

## **List of Attachments for Item No. 23**

### **Housing Authority: South Main Senior Lifestyles Project**

#### **Attachments:**

- \*23A Background Memorandum from South Main Senior Lifestyles
- \*23B Operating Memorandum No. 2 to First Amended and Restated Disposition and Development Agreement
- \*23C SRM Development – Background and Expertise Memorandum
- \*23D Westmont – Background and Expertise Memorandum
- \*23E Services Plan for the Phase One Development
- \*23F Site Maps



**TO:** Tom Williams, Milpitas City Manager and Milpitas Housing Authority Executive Director

**FROM:** South Main Senior Lifestyles, LLC

**RE:** First Amended and Restated Disposition and Development Agreement by and between the City of Milpitas Housing Authority and South Main Senior Lifestyles, LLC ("SMSL") dated November 19, 2013 ("DDA").

Requests for Milpitas Housing Authority (MHA) Approval of:

1. A transfer of SMSL's interest in the Phase One Parcel and the Phase One Development under the DDA to a Joint Venture Entity between SMSL, Stone Rivard McGonigle Development, LLC ("SRM") and Westmont Living, Inc. ("Westmont), and/or the affiliates of SRM and/or Westmont, whose managing general partner will be SRM and/or Westmont (or their affiliates), for the purpose of creating an ownership structure to obtain equity for development of the Phase One Development; and
2. A transfer of SMSL's interest in the Phase Two Parcel and the Phase Two Development under the DDA to a Joint Venture Entity between SMSL, SRM and Westmont (or their affiliates), whose managing general partner will be SRM and/or Westmont (or their affiliates), for the purpose of creating an ownership structure to obtain equity for development of the Phase Two Development; and
3. The selection of Westmont as the Operator of the Phase One Development; and
4. The attached Services Plan for the Phase One Development.

**LOCATION:**

Address/APN: 1504 – 1620 South Main Street, Milpitas, CA; APNs: 086-22-027, -028, -047 and -048

Area of City: Midtown Specific Plan Area

**LAND USE:**

---

General Plan

Designation: Multi-family Residential, Very High Density  
Zoning District: Multi-family Residential, Very High Density (R4)  
Overlay District: TOD Overlay (TOD), Site and Architectural Overlay (-S)

---

**BACKGROUND**

---

The DDA governs the disposition of a 5.94 acre site from the Milpitas Housing Authority (“MHA”) to SMSL and the development of a 389-unit senior rental continuum-of-care retirement community on the site (the “Project”), including 199 senior units with congregate care and assisted living services (the Phase One Development) and 190 independent living senior units (the Phase Two Development), with a total of 48 very low income units. The MHA approved the DDA on November 19, 2013, allowing the Phase One Development to move forward for entitlement consideration. The City Council approved the Vesting Minor Tentative Map (No. TP14-0001), Site Development Permit (No. SD14-0006) and Density Bonus (No. DB14-0001) for the Phase One project on November 18, 2014. The MHA approved Operating Memorandum No. 1 to the DDA on June 18, 2015 that approved, among other matters, the transfer of the DDA with respect to each Development Phase and its related Development Parcel to one or more joint venture entities to be formed by SMSL with The Wolff Company (“Wolff”) in order to obtain equity capital for the Project and approved Integral Senior Living LLC (“ISL”) as the Operator for the Phase One Development.

Based on updated demographic analyses, SMSL has determined that the needs for housing and care by Milpitas senior citizens have evolved. The aging of the senior population has created a greater need for assisted living services than for congregate care services, and a substantial and rapidly growing need for memory care services. To better serve these needs, SMSL plans to increase the proportion of assisted living units relative to congregate care units in the Phase One Development, and include a memory-care wing in the Phase One Development. Adding memory care units necessitates some modifications to the interior layout of the building. But the building’s overall footprint, the total number of units and the number of affordable units remain the same. Preparation and submittal of construction drawings for the Phase One Development are well underway.

A development providing this higher level of care does not fit the investment parameters and development expertise of SMSL’s previously approved equity/development partner (Wolff). SMSL has identified a senior housing equity investor/development partner with the requisite experience in high level of care senior housing to replace Wolff – a team consisting of Stone Rivard McGonigle Development, LLC (“SRM”) and Westmont Living, Inc. (“Westmont”). SRM is a major real estate development and construction company whose primary focus is the development of high quality senior housing and multifamily properties for long-term hold. Westmont is an experienced and respected developer, owner and operator of senior housing communities that provide independent living, congregate care, assisted living, memory care

and other personal care and services for their residents. SRM and Westmont have a long-standing relationship in the development and operation of senior housing.

In aggregate, SRM and Westmont (and their investors) will provide most of the approximately \$31 million in equity funding required for the Phase One Development. In addition to SRM/Westmont's equity investment, SMSL has expended approximately \$1 million, to date, for third party consultants and legal expenses for the Phase One Development, without consideration of the SMSL members' general and administrative costs associated with the project, and will provide a portion of the required \$31 million of equity.

Westmont will also replace ISL as the Phase One Development's Operator. Westmont is advising on the final detailed design and will provide marketing, leasing, and staff to manage and operate the facility.

Teaming with SRM and Westmont will enable SMSL to satisfy the remaining conditions precedent and complete the acquisition of the Property in accordance with the DDA

#### **TRANSFER OF SMSL'S INTEREST IN THE DDA**

---

SMSL intends to transfer its interest in the Phase One Parcel and the Phase One Development under the DDA to a Joint Venture Entity between SMSL and an equity investor for the purpose of creating an ownership structure to obtain equity for development of the Phase One Development. Such a Joint Venture Entity is contemplated by the DDA and Phase One Regulatory Agreement. Section 8.1 of the Phase One Regulatory Agreement permits a transfer by Owner (i.e., SMSL) to a "Joint Venture Entity in which Owner is the managing general partner, managing member, or other managing entity of the Joint Venture Entity" which is undertaken "for the purposes of creating an ownership structure to obtain equity for development of the Phase One Development consistent with the Financing Plan." MHA approval is required for the transfer of SMSL's interest in the Phase One Parcel and the Phase One Development to a Joint Venture Entity of which it is not the managing general partner. As is standard practice for institutional equity investors, the equity investor in the Phase One project requires that it (or its affiliate) be the managing general partner to protect its sizeable equity investment and financial exposure.

As noted above, the proposed new equity investors and development partners are SRM and Westmont. SRM is a major real estate development and construction company headquartered in Spokane, WA. Exhibit 1 provides background information on SRM. Headquartered in La Jolla, CA, Westmont is an experienced developer, owner and operator of senior retirement communities that provide congregate care, assisted living, memory care and personal care and services to their residents. Exhibit 2 provided background information on Westmont. In aggregate, SRM and Westmont will invest approximately \$31 million of capital in the Phase One Development and provide financial guaranties to ensure construction of the project.

SMSL will continue to be the lead development entity responsible for obtaining all project entitlements and all City and MHA approvals and consents relating to the Phase One Development, will handle all interface with the City, and will remain a partner with an ownership interest in the Joint Venture Entity.

For Phase Two of the development, SMSL anticipates that the same equity investor (SRM/Westmont) will also fund the capital required for predevelopment, construction, marketing, lease-up and operations. Because the financing structure for the Phase Two Development is likely to be the same or similar to that of the Phase One Development, SMSL is also requesting MHA approval of the transfer of its interest in the Phase Two Parcel and the Phase Two Development to the same or substantially similar Joint Venture Entity, and in which SMSL would retain the same roles as described above for Phase One.

Consent to these proposed transfers may be given by the MHA's Executive Director pursuant to Section 7.4 of the DDA. SMSL requests that the Executive Director of the MHA approve these requests for the following reasons:

1. The proposed transfers are contemplated by the DDA and Phase One and Two Regulatory Agreements to obtain equity for the development of the Phase One and Two Developments;
2. The proposed transfers are conditions precedent to the funding of the project's remaining predevelopment costs, its required equity and construction financing;
3. The equity investors have substantial financial strength and real estate development experience and expertise.

## **PHASE ONE OPERATOR**

---

Approval of the proposed Operator of the Phase One Development shall be given by the MHA's Executive Director pursuant to Section 1.4.1 of the DDA. SMSL requests that the Executive Director of the MHA review and approve Westmont as the proposed Operator to operate the Phase One Development. Westmont is an owner and operator of independent living, congregate care, assisted living and memory care properties. Westmont currently operates 15 senior living properties in 3 states providing approximately 1,500 units of senior housing, predominantly in California.

As detailed in Exhibit 2, Westmont has the necessary financial capacity and relevant operating experience to satisfactorily operate the Phase One Development as a continuum-of-care facility in the manner contemplated by the DDA and Regulatory Agreement and, therefore, satisfies the conditions for MHA approval as the Operator as set forth in Section 1.4.1 of the DDA. The DDA further provides that the MHA acting through its Executive Director shall approve the

Operator in writing within 30 business days following receipt of the information on the Operator.

## **PHASE ONE SERVICES PLAN**

---

Approval of the proposed Services Plan for the Phase One Development shall be given by the MHA's Executive Director pursuant to Section 1.4.2 of the DDA. SMSL requests that the Executive Director of the MHA review and approve the Services Plan set forth in Exhibit 3.

The Services Plan describes the nature of the congregate care, assisted living and memory care services to be provided to the residents of the Phase One Development. The proposed services include meals, housekeeping, scheduled transportation, programmed activities and events, health, fitness, recreational and educational programs, assistance with the activities of daily living (such as assistance with medication management, grooming, mobility and other personal care and services) and memory care.

This Services Plan is generally consistent with the framework of services to residents of the Phase One Development that is summarized in the Scope of Development (Exhibit B to the DDA) and Section 1.4.2 of the DDA. Therefore, the Services Plan satisfies the conditions for MHA approval set forth in Section 1.4.2 of the DDA. The DDA further provides that the MHA acting through its Executive Director shall approve the Services Plan in writing within 30 business days following receipt of such Plan.

## **CONCLUSION**

---

The 199-unit senior congregate care, assisted living and memory care Phase One Development and the 190-unit independent living senior apartments Phase Two Development will represent a landmark asset for the City. There are no facilities in the City that offer a continuum of care and services for seniors allowing them to age in place within one location. Given the City's aging population, a project providing such services is highly desirable. The project will also provide a total of 48 much-needed very low income units for senior citizens. In addition, the project will provide jobs and additional property and sales tax revenues.

SMSL has entered into an agreement with SRM and Westmont to provide the equity and construction financing for the Project. To move forward with the financing and construction of the Project, MHA approval of the following are required: (1) transfer of SMSL's interest in the Phase One and Two Parcels and Developments to Joint Venture Entities among SMSL, SRM and Westmont (or their affiliates) whose managing general partner will be SRM and/or Westmont (or their affiliates). SRM and Westmont have the financial capacity, senior housing investment

and development expertise, and lender relationships to undertake a development of the magnitude of the Phase One and Two Developments.

