

Petaluma
HEALTH CARE
DISTRICT

**MINUTES OF THE APRIL 19, 2016 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER

President Hempel called the meeting to order at 12:00 PM in the lobby conference room at 1425 N. McDowell Blvd.

PRESENT

Fran Adams, RN, BSN, Secretary
Elece Hempel, President
Robert Ostroff, MD, Vice President
Josephine S. Thornton, M.A., Treasurer
Joseph Stern, Board Member at Large

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Board Clerk, PHCD
Andrew Koblick, Controller, PHCD
Matthew Kelman
Don Bouey
Jeff Adams
Vanessa DeGier
Jane Read, VP Operations, PVH
Eric Gneckow, Argus Courier
Dennis Dugan, National Union of Health Care Workers
Kurt Scott, SJH
David Ziolkowski, SJH
Brett Shinn, SJH Foundation
Norman Shore
Subodh Chowdhry
Brian Sobel

MISSION AND VISION

Director Stern read the mission and vision of the Petaluma Health Care District.

The mission of the Petaluma Health Care District is to improve the health and well-being of our community through leadership, advocacy, support, partnerships and education.

Petaluma Health Care District envisions: A healthier community; a thriving hospital; local access to comprehensive health and wellness services for all.

CALL FOR CONFLICT

President Hempel called for Conflict. There was none.

CONSENT CALENDAR

A motion was made by Director Stern to approve the April 19, 2016 agenda, seconded by Director Adams. This motion was passed by a vote of 5 ayes (Directors: Hempel, Ostroff, Thornton, Adams, Stern) and 0 noes.

PUBLIC COMMENTS

Dennis Dugan, lead negotiator for the National Union of Health Care Workers who represents service and technical workers at Petaluma Valley Hospital, commented that the union has been in negotiations with PVH management since May of 2015, and gave a brief overview of the current state of negotiations. Mr. Dugan stated that workers have talked about going on strike due to lack of progress. Mr. Dugan brought up the issue of how to resolve disputes over staffing. The union wants to propose to the PHCD board that rather than having a third-party negotiator decide on staffing disputes, it would be written into the union contract that staff issues would be resolved by the PHCD. Mr. Dugan requested the board to take the proposal of the union into consideration.

President Hempel stated that the PHCD board can include the union's proposal as an agenda item at a future board meeting. Director Ostroff and Adams agreed that it should be included as an item on the board meeting agenda.

BOARD COMMENTS

There were no board comments.

ADMINISTRATIVE REPORT

CEO REPORT

There were no questions on the CEO Report. CEO Faith reported that the ACHD update is in the packet for the board's review. CEO Faith reported that Community Health Initiative for the Petaluma Area (CHIPA) will be sponsoring a short film screening on May 12, 2016 at the Boulevard14 Cinemas in Petaluma of *Paper Tigers*, a documentary on adverse childhood experiences, followed by a panel discussion on the use and impact of trauma-informed care in our Petaluma. Ms. Faith encouraged board members to attend.

CEO Faith gave an update on the Legislative Policy Platform, an effort by CHIPA to collectively advocate for local community and state issues, which was presented at the March 15, 2016 PHCD Board Meeting. Although some outreach has been done to determine what models other communities use, CEO Faith reported that she was not ready to make a recommendation, but a recommendation will be brought to a future board meeting after more discussions with the CHIPA Advocacy workgroup.

Ms. Faith reported that PHCD is offering two new community awards this year: the Healthcare Hero Award, which recognizes a person who extends remarkable commitment and exemplary service to benefit the health of individuals and the well-being of the communities within PHCD's service area, and a Non Profit Health Equity Award of \$5,000. Both will be recognized at the District's Community Partnership Appreciation Breakfast on May 26, 2016.

FINANCIAL SUSTAINABILITY

February 2016 Financials

Andrew Koblick, Controller, reviewed the February 2016 financials.

As of February 29, 2016 the Statement of Net Position reflected assets of \$9,952,503, and liabilities and deferred revenue of \$914,384 leaving the net fund balance at \$9,038,119.

