Seller Name: SACRAMENTO SAVINGS & LOAN  
 ASSOCIATI

### Prior Sale Information

Prior Rec/Sale Date: / Prior Lender:  
 Prior Sale Price: Prior 1st Mtg Amt/Type: /  
 Prior Doc Number: Prior 1st Mtg Rate/Type: /  
 Prior Deed Type:

### Property Characteristics

Year Built / Eff: / Total Rooms/Offices  
 Gross Area: Total Restrooms:  
 Building Area: Roof Type:  
 Tot Adj Area: Roof Material:  
 Above Grade: Construction:  
 # of Stories: Foundation:  
 Other Improvements: Exterior wall:  
 Basement Area:  
 Garage Area:  
 Garage Capacity:  
 Parking Spaces:  
 Heat Type:  
 Air Cond:  
 Pool:  
 Quality:  
 Condition:

### Site Information

Zoning: RM Acres: 4.61 County Use: COMMERCIAL IMPROVED (S1)  
 Lot Area: 200,811 Lot Width/Depth: x State Use:  
 Land Use: COMMERCIAL BUILDING Commercial Units: Water Type:  
 Site Influence: Sewer Type: Building Class:

### Tax Information

Total Value: \$9,765,772 Assessed Year: 2015 Property Tax: \$36,332.40  
 Land Value: \$1,414,205 Improved %: 86% Tax Area: 002040  
 Improvement Value: \$8,351,567 Tax Year: 2015 Tax Exemption: 80  
 Total Taxable Value:

SENIOR LIVING

## Meadows of Napa Valley plans \$67 million expansion



MAY 04, 2015 4:30 PM • BY JENNIFER HUFFMAN

The Meadows of Napa Valley retirement community is planning a major expansion and renovations of its south Napa campus to appeal to a new generation of affluent retirees.

The estimated \$67 million project would add an additional 242,000 square feet of amenities and 92 independent living

apartments.

The Meadows plans to build underground parking and a state-of-the-art wellness and aquatic center and fully renovate dining venues, the facility said.

New apartments would range from 900 to 2,400 square feet, making them “some of the most spacious offered at a retirement community in the Bay Area,” according to a news release.

The Meadows would continue to provide a full range of health care services for a continuum of care including assisted living, memory care and skilled nursing. In total, it will offer 240 housing units.

“The Meadows expansion sounds like an amazing and beautiful project and creates a unique senior living opportunity here in the valley,” said Travis Stanley, president and CEO of the Napa Chamber of Commerce. “This expansion will be a major lifestyle enhancement for residents and that’s a good thing.”

Project organizers recently submitted development plans to the city for approval. Construction is expected to begin in spring of next year and will take an estimated 18 months to build, said Wayne Panchesson, executive director of The Meadows of Napa Valley.

“We are very excited about the extensive renovations and the expansion,” said Panchesson.

The new units will require an entrance fee starting at \$300,000, said Panchesson. That secures housing at The Meadows for the duration of the resident’s life.

“Living in a Continuing Care Retirement Community provides residents with peace of mind and security because they know that if they require a higher level of health care, the community will meet their needs,” said a news release.

The new spaces are projected to cost \$4,200 to \$5,500 a month. That includes food, activities, recreation, transportation, housekeeping and most utilities.

Realizing the trend that people want more space in retirement than in the past, the project will include large apartments that all have 9-foot ceilings, large windows and private balconies. The majority of 92 new units will be two- and three-bedrooms.

"I think it's a generational shift," said Panchesson. "The younger residents coming in are used to bigger spaces. Boomers want different amenities" from the Depression-era seniors, he said. To stay competitive, "we have all the amenities the new retirees want."

Additionally, to encourage individuals to stay active and healthy as they age, the 6,000-square-foot wellness and aquatic center will have a full-size lap pool, a spa pool and an aerobics pool. The renovated dining venues will include a new experience with formal dining as well as a more casual bistro setting.

"I think it's a good thing that people have more choices and that organizations are looking for ways to provide housing, amenities and services that will support people in independent living and as long as their life spans," said Leanne Martinsen, the executive director of Area Agency on Aging.

"I think The Meadows has done a good job of offering various levels of care and supportive services," Martinsen said. The bigger issue with senior care is always whether it is affordable, said the director. "I know that in the county of Napa we have a significant number of retired folks who need housing assistance."

Expansion of The Meadows may "free up some other housing stock" if local seniors move into the new spaces, she said.

Located on a 20-acre campus, The Meadows of Napa Valley is a nonprofit multilevel, resident-centered Continuing Care Retirement Community offering four levels of care. It is owned by the Odd Fellows Homes of California and has been managed by Pacific Retirement Services Management & Consulting since 1999.

"We can't wait until our vision becomes a reality," said Panchesson.

### **Info:**

The Meadows of Napa Valley

1800 Atrium Parkway, Napa

707-257-7885

MeadowsNapa.com

## Michael Boehm

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**From:** Audrey Stevens <astevens@retirement.org>  
**Sent:** Tuesday, January 12, 2016 9:48 AM  
**To:** Michael Boehm  
**Subject:** RE: Odd Fellows appraisals

Mike,

Is this sufficient detail for the cost of the new expansion at Napa? I also included the high level schedule.

Uses:

Land	50,000
Construction	57,069,662
A/E	3,133,809
FF&E	2,329,000
Marketing	1,294,628
Development	3,000,000
Other	3,085,178
Contingency	3,718,858
Subtotal	<u>73,681,135</u>

Construction is 17 months total which includes 2 months for close out and loading furniture etc.

Timing	Begin	End	Months	Cumulative Months	Project Stage	
	6/1/16	6/1/16		17	Permanent Financing	
**	6/1/16	8/31/17	15	32	Construction	**
	9/1/17	10/31/17	2	34	Close out	
	11/1/17	10/31/18	12	46	Fill-up	
	11/1/18	11/1/18			Stabilized Occupancy	
			<b>2020</b>		1st Full Yr Stab. Occ.	

**From:** Michael Boehm [mailto:mboehm@slvsinc.com]  
**Sent:** Tuesday, January 05, 2016 4:11 PM  
**To:** Audrey Stevens <astevens@retirement.org>  
**Subject:** RE: Odd Fellows appraisals

Thank you.

Requesting the following site inspections (should take 45 to 60 minutes each, anyone can show us around):

**Meadows of Napa Valley- Wednesday January 13 @ 10AM**

**Saratoga Retirement Community- Wednesday January 13 @ 1PM**

Mike Boehm  
(415) 385-2832  
[mboehm@slvsinc.com](mailto:mboehm@slvsinc.com)

**CURRENT**                      **WITHOUT F & G**

# Available	# Available	# Available
2		2
8		5
7		6
6		5
1		1
1		1
1		1

**Entrance Fees FY 2016**

Non-90% refundable

Description	Square foot Style	Non-90% refundable	Refundable
Studio Original	513 B	104,700	207,100
1 Bedroom Discount	554 CO	109,100	215,100
1 Bedroom Discount	554 CRA	118,000	232,200
1 Bedroom Original	554 C	109,100	215,100
1 Bedroom Deluxe Original	571 D	118,000	232,200
2 Bedroom 1 Bath Original	722 E	121,300	239,100
2 Bedroom 1 Bath Deluxe Original	764 F	132,300	260,800

7		6
50		49
7		7
3		3
4		3
4		0
3		1
7		6

Studio Renovated	513 BR	109,100	215,100
1 Bedroom Renovated	554 CR	118,000	232,200
1 Bedroom Deluxe Renovated	571 DR	121,300	239,100
2 Bedroom 1 Bath Renovated	722 ER	153,200	302,000
2 Bedroom 1 Bath Deluxe Renovated	764 FR	162,100	319,200
2 Bedroom 1 Bath Special Renovated	851 I	179,700	354,600
2 Bedroom 1 Bath Supreme Renovated	980 H	197,300	389,000
2 Bedroom 2 Bath Renovated	1050/1142 GR	233,700	461,000

2		2
12		14
2		2
4		4
1		1
2		2
2		2
6		6
23		21

StudioAppellation	513 BRA	142,200	280,300
1 Bedroom Appellation	554 N	153,200	302,000
1 Bedroom Deluxe Appellation	571 DRA	157,600	311,200
2 Bedroom 1 Bath Appellation	722 P	198,400	391,200
2 Bedroom 1 Bath Deluxe Appellation	764 FRA	210,600	415,300
2 Bedroom 1 Bath Supreme Appellation	980 HRA	270,100	533,100
1 Bedroom Den Appellation	980 MM	270,100	533,100
2 Bedroom 1 1/2 Bath Appellation	1076 LN	296,500	584,600
2 Bedroom 2 Bath Appellation	1050/1142 NNA/B/C	303,200	598,300

165                      150

163

**THE MEADOWS OF NAPA VALLEY**  
**CCRC Fee Schedule 2015/2016**

**Atrium Apartments**

2nd person fee

513

<b>Studio</b>	Single Occupancy	Double Occupancy
B	1,634	2,147
BR	2,025	2,538
BRA	2,285	2,798
<b>One Bedroom</b>		
C	1,892	2,405
CO	1,418	1,931
CR	2,285	2,798
CRA	1,668	2,181
D	1,988	2,501
DR	2,377	2,890
DRA	2,716	3,229
MM	3,741	4,254
N	2,512	3,025
<b>Two Bedroom</b>		
E	2,476	2,989
ER	2,679	3,192
F	2,558	3,071
FR	2,770	3,283
FRA	3,136	3,649
GR	3,741	4,254
H	3,408	3,921
HRA	3,741	4,254
I	2,950	3,463
LN	3,923	4,436
NNA / NNB	4,003	4,516
P	2,923	3,436

**Assisted Living**

2nd person fee

746

<b>Villas</b>	Single Occupancy	Double Occupancy
AL11	4,059	4,805
AL12	4,243	4,989
AL13	4,879	5,625
AL21	4,995	5,741
<b>Terraces</b>		
Y	3,728	4,474
YA	2,997	3,743
YC	2,596	3,342
YO	3,228	3,974
YR	4,043	4,789
YRB	3,143	3,889
YS	3,964	4,710
ZS	4,295	5,041
ZSS	4,970	5,716

Assisted Living residents requiring additional levels of care will incur additional monthly fee charges.

**Memory Care**

	Single Occupancy
Studio	4,956

**Skilled Nursing**

	Single Occupancy	
Health Center Semi-Private	224	/ day
Health Center Private shared bath	277	/ day
Health Center Private	289	/ day

Temporary stay residents pay the Monthly Accommodation Fee associated with their home.

All Entrance Fees & Monthly Accommodation Fees are subject to change with a 60-day written notice

**THE MEADOWS OF NAPA VALLEY**

Public Fee Schedule 2015/2016

**Atrium Apartments**

2nd person fee

686

Studio	Single Occupancy	Double Occupancy
B	2,178	2,864
BR	2,700	3,386
BRA	3,046	3,732
<b>One Bedroom</b>		
C	2,523	3,209
CO	1,890	2,576
CR	3,046	3,732
CRA	2,224	2,910
D	2,651	3,337
DR	3,169	3,855
DRA	3,621	4,307
MM	4,988	5,674
N	3,350	4,036
<b>Two Bedroom</b>		
E	3,301	3,987
ER	3,572	4,258
F	3,411	4,097
FR	3,692	4,378
FRA	4,180	4,866
GR	4,988	5,674
H	4,544	5,230
HRA	4,988	5,674
I	3,983	4,619
LN	5,229	5,915
NNA / NNB	5,337	6,023
P	3,897	4,583

**Assisted Living**

2nd person fee

993

Villas	Single Occupancy	Double Occupancy
AL11	5,412	6,405
AL12	5,656	6,649
AL13	6,506	7,499
AL21	6,659	7,652
<b>Terraces</b>		
Y	4,971	5,964
YA	3,996	4,989
YC	3,461	4,454
YO	4,302	5,295
YR	5,391	6,384
YRB	4,191	5,184
YS	5,286	6,279
ZS	5,726	6,719
ZSA	5,306	6,299
ZSS	6,627	7,620

Assisted Living residents requiring additional levels of care will incur additional monthly fee charges.

**Memory Care**

	Single Occupancy
Studio	6,609

**Skilled Nursing**

	Single Occupancy	
Health Center Semi-Private	298	/ day
Health Center Private shared bath	368	/ day
Health Center Private	384	/ day

All Entrance Fees & Monthly Accommodation Fees are subject to change with a 60-day written notice

(30 days in Skilled Nursing)

Map Expansion Unit Fees

Unit #	Bedrooms	View	Tread / 50%	Unit Area	Floor	New Refund	55% Refundable		Non Refundable	New 50% on 55%	50% Refund	SOP Refundable	Traditional \$/SF	LCRC		ICRC
							55% Refundable	Refundable						MSF - 1st	MSF - 2nd	
G323	2 BDRM / 2 BATH / OPTION	Courtyard	50%	1,080	1	534,000	509,500	374,000	294,000	434.44	471.30	346.30	272.23	3,340	713	
F323	1 BDRM / 1 BATH	Courtyard		1,080	3	534,000	509,500	374,000	294,000	434.44	471.30	346.30	272.23	3,340	713	
F325	1 BDRM / 1 BATH	Courtyard		1,080	1	513,000	489,000	359,500	282,500	475.00	452.78	332.87	261.57	3,340	713	
F325	1 BDRM / 1 BATH	Courtyard		1,080	2	513,000	489,000	359,500	282,500	475.00	452.78	332.87	261.57	3,340	713	
G322	1 BDRM / 1 BATH	Courtyard		1,080	2	513,000	489,000	359,500	282,500	475.00	452.78	332.87	261.57	3,340	713	
G322	1 BDRM / 1 BATH	Courtyard		1,090	2	492,000	469,000	344,500	271,000	451.38	430.28	316.06	248.62	3,340	713	
G325	1 BDRM / 1 BATH	Courtyard		1,080	1	492,000	469,000	344,500	271,000	451.38	430.28	316.06	248.62	3,340	713	
G326	1 BDRM / 1 BATH	Courtyard		1,080	1	492,000	469,000	344,500	271,000	451.38	430.28	316.06	248.62	3,340	713	
G328	1 BDRM / 1 BATH	Courtyard		1,080	1	492,000	469,000	344,500	271,000	451.38	430.28	316.06	248.62	3,340	713	
G328	1 BDRM / 1 BATH	Courtyard		1,100	1	492,000	469,000	344,500	271,000	451.38	430.28	316.06	248.62	3,340	713	
G330	2 BDRM / 2 BATH / OPTION	Hills		1,120	3	818,000	775,000	573,000	449,250	539.64	509.15	374.51	294.12	4,470	713	
G337	2 BDRM / 2 BATH / OPTION	Hills		1,120	3	818,000	775,000	573,000	449,250	539.64	509.15	374.51	294.12	4,470	713	
G336	2 BDRM / 2 BATH / OPTION	Courtyard		1,530	3	797,000	759,000	556,000	437,500	520.92	496.08	364.71	286.69	4,470	713	
F330	2 BDRM / 2 BATH / OPTION	Wetlands		1,530	3	776,000	743,500	543,500	427,000	507.19	483.01	358.23	279.68	4,470	713	
G323	2 BDRM / 2 BATH / OPTION	H - Hill		1,530	3	751,000	715,000	526,000	413,500	490.85	467.32	343.79	270.26	4,470	713	
G323	2 BDRM / 2 BATH / OPTION	H - Hill		1,530	3	751,000	715,000	526,000	413,500	490.85	467.32	343.79	270.26	4,470	713	
G323	2 BDRM / 2 BATH / OPTION	Courtyard		1,530	2	689,000	659,000	490,500	398,000	472.55	450.33	331.05	260.13	4,470	713	
G323	2 BDRM / 2 BATH / OPTION	H - Hill		1,530	2	702,000	669,000	491,500	396,500	472.55	450.33	331.05	260.13	4,470	713	
G323	2 BDRM / 2 BATH / OPTION	H - Hill		1,530	2	671,000	639,000	470,000	369,500	458.82	437.25	321.24	252.61	4,470	713	
G337	2 BDRM / 2 BATH / OPTION	SNF		1,530	2	625,000	595,000	437,500	344,000	408.50	388.83	285.95	224.84	4,470	713	
G331	2 BDRM / 2 BATH / OPTION	SNF		1,540	1	818,000	775,000	573,000	449,250	531.17	505.84	371.08	292.21	4,560	713	
G333	2 BDRM / 2 BATH / OPTION	Hills		1,540	3	818,000	775,000	573,000	449,250	531.17	505.84	371.08	292.21	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Hills		1,540	3	818,000	775,000	573,000	449,250	531.17	505.84	371.08	292.21	4,560	713	
G334	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	3	809,000	779,000	565,000	444,000	524.03	499.35	366.88	288.31	4,560	713	
G332	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	3	802,000	765,000	561,500	441,500	520.78	496.10	364.61	286.69	4,560	713	
G330	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	3	802,000	765,000	561,500	441,500	520.78	496.10	364.61	286.69	4,560	713	
F331	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	3	802,000	765,000	561,500	441,500	520.78	496.10	364.61	286.69	4,560	713	
G325	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	3	782,000	747,500	547,500	430,500	507.79	483.77	355.52	279.55	4,560	713	
G325	2 BDRM / 2 BATH / OPTION	H - Hill		1,540	3	782,000	747,500	547,500	430,500	507.79	483.77	355.52	279.55	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	723,000	689,000	506,500	398,000	469.48	447.40	328.90	258.44	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	723,000	689,000	506,500	398,000	469.48	447.40	328.90	258.44	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	723,000	689,000	506,500	398,000	469.48	447.40	328.90	258.44	4,560	713	
F320	2 BDRM / 2 BATH / OPTION	H - Hill		1,540	2	713,000	679,000	499,500	392,500	462.99	440.91	324.35	254.87	4,560	713	
G321	2 BDRM / 2 BATH / OPTION	H - Hill		1,540	2	702,000	669,000	491,500	386,500	455.84	434.42	319.16	250.97	4,560	713	
F320	2 BDRM / 2 BATH / OPTION	H - Hill		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
F320	2 BDRM / 2 BATH / OPTION	Trash		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G321	2 BDRM / 2 BATH / OPTION	SNF		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G321	2 BDRM / 2 BATH / OPTION	SNF		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G321	2 BDRM / 2 BATH / OPTION	SNF		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G321	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
F321	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
F321	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.43	309.74	243.51	4,560	713	
G324	2 BDRM / 2 BATH / OPTION	Courtyard		1,540	2	681,000	649,000	477,000	375,000	442.21	421.4					



