

## MEMORANDUM

**Date:** February 10, 2026

**To:** Mayor and City Council

**From:** Gerry Beaudin, City Manager

**Subject:** 2024 Operating Deficit at Parkview – Repayment from 2025 Surplus Cash

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The Loan Agreement and Ground Lease between the City of Pleasanton and BLP Partnership, Inc. (BLP), the owner of The Parkview, allows the City to administratively approve using the projected surplus cash (\$480,000) for 2025 to cover the 2024 operating deficit of \$429,824. This memo provides the Council with information and awareness about this action.

### Background

The Parkview was completed in December 2006 and placed in service in January 2007 as a mixed-income residential care senior community. BLP is controlled by BRIDGE Housing, and as the owner of the property, provides oversight of some aspects of the facility's operations and finances.

The City has a 55-year ground lease for the property that will expire in 2060. Of the total 105 units, 20 units are reserved for memory-impaired residents. Due to the City's participation in the granting of the ground lease and other financing, the property is subject to a Regulatory Agreement through September 21, 2060, that restricts 33 of the units as lower-income (23 units at 50% area median income (AMI) and 10 units at 25% AMI).

The COVID pandemic significantly affected The Parkview, as the vacancy rate at the property increased significantly and personnel and supply (e.g., personal protective equipment) costs skyrocketed during the pandemic. Consequently, The Parkview has been operating at a deficit for the past several years.

On June 21, 2022, BLP requested to withdraw \$188,144 from its operating reserves to cover its operating deficit for calendar year 2021. After consulting with the City Attorney Office, the City administratively approved BLP's request (i.e. the City Manager signed an approval letter) after it was determined that The Parkview's Operating/Management Reserve Deposit for the year ending December 31, 2021, as defined in Section 2.3(a)(viii) of the Loan Agreement between the City and BLP Partnership, Inc., dated September 1, 2005, as amended (the "Loan Agreement"), may be used to cover the project's operating deficit for "extraordinary operating costs." BLP also

obtained City Council approval to withdraw from its operating reserves to cover its operating deficit in calendar years 2022 (\$701,935) and 2023 (\$891,002).

While The Parkview has worked diligently to lower its vacancy rate, the property still had a \$429,824 operating deficit in 2024. Since then, the property has significantly increased its monthly income, largely due to increase occupancy from 90% in 2024 to 95% in 2025. The Parkview is projecting an excess cash amount of approximately \$480,000 for 2025.

### **Discussion**

Instead of requesting to again withdraw from The Parkview's operating reserves, BLP is now requesting to cover its \$429,824 operating deficit for 2024 by using its 2025 excess cash.

The City provided The Parkview with a \$2,490,000 interest-only loan in 2005. This loan has a 10% simple interest, with annual interest-only payments from available excess/distributable cash and an annual maximum payment of \$249,000. The Loan Agreement also stipulates that any unpaid interest and principal due upon maturity in September 2060 shall be forgiven subject to certain conditions. Since BLP will use most of its 2025 excess cash to cover its 2024 operating deficit rather than repaying the City's soft loan, it will only be able to use the remaining \$50,000 to pay down the City's soft loan.

City staff has consulted with outside legal counsel at Burke, Williams & Sorensen (BWS), BWS has agreed that "*extraordinary operating costs specifically approved in writing by the City*" as defined in 2.3(a)(ii) of the attached Loan Agreement, allow excess cash to cover operating deficits.

BWS also advised that Section 6.14 of the Loan Agreement gives the City the ability to approve BLP's request administratively by the City Manager, which would be consistent with the City administratively approving the original request in 2022.

### **Next Steps**

The City will administratively approve BLP's request to direct its 2025 excess cash to cover its 2024 operating deficit. The Parkview appears to have finally recovered from the financial strains of the COVID pandemic and stabilized its financial position. The property is projecting approximately \$600,000 in surplus cash for 2026.

Attachment: Loan Agreement

## LOAN AGREEMENT

Between

The City of Pleasanton

and

BLP Partnership, Inc.,  
a California nonprofit public benefit corporation

Pleasanton Assisted Living

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LOAN AGREEMENT  
Pleasanton Assisted Living

This Loan Agreement (the "Agreement") is entered into as of September 1, 2005, by and between the City of Pleasanton, a California municipal corporation ("City"), and BLP Partnership, Inc., a California nonprofit public benefit corporation ("Borrower"), with reference to the following facts:

A. The Borrower intends to develop and operate an assisted living facility of approximately one hundred five (105) units (the "Project") on that certain real property located in the City of Pleasanton, more particularly described in Exhibit A attached hereto (the "Property").

B. The City and the Borrower are entering into a Ground Lease (the "Lease") pursuant to which the Borrower shall agree to develop and operate the Project and the City shall agree to lease the Property to the Borrower for fifty-five (55) years.

C. The City intends to loan to the Borrower Two Million Four Hundred Ninety Thousand Dollars (\$2,490,000) to finance the Project (the "Loan").

D. The Loan is derived from the City's Lower Income Housing Fund which is funded by inclusionary fees received by the City pursuant to Chapter 17.44 of the City Municipal Code.

E. The City has previously loaned the Borrower Nine Hundred Forty-Nine Thousand Eight Hundred Five Dollars (\$949,805) to finance certain predevelopment activities in connection with the Project (the "Predevelopment Loan"). This Loan is intended to supersede and cancel the Predevelopment Loan made to Borrower. All advances under the Predevelopment Loan shall be considered advances under this Loan.

NOW, THEREFORE, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND EXHIBITS

Section 1.1 Definitions

The following capitalized terms have the meanings set forth in this Section 1.1 wherever used in this Agreement, unless otherwise provided:

(a) "Agreement" shall mean this Loan Agreement.

(b) "Approved Development Budget" shall mean the proforma development budgets, including sources and uses of funds, as approved by the City, and attached hereto and incorporated herein as Exhibit B.

(c) "Approved Financing" shall mean all of the following loans or other financial arrangements acquired by the Borrower and approved by the City for the purpose of financing the Project, in addition to the Loan.

- (i) California Housing Finance Agency HELP Loan in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) (the "CalHFA Loan"), if awarded;
  - (ii) City tax exempt installment sales financing and credit enhancement in the approximate amount of Nineteen Million Seven Hundred Thousand Dollars (\$19,700,000) (the "Bond Loan"); and
  - (iii) Such other loans as are approved in writing by the City.
- (d) "Bond Trustee" shall mean the trustee appointed pursuant to the Trust Agreement with respect to the Bond Loan.
- (e) "Borrower" shall mean BLP Partnership, Inc., a California nonprofit public benefit corporation.
- (f) "City" shall mean the City of Pleasanton, a California municipal corporation.
- (g) "Deed of Trust" shall mean the deed of trust that will encumber the Project to secure repayment of the Loan.
- (h) "Default" shall have the meaning set forth in Section 5.1 below.
- (i) "Hazardous Materials" shall mean the following: hazardous substance, hazardous waste, infectious waste, or hazardous material as defined in any federal, state or local statute, ordinance, regulation, or rule applicable to the Property, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.) or Sections 25280 et seq., 25310 et seq., 25110 et seq., or 25500 et seq. of the California Health and Safety Code at such time; any other waste, substance or material designated or regulated in any way as "toxic" or "hazardous" in the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), Safe Drinking Water Act (42 U.S.C. Section 300f et seq.), Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.), Clean Air Act (42 U.S.C. Section 7401 et seq.), California Health and Safety Code (Section 25100 et seq.), or California Water Code (Section 13000 et seq.) at such time; and any additional wastes, substances or material which at such time are classified, considered or regulated as hazardous or toxic under any other present or future environmental or other similar laws relating to the Property, including asbestos, asbestos-containing materials, radon gas, oil or any fraction thereof of petroleum products, but excluding any substances or materials used in the construction, development, maintenance or operation of the Project, so long as the same are used in accordance with all applicable laws.
- (j) "Hazardous Materials Law" shall mean all federal, state, and local laws, ordinances, regulations, orders and directives pertaining to Hazardous Materials in, on or under the Property or any portion thereof.
- (k) "HELP Loan" shall mean the California Housing Finance Agency HELP Loan made by City to Borrower as part of the Approved Financing.

- (l) "HUD" shall mean the United States Department of Housing and Urban Development.
- (m) "Lease" shall mean the Ground Lease of even date herewith, pursuant to which the City shall lease the Property to the Borrower.
- (n) "Leasehold Estate" shall mean the Borrower's leasehold interest in the Property as created by the lease.
- (o) "Loan" shall mean the City loan to Borrower pursuant to this Agreement in the total principal amount of Two Million Four Hundred Ninety Thousand Dollars (\$2,490,000). The Loan shall not include the HELP Loan made by the City to Borrower.
- (p) "Loan Documents" shall mean this Agreement, the Note, the Regulatory Agreement, and the Deed of Trust.
- (q) "Note" shall mean the promissory note that will evidence Borrower's obligation to repay the Loan.
- (r) "Parties" shall mean the City and Borrower.
- (s) "Predevelopment Loan" shall mean the Nine Hundred Forty-Nine Thousand Eight Hundred Five Dollar (\$949,805) loan that the City loaned to Borrower to finance certain predevelopment activities in connection with the Project.
- (t) "Predevelopment Loan Agreement" shall mean the Predevelopment Loan Agreement dated June 10, 2003, between the City and Borrower pursuant to which the City loaned the Predevelopment Loan to Borrower.
- (u) "Project" shall mean the Leasehold Estate and the one hundred five (105) assisted living units.
- (v) "Property" shall mean the real property located in the City of Pleasanton, County of Alameda, California, more particularly described in the attached Exhibit A.
- (w) "Regulatory Agreement" shall mean the Regulatory Agreement and Declaration of Restrictive Covenants between the City and the Borrower associated with the Loan, to be recorded against the Leasehold Estate.
- (x) "Senior Lender" means any lender to Borrower whose loan or reimbursement obligation is secured by a deed of trust that is senior in lien priority to the deed of trust securing the Loan.
- (y) "Term" shall mean shall mean the term of the Loan, commencing on the date of this Agreement and continuing for fifty-five (55) years.
- (z) "Transfer" shall have the meaning set forth in Section 4.7 below.

(aa) "Unit" means one (1) of the one hundred five (105)-apartment units to be constructed on the Leasehold Estate.

Section 1.2 Exhibits

The following exhibits are attached to this Agreement and incorporated into this Agreement by this reference:

EXHIBIT A: Legal Description of the Property

EXHIBIT B: Approved Development Budget

ARTICLE 2 LOAN PROVISIONS

Section 2.1 Loan.

