



FINANCE COMMITTEE MEETING

Minutes

November 30, 2022

1. **Call to Order:** Meeting was called to order by **Chair Zell** at 2:05 pm.
2. **Roll Call:** Present via Zoom: Chair Zell, Member Seto, CEO Fama, CFO Yee. Absent: Director Galligan, Member Sun.
3. **Approval of Minutes** from September 20, 2022
It was moved by CEO Fama and seconded by Member Seto to approve the Minutes from September 20, 2022. Roll call vote: Chair Zell – Aye; Member Seto – Aye; CEO Fama – Aye; CFO Yee – Aye. The motion passed 4/0/0.
4. **PHCD Health & Fitness Center – Performance & Goals:**

Ms. Marheineke, Fitness Center Director, provided a brief history of the Center and an overview of the YTD performance and goals for the Center. The Center promotes healthy aging through physical activities, health education, socialization, and connectivity. Operations are geared toward the older population. Input from the public regarding offerings are collected through a senior advisory committee. In addition to the fitness equipment, there are classes, massage therapy, and concierge services. In FY 20, the Center had 200 members, but when COVID happened, operations stopped for a few months and resumed on a modified scale. As a result, the membership was reduced to 150 in FY 22. **Ms. Marheineke** is looking at ways to bring in more members. She plans to contact local businesses to provide employees with discounted membership during underutilized hours. She is also exploring the opportunity to make Massage Therapy available to residents living at The Trousdale. The District currently subsidizes the Center and will need 257 new members to break even. Regarding marketing, she has posted ads, sent direct mail postcards, and dropped off brochures at doctor's offices.

Chair Zell commented that fitness is vital to health and does not mind the subsidy. He wants to explore different ideas to reach out to more people so that more people can benefit. Management may want to look at marketing, signage, price point, and offerings to increase membership; the Center needs to define and market the product being offered. Is there the capacity to add a medical component? What makes the Center attractive to more members?

Member Seto commented that breakeven is a bit challenging given the size of the Center and the population served. He thought the \$80 membership fee was high with the current offerings. He asked if there is a way to put in different programs, such as a basic and a more advanced program for those with specific workout goals. **Ms. Marheineke** noted that heart healthy, balance, and yoga classes are regularly provided. Member-specific advice and personalized services are already provided by Staff as well.

CEO Fama commented that COVID significantly impacted the current number of members due to the months of required closure, reduced numbers allowed in Center at one time dictated by state

and local health precautions during gradual recovery, and then members remaining cautious after restrictions lifted or unfortunately experiencing a decline in health and ability to come to the Center. It was Ms. Marheineke's constant support and outreach efforts that brought back the majority of the members.

Member Seto asked if there is a way to put physical therapy in the Center and have the hospital promote the Center. CEO Fama replied that rooms in the back had been leased to a PT prior to COVID and could be again. She also commented that having the hospital promote the Center has been difficult. Multiple outreach has been made to hospital leadership, but they have not been willing to make the Center's brochures available.

Chair Zell summarized the discussion noting he is open to adding a medical component, adjusting the membership price point, expanding membership, and exploring new marketing ideas. He would like Ms. Marheineke to come back at a future meeting to present her ideas for the Center.

5. TT Resident Assistance Fund Request:

CEO Fama introduced the situation facing resident SD who has been in TT for >3years, is 101 years old, has been on hospice twice and then perks up, and now due to her declining health and mobility, her level of care requirements have increased from Level 1 to Level 4, 4 being the highest monthly rent fee. The family reported that they can no longer support her stay at that rate and must explore less expensive options. TT Executive Director Chu carried out the Program's required family interview and review of the resident's financial documents and has verified that this resident is eligible for support based on TT's Rent Assistance Fund's policy. Therefore, we are requesting resident SD be awarded monthly rent assistance of \$5,000 to allow her to remain in her Trousdale home for the remainder of her life or until her care needs exceed those provided by TT's assisted living license and she must be transferred to a higher level of medical care. The family will continue to contribute \$6,000/month.

Member Seto asked if the family could pay the balance over time or if Eskaton could contribute a portion of the subsidy. **Chair Zell** commented that he did not want to see the 101-year-old resident leave her home due to financial hardship.

It was moved by Chair Zell and seconded by Member Seto to approve the use of The Trousdale Assistance Fund up to \$5,000. Also, check with Eskaton if they would contribute. Roll call vote: Chair Zell – Aye; Member Seto – Aye; CEO Fama – Aye; CFO Yee – Aye. The motion passed 4/0/0.

6. Draft Audited Financials:

CFO Yee provided an overview of the draft audited financials and significant changes from the prior year. The audit was completed by JWT & Associates, which is the District's first year of working with this firm. There were four audit adjustments:

1. *Pension adjustment* – provided by auditor each year. Favorable this year, resulting in a credit of \$987K.
- 2.&3. *Lease adjustment* – New accounting standard GASB 87. The standard applies to both a lessee and lessor by recognizing the present value of the total payments as either a lease liability or lease receivable and a deferred inflow or outflow on the statement of net assets. An interest portion is also recognized in the statement of activities.
 - On the lessee side, the 2600 El Camino Real facility resulted in an additional \$14K in expense
 - On the lessor side, the hospital land lease resulted in \$1.7M of additional income due to the length of the lease agreement (50 years).

4. *Sonrisas payroll accrual adjustment* – The payroll expense estimate for the pay period ending on June 30th was low, resulting in an adjustment of \$7K of additional salary expenses.

Other year-end numbers did not change, as shared in the last Finance meeting. The most significant changes from the prior year are from the new lease accounting standard and the pension adjustments. In addition, FY 20-21 was a pandemic year; therefore, there were more activities in FY 21-22 as the State lessened COVID restrictions.

Chair Zell commented that the new accounting standard is difficult to grasp. **CFO Yee** replied that the reasoning or validity for the new standard is challenging to understand. But, the entry is correct and is according to the reporting standard set by GASB. In addition, the auditor will be at the next Board meeting and can provide some clarity to GASB 87.

It was moved by Chair Zell and seconded by Member Seto to approve the draft audited financials. Roll call vote: Chair Zell – Aye; Member Seto – Aye; CEO Fama – Aye; CFO Yee – Aye. The motion passed 4/0/0.

7. **Q1 Consolidated Financials** – **CFO Yee** provided a brief overview of the financial performance for Q1 FY 22-23. Some items to note:

- The Trousdale is behind on revenue due to occupancy being 10 units behind but was already four units short coming into the new year.
- allcove has not been launched; therefore, there is no income and few expenses.
- Unrealized loss is higher than budget but will disappear once the bond matures.

Some unused budget is the result of timing differences. All other income and expenses are consistent with the general operations.

Member Seto commented that it might be beneficial to revisit paying off The Trousdale construction loans due to the rising interest rates. The bank might need to pay the District to eliminate the debt if the interest rates rise over the breakeven point. **CFO Yee** replied that she would get a payoff number from the bank and bring it back to the March meeting.

8. Future agenda

- Active Wellness & Activate Programs for the PWC Hub
- Health and Fitness Center Business Plan Update
- Q2 Consolidated Financials

Adjournment: Chair Zell Adjourned the meeting at 3:45 pm.

Written by Vickie Yee, CFO

Approved by:

Dennis Zell, Chair



**JOINT MEETING OF THE
BOARD of DIRECTOR'S**

**STRATEGIC DIRECTION OVERSIGHT
& FINANCE COMMITTEES
January 4, 2023**

Meeting Minutes

1. **CALL TO ORDER:** Chair Zell called the meeting to order at 5:00 PM and welcomed members of the Finance Committee.
2. **ROLL CALL:** SDOC members present were Cappel, Aubry, Bandrapalli, Jackson, Johnson. Absent: Pagliaro, Quigg, Emmott, Gutierrez, and McDevitt. Finance members present were Zell, Sanchez, Seto, Fama, and Yee. Absent: Sun
3. **APPROVAL OF MINUTES:** SDOC November 2, 2022
 Motion to approve as written by Aubry; seconded by Jackson
 Roll Call Vote: Ayes –Noes-0; Abstain-0
 Motion Passed:5/0/0
4. **ACTIVE WELLNESS & ACTIVATE PROGRAMS:** CEO Fama & CEO Jill Kinney, **Active Wellness & Activate Programs:** CEO Fama referenced her memo sent out in the meeting materials that summarized PHCD's work to date in exploring Active Wellness as a potential service partner for the District's PWC Hub of Community benefit services. Ms. Kinney is interested in using 15,000 square feet of the Hub for those programs. This joint meeting is intended to provide an opportunity for both Committee's members to get a better understanding of her programs and get answers to any questions they may have. She then turned the floor over to CEO Kinney,

CEO Kinney gave an overview on the history of her organization, examples of business partners such as Provident Health in Oregon and Rossmoor in Walnut Creek, the philosophy and goals of her programs, and her vision for what could be provided in the District's HUB. She then walked through a PowerPoint presentation on her assessment of the demographics and market potential surrounding the PWC Development and the variety of services she could provide in 15,000 square feet in the Hub that would address the Board's vision for the PWC. In addition to gym facilities for all ages, she is proposing her Activate Program would be a unique asset to the Hub and she is exploring the feasibility of putting in a therapy pool as well. She described the **Activate Model**

as a personalized program for people who have chronic conditions that can be improved with exercise, diet, and other lifestyle changes. When a member joins, they are assigned a personal health coach, a personal registered dietician, and a specialty personal trainer. A program is developed for them, and they work closely with this support team for a minimum of 90 days. Members come to Activate for 3-4 supervised workouts each week in a 30-minute custom circuit called EGym. Data on their workouts is collected and driven by AI that evolves these workouts to a target level performance defined by team. They also meet weekly with their health coach and registered dietician on progressive support for diet and behavior changes.

Q&A with CEO Kinney:

What is the capacity for the Hub being considered? A 15,000-sf model with 2,500-3,000 members.

Is Dr. Aubrey familiar with programs like Activate? Dr. Aubrey was but from his experience a physician would make a referral to a facility like this but not be actively involved.

What level of involvement do primary care doctors have with this program? One of the core components of the Activate model is the physician is always in charge. Activate provides subclinical services which involve a support staff of registered dietitians, certified health coaches and specialty trainers who take the physician's objective for a patient and develop a program which is then reviewed and signed off by the physician. The technology that has been incorporated is also a key component as it allows the Activate equipment's data to be embedded in the Electronic Health Record which directly updates the physician on the patient's progress.

How would PHCD's obligation to make Hub services accessible to all PHCD residents be addressed with the Active Wellness programs proposed? This would be done by having a pricing structure that allows for subsidies often provided by community centers and non-profit healthcare organizations.

Would proposed programs be compatible with a therapy pool? Yes, the warm water therapy pool is included in the model and part of the Active Wellness operations.

In regard to CEO Kinney's involvement with these types of facilities for over two decades, has she published any findings on the impact the wellness centers have had on the community? Not yet, but definitely in the future plans.

What would the cost be to move forward and bring the Active Wellness/Activate programs into the Hub? This would include putting together a pro forma with total capital requirements and a 5-year operating pro forma showing the forecasted revenues, operating expense to a break even, profitability and return on investment.

Does Active Wellness program have any focus around mental health? Not yet, but they are currently looking into if this component could be incorporated.

