

**Continuing Care Retirement Community
Disclosure Statement
General Information**

Date Prepared: 07/31/2018

FACILITY NAME: WEBSTER HOUSE
 ADDRESS: 401 WEBSTER ST., PALO ALTO, CA ZIP CODE: 94301 PHONE: (650)327-4333
 PROVIDER NAME: Covia Communities (fka) Episcopal Senior Communities FACILITY OPERATOR: LINDA HIBBS
 RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION: Historically Episcopalian
 YEAR OPENED: 1989 # OF ACRES: 1 SINGLE MULTI- MILES TO SHOPPING CTR: .3
 STORY STORY OTHER: _____ MILES TO HOSPITAL: 2

NUMBER OF UNITS:

RESIDENTIAL LIVING	HEALTH CARE
APARTMENTS — STUDIO: <u>0</u>	ASSISTED LIVING: <u>0</u>
APARTMENTS — 1 BDRM: <u>30</u>	SKILLED NURSING: <u>145</u>
APARTMENTS — 2 BDRM: <u>7</u>	SPECIAL CARE: <u>0</u>
COTTAGES/HOUSES: <u>0</u>	DESCRIPTION: > _____
RLU OCCUPANCY (%) AT YEAR END: <u>91.9%</u>	> _____

TYPE OF OWNERSHIP: NOT-FOR-PROFIT FOR-PROFIT ACCREDITED?: YES NO BY: _____

FORM OF CONTRACT: CONTINUING CARE LIFE CARE ENTRANCE FEE FEE FOR SERVICE
 (Check all that apply) ASSIGNMENT OF ASSETS EQUITY MEMBERSHIP RENTAL

REFUND PROVISIONS: (Check all that apply) 90% 75% 50% FULLY AMORTIZED OTHER: _____

RANGE OF ENTRANCE FEES: \$ 433,000 - \$ 1,641,500 **LONG-TERM CARE INSURANCE REQUIRED?** YES NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Life Care Contract; benefits included. Continuing Care Contract; fee for service.

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: _____ OTHER: _____

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD (briefly describe provider's compliance and residents' role): > _____

> See Attachment # 1

FACILITY SERVICES AND AMENITIES

<u>COMMON AREA AMENITIES</u>	<u>AVAILABLE</u>	<u>FEE FOR SERVICE</u>	<u>SERVICES AVAILABLE</u>	<u>INCLUDED IN FEE</u>	<u>FOR EXTRA CHARGE</u>
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (<u>4</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	MEALS (<u>1</u> /DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER <u>Wifi</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
OTHER <u>Parking</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: Covia Communities (fka) Episcopal Senior Communities (See Attachment #4)

OTHER CCRCs

LOCATION (City, State)

PHONE (with area code)

Canterbury Woods

651 SINEX AVE., PACIFIC GROVE, CA 93590

(831)373-3111

Los Gatos Meadows

110 WOOD RD., LOS GATOS, CA 95030

(408)354-0211

St. Paul's Towers

100 Bay Place, Oakland, CA 94610

(510)835-4700

Spring Lake Village

1661 PINE ST., SAN FRANCISCO, CA 94109

(707)538-8400

San Francisco Towers

401 WEBSTER ST., PALO ALTO, CA 94301

(415)776-0500

ALL LIFE PLAN COMMUNITIES HAVE RESIDENTS WITH LIFE CARE CONTRACTS.

ALL OFFER CONTINUING CARE CONTRACTS WITH THE EXCEPTION OF

LOS GATOS MEADOWS AND CANTEBURY WOODS AS OF JANUARY 01, 2014.

SEE ATTACHMENT #4 FOR ADDITIONAL DETAILS ON COMMUNITY OFFERINGS

MULTI-LEVEL RETIREMENT COMMUNITIES

LOCATION (City, State)

PHONE (with area code)

FREE-STANDING SKILLED NURSING

LOCATION (City, State)

PHONE (with area code)

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

See Attached #2

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

PROVIDER NAME: Covia Communities (fka) Episcopal Senior Communities (See Attachment #4)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(Excluding amortization of entrance fee income)	105,309,000	110,399,000	114,394,000	115,917,000
LESS OPERATING EXPENSES				
(Excluding depreciation, amortization, and interest)	103,177,000	104,198,000	115,118,000	110,540,000
NET INCOME FROM OPERATIONS	<u>2,132,000</u>	<u>6,201,000</u>	<u>(724,000)</u>	<u>5,377,000</u>
LESS INTEREST EXPENSE	5,042,000	8,249,000	8,002,000	7,962,000
PLUS CONTRIBUTIONS				
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)				
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>(2,910,000)</u>	<u>(2,048,000)</u>	<u>(8,726,000)</u>	<u>(2,585,000)</u>
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	14,288,000	20,812,000	33,096,000	21,459,000

DESCRIPTION OF SECURED DEBT *(as of most recent fiscal year end)*

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGINATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>
SEE ATTACHMENT #3					

FINANCIAL RATIOS (see next page for ratio formulas)

	<u>2017 CCAC Medians 50th Percentile</u> <i>(optional)</i>	<u>2016</u>	<u>2017</u>	<u>2018</u>
DEBT TO ASSET RATIO		32.65%	31.37%	30.62%
OPERATING RATIO	97.78%	98.52%	98.83%	98.24%
DEBT SERVICE COVERAGE RATIO	2.46	2.70	3.74	3.03
DAYS CASH ON HAND RATIO	315	356	404	435