SMSL has selected Westmont to be the Operator of the Phase One project. Pursuant to the DDA, the MHA acting through its Executive Director must approve the proposed Operator. Westmont has the necessary financial capacity and experience to satisfactorily operate the Phase One Development as a continuum-of-care facility in the manner contemplated by the DDA and Regulatory Agreement. Therefore, Westmont satisfies the conditions for approval as the Operator as set forth in Section 1.4.1 of the DDA.

SMSL has proposed a Services Plan that describes the nature of the congregate care, assisted living and memory care services to be provided to the residents of the Phase One Development. The proposed services are consistent with the framework of services set forth in the DDA. Pursuant to the DDA, the MHA acting through its Executive Director must approve the Services Plan. The Services Plan satisfies the conditions for MHA approval set forth in Section 1.4.2 of the DDA.

## **ATTACHMENTS**

---

- Exhibit 1: SRM Background and Expertise Memorandum
- Exhibit 2: Westmont Background and Expertise Memorandum
- Exhibit 3: Services Plan for the Phase One Development

OPERATING MEMORANDUM NO. 2  
TO  
FIRST AMENDED AND RESTATED  
DISPOSITION AND DEVELOPMENT AGREEMENT  
(SOUTH MAIN SENIOR PROJECT)

Re: Assignment of DDA; Approval of Operator and Services Plan

A. General Background/Authority

This Operating Memorandum No. 2 (“Operating Memorandum”) is entered into as of September \_\_, 2016, by and between the City of Milpitas Housing Authority (the “Housing Authority”) and South Main Senior Lifestyles, LLC (the “Developer”). This Operating Memorandum is entered into in accordance with the terms of Section 10.20 of the Disposition and Development Agreement entered into by and between the Housing Authority and the Developer as of August 18, 2009, as amended by an Amendment entered into as of October 18, 2011, as fully amended and restated as of November 19, 2013 (collectively, the “Agreement”), and as refined and adjusted by Operating Memorandum No. 1 as of June 18, 2015. Capitalized terms used but not defined in this Operating Memorandum shall have the meanings given in the Agreement.

The purpose of this Operating Memorandum is to implement the terms of the Agreement, with particular reference to Sections 1.4.1, 1.4.2 and 7.4 of the Agreement by (i) authorizing the Executive Director to approve the Transfer of the Agreement with respect to each Development Phase and its related Development Parcel to one or more joint venture entities to be formed by Developer with a certain equity investor in order to obtain equity capital for the Project; (ii) approving the form of Assignment and Assumption Agreement to be used to effectuate such Transfer; (iii) approving an Operator for the Phase One Development; and (iv) approving the Services Plan for the Phase One Development. Paragraph B below sets forth further background and facts in connection with the purposes of this Operating Memorandum.

Section 10.20 of the Agreement expressly authorizes the parties to enter into this Operating Memorandum in order to make mutually acceptable refinements and adjustments with respect to the performance of the Agreement; provides that this Operating Memorandum does not constitute an amendment of the Agreement; and expressly authorizes the Executive Director to execute this Operating Memorandum on behalf of the Housing Authority without prior notice, hearing, or other action of the Housing Authority’s Board. Sections 1.4.1, 1.4.2, 10.9 and 10.20 of the Agreement expressly authorize the Executive Director to approve any Transfer, to approve an Operator and to approve a Services Plan, all by executing this Operating Memorandum in his or her discretion without prior notice, hearing or other action of the Housing Authority’s Board. Notwithstanding the foregoing, the Executive Director submitted this Operating Memorandum to the Housing Authority’s Board for its consideration at its September \_\_, 2016 regular board meeting, and following consideration of this Operating Memorandum and supporting documentation and analysis provided by the Developer and Housing Authority staff, the Board authorized and directed the Executive Director to execute this Operating Memorandum on behalf of the Housing Authority.

B. Agreements

1. Background and Facts. This Operating Memorandum is entered into with reference to the following background and facts:

(a) Based on updated demographic analyses, the Developer has determined that the needs for housing and care by Milpitas senior citizens have evolved. The aging of the senior population has created a greater need for assisted living services than for congregate care services, and a substantial and rapidly growing need for memory care services. To better serve these needs, the Developer plans to increase the proportion of assisted living units relative to congregate care units in the Phase One Development, and include a memory-care wing in the Phase One Development. Adding memory care units necessitates some modifications to the interior layout of the building, but the building's overall footprint, the total number of units and the number of affordable units remains the same. Preparation and submittal of construction drawings for the Phase One Development are well underway.

(b) The Developer has determined that a development providing this higher level of care does not fit the investment parameters and development expertise of its previously approved equity/development partner (The Wolff Company). Developer has identified another senior housing equity investor/development partner and operator with the requisite experience in high level of care senior housing to enable Developer to satisfy the remaining conditions precedent and complete the acquisition of the Property in accordance with the Agreement.

(c) After reviewing the materials and information submitted by Developer describing the financial condition and track record of Stone Rivard McGonigle Development, LLC ("SRM"), Westmont Living, Inc. ("Westmont") and the principals (individual guarantors) of these companies, the Executive Director has determined that SRM, Westmont, and their affiliates have the qualifications, experience, financial resources and development capacity that are necessary and adequate to competently complete construction of each Development Phase of the Project and to otherwise fulfill the obligations undertaken by the Developer under the Agreement.

(d) Based on the information provided by the Developer describing the identity, operating financial capacity, operating experience and other qualifications of Westmont as the proposed Operator of the Phase One Development, the Executive Director has determined that Westmont has the necessary operating financial capacity and relevant experience to satisfactorily operate the Phase One Development as a "continuum of care" facility in the manner contemplated by the Housing Authority Documents, including providing the types of services and amenities to residents (without regard to income level) generally described in the Scope of Development (Exhibit B to the Agreement) and more specifically described in the Services Plan, and providing the Affordable Units pursuant to and in accordance with the Phase One Regulatory Agreement.

(e) Based on the information provided by the Developer describing the Developer's plans for the provision of support services and amenities to the residents of the Phase One Development (the "Services Plan"), the Executive Director has determined that the Services Plan is generally consistent with the framework of services to residents of the Phase One Development that is summarized in Section 1.4.2 of the Agreement and the Scope of Development (Exhibit B to the Agreement).

2. Transfer of DDA. Pursuant to Section 7.4 of the Agreement, the Housing Authority hereby (a) authorizes the Executive Director to approve the Developer's Transfers of either or both Development Phases (and the portion(s) of the Agreement applicable thereto) to either a single, or two separate, limited partnership(s) or limited liability company(ies) to be formed between Developer, SRM and Westmont (and/or affiliate(s) of SRM and/or Westmont), and of which SRM and/or Westmont or their controlled affiliates will be the managing member or general partner, and such Transfers may occur either separately or together in a single Transfer; and (b) authorizes and directs the Executive Director to evidence the Housing Authority's approval of such Transfer(s) by executing an Assignment and

Assumption Agreement substantially in the form attached hereto as Exhibit A and causing it to be recorded in the Official Records of Santa Clara County, California.

3. Approval of Operator. Pursuant to Section 1.4.1 of the Agreement, Westmont is hereby approved as the Operator of the Phase One Development; *provided however*, that the form of Operations Agreement to be entered into with the Operator remains subject to the Housing Authority's approval pursuant to Section 1.4.1 of the Agreement.

4. Approval of Services Plan. Pursuant to Section 1.4.2 of the Agreement, the Services Plan for the Phase One Development is hereby approved.

C. Counterparts

This Operating Memorandum may be executed in counterparts, which when executed by the parties shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Operating Memorandum as of the date first written above.

**HOUSING AUTHORITY:**

CITY OF MILPITAS HOUSING AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Executive Director

ATTEST:

By: \_\_\_\_\_  
Housing Authority Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Housing Authority Counsel

**DEVELOPER:**

SOUTH MAIN SENIOR LIFESTYLES, LLC

By: \_\_\_\_\_  
Joseph W. Callahan, Jr., Manager

By: \_\_\_\_\_  
James R. Burns II, Manager

Recorded at Request of:

\_\_\_\_\_

When Recorded Mail to:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

---

**ASSIGNMENT AND ASSUMPTION OF  
DISPOSITION AND DEVELOPMENT AGREEMENT  
(PHASE ONE)**

**THIS ASSIGNMENT AND ASSUMPTION OF DISPOSITION AND DEVELOPMENT AGREEMENT** (this "Assignment") is made as of \_\_\_\_\_, 2016 (the "Effective Date") by and between **SOUTH MAIN SENIOR LIFESTYLES, LLC**, a California limited liability company ("Assignor") and **MILPITAS PHASE I, LP**, a Washington limited partnership ("Assignee").

**RECITALS**

A. The City of Milpitas Housing Authority, a public body, corporate and politic (the "**Housing Authority**"), and Assignor, as developer, entered into that certain First Amended and Restated Disposition and Development Agreement dated November 19, 2013 (the "**DDA**") covering the sale and development of the property containing approximately 5.94 gross acres located at 1504-1620 South Main Street, Milpitas, California and more particularly described in Exhibit A attached to the DDA (the "**Property**").

B. As more particularly described in the DDA, Assignor has the right to develop on approximately 1.94 acres in the southern portion of the Property (the "**Phase One Parcel**") a senior housing rental development and related amenities (the "**Phase One Development**").

C. Assignor desires to assign to Assignee, and Assignee desires to accept and assume, all of Assignor's right, title, interest, covenants and obligations under the DDA and the other related Housing Authority Documents with respect to the Phase One Parcel and the Phase One Development (collectively, the "**Phase One Rights and Obligations**"). Any capitalized term used but not defined herein shall have the meaning given to it in the DDA.

D. Pursuant to Section 7.4 of the DDA and Operating Memorandum No. 2 thereunder, the Housing Authority has approved in writing the assignment of Assignor's Phase One Rights and Obligations to Assignee and Assignee's assumption thereof.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. **Recitals**. The parties hereby confirm the accuracy of the foregoing Recitals, which are incorporated herein by this reference.

2. **Assignment of Phase One Rights and Obligations**. Assignor hereby assigns and transfers to Assignee all of Assignor’s Phase One Rights and Obligations, and Assignee hereby accepts such assignment and transfer. Assignee further hereby assumes and agrees to perform all Phase One Rights and Obligations arising on and after the Effective Date. Assignor’s obligations under the DDA that arose prior to the Effective Date are not hereby being assumed by Assignee and shall remain the responsibility of Assignor. All rights, interests, duties or obligations of Assignor under the DDA, other than the Phase One Rights and Obligations, are excluded from this Assignment.

