CHFFA REVENUE BOND FINANCING PROGRAM
EXECUTIVE SUMMARY

Applicant:	Northern California Presbyterian Homes & Services, Inc. ("NCPHS") 1525 Post Street San Francisco, CA 94109 San Francisco County (Corporate Headquarters)	**Amount Requested:** **Requested Loan Term:** **Authority Meeting Date:** **Resolution Number:**	$80,000,000 Up to 40 years February 26, 2015 400

Project Sites: See Exhibit 4
Facility Type: Independent living, assisted living and skilled nursing facilities
Government Code 15432 (d) (3) and 15432(d)(14)
Prior Borrower: Yes (date of last CHFFA issue, 2004)

Background: Founded in 1965 and headquartered in San Francisco, California, NCPHS is a California nonprofit public benefit corporation, which provides housing and community service programs for older adults. Its mission is to improve the quality of life of older persons from all economic levels and cultural backgrounds. NCPHS is the sole corporate member of four affiliated nonprofit corporations. NCPHS presently operates three residential housing facilities for seniors and three continuing care retirement communities. The historical occupancy at NCPHS has averaged 97% over the last five years. (See Exhibit 3 for additional background, governance, and licensing information).

Use of Proceeds: Bond proceeds will be used to refund the outstanding CHFFA 1998 Series and 2004 Series Revenue Bonds. In addition, NCPHS plans to finance electrical and air conditioning infrastructure upgrades at two of its facilities. Net present value savings resulting from the refunding of the fixed rate Series 1998 Bonds are expected to be approximately $1.7 million. The refunding of the variable rate Series 2004 will eliminate the cost of the letter of credit.

Type of Issue:	Negotiated public offering with fixed rate bonds (Expected minimum denominations of $5,000)
Credit Enhancement:	Cal-Mortgage Insurance (Pending approval)
Expected Credit Rating:	A+ (S&P) based on Cal-Mortgage insurance
Financing Team:	*Please see Exhibit 1 to identify possible conflicts of interest*

Financial Overview: NCHPS' income statement appears to exhibit improving operating results over the review period. NCPHS appears to have an improving financial position with a proforma operating debt service coverage ratio of 1.95x.

Estimated Sources of Funds:		**Estimated Uses of Funds:**	
Bond proceeds	$ 80,000,000	Refinance CHFFA bonds	$ 50,310,000
NCPHS' funds	18,060,000	Infrastructure upgrades	38,525,000
		Debt service reserve fund	4,913,952
		Cal-Mortgage insurance	3,065,342
		Financing costs	1,245,706
Total Estimated Sources	$ 98,060,000	**Total Estimated Uses**	$ 98,060,000

Due Diligence: Staff has received and reviewed the Eligibility, Legal Review, Religious Due Diligence, Savings Pass Through, Seismic, Iran Contracting Act Certification, and CEQA documentation. All documentation satisfies the Authority's requirements.

Staff Recommendation: Staff recommends the Authority approve Resolution Number 400 in an amount not to exceed $80,000,000 subject to the conditions in the resolution, including an approval by Cal-Mortgage insurance. Macias Gini & O'Connell, LLP, the Authority's financial analyst, and Fieldman, Rolapp & Associates, Inc. the Authority's financial advisor, concur with the Authority's staff recommendation.

(BMS/CA)

I. PURPOSE OF FINANCING:

NCPHS intends to benefit from current low interest rates to refund the outstanding existing CHFFA bond series and to finance the renovation, improvement, and equipping of certain facilities. According to NCPHS' management, the refunding of the fixed rate Series 1998 Bonds is expected to result in net present value savings of approximately $1.7 million and refunding the variable rate Series 2004 will eliminate the cost of a letter of credit and the risk of rising interest rates in the future. A portion of the bond proceeds will be used for renovations and electrical infrastructure capital improvements at two of its facilities, which have undergone capital improvements over the last three years.

Refund CHFFA Bonds**... *$50,310,000***

NCPHS plans to refund the following two prior CHFFA tax-exempt bond issues:

California Health Facilities Financing Authority Revenue Bonds
(Northern California Presbyterian Homes & Services, Inc.) 1998 Series
A portion of the bond proceeds was used to refund bonds previously issued for NCPHS and to finance capital improvements at three of NCPHS' facilities. The total original issue amount was $25 million. The outstanding par amount to be refunded for the 1998 Series bonds is approximately $16.4 million.