The month ended February 29, 2016 showed the net loss of \$125,623 is \$27,178 more than the budgeted loss of \$98,445. Loss from operation of \$112,608 was \$200 better than the budgeted loss of \$112,808. The eight months ended February 29, 2016 showed a year to date net loss of \$660,905 which is \$79,216 better than the budgeted year to date loss of \$740,121.

President Hempel asked about the current situation regarding expanding Lifeline service offerings. CEO Faith responded that Lifeline of the North Bay does not have additional devices but there have been conversations with St. Helena Hospital for Lifeline of the North Bay to possibly take over its Lifeline program. Also, Marin General Hospital is partnering with Philips Lifeline Telehealth Division. Faith noted that Lifeline of the North Bay is the personal emergency response system provider for Marin General Hospital, and there are discussions to foster that partnership. Laine Lovell, VP of Sales for Lifeline, will meet with District Lifeline staff on April 27, 2016, and the Marin market will be discussed at that time. Faith noted that Lifeline of the North Bay does not have a strong referral program with St. Joseph Health. Faith also noted that Healthquest is the CPR provider for Petaluma Valley Hospital, SRMH and Annadel Medical Group. Finally, Faith stated that although revenues for Lifeline are down, operating expenses are also down and the department is meeting budget. This is primarily due to a re-organization of staff which included holding on replacing the Lifeline manager position, hiring more installers, and freeing up the marketing representative to build and strengthen the referral base.

Public Comments

There was no public comment.

A motion was made by Director Thornton to approve the February financials, seconded by Director Ostroff. The motion was passed by a vote of 5 ayes (Directors Thornton, Adams, Hempel, Ostroff, and Stern).

QUARTERLY INVESTMENT PRESENTATION

The Quarterly Review of Investment was presented by Matthew Kelman of Exchange Bank and reviewed by the board. Mr. Kelman spoke about the global economy and gave a report on the state of PHCD's investments. Mr. Kelman said that he will be speaking to the Controller about liquidity needs for the PHCD. CEO Faith stated that, considering the PHCD is currently preparing for next fiscal year's budget, the District would like to be on the lower side of revenue of investment projections.

Public Comments

There were no public comments.

PARTNER ENGINEERING PROPERTY CONDITION REPORT

CEO Faith presented the final report from Partner Engineering on the property condition report on the Petaluma Valley Hospital, Burns Hall, Groverman Hall and Hospice of Petaluma. The purpose of the report was to identify defects and deferred maintenance of the properties, and get an opinion of the cost to remedy the defects or deferred maintenance and determine future costs over the next twenty years. The overall assessment is that the condition of the properties appear to be good to fair and the overall maintenance appears to be good. Hospital management reported to Partner that maintenance investment in the last three years was approximately \$1 million. PVH management proposes over the next three years to invest in the roof over the power plant, the emergency generators and chiller, the high pressure boiler and the elevator. Regarding the emergency generator and chiller, Faith reiterated the agreement PHCD made with St. Joseph Health, that in the case SJH would not be the future operator of the hospital, PHCD would take on the expense for these items at the end of the current lease which would then be incorporated into a new lease.

The report recommends that the items mentioned above be addressed within six to twelve months of the assessment, at a cost of about \$2.7 million dollars.

Long term management facility costs were estimated to be \$3.5 – \$4.5 million, which includes seismic upgrades needed to be in compliance by 2030. Faith noted that major systems and structural upgrades that need to be done require Office of Statewide Health Planning and Development (OSHPD) approval (?). The report shows that general maintenance is good, but planning maintenance will save money; also, some equipment is being maintained beyond its useful life and needs to be replaced.

CEO Faith recommended incorporating the reported needs into a future lease, and asking St. Joseph Health to present to the board how SJH, if it is the future operator, would address the findings. Ms. Faith thanked the representatives of St. Joseph Health for their help and cooperation during the on-site tour of the hospital.

There were no public comments.