Entry Basis / Refunds

Report: REF  
Filter: CUR EN  
Date: JANU Y  
T # CCRC CONTRACTS  
14, 2016

UNDS DUE  
le: MNV1

338  
257  
402  
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339  
257  
101

Entry Date	Unit Type	Entry Unit	Entry Cont	UpDn Fees	Total Entrance Fee	Total refund due
7/5/2013	Suite Renovated - GR	338	262,000	338	262,000	235,800
7/9/2013	One BR - CR	257	133,000	2221	133,000	119,700
7/12/2013	Appellation One BR -	402	232,000	402	232,000	208,800
7/22/2013	Appellation One BR -	439	103,000	439	103,000	0
7/26/2013	Appellation Two BR T	109	204,000	109	204,000	0
7/30/2013	Two BR One BA Suprem	243	204,000	422	204,000	0
8/1/2013	Appellation Two BR T	111	275,000	111	275,000	0
8/1/2013	One BR - CR	311	79,000	311	79,000	0
8/9/2013	Two BR Dix. - FR	440	109,000	440	109,000	0
8/19/2013	Appellation Two BR I	346	511,000	346	511,000	459,900
8/27/2013	Appellation Two BR T	155	275,000	155	275,000	0
9/4/2013	Appellation Two BR I	258	269,000	258	269,000	0
9/9/2013	One BR - CR	406	203,000	406	203,000	182,700
10/12/2013	One BR - CR	202	203,000	209	598,300	538,470
10/16/2013	One BR - CR	424	107,000	424	107,000	0
11/1/2013	Appellation Two BR T	262	275,000	262	275,000	0
12/9/2013	The Terraces	142	50,000		50,000	0
12/10/2013	One BR - CR	312	113,420	312	113,420	0
12/27/2013	The Villas AL	2218	50,000	2218	50,000	0
1/1/2014	One BR - CR	316	203,000	316	203,000	182,700
1/22/2014	Appellation One BR -	146	147,340	146	147,340	0
2/8/2014	Appellation Two BR O	153	376,200	153	376,200	338,580
3/28/2014	One BR - CR	252	113,420	252	113,420	0
4/15/2014	Appellation Two BR T	433	291,500	433	291,500	0
5/1/2014	Appellation Two BR T	227	575,300	435	575,300	517,770
5/14/2014	Two BR One BA Suprem	210	259,700	210	259,700	0
6/6/2014	Appellation Two BR T	451	291,500	410	291,500	0
7/19/2014	Appellation Two BR T	326	291,500	326	291,500	0
8/1/2014	One BR - DR	250	229,900	250	229,900	206,910
9/1/2014	One BR - D	404	116,600	404	116,600	0
9/27/2014	One BR - CRA	354	104,940	354	104,940	0
9/27/2014	Appellation Two BR T	455	291,500	455	291,500	0
11/11/2014	Appellation Two BR T	358	291,500	358	291,500	0
1/9/2015	Two BR One BA Suprem	339	259,700	339	259,700	0
2/6/2015	One BR - CR	257	223,300	257	223,300	200,970
3/1/2015	Appellation Two BR O	101	190,800	101	190,800	0

3/30/2015 One BR - CR	353	22 90% Refund EF eff	223,300	353	223,300	200,970
3/31/2015 Two BR One BA Suprem	419	23 Amortized EF eff	189,740	419	189,740	0
5/1/2015 Appellation One BR -	448	23 Amortized EF eff	147,340	448	147,340	0
5/27/2015 Appellation Two BR 1	104	23 Amortized EF eff	285,140	104	285,140	0
6/10/2015 One BR - CR	313	22 90% Refund EF eff	223,300	313	223,300	200,970
6/12/2015 The Villas AL	1141	30 AL Amortized EF	75,000	1141	75,000	0
7/7/2015 One BR - CR	418	23 Amortized EF eff	118,000	418	118,000	0
8/1/2015 One BR - CR	335	23 Amortized EF eff	118,000	335	118,000	0
9/15/2015 Appellation One BR -	102	23 Amortized EF eff	153,200	102	153,200	0
9/29/2015 Appellation One BR -	319	22 90% Refund EF eff	302,000	319	302,000	271,800
10/1/2015 One BR - CR	408	23 Amortized EF eff	118,000	408	118,000	0
10/1/2015 Appellation Two BR T	322	23 Amortized EF eff	303,200	322	303,200	0
11/4/2015 Appellation Two BR T	451	23 Amortized EF eff	303,200	451	303,200	0
<b>Grand Totals</b>			<b>10,474,540</b>	<b>395,300</b>	<b>10,869,840</b>	<b>3,866,040</b>

DRAFT  
Subject to change

Napa

AL Rent Roll  
10/15

Unit #	Monthly Fee billed
1135	5,412.00
1137	5,412.00
1138	2,653.00
1138	2,653.00
1139	5,412.00
1140	5,023.00
1141	4,059.00
1142	5,306.00
1143	5,412.00
1144	5,412.00
1145	6,659.00
1146	4,330.00
2201	5,286.00
2202	5,412.00
2202	993
2205	4,330.00
2206	5,412.00
2209	5,412.00
2213	5,412.00
2214	993
2214	5,412.00
2217	5,656.00
2218	746
2218	4,879.00
2221	4,059.00
2222	6,659.00
2225	4,191.00
2229	5,412.00
2233	6,659.00
2234	5,412.00
2235	6,659.00
2236	3,665.00
2237	5,412.00
2239	5,412.00
2240	993
2240	6,134.00
2241	5,412.00
2242	5,412.00
2243	5,412.00
2244	4,971.00
2245	993
2245	6,659.00
2246	5,412.00
2248	5,412.00

208,036.00

40

DRAFT  
Subject to change

Payor	YTD avg census	11/30/15 Census
PUB	22.32	21
RES	1.02	1
HMO	0.47	0
Medicare	11.37	13
Medicaid	18.34	19
Hospice	2.16	1
total	55.68	55

SNA Payor  
 Mix  
 \_\_\_\_\_

DRAFT  
 Subject to change

**Meadows of Napa Valley  
Health Center PPD Summary**

Year and month to date for the period ending November 30, 2015

SNF Detail

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
<b>Medicare (A)</b>						
3 <sup>rd</sup> party reimbursement	\$ 274,422	\$ 278,725	\$ (4,303)	\$ 2,031,643	\$ 2,266,964	\$ (235,321)
Ancillaries	19,227	23,279	(4,052)	167,954	189,336	(21,382)
Ancillary contractual allow	(18,599)	(23,198)	4,599	(167,326)	(188,672)	21,346
Therapy	85,844	91,066	(5,222)	623,727	740,668	(116,941)
Therapy contractual allow	(85,844)	(91,066)	5,222	(623,727)	(740,668)	116,941
<b>Total revenue Medicare (A)</b>	<b>\$ 275,050</b>	<b>\$ 278,806</b>	<b>\$ (3,756)</b>	<b>\$ 2,032,271</b>	<b>\$ 2,267,628</b>	<b>\$ (235,357)</b>
Patient days	380	420	(40)	2,773	3,416	(643)
Avg patients per day	12.7	14.0	(1.3)	11.4	14.0	(2.6)
<b>Avg daily reimbursement</b>	<b>\$ 724</b>	<b>\$ 664</b>	<b>\$ 60</b>	<b>\$ 733</b>	<b>\$ 664</b>	<b>\$ 69</b>
<b>% of total revenue</b>	<b>42%</b>	<b>42%</b>		<b>38%</b>	<b>42%</b>	
<b>% of total patients</b>	<b>23%</b>	<b>24%</b>		<b>20%</b>	<b>24%</b>	

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
<b>Medicare (B)</b>						
Ancillaries	0	0	0	0	0	0
Ancillary Contractual Allow	0	0	0	0	0	0
Therapy	14,737	11,743	2,994	75,686	95,512	(19,826)
Therapy Contractual Allow	-1,382	-1,611	229	-16,080	-13,104	(2,976)
Prior Period Cost Adj.	0	0	0	0	0	0
<b>Total Revenue Medicare (B)</b>	<b>\$ 13,355</b>	<b>\$ 10,132</b>	<b>\$ 3,223</b>	<b>\$ 59,606</b>	<b>\$ 82,408</b>	<b>\$ (22,802)</b>
<b>% of Total Revenue</b>	<b>2%</b>	<b>2%</b>		<b>1%</b>	<b>2%</b>	

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
<b>HMO (A)</b>						
3 <sup>rd</sup> party reimbursement	\$ 8,415	\$ 14,250	\$ (5,835)	\$ 46,161	\$ 115,900	\$ (69,739)
Ancillaries	59	1,558	(1,499)	5,911	12,668	(6,757)

**Meadows of Napa Valley  
Health Center PPD Summary**

Year and month to date for the period ending November 30, 2015

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
Ancillary contractual allow	(59)	(1,558)	1,499	(5,911)	(12,668)	6,757
Therapy	2,946	5,000	(2,054)	16,009	40,664	(24,655)
Therapy contractual allow	(2,946)	(5,000)	2,054	(16,009)	(40,664)	24,655
<b>Total revenue HMO</b>	<b>\$ 8,415</b>	<b>\$ 14,250</b>	<b>\$ (5,835)</b>	<b>\$ 46,161</b>	<b>\$ 115,900</b>	<b>\$ (69,739)</b>
<i>Patient days</i>	19	30	(11)	116	244	(128)
<i>Avg patients per day</i>	0.6	1.0	(0.4)	0.5	1.0	(0.5)
<b>Avg daily reimbursement</b>	<b>\$ 443</b>	<b>\$ 475</b>	<b>\$ (32)</b>	<b>\$ 398</b>	<b>\$ 475</b>	<b>\$ (77)</b>
<b>% of total revenue</b>	<b>1%</b>	<b>2%</b>		<b>1%</b>	<b>2%</b>	
<b>% of total patients</b>	<b>1%</b>	<b>2%</b>		<b>1%</b>	<b>2%</b>	

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
<b>HMO (B)</b>						
Ancillaries	0	0	0	0	0	0
Ancillary contractual allow	0	0	0	0	0	0
Therapy	1,633	712	921	7,979	5,784	2,195
Therapy contractual allow	0	(32)	32	(381)	(260)	(121)
<b>Total revenue HMO (B)</b>	<b>\$ 1,633</b>	<b>\$ 680</b>	<b>\$ 953</b>	<b>\$ 7,599</b>	<b>\$ 5,524</b>	<b>\$ 2,075</b>
<b>% of total revenue</b>	<b>0%</b>	<b>0%</b>		<b>0%</b>	<b>0%</b>	

**Meadows of Napa Valley  
Health Center PPD Summary**

Year and month to date for the period ending November 30, 2015

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
<b>Medicaid</b>						
3rd Party Reimbursement	\$ 148,485	\$ 154,424	\$ (5,939)	\$ 1,225,391	\$ 1,255,984	\$ (30,593)
Ancillaries	4,904	6,476		47,829	52,668	(4,839)
Ancillary Contractual Allow	-4,904	-6,476		-47,829	-52,668	4,839
<b>Total Revenue Medicaid</b>	<b>\$ 148,485</b>	<b>\$ 154,424</b>	<b>\$ (5,939)</b>	<b>\$ 1,225,391</b>	<b>\$ 1,255,984</b>	<b>\$ (30,593)</b>
<i>Patient Days</i>	545	600	-55	4462	4880	-418
<i>Avg Patients per day</i>	18.2	20.0	-1.83	18.3	20.0	-1.71
<b>Avg Daily Reimbursement</b>	<b>\$ 272</b>	<b>\$ 257</b>	<b>\$ 15</b>	<b>\$ 275</b>	<b>\$ 257</b>	<b>\$ 17</b>
<b>% of Total Revenue</b>	<b>23%</b>	<b>23%</b>		<b>23%</b>	<b>23%</b>	
<b>% of Total Patients</b>	<b>33%</b>	<b>35%</b>		<b>33%</b>	<b>35%</b>	