Would the therapy pool have a ramp for patients that use wheelchairs? There is no detail on the design as of yet, but therapy pools usually incorporate a ramp, accessibility, and temperature suitable for all patients.

Comments:

- PHCD should consider a sub-committee with local physicians to maximize the medical component of the Hub.
- The Sutter Research Institute could be reached out to assist with this committee along with a couple of other practicing physicians referring patients.
- PHCD should consider an elevator platform for the therapy pool as it would take up less space than a ramp.

What are the next steps? CEO Kinney needs PHCD's consensus that the program they have outlined is in fact the direction the Board wants to go. After everyone is on the same page in terms of vision then Active Wellness would move forward in developing a pro forma.

Chair Cappel asked if there were any other comments or questions. Hearing none, he thanked CEO Kinney for her presentation and answers.

5. PROGRESS REPORT ON PWC – HUB COMMUNITY SERVICES RESEARCH:

Consultant Alexis Denton summarized progress to date:

- Achieved a good handle on space requirements, big picture goals and needs.
- Affirmed after considering all feedback that the concept is both innovative and sound.
- Working to develop process moving forward to operationalize the Hub.
- Discussions ongoing with potential key partners - Eskaton, Avenidas, Active Wellness, Pearsuite.
- Learning from the Square at the Jewish Home- Daniel Ruth as expert contributor.

Next Steps

- Determine next steps with Active Wellness partnership.
- Decide approach on timing to move forward to operationalize the Hub.
- Develop executive summary of decisions, assumptions, and approach to-date.

Dr. Aubrey asked if the CEO transition would have any effect on the timeline. **Ms. Denton** answered that the timeline has not been established yet. She and CEO Fama are working on a plan for the next phase that will bring in experts who have already been interviewed and engaged in the work to date to work with her to mitigate that transition. **Director Zell**: commended **CEO Fama** on the team she has assembled on the project and thank **Ms. Denton** for her presentation.

Chair Cappel asked if there were any other comments or questions. None were offered.

6. STRATEGIC INITIATIVES UPDATES:

CEO Fama reported there have been two vaccination clinics since the SDOC's last meeting at which more than 180 vaccinations were given. The District will be partnering with Safeway to do another vaccination event at the Millbrae Senior Resource Fair on January 20th and on January 29th at the Millbrae Lunar New Year Festival. **CEO Fama** also update the Board on the progress of the RIP Medical Debt Relief Program and after partnering with the CFO of the San Mateo Medical Center over 14,400 residents will be receiving medical debt relief.

6. Adjournment

Vickie Yee

From: Regina Curtis <rcurtis@westernalliancebank.com>
Sent: Tuesday, February 28, 2023 9:30 AM
To: Monika Suarez; Vickie Yee
Subject: RE: Payoff Numbers

EXTERNAL SENDER WARNING: This email originated from outside of PHCD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good morning Vicki

Below are the amounts you requested. Please note this is only an indication as of now and could change due to market volatility.

The indicative pre-payment amounts on account of the swap are as follow:

1. Full termination: \$455,000 – Bank pays
2. Partial termination due to a \$20M current notional paydown: \$273,000 - Bank pays
3. Partial termination due to a \$10M current notional paydown”: \$130,000 - Bank pays

Thank you,

Regina Curtis
Vice President, Portfolio Management
T (602) 952-5425 | F (602) 889-1511 | rcurtis@westernalliancebank.com

From: Monika Suarez <MSuarez@westernalliancebank.com>
Sent: Monday, February 27, 2023 1:36 PM
To: Vickie Yee <vickie.yee@peninsulahealthcaredistrict.org>
Cc: Regina Curtis <rcurtis@westernalliancebank.com>
Subject: RE: Payoff Numbers

I'm doing well. I hope you are surviving this wet winter!

Yes, the \$40MM loan is hedged so we need to go to the swap counterparty to get the termination value. Please give us a couple of days and we will get back to you.

Thank you-
Monika



INSURANCE PROPOSAL

Prepared For:

Eskaton Properties, Inc.

Difference in Conditions – The Trousdale

Period: 02/28/2023 – 02/28/2024 or When Bound

The Liberty Company Insurance Brokers, Inc.
5000 Hopyard Road, Suite 325
Pleasanton, CA 94588

Tim Mooney
Producer
Phone: (925) 566-3292
E-mail: tmooney@libertycompany.com
License #0D79653

February 3, 2023

Disclaimer – The synopsis of coverage used in this proposal is not intended to express any legal opinion as to the nature of coverage. The proposal does not change, alter, or extend any of the policy terms and conditions. Please refer to your policy for specific details of your coverage.

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Service Team

Your service unit is key to the success of the overall risk management program. It is the unit that is your voice in the marketplace; it is the unit that represents you in claim disputes; it is the unit that works with you to protect your assets, people, and property.

Therefore, we believe that the service unit stands alone among all broker services. Your Liberty Company service unit is responsible for recognizing the need for these supportive and supplemental services and coordinating their activities on your behalf.

Your service unit is composed of the following:

<i>Producer</i>	
Tim Mooney tmooney@libertycompany.com	O: (925) 566-3292 C: (415) 342-6458
<i>Account Executive</i>	
Brent Nishikawa bnishikawa@libertycompany.com	O: (925) 566-3298
<i>Claims Manager</i>	
Kimaili Davis kdavis@libertycompany.com	O: (747) 444-3048
<i>Director of Risk Management</i>	
Joe Fisco Joe.fisco@libertycompany.com	O: (562) 277-0044

Our philosophy is to operate as an extension of your company's staff. As part of your team, we take an aggressive consulting stance in accommodating your insurance needs and add a specialized level of expertise to your own resources.

Our Principles

We provide our clients, regardless of size, professional counsel, and service beyond their expectations. We encourage and promote the members of our team to seek the highest level of insurance knowledge, so they may advise our most valuable asset, our clients, in the most professional manner. We pursue growth by providing opportunities for our team to expand their technical, product, and client industry knowledge, which benefits you, our client. We appreciate not only your business, but the trust you have placed with our organization to help you succeed, and we welcome your suggestions to strengthen our partnership.

Eskaton Properties, Inc.

Liberty Company Insurance Brokers – Property & Casualty Service Team



Tim Mooney

Senior Vice President

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O: 925.566.3292

M (Preferred): 415.342.6458



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Joe Fisco

**Director of Risk Management,
West Coast**

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WE GET IT

Insurance can be difficult to understand. That's why we help put the terms into plain English and balance your diverse needs with solutions. People don't want an 800 number, they want to connect with someone real who will understand their story. The Liberty Company provides dedicated account management, effective communication, and a wealth of knowledge. We pride ourselves on excellent service and meeting your companies risk management needs.

Peace of Mind with Great Care

Difference in Conditions

DIFFERENCE IN CONDITIONS OPTION #1**Named Insured:** Eskaton Properties LLC; dba: The Trousdale**Carrier:** QBE Specialty Insurance / AM Best: A, XV**Policy Term:** 02/28/2023 – 02/28/2024 or When Bound**Location:** 1600 Trousdale Drive, Burlingame, CA 94010**Annual Premium:** \$81,243.12 (Not Including **TRIA**) – **TRIA Premium: \$38,750(Not Including T&F)****Difference in Conditions Earthquake Only (Named Peril)**

Limits:	<p>Limit of Insurance, any one loss occurrence: \$25,000,000 <i>(TIV: \$60,491,800): Bldg: \$52,684,500 / BPP: \$2,585,300 / BI: \$5,222,000</i></p> <p>In no event will the policy exceed this limit for any one loss occurrence, regardless of the number of coverages, causes of loss or locations involved, and regardless of any additional coverages provided under this policy.</p> <p>Earthquake Limit: \$25,000,000</p>
Sublimit:	<p>Building Ordinance Coverage A (Full Limits) Building Ordinance Coverage B + C Sublimit \$5,268,450 Electronic Data Processing (Hardware & Software): \$500,000</p>
Coverage:	Real Property, Furniture, Fixtures, Equipment, Machinery, Electronic Data Processing – Equipment, Combined Business Interruption and Extra Expense, Extended Period of Indemnity (180 Days), Increased Period of Restoration
Policy Conditions:	<p>Cancellation: (60) sixty days except 10 days for non-payment of premium Coinsurance: NIL</p>
Causes of Loss:	Named Peril Earthquake Only / Coverage Enhancement: Ensuing Water Damage
Valuation:	Property: Replacement Cost (RC) Time Element: Actual Loss Sustained
Deductible:	Earthquake: 15% per Unit for Earthquake Subject to a \$50,000 Minimum Per Occurrence
Minimum Retained Premium:	25%; If Insured cancels, earned premium shall be computed on a Short Rate basis (Pro-Rate less 10%) or 25% Minimum Earned, whichever is greater.

Option #1 Proposal Conditions & Subjectivities**Proposal
Conditions &
Subjectivities:**

1. Acceptable Inspection Report (Provide Name and Phone Number of Inspection Contact at time of Binding);
2. No Soft Floor Exposure on pre-1980 construction;
3. Time Element Values at 100% of Annual Exposure;
4. Building Ordinance B. Demo & C. ICC - Limited to the Percentage Shown Above of the Bldg Value/Bldg - In the event that Dollar Amount Exceeds the Sublimit, the Policy Sublimit shall Prevail;
5. Structures listed on a National Register of Historic Places are ineligible for coverage;
6. No Earthquake (or Flood, if covered) losses in the last five years;
7. TRIA Coverage is subject to coverage also being purchased on the All Risk Underlying

Subjectivities:

- Signed and dated Statement of Values (SOV) is required at time of binding.
- Signed and dated TRIA acceptance or rejection letter at binding.
- Warrant All Risk including theft underlying policy in force.
- Warrant no tuck under or soft first floor parking.
- Warrant values reported based on 100% replacement cost and annual time element values (if applicable)

DIFFERENCE IN CONDITIONS OPTION #2**Named Insured:** Eskaton Properties LLC; dba: The Trousdale**Carrier:** Underwriters at Lloyd's London & Summit Specialty Insurance / AM Best: A, XV & A, VIII**Policy Term:** 02/28/2023 – 02/28/2024 or When Bound**Location:** 1600 Trousdale Drive, Burlingame, CA 94010**Annual Premium:** \$90,384.01 (Not Including TRIA) – **TRIA Premium: \$25,815 (Not Including T&F)****Difference in Conditions Earthquake Only (Named Peril)**

Limits:	<p>Limit of Insurance, any one loss occurrence: \$25,000,000 <i>(TIV: \$60,491,800): Bldg: \$52,684,500 / BPP: \$2,585,300 / BI: \$5,222,000</i></p> <p>In no event will the policy exceed this limit for any one loss occurrence, regardless of the number of coverages, causes of loss or locations involved, and regardless of any additional coverages provided under this policy.</p> <p>Earthquake Limit: \$25,000,000</p>
Sublimit:	<p>Building Ordinance Coverage A (Full Limits) Building Ordinance Coverage B + C Sublimit \$5,000,000 Electronic Data Processing (Hardware & Software): \$50,000</p>
Coverage:	Real Property, Business Personal Property, Business Interruption/Extra Expense, Extended Period of Indemnity (180 Days), Increased Period of Restoration
Policy Conditions:	<p>Cancellation: (30) Thirty days except 10 days for non-payment of premium Coinsurance: NIL</p>
Additional Policy Conditions:	<p>Newly Acquired Location(s) must be submitted for prior approval Plants, Trees, Shrubs, Landscaping & Irrigation Systems are Excluded</p>
Causes of Loss:	Named Peril Earthquake Only / Coverage Enhancement: Ensuing Water Damage
Valuation:	<p>Property: Replacement Cost (RC) Time Element: Actual Loss Sustained</p>
Deductible:	Earthquake: 15% per Unit for Earthquake Subject to a \$25,000 Minimum Per Occurrence
Minimum Retained Premium:	25%

Option #2 Proposal Conditions & Subjectivities**Proposal Conditions & Subjectivities:**

1. Acceptable inspection. Inspection contact name and phone number required at time of binding.
2. Carrier will issue its own forms, including mandatory endorsements as applicable including, but not limited to: Pollution including but not limited to Mold, Microorganisms, Asbestos and Dioxins; Radioactive, Biological and Chemical exclusions; Bacteria and Virus exclusions; Property Cyber and Data exclusions; War and Terrorism exclusions; Cyber Risk, Computer Related, Equipment Breakdown and Ensuing Loss exclusions.