California Health Facilities Financing Authority Revenue Bonds
(Northern California Presbyterian Homes & Services, Inc.) 2004 Series
A portion of the bond proceeds was used for the construction and equipping of certain capital improvements at three of NCPHS' facilities. The total original issue amount was $43 million and the outstanding par amount to be refunded is approximately $33.9 million.

Infrastructure upgrades **... *38,525,000***

A portion of the bond proceeds will be used to finance capital expenditures at the two facilities, which were constructed more than 45 years ago and have been upgraded numerous times to maintain physical integrity and market competitiveness. Electrical infrastructure and air conditioner capital improvements will add value and comfort to these facilities, located at 1400 Geary Blvd, San Francisco; and 501 Via Casitas, Greenbrae.

Debt Service Reserve Fund **... *4,913,952***

Cal-Mortgage Insurance **... *3,065,342***

Financing costs **... *1,245,706***

- *Estimated cost of issuance................................ $825,541*
- *Underwriter's discount.................................... 420,165*

Total Estimated Uses of Funds **.. *$98,060,000***

II. PROPOSED COVENANTS, SECURITY PROVISIONS AND DISCLOSURES:

After reviewing NCPHS' credit profile, including its current financial profile, prior bond transactions and considering what the market will support, NCPHS, Fieldman, Rolapp & Associates, Inc. (the Authority's financial advisor), and the underwriter have concluded the covenants listed below balance the interests of NCPHS, the Authority, and the investors and are consistent with covenants that have applied to NCPHS' prior bond transactions and that the NCPHS' current financial situation does not suggest additional covenants should be required.

Cal Mortgage Insurance. The primary security for this transaction is insurance from the Office of Statewide Health Planning and Development Cal Mortgage Insurance Program ("Insurance") covering payment of principal and interest on the 2015 Bonds. This is the first transaction of NCPHS involving Cal-Mortgage and following completion of this proposed 2015 transaction, the only NCPHS bonds that will be outstanding are the 2015 bonds.

Deed of Trust (Construction Trust Deed and Fixture Filing). As is required by the Insurance Law, NCPHS will execute a Deed of Trust with Fixture Filing and Security Agreement covering all of its major revenue-producing properties, equipment and intangible assets which are pledged to the Trustee, as assignee of the Authority, and the Cal Mortgage. One of the Facilities operated by NCPHS is on real property that is owned by an affiliate, Ross Valley Homes, and Ross Valley Homes will execute a Deed of Trust with Fixture Filing and Security Agreement for the benefit of the Trustee, as assignee of the Authority, and Cal Mortgage. Cal Mortgage can release properties or assets from either Deed of Trust without consent from the Authority or Bondholders.

Guaranty Agreement. Ross Valley Homes will also execute a Guaranty Agreement with the Authority, guaranteeing the due and punctual payment by NCPHS of all amounts due under the Loan Agreement.

Bond Reserve Account. There will be a bond reserve account for the 2015 bonds funded at Maximum Annual Bond Service for the 2015 Bonds. If the reserve is ever tapped for a bond payment, NCPHS is required to deposit amounts to the reserve to maintain it at the required level within 12 months.

The following covenants are also applicable for this transaction (any covenants in the Regulatory Agreement may be amended or waived with consent of Cal Mortgage without consent from the Authority or the Bondholders):

Unconditional Promise to Pay. NCPHS agrees to pay the Trustee all amounts required for principal, interest or redemption premium, if applicable, and other payments and expenses designated in the Loan Agreement. All Revenues (which will include payments under the Loan Agreement) and any other amounts held in one of the designated funds or accounts under the Bond Indenture are pledged to secure the full payment of the 2015 bonds. [Loan Ag. Sec. 3.1; Indenture. Sec. 5.1]

Pledge of Gross Revenues. NCPHS pledges to deposit all revenues, income, receipts and money received into a Gross Revenue Fund over which the Trustee has a deposit account agreement for the benefit of bondholders and Cal Mortgage. [Loan Ag. Sec. 3.3]

Negative Pledge Against Prior Liens. NCPHS agrees not to create, assume or permit any lien or security interest upon the Facilities or the Gross Revenues other than Permitted Encumbrances. [Loan Agreement Sec. 5.6; Regulatory Agreement Sec. VIII]

Debt Service Coverage Requirement. The Regulatory Agreement contains a debt service coverage requirement based on 1.25 times maximum aggregate annual debt service. [Regulatory Agreement Sec. VII.A]

Additional Debt Limitation. NCPHS agrees not to incur additional Indebtedness unless authorized by various financial performance or projection measures set out in the Regulatory Agreement [Regulatory Agreement Sec. IX].