3. **Further Assurances**. Assignor and Assignee agree to execute such other documents and perform such other acts as may be reasonably necessary or proper and usual to effectuate this Assignment.

4. **Full Force and Effect**. Assignor and Assignee hereby agree that, except as expressly provided herein, this Assignment shall not amend or modify the terms of the DDA, which shall remain in full force and effect.

5. **Counterparts**. This Assignment may be executed in counterparts. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original.

**IN WITNESS WHEREOF**, this Assignment is being executed by the parties as of the date first set forth above.

**ASSIGNOR:**

**SOUTH MAIN SENIOR LIFESTYLES, LLC**, a California limited liability company

By: \_\_\_\_\_  
Joseph W. Callahan Jr., Manager

By: \_\_\_\_\_  
James R. Burns II, Manager

*(signatures continued on following page)*

**ASSIGNEE:**

**MILPITAS PHASE I, LP,**  
a Washington limited partnership

By: SRM Westmont Milpitas, LLC,  
a Washington limited liability company,  
its General Partner

By: Westmont Development, LP, a California limited partnership  
Its: Co-manager

By: Westmont Manager, GP, LLC,  
a California limited liability company,  
its General Partner

By: \_\_\_\_\_  
Andrew S. Plant, Manager

By: \_\_\_\_\_  
Michael G. O'Rourke, Manager

By: SRMJVV, LLC, a Washington limited liability company  
Its: Co-manager

By: Stone Rivard McGonigle Development, L.L.C.,  
a Washington limited liability company,  
its Manager

By: \_\_\_\_\_  
Bryan P. Stone, Member

By: \_\_\_\_\_  
James D. Rivard, Member

By: \_\_\_\_\_  
Dee J. McGonigle, III, Member

By: \_\_\_\_\_  
Ryan B. Leong, Member

By: \_\_\_\_\_  
Trevor R. Ashenbrener, Member

*(signatures continued on following page)*

ACKNOWLEDGED AND APPROVED:

CITY OF MILPITAS HOUSING AUTHORITY,  
a public body, corporate and politic

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Executive Director

ATTEST:

By: \_\_\_\_\_  
Housing Authority Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Housing Authority Counsel

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 201\_\_ before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (seal)

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 201\_\_ before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (seal)

[ADD WASHINGTON STATE NOTARY FORMS]

**EXHIBIT 1**

**SRM BACKGROUND AND EXPERTISE MEMORANDUM**

**SOUTH MAIN SENIOR LIFESTYLES, LLC (SMSL)  
JOINT VENTURE PARTNERS: SRM DEVELOPMENT AND WESTMONT LIVING  
PHASE ONE DEVELOPMENT:  
199-UNIT CONGREGATE CARE, ASSISTED LIVING AND MEMORY CARE PROJECT**

SMSL proposes to transfer its interest in the Phase One Parcel and the Phase One Development under its First Amended and Restated Disposition and Development Agreement dated 11/19/13 with the Milpitas Housing Authority (DDA) to a Joint Venture Entity between SMSL and an equity investor for the purpose of creating an ownership structure to obtain equity for development of the Phase One Development, as contemplated by the DDA and the Phase One Regulatory Agreement. SMSL has selected the team of Stone Rivard McGonigle Development, LLC (“SRM”) and Westmont Living, Inc. to be its equity investor and its development/operating partner in the Phase One and Two Developments.

SRM has constructed thousands of senior and multifamily housing units in the western US, most recently completing two Bay Area senior communities with Merrill Gardens in Campbell and Lafayette. SRM also has a major Type IB senior project under construction in the Rock Ridge area of Oakland currently. Westmont owns and operates numerous senior communities in California, Oregon and Washington specializing in independent, assisted living, dementia/memory care and respite care. The principals of SRM and Westmont have been partners in earlier successful ventures. This new alliance brings with it, we believe, an experienced team and a better project for both SMSL and the City.

SMSL’s process for selecting its equity/development/operating partner, and background information on SRM, follow. Background information on Westmont appears in Exhibit 2.

**Equity Investor/Partner Selection Process**

With 199 congregate care, assisted living and memory care units and a total estimated project cost of \$89 million, the Phase One Development is a sizable undertaking that requires an equity investment of approximately \$31 million (35% of total project cost) and a construction loan of nearly \$58 million (65% loan-to-cost ratio). A limited number of qualified parties have the financial strength, real estate investment and development expertise and capacity to undertake a development of this magnitude in general, and particularly in the senior housing arena. In addition, SMSL desires an equity investor/development partner who possesses a pre-existing relationship with a recognized operator of senior housing communities comparable to the Phase One Development to facilitate an effective and successful partnership among the key parties/partners responsible for the development, financing and operation of the Phase One Development.

SMSL evaluated each candidate equity investor and its operating partner along the following parameters:

- Demonstrated ability to fund the required \$31 million of equity at construction loan funding;
- Financial capacity sufficient to meet the construction lender's requirements for a guarantor responsible for repayment for a \$58 million construction loan and completion of construction;
- Relationships with senior housing construction lenders with the financial strength, expertise and staffing capacity to underwrite and fund a \$58 million construction loan, and expeditiously process/administer loan disbursements and other construction period loan administration services;
- Successful track record of investment in and development of senior housing projects comparable to the Phase One Development;
- Speed and reliability of execution; and
- Alignment with SMSL's operating philosophy and core values.

SMSL identified two equity/development/operator teams who met all of the foregoing criteria –Wolff/ISL and SRM/Westmont. Both were extremely and equally well-qualified and, consequently, the choice between the two was very difficult. In fairness to both firms, SMSL initially selected Wolff/ISL as its equity/development/operating partner because SMSL had initiated due diligence and negotiations with Wolff/ISL shortly before it commenced the same activities with SRM/Westmont. SRM/Westmont indicated that it was ready to step in as SMSL's equity/development/operating partner should the opportunity arise.

In conjunction with moving forward with the project design, SMSL updated its analyses of the needs for services by Milpitas' senior citizens. The updated market and demographic analyses indicated a large and rapidly growing need for high levels of assisted living services and memory care services owing to the aging of Milpitas seniors. To better serve these needs, SMSL elected to increase the proportion of assisted living units relative to congregate care units in the Phase One Development, and include a memory-care wing in the Phase One Development.

A development providing this higher level of care did not fit Wolff's investment parameters and development expertise. It is, however, a good fit for SRM and Westmont, both of whom have a successful track record of experience in high level of care senior housing and a long-standing relationship in the development and operation of senior housing. SRM's background and experience is summarized below. Westmont's background and experience appears in Exhibit 2.

### **SRM**

SRM is a real estate development and construction company whose primary focus is on the development of high-quality senior and traditional multifamily housing properties for long-term hold. Based in Spokane, WA, SRM has developed residential properties in major urban markets

up and down the West Coast, including the Seattle, San Francisco Bay Area, Los Angeles and San Diego MSAs. SRM's three founding principals have worked together for more than 20 years, dating back to SRM's predecessor company John Stone Development. SRM's five current principals have worked together for over 10 years. During that time, they have invested in and developed approximately 4,300 residential units and 560,000 square feet of commercial real estate totaling \$1.2 billion in real estate assets.

SRM's affiliate, SRM Construction, provides in-house construction management expertise and experience. By performing the general contractor function in its projects, SRM can control costs more effectively and deliver a higher-quality product faster than developers that rely on third-party general contractors. SRM has been building in urban markets for more than 20 years, and specializes in efficient building design in infill urban locations. Coupled with Westmont's expertise in operating senior retirement communities, SRM and Westmont design senior housing projects with lasting value that offer attractive, amenity-laden, highly functional floor plans and amenity packages. SRM/Westmont's long-term thinking and commitment to the longevity and sustainability of their developments result in projects of enduring quality that stand the test of time.

SRM raises capital for its projects from large private family investment companies, high-net worth "friends and family" investors, and institutional private equity funds. The 29 residential projects SRM and its principals have invested in and developed to date involved the investment of over \$1 billion in total capital: \$297 million in equity and \$737 million in debt. These projects have delivered exceptional value to their residents, the communities in which they are located and their investors. Sixteen of these projects, totaling 1,723 units, are senior retirement communities comparable to the Phase One Development. Based on the excellent performance of the properties in their portfolios, SRM and Westmont have strong relationships with PNC Bank, Wells Fargo Bank and other major senior housing construction lenders who have provided the construction and permanent financing for their projects.

Examples of SRM's senior housing projects, SRM's real estate investment/development track record and an overview of SRM's five principals follow. More information on SRM's development philosophy, background and experience can be found on its website – [www.srmdevelopment.com](http://www.srmdevelopment.com). Financial statements are available upon request.

As is clear from the foregoing, the SRM/Westmont team has the financial capacity, senior housing investment and development expertise, and lender relationships to undertake a development of the magnitude of the Phase One Development. SRM and Westmont have a long-standing, successful relationship and track record in the investment, development and operation of senior housing communities. They have targeted northern California urban infill locations as their top priority for senior housing investment and development. They are highly motivated to work with SMSL and MHA to bring the Phase One Development to fruition. As such, the SRM/Westmont team is an exceptional choice to serve as SMSL's equity, development and operating partner on the Phase One Development.

**SRM**  
DEVELOPMENT, LLC

# Disclaimer

*The information contained herein is strictly confidential and this presentation is made on a confidential basis to a select group of investors, partners, and lenders. It must not be copied or disclosed to anyone except personnel and professional advisors of the recipient on a confidential basis. This presentation does not constitute an offer nor a solicitation of a transaction or investment.*

*Any financial information contained in this package is not audited, but has been prepared in good faith on the basis of presently known information. There can be no assurance that any forward-looking statements, results of operations, or projections contained herein will be realized. The information contained in this document has been compiled as of May 31, 2015 (unless otherwise stated herein) from SRM Development and other sources. The delivery of this document shall not create any implication that the information contained herein is correct as of any date subsequent to May 31, 2015.*

## Executive Management Team

---

**James Rivard**  
*Managing Principal -  
Real Estate*

James is responsible for the overall real estate acquisition, development, leasing and disposition strategy and activities of SRM. He holds a Bachelor of Science in Economics from Santa Clara University and is a Certified Commercial Investment Member (CCIM).

---

**Bryan Stone**  
*Managing Principal -  
Finance & Operations*

Bryan is responsible for the day to day operations of SRM Development and its affiliated single-purpose entities as they relate to corporate formation and organization, corporate and asset management practices, financial reporting, planning and capital structure, including construction and permanent financing placement.