Subjectivities:

- Signed and dated Statement of Values (SOV) is required at time of binding.
- Signed Surplus Lines D1 Form
- Signed and dated TRIA acceptance or rejection letter at binding.
- Warrant All Risk including theft underlying policy in force.
- Warrant no tuck under or soft first floor parking.
- Warrant values reported based on 100% replacement cost and annual time element values (if applicable)

Marketing Summary

Carrier	Status	Comments
QBE Specialty Insurance Co	Quoted	Option #1 Presented
Underwriters at Lloyds London	Quoted	Option #2 Presented
Arrowhead General Insurance	Declined	Not Competitive - approximate prem: \$120,379
Risk Insurance Brokers	Declined	Not Competitive - approximate prem: \$120,000
Tango-V3 Insurance Partners	Declined	Not Quoting New Accounts
VIKCO Insurance Services	Declined	Not Competitive - approximate prem: \$99,080

Premium Summary

Premium Summary

DATE: February 3, 2023

Named Insured: Eskaton Properties, Inc. / The Trousdale

Coverage	2022-2023 Expiring Premiums	2023-2024 *Premiums
DIC - Earthquake		
Option #1 – QBE Specialty Insurance	N/A	\$81,243.12
Option #2 – Lloyds of London / Summit	N/A	\$90,384.01
Total Premium	N/A	TBD Pending Option Selected

*Premiums do not include TRIA.

Insured Name: Eskaton Properties, Inc.

Please bind coverage as outlined in this proposal.

Option #1 – QBE Specialty Insurance

Option #2 – Lloyds of London / Summit

Please bind coverage as outlined above with the following changes:

Changes Required:

Signature of Executive Officer

Date

Name & Title of Signing Officer

General Statement

COVERAGE AND LIMITS

This exhibit describes coverage, amounts, limits, etc., but it does not take the place of the actual insurance policies. While we have made every effort to remove inaccuracies from this report, some may exist. For definitive coverage provisions and exclusions, refer to the policies, endorsements, and amendments.

For property quotes, we have used values that you provided. Please carefully examine these values and/or secure an outside appraisal to ensure their accuracy and adequacy.

This proposal is based upon exposures to loss that currently exist and were made known to the agency. All changes and new exposures need to be reported by you, so that proper coverage may be offered.

Higher limits of liability may be available for additional premium.

INSURER SOLVENCY

We are not technically qualified to comment on the solvency or claims-paying ability of any insurer. In an effort to help you analyze the quality of the carrier(s), we have provided rating information from the A.M. Best rating organization. The A.M. Best office website may be found at: www.ambest.com.

We caution you that catastrophic occurrences or other business matters can quickly have a negative impact on any insurer's financial condition. State "guarantee" funds created for the protection of policyholders may limit or preclude access to reimbursement for certain types of claims and/or to companies with significant net worth.

NON-ADMITTED INSURER

If a non-admitted insurer is providing coverage there is no protection by the state guaranty fund in the event of the insurer's insolvency.

PREMIUM PAYMENT

Regardless of the payment method you choose, it is important to note that carriers are not obligated to reinstate cancelled policies.

Agency Bill Items: If your premium is billed by us, payment is due on the effective date of the coverage or installment. Endorsement and audit premium adjustments are due on the date billed. Failure to promptly remit may result in cancellation of your coverage.

Company Bill Items: If your policy is a "company bill" contract, you must remit your payment directly to the insurance company on a timely basis. Unfortunately, insurers do not always notify us about the status of a "company bill" payment, so you can't rely on us to remind you about overdue premiums or policy cancellations. If you encounter any billing problem or have a billing concern, please call us immediately, so that we can investigate for you.

Premium Financing: You may ask us to "finance" your premium through an independent finance company. This is an unforgiving payment system. Please carefully review the finance agreement for full details on the late payment and finance charges that apply. Your insurance policy is collateral for the loan. If you miss a payment, coverage will be cancelled. Because we may not always receive late notices, The Liberty Company Insurance Brokers cannot accept responsibility for following up on late payments or threatened "non-payment" cancellations. Please do not count on us to remind you to make the payment.

THIS PROPOSAL CONTAINS ONLY A SUMMARY OF YOUR INSURANCE COVERAGE AND POLICY. IT IS YOUR RESPONSIBILITY TO REVIEW THE ENTIRE POLICY CAREFULLY AND COMPLETELY FOR ITS ACTUAL TERMS, LIMITS AND CONDITIONS. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE TERMS OF THE POLICY AND THE PROVISIONS OF THIS PROPOSAL, THE TERMS OF THE POLICY WILL GOVERN AND CONTROL.

Carrier Rating

A.M. BEST FINANCIAL STRENGTH RATING

Best's Rating consists of Rating Classification and Financial Size Category. The Rating Classification assesses Company's overall performance and ability to meet its respective policyholder and other contractual obligations. The Rating Classifications are shown below:

Rating Classification	Ability	"Not Assigned" Classification	Explanations
A++, A+	Superior	NA – 1	Special Data Filing
A, A-	Excellent	NA – 2	Less than Minimum Size
B++, B+	Very Good	NA – 3	Insufficient Operating Experience
B, B-	Adequate	NA – 4	Rating Procedure Inapplicable
C++, C+	Fair	NA – 5	Significant Change
C, C-	Marginal	NA – 6	Reinsurance by Unrated Reinsurer
D	Very Vulnerable	NA – 8	Incomplete Financial Information
E	State Supervision	NA – 9	Company Request
F	In Liquidation	NA - 11	Rating Suspended

The Financial Size Category of Best's Rating examines the Company's financial strength. The financial Size Category accounts for the Company's equity, or Policyholder Surplus available to meet policy holder obligations. The categories are as follows:

Class	Range in 000's	Class	Range in 000'S
I	Up to 1,000	IX	250,000 to 500,000
II	1,000 to 2,000	X	500,000 to 750,000
III	2,000 to 5,000	XI	750,000 to 1,000,000
IV	5,000 to 10,000	XII	1,000,000 to 1,250,000
V	10,000 to 25,000	XIII	1,250,000 to 1,500,000
VI	25,000 to 50,000	XIV	1,500,000 to 2,000,000
VII	50,000 to 100,000	XV	2,000,000+
VIII	100,000 to 250,000		

UCERF3: A New Earthquake Forecast for California's Complex Fault System

With innovations, fresh data, and lessons learned from recent earthquakes, scientists have developed a new earthquake forecast model for California, a region under constant threat from potentially damaging events. The new model, referred to as the third Uniform California Earthquake Rupture Forecast, or "UCERF3" (<http://www.WGCEP.org/UCERF3>), provides authoritative estimates of the magnitude, location, and likelihood of earthquake fault rupture throughout the state. Overall the results confirm previous findings, but with some significant changes because of model improvements. For example, compared to the previous forecast (UCERF2), the likelihood of moderate-sized earthquakes (magnitude 6.5 to 7.5) is lower, whereas that of larger events is higher. This is because of the inclusion of multifault ruptures, where earthquakes are no longer confined to separate, individual faults, but can occasionally rupture multiple faults simultaneously. The public-safety implications of this and other model improvements depend on several factors, including site location and type of structure (for example, family dwelling compared to a long-span bridge). Building codes, earthquake insurance products, emergency plans, and other risk-mitigation efforts will be updated accordingly. This model also serves as a reminder that damaging earthquakes are inevitable for California. Fortunately, there are many simple steps residents can take to protect lives and property.

What is UCERF3?

California is sandwiched between the Pacific and North American tectonic plates, with the former migrating northwest about two inches per year compared to the latter. The plate boundary is far from smooth, reflecting more of a fragmented zone locked in a tectonic battle over which areas will give way, producing some of the steepest mountain ranges in the world. The sliding between plates is also not steady, but rather plays out in fits and starts with periods of rest interrupted by sudden slip along cracks in the Earth. These "fault ruptures" in turn cause the ground to shake, much like the ripples that radiate from a pebble tossed in a pond, and it is this shaking that causes the most damage in earthquakes.

Two kinds of scientific models are used to help safeguard against earthquake losses: an Earthquake Rupture Forecast, which tells us where and when the Earth might slip along the state's many faults, and a Ground Motion Prediction model, which estimates the subsequent shaking given one of the fault ruptures. UCERF3 is the first type of model, representing the latest earthquake-rupture forecast for California. It was developed and reviewed by dozens of leading scientific experts from the fields of seismology, geology, geodesy, paleoseismology, earthquake physics, and earthquake engineering. As such, it represents the best available science with respect to authoritative estimates of the magnitude, location, and likelihood of potentially damaging earthquakes throughout the state (further background on these models, especially with respect to ingredients, can be found in U.S. Geological Survey Fact Sheet 2008-3027, <http://pubs.usgs.gov/fs/2008/3027/>).