Limitations on Mergers, Sales or Conveyances. NCPHS agrees not to merge or consolidate with any other entity or sell or convey all or substantially all of its assets to any Person unless authorized by various limiting measures in the Regulatory Agreement. [Regulatory Agreement Sec. VI]

Disposition of Cash and Property Limitations. The Regulatory Agreement does not permit NCPHS to sell, lease or dispose of any property, plant or equipment or cash or cash equivalents unless authorized by various limiting measures. [Regulatory Agreement Sec. X]

Limitations on Acquisition of Plant, Property and Equipment (PPE). The Regulatory Agreement requires NCPHS to deliver certain certifications and obtain the consent of the Office before it acquires PP&E with certain defined exceptions [Regulatory Agreement Sec. XI].

Comply with SEC Rule 15c2-12. Under the continuing disclosure agreement and in order to assist the underwriter in complying with SEC Rule 15c2-12, NCPHS will contractually agree to disclose designated financial and operating information to the SEC web site (EMMA) during the life of the 2015 bonds on an annual/quarterly basis and to report designated "material events" such as missed debt service payments, any change in bond ratings, defeasance, redemptions, etc.

Staff and Fieldman, Rolapp & Associates, Inc. have reviewed the entirety of this financing package and find it to be acceptable.

III. FINANCIAL STATEMENTS AND ANALYSIS:

Northern California Presbyterian Homes and Services, Inc.
Consolidated Statements of Operations (000's)
(Unrestricted)

	Period Ending December 31, 2013	2012	2011
Operating revenues and support			
Revenues			
Resident fees*	$ 53,055	$ 50,868	$ 49,880
Amortization of entrance fees	13,870	14,437	12,699
Fees for servcies and other income	12,617	12,009	12,037
Investment income including realized gains and losses on inves	5,364	2,729	1,315
Gain (loss) on interest rate swap	625	155	(536)
	85,531	80,198	75,395
Support			
Contributions	379	183	807
Net assets released from restrictions	3,134	2,290	1,361
Total operating revenues and support	89,044	82,671	77,563
Expenses			
Program expenses			
Housing			
Program	18,263	18,028	18,075
Interest expense	2,296	2,293	2,399
Depreciation	8,660	8,202	8,209
Food service	12,926	12,619	12,110
Health care	19,088	18,345	18,225
Other program services	16,787	15,074	14,387
	78,020	74,561	73,405
Program support expense			
Administration	8,189	7,342	6,670
Depreciation	315	344	422
	8,504	7,686	7,092
Total expenses	86,524	82,247	80,497
Change in unrestricted net assets from operations	2,520	424	(2,934)
Other changes			
Unrealized gains (losses) on investments	4,238	3,504	(2,148)
Grants transferred for programs and facilities	-	-	(9)
Change in additional minimum pension liability	13,084	304	(11,288)
Change in non-controlling interest	43	-	-
Other	46	22	44
Increase (decrease) in unrestricted net assets	19,931	4,254	(16,335)

(Continued)

(Continued)

Northern California Presbyterian Homes and Services, Inc.
Consolidated Statements of Operations (000's)
(Unrestricted)

	Period Ending December 31,		
	2013	**2012**	**2011**
Unrestricted net assets			
Change in unrestricted net assets from operations	2,520	424	(2,934)
Unrealized gains (losses) on investments	4,238	3,504	(2,148)
Grants transferred for programs and facilites	-	-	(9)
Change in minimum pension liability	13,084	304	(11,288)
Change in non-controlling interest	43	-	-
Other	46	22	44
Increase (decrease) in unrestricted net assets	19,931	4,254	(16,335)
Temporarily restricted net assets			
Contributions	3,183	1,293	946
Investment income	514	746	480
Change in value of split-interest agreements	713	944	(247)
Unrealized gains from investments	740	365	(342)
Net assets relized from restrictions	(3,134)	(2,290)	(1,361)
Increase in temporarily restricted net assets	2,016	1,058	(524)
Permanently restricted assets			
Contributions	85	126	82
Change in value of spli-interest agreements	181	63	(2)
Increase in permanently restricted net assets	266	189	80
Increase in net assets	22,213	5,501	(16,779)
Net assets at the beginning of the year	(1,803)	(7,304)	9,475
Net assets at the end of the year	$ 20,410	$ (1,803)	$ (7,304)

***Resident fees for FY 2013**

Payor Source	**Percent**
Private Pay	94.8
Medicare	5.2
Total	100.0

Northern California Presbyterian Homes and Services, Inc.
Consolidated Balance Sheet ($000's)