---

**Dee McGonigle**  
*Managing Principal -  
Construction*

Dee oversees all of SRM's construction activities, including project budgeting, building permit acquisition, and project bidding and construction. He holds a Bachelor of Science in Construction Management from the University of Washington and is a licensed General Contractor in six Western states.

---

**Ryan Leong**  
*Principal - Real Estate*

Ryan oversees and manages SRM's senior housing developments as well as SRM's acquisition and development activities in California. He holds a Bachelor of Business Administration in Accounting from Gonzaga University and a Master of Business Administration from Berkeley-Haas.

---

**Trevor Ashenbrenner**  
*Principal - Construction*

Trevor is responsible for overseeing multiple construction projects for SRM, everything from design meetings to preparing project status reports for equity partners and owners, as well as handling day-to-day operations on the job site. He holds a Bachelor of Science in Construction Management from the University of Washington.

---

# Representative Past Senior Housing Projects

Merrill Gardens at Lafayette: built 2014, 89 units, Lafayette, CA



Merrill Gardens at Campbell: built 2014, 147 units, Campbell, CA



Merrill Gardens Huntington Beach: built 2014, 121 units, Huntington Beach, CA



# Representative Past Senior Housing Projects

Merrill Gardens at the University: built 2010, 125 units, Seattle, WA



Merrill Gardens at Kirkland: built 2009, 115 units, Kirkland, WA



Merrill Gardens at Bankers Hill: built 2011, 84 units, San Diego, CA



SRM Investment Track Record  
DEVELOPMENT PROJECTS

(000s)				Key Dates		Project Capitalization (\$000s)			
Project	Property Type	Units / SF	MSA	Land Acq.	Constr. Complet.	Total			
						Project Cost	Debt	Equity	Debt LTC %
The Allegro	Multifamily	141 units	Seattle	Jan-97	Jun-99	16,685	12,700	3,985	76%
The Lenora	Multifamily	107 units	Seattle	Nov-97	Nov-99	15,648	12,500	3,148	80%
Pete Gross House	Multifamily	70 units	Seattle	Jun-98	Jun-00	9,633	6,850	2,783	71%
Metro on 1st	Multifamily	103 units	Seattle	Dec-00	Dec-02	15,515	13,000	2,515	84%
The Sevi	Multifamily	62 units	Seattle	Jan-01	Jan-03	9,000	7,500	1,500	83%
Villas at Meadow Springs	Multifamily	286 units	Tri-Cities, WA	Jan-02	Dec-03	21,000	18,565	2,435	88%
The Entrada Apartments	Multifamily	172 units	San Diego	Oct-02	Jun-04	19,000	16,500	2,500	87%
Market Street Village	Multifamily	229 units	San Diego	Sep-02	Oct-06	38,404	35,500	2,904	92%
<b>8 Realized Multifamily Projects</b>		<b>1,170 units</b>				<b>144,885</b>	<b>123,115</b>	<b>21,770</b>	<b>85%</b>
Merrill Gardens - Pacific Place	Senior Housing	144 units	San Diego	Jun-97	Jun-99	14,500	12,000	2,500	83%
Merrill Gardens - Admiral Heights	Senior Housing	76 units	Seattle	May-98	May-00	11,220	9,920	1,300	88%
Merrill Gardens - Queen Anne	Senior Housing	194 units	Seattle	Jan-04	Sep-06	32,375	26,786	5,589	83%
Merrill Gardens - Santa Maria	Senior Housing	103 units	Santa Barbara	Mar-06	Feb-08	25,712	17,702	8,010	69%
Merrill Gardens - Kirkland	Senior Housing	115 units	Seattle	Jan-07	Jan-09	43,408	32,239	11,169	74%
Merrill Gardens - Green Valley Ranch	Senior Housing	88 units	Las Vegas	Oct-07	Aug-09	27,967	15,401	12,566	55%
Merrill Gardens - Willow Glen	Senior Housing	98 units	San Francisco	Dec-07	Sep-09	31,411	25,523	5,888	81%
Merrill Gardens - Bankers Hill	Senior Housing	84 units	San Diego	Sep-06	Aug-11	32,466	18,015	14,451	55%
<b>8 Realized Senior Housing Projects</b>		<b>902 units</b>				<b>219,059</b>	<b>157,587</b>	<b>61,472</b>	<b>72%</b>
The Corydon & Merrill Gardens - University	Multi / SH	228 units	Seattle	May-06	Apr-10	61,747	41,437	20,310	67%
<b>1 Realized Mixed MF/SH Project</b>		<b>228 units</b>				<b>61,747</b>	<b>41,437</b>	<b>20,310</b>	<b>67%</b>
<b>17 Realized Residential Projects</b>		<b>2,300 units</b>				<b>425,692</b>	<b>322,139</b>	<b>103,552</b>	<b>76%</b>
Ironwood	Commercial	38,346 sf	Seattle	Feb-92	N/A	4,800	4,100	700	85%
Albertson's	Commercial	43,500 sf	San Diego	Sep-02	Oct-06	13,936	11,500	2,436	83%
<b>2 Realized Commercial Projects</b>		<b>81,846 sf</b>				<b>18,736</b>	<b>15,600</b>	<b>3,136</b>	<b>83%</b>
(000s)				Key Dates		Project Capitalization (\$000s)			
Project	Property Type	Units / SF	MSA	Land Acq.	Constr. Complet.	Total			
						Project Cost	Debt	Equity	Debt LTC %
Broadmoor	Multifamily	252 units	Tri-Cities, WA	Feb-04	Sep-05	21,879	20,743	1,136	95%
The 101	Multifamily	66 units	Seattle	Dec-07	Oct-10	28,243	15,591	12,652	55%
The Lyric	Multifamily	234 units	Seattle	Jun-08	Jan-13	62,353	42,426	19,927	68%
The Century	Multifamily	258 units	Seattle	Jan-08	Aug-14	68,690	45,119	23,571	66%
The Astro	Multifamily	212 units	Seattle	Sep-13	Jun-15	52,200	37,700	14,500	72%
Bellevue at Main	Multifamily	256 units	Seattle	Oct-13	Sep-15	88,105	57,686	30,418	65%
Temescal Apartments	Multifamily	130 units	San Francisco	Sep-15	Feb-17	57,872	40,511	17,362	70%
<b>7 Unrealized Multifamily Projects</b>		<b>1,408 units</b>				<b>379,342</b>	<b>259,776</b>	<b>119,566</b>	<b>68%</b>
Merrill Gardens - Campbell	Senior Housing	147 units	San Francisco	Jun-07	Apr-14	54,494	40,647	13,847	75%
Merrill Gardens - Huntington Beach	Senior Housing	121 units	Los Angeles	May-12	May-14	34,916	23,086	11,829	66%
Merill Gardens - Lafayette	Senior Housing	89 units	San Francisco	Apr-07	Jul-14	37,050	23,355	13,694	63%
Merrill Gardens - Rockridge	Senior Housing	127 units	San Francisco	Nov-14	Jul-16	62,098	40,000	22,098	64%
Merrill Gardens - Monterey	Senior Housing	109 units	San Francisco	Nov-14	Nov-16	40,397	27,747	12,650	69%
<b>5 Unrealized Senior Housing Projects</b>		<b>593 units</b>				<b>228,954</b>	<b>154,836</b>	<b>74,118</b>	<b>68%</b>
<b>12 Unrealized Residential Projects</b>		<b>2,001 units</b>				<b>608,295</b>	<b>414,612</b>	<b>193,683</b>	<b>68%</b>
Google Campus Phase I	Commercial	194,000 sf	Seattle	May-04	Jul-08	68,712	54,475	14,237	79%
Google Campus Phase II	Commercial	180,000 sf	Seattle	Sep-13	Oct-15	80,000	60,000	20,000	75%
<b>2 Unrealized Commercial Projects</b>		<b>374,000 SF</b>				<b>148,712</b>	<b>114,475</b>	<b>34,237</b>	<b>77%</b>
Hilton Homewood Suites	Hospitality	136 units	San Francisco	Apr-07	Sep-14	41,156	22,806	18,350	55%
<b>1 Unrealized Hospitality Project</b>		<b>136 units</b>				<b>41,156</b>	<b>22,806</b>	<b>18,350</b>	<b>55%</b>

**EXHIBIT 2**

**WESTMONT BACKGROUND AND EXPERTISE MEMORANDUM**

**SOUTH MAIN SENIOR LIFESTYLES, LLC (SMSL)  
PROPOSED OPERATOR: WESTMONT LIVING, INC.**

**PHASE ONE DEVELOPMENT:  
199-UNIT CONGREGATE CARE, ASSISTED LIVING AND MEMORY CARE PROJECT**

The operator is critical to the success of a project. Consequently, SMSL has devoted more than three years to the selection of the operator for the Phase One Development. Based on the operator selection process described below, SMSL has selected Westmont Living, Inc. (“Westmont”) as the operator of the Phase One Development, subject to approval by the Milpitas Housing Authority (MHA) acting through its Executive Director pursuant to Section 1.4.1 of the First Amended and Restated Disposition and Development Agreement between SMSL and MHA dated November 19, 2013 (DDA).

**Operator Selection Process**

The operator will be responsible for the day-to-day operations of the Phase One Development. As such, the operator will hire and oversee all on-site employees; market and lease the units in the project; provide daily meals for the residents; provide health, wellness and other personal care to the residents; provide programs and activities to enrich the mental, emotional and physical well-being of the residents; provide regularly scheduled transportation to medical offices, shopping, entertainment and recreational destinations; maintain the physical condition of the project and grounds; account for the collection and disbursement of funds from operation of the project; comply with all requirements relating to the licensing of the project by the California Department of Social Services to provide assisted living and memory care services; and other tasks associated with the operations of the project.

The experience and qualifications of an operator in the foregoing areas with a congregate care, assisted living and memory care facility comparable to the Phase One Development are critically important. In addition, SMSL requires that its operating partner satisfy the following criteria:

- Successful experience operating senior living communities comparable in congregate care/assisted living/memory care component mix, number of units, price point and market area/location;
- Successful experience marketing and leasing up comparable senior living communities;
- Successful experience qualifying residents for units subject to income and rent restrictions, and providing services to and integrating these residents with the residents of the project as a whole;
- State-of-the-art financial management and reporting systems;

- Company financial strength sufficient to operate the Phase One Development as a congregate care, assisted living and memory care facility;
- Relationships with equity investors and lenders capable of financing a project of the magnitude of the Phase One Development;
- Alignment with SMSL's operating philosophy and core values.