The City shall loan to the Borrower the Loan in the principal amount of Two Million Four Hundred Ninety Thousand Dollars (\$2,490,000) for the purposes set forth in Section 2.5 of this Agreement. The obligation to repay the Loan shall be evidenced by the Note.

Section 2.2 Interest.

The outstanding principal balance of the Loan shall accrue simple interest at the rate of ten percent (10%) per annum, commencing on the later of the date of this Agreement or the date of disbursement.

Section 2.3 Repayment of the Loan.

(a) Definitions. The following definitions shall apply for the purposes of this Section 2.

(i) "Asset Management Fee" shall mean the annual asset management fee in the amount of Ten Thousand Dollars (\$10,000) (increased by three percent (3%) annually.

(ii) "Annual Operating Costs" shall mean, with respect to a particular fiscal year, costs incurred for operation and maintenance of the Project, including but not limited to: property taxes and assessments imposed on the Project; debt service currently due on Approved Financing (excluding debt service owed to the City on the Loan and debt service owed to the City on the HELP Loan); annual fees charged in connection with any Approved Financing, property management fees and reimbursements, insurance premiums; utility services not paid for directly by tenants; maintenance and repair; any annual license or occupancy fees required for operation of the Project; security services; advertising and marketing; mandatory deposits into reserve funds; payment of any previously unpaid portion of the Borrower fee; extraordinary operating costs specifically approved in writing by the City; payments of deductibles in connection with casualty insurance claims; the amount of uninsured losses actually replaced, repaired or restored, replacement reserve deposits, other ordinary and reasonable operating expenses included in the Borrower's annual budget; other ordinary and reasonable operating

expenses approved in writing by the City and not listed above. Annual Operating Costs shall not include the following: depreciation, amortization, depletion or other non-cash expenses; and any amount expended from a reserve account.

(iii) "City Loan Payment" shall mean the annual interest only payment that is due on the City Loan pursuant to Section 2.3(b) as paid from Surplus Cash. Subject to Section 2.3(b)(ii)(4) and (iv) below, the annual interest only payment shall be equal to ten percent (10%) per annum on the principal amount of the City Loan then outstanding.

(iv) "Developer Contribution" shall mean the Three Hundred Thousand (\$300,000) fee to be paid to the Borrower in connection with Borrower's development of the Project plus such greater amount as is contributed by Borrower to the Project, plus any contributions or loans made to Borrower by a parent or affiliate of Borrower and related to the Project and payment of any fees or interest related to such loans.

(v) "Gross Revenue" with respect to a particular fiscal year shall mean all revenue, income, receipts, and other consideration actually received from operation and leasing of the Project. Gross Revenue shall include, but not be limited to: all rents, fees and charges paid by tenants, Section 8 payments or other rental subsidy payments received for the dwelling units, deposits forfeited by tenants, net proceeds from vending and laundry room machines; the proceeds of business interruption or similar insurance and not paid to Senior Lenders; the proceeds of casualty insurance not used to rebuild or repair the Project and not paid to Senior Lenders; and condemnation awards for a taking of part or all of the Project for a temporary period not paid to Senior Lenders. Gross Revenue shall not include tenants' security deposits, loan proceeds, capital contributions or similar advances.

(vi) "HELP Loan Payment" shall mean the annual payment that is due on the Help Loan as set forth in the loan agreement and promissory note evidencing the Help Loan.

(vii) "Management Incentive Bonus" with respect to a particular fiscal year shall mean the annual incentive bonus more particularly described in the Assisted Living Management Agreement dated September 1, 2005, by and between Eskaton Properties Incorporated and BLP Partnership, Inc, or a successor Management Agreement approved by City.

(viii) "Operating/Management Reserve Deposit" with respect to a particular fiscal year shall mean an amount equal to one percent (1%) of the Annual Operating Costs (including debt service on Approved Financing). The Operating Management Reserve Deposits shall not exceed an amount that would be equal to one-third of the Annual Operating Costs (including debt service on Approved Financing). The Operating Management Reserve Deposit may be used for an unforeseen economic situation related to the Project and shall not be considered ongoing Gross Revenue.

(ix) "Surplus Cash" shall mean the difference between the Gross Revenue and Annual Operating Costs.

(b) Annual Payments.

(i) Waterfall of Payments. Commencing on May 1, in the fiscal year that Borrower receives a certificate of occupancy for the Project, and on that day for each year thereafter for the Term of the Loan, Borrower shall use any existing Surplus Cash to make the following payments in the following order of priority:

- (1) To pay any amount of subordinated base management fee owed pursuant to the property management agreement for the Project.
- (2) To pay the Help Loan Payment.
- (3) To pay the Developer Contribution until paid in full.
- (4) To pay the Operating/Management Reserve Deposit.
- (5) To pay the City Loan Payment.
- (6) To pay the Asset Management Fee.
- (7) To pay the Management/Incentive Bonus.

(ii) Payments to Accrue until Paid.

(1) To the extent that the Surplus Cash in any year is insufficient to pay the fee set forth in (b)(i)(1), the unpaid portion shall be paid from Surplus Cash in subsequent year(s) until paid in full and before any payments are made pursuant to Section 2.3(b)(i)(2) through (7) above; provided however that payments owed under Section 2.3(b)(i)(3) through (6) shall accrue as provided below.

(2) To the extent that the Surplus Cash in any year is insufficient to pay the Developer Contribution, the unpaid portion shall be paid from Surplus Cash in subsequent year(s) until paid in full and before any payments are made pursuant to Section 2.3(b)(i)(4) through (7) above; provided however that payments owed under Section 2.3(b)(i)(4) through (6) shall accrue as provided below.

(3) To the extent that the Surplus Cash is insufficient to pay the Operating/Management Reserve Deposit in any given year, the unpaid portion shall be added to the total amount of Operating/Management Reserve Deposit owed in the following year and shall continue to accrue until paid in full. The Operating/Management Reserve Deposit for each particular year and any accrued amounts shall be paid before any payments are made pursuant to Section 2.3(b)(i)(5) through (7) above; provided however that payments owed under Section 2.3(b)(i)(5) and (6) shall accrue as provided below.

(4) If during the first five (5) years following the Borrower's receipt of a certificate of occupancy to the project, Surplus Cash is insufficient to pay the City Loan Payment, the City Loan Payment shall be forgiven. Throughout the remainder of the Term,

to the extent that the Surplus Cash is insufficient to pay the City Loan Payment, the unpaid portion shall be added to the total amount of the City Loan Payment in the following year and shall continue to accrue until paid in full or forgiven pursuant to 2.3(b)(iv). Any unpaid portion of a City Loan Payment that is added to one or more subsequent City Loan Payments shall not bear interest. The City Loan Payment and any accrued amounts shall be paid before any payments are made pursuant to Section 2.3(b)(i)(6) or (7); provided, however that payments owed under Section 2.3(b)(i)(6) shall accrue as provided below.

(5) To the extent that the Surplus Cash is insufficient to pay the Asset Management Fee in any given year, the unpaid portion shall be added to the total amount of Asset Management Fee owed in the following year and shall continue to accrue until paid in full. The Asset Management Fee for each particular year and any accrued amounts shall be paid before any payments are made pursuant to Section 2.3(b)(i)(7).

(6) To the extent that the Surplus Cash is insufficient to pay the Management Incentive Bonus in any given year, the unpaid portion shall not accrue.

(iii) City Payments. The Borrower shall provide the City with any documentation reasonably requested by the City to substantiate the Borrower's determination of Surplus Cash. Payments, if any, shall be delivered within one hundred eighty (180) days of the end of the fiscal year along with the audited financial statement required pursuant to Section 4.2.

(iv) Forgiveness of Principal and Interest. Subject to the Default provisions of Article 5, at the end of the Term, any interest owed in connection with the City Loan that has not yet been paid by Borrower pursuant to this Section shall be forgiven, and in such event the Note shall be cancelled and returned to Borrower.

(c) Affordability Reserve. In any given year, to the extent there is Surplus Cash remaining after payments are made in accordance with Section 2.3(b), eighty percent (80%) of such remaining Surplus Cash shall be deposited into an affordability reserve for the Project, which reserve is described in more detail in Section 2.4 of the Regulatory Agreement.

(d) Loan in Excess of Three Hundred Thousand Dollars. Borrower shall notify the City in the event the Borrower makes a contribution to the Project (other than the Three Hundred Thousand Dollars (\$300,000) developer fee that may be deferred) that exceeds Three Hundred Thousand Dollars (\$300,000). Borrower shall also notify the City in the event any contributions or loans made to Borrower by a parent or affiliate of Borrower and related to the Project exceed Three Hundred Thousand Dollars (\$300,000).

(e) Net Proceeds of Financing. In the event that any portion of the City Loan has not been used pay the costs of acquisition and development of the Project (including but not limited to the funding of reserves) such funds shall be used by Borrower to repay the HELP Loan.

(f) Fannie Mae Eligibility. In the event that the terms of the City Loan (alone or in conjunction with the HELP Loan) do not comply with Fannie Mae's applicable subordinate debt requirements, the City shall cooperate with Borrower to modify the terms of the City Loan so that the City Loan (alone or in conjunction with the HELP Loan) meets such requirements.

Section 2.4 Prepayment Of Loan.

No prepayment penalty will be charged to the Borrower for payment of all or any portion of the Loan amount prior to the end of the Term.

Section 2.5 Use of Loan Funds.

The Borrower shall use the Loan to fund the Project consistent with the Approved Development Budget. The Borrower shall not use the Loan funds for any other purposes without the prior written consent of the City.

Section 2.6 Security.

(a) Borrower shall secure its obligation to repay the Loan, as evidenced by the Note, by executing the Deed of Trust, and, upon acquisition of the Leasehold Estate, recording it as a lien against the Leasehold Estate.

(b) The City agrees to subordinate the Deed of Trust and the Regulatory Agreement to the liens of the deeds of trust securing the Approved Financing and to any regulatory agreement associated with the Approved Financing. The City further agrees that such subordination shall, if required by the lender of any Approved Financing, include an agreement by the City to exercise the remedies under the Loan Documents only upon consent from such lender of Approved Financing.

Section 2.7 Predevelopment Loan Cancellation.

Upon execution of this Agreement and pursuant to Section 1.6(a) of the Predevelopment Loan Agreement, the Predevelopment Loan Agreement shall terminate. The City shall cancel the promissory note evidencing the Predevelopment Loan and return such promissory note to Borrower. Any advances under the Predevelopment Loan shall be considered as advances of funds under the Loan.

Section 2.8 Conditions Precedent to Disbursement.

Upon satisfaction of the following conditions, the City shall disburse any remaining Loan proceeds to the Bond Trustee for Borrower's use:

- (a) The Borrower has acquired the Leasehold Estate;
- (b) There exists no Default nor any act, failure, omission or condition that would constitute an event of Default under this Agreement.