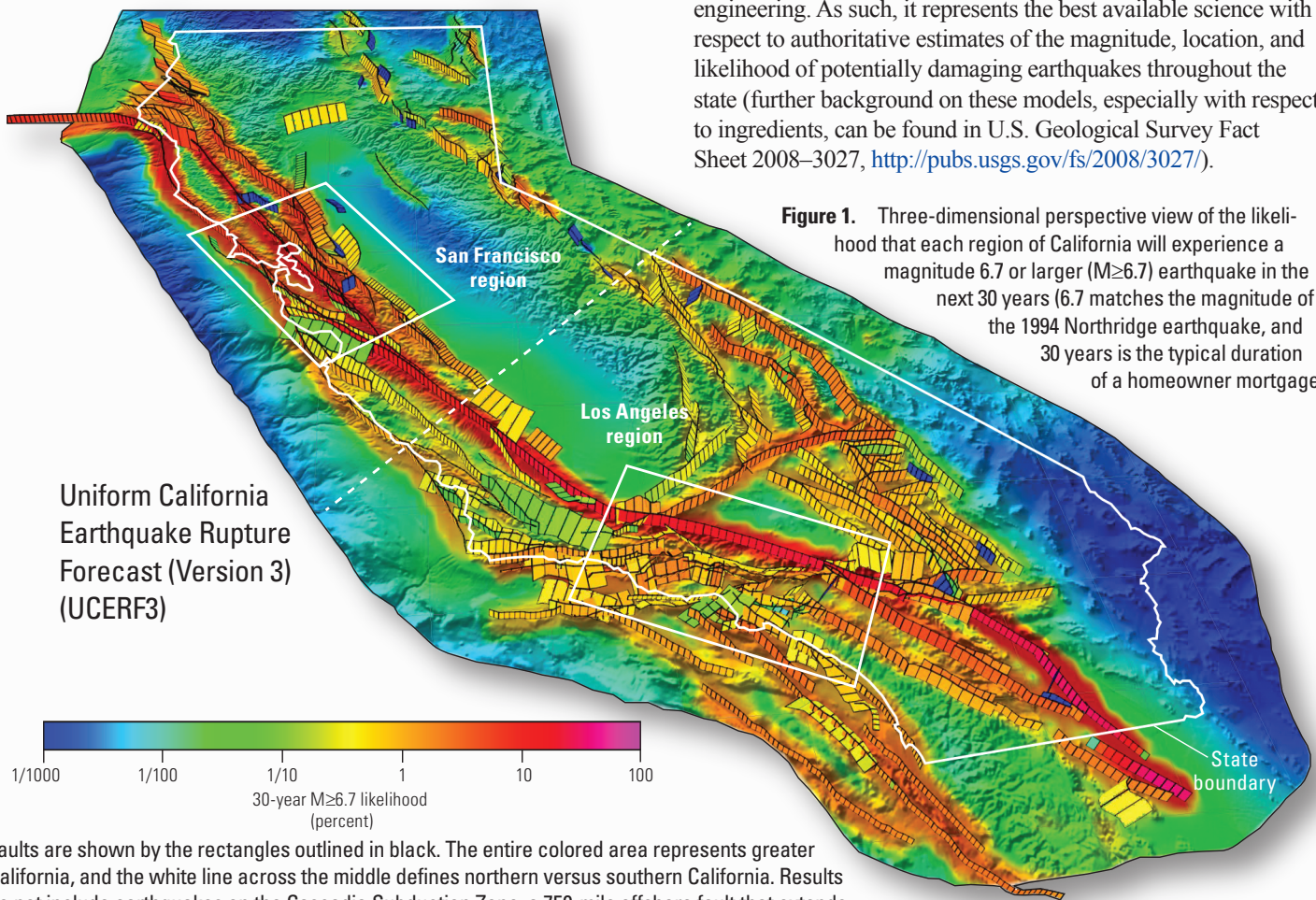


Figure 1. Three-dimensional perspective view of the likelihood that each region of California will experience a magnitude 6.7 or larger ($M \geq 6.7$) earthquake in the next 30 years (6.7 matches the magnitude of the 1994 Northridge earthquake, and 30 years is the typical duration of a homeowner mortgage).

Faults are shown by the rectangles outlined in black. The entire colored area represents greater California, and the white line across the middle defines northern versus southern California. Results do not include earthquakes on the Cascadia Subduction Zone, a 750-mile offshore fault that extends about 150 miles into California from Oregon and Washington to the north.

Why a New Earthquake Forecast Model?

All scientific models, including earthquake rupture forecasts, are an approximation of the physical system they represent, in the same way that “the map is not the actual territory” (Korzbinski, 1931). UCERF3 represents the latest model from the Working Group on California Earthquake Probabilities (WGCEP) (WGCEP, 2014), which also released forecasts in 1988, 1990, 1995, 2003, and 2007. This historical progression of models reflects increasingly accurate, detailed, and sophisticated representations of a particularly complex natural system.

A puzzling feature of previous models has been a forecasted rate of moderate-sized earthquakes (between magnitude 6.5 and 7.0) that is up to a factor of two higher than that observed historically. The first discovery of this discrepancy, by the 1995 WGCEP, was particularly disturbing in that one such event, the magnitude 6.7 1994 Northridge earthquake, had just surprised many as the costliest earthquake in U.S. history. In fact, the prospect of such events becoming more frequent contributed to an ensuing homeowner-insurance-availability crisis, as most insurance providers opted to pull out of the market altogether, rather than comply with a state law requiring they offer an earthquake option with each policy. This insurance availability crisis was ultimately solved in 1996 with the legislative creation of the California Earthquake Authority (<http://www.earthquakeauthority.com>), which has since become the largest earthquake insurance provider in the state. However, the discrepancy between the forecast rate and the observed rate at moderate magnitudes has remained through the most recent previous study (WGCEP, 2007), and scientists have hotly debated whether this is real or a result of some model limitation.

Recent earthquakes have fortunately provided clues. For example, the Northridge earthquake occurred on a previously unrecognized fault, which motivated scientists to search for other faults and quantify those that might be capable of producing damaging earthquakes. The effort has paid off. Whereas the 1988 WGCEP considered only 16 different faults, albeit the main ones, by the time of the WGCEP 2007 effort there were about 200. With UCERF3, there are now more than 350 fault sections in the model, thanks in part to using space-based geodesy where geologic data are limited. This historical progression is shown in the fault model evolution figure at left.

Another clue with respect to the moderate-magnitude rate discrepancy is that many recent earthquakes have plowed past previously inferred fault-rupture boundaries. That is, past models have generally assumed that earthquakes are either confined to separate faults, or that long faults like the San Andreas can be divided into different segments that only rupture separately. However, all three of the most-recent, largest earthquakes in California ruptured right past such boundaries, jumping from one fault to another as multifault ruptures. These were the 1992 magnitude 7.3 Landers, the 1999 magnitude 7.2 Hector Mine, and the 2010 magnitude 7.2 El Mayor–Cucapah earthquakes. The 2011 magnitude 9.0 Tohoku, Japan earthquake also violated previously defined fault-segment boundaries, resulting in a much larger fault-rupture area and magnitude than expected, and contributing to the deadly tsunami and Fukushima nuclear disaster.

Given these observations, the possibility of multifault ruptures clearly needed to be considered in our new model. In fact, as the inventory of California faults has grown over the years, it

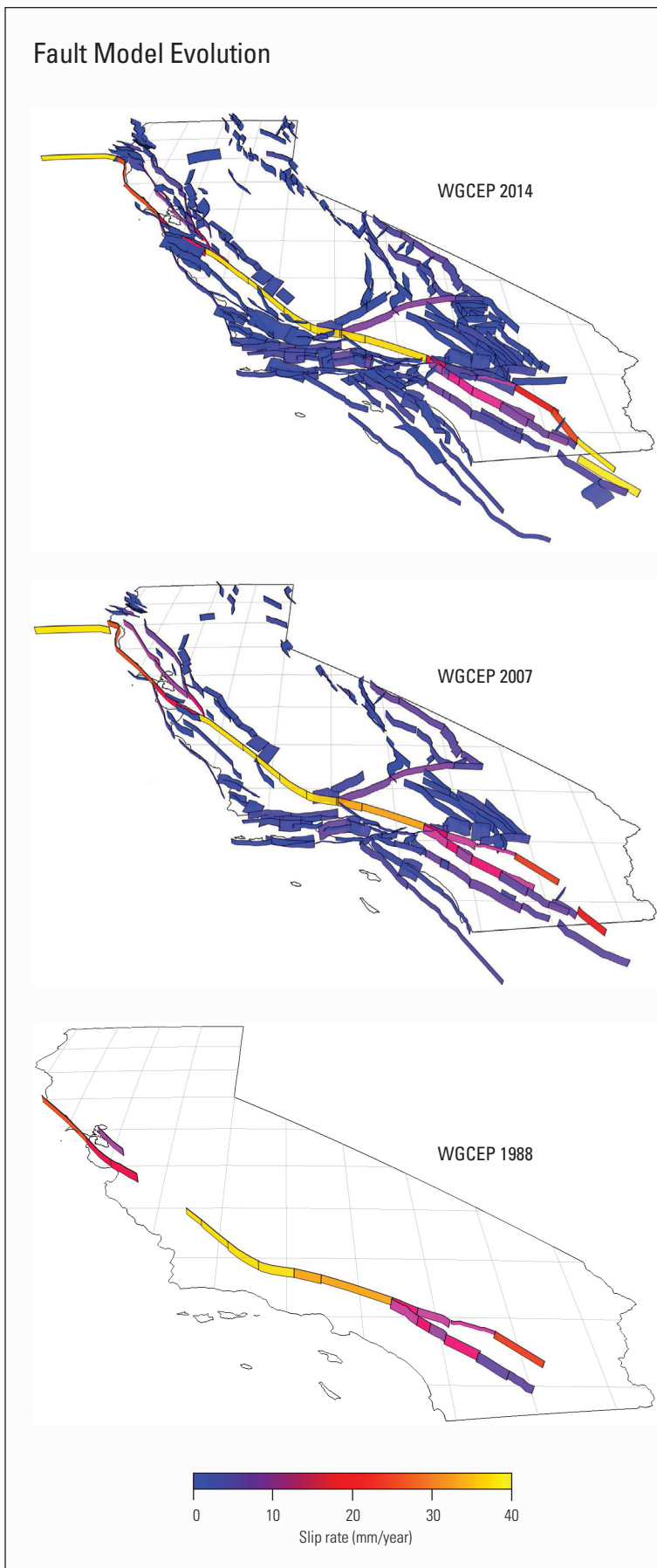


Figure 2. Changes with time of the inventory of faults used in California earthquake forecast models (WGCEP, Working Group on California Earthquake Probabilities).

Readiness of Faults (probability gain for $M \geq 6.7$ earthquakes)

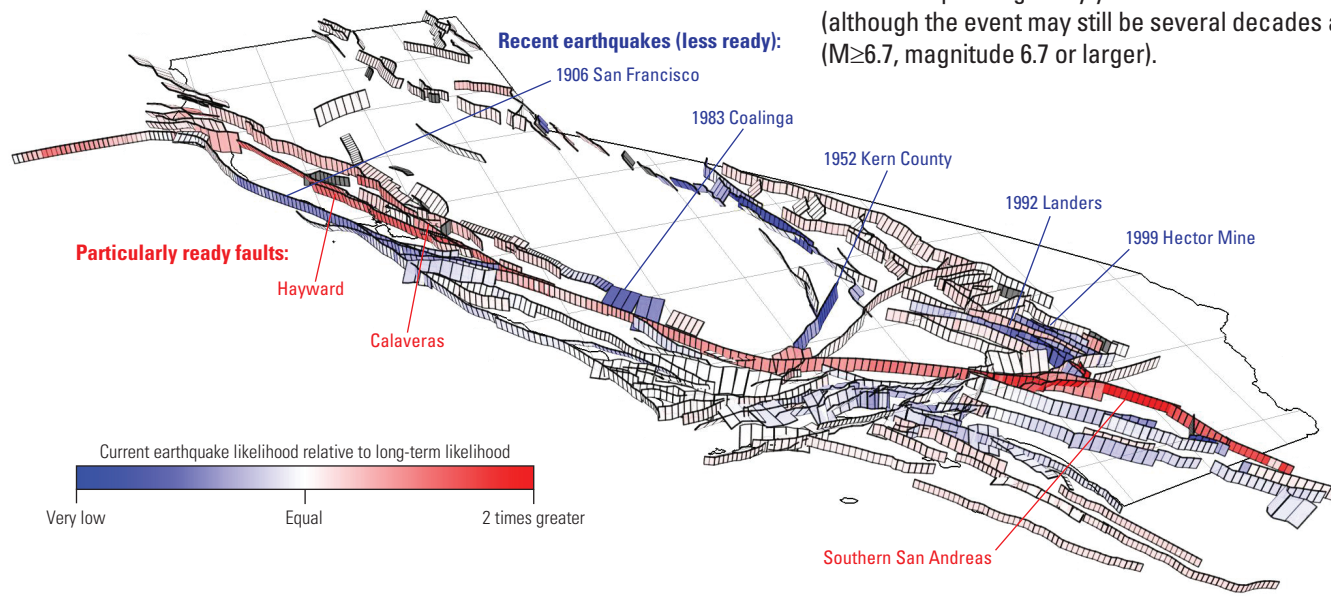


Figure 3. California earthquake likelihood in UCERF3 incorporates the concept that earthquake probabilities change with time according to elastic-rebound theory. Faults are less likely to rupture (less ready) when and where there has been a recent earthquake, and are more likely to rupture (more ready) where tectonic forces have built up during many years without an earthquake (although the event may still be several decades away) ($M \geq 6.7$, magnitude 6.7 or larger).