	Period Ending December 31,		
	2013	**2012**	**2011**
Assets			
Current assets			
Cash and cash equivalents	$ 3,445	$ 2,857	$ 2,610
Marketable securities	75,564	69,699	61,288
Accounts, notes and interest receivable	3,632	3,251	4,920
Pledges receivable, net of allowance	86	25	16
Limited use assets	1,664	1,659	1,590
Prepaid expenses and other assets	1,183	1,144	1,071
Total current assets	85,574	78,635	71,495
Investments contractually limited for replacement reserves on properties financed by the US DHUD*, less current portion	4,292	1,999	2,921
Investments held in trust	12,940	11,363	10,866
Trust contributions receivable	539	529	874
Pledges receivable, net of allowance, less current portion	549	550	563
Deferred charges and other assets	830	876	923
Facilities, net of accumulate depreciation	135,275	125,416	122,414
	154,425	140,733	138,561
Total assets	$ 239,999	$ 219,368	$ 210,056
Liabilities and net assets			
Current liabilities			
Accounts payable	$ 7,754	$ 5,521	$ 5,731
Payroll and related taxes payable	5,587	5,024	5,803
Line of credit - unsecured	1,000	2,000	2,000
Current portion of long-term debt	3,449	3,581	2,357
Accrued interest payable	467	536	576
Refundable deposits	826	811	781
Entrance fees paid in advance	1,660	1,961	547
Other current liabilities	42	-	-
Total current liabilities	20,785	19,434	17,795
Long-term debt, less of current portion	62,378	55,286	58,856
Liability on refundable contracts	10,974	10,845	5,592
Liability for payments to trust beneficiaries	6,083	5,349	5,257
Pension liability	5,222	18,734	18,962
Unamortized entrance fees	104,700	101,723	100,879
Other long-term liabilities	9,447	9,800	10,019
	198,804 -	201,737 -	199,565
Total liabilities	219,589	221,171	217,360
Net assets			
Unrestricted net assets			
Controlling interest	(1,408)	(21,296)	(25,550)
Non-controlling interest	43	-	-
Total unrestricted net assets	(1,365)	(21,296)	(25,550)
Temporarily restricted net assets	14,590	12,574	11,516
Permanenetly restricted net assets	7,185	6,919	6,730
Total net assets	20,410	(1,803)	(7,304)
Total liabilities and net assets	$ 239,999	$ 219,368	$ 210,056

Financial Ratios:

	Proforma (a) FYE December 31, 2013	2013	2012	2011
Debt Service Coverage - Operating (x)	1.95	2.35	2.42	1.63
Debt Service Coverage - Net (x)	4.74	5.31	3.25	(1.07)
Debt to Unrestricted Net Assets (x)		(48.22)	(2.76)	(2.40)
Margin (%)		2.83	0.51	(3.78)
Current Ratio (x)		4.12	4.05	4.02

* US Department of Housing and Urban Development

Financial Discussion - Statement of Activities (Income Statement)

NCPHS' income statement appears to exhibit improving operating results over the review period.

NCPHS' operating margins exhibit an improving trend over the review period, resulting mainly from an increase in operating income from approximately $77.6 million in FY 2011 to approximately $89.0 million in FY 2013. Resident fees[1] revenue, which is NCPHS' main source of income, increased from approximately $49.9 million in FY 2011 to approximately $53.1 million in FY 2013, while expenses increased at a slower pace.

Particular Facts to Note:

- Total expenses increased at a steady pace from approximately $80.4 million in FY 2011 to $86.5 million in FY 2013, an increase of 7%. The increase appears to be driven mainly by an increase in administration costs and other program services. According to NCPHS' management, these increases in costs are a result of the exploration of new business opportunities, and the expansion of community service programs, in particular a transitional care program at San Francisco Senior Center.

- Administration expenses increased by 22% from approximately $6.7 million in FY 2011 to approximately $8.2 million in FY 2013 primarily due to full staffing in all administration departments including accounting, risk management, personnel and information technology, according to NCPHS' management.

- NCPHS' investment income registered a strong increase, from approximately $1.3 million in FY 2011 to approximately $5.4 million in FY 2013, due to an increase of unrealized gains on investments from a loss of approximately $2.1 million in FY 2011 to a gain of approximately $4.2 million in FY 2013. NCPHS' management attributes the increase to its investment policy, which provides for an asset allocation of 60% equities, 40% fixed income, and the overall increase in equity markets.