SMSL commenced the operator selection process with an evaluation of Leisure Care as a potential operator for the Phase One Development. Over the past 12 years, Leisure Care successfully marketed, leased-up, achieved stabilized operations and continues to manage the stabilized operations of Heritage Estates, a 250-unit congregate care and assisted living community in Livermore owned by a partnership in which three of SMSL's principals are members of the general partner.

Commencing with MHA approval and execution of the DDA, SMSL devoted nearly one year to working with Leisure Care – conducting due diligence; analyzing market demographics and competing projects to position the Phase One Development to meet the needs of the target residents; negotiating an agreement regarding division of responsibilities and compensation between the parties; designing the Phase One Development's common areas, unit mix and amenities to meet Leisure Care's operational requirements; and more – with the intent of partnering with Leisure Care as the operator of the Phase One Development. Unfortunately, during the course of its activities with SMSL, Leisure Care undertook the development of three new senior retirement communities which substantially, and unexpectedly, strained its financial and staff resources. As a consequence, Leisure Care no longer possessed the financial strength and staff capacity to perform to SMSL's standards on the Phase One Development and was no longer financeable for a project of this magnitude.

SMSL then launched a nationwide search for an operator. Candidate operators were identified based on referrals from equity investors, lenders and owners/developers active in the senior housing industry, and rankings and performance evaluations published by senior housing industry organizations. SMSL evaluated each candidate operator's satisfaction of the criteria outlined above. With each candidate operator who satisfied these criteria, SMSL:

- Conducted telephone and in person interviews with the key executives of the company and the personnel who would be responsible for providing care to the project's residents, overseeing property operations, accounting and reporting;
- Toured the project's site, surrounding market area and comparable retirement communities and obtained input on how to position the Phase One Development to meet the needs of the Milpitas senior community;
- Obtained market analyses to refine SMSL's pro forma analyses;
- Reviewed the project's design and obtained input to enhance the residents' living experience, and marketability and operational efficiency of the project; and
- Interviewed people who have retained the operator to manage their communities regarding their experiences with the operator.

Through this process, which consumed nearly nine months, SMSL identified six operators who meet its requirements and are financeable. All six candidate operators would make excellent operating partners for the Phase One Development. From this group, SMSL initially selected Integral Senior (“ISL”) based on the strength of its capital partner, The Wolff Company. Westmont Living and its capital partner were equally well-qualified and stood ready to step in to replace ISL/Wolff should the opportunity arise.

In conjunction with moving forward with the project design, SMSL updated its analyses of the needs for services by Milpitas’ senior citizens. The updated market and demographic analyses indicated a large and rapidly growing need for high levels of assisted living services and memory care services owing to the aging of Milpitas seniors. To better serve these needs, SMSL elected to increase the proportion of assisted living units relative to congregate care units in the Phase One Development, and include a memory-care wing in the Phase One Development.

A development providing this higher level of care did not fit the investment parameters and development expertise of SMSL’s previously approved equity/development partner (Wolff). It is, however, a good fit for Westmont Living and its equity investor/development partner (SRM), both of whom have a successful track record of experience in high level of care senior housing and a long-standing relationship in the development and operation of senior housing.

### **Westmont Living Qualifications**

The owners of Westmont Living have been in the retirement community business since 1996. Founded in 2008 and headquartered in southern California, Westmont Living is a well-respected developer, owner and operator of senior retirement communities. Westmont Living is a family-owned business focused on building value for all of its constituents: its residents, families, team members, partners and investors. Westmont Living has over 600 employees and now operates twelve senior housing communities in California, Oregon and Washington with over 1,300 units/beds and two additional communities under construction. Westmont Living prides itself as a privately-owned, regional operator with long term vision. With key personnel located in California, Westmont Living can easily support its communities and respond in a timely manner.

Westmont Living is an owner-manager and its principals look at management and value creation from an owner’s perspective of building long term value. It has invested in people, technology and systems up front to create a platform that is scalable as it incrementally grows. In addition to Westmont Living, Westmont’s principals also own and operate Westmont Construction, Inc., a California licensed general contractor specializing exclusively in the construction of seniors housing and Westmont Development focused on entitling and designing senior housing projects.

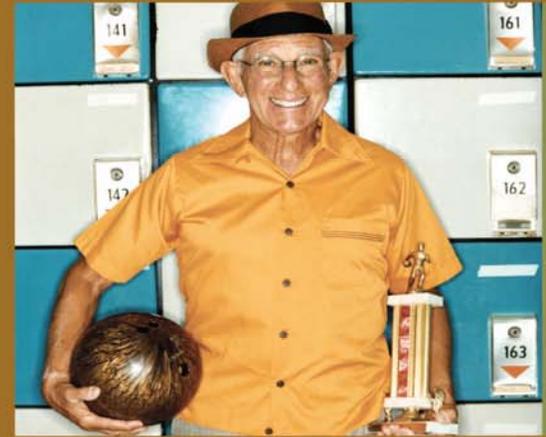
Many of the California communities Westmont has managed contain units subject to income and rent restrictions and subject to tax-exempt bond compliance and reporting requirements. These restrictions and requirements are comparable to those imposed by the Phase One

Regulatory Agreement on the Phase One Development. For example, Pinole Senior Village, operated by Westmont Living was a redevelopment agency project that has 55 moderate income units and 10 very low income units as well as standard State of California reporting requirements.

Westmont Living is a full service operator, with in house departments for sales and marketing, accounting and financial services, human resources, resident care and licensing, buildings and maintenance, and owner relations and reporting. The members of Westmont Living's senior management team are recognized leaders in the senior housing industry. Each has decades of experience in his or her area of expertise and responsibility. Westmont maintains good standing with the California Department of Social Services and other senior housing regulatory agencies, its lenders and investors with no record of uncured defaults.

Westmont Living and its principals have the financial capacity to operate the Phase One Development as a congregate care, assisted living and memory care facility. Financial statements are available upon request.

Westmont Living's core values and culture are well-aligned with SMSL's and – combined with Westmont's experience, quality of service, reputation and financial capacity – will ensure operation of the Phase One Development in the manner contemplated by the DDA and associated MHA documents and in which the MHA will be proud to be a partner. More information on Westmont's operating philosophy can be found on its website, [www.WestmontLiving.com](http://www.WestmontLiving.com), and in the attached documents.



WESTMONT LIVING®  
inspired retirement living®

## Mission

*Our mission is to provide inspiring life experiences that enable our residents and their families to lead full and enriching lives.*

## Vision

*Our vision is to exceed the expectations of our residents and families while inspiring hearts and minds.*

## Westmont Cares

### *Compassion*

We are serving-hearted and respect the dignity of each individual.

### *Integrity*

Our actions and values reflect our principles.

### *Service*

It is always our pleasure to provide excellent service.

### *Quality*

We strive to do our best and to continuously improve.

### *Passion*

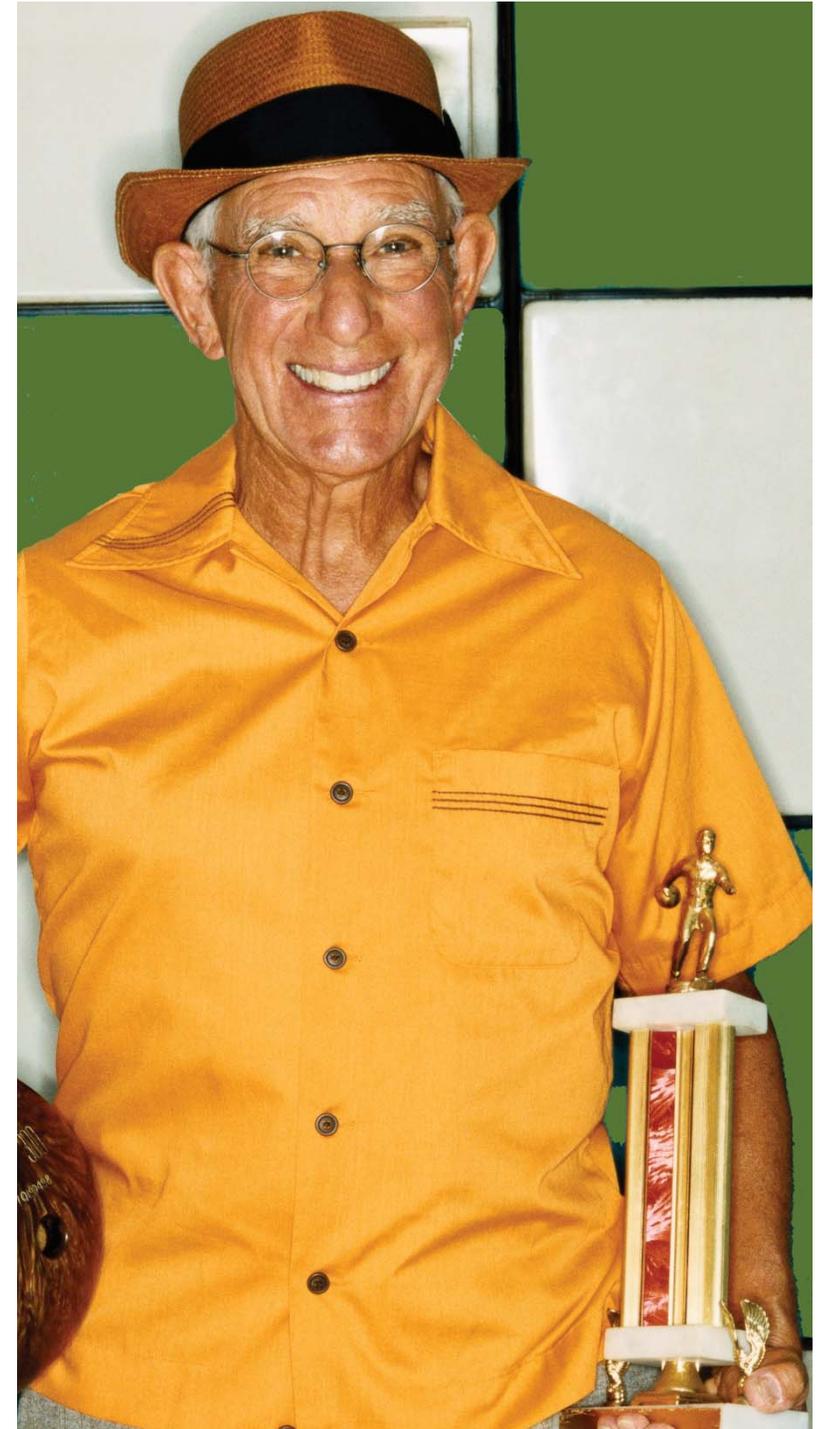
We celebrate life and have fun.

### *Purpose*

We believe that purposeful lives are meaningful lives.

### *Involvement*

We encourage participation in order to make a difference in the community.