has become increasingly apparent that we are not dealing with a few well-separate faults, but with a vast interconnected fault system. In fact, it has become difficult to identify where some faults end and others begin, implying many more opportunities for multifault ruptures. As a consequence, UCERF3 now considers more than 250,000 different fault-based earthquakes, including multifault ruptures, whereas UCERF2 had about 10,000, and previous models had far fewer. Because we still lack a complete inventory of faults, UCERF3 (and UCERF2 before it) also includes the possibility of earthquakes on unrecognized faults elsewhere in the region.

Solving for the rate of all possible ruptures in the interconnected fault system represented a significant challenge. The UCERF3 methodological breakthrough, referred to as the “grand inversion,” allowed us to not only solve for the rate of each earthquake rupture, but to also draw upon a broader range of observations in doing so. For example, the previous rate discrepancy at moderate-magnitudes was turned into part of the solution. That is, because the total plate-tectonic deformation is generally well known, any increase in the rate of larger, multifault ruptures must come with a consequent reduction in rates at lower magnitudes. The grand inversion

manages the overall plate-tectonic, fault-system budget mathematically, adding whatever multifault ruptures are needed to eliminate the rate discrepancy at moderate magnitudes. So, not only does UCERF3 include the types of multifault ruptures seen in nature, but doing so has also eliminated the overprediction of moderate-sized events, implying the latter was simply a manifestation of the isolation and segmentation of faults in the previous models.

UCERF3 also includes the notion of fault “readiness,” where earthquake likelihoods go down on faults that have recently ruptured, and build back up with time as tectonic stresses reaccumulate. Although this concept, known formally as Reid’s elastic rebound theory (Reid, 1911), has been around for more than a century, applying it in a model that includes multifault ruptures also proved challenging. A new methodology was therefore developed, which also relaxes the requirement that the date-of-last event be known where applied. That is, we may not know when the most recent event occurred on many California faults, but we do know that it had to have been prior to 1875 (the year when reliable recordkeeping began). Being able to account for this “historic open interval” for events that precede 1875 allowed us to quantify fault readiness throughout

the entire fault system (fig. 3), rather than being limited to only a subset of faults as in previous studies.

There are many uncertainties in both the data and scientific theories that go into UCERF3, and alternative values for each element can lead to a different forecast. Consequently, UCERF3 is not a single model, but rather a collection of 5,760 different viable models. The results presented in the next section represent an average of these forecasts. Calculating grand-inversion results for all the models required the use of super computers, as they would have taken more than 8 years on a single desktop computer.

What Are the Results, and How Do They Differ from Previous Estimates?

UCERF3 results for various regions and faults of interest are shown in the figures and tables here. How have expected earthquake rates changed from the previous model? Overall, the results confirm earlier findings (California is earthquake country), but with some important refinements in certain areas. Considering the entire region, the average time between magnitude 6.7 and larger earthquakes has gone from 1 every 4.8 years in UCERF2, to 1 about every 6.3 years in UCERF3, representing a 30 percent decrease in the new forecasted

Table 1. Average time between earthquakes in the various regions together with the likelihood of having one or more such earthquakes in the next 30 years (starting from 2014). Values listed in parentheses indicate the factor by which the rates and likelihoods have increased, or decreased, since the previous model (UCERF2). “Readiness” indicates the factor by which likelihoods are currently elevated, or lower, because of the length of time since the most recent large earthquakes (see text). These values include aftershocks. It is important to note that actual repeat times will exhibit a high degree of variability, and will almost never exactly equal the average listed here.

Greater California region				
Magnitude (greater than or equal to)	Average repeat time (years)	30-year likelihood of one or more events	Readiness	
5	0.12 (0.7)	100% (1.0)	1.0	
6	1.2 (0.9)	100% (1.0)	1.0	
6.7	6.3 (1.3)	>99% (1.0)	1.0	
7	13 (1.3)	93% (1.0)	1.0	
7.5	52 (1.0)	48% (1.0)	1.1	
8	494 (0.8)	7% (1.5)	1.2	

Southern California region				
Magnitude (greater than or equal to)	Average repeat time (years)	30-year likelihood of one or more events	Readiness	
5	0.24 (0.7)	100% (1.0)	1.0	
6	2.3 (0.9)	100% (1.0)	1.0	
6.7	12 (1.5)	93% (1.0)	1.0	
7	25 (1.4)	75% (0.9)	1.1	
7.5	87 (1.2)	36% (0.9)	1.2	
8	522 (0.4)	7% (2.5)	1.3	

Northern California region				
Magnitude (greater than or equal to)	Average repeat time (years)	30-year likelihood of one or more events	Readiness	
5	0.24 (0.7)	100% (1.0)	1.0	
6	2.4 (0.9)	100% (1.0)	1.0	
6.7	12 (1.2)	95% (1.0)	1.0	
7	25 (1.2)	76% (1.0)	1.1	
7.5	92 (0.9)	28% (1.1)	1.0	
8	645 (0.8)	5% (1.4)	1.1	

San Francisco region				
Magnitude (greater than or equal to)	Average repeat time (years)	30-year likelihood of one or more events	Readiness	
5	1.3 (0.7)	100% (1.0)	1.0	
6	8.9 (1.0)	98% (1.0)	1.0	
6.7	29 (1.1)	72% (1.1)	1.1	
7	48 (0.9)	51% (1.3)	1.1	
7.5	124 (0.7)	20% (1.6)	0.9	
8	825 (0.7)	4% (1.9)	1.0	

Los Angeles region				
Magnitude (greater than or equal to)	Average repeat time (years)	30-year likelihood of one or more events	Readiness	
5	1.4 (0.6)	100% (1.0)	1.0	
6	10 (1.1)	96% (1.0)	1.0	
6.7	40 (2.1)	60% (0.8)	1.1	
7	61 (2.0)	46% (0.7)	1.2	
7.5	109 (1.3)	31% (0.9)	1.3	
8	532 (0.4)	7% (2.5)	1.3	

rate (and note that most of these events occur in remote areas of the state). For magnitude 8 and larger, on the other hand, the rate has increased by 20 percent in UCERF3, with an expected repeat time of 494 years for UCERF3, down from 1 every 617 years in UCERF2. These changes are a direct and expected manifestation of including multifault ruptures in UCERF3. A more careful analysis of historical seismicity has also produced an increased rate for magnitude 5 and greater earthquakes, going from about 5.8 per year in UCERF2 to 8.3 per year in UCERF3. All of these trends are similar to those seen in various subregions of the state, with differences being slightly more dramatic for the Los Angeles area because that region has a large number of faults that can now host multifault ruptures.

Results are also expressed in terms of the likelihood of experiencing one or more earthquakes in the next 30 years, the duration of a typical home mortgage, and these values also take fault readiness into consideration (how long it has been since the most recent event). As in UCERF2, the likelihood for magnitude 6.7 and larger earthquakes somewhere in the entire region remains near certainty (greater than 99 percent). The likelihood is 7 percent for magnitude 8 and greater, resulting from both the inclusion of multifault ruptures and the particular readiness of some large faults.

One particularly ready fault is the Southern San Andreas, which contributes to its continued status of being the most likely to host a large earthquake. Specifically, it has a 19 percent chance of having one or more events larger than magnitude 6.7 in the next 30 years near Mojave, Calif. The comparably low values for the Northern San Andreas, such as 6.4 percent near San Francisco, are partly because of the relatively recent 1906 earthquake on that fault. In fact, probabilities on two other Bay Area faults, the Hayward–Rodgers Creek and the Calaveras, currently rival or exceed those on the Northern San Andreas, in part because they are both relatively ready.

Compared to the previous model, UCERF2, the San Jacinto fault has a three-fold decrease in the likelihood of magnitude 6.7 or larger earthquakes. Much of this decrease is because of the inclusion of more multifault ruptures, as indicated by the factor of 57 increase in the likelihood of magnitude 8 and larger earthquakes. In other words, the fault has traded some moderate-sized events for rare larger ones.

The Calveras fault, on the other hand, has a three-fold increase in the likelihood of magnitude 6.7 or larger earthquakes. In UCERF2 most Calaveras events were well below magnitude 6.7, so the inclusion of multifault ruptures in UCERF3 has increased the frequency of earthquakes above magnitude 6.7.

We have only touched on a few of the more important changes between UCERF2 and UCERF3, and have highlighted only some of the influential factors. Many more are currently understood, and scientists will be further analyzing results and testing assumptions for years to come.

So what do these changes imply with respect to seismic hazard, the likelihood of ground shaking, as well as for seismic risk, the threat to the built environment with respect to fatalities and economic losses? The answer turns out to be entirely dependent on what you are concerned about. For example, increasing the likelihood of large multifault earthquakes, which consequently reduces the likelihood of moderate-sized events, may increase the risk to tall buildings or large bridges, but actually lower the risk to residential homes.

As a consequence, it is difficult to make generalizations about the hazard or risk implications of UCERF3 without first specifying both asset types and their locations. Conclusions will vary depending on whether you are designing a single family dwelling in Sacramento, retrofitting the San Francisco–Oakland Bay Bridge, considering the location of a nuclear power plant, laying pipeline across the San Andreas Fault, or considering aggregate losses over a large insurance portfolio. The practical implications will need to be considered on a case-by-case basis.

What Next?

UCERF3 can now be used to evaluate seismic hazard and risk in California. In fact, it has already been used for the 2014 update of the U.S. Geological Survey National Seismic Hazard Maps (<http://earthquake.usgs.gov/hazards/>), which in turn are used in building codes. The California Earthquake Authority, which is required by law to use the best available science, will use UCERF3 to evaluate insurance premiums charged to customers, as well as their own level of reinsurance. UCERF3 will be used in many other risk mitigation

Tabulated values represent the likelihood of having one or more earthquakes in the next 30 years (starting from 2014).