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
<b>Hospice / Other</b>						
3rd Party Reimbursement	\$ 11,817	\$ 1,500	\$ 10,317	\$ 149,391	\$ 12,000	\$ 137,391
Ancillaries	656	410	246	7,075	3,332	3,743
Ancillary Contractual Allow	-656	-410	(246)	-7,075	-3,332	(3,743)
Therapy	0	0	0	0	0	0
<b>Total Revenue Hospice</b>	<b>\$ 11,817</b>	<b>\$ 1,500</b>	<b>\$ 10,317</b>	<b>\$ 149,391</b>	<b>\$ 12,000</b>	<b>\$ 137,391</b>
<i>Patient Days</i>	42	0	42	527	0	527
<i>Avg Patients per day</i>	1.4	0.0	1.40	2.2	0.0	2.16
<b>Avg Daily Reimbursement</b>	<b>\$ 281</b>	<b>\$ -</b>	<b>\$ 281</b>	<b>\$ 283</b>	<b>\$ -</b>	<b>\$ 283</b>
<b>% of Total Revenue</b>	<b>2%</b>	<b>0%</b>		<b>3%</b>	<b>0%</b>	
<b>% of Total Patients</b>	<b>3%</b>	<b>0%</b>		<b>4%</b>	<b>0%</b>	

<b>Private (Contract Residents)</b>						
Room Revenue	6,720	6,701	19	59,360	54,504	4,856

**Meadows of Napa Valley  
Health Center PPD Summary**  
Year and month to date for the period ending November 30, 2015

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
Ancillaries	0	0	0	1,305	0	1,305
Ancillary Contractual Allow	0	0	0	0	0	0
Therapy	0	0	0	0	0	0
Therapy Contractual Allow	0	0	0	0	0	0
<b>Total Revenue Private</b>	<b>\$ 6,720</b>	<b>\$ 6,701</b>	<b>\$ 19</b>	<b>\$ 60,665</b>	<b>\$ 54,504</b>	<b>\$ 6,161</b>
<i>Patient Days</i>	30	45	-15	248	366	-118
<i>Avg Patients per day</i>	1.0	1.5	-0.50	1.0	1.5	-0.48
<b>Avg Daily Reimbursement</b>	<b>\$ 224</b>	<b>\$ 149</b>	<b>\$ 75</b>	<b>\$ 245</b>	<b>\$ 149</b>	<b>\$ 96</b>
<b>% of Total Revenue</b>	<b>1%</b>	<b>1%</b>		<b>1%</b>	<b>1%</b>	
<b>% of Total Patients</b>	<b>2%</b>	<b>3%</b>		<b>2%</b>	<b>3%</b>	

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
Ancillaries	186,806	196,083	(9,277)	1,677,022	1,594,808	82,214
Ancillary Contractual Allow	5,572	5,357	215	64,624	43,576	21,048
Therapy	0	0	0	0	0	0
Therapy Contractual Allow	0	59	(59)	0	480	(480)
<b>Total Revenue Private</b>	<b>\$ 192,378</b>	<b>\$ 201,499</b>	<b>\$ (9,121)</b>	<b>\$ 1,741,646</b>	<b>\$ 1,638,864</b>	<b>\$ 102,782</b>
<i>Patient Days</i>	627	630	-3	5422	5124	298
<i>Avg Patients per day</i>	20.9	21.0	-0.10	22.2	21.0	1.22
<b>Avg Daily Reimbursement</b>	<b>\$ 307</b>	<b>\$ 320</b>	<b>\$ (13)</b>	<b>\$ 321</b>	<b>\$ 320</b>	<b>\$ 1</b>
<b>% of Total Revenue</b>	<b>29%</b>	<b>30%</b>		<b>33%</b>	<b>30%</b>	
<b>% of Total Patients</b>	<b>38%</b>	<b>37%</b>		<b>40%</b>	<b>37%</b>	

**Meadows of Napa Valley  
Health Center PPD Summary**  
Year and month to date for the period ending November 30, 2015

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
<b>Total private pay</b>						
Room revenue	\$ 193,526	\$ 202,784	\$ (9,258)	\$ 1,736,382	\$ 1,649,312	\$ 87,070
Other revenue	0	0	0	0	0	0
Ancillaries	5,572	5,357	215	65,929	43,576	22,353
Ancillary contractual allow	0	0	0	0	0	0
Therapy	0	59	(59)	0	480	(480)
Therapy contractual allow	0	0	0	0	0	0
<b>Total revenue private</b>	<b>\$ 199,098</b>	<b>\$ 208,200</b>	<b>\$ (9,102)</b>	<b>\$ 1,802,311</b>	<b>\$ 1,693,368</b>	<b>\$ 108,943</b>
Patient days	657	675	(18)	5,670	5,490	180
Avg patients per day	21.9	22.5	(0.6)	23.2	22.5	0.7
<b>Avg daily reimbursement</b>	<b>\$ 303</b>	<b>\$ 308</b>	<b>\$ (5)</b>	<b>\$ 318</b>	<b>\$ 308</b>	<b>\$ 9</b>
<b>% of total revenue</b>	<b>30%</b>	<b>31%</b>		<b>34%</b>	<b>31%</b>	
<b>% of total patients</b>	<b>40%</b>	<b>39%</b>		<b>42%</b>	<b>39%</b>	

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
<b>All payer type revenue</b>						
Room revenue - private pay	\$ 193,526	\$ 202,784	\$ (9,258)	\$ 1,736,382	\$ 1,649,312	\$ 87,070
3 <sup>rd</sup> party reimbursement	443,139	448,899	\$ (5,760)	3,452,585	3,650,848	(198,263)
Prior Period Cost Adj.	0	0	0	0	0	0
Ancillaries	30,418	37,080	(5,090)	294,698	301,580	(6,882)
Ancillary contractual allow	(24,218)	(31,642)	5,851	(228,141)	(257,340)	29,199
Therapy	105,161	108,580	(3,419)	723,401	883,108	(159,707)
Therapy contractual allow	(90,172)	(97,709)	7,537	(656,196)	(794,696)	138,500
Bad debt	(4,583)	(4,583)	(0)	(36,667)	(36,664)	(3)
Resident assistance	0	0	0	0	0	0
<b>Total revenue all payers</b>	<b>\$ 653,270</b>	<b>\$ 663,409</b>	<b>\$ (10,139)</b>	<b>\$ 5,286,061</b>	<b>\$ 5,396,148</b>	<b>\$ (110,087)</b>

**Meadows of Napa Valley  
Health Center PPD Summary**

Year and month to date for the period ending November 30, 2015

	Actual 11/30/15	Budget 11/30/15	Variance	Actual YTD	Budget YTD	Variance
<b>All health center expense</b>						
Total salaries	\$ 231,108	\$ 212,133	\$ 18,975	\$ 1,827,029	\$ 1,725,353	\$ 101,676
Total payroll taxes & benefits	44,520	43,577	943	364,018	352,316	11,702
Total ancillary expense	41,238	46,134	(4,896)	310,893	375,224	(64,331)
Total other expense	35,005	18,067	16,938	203,837	144,536	59,301
Total therapy expense	57,509	67,222	(9,713)	411,680	546,740	(135,060)
Total HC housekeeping	0	0	0	0	0	0
<b>Total expense health center</b>	<b>\$ 409,379</b>	<b>\$ 387,133</b>	<b>\$ 22,246</b>	<b>\$ 3,117,456</b>	<b>\$ 3,144,169</b>	<b>\$ (26,713)</b>
<b>Total net health center</b>	<b>\$ 243,890</b>	<b>\$ 276,276</b>	<b>\$ (32,386)</b>	<b>\$ 2,168,605</b>	<b>\$ 2,251,979</b>	<b>\$ (83,374)</b>
Total patient days	1643	1725	-82	13548	14030	-482
Avg patients per day	54.8	57.5	-2.73	55.5	57.5	-1.98
Available units	69	69	0	69	69	0
Health center occupancy	79.4%	83.3%		80.5%	83.3%	
Avg daily reimbursement PPD	\$ 398	\$ 385	\$ 13	\$ 390	\$ 385	\$ 6
Avg daily expense PPD	\$ 249	\$ 224	\$ 25	\$ 230	\$ 224	\$ 6
Total net health center PPD	\$ 148	\$ 160	\$ (12)	\$ 160	\$ 161	\$ (0)
Gross margin	37.3%	41.6%		41.0%	41.7%	
Total FTE's	54.37	51.89	(2.48)	54.55	51.89	(2.66)
Ratio Residents to FTE's	1.01	1.11	(0.10)	1.02	1.11	(0.09)
Hours per patient day	5.72	5.20	0.52	5.57	5.12	0.45

**ODD FELLOWS HOME OF CALIFORNIA  
THE MEADOWS OF NAPA VALLEY  
STATEMENTS OF ACTIVITIES  
Years Ended March 31, 2015 and 2014**

	2015	2014
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
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
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	4,297	2,306
Net assets released from restrictions	(2,172)	(13,081)
Change in temporarily restricted net assets	2,125	(10,775)
<b>CHANGES IN NET ASSETS (DEFICIT)</b>	\$ (1,131,238)	\$ 100,674

## Meadows of Napa Valley

### Summary Financial Results

As of and for the 8 period(s) ending November 30, 2015

#### Financial position

	<b>Balance</b>
Total assets	\$ 51,921,840
Unrestricted cash	\$ 1,750,421
Unrestricted investments	\$ 7,435,157
Total long term debt plus current portion	\$ 14,390,000

#### Unrestricted operations

	<b>MTD</b>	<b>Budget</b>	<b>YTD</b>	<b>Budget</b>
Operating revenue	\$ 1,549,600	\$ 1,718,754	\$ 12,586,437	\$ 13,838,908
Operating expense	1,485,573	1,642,098	12,355,681	13,260,257
Net operations	64,027	76,656	230,756	578,651
Finance income	11,851	36,231	(16,947)	265,098
Finance expense	55,400	55,504	450,341	450,733
Net finance	(43,549)	(19,273)	(467,288)	(185,635)
Other non-operating changes	25,095	-	332,335	-
Total net change	\$ (4,618)	\$ 57,383	\$ (568,867)	\$ 393,016

#### Cash report

	<b>YTD</b>
Cash and investments, beginning of year	\$ 7,941,022
Excess revenue over expenses - operating	1,538,829
Entrance fees received - net of refunds	2,741,369
Unrestricted contributions	400
Finance Income (Investment income / unrealized gain (loss) / royalty income)	(16,947)
Interest expense / SWAP settlement	(423,182)
Purchase of property and equipment - net of sales	(2,581,500)
Change in long term debt (repayment) / new proceeds / (issue costs)	(255,000)
Other operation changes*	240,587
Cash and investments, end of period	9,185,578
Change in cash and investments	\$ 1,244,556

\*Statement of cash flows, operating "net changes in" section (i.e. changes in A/R, A/P, etc.); under financing, Amortization of bond premium; and under investing, change in assets restricted under bond agreement

#### Ratios

	<b>YTD</b>	<b>Budget</b>	<b>CCAC</b>
Operating ratio (including financing)	0.90	0.88	0.95
Net operating margin	12.6%	13.9%	11.1%
Annual debt service ratio	6.3	8.3	4.32
Unrestricted days cash on hand	201	195	402
Unrestricted cash to long term debt	65.0%	67.1%	89.0%

**Meadows of Napa Valley**  
**Summary Operational Results**  
**As of November 30, 2015**

<b>Occupancy</b>						
	<b>MTD</b>	<b>%</b>	<b>YTD Avg</b>	<b>%</b>	<b>Budget</b>	<b>%</b>
IL **	147.9	96.0%	149.1	93.8%	157.0	95.2%
IL - 2 <sup>nd</sup> person	25.9		24.8		35.0	
AL / RL **	39.7	99.3%	45.0	79.6%	53.0	85.5%
AL / RL - 2 <sup>nd</sup> person	6.2		6.7		12.0	
Memory care	16.5	82.5%	16.2	81.1%	18.0	90.0%
Skilled nursing*	54.8	79.4%	55.6	80.6%	57.5	83.3%
<b>Total occupied units *</b>	<b>258.9</b>	<b>91.5%</b>	<b>265.9</b>	<b>87.4%</b>	<b>285.5</b>	<b>90.3%</b>

\* Includes HC temps which are also included in either IL or RL. \*\* IL units reduced to 154 from 165. AL units is 40, down from 62.

<b>Skilled nursing detail</b>						
	<b>MTD</b>	<b>% Total</b>	<b>YTD Avg</b>	<b>% Total</b>	<b>Budget</b>	<b>% Total</b>
CCRC residents	1.0	2%	1.0	2%	1.0	2%
CCRC temp residents	0.0	0%	0.0	0%	0.5	1%
Public	20.9	38%	22.2	40%	21.0	37%
Medicare	12.7	23%	11.4	21%	14.0	24%
Medicaid	18.2	33%	18.3	33%	20.0	35%
HMO	0.6	1%	0.5	1%	1.0	2%
Hospice	1.4	3%	2.2	4%	0.0	0%
<b>Total skilled nursing</b>	<b>54.8</b>	<b>100%</b>	<b>55.6</b>	<b>100%</b>	<b>57.5</b>	<b>100%</b>

<b>Total residents</b>	<b>291.0</b>	<b>297.4</b>	<b>332.0</b>
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<b>FTE's</b>			
	<b>YTD Avg</b>	<b>Budget</b>	<b>Variance</b>
Admin & resident services	10.3	11.7	1.4
Dining	50.1	50.7	0.7
Health services (includes AL and recreation)	93.9	95.6	1.7
Facility services	29.1	31.9	2.8
Agency/contract labor	1.4	-	(1.4)
Other - Revenue Generating FTE's (Home Care, Pharmacy, Respite Care)	-	2.6	2.6
<b>Total FTE's</b>	<b>184.8</b>	<b>192.6</b>	<b>7.8</b>

<b>Residents per FTE</b>	<b>1.6</b>	<b>1.7</b>
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<b>Average hourly wage</b>	<b>\$ 19.00</b>	<b>\$ 19.03</b>	<b>\$ 0.02</b>
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<b>IL detail</b>			
	<b>YTD</b>	<b>Budget</b>	<b>Variance</b>
Beginning IL occupancy	150.0	157.0	(7.0)
YTD IL unit sales	13.0	32.0	(19.0)
YTD IL unit turnover	(15.0)	(32.0)	17.0
<b>Ending IL occupancy</b>	<b>148.0</b>	<b>157.0</b>	<b>(9.0)</b>

**Meadows of Napa Valley**  
**Detail Statement of Activities - Unrestricted only**  
**Year and month to date for the period ending November 30, 2015**

	Actual Nov-15	Budget Nov-15	Variance	Actual YTD	Budget YTD	Variance
<b>Operating revenues:</b>						
<u>Service fees revenues</u>						
Monthly fees independent living	\$ 496,279	\$ 536,948	\$ (40,669)	\$ 3,989,088	\$ 4,295,584	\$ (306,496)
Monthly fees assisted / residential living	216,441	288,263	(71,822)	1,936,439	2,306,104	(369,665)
Monthly fees memory care	109,819	115,656	(5,837)	856,348	925,248	(68,900)
Monthly fees credits	(10,043)	(4,850)	(5,193)	(89,222)	(38,800)	(50,422)
Bad debt	(417)	(417)	0	(3,333)	(3,336)	3
Resident assistance	-	-	-	-	-	-
<u>Health center revenues</u>						
Monthly fees CCRC resident std rm & ancillaries	6,720	6,701	19	60,665	54,504	6,161
Monthly fees public resident std rm & ancillaries	192,378	201,499	(9,121)	1,741,646	1,638,864	102,782
Medicare revenues / std rm & ancillaries	288,405	288,938	(533)	2,091,877	2,350,036	(258,159)
Medicaid revenues / std rm & ancillaries	148,485	154,424	(5,939)	1,225,391	1,255,984	(30,593)
HMO revenues / std rm & ancillaries	10,048	14,930	(4,882)	53,759	121,424	(67,665)
Hospice / other	11,817	1,500	10,317	149,391	12,000	137,391
Bad debt	(4,583)	(4,583)	(0)	(36,667)	(36,664)	(3)
<u>Entrance fee revenues</u>						
Entrance fees earned amortization income	49,458	62,387	(12,929)	345,020	499,096	(154,076)
Entrance fee termination income	-	4,167	(4,167)	-	33,336	(33,336)
Contributions	100	250	(150)	400	2,000	(1,600)
<u>Other revenues</u>						
Level of care	20,163	21,410	(1,247)	159,209	171,280	(12,071)
Home care / private duty	595	9,858	(9,263)	595	78,864	(78,269)
Dietary	4,554	5,267	(713)	36,083	42,136	(6,053)
Other income - net	9,345	16,406	(7,061)	67,581	131,248	(63,667)
Release from restriction	35	-	35	2,168	-	2,168
<b>Total operating revenues</b>	<b>\$ 1,549,600</b>	<b>\$ 1,718,754</b>	<b>\$ (169,154)</b>	<b>\$ 12,586,437</b>	<b>\$ 13,838,908</b>	<b>\$ (1,252,471)</b>