- Net assets released from restrictions increased from approximately $1.3 million in FY 2011 to $3.1 million in FY 2013. This increase is attributed to donor support received for a capital improvement project of a new memory care unit in San Francisco, according to NCPHS' management.

- According to NCPHS' management, the increase in unrestricted net assets from a negative $16.3 million to a gain of approximately $20 million can be attributed mainly to an improvement in the funded status of the pension plan.

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[1] Monthly fees for services and use of facilities paid by residents. Resident fees are subject to adjustment for changes in operating costs or other economic reasons.

Financial Discussion - Statement of Financial Position (Balance Sheet)

NCPHS appears to have an improving financial position with a proforma operating debt service coverage ratio of 1.95x over the review period.

NCPHS appears to exhibit an improving financial position, with total unrestricted net assets significantly recovering from approximately a negative $25.5 million in FY 2011 to a negative $1.3 million in FY 2013. NCPHS' management attributes this recovery primarily to a better operating performance, improvement in the funded status of the pension plan and good investment performance.

Particular Facts to Note:

- NCPHS registered an increase in cash and cash equivalents from approximately $2.6 million in FY 2011 to $3.4 million in FY 2013. NCPHS' management attributes the increase in cash balances to operating surpluses in FY 2012 and FY 2013 and strong entrance fee resale as new residents moved into NCPHS' communities.

- Marketable securities also exhibit an increase over the review period from approximately $61.3 million in FY 2011 to $75.6 million in FY 2013. NCPHS' management considers the increase is mainly attributed to the strong investment performance of the markets. Investment income including unrealized gains totaled $15.8 million over FY 2012 and FY 2013.

- Pension liability decreased from approximately $19 million in FY 2011 to $5.2 million in FY 2013, primarily due to a modified pension benefit formula in FY 2012, reducing it by 33%, according to NCPHS' management.

IV. DUE DILIGENCE:

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

- **Section 15438.5(a) of the Act (Savings Pass Through):** NCPHS properly completed and submitted the "Pass-Through Savings Certification" in addition to a narrative explaining how it intends to pass along savings**.**

  NCPHS and its facilities are multi-level facilities and the health facility component of each facility is of a size and type designed to serve the healthcare needs of the residents of the facility. NCPHS is a continuing care retirement community provider offering life care contracts to its residents. Under the life care contract, residents can access skilled nursing care by continuing to pay the rate applicable to their independent living apartment. If the resident becomes unable to pay, financial assistance is provided.

  During 2013, NCPHS allocated $656,777 to the Continuing Care Retirement Communities, affordable housing communities and community service programs for support of services that improve the quality of life for people. NCPHS provides an integrated, comprehensive coordination of care that stabilizes, supports, and monitors clients who need long- or short-term care until they can manage independently or appropriate services are located and arranged for them. Case management includes client intake and assessment, service arrangement, care planning and monitoring, counseling and referrals, and focuses on assessing seniors' needs and seeking programs and providers to meet those needs. The following NCPHS funded programs help tens of thousands of Bay Area seniors:

  1. WellElder® serves 600 people annually through linkage with other home, community-based health services. NCPHS provides social workers to 25 low-income communities who, in turn, work individually with residents to connect them with transportation, meals, mental health services and other referrals.

  2. The San Francisco Senior Center offers critical programs and services to older adults with a goal of helping seniors to age in place. Offerings include a hot nutritious lunch, computer classes, fitness classes, socialization, social services, and information and assistance.

  3. Aquatic Park and Downtown promote wellness and engagement to 2,000 participants annually. Last year 30,560 meals were served to SFSC clients. The Downtown Center provides a safe, enriching environment for seniors of the Tenderloin. Outreach to surrounding housing offers basic services to those most at-risk. The Living Well project encourages seniors to develop goals for improved health.

  4. San Francisco Transitional Care Program helps seniors discharged from hospitals who are at risk of readmission by offering services that help to ensure a safe return home. Partners include eight San Francisco hospitals and nine community-based organizations. This bridge to normal life saves lives and alleviates suffering while reducing Medicare costs.

Below is the link for NCPHS' community service programs*:*

http://ncphs.org/community-service-programs

- **Section 15491.1 of the Act (Community Service Requirement):** NCPHS participates in the Medicare program for eligible Part A and Part B services, but the income and asset levels of the residents of NCPHS do not permit them to qualify for Medi-Cal. The life care program offered at NCPHS provides and subsidizes nursing care when needed. The nursing care is at no additional cost to the residents above the entrance fee and monthly service fee.