(c) Borrower has executed and delivered to the City this Agreement, the Note, the Regulatory Agreement and the Deed of Trust;

(d) The Borrower has furnished the City with evidence of the insurance coverage meeting the requirements of Section 4.8 below.

(e) A title insurer reasonably acceptable to the City is unconditionally and irrevocably committed to issuing an ALTA Lender's Policy of title insurance insuring the priority of the Deed of Trust in the amount of the Loan, subject only to the Lease, documents related to and securing the Bond Loan, the regulatory agreement recorded in connection with the HELP Loan, the Regulatory Agreement and such other exceptions and exclusions as may be reasonably acceptable to the City, and containing such endorsements as the City may reasonably require.

(f) The Deed of Trust and the Regulatory Agreement have been recorded against the Leasehold Estate in the Office of the Recorder of Alameda.

(g) The City has received and approved the general contractor's construction contract that the Borrower has entered or proposed to enter for construction of the Project as required pursuant to Section 3.2 below.

(h) The City has received copies of labor and material (payment) bonds and performance bonds as required pursuant to Section 3.3 below.

Section 2.9 Non-Recourse.

City's sole recourse in the event of a default by Borrower shall be to the Leasehold Estate, and the Borrower shall not have any personal liability for the Loan.

**ARTICLE 3 CONSTRUCTION OF THE PROJECT**

Section 3.1 Permits and Approvals.

The Borrower shall obtain all governmental approvals necessary for the development and operation of the Project.

Section 3.2 Construction Contract.

By not later than fifteen (15) days prior to the proposed commencement of construction of the Project, the Borrower shall submit to the City for its limited approval the proposed construction contract for the Project. The City's review and approval shall be limited exclusively to a determination whether: (1) the guaranteed maximum construction cost set forth in the construction contract is consistent with the Approved Development Budget, and (2) the construction contract contains provisions consistent with and required by this Agreement. The City's approval of the construction contract shall in no way be deemed to constitute approval of or concurrence with any other term or condition of the construction contract.

Upon receipt by the City of the proposed construction contract, the City shall promptly review same and approve it within fifteen (15) business days if it satisfies the limited criteria set forth above. If the construction contract is not approved by the City, the City shall set forth in writing and notify the Borrower of the City's reasons for withholding such approval. The Borrower shall thereafter submit a revised construction contract for City approval, which approval shall be granted or denied in fifteen (15) business days in accordance with the criteria and procedures set forth above. Any construction contract executed by the Borrower for the Project shall be in the form approved by the City. If the City fails to approve or disapprove the forms of construction contract within the fifteen (15) business day review period, the form of construction contract shall be deemed approved by the City.

Section 3.3 Construction Bonds.

Prior to commencement of construction of the Project, the Borrower shall deliver to the City copies of labor and material bonds and performance bonds for the construction of the Project in an amount equal to one hundred percent (100%) of the scheduled cost of the Project. Such bonds shall name the City as a co-obligee.

Section 3.4 Commencement and Completion of Construction.

Borrower shall cause the commencement and completion of construction of the Project pursuant to Section 3.5 of the Lease.

Section 3.5 Construction Pursuant to Plans and Laws.

(a) Borrower shall construct the Project in conformance with the plans and specifications approved by the City building department. Borrower shall notify the City in a timely manner of any changes in the work required to be performed under this Agreement, and shall obtain any necessary approvals from the City building department.

(b) Borrower shall cause all work performed in connection with the Project to be performed in compliance with all applicable laws, ordinances, rules and regulations of federal, state, county or municipal governments or agencies.

Section 3.6 Mechanics Liens, Stop Notices, and Notices of Completion.

If any claim of lien is filed against the Leasehold Estate or a stop notice affecting the Loan is served on the City or any other lender or other third party in connection with the Project, then Borrower shall, within sixty (60) days after such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to the City a surety bond in sufficient form and amount, or provide the City with other assurance satisfactory to the City that the claim of lien or stop notice will be paid or discharged.

## ARTICLE 4 LOAN REQUIREMENTS

### Section 4.1 Inspection of Books and Records.

Upon request, the Borrower shall permit the City to inspect at reasonable times and on a confidential basis those books, records and all other documents of the Borrower necessary to determine Borrower's compliance with the terms of this Agreement. The Borrower also has the right at all reasonable times to inspect the books, records and all other documentation of the City pertaining to its obligations under this Agreement.

### Section 4.2 Yearly Reporting Requirements.

Within one hundred eighty (180) days of the end of each fiscal year, Borrower shall provide the City with (a) an audited financial statement for the Project for the previous year, (b) a copy of the current Project management plan, and (c) the most recent annual operating budget for the Project.

### Section 4.3 Maintenance and Damage.

- (a) Borrower shall maintain the Project in accordance with Section 3.6 of the Lease.
- (b) If economically feasible in the Borrower's reasonable judgment, if any improvement now or in the future on the Leasehold Estate is damaged or destroyed, then Borrower shall diligently undertake to repair or restore such improvement consistent with the plans and specifications approved by the City with such changes as have been approved by the City. The extent of Borrower's obligation to restore the Project shall be limited to the amount of the insurance proceeds. The provisions of this Section shall be subject to the rights of Senior Lenders.

### Section 4.4 Notice of Litigation.

Borrower shall promptly notify the County in writing of any litigation, fines, citations or other disciplinary actions brought against Borrower by any government entity charged with enforcing state or federal laws related to licensing of assisted living facilities.

### Section 4.5 Operation of Project as an Assisted Living Facility.

Promptly after completion of construction, the Borrower shall operate the Project in accordance with the Lease and the Regulatory Agreement.

### Section 4.6 City Preference System. The Borrower shall comply with the preference requirements set forth in Section 2.12 of the Lease.

### Section 4.7 Transfer.

- (a) Definition. As used in this Article 2, the term "Transfer" means:

(i) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to this Agreement, the Leasehold Estate, or Project or any part thereof or any interest therein or any contract or agreement to do any of the same; or

(ii) Any total or partial sale, assignment or conveyance, or any trust or power, or any transfer in any other mode or form, of or with respect to any ownership interest in the Borrower or any contract or agreement to do any of the same; or

(iii) Any merger, consolidation, sale or lease of all or substantially all of the assets of the Borrower; or

(iv) The leasing of part or all of the Leasehold Estate or Project; provided, however, that leases of the individual units included within the Improvements to Resident occupants shall not be deemed a "Transfer" for purposes of this Section 4.7.

(b) Prohibited Transfers. The limitations on Transfers set forth in this Section 4.7 shall apply throughout the Term. Except as expressly permitted in this Agreement, the Borrower represents and agrees that the Borrower has not made or created, and will not make or create or suffer to be made or created, any Transfer, either voluntarily or by operation of law without the prior written approval of the City.

Any Transfer made in contravention of this Section 4.7 shall be void and shall be deemed to be a default under this Agreement whether or not the Borrower knew of or participated in such Transfer.

(c) Permitted Transfers. Notwithstanding the provisions of Section 4.7, the following Transfers shall be permitted and are hereby approved by the City subject to satisfaction of the requirements of subsection (d):

(i) Any Transfer of a security interest in the Property, Leasehold Estate or Project as defined in Section 1.1(c) above.

(ii) Any Transfer to a nonprofit public benefit corporation recognized by the Internal Revenue Service to be an exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, and controlled by BRIDGE Housing Corporation ("BRIDGE"), or both of them, subject to limited review by the City to determine that such entity is a tax exempt organization, is controlled by BRIDGE, and has adequate assets to carry out its obligations under this Agreement, and City expressly covenants that such consent shall not be unreasonably or arbitrarily refused;

(iii) Any Transfer to a limited liability company or limited partnership, the managing member or partner of which is BRIDGE, or a nonprofit public benefit corporation controlled by BRIDGE, subject to limited review by the City to determine that such entity is a tax exempt organization, is controlled by BRIDGE, and has adequate assets to carry out its obligations under this Agreement, and City expressly covenants that such consent shall not be unreasonably or arbitrarily refused.

(iv) A sublease or subleases of non-residential spaces in the Project. The Borrower shall not, without first obtaining the written consent of the City, sublet the non-residential spaces in the Project, and City expressly covenants that such consent shall not be unreasonably or arbitrarily refused.

(v) Any Transfer resulting from foreclosure of a lien that serves Borrower's obligations in connection with Approved Financing, or from a conveyance or assignment in lieu of such foreclosure.

(vi) Any other Transfer approved by the City in writing.

(d) Effectuation of Certain Permitted Transfers. No Transfer of this Agreement permitted pursuant to subsection (c) (other than a transfer pursuant to subsection (a)(i) and (iv)), shall be effective unless, at the time of the Transfer, the person or entity to which such Transfer is made, by an instrument in writing reasonably satisfactory to the City and in form recordable among the land records, shall expressly assume the obligations of the Borrower under this Agreement and agree to be subject to the conditions and restrictions to which the Borrower is subject arising during the Term.

In the absence of specific written agreement by the City, no such Transfer, assignment or approval by the City shall be deemed to relieve the Borrower or any other party from any obligations under this Agreement.

#### Section 4.8 Insurance Requirements.

The Borrower shall maintain the insurance coverage for the Project in accordance with Section 5.1 through 5.3 of the Lease.

### ARTICLE 5 DEFAULT AND REMEDIES

#### Section 5.1 Events of Default.

Each of the following shall constitute a "Default" by Borrower under this Agreement:

(a) Failure to Construct. Failure of Borrower to commence and complete construction of the Project in accordance with Section 3.5 above;

(b) Failure to Make Payment. Failure to repay the principal and any interest on the Loan within thirty (30) days of receipt of written notice from the City that such payment is due pursuant to the Loan Documents.

(c) Breach of Covenants. Failure by Borrower to duly perform, comply with, or observe any of the conditions, terms, or covenants of any of the Loan Documents, and such failure having continued uncured for sixty (60) days after receipt of written notice thereof from the City to the Borrower or, if the breach cannot be cured within sixty (60) days, the Borrower shall not be in breach so long as Borrower is diligently undertaking to cure such breach and such breach is cured within one hundred eighty (180) days; provided, however, that if a different

period or notice requirement is specified under any other section of this Article 5, the specific provisions shall control.

(d) Default Under Other Loans or Lease. A default is declared under the Approved Financing by the lender of such Approved Financing or under the Lease by the City.