BOARD COMMENTS

President Hempel proposed an agenda item for St. Joseph Health to present to the board a response to the needs addressed in the report.

PETALUMA VALLEY HOSPITAL

Jane Read, VP of Operations for PVH, reported that their emphasis is mid-cycle reviews. PVH is moving to a new system so they can enter compliance to those standards into a software program to be better prepared for regulatory surveys. PVH has just put in patient care planning modules for standardized med-tech.

PVH is working on getting additional Work Stations on Wheels (WOW) for med-surge and the goal is to have a WOW in every room. Regarding staff, Read reported that Cathy Williamson, director of perioperative services has resigned, and there will be an interim director until management can hire a director of surgical services. Ms. Read reported that with the restructuring, the managers over med-surge,

ICU, ER, and the Family Birthing Center will report to one director. OR will have its own director. Director Ostroff asked how the issue regarding on-call hours with the new ear, nose and throat physician was resolved. Ms. Read responded that ENT emergency patients will be transferred to Santa Rosa if there is no physician on call.

Director Ostroff asked about the use of Medi-Tech versus Epic. Ms. Read responded that the current effort is to standardize to Medi-Tech. Epic, used by Providence, and Medi-Tech will be integrated in order to share information.

Regarding the Benedetti Leadership event on May 7, this year's fundraising efforts are focused on the 3D tomosynthesis machine for PVH. Ms. Read noted that there is a tomosynthesis machine at Sonoma West and Sutter Santa Rosa. Ms. Read also mentioned that Tomorrow's Leaders Today is holding a bowling fundraising event.

Ms. Read reported that PVH's census has maintained, and it has had to turn away patients to the regional referral center. Management is working to get a surge staff plan in place but noted that travelers are in demand with a nationwide shortage. Currently PVH can handle between 30 – 35 patients.

Director Ostroff questioned why PVH is now referred to as "Santa Rosa Memorial Alliance Hospital Services" in Alliance documents. Ms. Read responded that the title has always been "Santa Rosa Memorial Alliance Doing Business as PVH". Ms. Faith asked if Santa Rosa Memorial Hospital is also getting the 3D tomography machine. Kurt Scott, SJH, responded that the projected rollout is for Santa Rosa to get the first machine, then PVH, followed by a second machine in Santa Rosa.

PHCD SUPPORT FOR BENEDETTI FUNDRAISER FOR PROPOSED PVH 3-D TOMOSYNTHESIS MACHINE

CEO Faith reported PVH Foundation attended the PHCD last board meeting to request support for a 3D tomosynthesis machine. At that time, the board expressed interest in supporting a major fundraiser for this equipment. CEO Faith reported that she met with Brett Shinn, Carol Libarle, and Andrea Learner, VP of Development for St. Joseph, Sonoma County. Brett Shinn will lead Petaluma Valley Hospital Foundation in a \$1 million campaign over a two year period. Based on the discussion, the recommendation was PHCD donate \$50 thousand a year for two years, which would be 10% of the overall goal. Currently PHCD invests \$20 thousand each year.

Ms. Faith reported that if the PHCD board approves this increased donation, PHCD would have the opportunity to be included in the marketing plan and be highlighted as a major contributor. Research which was done on other hospitals in the community indicate 3D tomosynthesis technology is moving to the standard of care. Ms. Faith also noted that there was discussion about working with the hospital operator to expand women's health services. The exact cost of the 3D tomosynthesis machine is yet to be determined.

Brett Shinn said that the Foundation has begun a two year, \$1 million imaging campaign which includes the 3D tomosynthesis mammogram system and if possible also replace a surgical C arm. All equipment would be for PVH, and will stay with PVH. CEO Faith stated that PHCD would need confirmation that the equipment would be purchased, and the future operator would commit to this, regardless of who the next operator may be. CEO Faith recommended that the board approve the donation of \$50 thousand dollars for the next two years, for a total of \$100,000.