[At the points on the fault indicated by white circles. $M \geq 6.7$ means magnitude greater than or equal to 6.7, and likewise for the other two magnitude thresholds. %, percent. Values listed in parentheses indicate the factor by which the likelihoods have increased, or decreased, relative to the previous model (UCERF2), where “--” means the previous value was zero. “Readiness” indicates the factor by which probabilities are currently elevated, or lower, because of the length of time since the previous large earthquake]

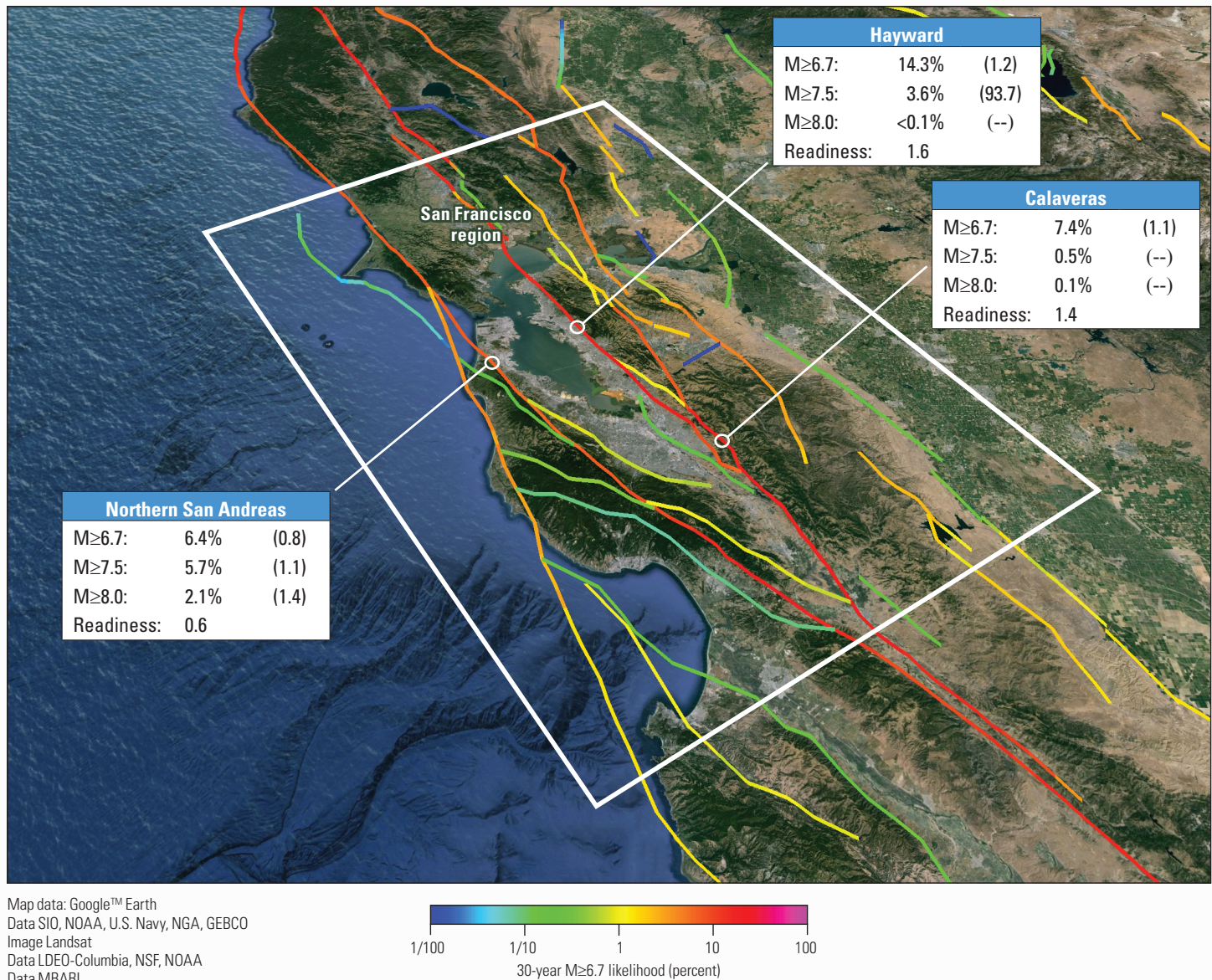


Figure 4. Likelihood of magnitude 6.7 or greater earthquakes in the next 30 years, from 2014, on the faults near San Francisco, Calif.

efforts in the years to come, including engineering design of buildings and lifelines, loss estimation for catastrophic bonds and other risk-linked securities, and emergency preparedness, all of which have the ultimate goal of increasing public safety and community resilience.

UCERF3 should also serve as a reminder that California is earthquake country, and residents should always be prepared. Simple safeguards include practicing “drop, cover, and hold on,” securing items in your home and workplace that could fall

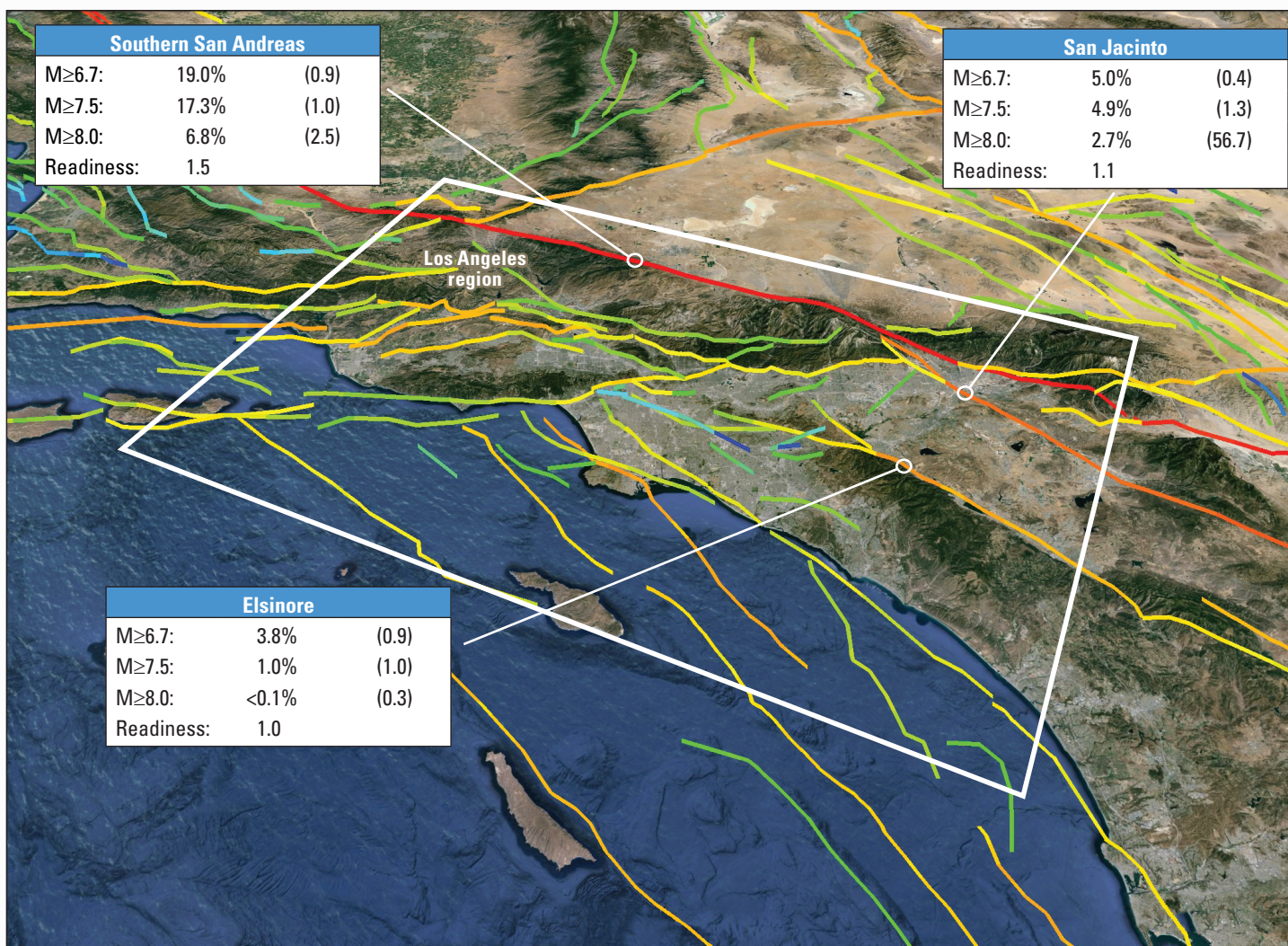
during an earthquake, and storing seven-days worth of food and water. Homeowners can also consider structural retrofits, such as bolting the house to its foundation, as well as earthquake insurance options. For further guidance on how to prepare for, survive, and recover after big earthquakes, follow the Seven Steps to Earthquake Safety (<http://www.earthquakecountry.org/sevensteps>).

Although UCERF3 is a clear improvement over the previous model (UCERF2), it is still an approximation

of the natural system. For example, it does not model the earthquake-triggering process that produces aftershocks, even though we know such events can be large and damaging. Through the National Earthquake Hazard Reduction Program (<http://www.nehrp.gov>), the U.S. Geological Survey and its partners will continue to conduct research aimed at improving our understanding of fault behavior and estimates of earthquake hazard in the future.

Tabulated values represent the likelihood of having one or more earthquakes in the next 30 years (starting from 2014).

[At the points on the fault indicated by white circles. $M \geq 6.7$ means magnitude greater than or equal to 6.7, and likewise for the other two magnitude thresholds. %, percent. Values listed in parentheses indicate the factor by which the likelihoods have increased, or decreased, relative to the previous model (UCERF2), where “-” means the previous value was zero. “Readiness” indicates the factor by which probabilities are currently elevated, or lower, because of the length of time since the previous large earthquake]



Map data: Google™ Earth
 Data SIO, NOAA, U.S. Navy, NGA, GEBCO
 Image Landsat
 Data LDEO-Columbia, NSF, NOAA
 Data MBARI

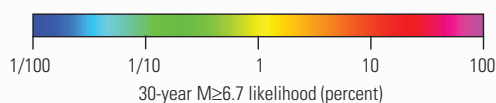


Figure 5. Likelihood of magnitude 6.7 or greater earthquakes in the next 30 years, from 2014, on the faults near Los Angeles, Calif.

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—Authors: Edward H. Field and members of the 2014 WGCEP

Cooperating organizations:
 Southern California Earthquake Center (SCEC)
 California Geological Survey (CGS)
 California Earthquake Authority
 U.S. Geological Survey

Additional Resources:

For general earthquake information contact:
 1-888-ASK-USGS (1-888-275-8747)

<http://earthquake.usgs.gov/>
<http://ask.usgs.gov>

or
 SCEC Education and Outreach: 213-740-3262

For UCERF3 information see:
<http://www.WGCEP.org/UCERF3>

For technical questions contact:
 Edward (Ned) Field: field@usgs.gov

CA.GOV

California Department of Conservation

View Map Full Screen California Department of Conservation California Geological Survey

Earthquake Zones of Required Investigation CGS Homepage

Esri World Geocoder

Address: 1600 TROUSDALE DR

APN	025121032
City	BURLINGAME
Address	1600 TROUSDALE DR
Fault Zone	This parcel is NOT WITHIN an Earthquake Fault Zone.
Liquefaction Zone	This parcel is NOT WITHIN a Liquefaction Zone.
Landslide Zone	This parcel is NOT WITHIN a Landslide Zone.