(e) Insolvency. A court having jurisdiction shall have made or entered any decree or order (i) adjudging Borrower to be bankrupt or insolvent, (ii) approving as properly filed a petition seeking reorganization of Borrower or seeking any arrangement for Borrower under the bankruptcy law or any other applicable debtor's relief law or statute of the United States or any state or other jurisdiction, (iii) appointing a receiver, trustee, liquidator, or assignee of Borrower in bankruptcy or insolvency or for any of their properties, (iv) directing the winding up or liquidation of Borrower, if any such decree or order described in clauses (i) to (iv), inclusive, shall have continued unstayed or undischarged for a period of ninety (90) days; or (v) Borrower shall have admitted in writing its inability to pay its debts as they fall due or shall have voluntarily submitted to or filed a petition seeking any decree or order of the nature described in clauses (i) to (iv), inclusive. The occurrence of any of the events of Default in this paragraph shall act to accelerate automatically, without the need for any action by the City, the indebtedness evidenced by the Note.

(f) Assignment; Attachment. Borrower shall have assigned its assets for the benefit of its creditors or suffered a sequestration or attachment of or execution on any substantial part of its property, unless the property so assigned, sequestered, attached or executed upon shall have been returned or released within ninety (90) days after such event or, if sooner, prior to sale pursuant to such sequestration, attachment, or execution. The occurrence of any of the events of default in this paragraph shall act to accelerate automatically, without the need for any action by the City, the indebtedness evidenced by the Note.

(g) Suspension; Termination. Borrower shall have voluntarily suspended its business.

(h) Liens on Leasehold Estate. There shall be filed any claim of lien (other than liens approved in writing by the City) against the Leasehold Estate, Project, or any part thereof, or any interest or right made appurtenant thereto, or the service of any notice to withhold proceeds of the Loan and the continued maintenance of said claim of lien or notice to withhold for a period of one hundred twenty (120) days, without discharge or satisfaction thereof or provision therefore (including, without limitation, the posting of bonds) satisfactory to the City.

(i) Condemnation. The condemnation, seizure, or appropriation of all or the substantial part of the Leasehold Estate and the Project.

(j) Unauthorized Transfer. Any Transfer other than as permitted by Section 4.7.

(k) Representation or Warranty Incorrect. Any Borrower representation or warranty contained in this Agreement, or in any application, financial statement, certificate, or report submitted to the City in connection with any of the Loan Documents, proving to have been incorrect in any material respect when made. After issuance of the certificates of occupancy for

the Project, Default may be declared under this subsection only if the failure of representation or warranty also has a material adverse effect on the operation of the Project.

Section 5.2 Remedies.

The occurrence of any Default hereunder following the expiration of all applicable notice and cure periods will, either at the option of the City or automatically where so specified, relieve the City of any obligation to make or continue the Loan and shall give the City the right to proceed with any and all remedies set forth in this Agreement and the Loan Documents, including but not limited to the following:

(a) Acceleration of Note. The City shall have the right to cause all indebtedness of the Borrower to the City under this Agreement and the Note, together with any accrued interest thereon, to become immediately due and payable. The Borrower waives all right to presentment, demand, protest or notice of protest or dishonor. The City may proceed to enforce payment of the indebtedness and to exercise any or all rights afforded to the City as a creditor and secured party under the law including the Uniform Commercial Code, including foreclosure under the City Deed of Trust. The Borrower shall be liable to pay the City on demand all reasonable expenses, costs and fees (including, without limitation, reasonable attorney's fees and expenses) paid or incurred by the City in connection with the collection of the Loan and the preservation, maintenance, protection, sale, or other disposition of the security given for the Loan.

(b) Specific Performance. The City shall have the right to mandamus or other suit, action or proceeding at law or in equity to require Borrower to perform its obligations and covenants under the Loan Documents or to enjoin acts on things which may be unlawful or in violation of the provisions of the Loan Documents.

(c) Right to Cure at Borrower's Expense. The City shall have the right (but not the obligation) to cure any monetary default by Borrower under a loan other than the Loan. The Borrower agrees to reimburse the City for any funds advanced by the City to cure a monetary default by Borrower upon demand therefore, together with interest thereon at the lesser of the maximum rate permitted by law or ten percent (10%) per annum from the date of expenditure until the date of reimbursement.

Section 5.3 Right of Contest.

Borrower shall have the right to contest in good faith any claim, demand, levy, or assessment the assertion of which would constitute a Default hereunder. Any such contest shall be prosecuted diligently and in a manner unprejudicial to the City or the rights of the City hereunder.

Section 5.4 Remedies Cumulative.

No right, power, or remedy given to the City by the terms of this Agreement or the Loan Documents is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given to the City by the terms of any such instrument, or by any statute or otherwise

against Borrower and any other person. Neither the failure nor any delay on the part of the City to exercise any such rights and remedies shall operate as a waiver thereof, nor shall any single or partial exercise by the City of any such right or remedy preclude any other or further exercise of such right or remedy, or any other right or remedy.

## ARTICLE 6 GENERAL PROVISIONS

### Section 6.1 Relationship of Parties.

Nothing contained in this Agreement shall be interpreted or understood by any of the Parties, or by any third persons, as creating the relationship of employer and employee, principal and agent, limited or general partnership, or joint venture between the City and Borrower or its agents, employees or contractors, and Borrower shall at all times be deemed an independent contractor and shall be wholly responsible for the manner in which it or its agents, or both, perform the services required of it by the terms of this Agreement. Borrower has and retains the right to exercise full control of employment, direction, compensation, and discharge of all persons assisting in the performance of services under the Agreement. In regards to the construction and operation of the Project, Borrower shall be solely responsible for all matters relating to payment of its employees, including compliance with Social Security, withholding, and all other laws and regulations governing such matters, and shall include requirements in each contract that contractors shall be solely responsible for similar matters relating to their employees. Borrower shall be solely responsible for its own acts and those of its agents and employees.

### Section 6.2 No Claims.

Nothing contained in this Agreement shall create or justify any claim against the City by any person that Borrower may have employed or with whom Borrower may have contracted relative to the purchase of materials, supplies or equipment, or the furnishing or the performance of any work or services with respect to the acquisition of the Leasehold Estate, the construction or operation of the Project.

### Section 6.3 Amendments.

No alteration or variation of the terms of this Agreement shall be valid unless made in writing by the Parties.

### Section 6.4 Indemnification.

(a) The Borrower shall indemnify, defend and hold the City harmless against all claims made against it and expenses (including reasonable attorneys' fees) which arise out of or in connection with the development, construction, marketing and operation of the Project, except to the extent such claim arises from the negligence or willful misconduct of the City, its agents, and its employees. The provisions of this Section 6.4 shall survive the expiration of the Term and the reconveyance of the Deed of Trust.

(b) Borrower agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to City) City, its boardmembers, officers, and employees from and against all claims made against it and expenses (including, but not limited to, reasonable attorneys' fees) arising directly or indirectly, in whole or in part, out of: (1) the failure during the Term of Borrower or any employees, agents, contractors or subcontractors of the Borrower, other than any indemnitee, to comply with any Hazardous Materials Law relating in any way whatsoever to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Materials into, on, under or from the Property; (2) any releases or discharges of any Hazardous Materials by Borrower or any employees, agents, contractors or subcontractors of the Borrower, other than any indemnitee, occurring during the Term into, on, under or from the Property, except for Hazardous Materials that existed in, on, or under the Property prior to the execution of this Agreement; (3) any activity carried on or undertaken on or off the Property during the Term by Borrower or any employees, agents, contractors or subcontractors of Borrower, in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Materials at any time located or present on or under the Property. The provisions of this subsection shall survive expiration of the Term and the reconveyance of the Deed of Trust. Notwithstanding the foregoing, Borrower's duty to indemnify City under the provisions of this Section shall not include any claims arising from any acts, omissions or events occurring subsequent or prior to a Transfer. This indemnity obligation shall not extend to any claim arising from City's negligence or willful misconduct.

Section 6.5 Non-Liability of City Officials, Employees and Agents.

No member, official, employee or agent of the City shall be personally liable to Borrower in the event of any default or breach by the City or for any amount which may become due to Borrower or its successor or on any obligation under the terms of this Agreement.

Section 6.6 No Third Party Beneficiaries.

There shall be no third party beneficiaries to this Agreement.

Section 6.7 Discretion Retained By City.

The City's execution of this Agreement in no way limits the discretion of the City in the permit and approval process in connection with development of the Project.

Section 6.8 Notices, Demands and Communications.

Formal notices, demands, and communications between the Parties shall be sufficiently given if and shall not be deemed given unless dispatched by certified mail, postage prepaid, return receipt requested, or delivered by express delivery service, return receipt requested, or delivered personally with a delivery receipt, to the principal office of the Parties as follows:

City:

(If by mail)  
City of Pleasanton  
P.O. Box 520  
Pleasanton, CA 94566  
Attn: City Manager

(If by delivery service)  
City of Pleasanton  
123 Main Street  
Pleasanton, CA 94566  
Attn: City Manager

Borrower:

BLP Partnership, Inc.  
345 Spear Street, Suite 700  
San Francisco, California 94105  
Attention: President

Such written notices, demands and communications may be sent in the same manner to such other addresses as the affected Party may from time to time designate by mail as provided in this Section. Receipt shall be deemed to have occurred on the date shown on a written receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable).

Section 6.9 Applicable Law.

This Agreement shall be governed by California law.

Section 6.10 Parties Bound.

Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns.

Section 6.11 Attorneys' Fees.

If any lawsuit is commenced to enforce any of the terms of this Agreement, the prevailing Party will have the right to recover its reasonable attorneys' fees and costs of suit from the other Party.

Section 6.12 Severability.

If any term of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall continue in full force and effect unless the rights and obligations of the Parties have been materially altered or abridged by such invalidation, voiding or unenforceability.

Section 6.13 Force Majeure.

In addition to specific provisions of this Agreement, performance by either Party shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-

outs; riots; floods; earthquakes; fires; quarantine restrictions; freight embargoes; lack of transportation; or court order; or any other similar causes (other than lack of funds of Borrower or Borrower's inability to finance the construction of the Project) beyond the control or without the fault of the Party claiming an extension of time to perform. Times of performance under this Agreement may also be extended in writing by City and Borrower.

Section 6.14 City Approval.

Whenever this Agreement calls for City approval, consent, or waiver, the written approval, consent, or waiver of the City Manager shall constitute the approval, consent, or waiver of the City, without further authorization required from the City Council. The City hereby authorizes the City Manager to deliver such approvals or consents as are required by this Agreement, or to waive requirements under this Agreement, on behalf of the City. Any consents or approvals required under this Agreement shall not be unreasonably withheld or made. The City Manager is also hereby authorized to approve, on behalf of the City, requests by Borrower for reasonable extensions of time deadlines set forth in this Agreement. The City shall not unreasonably delay in reviewing and approving or disapproving any proposal by Borrower made in connection with this Agreement.

Section 6.15 Waivers.