<b>Operating expenses:</b>						
Administration	\$ 149,312	\$ 197,840	\$ 48,528	\$ 1,346,770	\$ 1,616,019	\$ 269,249
Dietary	231,062	295,448	64,386	2,327,482	2,383,344	55,862
<u>Health and social services</u>						
Health services	409,379	387,133	(22,246)	3,117,456	3,144,169	26,713
Home care / private duty	-	8,716	8,716	-	70,761	70,761
Recreation / activities	15,990	16,318	328	128,904	131,119	2,215
Assisted / residential living	131,165	158,399	27,234	1,135,940	1,285,399	149,459
<u>Facility services and utilities</u>						
Facility services	182,127	199,078	16,951	1,499,756	1,606,077	106,321
Utilities	69,288	76,617	7,329	569,716	612,936	43,220
Depreciation	211,147	226,417	15,270	1,653,493	1,811,336	157,843
Fund disbursement	35	-	(35)	2,168	-	(2,168)
Fees to PRS MC LLC	-	-	-	-	-	-
Management services	68,910	68,910	(0)	541,239	541,321	82
Accounting services	4,500	7,222	2,722	36,000	57,776	21,776
Loss (gain) on disposal of property and equipment	-	-	-	-	-	-
Vacation accrual adjustment	12,658	-	(12,658)	(3,245)	-	3,245
<b>Total operating expenses</b>	<b>\$ 1,485,573</b>	<b>\$ 1,642,096</b>	<b>\$ 156,523</b>	<b>\$ 12,355,681</b>	<b>\$ 13,200,257</b>	<b>\$ 844,576</b>

<b>Excess revenue over expense - operating</b>	<b>\$ 64,027</b>	<b>\$ 76,658</b>	<b>\$ (12,631)</b>	<b>\$ 230,756</b>	<b>\$ 578,651</b>	<b>\$ (347,895)</b>
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<b>Financing activities - unrestricted</b>						
Investment income	\$ 13,429	\$ 9,315	\$ 4,114	\$ 93,029	\$ 74,520	\$ 18,509
Realized gain (loss)	5,246	15,261	(10,015)	80,106	122,088	(41,982)
Unrealized gain (loss)	(4,341)	12,655	(16,996)	(170,812)	101,240	(272,052)
Fees unrestricted funds	(2,483)	(1,000)	(1,483)	(19,270)	(32,750)	13,480
<b>Total unrestricted financing income</b>	<b>11,851</b>	<b>36,231</b>	<b>(24,380)</b>	<b>(16,947)</b>	<b>265,098</b>	<b>(282,045)</b>
Interest expense	51,557	51,557	(0)	419,156	419,157	1
LOC / remarketing & other fees	448	552	104	4,026	4,416	390
Amortization expense	3,395	3,395	0	27,158	27,160	2
<b>Total unrestricted financing expense</b>	<b>55,400</b>	<b>55,504</b>	<b>104</b>	<b>450,341</b>	<b>450,733</b>	<b>392</b>
<b>Excess income over expense - financing</b>	<b>\$ (43,549)</b>	<b>\$ (19,273)</b>	<b>\$ (24,276)</b>	<b>\$ (467,288)</b>	<b>\$ (185,635)</b>	<b>\$ (281,653)</b>

<b>Change in unrestricted net assets before extraordinary items</b>	<b>\$ 20,478</b>	<b>\$ 67,383</b>	<b>\$ (46,905)</b>	<b>\$ (236,532)</b>	<b>\$ 393,016</b>	<b>\$ (629,548)</b>
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<b>Extraordinary items:</b>						
Early retirement of issue costs	-	-	-	-	-	-
Extraordinary items	-	-	-	-	-	-
Start-up costs	25,095	-	25,095	332,335	-	332,335
Nonoperating revenues	-	-	-	-	-	-
<b>Change in unrestricted net assets after extraordinary items</b>	<b>\$ (4,618)</b>	<b>\$ 67,383</b>	<b>\$ (62,001)</b>	<b>\$ (589,867)</b>	<b>\$ 393,016</b>	<b>\$ (196,100)</b>

**Meadows of Napa Valley**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**Year to date for the period ending November 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues:</b>				
Service fees	\$ 6,689,320	\$ -	\$ -	\$ 6,689,320
Health center revenue	5,286,061	-	-	5,286,061
Entrance fees earned	345,020	-	-	345,020
Contributions	400	2,822	-	3,222
Investment income, net*	153,865	-	-	153,865
Other revenue, net	263,467	-	-	263,467
<b>Total revenues</b>	<b>12,738,134</b>	<b>2,822</b>	<b>-</b>	<b>12,740,956</b>
Net assets released from restriction	2,168	(2,168)	-	-
<b>Total revenues, gains, and support</b>	<b>\$ 12,740,302</b>	<b>\$ 653</b>	<b>\$ -</b>	<b>\$ 12,740,956</b>
<b>Expenses:</b>				
Program expenses:				
Dietary	\$ 2,327,482	\$ -	\$ -	\$ 2,327,482
Facility services and utilities	2,069,472	-	-	2,069,472
Health and social services	3,246,361	-	-	3,246,361
Assisted living	1,135,940	-	-	1,135,940
General and administrative expenses:				
Administrative and marketing	1,346,770	-	-	1,346,770
Interest expense and financing fees*	450,341	-	-	450,341
Depreciation	1,653,493	-	-	1,653,493
Fund disbursement	2,168	-	-	2,168
Fees to PRS MC LLC				
Management services	541,239	-	-	541,239
Accounting services	36,000	-	-	36,000
Loss (gain) on disposal of property and equipment	-	-	-	-
Accrued vacation adjustment	(3,245)	-	-	(3,245)
<b>Total expenses</b>	<b>\$ 12,806,022</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,806,022</b>
<b>Operating income</b>	<b>\$ (65,720)</b>	<b>\$ 653</b>	<b>\$ -</b>	<b>\$ (65,066)</b>
<b>Nonoperating income (loss):</b>				
Unrealized change in value of investments	\$ (170,812)	\$ -	\$ -	\$ (170,812)
Start-up costs	(332,335)	-	-	(332,335)
<b>Total nonoperating changes</b>	<b>\$ (503,147)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (503,147)</b>
<b>Change in net assets</b>	<b>\$ (568,867)</b>	<b>\$ 653</b>	<b>\$ -</b>	<b>\$ (568,213)</b>
<b>Net assets, beginning of year</b>	<b>\$ 24,213,288</b>	<b>\$ 4,854</b>	<b>\$ 12,587</b>	<b>\$ 24,230,729</b>
<b>Net assets, end of year</b>	<b>\$ 23,644,421</b>	<b>\$ 5,507</b>	<b>\$ 12,587</b>	<b>\$ 23,662,515</b>

\*Part of Financing Activities on Detail Statement of Activities

## Meadows of Napa Valley

### Detail Statement of Activities - Unrestricted only

Year and month to date for the period ending November 30, 2015

#### Consolidated statement of activities variance analysis:

- 1 - For November 2015, we had negative variance in Total Operating Revenue (TOR) of (\$169K) for all levels of care, better than Oct. All LOC had negative variances for November, however, occupancies for Nov are good for all LOC, with IL coming in at 96.0%, AL at 99.3% and MC at 82.5%. The negative variances for IL and AL are due to the F&G wing relocation of residents. The MC occupancy is slightly under budget for Nov., but will improve in December. Medicare revenue for Nov. was at budget and improved over Oct. by \$72K. Our first F&G resident transfer occurred in May and we have 3 residents left to transfer, with one committed for January 12th, leaving 2, one of which may transfer to AL. In IL we have 7 empty apartments and they are all committed for move-in. In AL, we have 2 empty apartments and both are committed from IL transfers. MC has 4 empty units and 2 are committed. The closure of the Terraces has improved the positive var. in expenses for AL, as noted below with an expense savings. The negative variances will correct with new budget for FY 2016/2017. Monthly Fee Credits (MFC) will continue to have a large negative variance for some time until all residents have transferred and received all their credits due to the transfer incentives (first & sixth months free rent). Actual MFC credits for F&G relocation incentives are \$40K YTD, and will continue to hit the financials for the remainder of the FY. Level of Care (LOC) revenue was under budget for Nov. by (\$1.2K), while LOC YTD is under budget by \$(12.1K). Our new Homecare program was launched on Nov. 1st, and our first revenue hit the GL for an IL resident in the amount of \$595, and the amount will increase as the word gets out about the new service and more residents sign up.
- 2 - The actual HC revenue increased in Nov. by (\$72K), compared to Oct. as Medicare census improved to Average Daily Census (ADC) of 12.7, a difference of 3.1 ADC. Total Census also improved by 4.9 over Oct., coming in at 5438 or 79.4%, while Budget is 57.5 or 83.3%. Medi-Cal census budget is 20 for FY 15/16, and we were under budget for Nov. coming in at 18.2 ADC, with a negative variance of (\$6K) for the month. We are going to admit more Medi-Cal to get back to budget and actually exceed budget, because of our excellent reimbursement rate. The total HC revenue in aggregate is slightly under budget for the month (\$10.1K), due to other payer sources, other than Medicare, as it was at budget for the month. Actual Medicare revenue for Nov. was up from Oct. by \$62K., coming in at \$288K, while Oct was \$226K.
- 3 - Entrance fees (CCRC) amortization income is under budget MTD (\$13K) and YTD (\$1541K), due to the difficulty in projecting this number. The budget is optimistic, and as we have more experience and sell more contracts, we will be able to better project for this revenue, although the current fiscal year will likely continue to show a negative variance. Like last FY, we are budgeted to sell 1 CCRC apartment per month this FY, and are on track to exceed the budget. There are 6 pending prospective CCRC move-ins, 1 in December, 0 in Jan., 1 in Feb., 2 in March and 2 undetermined. We have moved in 12 CCRC IL residents during the first 8 months of the FY, through 11/30/15. Marketing is still able to sell CCRC apartments while simultaneously transferring the 15 IL apartments from F&G wings. In addition, there are many residents on the rental wait list once the transfer of residents from F&G wings is complete. To date since becoming a CCRC, (July 2013) we have sold 51 CCRC apartments, 47 in IL, 4 in AL, and have received their respective entrance fees (approx. \$11.3M), including 37 non-refundable and 14 refundable (90%) agreements. We have 1 rental resident approved to move-in on 12/31/15 into a studio apartment. We have currently four 30 day notices to move out of IL.
- 4 - Other Operating Income-Net is showing a negative variance MTD (\$7.1K). Significant MTD negative revenue variances primarily coming from: Admin Re-class (\$1.7K) due to Consonus Rehab making a donation to Back-Pack program for Employee's children, Application Fees (\$1.2K) with fewer rental applications, Late Pay Fees (\$1K), Guest Room Rev.(\$1.1K), and Renovation upgrades (\$2.3K).
- 5 - Total Operating Expenses are under budget by \$156.5K for the month of November. All Depts. showing positive variances for the month of Nov., except Health Services (\$22.2K). Significant Dept. negative variances for Nov. include: Administrative expenses (\$2.4K) MTD and (\$48.5K) YTD for moving costs for IL F&G wing residents incentives (Gentle Trans & Holmes Moving), Bank Services Charges (\$1.1K) for credit card service charges for \$10K CCRC deposit, which will not happen again, Postage & Shipping increase in use during holidays, Res Services for Salaries Support (\$1.7K) for action replacement time, HR for Pre-Employment Physicals, due to many new employees coming on board (\$1.1K). Dietary Services had an aggregate positive variance MTD \$864K, primarily due to Food Budget coming under by \$21K (utilizing Freezer stock). Other DS positive var. in Direct & Support services due to open positions in Front/Back of the House, and open DS Manager in the HC aggregate of \$19.5K. Also positive var. in aggregate of Disposables/Cleaning Supplies/ Equip. Repair for \$5.3K. Health Services had negative variance for the month of Nov. (\$22.2K), & YTD positive \$26.7K. The neg. var. in aggregate is all primarily due to staffing issues and OT in Salaries Direct Support for (\$16K) for OT to cover open staff positions in both Licensed Nurses and CNAs; we are desperately trying to fill the open positions. We have made significant progress in Lic. Nurses, still having a difficult time with CNA. Local hospitals are pulling our staff at starting wages between \$18 to \$25 per hour. New initiatives to counter the CNA staffing issues are Retention & Referral Bonuses for staff and new updated recruiting ads just to name a few. Contract Labor (Polaris) for MDS Coordinator position neg. var. (\$13.8K) and is necessary for preparing for DPH annual survey and training new MDS Coordinator staff, expect to keep the position through Jan. Disposables neg. var. for change in coding of items in this area (\$2.4K); this will continue the remainder FY. Pharmacy expense had a neg. var. for the month due to increased utilization of meds/Rxs & costs by Medicare residents (\$1.8K), Therapy/Rehab Services in aggregate showing a positive var. of \$9.7K, for the month as the Medicare was under budget for the month in census. Recreations had neg. var. in Supplies due to Holidays. AL has positive variance for the Dept. MTD at \$27.2K, due to lower labor expenses (closing of the Terraces). AL Direct Service Salaries positive variance of \$23.3K, due to cutting labor in AL Terraces as it is now closed due to relocating F&G wing residents. Neg. var. in employee relations for staff holiday gift cards. Marketing, Accounting & IT had no variances to report. However, Marketing start-up expenses for the Expansion are being recorded under Extraordinary Items and had actual MTD of \$25.1K and YTD at \$332K. To date we have taken 118 "One-Thousand dollar (\$1000)" priority deposits for the 92 Unit IL Expansion.
- 6 - Facility Services is under budget for the month by \$17K & YTD by \$106K. Significant variances in FS to report include: Laundry for Contract Services for Carpet Cleaning (\$1.7). Employee Relations for staff Christmas party and gift cards (\$1.5K), Cleaning Supplies in Laundry (\$1.1K) to reach par levels, Equipment Repair of the Audio/Video system in FH (\$3.4K), Grounds for planter boxes in the HC patio (\$2K), Repairs of Irrigation system by HC behind Villas ((\$1.3K), Equip & Tools for replacing hand tools (\$1.5K), Security neg. var. (\$3.9K) due to late invoices from Oct. Utilities under budget MTD by \$7.3K & YTD by \$43.2K. It is noteworthy that Cable TV was under budget again with positive variances of \$4.2K MTD and YTD at \$48.6K, due to a re-negotiated and new contract with Comcast 2/1/15; we will see savings for the entire FY. Depreciation was under budget for the month by \$15.2K, & YTD by \$158K. Vacation Accrual Adjustment neg. var. of (\$12.7K).
- 7- Actual Net income from Operations ended the month at a positive \$64K & YTD positive at \$231K, with negative variance from budget YTD at (\$348K).
- 8 -The month of November saw a negative position on the financing activity with actual Total Fin. Income of only a positive \$12K and a negative variance from budget of (\$24K). Financing activity saw an actual realized gain of \$5K, positive investment income of \$13K and an unrealized loss of (\$4K.) We were budgeted for the month to have a positive \$36K in Total Financing income for the month, with no variance in Interest Expenses/Financing Fees/Amortization Exp. on the Bonds, the "actual" Net Financing income came in at a negative \$(44K) after paying our MTD Finance/Interest expenses of (\$55.4K). The financial investments are managed for the Meadows by Merrill Lynch and the funds are coming from the CCRC entrance fees.
- 9 - Actual Start-up costs are marketing expenses for the expansion project and for November we had actual MTD expenses of \$25.1K & YTD at \$332.3K.
- 10 - November "Actual" Total Net Income (change in unrestricted net assets) came in at a negative (\$4.6K) and a negative (\$569K) YTD.