# Service Standards

**Our service promise: We are a family at Westmont Living.**

## Service Standards

**Safety** *The safety of team members and residents is a primary concern.*

**Friendliness** *We treat everyone with respect and courtesy. We show genuine, unconditional compassion.*

**Setting** *We create a welcoming, home-like environment.*

**Efficiency** *We have pride in our company and the jobs that we do.*

## Service Actions

SAFETY	FRIENDLINESS	SETTING	EFFICIENCY
<ul style="list-style-type: none"><li>• We orient team members to the fire/life safety system and the location of the emergency exits, and alarms. We practice fire/emergency drills.</li><li>• In the event of an injury or accident:<ol style="list-style-type: none"><li>1. We seek appropriate medical attention</li><li>2. When in doubt, we call 911</li><li>3. We notify our supervisors</li></ol></li><li>• We keep our workplace clean and organized and the hallways clear and unobstructed.</li><li>• We report any safety hazards to our supervisors.</li></ul>	<ul style="list-style-type: none"><li>• We start and end every resident contact with direct eye contact and a sincere smile.</li><li>• We greet and welcome each and every resident and guest using such phrases as: "good morning/afternoon/evening, welcome, have a good day, may I help you?; my pleasure, glad to help."</li><li>• We offer a "thank you" or gentle touch or pat on the arm or similar expression of appreciation at the conclusion of every interaction.</li><li>• We listen to resident needs, answer questions and offer prompt assistance.</li></ul>	<ul style="list-style-type: none"><li>• We observe and pay attention to details, take notes on areas for improvement and make an effort to remedy them as part of our daily routine.</li><li>• Maintenance means more than just keeping the setting clean. It also means protecting it from damage and repairing wear and tear.</li></ul>	<ul style="list-style-type: none"><li>• We are all responsible for making our retirement community better for all of our team members and residents.</li><li>• We notice resident/guest challenges and strive to remedy them.</li><li>• We attempt to immediately resolve any customer service problem before it becomes a customer service failure.</li></ul>

# Westmont Living Leadership

## **Michael O'Rourke**

Principal and Chief Executive Officer of Westmont Living and Westmont Construction

## **Andy Plant**

Principal and President of Westmont Living and Westmont Construction

## **Experience**

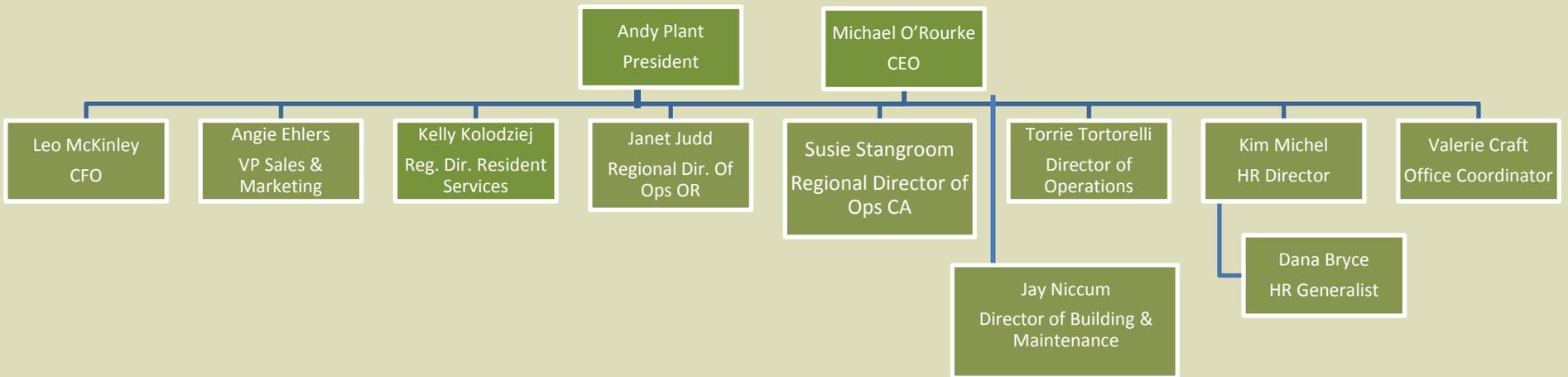
Owner and operator of independent, assisted living, and memory care since 1996

## **Beliefs**

- Investing in team members, training, technology and systems
- Establishing a culture of high expectations, accountability, continuous improvement
- Empower team members to take ownership, solve problems

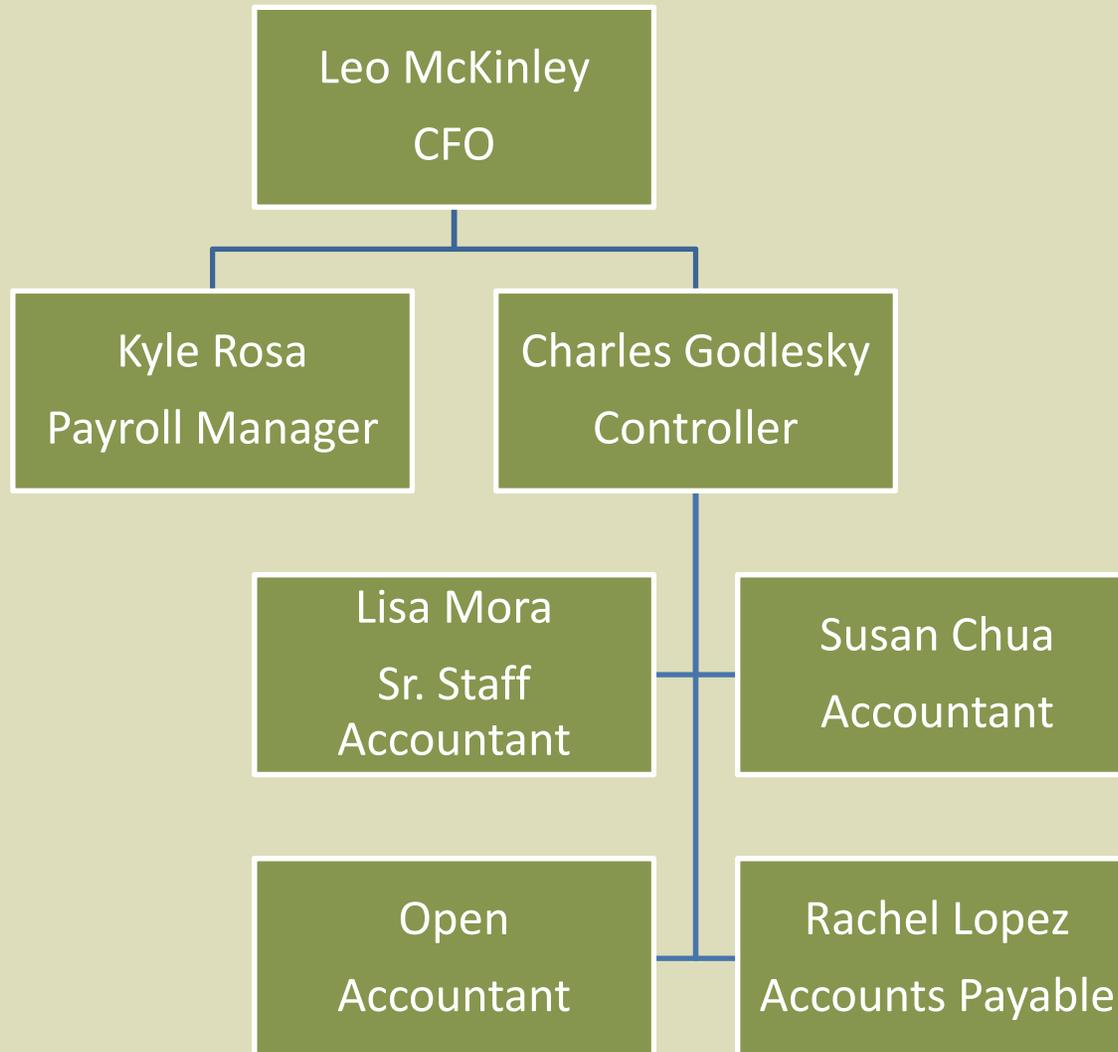
# Westmont Living Organizational Chart

## President's Direct Reports



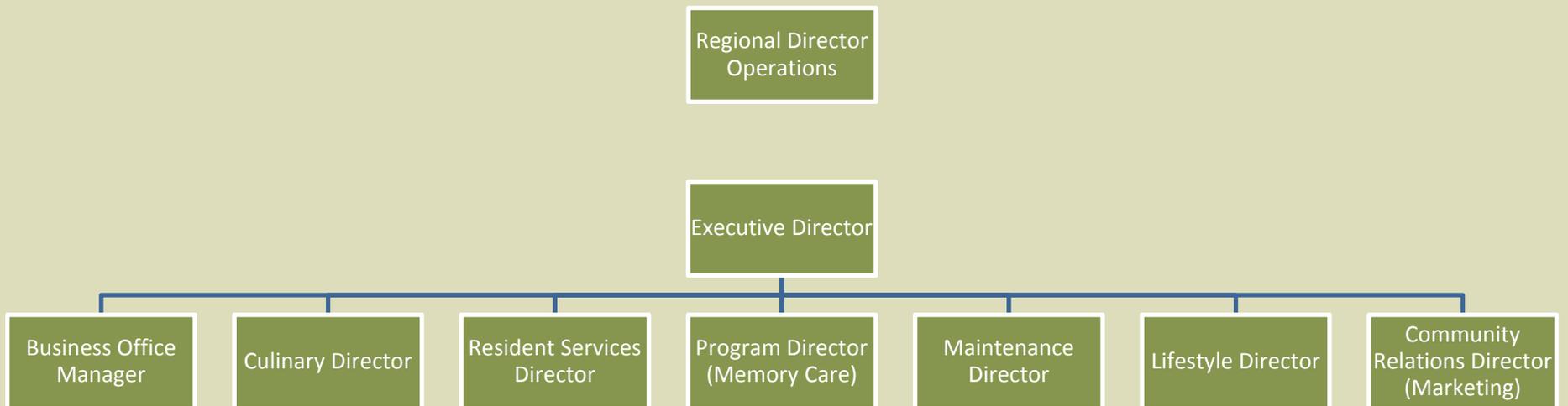
# Westmont Living Organizational Chart

## Finance, Payroll and Maintenance



# Westmont Living Organizational Chart

## Community Organizational Chart



# Operational Philosophy and Software Systems



## Operational Philosophy

- Utilize systems to manage retirement communities in real time.
- Streamline business processes using technology
- Provide managers timely information enabling better decisions

## Systems

- Pharmacy
- Maintenance
- Dining
- Comprehensive Operational System
  - Accounting
  - Sales
  - Clinical/Care -utilizes time and points for acuity based staffing

# Branded Programs Unique to Westmont Living

- Peace of Mind Satisfaction Guarantee
- Live Your Way® Activities & Wellness Program
- Dine Your Way
- Compass Rose® Memory Care
- Rest Assured Temporary Stay Program

**WESTMONT®  
The Terraces**  
inspired retirement living®

## Peace of Mind Satisfaction Guarantee<sup>SM</sup>

Our guarantee is simple: If you are not completely satisfied for any reason, you may move without penalty during the first 60 days of living in your new residence.