- **Compliance with Seismic Regulations:** Compliance with seismic regulations is only required for acute care hospitals.

- **Compliance with Section 15455(b) of the Act (California Environmental Quality Act):** The requirement to provide CEQA documentation does not apply to the refunding of prior CHFFA bonds and the capital improvements projects are exempt from CEQA.

- **Religious Affiliation Due Diligence:** NCPHS properly completed and submitted relevant documentation to meet the religious due diligence requirement.

- **Legal Review:** NPCHS properly completed and submitted relevant documentation for the Authority's Legal Questionnaire.

- **Iran Contracting Act Certificate:** NPCHS properly submitted the certificate to the Authority.

EXHIBIT 1

FINANCING TEAM

Northern California Presbyterian Homes & Services, Inc.

Borrower:	Northern California Presbyterian Homes & Services, Inc.
Issuer's Agent for Sale:	California State Treasurer
Issuer's Counsel:	Office of the Attorney General
Issuer's Financial Advisor:	Fieldman, Rolapp & Associates, Inc.
Issuer's Financial Analyst:	Macias Gini & O'Connell, LLP
Bond Counsel:	Orrick, Herrington & Sutcliffe, LLP
Borrower's Counsel:	Meyers Nave Riback Silver & Wilson
Underwriter:	Bank of America Merrill Lynch
Underwriter's Counsel:	Sidley Austin, LLP
Auditor:	PricewaterhouseCoopers, LLP
Bond Insurer:	Office of Statewide Health Planning and Development (Cal-Mortgage)
Feasibility Consultant:	Hendrickson Consulting
Trustees:	Bank of New York Mellon Trust Company
Rating Agency:	Standard & Poor's Ratings Services

EXHIBIT 2

OUTSTANDING DEBT

Date Issued	Original Amount	Amount Outstanding [a] As of December 31, 2013	Estimated Amount Outstanding after Proposed Financing
-EXISTING LONG-TERM DEBT:			
CHFFA Revenue Bonds, 1998 Series	$ 25,000,000	$ 17,195,000	$ -
CHFFA Revenue Bonds, 2004 Series	43,000,000	35,000,000	-
US Department of Housing and Urban Development loan		13,632,000	13,632,000
- PROPOSED NEW DEBT:			
CHFFA Revenue Bonds, Series 2015			**80,000,000**
- TOTAL DEBT		**$ 65,827,000**	**$ 93,632,000**

(a) Includes current portion of long-term debt.

EXHIBIT 3

BACKGROUND, GOVERNANCE AND LICENSURE

Background

Founded in 1965 and headquartered in San Francisco, California, NCPHS is a California nonprofit public benefit corporation, which provides housing and community service programs for older adults. NCPHS's mission is to improve the quality of life of older persons from all economic levels and cultural backgrounds who are in need of housing, healthcare, food, wellness and other community services. NPCHS administers three continuing care retirement communities, three residential housing communities, which receive federal support, and a portfolio of community service programs that promote the health and wellbeing of low-income seniors who live independently and in senior communities.

NCPHS presently operates continuing care facilities for the care of elderly persons at three locations: the Sequoias-San Francisco, the Sequoias-Portola Valley and the Tamalpais-Ross Valley Homes. It also operates residential housing facilities for the elderly at four locations: Western Park Apartments, Eastern Park Apartments, Town Park Towers, and the Woods.

NCPHS is the sole corporate member of four affiliated nonprofit corporations: Ross Valley Homes, Inc., Senior Services for Northern California, Inc, NCPHS Community Services and San Francisco Senior Center. The Corporation is also the sole member of a for-profit limited liability company, NCP Senior Ventures, LLC

Ross Valley Homes, Inc. (RVH) holds legal title to the Tamalpais, a continuing care retirement community in Greenbrae, California. RVH was organized in 1965 and was responsible for the construction and initial management of the Tamalpais. NCPHS became the sole corporate member of RVH in 1984 and presently manages the Tamalpais under an operating agreement, pursuant to which NCPHS has the exclusive right to operate the Tamalpais and to collect and use all revenues. NCPHS also owns the Woods, a manufactured home park for seniors located on 37 acres near Mendocino, California.

Senior Services for Northern California was established by the NCPHS' board of directors in 1987, and its purpose is to receive and maintain gifts of money and property and make distributions to NCPHS' facilities and related activities.

NCPHS Community Services was formed in 2011 to administer the community service programs. San Francisco Senior Center was acquired by NCPHS in 2011 and provides services to seniors in San Francisco.