Any waiver by the City of any obligation or condition in this Agreement must be in writing. No waiver will be implied from any delay or failure by the City to take action on any breach or default of Borrower or to pursue any remedy allowed under this Agreement or applicable law. Any extension of time granted to Borrower to perform any obligation under this Agreement shall not operate as a waiver or release from any of its obligations under this Agreement. Consent by the City to any act or omission by Borrower shall not be construed to be consent to any other or subsequent act or omission or to waive the requirement for the City's written consent to future waivers.

Section 6.16 Title of Parts and Sections.

Any titles of the sections or subsections of this Agreement are inserted for convenience of reference only and shall be disregarded in interpreting any part of the Agreement's provisions.

Section 6.17 Entire Understanding of the Parties

This Agreement constitutes the entire understanding and agreement of the Parties with respect to the Loan. If there is any conflict between this Agreement and the Project Agreement, then this Agreement shall control.

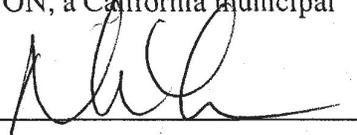
Section 6.18 Multiple Originals; Counterpart.

This Agreement may be executed in multiple originals, each of which is deemed to be an original, and may be signed in counterparts.

WHEREAS, this Agreement has been entered into by the undersigned as of the date first above written.

CITY:

CITY OF PLEASANTON, a California municipal corporation

By: 

Name: Nelson Fialho

Its: City Manager

BORROWER:

BLP Partnership, Inc., a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_



EXHIBIT A

Legal Description of the Property

The land is situated in the State of California, County of Alameda, and is described as follows:

LEGAL DESCRIPTION

PARCEL 1, PARCEL MAP 6199, FILED JANUARY 29, 2002, BOOK 262 OF PARCEL MAPS,  
PAGE 62 ALAMEDA COUNTY RECORDS.

ASSESSOR'S PARCEL NO. 947-0011-002

**EXHIBIT B**

**Approved Development Budget**

**PAGE 1: PROJECT SUMMARY**

Project Name: Pleasanton Assisted Living

7/20/05 11:59 AM

Project Assumptions:					
Site Area (Acres)	3.69	Density:	28	Total Unit Sq. Feet	51,823
No. of Units	105	Total Lot Sq. Ft.	160,736	Total Common Area S.F.	41,980
No. of Parking Spaces	53			Total Bldg Square Feet	93,803

**A. DEVELOPMENT BUDGET SUMMARY**

Description	Amount	per Unit	per GSF	per NSF
Acquisition	2,745,000	26,238	29.37	53.14
Construction Costs	15,217,500	144,929	162.23	293.64
A&E	883,619	8,415	9.42	17.05
Legal	150,000	1,429	1.60	2.89
Marketing & FFE	921,000	8,771	9.82	17.27
Insurance & Taxes	234,930	2,237	2.50	4.53
Indirect Dev. Costs	887,160	8,449	9.46	17.12
Financing Costs	4,491,011	42,772	47.88	86.66
Syndication Costs	1,210,114	11,525	12.90	23.35
Total	26,750,334	254,765	285.18	516.19

**B. UNIT MIX AND RENTS**

**AFFORDABLE UNITS**

	total units	mo charge	occupants	mo revenue	annual rent
50% Units	21	1,933	21	40,600	487,200
25% Units	9	967	9	8,700	104,400
50% elements	1	1,933	2	3,867	46,400
	31				638,000

**MARKET RATE ASSISTED LIVING**

Level	Percent	# of units	weighted avg rent	mo rent	annual rent
Level 1	5.00%	3	4,537	12,703	152,441
Level 2	44.00%	25	4,980	122,702	1,472,423
Level 3	47.00%	26	5,423	142,724	1,712,688
Level 4	4.00%	2	5,866	13,139	157,665
	100.00%	56		291,268	3,495,216

**MEMORY CARE UNITS**

Level	Percent	Units	Rent	mo rent	annual rent
Level 1	4.00%	1	5,000	3,600	43,200
Level 2	26.00%	5	5,400	25,272	303,264
Level 3	61.00%	11	5,800	43,684	524,208
Level 4	9.00%	2	6,200	10,844	130,128
	100.00%	19		102,600	1,231,200

**UNIT MIX**

	Total	50% AMI	25% AMI	Mkt	sf	total
STUDIOS	22.00	13.00	9.00	-	418	9,196
1BD/MS	57.00	8.00	-	49.00	541	30,837
2BD/MS	7.00	-	-	7.00	813	5,691
ALZHEIMER	19.00	1.00	-	18.00	321	6,099
					51,823	

**CalHFA HELP Loan**

Max Loan Amount	1,500,000
Debt Service on Full Amt	(175,846)
Interest Rate	3.00%
Term	10

**C. BASE YEAR OPERATING EXPENSES**

Adjusted Election Budget 12/10/04	
Salaries (productive)	1,432,858
Salaries (non-productive)	100,016
Employee Benefits	442,982
Professional Fees	14,700
Supplies	288,725
Purchased Services	161,386
Auxiliary Costs	23,520
Utilities	165,411
Other	188,800
1st Full Year Op. Expenses	2,818,600
Annual Expense Per Resident	26,591
Per Resident Per Day	72.85

**D. MARKET ASSUMPTIONS**

Vacancy Rate	10.00%
Rate of Rent Increase	4.00%
Rate of Expense Increase	4.00%

**E. FINANCING ASSUMPTIONS**

Equity	
City of Pleasanton	
Loan Amount	2,490,000
Interest or Return Req.	10.00%
Land Value	2,735,000
Land & Loan as % of TDC	19.54%
CalHFA Help Loan	1,500,000

**F. LOAN SIZING**

Projected Affordable Revenue	638,000
Projected Mkt Assisted Revenue	3,495,216
Projected Dementia Revenue	1,231,200
Vacancy/Collection Loss (vtd)	(9,414)
Auxiliary and Other Op. Income	72,408
Effective Gross Income:	4,932,282
Less Operating Expenses	(2,818,600)
Less Management Fee	(295,937)
Replacement Reserves	300
Net Operating Income	1,786,245
Loan Payment	(1,275,890)
Debt Coverage Ratio	1.40
Interest Rate	5.825%
Amortization	35
Debt Serviceable Loan Amount	19,037,914

**G. FINANCING ASSUMPTIONS**

Debt	
CalHAC	
Max Loan	19,725,334
Debt Service	(1,332,717)
Rate	5.825%
Term	30
Amortization	35
Minimum DCR	1.40
CalHFA HELP Loan	
Amount	1,500,000
Rate	4.50%
Debt Service	
Loan Amount	
Rate	7.50%
Term	15
Max Combined OCR A&B	1.15
Debt Service	
Debt Serviceable	
Amount	300,000
Loan Amount	
Rate	
Term	
Max Combined OCR A&B	
Debt Service	
Debt Serviceable	
Amount	22,300,000
Loan Amount	
Rate	9.00%
Term	
Max Combined OCR A&B	
Debt Service	
Debt Serviceable	
Amount	20,070,000
Loan Amount	
Rate	19.54%
Term	
Max Combined OCR A&B	
Debt Service	
Debt Serviceable	
Amount	19,037,914
Loan Amount	
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Amount	19,037,914
Loan Amount	
Rate	
Term	

PAGE 2: DEVELOPMENT BUDGET

Pleasanton Assisted Living

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Development Budget Assumptions  
 Construction Period 14  
 Prevailing Wage/Davis Bacon Y  
 Construction /Gross SF 151.38

Construction Loan Interest (assumes low floater) 4.50%  
 Draw Down Rate 55%  
 Lease-up Period 24

Description	Amount	Total	Description	Amount	Total	Description	Subtotal	Total
<b>A. TOTAL ACQUISITION</b>	<b>2,735,000</b>	<b>2,735,000</b>	<b>D. INDIRECT DEVELOPMENT COSTS (continued)</b>			<b>G. CARRYING CHARGES AND FINANCING</b>		
<b>B. LAND COSTS</b>			Construction Manager	25,000		Insurance	92,930	
Title Insurance/Escrow Fees	20,000		Testing and Inspection	20,000		Property Taxes (1yr @ 1% of construction contract)	142,000	
Holding Costs			Legal, Pre-construction	95,000		Issuer Fee (pleasanton)	24,657	0.125%
<b>TOTAL LAND COSTS</b>	<b>20,000</b>		Legal, Construction	40,000		Forward Commitment Fee (12 mos)	147,940	0.75%
<b>C. DIRECT CONSTRUCTION COSTS</b>			Legal, Permanent Loan & Org.	5,000		Underwriter's counsel	25,000	
Unit Construction	151.38	14,200,000	Appraisal Fees	25,240		Newman Application Fee	25,000	
budget overrun		150,000	Audit	20,000		Newman Legal	35,000	
Common Area			Marketing (ground breaking & opening)	125,000		Newman Origination Fee (Inv Banking incl)	1,500	295,880
Commercial Kitchen			Market Study	46,000		Rating Agency Fee	17,000	
Earthwork			Title (Construction)	20,000		Printing Cost	15,000	
Landscape			Title (Permanent)	20,000		Conversion Fees (updates)	10,000	
Foundation/Parking			Furnishings & Equipment	750,000		Bond Counsel	40,000	
Offsite Improvements			<i>subtotal</i>		<b>2,050,859</b>	CEI Bond Structuring		
Contractor General Conditions			<b>E. PERMITS AND FEES</b>			Trustee Set-up Fee	5,000	
Contractor Insurance & Bond			Planning Fees			LOC Legal & Expenses	50,000	
Contractor Overhead & Profit			Plan Check	51,316		LOC Appraisal, Cost Review & Inspections	29,000	
Construction Contingency	5.00%	717,500	Building Permit			LOC Origination Fee	1,000	197,253
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>		<b>15,067,500</b>	PG&E			Capitalized Lease-up & Interest Reserves	2,490,000	
<b>D. INDIRECT DEVELOPMENT COSTS</b>			Water Demand Fee			<b>TOTAL CARRYING CHARGES/FINANCING</b>		<b>3,641,660</b>
Architect and Engineers	3.12%	447,100	Sewer Demand Fee			<b>H. SYNDICATION COSTS</b>		
A/E Reimb (thru permit)		110,000	School Fees			Consultant		
A/E Add Services		127,996	Park Fees			Attorney		
Survey/Civil		65,000	Irrigation Demand Fees			TCAC Fees		
Geotechnical		30,000	Regional Transportation Fee			Bridge Loan Fees		
Phase I and II		21,000	Total Due	654,604		Bridge Loan Interest		
Acoustical Engineer		4,023	<b>TOTAL PERMITS AND FEES</b>		<b>705,920</b>	Organizational Expenses-- (H&B)	10,114	
Kitchen Designer		15,000	<b>F. CONTINGENCY &amp; RESERVES</b>			Developer Overhead	500,000	
Interior Decorator (in A&E Add Services)			Soft Cost Contingency	150,000		Developer Fee	700,000	
Signage/Branding		12,000	Supplemental Reserves			<b>TOTAL SYNDICATION COSTS</b>		<b>1,210,114</b>
Lighting Consultant (in A&E Add Services)			Replacement Reserve	75,000		<b>TOTAL DEVELOPMENT BUDGET</b>		<b>26,740,334</b>
Title 24		2,000	Required Working Capital	1,084,281				
Miscellaneous		20,000	<b>TOTAL CONTINGENCY &amp; RESERVES</b>		<b>1,309,281</b>			
Traffic Engineer		5,500						