Zoom to ...

200ft

-122.383 37.595 Degrees

San Mateo, California, Bureau of Land Management, Esri, HERE, Garmin, INCREME...

POWERED BY esri

Seismic Hazards Mapping Act

The Seismic Hazards Mapping Act (SHMA) of 1990 (Public Resources Code, Chapter 7.8, Section 2690-2699.6) directs the Department of Conservation, California Geological Survey to identify and map areas prone to earthquake hazards of liquefaction, earthquake-induced landslides and amplified ground shaking. The purpose of the SHMA is to reduce the threat to public safety and to minimize the loss of life and property by identifying and mitigating these seismic hazards. The SHMA was passed by the legislature following the 1989 Loma Prieta earthquake.

The SHMA requires the State Geologist to establish regulatory zones (Zones of Required Investigation) and to issue appropriate maps (Seismic Hazard Zone maps). These maps are distributed to all affected cities, counties, and state agencies for their use in planning and controlling construction and development. Single family frame dwellings up to two stories not part of a development of four or more units are exempt from the state requirements. However, local agencies can be more restrictive than state law requires.

What is a Seismic Hazard Zone?

A Seismic Hazard Zone is a regulatory zone that encompasses areas prone to liquefaction (failure of water-saturated soil) and earthquake-induced landslides.

- **Liquefaction** occurs when loose, water-saturated sediments lose strength and fail during strong ground shaking. Liquefaction is defined as the transformation of granular material from a solid state into a liquefied state as a consequence of increased pore-water pressure. The process of zoning for liquefaction combines Quaternary geologic mapping, historical ground-water information and subsurface geotechnical data. Required Investigation boundaries are based on the presence of shallow historic groundwater (< 40 feet depth) in uncompacted sands and silts deposited during the last 15,000 years and sufficiently strong levels of earthquake shaking expected during the next 50 years.
- **Landslides** tend to occur in weak soil and rock on sloping terrain. The landslide hazard Zone of Required Investigation boundaries generally indicate steep hillslopes composed of weak materials that may fail when shaken by an earthquake. The process for zoning earthquake-induced landslides incorporates expected future earthquake shaking, existing landslide features, slope gradient and strength of hillslope materials.

It must be noted that a single earthquake capable of causing liquefaction or triggering landslide failure will not uniformly impact the entire zoned area. However, the inclusion of mitigation measures throughout the zoned area will help limit the devastating impacts from an earthquake in the higher risk areas.

What does it mean to be located within a Seismic Hazard Zone?

It means that the state has determined that there is likely that weak soil and/or rock may be present beneath the property. If present, these weak materials can fail during an earthquake and, unless proper precautions are taken during grading and construction, can cause damage to structures. If a property is undeveloped, a site-specific investigation by a licensed engineering geologist and/or civil engineer may be required before the parcel can be subdivided or before most structures can be permitted. If the property lies within a mapped Seismic Hazard Zone, that fact must be disclosed by the seller to prospective buyers.

Peninsula Health Care District
Statement of Revenues and Expenditures - Preliminary Draft, Consolidated
As of December 31, 2022

	PHCD	Health and	The Trousdale	Sonrisas	Year To Date			Year Ending
	Year To Date 12/31/2022	Year To Date 12/31/2022	Year To Date 12/31/2022	Year To Date 12/31/2022	12/31/2022			6/30/2023
	Actual	Actual	Actual	Actual	Actual	2022 2023 BUDGET	Budget Diff	2022 2023 BUDGET
Revenues over Expenditures								
Revenues								
Program Service Revenue								
Program Revenue	4,984,209	0	5,117,731	0	10,101,940	10,017,424	84,516	19,811,960
Revenue - Services	0	0	0	1,432,983	1,432,983	1,455,498	(22,515)	3,027,256
Total Program Service Revenue	4,984,209	0	5,117,731	1,432,983	11,534,923	11,472,922	62,001	22,839,216
allcove State Grant Revenues	113,296	0	0	0	113,296	174,645	(61,349)	587,323
Contributions								
Grants and Donations	0	0	0	547,112	547,112	563,994	(16,882)	1,089,988
Fundraising Events Revenue	0	0	0	122,563	122,563	100,000	22,563	100,000
Total Contributions	0	0	0	669,675	669,675	663,994	5,681	1,189,988
Membership Dues	0	65,781	0	0	65,781	62,525	3,256	131,560
Investment Income								
Investment Inc - LAIF	49,758	0	0	0	49,758	8,382	41,376	16,763
Investment Inc - SMC	27,443	0	0	0	27,443	14,791	12,652	29,582
Investment Inc - CNB	117,150	0	0	0	117,150	52,263	64,887	104,526
Investment Inc - FT	14,082	0	0	0	14,082	737	13,345	1,475
Investment Inc - Torrey	0	0	7,354	0	7,354	7,053	301	14,105
Investment Inc - US Bank	0	0	279	0	279	0	279	0
Investments - Unrealized G/L	(188,340)	0	0	0	(188,340)	(300,000)	111,660	(600,000)
Interest Income - PHCD	1,055,426	2	77	0	1,055,505	0	1,055,505	0
Interest Income - Sonrisas	0	0	0	3,240	3,240	900	2,340	1,260
Dividends	0	0	0	286	286	24	262	48
Total Investment Income all	1,075,519	2	7,710	3,526	1,086,757	(215,850)	1,302,607	(432,241)
Rental Income								
Lease Income - Hospital	876,677	0	0	0	876,677	1,087,092	(210,415)	2,174,184
Lease Income - 1720 Marco Polo	81,762	0	0	0	81,762	80,400	1,362	160,800
Lease Income - 1740 Marco Polo	138,146	0	0	0	138,146	135,600	2,546	271,200
Lease Income - 111-113 16th St.	0	0	0	0	0	1	(1)	1
Lease Income - Health & Fitness	0	1,592	0	0	1,592	1,545	47	3,090
Total Rental Income	1,096,585	1,592	0	0	1,098,177	1,304,638	(206,461)	2,609,275
Other Revenue								
Nursing Grant/Loan Repayments	900	0	0	0	900	900	0	1,800
Total Other Revenue	900	0	0	0	900	900	0	1,800
Total Revenues	7,270,509	67,375	5,125,441	2,106,184	14,569,509	13,463,774	1,105,735	26,926,921

	PHCD Year To Date 12/31/2022	Health and Year To Date 12/31/2022	The Trousdale Year To Date 12/31/2022	Sonrisas Year To Date 12/31/2022	Year To Date 12/31/2022			Year Ending 6/30/2023
	Actual	Actual	Actual	Actual	Actual	2022 2023 BUDGET	Budget Diff	2022 2023 BUDGET
Expenditures								
Program Expenses								
Grants	222,590	0	0	0	222,589	250,000	27,411	1,950,000
Other Contributions & Grants	25,215	0	0	0	25,215	25,000	(215)	50,000
Targeted Prevention Program	1,924	0	0	0	1,925	125,000	123,075	250,000
Special Funding Initiatives	55,883	0	0	0	55,883	446,880	390,997	646,260
Community Outreach	5,509	0	0	0	5,509	30,000	24,491	60,000
Community Education	20,100	0	0	0	20,100	25,000	4,900	50,000
New Program Research & Development	0	0	0	0	0	125,000	125,000	250,000
PWC Project Cost	262,698	0	0	0	262,698	150,000	(112,698)	300,000
Total Program Expenses	593,919	0	0	0	593,919	1,176,880	582,961	3,556,260
Personnel								
Salary and Wages	504,777	87,901	2,302,793	1,561,438	4,456,909	4,660,458	203,549	9,434,527
PR Benefits	106,686	28,028	663,101	78,293	876,109	951,075	74,966	1,960,636
PR Taxes	29,703	7,720	0	117,523	154,946	204,540	49,594	409,377
Total Personnel	641,166	123,649	2,965,894	1,757,254	5,487,964	5,816,073	328,109	11,804,540
Occupancy								
Lease Expenses - 1720 Marco Polo	14,867	0	0	0	14,867	18,000	3,133	36,000
Lease Expenses - 1740 Marco Polo	50,653	0	0	0	50,653	48,000	(2,653)	96,000
Lease Expenses - 430 No. El Camino Real	20,296	0	0	0	20,295	22,500	2,205	45,000
Lease Expenses - 1875 Trousdale	12,620	0	0	0	12,620	18,000	5,380	36,000
Lease Expenses - 111-113 16th St.	9,305	0	0	0	9,306	7,200	(2,106)	14,400
Lease Expenses - PWC Land	8,867	0	0	0	8,867	6,000	(2,867)	12,000
Rent - Sonrisas Coastside	0	0	0	20,904	20,904	20,904	0	41,808
Rent - allcove	167,452	0	0	0	167,451	108,855	(58,596)	291,051
Total Occupancy	284,060	0	0	20,904	304,963	249,459	(55,504)	572,259
Professional Fees								
Consultant - Financial	1,916	0	0	0	1,917	5,000	3,083	5,000
Consultant - Communications	50,500	0	0	0	50,500	43,000	(7,500)	86,000
Consultant - Website	1,800	0	0	0	1,800	3,000	1,200	6,000
Contract Labor - Trainer	0	2,080	0	0	2,080	1,920	(160)	3,840
Dental Specialist-Claims Processing	0	0	0	25,510	25,510	34,253	8,743	71,771
Consultant - General	0	0	0	6,750	6,750	9,996	3,246	19,994
Consultant - Professional Fees	0	0	0	13,399	13,398	15,900	2,502	33,125
Consulting Services	38,666	0	0	0	38,666	30,000	(8,666)	42,000
Clinical Partner Contract Expense	0	0	0	0	0	343,720	343,720	984,198
Management Fees	0	0	204,709	0	204,709	227,497	22,788	480,479
Legal - General	15,678	0	0	0	15,678	150,000	134,322	300,000
Legal - Real Estate	0	0	0	0	0	10,000	10,000	20,000
Consultant - Audit	24,925	0	0	0	24,925	40,000	15,075	40,000
Total Professional Fees	133,485	2,080	204,709	45,659	385,933	914,286	528,353	2,092,407
Patient Services								
Sterilization Services	0	0	0	4,763	4,763	4,662	(101)	9,324