The purpose of NCP Senior Ventures, formed in 2008, is to engage in the business of the acquisition, investment, development, ownership, management, operation and sale of real estate.

Only the Corporation is obligated under the Loan Agreement, and only the assets, liabilities and revenues of the Corporation and RVH will be pledged to secure payments with respect to the Bonds.

Governance

The governing body of NCPHS is the Board of Directors, consisting of up to twenty-one members. The by-laws require 33% of the Board must be a member of the Presbyterian Church. Members are elected to three-year terms and may serve two consecutive terms. After two terms, a member must vacate the Board for at least one year.

Licensure and Memberships

NCPHS holds the following licenses: (a) a license to operate residential care facilities for the elderly issued by Social Services and (b) a license to operate skilled nursing facilities issued by the California Department Public Health.

Affiliation

NCPHS' is exploring a potential affiliation with Episcopal Senior Communities, a California nonprofit public benefit corporation headquartered in Walnut Creek, California, which operates 10 senior living facilities (continuing care retirement communities and affordable housing) in Northern California. It is expected that the affiliation will be accomplished in May 2015 and each organization plans to retain financial autonomy.

EXHIBIT 4

PROJECT

The proposed capital project includes renovations and upgrades at the Sequoias San Francisco and the Tamalpais Greenbrae continuing care facilities for the elderly. The project entails upgrades to the electrical infrastructure and air conditioner. The project represents a continuation of approximately $15 million spent at the Sequoias and the Tamalpais facilities over the last three years. The upgrades are intended to maintain physical integrity and market competitiveness.

The renovation will take place at the facilities located at the following addresses:

- The Sequoias – San Francisco, 1400 Geary Boulevard, San Francisco, California 94109;

- The Tamalpais, 501 Via Casitas, Greenbrae, California 94904.

The project also includes refunding of the outstanding CHFFA 1998 Series and 2004 Series Revenue Bonds, the proceeds of which were used for capital improvement projects at NCPHS' facilities.

RESOLUTION NO. 400

RESOLUTION OF THE CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
AUTHORIZING THE ISSUANCE OF
INSURED REVENUE BONDS
RELATED TO THE FINANCING AND REFINANCING OF
PROJECTS AT THE HEALTH FACILITIES OPERATED BY
NORTHERN CALIFORNIA PRESBYTERIAN HOMES AND SERVICES, INC.

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

WHEREAS, Northern California Presbyterian Homes and Services, Inc., is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Borrower"), which owns and/or operates health facilities in the State of California; and

WHEREAS, the Authority has previously issued its Revenue Bonds (Northern California Presbyterian Homes and Services), Series 1998 (the "1998 Bonds"), in the aggregate principal amount of $25,000,000 of which $16,400,000 currently is outstanding, and loaned the proceeds thereof to the Borrower to finance and refinance indebtedness incurred thereby in connection with the improvements and additions of certain health facilities, as more particularly described under the caption "1998 Project" in Exhibit A hereto (the "1998 Project"); and

WHEREAS, the Authority has previously issued its Variable Rate Revenue Bonds (Northern California Presbyterian Homes and Services), Series 2004 (the "2004 Bonds" and, together with the 1998 Bonds, the "Prior Bonds"), in the aggregate principal amount of $43,000,000 of which $33,900,000 currently is outstanding, and loaned the proceeds thereof to the Borrower to finance and refinance indebtedness incurred thereby in connection with the acquisition, construction, remodeling, equipping and renovation of certain health facilities, as more particularly described under the caption "2004 Project" in Exhibit A hereto (the "2004 Project"); and

WHEREAS, the Borrower has requested that the Authority issue one or more series of its revenue bonds in an aggregate principal amount not to exceed $80,000,000, and make one or more loans of the proceeds thereof to the Borrower to (i) refund all of the outstanding Prior Bonds, (ii) finance the acquisition, construction, improvement, equipping and renovation of certain health facilities owned and/or operated by the Borrower, as more particularly described under the caption "2015 Project" in Exhibit A hereto (the "2015 Project" and, together with the 1998 Project and the 2004 Project, the "Project"), (iii) pay an insurance premium and related fees to the Office of Statewide Health Planning and Development of the State of California (the "Office") and other costs of issuance of the Bonds (as defined below), and (iv) fund a bond reserve fund for the Bonds;

WHEREAS, a portion of the health facilities of the 2015 Project is owned by Ross Valley Homes (the "Guarantor"), an affiliate of the Borrower and a nonprofit public benefit corporation duly organized and existing under the laws of the State of California;