PAGE 3: FLOW OF FUNDS  
Development Budget

Pleasanton Assisted Living

	Total Budget	Construction Period	City Land Contribution	Funds Advanced by BHC	City of Pleasanton	CalHFA thru City of Pleasanton	Citibank LC	Deferred Fee	GMAC Refunding	
Land	2,735,000	2,735,000	2,735,000							
Title & Insurance	20,000	20,000					20,000			
Unit Construction	14,350,000	14,350,000				916,607	13,433,393			
Construction Contingency	717,500	717,500					717,500			
Architect & Engineer	447,100	447,100			308,110		138,990			
A&E Reimbursables	237,996	237,996			237,996					
Civil Engineer	65,000	65,000			65,000					
Geotech & Survey	30,000	30,000			30,000					
Misc Design Consultants	103,523	103,523			103,523					
Legal-- preconstruction	95,000	95,000		33,279	61,721					
Legal, construction	40,000	40,000			40,000					
Legal, permanent loan & org.	15,000								15,000	
Marketing	171,000	171,000					171,000			
FF&E	750,000	750,000					750,000			
Phase 1 & 2	21,000	21,000			21,000					
Title Charges (const & perm)	40,000	40,000			40,000					
Appraisal Fees	25,240	25,240					25,240			
Cost Audit	20,000	20,000					20,000			
City Permit Fees	705,920	705,920			705,920					
Capitalized Replacement Reserve	75,000	75,000					75,000			
Construction Period Insurance	92,930	92,930					92,930			
Property Taxes During Construction	142,000	142,000					142,000			
Soft Cost Contingency	150,000	150,000		50,000			100,000			
Costs of Issuance	916,730	916,730		40,000	876,730					
Working Capital	1,084,281	1,084,281					1,084,281			
Capitalized Lease-up & Interest Reserves	2,490,000	2,490,000					2,490,000			
Developer Overhead & Profit	1,210,114	910,114					460,114	300,000	(0)	
Repay BRIDGE Advance	123,279	123,279								123,279
Repay Bonds	19,710,335									19,710,335
<b>Total Development Costs</b>	<b>46,583,947</b>	<b>26,558,613</b>	<b>2,735,000</b>	<b>123,279</b>	<b>2,490,000</b>	<b>1,500,000</b>	<b>19,710,335</b>	<b>300,000</b>	<b>19,725,334</b>	<b>-</b>
<b>Sources of Funding</b>										
City Land Contribution	2,735,000	2,735,000								
City Permanent Loan	2,490,000	2,490,000								
Citibank Letter of Credit	19,710,335									
GMAC Bond Refunding	19,725,334	19,710,335								
CalHFA HELP Loan	1,500,000	1,500,000								
Deferred Development Fee	300,000									
BHC Short-Term Advance	123,279	123,279								
Excess Reserves Post Lease-up										
Property Tax Abatement										
<b>Total Sources</b>	<b>46,583,948</b>	<b>26,558,614</b>								
(GAP)/SURPLUS	0	1								

**AFFORDABLE UNITS**

	total units	mo charge	occupants	mo revenue	annual rent
50% Units	21	1,933	21	40,600	487,200
25% Units	9	967	9	8,700	104,400
50% dementia	1	1,933	2	3,867	46,400
					<b>638,000</b>

**MARKET RATE ASSISTED LIVING****Units Available**

1-bedroom market	46
1-bedroom shared	3
2-bedroom market	4
2-bedroom shared	3
	<b>56</b>

Care Level Mix	Percent	Units
Level 1	5%	3
Level 2	44%	25
Level 3	47%	26
Level 4	4%	2
	<b>100%</b>	<b>56</b>

Weighted Average Mo. Rent by Care Level	# of units	Level 1	Level 2	Level 3	Level 4
Studio	0	3,900	4,300	4,700	5,100
1-bedroom market	46	4,300	4,700	5,100	5,500
1-bedroom shared (\$800 bump per LOS)	3	5,250	6,050	6,850	7,650
2-bedroom market	4	5,574	5,974	6,374	6,774
2-bedroom shared	3	6,074	6,874	7,674	8,474
total units	<b>56</b>				

Weighted Rents		<b>4,537</b>	<b>4,980</b>	<b>5,423</b>	<b>5,866</b>
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Revenue by Level of Care	# of units	weighted avg rent	mo rent	annual rent
Level 1	3	4,537	12,703	152,441
Level 2	25	4,980	122,702	1,472,423
Level 3	26	5,423	142,724	1,712,688
Level 4	2	5,866	13,139	157,665
	<b>56</b>		<b>291,268</b>	<b>3,495,216</b>

**MEMORY CARE REVENUES**

Units Available	Percent	Units	Rent	Mo Revenue	Annual Revenue
				3,600	
Level 1	4%	0.72	5,000	3,600	43,200
Level 2	26%	4.68	5,400	25,272	303,264
Level 3	61%	10.98	5,800	63,684	764,208
Level 4	9%	1.62	6,200	10,044	120,528
	<b>100%</b>	<b>18</b>		<b>102,600</b>	<b>1,231,200</b>

TOTAL PROJECT REVENUE	Gross	Occupancy %	EGI
Affordable Units	638,000	95%	606,100
Assisted Living	3,495,216	90%	3,145,694
Memory Care	1,231,200	90%	1,108,080
Total Revenues	<b>5,364,416</b>		<b>4,859,874</b>

PAGE 5: 15 YEAR CASH FLOW

Project Name: Pleasanton Assisted Living

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Assumptions:																			
Market Rate Rental Increases	4.00%	construction start date		1-Sep-05		Deferred Developmt Fees:										7/20/05 11:59 AM			
Affordable Rent Increases	2.00%	cert of occupancy		26-Oct-06		City Residual Receipts Pmt										249,000			
Stabilized Expense Increase	4.00%	stabilization		18-Apr-08		Recourse During Construction?										Yes			
Vacancy & Collection Loss	10.00%	lease-up period		18.00															
Replacement Reserve	(31,500)	construction period		14.00															
Description	Stabilization																		
	Apr-08 Yr. 1	Apr-09 Yr. 2	Apr-10 Yr. 3	Apr-11 Yr. 4	Apr-12 Yr. 5	Apr-13 Yr. 6	Apr-14 Yr. 7	Apr-15 Yr. 8	Apr-16 Yr. 9	Apr-17 Yr. 10	Apr-18 Yr. 11	Apr-19 Yr. 12	Apr-20 Yr. 13	Apr-21 Yr. 14	Apr-22 Yr. 15				
Total Market Rents	4,726,416	4,915,473	5,112,092	5,316,575	5,529,238	5,750,408	5,980,424	6,219,641	6,468,427	6,727,164	6,996,250	7,276,100	7,567,144	7,869,830	8,184,623				
Vacancy Market Rate Units	(472,642)	(491,547)	(511,209)	(531,658)	(552,924)	(575,041)	(598,042)	(621,964)	(646,843)	(672,716)	(699,625)	(727,610)	(756,714)	(786,983)	(818,462)				
Total Affordable Rents	638,000	650,760	663,775	677,051	690,592	704,404	718,492	732,861	747,519	762,469	777,718	793,273	809,138	825,321	841,827				
Vacancy Affordable Units	(31,900)	(32,538)	(33,189)	(33,853)	(34,530)	(35,220)	(35,925)	(36,643)	(37,376)	(38,123)	(38,886)	(39,664)	(40,457)	(41,266)	(42,091)				
Total Net Revenues	4,859,874	5,042,147	5,231,469	5,428,116	5,632,377	5,844,550	6,064,949	6,293,895	6,531,727	6,778,793	7,035,458	7,302,099	7,579,111	7,866,902	8,165,897				
TPK Contribution	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000				
Misc. Income	77,408	75,304	78,316	81,449	84,707	88,095	91,619	95,284	99,095	103,059	107,182	111,469	115,928	120,565	125,387				
Effective Gross Income	4,956,282	5,141,452	5,333,785	5,547,137	5,769,022	5,999,783	6,239,774	6,489,265	6,748,940	7,018,898	7,299,654	7,591,640	7,895,205	8,211,117	8,539,562				
less: Operating Expenses	(2,818,600)	(2,931,344)	(3,048,598)	(3,170,542)	(3,297,363)	(3,429,258)	(3,566,428)	(3,709,085)	(3,857,449)	(4,011,747)	(4,172,217)	(4,339,105)	(4,512,669)	(4,693,176)	(4,880,903)				
less: mgmt fees	(297,377)	(307,047)	(318,587)	(331,888)	(344,701)	(358,547)	(372,946)	(387,922)	(403,496)	(419,694)	(437,979)	(455,498)	(473,718)	(492,667)	(512,374)				
less: replacement reserves	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)	(31,500)				
Net Operating Income	1,809,805	1,871,561	1,935,100	2,013,207	2,095,458	2,180,478	2,268,900	2,360,858	2,456,495	2,555,957	2,657,958	2,765,536	2,877,418	2,993,774	3,114,785				
Tax Exempt Debt Service	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)	(1,332,717)				
CalHFA Help Loan Pmt (assumes principal reduction)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)	(175,846)				
DCR (1st only)	1.36	1.40	1.45	1.51	1.57	1.64	1.70	1.77	1.84	1.92	1.99	2.08	2.16	2.25	2.34				
Cash Available for Distribution	300,242	362,998	426,537	505,144	586,894	671,915	760,337	8,028,141	1,123,778	1,223,240	1,325,240	1,432,819	1,544,700	1,661,057	1,782,068				
Deferred Developer Fee	0																		
Incentive Mgmt fees	50%	31,378	31,770	39,303	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000				
Operating Reserve/Working Capital	1.0%	28,186	29,313	30,486	31,705	32,974	34,293	35,664	37,091	38,574	40,117	41,722	43,391	45,127	46,932				
Asset Mgt Fee		10,000	10,000	10,350	10,712	11,087	11,475	11,877	12,293	12,723	13,168	13,629	14,106	14,600	15,111				
Fixed Interest Pmt to City		249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000				
Cash Flow to BHC	20%	-	8,661	20,986	34,888	50,767	67,429	84,739	137,951	156,696	176,191	196,178	217,264	239,195	262,003				
Fund Affordability Reserve	80%	-	34,645	83,945	139,538	203,067	269,718	339,036	551,806	626,784	704,763	784,711	869,057	956,779	1,048,012				
Remaining Cash Flow		13,056																	
Operating Margin		1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57	1.57				