Board Comments

A motion was made by Director Thornton to approve the recommended donation of \$50 thousand per year for two years, with the qualifications that PHCD will be an integral partner in the marketing plan, and that SJH will give confirmation that the purchase of the 3D tomosynthesis machine will be completed in less than two years, regardless of whether SJH is the future operator of PVH. The motion was seconded by Director Ostroff. The motion was passed by a vote of 5 ayes (Directors Thornton, Adams, Hempel, Ostroff, and Stern).

FEASIBILITY OF PHCD OPERATING PETALUMA VALLEY HOSPITAL AS A STAND ALONE

President Hempel stated that the issue of the feasibility of PHCD operating Petaluma Valley Hospital as a stand-alone hospital is being discussed because the PHCD board wants to ensure it is doing all necessary due diligence regarding the future operator of PVH.

Public Comments

Jeff Adams commented that the PHCD board should consider PVH as a separate entity in terms of services and finances apart from St. Joseph Health System, as well as consider the relationship between PVH and St. Joseph Health, and evaluate the success of the relationship. Mr. Adams also stated that the board has a fiduciary responsibility to obtain fair market value, and the board has an opportunity to establish a structure for overseeing hospital management performance.

A motion was made by Director Ostroff to contract with three separate entities concurrently: Camden Group, Wayne Fairchild, and a third entity with no affiliation with PVH or St. Joseph Health, to examine PVH finances, its cash basis, and cash flows with the purpose of determining the feasibility of PHCD operating Petaluma Valley Hospital as a stand-alone hospital.

Director Ostroff stated that he feels the board should act now, and obtain reports within 30 days due to the approaching deadlines. Director Thornton asked if Director Ostroff's motion is solely in regards to PVH financials, or if it is in the context of PVH being operated as a stand-alone hospital. Director Ostroff responded that the examination of PVH financials would give the board direction regarding the feasibility of PVH being a stand-alone hospital. Director Adams stated that Jeff Adams is her son, and if he participated in examining PVH finances, he would not be paid, but would be acting as a private citizen doing volunteer work. Director Adams noted that legal counsel had been consulted regarding the matter.

The motion was seconded by Director Adams.

Board Comments

President Hempel stated that Camden Group had been asked to do a fair market valuation of the property, and proposed looking at those results first. Director Adams responded that Camden Group has used financials which were provided by St. Joseph Health. Director Thornton stated that the data from SJH is being used by Camden Group through Camden's financial model, and she believes the data is clean. In regards to a question by Director Stern, Director Ostroff stated that the three consultants would be asked for financial modeling of the hospital, not hospital operations, in order to determine the feasibility of PHCD operating the hospital without a partner, and without requiring a parcel tax, if PHCD does not get an acceptable partner.

Director Thornton stated that Camden has been advising the board for three years, and given several analyses and reports. She also stated that if the board proposes to consider operating PVH as a stand-alone hospital it would be a long, complex and costly proposition. Director Thornton proposed getting updated information from Camden to help determine the feasibility of a stand-alone hospital, and stated that regardless of business analysis, the odds against stand-alone hospitals are very great, and that it should only be undertaken if that were the only option. Director Thornton also noted that in recent years there has been a great move to integration of smaller hospitals, and that the market place is very competitive, with Kaiser being a huge factor. Director Thornton stated that the initial investment PHCD would have to make has been estimated to be over \$30 million, and questioned whether PHCD should borrow over \$30 million and hope to have a successful stand-alone hospital in the current environment. She stated her belief that the likelihood is very slim, and the risks are very high, and that the board owes it to the community to go through the due diligence process carefully, step by step.

Director Ostroff stated that Director Thornton's comments actually do not relate to the motion before the board, but rather should be considered after the board receives the reports regarding feasibility of operating the hospital as a stand-alone entity. Director Ostroff noted that he, along with Director Thornton, has had criticisms of Camden Group, and that is the reason for engaging other consultants.

Director Thornton responded that her main criticism of Camden has been regarding a lack of familiarity with the marketplace of southern Sonoma County, not with Camden's integrity or objectivity, considering it is a nationally recognized organization with a very good reputation.