	PHCD Year To Date 12/31/2022	Health and Year To Date 12/31/2022	The Trousdale Year To Date 12/31/2022	Sonrisas Year To Date 12/31/2022	Year To Date 12/31/2022			Year Ending 6/30/2023
	Actual	Actual	Actual	Actual	Actual	2022 2023 BUDGET	Budget Diff	2022 2023 BUDGET
Lab Fees	0	0	0	59,256	59,256	62,997	3,741	130,420
Claims Processing	0	0	0	2,730	2,730	1,200	(1,530)	2,400
Patient Notification	0	0	0	2,910	2,910	2,910	0	5,820
Total Patient Services	0	0	0	69,659	69,659	71,769	2,110	147,964
General and Administrative Expenses								
Office Supplies	13,637	2,955	432,667	147,658	596,917	555,318	(41,599)	1,123,326
Copying and Printing	0	0	0	0	0	1,200	1,200	2,400
Postage and Delivery	0	0	0	1,924	1,924	1,500	(424)	3,000
Telecommunication	31,844	0	0	47,942	79,786	102,995	23,209	181,078
Repairs and Maintenance	0	0	0	7,920	7,920	8,583	663	17,166
Advertising and Promotion	8,100	5,214	0	3,652	16,966	28,992	12,026	45,884
Business Licenses and Permits	0	0	0	7,354	7,354	6,432	(922)	12,864
Conferences, Conventions, and Meetings	4,776	0	0	827	5,603	18,724	13,121	38,248
Due and Subscriptions	49,890	0	0	0	49,890	21,600	(28,290)	102,150
Insurance	35,119	1,393	218,092	15,640	270,243	308,070	37,827	622,303
Equipment Expense	0	1,953	0	12,423	14,377	14,184	(193)	28,368
Facilities	14,665	7,650	0	24,016	46,331	54,912	8,581	109,128
Utilities	0	7,024	271,430	22,076	300,530	322,741	22,211	653,625
Travel Expenses	9,566	930	0	23,639	34,135	28,080	(6,055)	57,485
Member Benefit Expense	0	92	0	0	92	300	208	300
Fundraising Fees	0	0	0	101,604	101,604	85,973	(15,631)	142,010
Interest Expenses	28,262	0	823,367	0	851,629	823,367	(28,262)	1,622,150
Finance Charges	0	0	0	10,764	10,764	11,748	984	23,496
State and Local Taxes	0	0	0	179	179	0	(179)	250
Miscellaneous Expense	13,052	16	0	1,222	14,289	33,060	18,771	46,560
Other Expenses	4,383	11,875	581,831	10,291	608,380	662,985	54,605	934,061
Depreciation	90,452	5,885	1,280,581	145,922	1,522,841	1,598,088	75,247	3,188,606
Total General and Administrative Expenses	303,746	44,987	3,607,968	585,053	4,541,754	4,688,852	147,098	8,954,458
Total Expenditures	1,956,376	170,716	6,778,571	2,478,529	11,384,192	12,917,319	1,533,127	27,127,888
Payments to Affiliates								
SDH San Mateo Funding	(450,000)	0	0	450,000	0	0	0	0
Trousdale Rent Assistance Fund	(32,833)	0	32,833		0	0	0	0
Total Payments to Affiliates	(482,833)	0	32,833	450,000	0	0	0	0
Total Revenues over Expenditures	4,831,300	(103,341)	(1,620,297)	77,655	3,185,317	546,455	2,638,862	(200,967)

Peninsula Health Care District
Statement of Net Assets - Preliminary Draft, Consolidated
As of December 31, 2022

	PHCD Year To Date 12/31/2022	Health and Fitness Year To Date 12/31/2022	The Trousdale Year To Date 12/31/2022	Sonrisas Year To Date 12/31/2022	Year To Date 12/31/2022
	Actual	Actual	Actual	Actual	Current Year Balance
Assets					
Current Assets					
Cash and Cash Equivalents	7,945,791	68,741	1,249,226	1,824,552	11,088,310
Accounts Receivable, Net					
Accounts Receivable					
Accounts Receivable	1,493	0	0	317,935	319,428
Account Receivable - Rent	159	0	0	0	159
Account Receivable - TT Tenant	0	0	90,755	0	90,756
Allowance for Bad Debt - TT Tenant AR	0	0	(3,632)	0	(3,632)
Accounts Receivable - Grants	0	0	0	272,229	272,228
Contra Acct - Allowance for Bad Debt	0	0	0	(5,676)	(5,676)
Accounts Receivable - Other Agencies	0	0	0	53,001	53,002
Interest Receivable	190,757	0	2,598	0	193,354
Accounts Receivable - Other	0	185	11,211	0	11,396
Total Accounts Receivable	192,409	185	100,932	637,489	931,015
Total Accounts Receivable, Net	192,409	185	100,932	637,489	931,015
Other Current Assets					
Lease Receivable - Current (GASB 87)	64,137	0	0	0	64,138
Prepaid Expenses					
Prepaid - General	32,864	646	0	19,138	52,647
Prepaid - Insurance	50,227	1,393	0	0	51,621
Prepaid - Benefits / WC	2,171	0	0	1,898	4,069
Prepaid - Trousdale	0	0	136,433	0	136,433
Total Prepaid Expenses	85,262	2,039	136,433	21,036	244,770
Inventory	0	0	25,322	0	25,322
Total Other Current Assets	149,399	2,039	161,755	21,036	334,230
Total Current Assets	8,287,599	70,965	1,511,913	2,483,077	12,353,555
Long-term Assets					
Property & Equipment					
Fixed Asset Clearing	0	0	0	66,720	66,719
Construction-In-Progress (CIP)	11,537	0	0	0	11,537
Building	5,594,198	0	72,375,689	0	77,969,887
Land	15,390,822	0	0	0	15,390,822
Improvements	999,811	7,000	296,189	1,192,978	2,495,979
Equipment	1,750,213	46,620	281,966	1,353,864	3,432,662
Furniture/Fixtures	25,703	5,783	18,787	132,610	182,884
Vehicle	0	0	0	111,934	111,934
Pre Opening Cost	0	0	2,505,662	0	2,505,662
Accum Depreciation (Trousdale)	0	0	(10,236,734)	0	(10,236,735)
Accum Depreciation	(3,596,840)	(39,805)	0	(1,880,136)	(5,516,782)
Total Property & Equipment	20,175,444	19,598	65,241,559	977,970	86,414,569

	PHCD Year To Date 12/31/2022	Health and Fitness Year To Date 12/31/2022	The Trousdale Year To Date 12/31/2022	Sonrisas Year To Date 12/31/2022	Year To Date 12/31/2022
	Actual	Actual	Actual	Actual	Current Year Balance
Other Long-term Assets					
Deposits and Prepayments	30,595	0	0	16,297	46,892
Other Assets					
Deferred Outflow	2,287,102	0	0	0	2,287,103
Net Pension Asset	731,513	0	0	0	731,513
Lease Receivable - Long-Term (GASB 87)	70,268,162	0	0	0	70,268,161
Total Other Assets	73,286,777	0	0	0	73,286,777
Total Other Long-term Assets	73,317,372	0	0	16,297	73,333,669
Total Long-term Assets	93,492,816	19,598	65,241,559	994,267	159,748,238
Investments					
Long Term Investments					
Board Designated Fund - LAIF	5,775,768	0	0	0	5,775,769
Board Designated Fund - SMC	3,550,552	0	0	0	3,550,551
Board Designated Fund - CNB	24,603,495	0	0	0	24,603,496
Board Designated Fund - FT	1,655,010	0	0	0	1,655,009
Board Designated Fund - Torrey	0	0	3,144,952	0	3,144,952
Board Designated Fund - Unrealized G/L	(1,099,933)	0	0	0	(1,099,933)
Investment Acct. - Merrill Lynch	0	0	0	45,760	45,760
Total Long Term Investments	34,484,892	0	3,144,952	45,760	37,675,604
Investment in Subsidiary					
Project Acct - US Bank 44000	0	0	208	0	209
Project Acct - US Bank 56000	0	0	70	0	70
Total Investment in Subsidiary	0	0	278	0	279
Total Investments	34,484,892	0	3,145,230	45,760	37,675,883
Interfund Due from	84,571	(117,404)	32,833	0	0
Total Assets	136,349,878	(26,841)	69,931,535	3,523,104	209,777,676

Liabilities and Net Assets

Liabilities

Short-term Liabilities

Accounts Payable

Accounts Payable	309,623	3,911	83,599	120,550	517,683
Credit Card Payable	3,626	1,057	0	0	4,683
Accrued Payable - General	0	0	749,219	0	749,219
Patient Prepayments	0	0	0	39,428	39,428
Patient Refunds Payable	0	0	0	6,945	6,945
Total Accounts Payable	313,249	4,968	832,818	166,923	1,317,958

Accrued Liabilities

Accrued Payroll	90,569	6,668	93,918	127,225	318,379
Accrued PTO	0	0	0	102,396	102,397
Accrued 401k Funds Payable	0	0	0	22,010	22,009
Accrued HSA Fund Payable	0	0	0	138	139
FSA Employee Account	225	0	0	4,416	4,641
Total Accrued Liabilities	90,794	6,668	93,918	256,185	447,565

Deferred Revenue

Prepaid Rent	1,449,456	1,818	76,095	0	1,527,369
Prepaid Membership Dues	0	1,911	0	0	1,911

	PHCD Year To Date 12/31/2022	Health and Fitness Year To Date 12/31/2022	The Trousdale Year To Date 12/31/2022	Sonrisas Year To Date 12/31/2022	Year To Date 12/31/2022
	Actual	Actual	Actual	Actual	Current Year Balance
Prepaid Other	10,000	0	0	0	10,000
Deferred Income	3,500	0	0	0	3,500
Deposit - TT Tenants	0	0	31,500	0	31,500
Security Deposits	53,964	0	0	0	53,963
Total Deferred Revenue	1,516,920	3,729	107,595	0	1,628,243
Withholding Tax Payable					
Accrued Payroll Taxes	(428)	480	0	58,364	58,417
Total Withholding Tax Payable	(428)	480	0	58,364	58,417
Other Short-term Liabilities					
Short-term Liabilities					
Lease Payable - Current (GASB 87)	235,679	0	0	0	235,679
Total Short-term Liabilities	235,679	0	0	0	235,679
Loans Payable - Current					
Accrued Interest	0	0	686,139	0	686,139
Total Loans Payable - Current	0	0	686,139	0	686,139
Total Other Short-term Liabilities	235,679	0	686,139	0	921,818
Total Short-term Liabilities	2,156,214	15,845	1,720,470	481,472	4,374,001
Long Term Liabilities					
Notes Payable - Long Term					
Note Payable - WAB 40M	0	0	34,040,000	0	34,040,000
Note Payable - WAB 10M	0	0	9,100,000	0	9,100,000
Total Long Term Notes Payable	0	0	43,140,000	0	43,140,000
Other Long-term Liabilities					
Capital Leases	0	0	0	5,789	5,789
Other Liabilities					
Lease Payable - Long-Term (GASB 87)	1,326,116	0	0	0	1,326,116
Deferred Inflow	67,927,787	0	0	0	67,927,787
Total Other Liabilities	69,253,903	0	0	0	69,253,903
Total Other Long-term Liabilities	69,253,903	0	0	5,789	69,259,692
Total Long Term Liabilities	69,253,903	0	43,140,000	5,789	112,399,692
Other Liabilities					
Deposits - ENA	200,000	0	0	0	200,000
Total Other Liabilities	200,000	0	0	0	200,000
Total Liabilities	71,610,117	15,845	44,860,470	487,261	116,973,693
Net Assets					
Net Assets	59,908,585	60,530	26,691,363	2,958,188	89,618,666
Change In Net Assets	4,831,300	(103,340)	(1,620,298)	77,655	3,185,317
Total Net Assets	64,739,885	(42,810)	25,071,065	3,035,843	92,803,983
Total Liabilities and Net Assets	136,350,002	(26,965)	69,931,535	3,523,104	209,777,676