Peace of Mind is essential these days, and we are focused on resident satisfaction and providing the best in Inspired Retirement Living®. If you are not completely satisfied, contact us and we will make it right for you. Guaranteed!

### HOW THE PEACE OF MIND SATISFACTION GUARANTEE<sup>SM</sup> WORKS

- Peace of Mind Satisfaction Guarantee<sup>SM</sup> applies to your base rent only. Personal care services, community fees, and other charges are excluded.
- If you are not satisfied within your first 60 days of residency and desire a refund of any unused rent, simply notify the Executive Director of your request and complete the Peace of Mind Satisfaction Guarantee<sup>SM</sup> Request form indicating your desired move-out date. We will also waive the usual notice requirements and return any refundable deposits, less any damages, to you.
- Peace of Mind Satisfaction Guarantee<sup>SM</sup> does not apply to residents living in memory care or guests in our Rest Assured Temporary Stay<sup>SM</sup> program.

**WESTMONT LIVING®**  
inspired retirement living®

## We Care™

At Westmont Living we strive to continuously improve on the services and amenities we offer at your community. Should you have any comments or suggestions please contact our "We Care" Comment Line and let us know how we can help you.

66) 690-5971

## Live Your Way® Program

The Terraces offers its residents fun and activities with friends and family that are beneficial to successful aging and encourage our residents to lead lives they are passionate about.

The program is based on a holistic approach to health and wellness. Activities address all three areas: physical, cognitive, and emotional.

• Stay for improved strength, flexibility

• Stay sharp and alert

• Lifelong learning and stay engaged

The Terraces also promotes resident health by sponsoring educational talks on topics such as fitness, nutrition and disease avoidance.

### BRAIN FITNESS

The Live Your Way® program has a variety of activities designed to maintain brain fitness including reading, cards/games, puzzles, Wii, and other mind-challenging games. The Live Your Way® program also incorporates arts, crafts, music, pet therapy, and outings to local cultural and social events.

### PHYSICAL AND ACTIVITY

Our residents are encouraged to take part in and lead daily activities offered on campus, as well as local outings. Themed parties, clubs, and intergenerational activities are scheduled on a regular basis. Spiritual and educational events, classes and lectures, museums and concerts are regularly included on the Community events calendar.

**WESTMONT LIVING® Community**  
2750 Sierra Sunrise Terrace, Chico, CA 95928 | 530.894.5429 | [WestmontLiving.com/chico](http://WestmontLiving.com/chico)

© 2020 Westmont Living

RIDE #045001756  
The Inn at The Terraces

# Sales Management, Marketing And Branding



### Compass Rose<sup>®</sup> Memory Care Program

**WHAT IS A COMPASS ROSE?**  
A compass rose is an element of a map used to show direction. This is the symbol used in Navigating the Alzheimer's journey.

Wherever of Morgan Hill's Compass Rose<sup>®</sup> program was designed in cooperation with a nationally recognized gerontologist to guide both operations and their families as we care for a loved one with Alzheimer's or other memory impairment. You assist in personal care, we help maintain each individual's independence and quality of life during the difficult journey. Our goal is to provide a culture that is life-affirming, meaningful and satisfying, while respecting the choice and dignity of our residents.

We complete an Individual Care Plan and Life History to assess each resident's needs and fully understand his or her background. Then, our Program Director and staff create an activities program, including a range of events designed to promote function, promote enjoyment and a sense of well-being. Celebrating his through high-level recreation is also an integral part of the Compass Rose<sup>®</sup> program and goes a long way to relieving the stresses of every day life.

**"My Mom is well taken care of by dedicated, compassionate people – I couldn't ask for more."**

**ALL THE COMFORTS**  
Resident of Morgan Hill's Compass Rose<sup>®</sup> neighborhood is an intimate and comfortable, home-like setting. Our residents enjoy:

- 24-hour staffing
- Special entertainment
- State-of-the-art technology for resident connectivity
- Live "Your Way" activities program
- Lush gardens and walking paths
- Three nutritious meals served daily
- Daily housekeeping and linen service
- Salon and hairdressing
- Transportation services

**DINING**

At Westmont of Morgan Hill, we consider dining a therapeutic activity that can strengthen all five senses. Multiple opportunities presented themselves of special people, celebrations and occasions associated with the sharing of food—and each meal is an opportunity to strengthen relationships among residents, caregivers and family.

**NAVIGATOR'S FAMILY**

We believe in sharing the love with residents, families and Navigators' Family. Support education and on-going experiences with others at Morgan Hill, we encourage participation in the lives of

**Professional Referral Program**

**live your way**

Enjoy fun activities along with friends and family

- Physical exercise for improved balance and flexibility
- Brain Fitness to stay sharp and alert
- Social events and life-long learning to stay engaged

**The Right Choices For You**

- Retirement Living
- Assisted Living
- Memory Care

**dine your way**

Enjoy what you want when you want. One Your Way On Your Schedule – select from a variety of menu choices in our Garden Terrace

\*To be eligible for the incentive payment, we must be notified in writing of your referral before the initial tour. Your referral must meet initial payment received within 30 days. Incentive payment will be paid or deducted after the referral has been in Community for at least 30 days. Other restrictions may apply.

**Professional Referral Program**

**YOUR INFORMATION**

NAME \_\_\_\_\_

PHONE \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY/STATE/ZIP \_\_\_\_\_

EMAIL \_\_\_\_\_

RELATIONSHIP TO REFERRAL \_\_\_\_\_

**YOUR REFERRAL'S INFORMATION**

NAME \_\_\_\_\_

PHONE \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY/STATE/ZIP \_\_\_\_\_

EMAIL \_\_\_\_\_

## Branded Collateral

## 90 Day Rolling Sales and Marketing Campaigns

- Professional Outreach
- Resident Referral
- Direct Mail
- In-house marketing
- Media and Advertising

## Website SEO and SEM Optimized

# Operational Software System

- Lead Tracking
- Executive Director Dashboards
- Resident Assessment
- Occupancy Dashboard
- Care Management
- Rent Rolls
- Staffing/Overtime Monitoring
- Billing
- Payables & Receivables

**Senior Housing Marketing Dashboard** Oceanview Tuesday, April 01, 2014

Scheduled Activities	Prospects
Tours	Prospect
Initial Contact	Waitlisted
E-Mail	Future
Mailing	
Phone	
Other Activities	
Past Due	

Unit Statistics	Community
Available Units	ov_np1
Total Units	
Capacity	
Present Occupancy	

Navigation: Dashboard | Calendar | Lead Status | Person/Unit Search

**Community Manager** Westmont of Morgan Hill Tuesday, April 01, 2014

Residents By Status	Unit Statistics
Current	Available Units
On Notice	Total Units
On Leave	Capacity
Future	Present Occupancy
Waitlisted	Monthly Occupancy

Care/Service Discrepancies	Task Lists
Pending Manage Services	Move In
Resident vs Unit	Move Out
Recommended vs Actual	Room Rate Increases
	Unit Transfer

Navigation: Dashboard | Calendar | Care Levels | Person/Unit Search

# Contracting, Training, Policies and Procedures



## Corporate Contracting

- Economies of scale, consistency
- Training Manuals & Support
- Online Training & Tracking

## Policies and Procedures Compliance

- Resident Services
- Administration
- Dining Services
- Maintenance
- Activities