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	<u>2015</u>	<u>%</u>	<u>2016</u>	<u>%</u>	<u>2017</u>	<u>%</u>	<u>2018</u>
STUDIO	N/A		N/A		N/A		N/A
ONE BEDROOM	\$4,499	4.00	\$4,930	4.95	\$5,174	4.95	\$5,430
TWO BEDROOM	\$5,035	4.00	\$5,486	4.95	\$5,758	4.95	\$6,043
COTTAGE/HOUSE							
ASSISTED LIVING							
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER: > 1) Note that 2015 & 2016 financial information has been updated to include the Webster House Life Plan Community

> 2) Historical Monthly rates were updated for 2016 & 2017 to reflect Continuing Care Contracts being offered at community. Community still has Type C contracts in place and the following rates applied for 2017:

> Rate increase over 2017 = 4.95%; 2018 rates = 1 Bdrm - \$5,155, 2 Bdrm - \$5,768. See attachment #4 for Historical Monthly Service Fees disclosure

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ - \text{ Depreciation Expense} \\ - \text{ Amortization Expense} \end{array}}{\text{Total Operating Revenues} - \text{Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

$$\frac{\begin{array}{l} \text{Total Excess of Revenues over Expenses} \\ + \text{ Interest, Depreciation, and Amortization Expenses} \\ \text{Amortization of Deferred Revenue} + \text{ Net Proceeds from Entrance Fees} \end{array}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash \& Investments} \\ + \text{ Unrestricted Non-Current Cash \& Investments} \end{array}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

Attachment #1:

RESIDENT REPRESENTATIVE AND RESIDENT MEMBERS ON THE BOARD

California Continuing Care Statutes require that a multi-facility organization have at least one non-voting Resident Representative for every three communities and one resident as a voting member of the provider's governing body. The Covia Communities Board, in its role as the governing body currently has a designated Resident Director as a voting member. In addition, two current Board Members are residents. The Covia Communities Board has invited each community to have one non-voting Resident Representative. At the present time, Covia has Six (6) Resident Representatives more than what is required, which would be two (2) Representatives.

These Representatives participate as non-voting members, attend Board meetings and receive all the same written and electronic notice of meetings, packets, minutes and other materials provided to Covia Communities Board members.

The Representatives participate in the Board meetings and are asked to provide a perspective and comments at each Board meeting. As a matter of practice, they retain confidential information and share the appropriate knowledge and information they gain at the Board meetings with residents at their respective communities

Representatives are selected by their peers within their respective community, based on criteria determined by the residents of their community. Each serves a term, typically one year, but that length of term varies by community. An alternate is typically selected as well.

Attachment #2

SUBSIDIZED SENIOR HOUSING:	LOCATION (City, State)	PHONE (with area code)
Presidio Gate Apartments	2770 Lombard Street, San Francisco, CA 94123	(415)567-1050
Oak Center Towers	1515 Market Street, Oakland, CA 94607	(510)465-1166
Jennings Senior Housing, Inc.	1080 Jennings Avenue, Santa Rosa, Ca 95401	(707)527-5421
Lytton Gardens I	656 Lytton Avenue, Palo Alto, CA 94301	(650)328-3300
Lytton Gardens II	649 University Avenue, Palo Alto, CA 94301	(650)328-3300
Lytton Gardens IV Housing Corporation	330 Everett Street, Palo Alto, CA 94301	(650)328-3300
Shires Memorial Center	180 N. 4th Steet, San Jose, CA 95112	(844)454-2051

Attachment #3

DESCRIPTION OF SECURED DEBT (as of most recent fiscal year end)

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
ABAG FINANCE AUTH	56,570,000	3.0%-6.125%	10/1/11	07/01/41	30 YEARS
ABAG FINANCE AUTH	68,835,000	5.00%	12/20/12	07/01/47	35 YEARS
ABAG FINANCE AUTH	11,975,000	2.00%-5.00%	12/20/12	07/01/25	13 YEARS
CSCOA held by JPMorgan Chase	8,253,000	variable	6/05/15	07/01/40	25 YEARS

Attachment #4

HISTORICAL MONTHLY SERVICE FEE DISCLOSURE:

Effective January 01, 2014, Covia Communities (fka) Episcopal Senior Communities, began offering incoming residents Lifetime and Classic Continuing Care contracts with the exception of Los Gatos Meadows and Canterbury Woods, both of which offer new residents the Monthly Agreement only.

St Paul's Towers, San Francisco Towers, Spring Lake Village and Webster House communities have modified contract offerings over the years and the historical monthly service fee comparison provided is intended to represent the current fees for 2016, 2017 & 2018 that are based on the current choices of a Lifetime Contract and a Classic Continuing Care contract. The 2015 fees shown reflect similar contracts offered at that time, which are known as Type A and Type C.

It is noted that average monthly fees reflect Community pricing adjustments. Fees are averaged based on a variety of apartment styles and sizes within the apartment type. Also, the four communities offering continuing care contracts presently offer a repayable contract option in both Lifetime and Classic Continuing Care. The rate of refund ability has been adjusted over time and is currently established at 75%.