PAGE & INTEREST CHARGES

Project Name: Pleasanton Assisted Living

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Total Proceeds 19,725,334

<b>Variable Rate Inputs: Interim Term</b>		<b>Conversion Terms</b>	
5 Year BMA Rate	2.180%	5 Year BMA Rate	2.180%
Spread	2.000%	Spread	2.000%
Issuer Fee	0.125%	Issuer Fee	0.125%
Letter of Credit Fee	1.100%	Remarketing Fee	
Remarketing Fee	0.125%	Annual Trustee Fee	0.05%
Annual Trustee Fee	0.05%	5 Year Rate Cap	0.088%
Newman Forward Commitment	0.75%	<b>ALL IN RATE</b>	<b>4.44%</b>
<b>ALL IN RATE</b>	<b>6.33%</b>		

First year forward capitalized

Year	Principal	Coupon (ind forward)	Interest	Letter of Credit Fee	Misc (rebate)	Remarketing Fee	Trustee Fee	Issuer Fee	Int. Rate Cap Reserve	TOTAL PAYMENTS	Monthly Amount
1	0	4.18%	824,519	216,979	600	24,657	9,863	24,657	0	1,101,274	91,773
2	0	4.93%	972,459	216,979	600	24,657	9,863	24,657	0	1,249,214	
3	0	4.93%	972,459	216,979	600	24,657	9,863	24,657	0	1,249,214	
4	0	4.93%	972,459	216,979	600	24,657	9,863	24,657	0	1,249,214	
5	258,284	4.18%	824,519		600		9,863	24,657	17,358	1,135,280	
6	269,080	4.18%	813,723		600		9,863	24,657	17,131	1,135,053	
7	280,327	4.18%	802,475		600		9,863	24,657	16,894	1,134,816	
8	292,045	4.18%	790,537		600		9,863	24,657	16,648	1,134,569	
9	304,253	4.18%	778,550		600		9,863	24,657	16,391	1,134,312	
10	316,970	4.18%	765,832		600		9,863	24,657	16,123	1,134,045	
11	330,220	4.18%	752,583		600		9,863	24,657	15,844	1,133,766	
12	344,023	4.18%	738,780		600		9,863	24,657	15,553	1,133,475	
13	358,403	4.18%	724,400		600		9,863	24,657	15,251	1,133,172	
14	373,384	4.18%	709,418		600		9,863	24,657	14,935	1,132,857	
15	388,992	4.18%	693,811		600		9,863	24,657	14,607	1,132,529	
16	405,252	4.18%	677,551		600		9,863	24,657	14,264	1,132,186	
17	422,191	4.18%	660,611		600		9,863	24,657	13,908	1,131,830	
18	439,839	4.18%	642,964		600		9,863	24,657	13,536	1,131,458	
19	458,224	4.18%	624,579		600		9,863	24,657	13,149	1,131,071	
20	477,378	4.18%	605,425		600		9,863	24,657	12,746	1,130,668	
21	497,332	4.18%	585,470		600		9,863	24,657	12,326	1,130,248	
22	518,121	4.18%	564,682		600		9,863	24,657	11,888	1,129,810	
23	539,778	4.18%	543,024		600		9,863	24,657	11,432	1,129,354	
24	562,341	4.18%	520,462		600		9,863	24,657	10,957	1,128,879	
25	585,847	4.18%	496,956		600		9,863	24,657	10,462	1,128,384	
26	610,335	4.18%	472,468		600		9,863	24,657	9,947	1,127,869	
27	635,847	4.18%	446,956		600		9,863	24,657	9,410	1,127,332	
28	662,426	4.18%	420,377		600		9,863	24,657	8,850	1,126,772	
29	690,115	4.18%	392,688		600		9,863	24,657	8,267	1,126,189	
30	718,962	4.18%	363,841		600		9,863	24,657	7,660	1,125,582	
31	749,014	4.18%	333,788		600		9,863	24,657	7,027	1,124,949	
32	780,323	4.18%	302,480		600		9,863	24,657	6,368	1,124,290	
33	812,941	4.18%	269,862		600		9,863	24,657	5,681	1,123,603	
34	846,922	4.18%	235,881		600		9,863	24,657	4,966	1,122,888	
35	882,323	4.18%	200,480		600		9,863	24,657	4,221	1,122,143	
36	919,204	4.18%	163,599		600		9,863	24,657	3,444	1,121,366	
37	957,627	4.18%	125,176		600		9,863	24,657	2,635	1,120,557	
38	997,655	4.18%	85,147		600		9,863	24,657	1,793	1,119,715	
39	1,039,357	4.18%	43,445		600		9,863	24,657	915	1,118,837	
40											
	19,725,334		21,914,654		23,400	98,627	384,644	961,610	382,384	44,358,768	

PAGE 7: INTEREST RESERVE WITHDRAWAL SCHEDULE

Project Name: Pleasanton Assisted Living

7/20/05 11:59 AM

Budgeted Reserves	
Working Capital (90 days expenses)	1,084,281
Capitalized Lease-up/Interest Reserve	2,490,000
<b>Total Reserves</b>	<b>3,574,281</b>
	83.86%

Construction Contract	14,200,000
Bond Proceeds	19,037,914
GIC Rate	2.00%

Mth	Revenues	Expenses	Insurance/ Taxes	Mgmt Fee	Gibbank Debt Service	Help Loan Debt Service	GIC Income	Interest Income on Reserve Bal	Income/ Deficit	Reserve Balance	Days Cash on Hand	Construction Draw	Balance in GIC	GIC Income
1					(91,773)	(14,654)	30,039	5,840	(70,548)	3,503,733	307	1,014,286	18,023,628	30,039
2					(91,773)	(14,654)	28,349	5,719	(72,359)	3,431,975	300	1,014,286	17,009,943	28,349
3					(91,773)	(14,654)	26,658	5,595	(74,173)	3,357,202	294	1,014,286	15,995,057	26,658
4					(91,773)	(14,654)	24,968	5,469	(75,990)	3,281,212	287	1,014,286	14,980,771	24,968
5					(91,773)	(14,654)	23,277	5,339	(77,810)	3,203,402	280	1,014,286	13,966,486	23,277
6					(91,773)	(14,654)	21,587	5,206	(79,633)	3,123,768	273	1,014,286	12,952,200	21,587
7					(91,773)	(14,654)	19,897	5,071	(81,450)	3,042,309	266	1,014,286	11,937,914	19,897
8					(91,773)	(14,654)	18,206	4,932	(83,267)	2,959,020	259	1,014,286	10,923,628	18,206
9				(3,000)	(91,773)	(14,654)	16,516	4,785	(85,126)	2,870,894	251	1,014,286	9,909,343	16,516
10		18,358		(3,000)	(91,773)	(14,654)	14,825	4,620	(86,959)	2,772,454	243	1,014,286	8,895,057	14,825
11		(23,986)		(3,000)	(91,773)	(14,654)	13,135	4,447	(88,853)	2,668,402	235	1,014,286	7,880,771	13,135
12		(8,414)		(3,000)	(91,773)	(14,654)	11,444	4,271	(90,784)	2,557,317	227	1,014,286	6,866,486	11,444
13		(33,817)		(3,000)	(91,773)	(14,654)	9,753	4,092	(92,743)	2,440,863	219	1,014,286	5,852,200	9,753
14		(112,446)		(3,000)	(91,773)	(14,654)	7,062	3,910	(94,722)	2,319,332	211	1,014,286	4,837,914	7,062
15		(7,651)	(2,800)	(3,000)	(91,773)	(14,654)	5,371	3,727	(96,721)	2,193,486	203	1,014,286	3,823,628	5,371
16		94,936	(2,800)	(3,000)	(91,773)	(14,654)	3,680	3,542	(98,740)	2,063,486	195	1,014,286	2,809,343	3,680
17		(136,241)	(2,800)	(3,000)	(91,773)	(14,654)	1,989	3,357	(100,779)	1,929,486	187	1,014,286	1,795,057	1,989
18		(74,286)	(2,800)	(3,000)	(91,773)	(14,654)	28	3,172	(102,838)	1,791,486	179	1,014,286	780,771	28
19		306,419	(2,800)	(3,000)	(91,773)	(14,654)	(12,369)	3,000	(104,907)	1,649,486	171	1,014,286	(27,914)	(12,369)
20		(339,331)	(2,800)	(3,000)	(91,773)	(14,654)	(4,012)	2,825	(107,000)	1,497,486	163	1,014,286	(138,229)	(4,012)
21		(269,749)	(2,800)	(3,000)	(91,773)	(14,654)	(5,246)	2,650	(109,111)	1,336,486	155	1,014,286	(288,543)	(5,246)
22		281,616	(2,800)	(3,000)	(91,773)	(14,654)	(6,480)	2,475	(111,240)	1,171,486	147	1,014,286	(388,857)	(6,480)
23		(286,267)	(2,800)	(3,000)	(91,773)	(14,654)	(7,714)	2,300	(113,389)	1,002,486	139	1,014,286	(489,171)	(7,714)
24		313,686	(2,800)	(3,000)	(91,773)	(14,654)	(8,948)	2,125	(115,558)	828,486	131	1,014,286	(589,486)	(8,948)
25		(328,240)	(2,800)	(3,000)	(91,773)	(14,654)	(10,182)	1,950	(117,737)	653,486	123	1,014,286	(689,800)	(10,182)
26		345,185	(2,800)	(3,000)	(91,773)	(14,654)	(11,416)	1,775	(119,936)	473,486	115	1,014,286	(790,114)	(11,416)
27		(359,259)	(2,800)	(3,000)	(91,773)	(14,654)	(12,650)	1,600	(122,155)	293,486	107	1,014,286	(890,428)	(12,650)
28		376,672	(2,800)	(3,000)	(91,773)	(14,654)	(13,884)	1,425	(124,394)	109,486	99	1,014,286	(990,742)	(13,884)
29		391,249	(2,800)	(3,000)	(91,773)	(14,654)	(15,118)	1,250	(126,653)	(80,486)	91	1,014,286	(1,091,056)	(15,118)
30		(405,871)	(2,800)	(3,000)	(91,773)	(14,654)	(16,352)	1,075	(128,932)	(260,486)	83	1,014,286	(1,191,370)	(16,352)
31		408,183	(2,800)	(3,000)	(91,773)	(14,654)	(17,586)	900	(131,241)	(460,486)	75	1,014,286	(1,291,684)	(17,586)
32		409,433	(2,800)	(3,000)	(91,773)	(14,654)	(18,820)	725	(133,580)	(660,486)	67	1,014,286	(1,392,000)	(18,820)
33		411,639	(2,800)	(3,000)	(91,773)	(14,654)	(20,054)	550	(135,939)	(860,486)	59	1,014,286	(1,492,314)	(20,054)
34		(416,439)	(2,800)	(3,000)	(91,773)	(14,654)	(21,288)	375	(138,318)	(1,060,486)	51	1,014,286	(1,592,628)	(21,288)
35		411,639	(2,800)	(3,000)	(91,773)	(14,654)	(22,522)	200	(140,717)	(1,260,486)	43	1,014,286	(1,692,942)	(22,522)
36		410,439	(2,800)	(3,000)	(91,773)	(14,654)	(23,756)	25	(143,136)	(1,460,486)	35	1,014,286	(1,793,256)	(23,756)