# Owned and Managed Senior Living Communities

## **Oceanview Senior Living**

**71 units IL/AL**

Newport, OR 97365

## **Lakeview Senior Living**

**105 units IL/AL/ALZ**

Lincoln City, OR 97367

## **The Terraces Senior Living**

**136 units IL/AL**

Chico, CA 95928

## **The Terraces of Roseville**

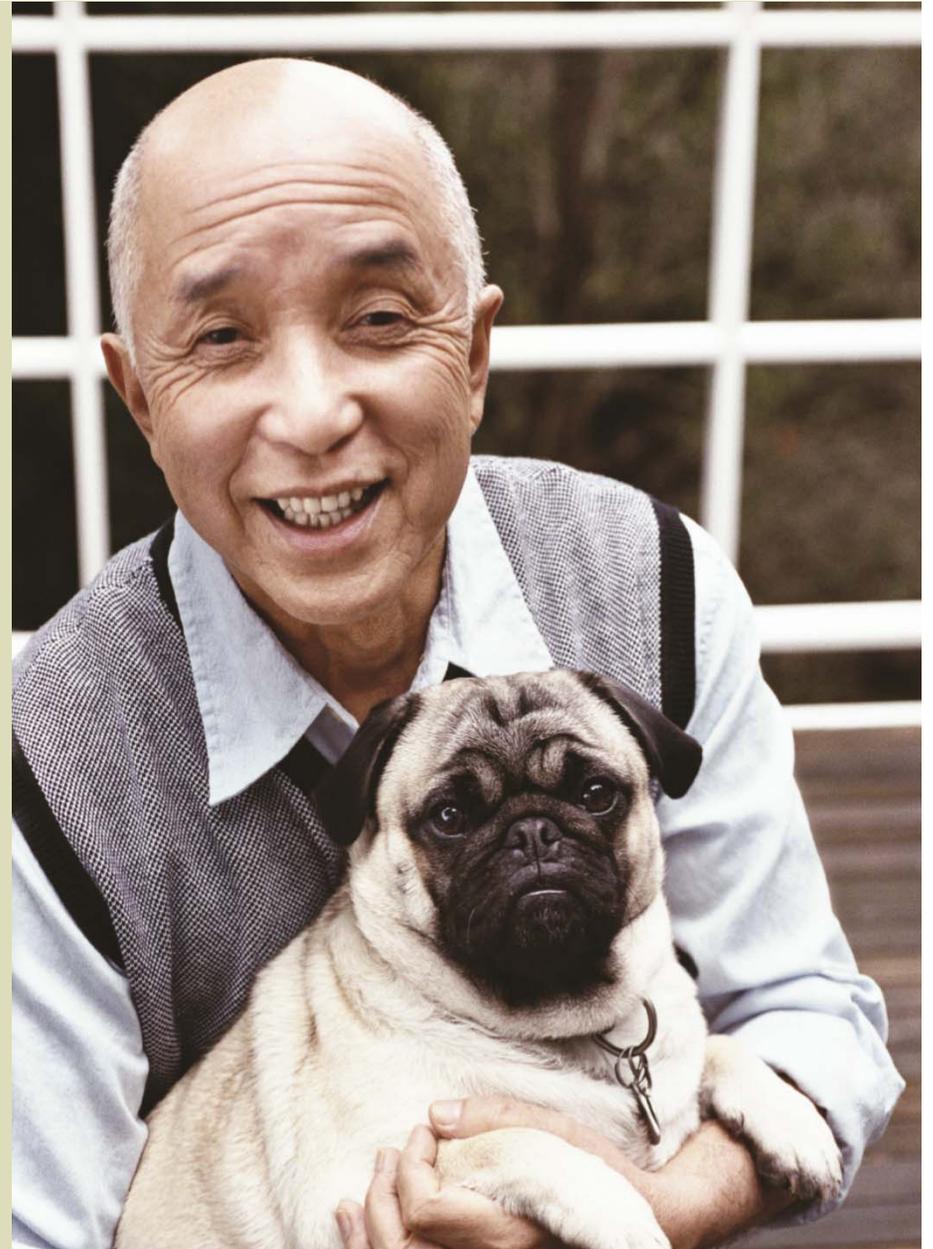
**200 units IL/AL/ALZ**

Roseville, CA 95661

## **Summerfield Senior Living**

**72 units IL/AL/ALZ**

Yuba City, CA 95991



# Owned and Managed Senior Living Communities

**Westmont of Morgan Hill-**  
86 unit/105 bed IL/AL/ALZ  
Morgan Hill, CA 95037

**Pinole Senior Village**  
72 unit/88 bed AL/ALZ  
Pinole, CA 94564

**Westmont of Brentwood**  
130 unit/143bed IL/AL/ALZ  
Brentwood, CA 94513

**Westmont at San Miguel  
Ranch-**105 bed IL/AL/ALZ  
Chula Vista, CA 91914  
Opened January 2015

New Construction:  
**The Inn, Chico** 80 Units AL

**Maple Glen - 54 units AL**  
Shelton, WA 98584

**Apple Springs 53 units AL**  
Omak, WA 98841

**Parkview Care Center**  
54 units AL  
Colville, WA 99114

**In Development Cont.:**

**Mariposa At Elwood Shores**  
89 Units IL/AL/ALZ  
Goleta, CA

**Westmont of Encinitas**  
131 Unit/140 bed IL/AL/ALZ  
Encinitas, CA



# Case Study-The Terraces of Roseville

## Take Over-February 2009

- 45% Occupied
- Revenue-\$4,363,404
- Expenses-3,336,708
- NOI-\$1,026,696
- 23.53% Operating Margin

## Overall Changes In Operations Since 2009

- 36% Increase in Occupancy
- Revenue-Increased by 36.61%
- Expenses-Decreased by 2.4%
- NOI-Increased by 163%
- Operating Margin Increased by 21.84%

## Actuals Year Ending 12/31/13

- 95% Occupied
- Revenue-\$7013,052
- Expenses-\$4,277,169
- NOI-\$2,735,883
- 39.02% Operating Margin



# Case Study-The Terraces, Chico, CA

## Year End 12/31/13

- 92% Occupied
- Revenue-\$5,788, 747
- Expenses-\$3,034,355
- NOI-\$2,754,391
- 47.58% Operating Margin

## Overall Changes In Operations Since Acquired in 2006

- 12.5% Increase in Occupancy
- NOI-Increased by 15% annually; a 90% increase in the NOI since 2006
- 97% Occupied as of 11/3/14



# Case Study-Westmont of Morgan Hill

**Opened February 2011  
Actuals for Year Ending  
12/31/13**

- 97% Occupied
- Revenue-\$5,299,058
- Expenses-\$3,136,205
- NOI-\$2,162,853
- 40.8% Operating Margin



# Case Study-Pinole Senior Village

## Began managing community on 12/31/10

Revenue-\$1,811,274

Expenses-\$1,726,865

NOI-\$84,408

4.6% Operating Margin

## 9 Month Annualized 2014

Revenue-\$3,740,079

Expenses-\$2,664,910

NOI-\$1,075,168.



**EXHIBIT 3**

**SERVICES PLAN FOR THE PHASE ONE DEVELOPMENT**

**SOUTH MAIN SENIOR LIFESTYLES, LLC (SMSL)**

**PROPOSED SERVICES PLAN**

**PHASE ONE DEVELOPMENT:**

**199-UNIT CONGREGATE CARE, ASSISTED LIVING AND MEMORY CARE PROJECT**

This Services Plan describes the nature of the congregate care, assisted living and memory care services to be provided to the residents of the Phase One Development, subject to the approval of MHA’s Executive Director pursuant to Section 1.4.2 of the DDA.

The Phase One Development will accommodate a range of seniors, from those who are healthy and active (Congregate Living residents) to those who are more frail (Assisted Living residents), including those who have memory loss (Memory Care residents) .

- ❑ Congregate Living - For residents who are ambulatory or semi-ambulatory, alert, and physically and mentally capable of independent management of daily activities.
- ❑ Assisted Living - For ambulatory or semi-ambulatory residents who need limited and higher levels of assistance with daily living activities such as medications, grooming, mobility and other personal care and services.
- ❑ Memory Care – For assisted living residents who suffer from memory loss.

This “continuum of care” approach allows residents to age within a home environment and minimizes the discomfort of multiple moves. The design construction standards for the project will be Type 1B and all of the units will be designed to be handicapped accessible, thereby enabling congregate care and assisted living residents to age in their units. Elevators will provide access for residents and staff to all four floors of the building.

The lobby/reception area, abundant common area amenities and staff/administrative offices will be located on the ground floor, along with a memory care wing – all integrated around landscaped outdoor courtyards. Junior one-bedroom, one-bedroom and two-bedroom units will be located on floors 2 – 4.

The common area amenities will include a full service dining room, a “Bistro” dining option, a fitness center and indoor pool, a recreation center, a hair salon, an outdoor recreational area and a number of other amenities. The “lifestyle” created for the residents includes restaurant-style dining (including alfresco dining), housekeeping, scheduled transportation, continuing education, programmed off campus events and “outings”, and a varied selection of health, fitness and recreational programs. Many of the programs for seniors will be open to the senior

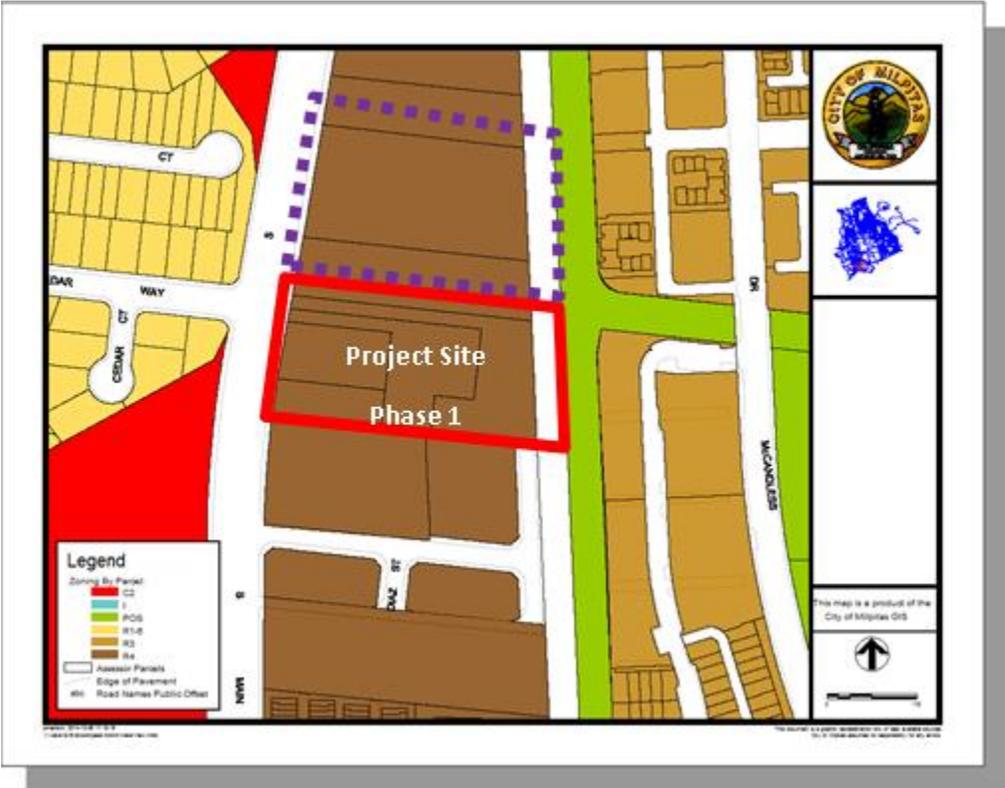
public for a fee, bringing added vitality to the community. Emergency call systems and daily check-in services will be provided.

Assisted living services will meet the California Department of Social Services requirements while offering a residential living environment with privacy, choice and safety. In addition to the “lifestyle” services, additional services and packages of care will be developed to meet the needs and desires of assisted living residents. These may include medication set up and reminders, escort services, additional transportation, personal care services and/or other care and services depending on the individual’s needs and desires.

Loss of memory of a loved one can be one of the most disturbing events that families face. The memory care services will meet the State licensing requirements and consist of a plan of care tailored to the individual’s needs. Memory care services will include structured activities and life enrichment programs; intimate common areas; indoor and outdoor secured walking areas; escorts to and from meals, activities, therapy and throughout the project; appropriate therapy programs; personal care (e.g., hygiene, bathing, hair, nails, clothing), and/or other care as needed.

The services and amenities to be provided to residents of the Phase One Development will be provided by Westmont Living’s professional staff, including departments for culinary services, health and wellness, housekeeping, administration, maintenance, and programs. Westmont Living’s mission is to provide inspiring life experiences that enable residents and their families to lead full and enriching lives. Westmont Living is truly driven by the belief that purposeful lives are meaningful lives. Westmont Living’s team members work tirelessly to foster their residents’ independence, not dependence, and are sensitive to respecting each resident’s individuality, choice, dignity and privacy. They take pride in their Live Your Way® activities and wellness program which includes a variety of programs in physical exercise, brain fitness programs and social events with life-long learning. Providing choice is of the utmost importance to Westmont Living, and their Dine Your Way program allows the residents to select from a variety of menu options. An overview of Westmont Living’s approach and philosophy about retirement living is attached.

ATTACHMENT 6 – SITE MAPS  
Map 1  
Project Location



Map 2  
Project Site