Director Ostroff stated that considering the August 12, 2016 deadline to place a measure on the November ballot, he supports hiring three consultants now because public meetings must be held in July, and the board should have the analysis before then in order to determine if PHCD can operate the hospital alone. In response to a question by Director Stern about the cost of hiring additional consultants, Director Ostroff noted that Camden has previously quoted fees of \$15,000 to \$30,000 for consulting; however, Director Ostroff stated that he does not care if the fees are \$100,000 because he feels the board has a fiduciary responsibility to have the answer before June 2016 to the question of the feasibility of PHCD operating the hospital alone.

Regarding timing, CEO Faith stated that there is a process in place in PHCD's current lease with SJH that allows PHCD and the current operator to extend the lease if it needs to be extended. Legal counsel reported that the lease has a hold-over provision that states that if the tenant has not surrendered the premises at the end of the lease term it becomes a month to month lease, and the tenant will continue to comply with the terms of the lease. The landlord has a right to evict the tenant, and the lease also provides that the tenant will pay a rent at the amount equal to 120% of then-current market value. In legal counsel's view, the tenant could leave under the terms of the lease, but the Department of Health Services would likely intervene to ensure that all patients were cared for and their treatment transitioned smoothly.

Director Ostroff questioned if the board missed the August deadline to get a resolution on the ballot, would PHCD have the option of continuing the existing lease, and if PHCD decides to engage in a new lease with SJH but that lease is not completed in time because of unresolved issues, the board has an option to continue with the current lease. Legal counsel responded that is the case.

President Hempel stated that in consideration of Director Thornton's review of the situation, the board could reconsider the motion after receiving the fair market value from Camden, and subsequently decide to give the data to the two proposed consultants. Directors Ostroff and Adams stated that they feel strongly that they would like to see data come from the other consultants concurrently. CEO Faith stated that Camden is not doing a fair market valuation; rather PHCD has engaged Dennis Perrone who is doing fair

market real estate and lease fair market value. Director Thornton stated that the qualifications of potential consultants should be reviewed, and there should be standards in place regarding level of experience. Director Ostroff repeated the motion he made at the start of the discussion.

The motion was passed by a vote of 3 ayes (Directors Adams, Stern, Ostroff). There were 2 noes, (Directors Thornton, Hempel).

President Hempel called for discussion on how the board would vet the choices of consultants and how it should lay out the steps to meet two different timelines – one where the board goes to the community in July and one that is pushed farther back beyond the November ballot date. The board's recommendation is to obtain bids from the proposed consultants, and clarify the scope of work. Director Ostroff stated that the work would consist of taking St. Joseph's financial data as well as data from OSPD to analyze whether PHCD could run the hospital without a partner. President Hempel directed CEO Faith, after obtaining the bids from the consultants, to present bids and qualifications to the board for approval.

INFORMATIONAL ITEMS

CEO Faith called the board's attention to the informational items listed in the agenda and reminded the board about the PHCD Community Partnership Appreciation Breakfast on May 26, 2016.

ADJOURN TO CLOSED SESSION

President Hempel adjourned the meeting into closed session pursuant to: Government Code §54956.8 closed session; real property transaction; meeting with negotiator – 400 North McDowell Blvd.; The Camden Group.

ADJOURN TO OPEN SESSION

President Hempel adjourned the meeting into open session and reported that no action was taken in closed session.

ADJOURN

President Hempel adjourned the meeting at 2:30 PM.

Submitted by Fran Adams, Board Secretary

Recorded by Erin Howseman, Board Clerk

PROPERTY CONDITION REPORT

Petaluma Valley Hospital and Hospice
400 North McDowell Boulevard and 416 Payran Street
Petaluma, California 94954

March 3, 2016
Partner Project Number: 15-143327.1

Prepared for:
Petaluma Health Care District
Petaluma, California 94954



Engineers who understand your business

PARTNER

Engineering and Science, Inc.