2016/17  
Budget

**Meadows of Napa Valley**  
**Summary Operational Results**  
**For budget year 2016/17**

Occupancy	Budget 2015/16		12 Months @ 09/15		Budget 2016/17	
		%		%		%
IL	157.0	95.2%	151.9	93.4%	146.0	97.3%
IL - 2 <sup>nd</sup> person	35.0		25.2		28.0	
AL / RL	53.0	85.5%	50.5	81.5%	38.0	95.0%
AL / RL - 2 <sup>nd</sup> person	12.0		8.4		10.0	
Memory care	18.0	90.0%	17.3	86.3%	17.0	85.0%
Skilled nursing*	57.5	83.3%	56.1	81.3%	57.0	82.6%
<b>Total occupied units*</b>	<b>285.5</b>	<b>92.7%</b>	<b>275.8</b>	<b>87.9%</b>	<b>258.0</b>	<b>92.5%</b>

\* Includes HC temps which are also included in either IL or RL

Skilled nursing details	Budget 2015/16		12 Months @ 09/15		Budget 2016/17	
		% Total		% Total		% Total
CCRC residents	1.0	2%	0.8	1%	1.0	2%
CCRC temp residents	0.5	1%	0.3	1%	0.0	0%
Public	21.0	37%	21.4	38%	23.0	40%
Medicare	14.0	24%	12.1	22%	12.0	21%
Medicaid	20.0	35%	19.2	34%	20.0	35%
HMO	1.0	2%	0.4	1%	1.0	2%
Hospice	0.0	0%	2.0	4%	0.0	0%
<b>Total skilled nursing</b>	<b>57.5</b>	<b>100%</b>	<b>56.1</b>	<b>100%</b>	<b>57.0</b>	<b>100%</b>

<b>Total residents</b>	<b>332.0</b>	<b>309.0</b>	<b>296.0</b>
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FTE's	Budget 2015/16	As of 09/15	Budget 2016/17
Admin & resident services	11.70	9.96	12.69
Dining	50.74	50.65	49.66
Health services (includes AL and recreation)	95.63	95.77	85.69
Facility services	31.91	29.76	33.46
Agency/contract labor	-	-	-
Other - Revenue Generating FTE's (Home Care, Pharmacy, Res	2.63	-	2.50
<b>Total FTE's</b>	<b>192.62</b>	<b>186.14</b>	<b>184.01</b>

<b>Residents per FTE</b>	<b>1.7</b>	<b>1.7</b>	<b>1.6</b>
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<b>Average hourly wage</b>	<b>\$ 18.98</b>	<b>\$ 18.92</b>	<b>\$ 20.39</b>
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IL detail	Budget 2015/16	12 Months @ 09/15	Budget 2016/17
YTD IL unit sales	48.0	20.0	24.0
YTD IL unit turnover	(48.0)	(26.0)	(24.0)

Meadows of Napa Valley  
 Detail Statement of Activities - Unrestricted only  
 For budget year 2016/17

	Budget 2015/16	12 Months @ 09/2015	Budget 2016/17	Proposed >(<) Budget	Proposed >(<) Budget	Proposed >(<) 12 Mo	Proposed >(<) 12 Mo
<b>Operating revenues:</b>							
Service fees revenues	\$ 5,443,374	\$ 6,032,054	\$ 6,083,187	\$ -5.6%	\$ (360,187)	0.8%	\$ 51,133
Monthly fees independent living	3,459,157	3,172,572	2,670,598	-22.8%	(788,559)	-15.6%	(501,974)
Monthly fees assisted / residential living	1,387,872	1,318,434	1,375,929	-0.9%	(11,943)	4.4%	57,485
Monthly fees memory care	(58,192)	(66,540)	(53,968)	-7.3%	4,234	-39.1%	34,582
Bad debt	(5,000)	(1,250)	(1,288)	-74.2%	3,712	0.0%	(38)
Resident assistance				0.0%		0.0%	
Health center revenues	81,760	72,710	86,488	3.6%	281,504	7.6%	688,317
Monthly fees CCRC resident std rm & ancillaries	2,458,297	2,391,513	2,619,356	14.7%	361,059	17.9%	427,843
Monthly fees public resident std rm & ancillaries	3,525,048	3,152,649	3,381,894	-4.6%	(163,154)	6.6%	209,245
Medicaid revenues / std rm & ancillaries	1,883,984	1,989,012	1,989,012	5.6%	105,028	1.5%	30,310
Medicaid revenues / std rm & ancillaries	182,145	65,710	155,987	-14.4%	(26,158)	137.4%	90,277
HMO revenues / std rm & ancillaries	18,000	18,000	18,000	0.0%	0	-90.8%	(178,136)
Hospice / other	(55,000)	(50,000)	(55,000)	0.0%	0	10.0%	(5,000)
Bad debt							
Entrance fee revenues	748,647	444,807	785,682	4.9%	37,035	76.6%	340,875
Entrance fees earned amortization income	50,000	7,293	50,000	0.0%	-	585.6%	42,707
Entrance fee termination income	3,000	1,088	1,100	-53.3%	(1,900)	3.0%	32
Contributions							
Other revenues	256,820	256,202	240,972	-6.2%	(15,948)	-5.9%	(15,230)
Level of care	118,300	98,771	98,771	-16.5%	(19,529)	0.0%	98,771
Home care / private duty	63,200	55,469	57,133	-9.6%	(6,087)	3.0%	1,984
Dietary	196,870	113,866	114,976	-41.6%	(81,894)	1.0%	1,111
Other income - net		3,255	3,255	0.0%	3,255	0.0%	
Release from restriction							
<b>Total operating revenues</b>	<b>\$ 20,768,382</b>	<b>\$ 19,102,649</b>	<b>\$ 19,807,095</b>	<b>-4.6%</b>	<b>\$ (956,286)</b>	<b>3.7%</b>	<b>\$ 693,446</b>
* Removed abnormal outliers including: Bad Debt: (\$444,287)							
<b>Operating expenses:</b>							
Administration	\$ 2,410,298	\$ 2,703,159	\$ 2,339,264	-3.0%	\$ (72,034)	-13.5%	\$ (364,885)
Dietary	3,570,721	3,562,056	3,834,666	7.4%	263,945	7.7%	272,611
Health and social services	4,709,170	4,627,487	4,810,584	-2.1%	(96,686)	-0.4%	(16,903)
Health services	105,924	95,894	95,894	-9.5%	(10,080)	0.0%	95,894
Home care / private duty	196,555	196,648	16,488	8.4%	16,488	6.3%	16,382
Recreation / activities	1,924,163	1,755,549	1,595,179	-17.1%	(328,984)	-9.1%	(160,370)
Assisted / residential living	2,406,189	2,305,853	2,561,250	7.3%	175,061	11.9%	275,397
Facility services and utilities	919,400	858,280	929,652	0.8%	7,252	7.8%	67,372
Facility services	2,717,000	2,487,859	2,763,518	-20.4%	(553,382)	-13.0%	(324,241)
Utilities		3,255	3,255	0.0%	3,255	0.0%	
Depreciation							
Fund disbursement	816,961	801,936	843,462	3.2%	26,501	5.2%	41,526
Fees to PRS MC LLC	86,668	36,000	56,160	-35.2%	(30,508)	56.0%	20,160
Management services	30,000	43,829	2,071,215	6804.1%	2,041,215	4625.7%	2,027,386
Accounting services				0.0%		0.0%	
Loss (gain) on disposal of property and equipment							
Vacation accrual adjustment							
<b>Total operating expenses</b>	<b>\$ 19,893,049</b>	<b>\$ 19,382,912</b>	<b>\$ 21,333,212</b>	<b>7.2%</b>	<b>\$ 1,440,163</b>	<b>10.1%</b>	<b>\$ 1,859,300</b>
<b>Excess revenue over expense - operating</b>	<b>\$ 865,333</b>	<b>\$ (280,262)</b>	<b>\$ (1,531,116)</b>	<b>-276.9%</b>	<b>\$ (2,396,449)</b>	<b>446.3%</b>	<b>\$ (1,250,853)</b>
<b>Financing activities - unrestricted</b>							
Investment income	\$ 111,783	\$ 145,276	\$ 79,611	-28.6%	\$ (31,972)	-45.1%	\$ (65,465)
Realized gain (loss)	183,128	147,505	130,774	-28.6%	(52,354)	-11.3%	(16,730)
Unrealized gain (loss)	151,662	(286,920)	108,447	-28.6%	(43,415)	-137.8%	395,967
Fees unrestricted funds	(45,000)	(26,803)	(28,143)	-37.5%	16,857	5.0%	(1,340)
<b>Total unrestricted financing income</b>	<b>401,773</b>	<b>(20,943)</b>	<b>290,869</b>	<b>-27.6%</b>	<b>(110,884)</b>	<b>-1,489.0%</b>	<b>311,831</b>
Interest expense	628,256	632,745	618,925	-1.5%	(9,331)	-2.2%	(13,819)
LOC / remarketing & other fees	6,628	5,644	5,425	-18.1%	(1,203)	-7.2%	(419)
Amortization expense	40,738	41,091	40,002	-1.8%	(736)	-2.6%	(1,089)
<b>Total unrestricted financing expense</b>	<b>675,622</b>	<b>679,680</b>	<b>664,353</b>	<b>-1.7%</b>	<b>(11,269)</b>	<b>-2.3%</b>	<b>(16,327)</b>

Meadows of Napa Valley  
 Detail Statement of Activities - Unrestricted only  
 For budget year 2016/17

Excess income over expense - financing	\$ (273,849)	\$ (700,823)	\$ (373,464)	35.4%	\$ (89,615)	-46.7%	\$ 327,158
Change in unrestricted net assets before extraordinary items	\$ 591,484	\$ (980,885)	\$ (1,904,380)	-422.0%	\$ (2,496,064)	94.2%	\$ (923,695)
Extraordinary items:							
Early retirement of issue costs	-	-	-	0.0%	-	0.0%	-
Extraordinary items	-	-	-	0.0%	-	0.0%	-
Start-up costs	-	(284,666)	(297,334)	0.0%	(297,334)	4.4%	(12,647)
Nonoperating revenues	-	-	-	0.0%	-	0.0%	-
Change in unrestricted net assets after extraordinary items	\$ 591,484	\$ (1,265,672)	\$ (2,201,914)	-472.3%	\$ (2,793,398)	74.0%	\$ (936,342)

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 Subject to change

# DRAFT - FOR DISCUSSION PURPOSES AND INTERNAL USE ONLY

## Meadows of Napa Valley

Projected Statements of Activities and Changes in Net Assets (Deficit)

For the Fiscal Years Ending March 31st

(in thousands of dollars)

### OPTION 3 - UNINSURED DRAWDOWN ST 3.25% LT 3.25%

	Audit		Budget		2018	2019	2020	2021
	2015	Est Actual	2016	2017				
<b>Revenues:</b>								
Service fees	10,462	10,280	10,092	10,870	15,562	16,772	17,442	
Health center revenue	7,162	7,836	8,355	8,399	8,749	9,035	9,428	
Entrance fees earned	359	489	836	1,315	1,893	2,354	2,673	
Contributions	2	1	1	1	1	1	1	
Investment income, net	257	240	182	195	170	168	254	
Other Revenue, net	481	413	512	542	756	812	846	
Total Revenues	18,723	19,259	19,978	21,322	27,131	29,142	30,644	
Net assets released from restriction	2	3	3	3	3	4	4	
<b>Total revenue, gains, and support</b>	<b>18,725</b>	<b>19,262</b>	<b>19,981</b>	<b>21,325</b>	<b>27,134</b>	<b>29,146</b>	<b>30,648</b>	
<b>Expenses:</b>								
Program expenses:								
Dietary	3,455	3,532	3,787	4,123	5,344	5,740	5,959	
Facility services and utilities	3,193	3,109	3,510	3,972	4,869	5,110	5,311	
Health and social services	4,808	4,868	5,000	5,179	5,475	5,711	5,988	
Assisted Living	1,771	1,722	1,540	1,594	1,650	1,708	1,767	
General and administrative expenses:								
Administrative and marketing	2,753	2,691	2,363	2,626	2,980	3,085	3,193	
Interest expense and financing fees	644	634	624	611	1,273	819	786	
Depreciation	2,450	2,507	2,164	3,258	4,612	4,800	4,830	
Amortization	41	41	41	39	133	142	141	
Management Services	798	852	900	956	1,214	1,296	1,345	
Fund disbursement	2	3						
Loss (gain) on disposal of property and equipment	44	44	2,071					
<b>Total expenses</b>	<b>19,959</b>	<b>20,003</b>	<b>22,000</b>	<b>22,358</b>	<b>27,550</b>	<b>28,411</b>	<b>29,320</b>	
<b>Operating income</b>	<b>(1,234)</b>	<b>(741)</b>	<b>(2,019)</b>	<b>(1,033)</b>	<b>(416)</b>	<b>735</b>	<b>1,328</b>	
<b>Nonoperating income (loss):</b>								
Non-operating Revenue (loss)	-	-	-	-	-	-	-	
Unrealized change in value of investments	101	(120)	108	196	169	169	255	
Startup Costs	-	(560)	(312)	(286)	(121)	-	-	
Loss on early extinguishment of debt	-	-	-	-	-	-	-	
Total nonoperating changes	101	(680)	(204)	(90)	48	169	255	

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Change in unrestricted net assets	(1,133)	(1,421)	(2,223)	(1,123)	(368)	904	1,583
<b>Temporarily restricted net assets:</b>							
Total changes in Temporarily restricted net assets	2	2	2	2	2	2	2
Temporarily restricted net assets:	2	2	2	2	2	2	2
<b>Permanently restricted net assets:</b>							
Total changes in Permanently restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets:	-	-	-	-	-	-	-
<b>Change in net assets</b>	(1,131)	(1,419)	(2,221)	(1,121)	(366)	906	1,585
<b>Net assets, beginning of year</b>	25,362	24,231	22,812	20,591	19,470	19,104	20,010
<b>Net assets, end of year</b>	24,231	22,812	20,591	19,470	19,104	20,010	21,595
			(21)				

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Subject to change

**DRAFT - FOR DISCUSSION PURPOSES AND INTERNAL USE ONLY**

**Meadows of Napa Valley**

Projected Statements of Cash Flows

For the Fiscal Years Ending March 31st

(in thousands of dollars)