	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	Yr. 10	Yr. 11	Yr. 12	Yr. 13	Yr. 14	Yr. 15	Yr. 16	Yr. 17
<b>Bond Amortization</b>	19,725,334	19,541,618	19,347,199	19,141,457	18,923,729	18,693,319	18,449,488	18,191,453	17,918,388	#####	17,373,613	16,999,996	16,657,529	16,295,112	15,911,585	15,505,718	15,076,209
Interest Payment	1,149,001	1,138,299	1,126,974	1,114,990	1,102,307	1,088,886	1,074,683	1,059,652	1,043,746	1,026,914	1,009,100	990,250	970,301	949,190	926,850	903,208	878,189
Principal Payment	183,717	194,418	205,743	217,227	230,410	243,831	258,035	273,065	288,971	305,804	323,617	342,468	362,416	383,527	405,867	429,509	454,528
Ending Balance	19,541,618	19,347,199	19,141,457	18,923,729	18,693,319	18,449,488	18,191,453	17,918,388	17,629,417	#####	16,999,996	16,657,529	16,295,112	15,911,585	15,505,718	15,076,209	14,621,681
	this is the cost/lease-up period																
<b>CalHFA Help Loan</b>	1,500,000	1,369,154	1,234,383	1,095,569	952,590	805,322	653,636	497,399	336,476	170,724							
Interest Payment	45,000	41,075	37,031	32,867	28,578	24,160	19,609	14,922	10,094	5,122							
Principal Payment	130,846	134,771	138,814	142,979	147,268	151,686	156,237	160,924	165,751	170,724							
Ending Balance	1,369,154	1,234,383	1,095,569	952,590	805,322	653,636	497,399	336,476	170,724	(0)							
Repayment @ Conversion from Excess Reserves																	
<b>City Loan Principal Balance</b>	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000
Simple Interest Payment	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000
Unpaid Interest (not accruing yrs 1-5)																	
Principal Payment																	
Ending Balance	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000
accrued city interest during const & leaseup	996,000																
<b>Development Fee Deferral</b>																	
Amount repaid																	
Amount Outstanding																	
Interest accrued on amt outstanding																	
Balance owing, including interest																	
<b>Operating Reserve Accruals</b>	1,084,281	1,129,154	1,175,844	1,224,425	1,274,973	1,327,566	1,382,286	1,439,220	1,498,455	1,560,085	1,624,205	1,690,917	1,760,322	1,832,531	1,907,654	1,985,810	2,067,120
Deposit amount	28,186	29,313	30,486	31,705	32,974	34,293	35,664	37,091	38,574	40,117	41,722	43,391	45,127	46,932	48,809	50,761	52,792
Ending Balance	1,112,467	1,158,467	1,206,330	1,256,131	1,307,946	1,361,858	1,417,950	1,476,310	1,537,030	1,600,202	1,665,928	1,734,308	1,805,449	1,879,462	1,956,463	2,036,572	2,119,912
Interest Earnings	16,687	17,377	18,095	18,842	19,619	20,428	21,269	22,145	23,055	24,003	24,989	26,015	27,082	28,192	29,347	30,549	31,799
Adjusted Ending Balance	1,129,154	1,175,844	1,224,425	1,274,973	1,327,566	1,382,286	1,439,220	1,498,455	1,560,085	1,624,205	1,690,917	1,760,322	1,832,531	1,907,654	1,985,810	2,067,120	2,151,711
<b>Replacement Reserve Balance</b>	75,000	108,098	141,691	175,789	210,399	245,527	281,183	317,373	354,106	391,390	429,233	467,644	506,631	546,203	586,369	627,137	668,517
Deposit Amount	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Ending Balance	106,500	139,598	173,191	207,289	241,899	277,027	312,683	348,873	385,606	422,890	460,733	499,144	538,131	577,703	617,869	658,637	700,017
Interest Earnings	1,598	2,094	2,598	3,109	3,628	4,155	4,690	5,233	5,784	6,343	6,911	7,487	8,072	8,666	9,268	9,880	10,500
Adjusted Ending Balance	108,098	141,691	175,789	210,399	245,527	281,183	317,373	354,106	391,390	429,233	467,644	506,631	546,203	586,369	627,137	668,517	710,517
<b>Additional Reserves (affordability)</b>																	
Beginning Balance			35,165	120,897	264,342	474,420	755,300	1,110,751	1,687,496	2,348,994	3,099,564	3,942,539	4,883,771	5,928,158	7,080,812	8,347,063	9,732,470
Deposit Amount		34,645	83,945	139,538	203,067	269,718	339,036	551,806	626,784	704,763	784,711	869,057	956,779	1,048,012	1,142,895	1,241,577	1,344,208
Interest Earnings		520	1,787	3,907	7,011	11,162	16,415	24,938	34,714	45,806	58,264	72,174	87,608	104,643	123,356	143,830	166,150
Adjusted Ending Balance		35,165	120,897	264,342	474,420	755,300	1,110,751	1,687,496	2,348,994	3,099,564	3,942,539	4,883,771	5,928,158	7,080,812	8,347,063	9,732,470	11,242,827

PAGE 6: RESERVE & LOAN BALANCES

	Yr. 18	Yr. 19	Yr. 20	Yr. 21	Yr. 22	Yr. 23	Yr. 24	Yr. 25	Yr. 26	Yr. 27	Yr. 28	Yr. 29	Yr. 30
<b>Bond Amortization</b>	14,621,681	14,140,676	13,631,653	13,092,980	12,522,929	11,919,672	11,281,275	10,605,692	9,890,757	9,134,176	8,333,625	7,486,235	6,589,591
<b>Interest Payment</b>	851,713	823,694	794,044	762,666	729,461	694,321	657,134	617,782	576,137	532,066	485,428	436,073	383,844
<b>Principal Payment</b>	481,004	509,023	538,673	570,051	603,257	638,396	675,583	714,936	756,581	800,652	847,289	896,644	948,874
<b>Ending Balance</b>	14,140,676	13,631,653	13,092,980	12,522,929	11,919,672	11,281,275	10,605,692	9,890,757	9,134,176	8,333,625	7,486,235	6,589,591	5,640,717
<b>CalHFA Help Loan</b>													
<b>Interest Payment</b>													
<b>Principal Payment</b>													
<b>Ending Balance</b>													
<b>Repayment @ Conversion from Excess Reserves</b>													
<b>City Loan Principal Balance</b>	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000
<b>Simple Interest Payment</b>	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000	249,000
<b>Unpaid Interest (not accruing yrs 1-5)</b>													
<b>Principal Payment</b>													
<b>Ending Balance</b>	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000	2,490,000
<i>accrued city interest during const &amp; leaseup</i>													
<b>Development Fee Deferral</b>													
<b>Amount repaid</b>													
<b>Amount Outstanding</b>													
<b>Interest accrued on amt outstanding</b>													
<b>Balance owing, including interest</b>													
<b>Operating Reserve Accruals</b>	2,151,711	2,239,714	2,331,265	2,426,509	2,525,592	2,628,669	2,735,899	2,847,450	2,963,495	3,084,214	3,209,794	3,340,430	3,476,326
<b>Deposit amount</b>	54,904	57,100	59,384	61,759	64,229	66,799	69,470	72,249	75,139	78,145	81,271	84,521	87,902
<b>Ending Balance</b>	2,206,614	2,296,813	2,390,649	2,488,268	2,589,821	2,695,467	2,805,370	2,919,699	3,038,634	3,162,358	3,291,064	3,424,952	3,564,228
<b>Interest Earnings</b>	33,099	34,452	35,860	37,324	38,847	40,432	42,081	43,795	45,580	47,435	49,366	51,374	53,463
<b>Adjusted Ending Balance</b>	2,239,714	2,331,265	2,426,509	2,525,592	2,628,669	2,735,899	2,847,450	2,963,495	3,084,214	3,209,794	3,340,430	3,476,326	3,617,692
<b>Replacement Reserve Balance</b>	710,517	753,147	796,417	840,336	884,913	930,159	976,084	1,022,698	1,070,011	1,118,034	1,166,777	1,216,251	1,266,467
<b>Deposit Amount</b>	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
<b>Ending Balance</b>	742,017	784,647	827,917	871,836	916,413	961,659	1,007,584	1,054,198	1,101,511	1,149,534	1,198,277	1,247,751	1,297,967
<b>Interest Earnings</b>	11,130	11,770	12,419	13,078	13,746	14,425	15,114	15,813	16,523	17,243	17,974	18,716	19,470
<b>Adjusted Ending Balance</b>	753,147	796,417	840,336	884,913	930,159	976,084	1,022,698	1,070,011	1,118,034	1,166,777	1,216,251	1,266,467	1,317,437
<b>Additional Reserves (affordability)</b>													
<b>Beginning Balance</b>	11,242,827	12,884,180	14,662,828	16,585,340	18,658,565	20,889,641	23,286,008	25,855,421	28,605,964	31,546,059	34,684,485	38,030,389	41,593,304
<b>Deposit Amount</b>	1,450,946	1,561,956	1,677,409	1,797,483	1,922,362	2,052,239	2,187,314	2,327,794	2,473,897	2,625,848	2,783,879	2,948,235	3,119,168
<b>Interest Earnings</b>	190,407	216,692	245,104	275,742	308,714	344,128	382,100	422,748	466,198	512,579	562,025	614,679	670,687
<b>Adjusted Ending Balance</b>	12,884,180	14,662,828	16,585,340	18,658,565	20,889,641	23,286,008	25,855,421	28,605,964	31,546,059	34,684,485	38,030,389	41,593,304	45,383,159