WHEREAS, the Guarantor will, pursuant to the Guaranty Agreement (as hereinafter defined), guarantee the due and punctual payment by the Corporation of all amounts due under the Loan Agreement (as hereinafter defined);

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

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

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

SECTION 1. Pursuant to the Act, revenue bonds of the Authority designated as the "California Health Facilities Financing Authority Insured Revenue Bonds (Northern California Presbyterian Homes and Services), Series 2015" (the "Bonds"), in an aggregate principal amount not to exceed $80,000,000, are hereby authorized to be issued from time to time, in one or more series, with such other name or names of the Bonds or series thereof as designated in the indenture pursuant to which the Bonds will be issued. The proceeds of the Bonds shall be used for any or all of the purposes set forth in the fifth recital above.

SECTION 2. The Treasurer of the State of California (the "Treasurer") is hereby authorized to enter into agreements to sell the Bonds in one or more series, on one or more sale dates at any time prior to the first anniversary of the date of this Resolution, at private sale, in such aggregate principal amounts (not to exceed the aggregate principal amount set forth in Section 1) and in such series, at such prices (so long the discount on the Bonds sold shall not exceed 6 percent of the par value thereof) and at such interest rate or rates and upon such other terms and conditions as the Treasurer, with the advice and consent of the Borrower, may determine.

SECTION 3. The following documents:

(i) a Loan Agreement relating to the Bonds (the "Loan Agreement"), between the Authority and the Borrower,

(ii) a Guaranty Agreement relating to the Bonds (the "Guaranty Agreement"), between the Authority and the Guarantor,

(iii) a Bond Indenture relating to the Bonds (the "Bond Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as bond trustee (the "Trustee"),

(iv) a Regulatory Agreement relating to the Bonds (the "Regulatory Agreement"), among the Borrower, the Office and the Authority,

(v) a Contract of Insurance (the "Contract of Insurance"), among the Borrower, the Office and the Authority.

(vi) a Bond Purchase Contract, including the exhibits thereto, relating to the Bonds (the "Purchase Contract"), among Merrill Lynch, Pierce, Fenner & Smith, Incorporated, as underwriter (the "Underwriter"), the Treasurer and the Authority, and approved by the Borrower, and

(vii) a Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"),

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

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

SECTION 5. The dated dates, maturity dates (not exceeding 40 years from the respective date of issue), interest rates, interest payment dates, denominations, forms, registration privileges or requirements, place or places of payment, terms of tender or purchase, terms of redemption, provisions governing transfer and other terms of the Bonds, including provisions for a credit facility and/or a liquidity facility from time to time, shall be as provided in the Bond Indenture, as finally executed.

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

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

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

SECTION 9. The provisions of the Authority's Resolution No. 2014-05 apply to the documents and actions approved in this Resolution.

SECTION 10. Notwithstanding anything to the contrary in this Resolution, no documents referenced in this Resolution may be executed and delivered until the Office has indicated its willingness to insure the Bonds.

SECTION 11. The Authority hereby approves and ratifies each and every action taken by its officers, agents and employees prior to the date hereof in furtherance of the purposes of this Resolution.

SECTION 12. This Resolution shall take effect from and after the date of adoption.

Date of Adoption: ______________________________

EXHIBIT A

1998 Project

Proceeds of the 1998 Bonds were used in the financing and refinancing of improvements and additions to certain health facilities located at the following addresses: The Sequoias-San Francisco, 1400 Geary Blvd., 1500 Laguna Avenue and 1501 Post Street, San Francisco, California; The Sequoias-Portola Valley, 501 Portola Road, Portola Valley, California; and The Tamalpais, 501 Via Casitas, Greenbrae, California.

2004 Project

Proceeds of the 2004 Bonds were used in the financing and refinancing of the acquisition, construction, remodeling, equipping and renovation of certain health facilities located at the following addresses: The Sequoias – Portola Valley, 501 Portola Road, Portola Valley, California 94028; The Sequoias – San Francisco, 1400 Geary Boulevard, San Francisco, California 94109; and The Tamalpais, 501 Via Casitas, Greenbrae, California 94904.

2015 Project

The "2015 Project" is the acquisition, construction, improvement, equipping and renovation of certain health facilities located at or around the following addresses: The Sequoias – San Francisco, 1400 Geary Boulevard, San Francisco, California 94109; and The Tamalpais, 501 Via Casitas, Greenbrae, California 94904.