**OPTION 3 - UNINSURED DRAWDOWN ST 3.25% LT 3.25%**

	Audit	Est Actual	Budget	2018	2019	2020	2021
	2015	2016	2017	2018	2019	2020	2021
<b>Cash flows from operating activities</b>							
Change in net assets	(1,131)	(1,419)	(2,221)	(1,121)	(366)	906	1,585
Adjustments to reconcile change in net assets to net cash provided by operating activities:							
Depreciation (net of Disposals)	2,450	2,507	2,164	3,258	4,612	4,800	4,830
Change in value of interest rate swap agreement	-	-	-	-	-	-	-
Amortization included in financing fees	41	41	41	39	133	142	141
Interest CAP agreement (gain) loss	-	-	-	-	-	-	-
Non Refund - Entrance fees received from new residents	2,682	3,000	2,456	1,341	2,202	3,121	3,958
Non Refund - Entrance fee refunds (refundable period)	-	(24)	-	-	-	-	-
Entrance fees earned	(359)	(489)	(836)	(1,315)	(1,893)	(2,354)	(2,673)
Unrealized change in value of investments	(101)	120	-	-	-	-	-
Realized (gain) loss and reinvested income on investments	(257)	(141)	-	-	-	-	-
Loss (gain) on disposal of property and equipment	44	44	2,071	-	-	-	-
Loss on early extinguishment of debt	-	-	-	-	-	-	-
Net changes in:							
Accounts receivable, net	(351)	591	(367)	(89)	(550)	(162)	(115)
Supplies and prepaid expenses	36	19	17	(29)	(68)	(25)	(20)
Interest in net assets of Foundation	-	-	-	-	-	-	-
Accounts payable and accrued expenses	677	(175)	249	198	878	471	312
Refundable deposits	310	150	-	-	-	-	-
Due to affiliate, net	405	26	-	-	-	-	-
Other noncurrent liabilities	2	-	-	-	-	-	-
<b>Net cash provided by operating activities</b>	4,448	4,250	3,574	2,282	4,948	6,899	8,018
<b>Cash flows from investing activities</b>							
Purchase of property and equipment	(2,401)	(5,978)	(37,818)	(37,383)	(1,987)	(1,935)	(2,062)
Proceeds from sale of property and equipment	4	-	-	-	-	-	-
Proceeds from sale of investments	-	-	-	-	-	-	-
Purchase of investments	(3,650)	(1,900)	(705)	2,810	(2,760)	(4,112)	(6,162)
Collateral posted related to interest rate swap agreement	-	-	-	-	-	-	-
Change in assets restricted under bond indenture agreement, net of r	95	(5)	(1,245)	(13,337)	13,580	30	919
Net assets released from restriction	-	-	-	-	-	-	-
<b>Net cash used in investing activities</b>	(5,952)	(7,883)	(39,768)	(47,910)	8,833	(6,017)	(7,305)

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<b>Cash flows from financing activities</b>									
Initial entrance fees received	-	-	-	29,406	32,992	-	-	-	-
Refundable Contract - Entrance Fees Received	926	2,000	1,724	942	1,545	2,189	2,777	-	-
Refundable Contract - Entrance Fee Refunds Paid	-	(179)	(290)	(349)	(1,335)	(1,995)	(2,391)	-	-
Repayments on long-term debt	(250)	(255)	(265)	(280)	(290)	(305)	(325)	-	-
Repayments on long-term debt - Project Bank ST	-	-	-	(15,779)	(46,618)	-	-	-	-
Repayments on long-term debt - Project Bank LT	-	-	-	-	-	(618)	(639)	-	-
Proceeds from issuance of long-term debt - Bonds	-	-	39,309	31,862	234	-	-	-	-
Proceeds from issuance of long-term debt - Banks	-	-	-	-	-	-	-	-	-
Interest cost capitalized during construction	(72)	(70)	(69)	(68)	(66)	(65)	(63)	-	-
Bond premium	-	-	(3,121)	-	-	-	-	-	-
Bond issue costs paid	-	-	37,288	45,734	(13,538)	(794)	(641)	-	-
<b>Net cash used in financing activities</b>	<b>604</b>	<b>1,496</b>	<b>37,288</b>	<b>45,734</b>	<b>(13,538)</b>	<b>(794)</b>	<b>(641)</b>		
Net increase (decrease) in cash and cash equivalents	(900)	(2,137)	1,094	106	243	88	72		
Cash and cash equivalents, beginning of year	3,288	2,389	252	1,346	1,452	1,695	1,783		
<b>Cash and cash equivalents, end of year</b>	<b>2,388</b>	<b>252</b>	<b>1,346</b>	<b>1,452</b>	<b>1,695</b>	<b>1,783</b>	<b>1,855</b>		
<b>Change in cash &amp; short-term investments</b>									
		(215)	1,799	(2,704)	3,003	4,200	6,234		

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# DRAFT - FOR DISCUSSION PURPOSES AND INTERNAL USE ONLY

## Meadows of Napa Valley

Projected Statements of Financial Position  
For the Fiscal Years Ending March 31st  
(in thousands of dollars)

### OPTION 3 - UNINSURED DRAWDOWN ST 3.25% LT 3.25%

	Audit		Est Actual		Budget		2019	2020	2021
	2015	2016	2016	2017	2018	2017			
<b>Assets</b>									
<b>Current Assets</b>									
Cash & Cash Equivalents	2,388	252	-	1,346	1,452	-	1,695	1,783	1,855
Short term investments	5,552	7,473	7,725	8,178	5,368	8,128	8,128	12,240	18,402
Subtotal	7,940	7,725	7,725	9,524	6,820	9,823	9,823	14,023	20,257
Accounts Receivable - net	2,209	1,616	1,616	1,983	2,072	2,622	2,622	2,784	2,899
Supplies and Prepaid Expenses	411	392	392	375	404	472	472	497	517
Current Portion of Assets Restricted Under Bond Indenture Agreement	609	614	614	624	627	698	698	668	667
<b>Total Current Assets</b>	11,169	10,347	10,347	12,506	9,923	13,615	13,615	17,972	24,340
<b>Property and Equipment</b>									
Property and Equipment	77,805	63,740	63,740	101,645	139,132	141,128	141,128	143,063	145,125
Less: Accumulated Depreciation	(18,785)	(21,292)	(21,292)	(25,527)	(28,785)	(33,397)	(33,397)	(38,197)	(43,027)
<b>Property and Equipment, Net</b>	39,020	42,448	42,448	76,118	110,347	107,731	107,731	104,866	102,098
<b>Other Assets</b>									
Long term investments (Restricted)	-	-	-	-	-	-	-	-	-
Gift Annuities	-	-	-	-	-	-	-	-	-
Assets restricted under bond indenture agreement	-	-	-	-	-	-	-	-	-
Bond Fund	-	-	-	317	24	-	-	-	-
Funded Interest Fund	-	-	-	-	13,627	-	-	-	-
Entrance Fee Fund	-	-	-	-	14,569	918	918	918	-
Subtotal	-	-	-	1,255	14,569	918	918	918	-
Bond issue costs and other financing costs, net	694	654	654	3,647	3,504	3,362	3,362	3,220	3,079
Restricted Deposits	-	3,586	3,586	6,096	2,940	-	-	-	-
Other noncurrent assets, net	1	1	1	1	1	1	1	1	1
<b>Total Other Assets</b>	695	4,241	4,241	10,979	21,014	4,281	4,281	4,139	3,080
<b>Total Assets</b>	50,884	57,036	57,036	99,603	141,284	125,627	125,627	126,977	129,518
<b>Liabilities</b>									
<b>Current Liabilities</b>									
Accounts Payable	529	354	354	450	485	566	566	596	620
Current Portion of Entrance Fees Refundable Due Upon Reoccupy	24	24	24	145	175	668	668	998	1,196
Accrued Expenses	1,651	1,655	1,655	1,687	1,820	2,124	2,124	2,235	2,325

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Refundable Deposits	453	4,189	6,699	3,543	603	603
Current Portion of Long Term Debt	255	265	280	290	305	335
Current Portion of Long Term Debt - Project Bank L.T					618	660
Due (to) from Affiliates	276	302	302	302	302	302
<b>Total Current Liabilities</b>	<b>3,188</b>	<b>6,789</b>	<b>9,563</b>	<b>6,615</b>	<b>5,186</b>	<b>6,041</b>
<b>Long Term Liabilities</b>						
Entrance Fees Refundable Due Upon Reoccupancy	3,038	4,858	6,292	31,914	60,205	60,785
Long-term debt - Existing	14,390	14,125	13,845	13,555	13,250	12,925
Long-term debt - Project Bank ST			30,301	46,384	-	-
Long-term debt - Project Bank LT			9,008	9,008	8,390	7,751
Bond premium	1,200	1,130	1,061	993	927	799
Deferred revenue from entrance fees	4,837	7,324	8,944	13,347	18,567	19,334
Total Other Liabilities	23,465	27,437	69,451	115,201	101,339	101,271
<b>Total Liabilities</b>	<b>26,653</b>	<b>34,226</b>	<b>79,014</b>	<b>121,816</b>	<b>106,525</b>	<b>107,925</b>
<b>Net Assets</b>						
Unrestricted	24,213	22,790	20,567	19,444	19,076	19,980
Temporarily restricted	5	7	9	11	13	15
Permanently restricted	13	13	13	13	13	13
Total Net Assets	24,231	22,810	20,589	19,468	19,102	20,008
<b>Total Liabilities and Net Assets</b>	<b>50,884</b>	<b>57,036</b>	<b>99,603</b>	<b>141,284</b>	<b>125,627</b>	<b>129,518</b>

**DRAFT - FOR DISCUSSION PURPOSES AND INTERNAL USE ONLY**

**Meadows of Napa Valley**

Projected Financial Ratios  
For the Fiscal Years Ending March 31st  
(in thousands of dollars)

**OPTION 3 - UNINSURED DRAWDOWN ST 3.25% LT 3.25%**

	Audit		Est Actual		Budget		2018	2019	2020	2021
	2015	2016	2016	2017	2017	2018				
<b>Debt Service Coverage Ratio</b>										
Change in unrestricted net assets	(1,133)	(1,421)	(1,421)	(2,223)	(1,123)	(368)	904	1,583		
Deduct:										
Entrance fees earned	(359)	(489)	(489)	(836)	(1,315)	(1,893)	(2,354)	(2,673)		
Unrealized change in value of investments	(101)	120	120	(108)	(196)	(169)	(169)	(255)		
Add:										
Depreciation	2,450	2,507	2,507	2,164	3,258	4,612	4,800	4,830		
Amortization	41	41	41	41	39	133	142	141		
Loss on early extinguishment of debt	-	-	-	-	-	-	-	-		
Interest expense and financing fees	644	634	634	624	611	1,273	819	786		
Entrance Fees Received	3,608	5,000	5,000	4,180	2,283	3,747	5,310	6,735		
Entrance Fees Paid	(44)	(203)	(203)	(290)	(349)	(1,335)	(1,995)	(2,391)		
Loss (gain) on disposal of property and equipment	44	44	44	2,071	-	-	-	-		
Income Available for Debt Service	5,194	6,233	6,233	5,623	3,208	6,000	7,457	8,756		
Annual Debt Service (a)	899	899	899	953	954	1,624	1,802	1,808		
Annual Debt Service Coverage Ratio	5.78x	6.93x	6.93x	5.90x	3.36x	3.69x	4.14x	4.84x		
Annual Debt Service Coverage Ratio, Revenue Only (a)	1.76x	1.60x	1.60x	1.82x	1.34x	2.21x	2.30x	2.44x		
Maximum Annual Debt Service	924	924	924	1,937	1,937	1,937	1,937	1,937		
Maximum Annual Debt Service Coverage Ratio	5.62x	6.75x	6.75x	2.90x	1.66x	3.10x	3.85x	4.52x		
Maximum Annual Debt Service Coverage Ratio, Revenue Only	1.72x	1.55x	1.55x	0.89x	0.66x	1.85x	2.14x	2.28x		

(a) excludes short term debt repaid with initial entrance fees

	Audit		Est Actual		Budget		2018	2019	2020	2021
	2015	2016	2016	2017	2017	2018				
<b>Days Cash on Hand</b>										
Cash & Cash Equivalents	2,388	252	252	1,346	1,452	1,695	1,783	1,855		
Short term investments	5,552	7,473	7,473	8,178	5,368	8,128	12,240	18,402		
Gift Annuities	-	-	-	-	-	-	-	-		
Cash on hand	7,940	7,725	7,725	9,524	6,820	9,823	14,023	20,257		
Total expenses	19,959	20,003	20,003	22,000	22,358	27,550	28,411	29,320		
Less: Gain/Loss on disposal of property	(44)	(44)	(44)	(2,071)	0	0	0	0		
Depreciation	(2,450)	(2,507)	(2,507)	(2,164)	(3,258)	(4,612)	(4,800)	(4,830)		
Amortization	(41)	(41)	(41)	(41)	(39)	(133)	(142)	(141)		
Total expenses less depreciation and amortization	17,424	17,411	17,411	17,724	19,061	22,805	23,469	24,349		

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Daily operating expenses (b)	48	48	49	52	62	64	67
Days cash on hand	166	162	196	131	157	218	304

	Audit		Est Actual		Budget		2021
	2015	2016	2017	2018	2019	2020	
<b>Cash to Debt Ratio</b>							
Cash & Cash Equivalents	2,388	252	1,346	1,452	1,695	1,783	1,855
Short term investments	5,552	7,473	8,178	5,368	8,128	12,240	18,402
Debt service reserve fund	-	-	918	918	918	918	-
Funds Available for Debt Service	7,940	7,725	10,759	7,762	10,741	14,941	20,257
Long-Term Indebtedness Outstanding (less current portion)	14,390	14,125	53,154	68,947	21,640	20,676	19,681
Cash to Debt Ratio	0.55x	0.55x	0.20x	0.11x	0.50x	0.72x	1.03x

(a) Excludes principal payments on short term bonds paid with initial Entrance Fees

(b) Daily operating expenses are equal to total operating expenses less depreciation and amortization divided by 365 days.

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**DRAFT - FOR DISCUSSION PURPOSES AND INTERNAL USE ONLY**

**Meadows of Napa Valley**

Projected Financial Ratios

For the Fiscal Years Ending March 31st

(in thousands of dollars)

**OPTION 3 - UNINSURED DRAWDOWN ST 3.25% LT 3.25%**

	Audit		Est Actual		Budget		2018	2019	2020	2021
	2015	2016	2016	2017	2017	2017				
<b>Operating Ratio</b>										
Total expenses	19,959	20,003	20,003	22,000	22,358	22,358	27,550	28,411	29,320	
Less:										
Depreciation	(2,450)	(2,507)	(2,507)	(2,164)	(3,258)	(3,258)	(4,612)	(4,800)	(4,830)	
Amortization	(41)	(41)	(41)	(41)	(39)	(39)	(133)	(142)	(141)	
Loss(gain) on disposal of property and equipment	(44)	(44)	(44)	(2,071)	-	-	-	-	-	
Total expenses less depreciation and amortization	17,424	17,411	17,411	17,724	19,061	19,061	22,805	23,469	24,349	
Total revenue, gains, and support	18,725	19,262	19,262	19,981	21,325	21,325	27,134	29,146	30,648	
Less: Contributions	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
Entrance fees earned	(359)	(489)	(489)	(836)	(1,315)	(1,315)	(1,893)	(2,354)	(2,673)	
Total revenues less entrance fees earned	18,364	18,772	18,772	19,144	20,009	20,009	25,240	26,791	27,974	
Operating Ratio %	95.0%	93.0%	93.0%	93.0%	95.0%	95.0%	90.0%	88.0%	87.0%	
<b>Operating Margin (Operations Only)</b>										
Total revenue, gains, and support	18,725	19,262	19,262	19,981	21,325	21,325	27,134	29,146	30,648	
Contributions	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	
Investment Income		(113)	(113)	(80)	-	-	-	-	-	
Total Operating Revenue	18,723	19,148	19,148	19,900	21,324	21,324	27,133	29,145	30,647	
Total expenses	19,959	20,003	20,003	22,000	22,358	22,358	27,550	28,411	29,320	
Loss (gain) on disposal of property and equipment										
Total Operating Expenses	19,959	20,003	20,003	22,000	22,358	22,358	27,550	28,411	29,320	
Total Change in Net Assets	(1,236)	(855)	(855)	(2,100)	(1,034)	(1,034)	(417)	734	1,327	
Operating Margin	-6.6%	-4.5%	-4.5%	-10.6%	-4.8%	-4.8%	-1.5%	2.5%	4.3%	

# SENIOR HOUSING INVESTMENT

## S U R V E Y

VOLUME 21

SENIOR LIVING VALUATION SERVICES, INC.

SPRING 2015

The *Senior Housing Investment Survey* provides information concerning the investment criteria currently used or perceived to be used in the evaluation of senior housing properties. Survey participants included owners/operators, financial institutions/investors, brokers/mortgage bankers, appraisers and consultants.

### Survey Methodology

The 21st annual Senior Housing Investment Survey was sent to 371 potential respondents including those with membership in various national senior housing associations, parties responding to the survey in previous years and others involved in the senior housing industry and known to the editor. As of a May 22, 2015 cutoff date, 62 surveys or 17% of the total sent had been returned. Of the respondents, 24% represent market principals such as owner/operators or financial institutions/investors, a slightly lower percentage compared with previous years.

### Survey Results

Survey respondents were geographically dispersed throughout the country with a slight weighting toward the West. Geographic location did not appear to bias the survey results as responses were not materially different between differing portions of the country. Approximately 59% of respondents this year identified themselves as having a national perspective, a higher percentage compared to previous years. The respondents indicated a material difference between annual cash flow growth factors in revenue (3.2% average) and expense (2.7% average) projections. Both cash flow growth factors were above projections of overall inflation (2.5% average).

62% of all respondents noted that capitalization rates for senior housing properties in general are not expected to significantly change in the next 12 months (near the 66% from last year). No respondents expect capitalization rates to increase or decrease by over 100 basis points in the next year. 17% of respondents expect capitalization rates to decrease up to 100 points in the next year (slightly above the 11% of last year). 21% of respondents expect capitalization rates to increase up to 100 basis points in the next year (the same percentage from last year). The weighted average responses are expecting no material change in capitalization rates during the next year, different from the expected weighted average slight increase from last year.

The specific overall capitalization rates, discount rates (internal rate of return) and equity dividend rates (cash on cash return) used or perceived to be used by respondents is presented on the following pages. The range and average of all responses and the range and average of all responses less the 5% highest and 5% lowest responses are shown.

The rate averages range from the lowest for age restricted apartments to the highest for licensed subacute skilled nursing facilities. These results are not surprising given the higher degree of management specialization, smaller profit margins and higher degree of licensing as one moves up the continuum of senior housing from age restricted apartments to unlicensed congregate facilities to licensed assisted living and memory care to licensed long term and subacute skilled nursing facilities. Rates for continuing care retirement communities which are typically combinations of each of the above categories of senior projects, fell near the average range of the other categories of senior housing types.

Highlights of the 2015 survey results include the continuation of a five year downward trend in overall capitalization rates for all categories of senior housing. However, the decline in 2015 is greater than in previous years. Capitalization rates for all types of senior housing and care declined from 2014 to 2015 by 20 to 70 basis points. The spread between the overall capitalization rates of unlicensed congregate living projects and licensed assisted living projects increased slightly from 80 basis points in 2014 to 90 basis points in 2015, an insignificant difference. The cap rate spread between licensed assisted living and licensed memory care also increased by an immaterial 10 basis points from 2014 to 2015. The cap rate spread between long term nursing care and subacute nursing care also increased by only 10 basis points in 2014 to 2015.

One of the more significant results of the 2015 survey was the decreasing difference between overall capitalization rates and discount rates for most senior housing property types. Declines in discount rates ranged from

**SENIOR LIVING VALUATION SERVICES, INC.  
2015 SENIOR HOUSING INVESTMENT SURVEY**

Indicate the classification that best describes your company or profession (% of total responses):

<u>20%</u>	Owner/Operator	<u>34%</u>	Appraiser
<u>4%</u>	Financial Institution/Investor	<u>5%</u>	Consultant
<u>37%</u>	Broker/Mortgage Banker		

Indicate the region with which you are involved with/knowledgeable of (% of total responses):

<u>7%</u>	East	<u>22%</u>	West
<u>7%</u>	South	<u>59%</u>	National
<u>5%</u>	Midwest		

What annual growth factors are you using (or perceived to be used by others) for cash flow projections of senior housing properties in general:

<b>Range</b>	<b>Average</b>	
<u>1%-5%</u>	<u>3.2%</u>	Revenues
<u>2%-4%</u>	<u>2.7%</u>	Expenses
<u>1.5%-3%</u>	<u>2.5%</u>	General Information

What are your expectations of overall capitalization rate changes for senior housing properties in general over the next 12 months (% of total responses):

<b>2015</b>		<b>2014</b>	<b>2013</b>
<u>0%</u>	Increase more than 100 basis points	<u>0%</u>	<u>0%</u>
<u>21%</u>	Increase 0 to 100 basis points	<u>21%</u>	<u>6%</u>
<u>62%</u>	Flat, no significant change	<u>66%</u>	<u>49%</u>
<u>17%</u>	Decrease 0 to 100 basis points	<u>11%</u>	<u>45%</u>
<u>0%</u>	Decrease more than 100 basis points	<u>2%</u>	<u>0%</u>

### Overall Capitalization Rate

	2015		2015		Basis Point Change from 2014
	<u>All Responses</u>		<u>Adjusted Responses</u> <sup>(1)</sup>		
	Range	Average	Range	Average	
Age Restricted Apartments	5%-8%	6.0%	5%-7%	5.9%	-70
Unlicensed Congregate Living	5.5%-10%	6.6%	5.8%-8%	6.5%	-70
Licensed Assisted Living	5.8%-11%	7.5%	6.5%-8.5%	7.4%	-60
Licensed Memory Care	5.8%-12%	8.0%	7%-9%	7.9%	-50
Licensed Skilled Nursing-Long Term Care	9%-13%	11.7%	11%-13%	11.8%	-30
Licensed Skilled Nursing-Subacute Care	9%-15%	11.9%	10%-13%	12.0%	-20
Continuing Care Retirement Community	6%-11%	8.6%	6.5%-10%	8.6%	-50

### Internal Rate of Return (Discount Rate)

	2015		2015		Basis Point Change from 2014
	<u>All Responses</u>		<u>Adjusted Responses</u> <sup>(1)</sup>		
	Range	Average	Range	Average	
Age Restricted Apartments	7%-11%	8.3%	7%-9.7%	8.2%	-150
Unlicensed Congregate Living	7.5%-20%	9.9%	8%-11%	9.2%	-80
Licensed Assisted Living	7.8%-20%	10.6%	9%-11.5%	10.1%	-100
Licensed Memory Care	7.8%-18%	11.0%	9%-12%	10.6%	-110
Licensed Skilled Nursing-Long Term Care	11%-15%	13.7%	12%-15%	13.9%	-60
Licensed Skilled Nursing-Subacute Care	11%-17%	14.2%	12%-15.5%	14.3%	-60
Continuing Care Retirement Community	8%-12.5%	10.9%	10%-12%	11.0%	-80

### Equity Dividend Rate (Cash on Cash Return)

	2015		2015		Basis Point Change from 2014
	<u>All Responses</u>		<u>Adjusted Responses</u> <sup>(1)</sup>		
	Range	Average	Range	Average	
Age Restricted Apartments	5%-16%	9.8%	6.5%-10.5%	9.5%	-90
Unlicensed Congregate Living	5.5%-20%	10.9%	8%-15%	10.4%	-40
Licensed Assisted Living	5.8%-20%	12.0%	9.5%-18%	11.6%	-50
Licensed Memory Care	5.8%-20%	12.4%	9%-19%	12.0%	-60
Licensed Skilled Nursing-Long Term Care	7%-25%	15.8%	10.5%-20%	15.5%	-20
Licensed Skilled Nursing-Subacute Care	10.5%-25%	16.5%	12%-20%	16.1%	+40
Continuing Care Retirement Community	6%-25%	12.8%	8%-17%	12.3%	-10

(1) Minus 5% Highest and 5% Lowest Responses

60 to 150 basis points in 2015 from 2014. In our opinion, the relationship between the cap rates and discount rates reflected in the survey results in 2015 is more indicative of a market relationship, or that used by most appraisers. The indicated spread between cap rates and discount rates appears to have been too high in the previous year given the forecasts of annual revenue and expense increases. Most appraisers rely on an industry accepted relationship between overall cap rates and discount rates that can be summarized in the following formula: overall cap rate plus annual cash flow growth rate less 100 basis points = discount rate. This formula does not appear to be widely used or known by many (non-appraiser) senior housing industry participants. The discount rate (also known as the yield rate or the internal rate of return rate) is a difficult financial concept that is subject to varying interpretations.

Equity dividend rates in 2015 decreased for most senior housing property types, licensed subacute nursing care being the only exception. This decrease is probably reflecting greater competition and demand by potential buyers for all types of senior housing and care. Equity dividend rate averages ranged from approximately 9.5% to 16.1%.

### Survey Relevance

2014/2015 saw active and healthy markets across the spectrum of senior housing and care. Interest rates have increased only slightly during the past year and are still historically low. The increased availability of financing including new construction financing, REIT competition (including for the first time in 2014/2015, for entry fee CCRCs), a growing number of investors and developers and strengthening upward trends in local real estate prices, all have contributed to the recent declining trend in capitalization rates, industry mergers and higher sale prices per unit and per bed. New senior housing construction is increasingly active for all types of senior housing and care including the emergence of develop-

ers with little previous experience in the industry. With little new supply having been added to most markets in the recent past, indications of pent-up demand for new senior housing are generally positive although development pipelines are filling in many markets, especially in the assisted living and memory care market segments. Sale activity has been relatively active as a larger number of adequately financed buyers are seeking senior housing assets for purchase. Overall prospects for continued industry strength and escalating new construction are good, supported by the industry's undeniable favorable long term demographics (only 10 years to the first baby boomers turning 80 years old!) and still low interest rates.

The results of this survey can be an asset in the evaluation of new development or acquisitions by lenders and investors. However, market illiquidity and the specialized management driven characteristics of the industry overall and on individual properties specifically, mute the impact of more traditional measures of analyzing real estate such as capitalization, discount and return on equity analysis. Other limiting factors include a lack of confidence in the uniform application and understanding of these criteria - especially for non-stabilized or more complicated properties, the difficulty in quantifying general and specific property risk and illiquidity, concerns over reliable future cash flow projections and their unproven relevance for some not-for-profit owners/investors.

Other investment criteria used include the terms and availability of debt and equity financing, debt coverage ratios, market share, portfolio affect, geographic concentration value surcharges and opportunities for significant cash flow gains in distressed or underutilized properties. These criteria have their own significant limitations such as the inability to objectively account for property specific risk and to comprehensively assess the impact of a potential default and resale of a property.

*The Senior Housing Investment Survey* is compiled and produced by Senior Living Valuation Services, Inc., a San Francisco based firm that specializes in the appraisal of all forms of senior housing. Readers are advised that Senior Living Valuation Services, Inc. does not represent the data contained herein to be definitive. The contents of this publication should also not be construed as a recommendation of policies or actions. Quotation and reproduction of this material are permitted with credit to Senior Living Valuation Services, Inc.

Inquiries, comments or requests of interested parties wanting to participate in the 2016 survey can be directed to:

**Michael Boehm, MAI, CRE**  
Senior Living Valuation Services, Inc.  
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San Francisco, CA 94109  
(415) 385-2832  
Fax (415) 749-1487  
Email: mboehm@slvsinc.com

Series 2012 Bonds

NEW ISSUE - BOOK ENTRY ONLY

Rating: Standard & Poor's: "A-"  
(See "RATING" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

**\$98,550,000**  
**ABAG FINANCE AUTHORITY FOR NONPROFIT CORPORATIONS**  
**Insured Senior Living Revenue Bonds**  
**(Odd Fellows Home of California)**  
**2012 Series A**

Dated: Date of Delivery

Due: April 1, as shown below

The 2012 Series A Bonds (the "Bonds") are issuable in fully registered form only in denominations of \$5,000 or any integral multiple thereof and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Beneficial owners of Bonds will not receive physical certificates representing the Bonds purchased but will receive a credit balance on the books of the nominees of such purchasers. So long as Cede & Co. is the registered owner of the Bonds, principal of and premium, if any, and interest on the Bonds will be paid by U.S. Bank National Association, as bond trustee (the "Bond Trustee"), to DTC, which, in turn, will remit such principal, premium, if any, and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds, as described herein. Interest on the Bonds is payable on April 1 and October 1 of each year, commencing April 1, 2013.

The Bonds are limited obligations of ABAG Finance Authority for Nonprofit Corporations (the "Authority") issued pursuant to and secured by an Indenture (the "Indenture") between the Authority and the Bond Trustee, and the principal thereof and the premium, if any, and interest thereon will be payable from Loan Repayments made by Odd Fellows Home of California, a California nonprofit public benefit corporation (the "Borrower"), under a Loan Agreement between the Authority and the Borrower and from certain other funds held under the Indenture.

The Bonds are subject to optional, mandatory and extraordinary optional redemption prior to maturity as described herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF REVENUES PURSUANT TO THE INDENTURE, NONE OF THE AUTHORITY, THE ASSOCIATION OF BAY AREA GOVERNMENTS ("ABAG"), THE MEMBERS OF THE AUTHORITY OR ABAG OR PROGRAM PARTICIPANTS OF THE AUTHORITY OR ABAG SHALL BE DIRECTLY OR INDIRECTLY OR CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS OF THE AUTHORITY, ABAG OR ANY OF THEIR MEMBERS TO PAY ALL OR ANY PORTION OF DEBT SERVICE DUE ON THE BONDS. THE BONDS AND THE OBLIGATION TO PAY PRINCIPAL THEREOF AND INTEREST THEREON AND ANY REDEMPTION PREMIUM WITH RESPECT THERETO DO NOT CONSTITUTE AN INDEBTEDNESS OR AN OBLIGATION OF THE AUTHORITY OR ABAG, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION, OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF ANY OF THEM, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES DESCRIBED HEREIN (EXCEPT TO THE EXTENT EXPRESSLY PROVIDED THROUGH THE INSURANCE PROGRAM DESCRIBED HEREIN). NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO PAY ANY PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS (EXCEPT TO THE EXTENT EXPRESSLY PROVIDED THROUGH THE INSURANCE PROGRAM DESCRIBED HEREIN). NEITHER THE AUTHORITY NOR ABAG HAS ANY TAXING POWER.

Pursuant to the California Constitution Article XVI, Section 4, and California Health and Safety Code, Division 107, Part 6, Chapter 1, payment of the principal of and interest on the Bonds will be insured by the Office of Statewide Health Planning and Development of the State of California, and all debentures issued in payment of any claims under such insurance will be fully and unconditionally guaranteed by the State of California, all as more fully described herein. See "CALIFORNIA HEALTH FACILITY CONSTRUCTION LOAN INSURANCE PROGRAM" herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**MATURITY SCHEDULE**

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP†
2013	\$1,150,000	3.000%	0.600%	00037G AM3
2014	2,695,000	3.000%	0.840%	00037G AN1
2015	2,770,000	4.000%	1.000%	00037G AP6
2016	2,880,000	4.000%	1.200%	00037G AQ4
2017	3,000,000	5.000%	1.500%	00037G AR2
2018	3,150,000	5.000%	1.850%	00037G AS0
2019	3,305,000	5.000%	2.180%	00037G ATS
2020	3,475,000	5.000%	2.450%	00037G AU5
2021	3,645,000	5.000%	2.750%	00037G AV3
2022	3,825,000	5.000%	2.900%	00037G AW1
2023	4,020,000	5.000%	3.050%	00037G AX9
2024	4,220,000	5.000%	3.150%	00037G AY7

\$42,295,000 5.000% Term Bonds due April 1, 2032 - Priced at 111.808% to Yield 3.630%

\$13,120,000 5.000% Term Bonds due April 1, 2042 - Priced at 108.015% to Yield 4.050%

\$5,000,000 4.125% Term Bonds due April 1, 2042 - Priced at 99.000% to Yield 4.184%

The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and to approval of the legality of the Bonds and certain other legal matters by Orrick, Herrington & Sutcliffe, Portland, Oregon, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its special counsel, Jones Hall, A Professional Law Corporation, San Francisco, California; for the Borrower by its counsel, Hanson Bridgett LLP, San Francisco, California; for the Office by its staff counsel; and for the Underwriter by its counsel, Poley & Lardner LLP, San Francisco, California. It is expected that the Bonds in definitive form will be available for delivery through the facilities of DTC on or about October 25, 2012.

**CAIN BROTHERS**

Dated: September 26, 2012.

† CUSIP® is a registered trademark of the American Bankers Association.

## ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements for the Bonds, including amounts required to be made available for payment of principal of the Bonds from mandatory sinking account redemption.

Year Ending April 1	2012 Series A Bonds		Total Debt Service
	Principal	Interest	
2013	1,150,000.00	\$2,058,484.99	\$3,208,484.99
2014	2,695,000.00	4,715,850.00	7,410,850.00
2015	2,770,000.00	4,635,000.00	7,405,000.00
2016	2,880,000.00	4,524,200.00	7,404,200.00
2017	3,000,000.00	4,409,000.00	7,409,000.00
2018	3,150,000.00	4,259,000.00	7,409,000.00
2019	3,305,000.00	4,101,500.00	7,406,500.00
2020	3,475,000.00	3,936,250.00	7,411,250.00
2021	3,645,000.00	3,762,500.00	7,407,500.00
2022	3,825,000.00	3,580,250.00	7,405,250.00
2023	4,020,000.00	3,389,000.00	7,409,000.00
2024	4,220,000.00	3,188,000.00	7,408,000.00
2025	4,430,000.00	2,977,000.00	7,407,000.00
2026	4,650,000.00	2,755,500.00	7,405,500.00
2027	4,880,000.00	2,523,000.00	7,403,000.00
2028	5,125,000.00	2,279,000.00	7,404,000.00
2029	5,385,000.00	2,022,750.00	7,407,750.00
2030	5,655,000.00	1,753,500.00	7,408,500.00
2031	5,935,000.00	1,470,750.00	7,405,750.00
2032	6,235,000.00	1,174,000.00	7,409,000.00
2033	1,455,000.00	862,250.00	2,317,250.00
2034	1,525,000.00	793,131.28	2,318,131.28
2035	1,600,000.00	720,687.52	2,320,687.52
2036	1,675,000.00	644,712.50	2,319,712.50
2037	1,755,000.00	565,118.76	2,320,118.76
2038	1,840,000.00	481,568.76	2,321,568.76
2039	1,925,000.00	393,987.50	2,318,987.50
2040	2,015,000.00	302,418.76	2,317,418.76
2041	2,115,000.00	206,437.50	2,321,437.50
2042	2,215,000.00	105,675.00	2,320,675.00
<b>Total</b>	<b>\$98,550,000.00</b>	<b>\$68,590,522.57</b>	<b>\$167,140,522.57</b>

\* 91,935,000 @ 11/16

SOURCES AND USES OF FUNDS

ISSUER TBD (ABAG?)  
00 Insured Bank Drawdown

Series  
2016 Bonds

Dated Date 05/01/2016  
Delivery Date 05/01/2016

Sources:

Bond Proceeds:	
Par Amount	71,429,000.00
Other Sources of Funds:	
Equity cash	9,000,000.00
	80,429,000.00

Uses:

Project Fund Deposits:	
Project Fund	73,690,827.00
Other Fund Deposits:	
Debt Service Reserve Fund	921,360.04
Delivery Date Expenses:	
Cost of Issuance	1,428,580.00
23 Mo Funded interest 6.2016-4.2018	2,700,266.00
Cal-Mortgage Prem: 1.85% x TDS	1,401,746.67
Cal-Mortgage Inspection: 0.40% x par	285,716.00
	5,816,308.67
Other Uses of Funds:	
Additional Proceeds	504.29
	80,429,000.00

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BOND SUMMARY STATISTICS

ISSUER TBD (ABAG?)  
00 Insured Bank Drawdown

Dated Date	05/01/2016
Delivery Date	05/01/2016
Last Maturity	04/01/2031
Arbitrage Yield	3.305279%
True Interest Cost (TIC)	3.305279%
Net Interest Cost (NIC)	1.604972%
All-In TIC	3.910813%
Average Coupon	1.604972%
Average Life (years)	3.787
Weighted Average Maturity (years)	3.787
Duration of Issue (years)	3.637
Par Amount	71,429,000.00
Bond Proceeds	71,429,000.00
Total Interest	4,341,090.00
Net Interest	4,341,090.00
Bond Years from Dated Date	270,477,583.33
Bond Years from Delivery Date	270,477,583.33
Total Debt Service	75,770,090.00
Maximum Annual Debt Service	64,718,442.48
Average Annual Debt Service	5,079,559.11
Underwriter's Fees (per \$1000)	
Average Takedown	-
Other Fee	-
Total Underwriter's Discount	-
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
EF Bonds due 4/1/2019	62,397,000.00	100.000	1.114%	2.917
30 Yr Term (2020 - 2046)	9,032,000.00	100.000	2.614%	9.797
	71,429,000.00			3.787

	TIC	All-In TIC	Arbitrage Yield
Par Value	71,429,000.00	71,429,000.00	71,429,000.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	-	-	-
- Underwriter's Discount	-	-	-
- Cost of Issuance Expense	-	-1,428,580.00	-
- Other Amounts	-4,387,728.67	-4,387,728.67	-4,387,728.67
Target Value	67,041,271.33	65,612,691.33	67,041,271.33
Target Date	05/01/2016	05/01/2016	05/01/2016
Yield	3.305279%	3.910813%	3.305279%

NET DEBT SERVICE

ISSUER TBD (ABAG?)  
00 Insured Bank Drawdown

Period Ending	Principal	Interest	Total Debt Service	Debt Service Reserve Fund	Net Debt Service
04/01/2019	62,397,000	2,321,442.48	64,718,442.48	-	64,718,442.48
04/01/2020	627,000	293,540.04	920,540.04	-	920,540.04
04/01/2021	648,000	273,162.48	921,162.48	-	921,162.48
04/01/2022	669,000	252,102.48	921,102.48	-	921,102.48
04/01/2023	691,000	230,360.04	921,360.04	-	921,360.04
04/01/2024	713,000	207,902.52	920,902.52	-	920,902.52
04/01/2025	736,000	184,730.04	920,730.04	-	920,730.04
04/01/2026	760,000	160,809.96	920,809.96	-	920,809.96
04/01/2027	785,000	136,110.00	921,110.00	-	921,110.00
04/01/2028	810,000	110,597.52	920,597.52	-	920,597.52
04/01/2029	837,000	84,272.52	921,272.52	-	921,272.52
04/01/2030	864,000	57,069.96	921,069.96	-	921,069.96
04/01/2031	892,000	28,989.96	920,989.96	-921,360.04	-370.08
	71,429,000	4,341,090.00	75,770,090.00	-921,360.04	74,848,729.96

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Subject to change

**The Meadows of Napa Valley - Sample insured drawdown loan for \$74MM project closing May 2016**

Current Filename: [Napa\_dbbsize\_2016-01-14\_v05 Insured \$62.4MM\_FF.xlsx]Drawdown

Month-end	Periods from closing	Project only (incl contingency)	Cumulative project only	Opening loan balance	Cash contributions	Cal-Mortgage Premium / Inspection	Closing costs (at 2.00% incl of bank fee-cost reimbursed)	Bank's closing fee (0.25%)	Monthly project draw	DSRF at (1.25% incl at 3.25% funded after construction)	Projected LIBOR plus spread	Monthly interest	Month-end loan balance	Estimated Annual Interest	Annual amortization (12-yr sch. at 3.25%)
	0	4,892,894	4,892,894	0	(4,892,894)	1,687,488	1,250,043	178,578	4,892,894		3.250%	16,620	3,116,108		
1-Jun-16	1	6,041,142	10,934,037	3,116,108	(3,862,102)				6,041,142		3.250%	17,664	5,311,768		
1-Jul-16	2	2,420,477	13,354,513	7,749,908	0				2,420,477		3.250%	24,109	7,749,908		
1-Aug-16	3	2,303,664	15,658,177	10,077,681	0				2,303,664		3.250%	30,324	10,077,681		
1-Sep-16	4	2,237,468	17,895,645	12,315,149	0				2,237,468		3.250%	37,359	12,315,149		
1-Oct-16	5	2,897,532	20,793,178	15,212,681	0				2,897,532		3.250%	46,215	15,212,681		
1-Nov-16	6	3,567,596	24,360,774	18,894,176	0				3,567,596		3.250%	57,090	18,894,176		
1-Dec-16	7	4,370,052	28,730,826	23,264,228	0				4,370,052		3.250%	70,256	23,264,228		
1-Jan-17	8	5,238,545	33,969,371	28,630,118	0				5,238,545		3.250%	84,668	28,630,118		
1-Feb-17	9	5,263,545	39,232,916	33,978,331	0				5,263,545		3.250%	99,970	33,978,331		
1-Mar-17	10	5,867,413	45,100,329	39,945,715	0				5,867,413		3.250%	116,223	39,945,715		
1-Apr-17	11	5,934,513	51,034,843	45,996,451	0				5,934,513		3.250%	131,792	45,996,451		
1-May-17	12	5,330,645	56,365,488	51,458,888	0				5,330,645		3.250%	146,553	51,458,888		
1-Jun-17	13	5,305,645	61,671,133	56,911,086	0				5,305,645		3.250%	158,434	56,911,086		
1-Jul-17	14	3,175,165	64,846,298	60,244,685	0				3,175,165		3.250%	167,462	60,244,685		
1-Aug-17	15	3,173,165	68,021,463	63,587,312	0				3,173,165		3.250%	175,698	63,587,312		
1-Sep-17	16	2,571,297	70,592,760	66,334,307	0				2,571,297		3.250%	183,519	66,334,307		
1-Oct-17	17	2,853,064	73,445,824	69,370,889	0				2,853,064		3.250%	187,898	69,370,889		
1-Nov-17	18	13,750	73,459,574	69,558,787	(13,750)				13,750		3.250%	188,407	69,558,787		
1-Dec-17	19	13,750	73,473,324	69,747,194	(13,750)				13,750		3.250%	188,919	69,747,194		
1-Jan-18	20	15,217	73,488,541	69,936,114	(15,217)				15,217		3.250%	189,444	70,125,545		
1-Feb-18	21	15,217	73,503,758	70,125,545	(15,217)				15,217		3.250%	191,712	71,430,806		
1-Mar-18	22	15,217	73,518,975	70,315,488	(15,217)				15,217	923,605	3.250%	191,712	71,430,806		
1-Apr-18	23	17,517	73,536,492	71,430,806	(17,517)				17,517		3.250%	191,712	71,430,806		
1-May-18	24	17,517	73,554,009	71,430,806	(17,517)				17,517		3.250%	191,712	71,430,806		
1-Jun-18	25	17,517	73,571,526	71,430,806	(17,517)				17,517		3.250%	191,712	71,430,806		
1-Jul-18	26	17,217	73,588,742	71,430,806	(17,217)				17,217		3.250%	191,712	71,430,806		
1-Aug-18	27	17,217	73,605,959	71,430,806	(17,217)				17,217		3.250%	191,712	71,430,806		
1-Sep-18	28	17,217	73,623,176	71,430,806	(17,217)				17,217		3.250%	191,712	71,430,806		
1-Oct-18	29	67,651	73,690,827	71,430,806	(67,651)				67,651		3.250%	191,712	71,430,806		
1-Nov-18	30	0	73,690,827	71,430,806	0				0		3.250%	191,712	71,430,806		
1-Dec-18	31	0	73,690,827	71,430,806	0				0		3.250%	191,712	71,430,806		
1-Jan-19	32	0	73,690,827	71,430,806	0				0		3.250%	191,712	71,430,806		
1-Mar-19	33	0	73,690,827	71,430,806	0				0		3.250%	191,712	71,430,806		
1-Apr-19	33	0	73,690,827	71,430,806	0				0		3.250%	191,712	71,430,806		
			73,690,827		(9,000,000)	1,687,488	1,250,043	178,578	73,690,827	923,605		2,700,266	71,430,806	2,321,501	62,397,080
														0	9,033,806

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Subject to change

## **QUALIFICATIONS OF MICHAEL G. BOEHM, MAI, CRE**

### **Work Experience**

Formed Senior Living Valuation Services, Inc. which exclusively offers nationwide appraisal and consulting services for all forms of senior housing (1991 - present).

Six years as commercial real estate appraiser with Arthur Gimmy Company, San Francisco, California. General real estate appraisal and market analysis experience with specialization in all forms of senior housing (1985 - 1991).

Two years as litigation consultant with Peterson & Company, Chicago, Illinois. Involved in all types of financial analysis needed to clarify and resolve legal disputes including deposition/trial preparation and expert witness testimony (1983 - 1985).

Three years as senior auditor with Arthur Andersen & Company, Chicago, Illinois. Responsible for planning, coordinating and supervising engagements concentrated in the financial services industry (1978 - 1981).

### **Education**

Graduate of Northwestern University, Evanston, Illinois, with Masters of Management (MBA) degree and concentrations in finance and managerial economics (1983).

Cum laude graduate of Northern Illinois University, DeKalb, Illinois, with Bachelor of Science degree in Accounting (1978).

### **Professional Designations/Affiliations**

Member, Appraisal Institute (#8869).

Counselor of Real Estate (#2740).

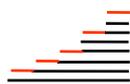
State of California Certified General Real Estate Appraiser (#AG001509).

Member, American Seniors Housing Association.

Certified Public Accountant, May, 1978 (Illinois).

### **Publications**

Elderly Housing: A Guide to Appraisal, Market Analysis, Development and Financing published by the Appraisal Institute in July, 1988.



**Senior Living Valuation Services, Inc.**



Business, Consumer Services & Housing Agency  
BUREAU OF REAL ESTATE APPRAISERS  
REAL ESTATE APPRAISER LICENSE

Michael G. Boehm

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 001509

Effective Date: November 16, 2014

Date Expires: November 15, 2016

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Jim Martin, Bureau Chief, BREA

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THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"