March 3, 2016

Ms. Ramona Faith, CEO
Petaluma Health Care District
1425 400 North McDowell Boulevard, Suite 103
Petaluma, California 94954

Subject: Property Condition Report
Petaluma Valley Hospital and Hospice
400 North McDowell Boulevard
Petaluma, California 94954
Partner Project No. 15-143327.1

Dear Ms. Faith:

Partner Engineering and Science, Inc. is pleased to provide the results of the assessment performed on the above-referenced property. At a minimum, this assessment was performed in general conformance with the scope and limitations as set forth by ASTM E2018-15 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process" and as specified in the engagement agreement that initiated this work.

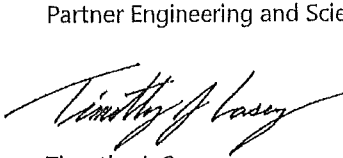
The purpose of this assessment is to describe the primary systems and components of the subject property, to identify conspicuous defects or material deferred maintenance, and to present an opinion of costs to remedy the observed conditions. In addition, this report identifies systems or components that are anticipated to reach the end of their expected useful life during the specified evaluation term and includes an opinion of cost for future capital replacements.

This assessment was performed utilizing methods and procedures consistent with good commercial or customary practices designed to conform to acceptable industry standards. The independent conclusions represent Partner's best professional judgment based upon existing conditions and the information and data available to us during the course of this assignment.

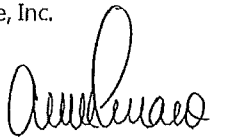
We appreciate the opportunity to provide these assessment services. If you have any questions concerning this report, or if we can assist you in any other matter, please contact Jenny Redlin at (310) 765-7243.

Sincerely,

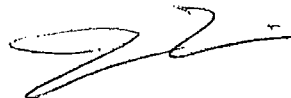
Partner Engineering and Science, Inc.



Timothy J. Casey
Senior Project Manager



Ann Ferraro, PE
Senior Assessor



Jenny Redlin, REPA
Relationship Manager - Principal

EXECUTIVE SUMMARY AND PROPERTY DESCRIPTION

Executive Summary

Partner Engineering and Science, Inc. (Partner) has performed a property condition assessment (PCA) of the parcel and improvements defined in the following table (the "subject property"). The assessment was performed in general accordance with ASTM E2018-15 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process". The purpose of this Property Condition Assessment was to observe and document readily-visible materials and building system defects that might significantly affect the value of the subject property and determine if conditions exist which may have a significant impact on the continued operation of the facility during the 20 year evaluation period.

Property Data	
Name	Petaluma Valley Hospital and Hospice
Address	400 North McDowell Boulevard and 416 Payran Street
City, State and Zip Code	Petaluma, California 94954
Property use	Main Hospital – Hospital Burns Hall – Office Groverman Hall – Office Power Plant – Office / Industrial Hospice of Petaluma – Hospice
Land acreage (acres)	400 North McDowell – 14.630 (tax assessor data) 416 Payran – 0.48
Number of buildings	Five
Number of floors	Main Hospital – Two Burns Hall – Two Groverman Hall – One Power Plant – Two Hospice of Petaluma – Two
Year built	400 North McDowell – 1979 (addition in 1991) 416 Payran -1997
Gross building area (sf)	Main Hospital – 82,704 (tax assessor data) Burns Hall – 5,300 Groverman Hall – 1,600 Power Plant – 1,000 Hospice of Petaluma – 6,677 (tax assessor data) Total – 97,281
Net rentable area (sf)	Main Hospital – 82,704 (tax assessor data) Burns Hall – 5,300 Groverman Hall – 1,600 Power Plant – 1,000 Hospice of Petaluma – 6,677 Total – 97,281
Number of beds	400 North McDowell – 60

Property Data	
Foundation / Substructure	400 North McDowell - Concrete structural slab and grade beams supported by drilled concrete piers 416 Payran - Concrete slab-on-grade with perimeter and interior footings under load bearing structures
Superstructure	400 North McDowell - Steel framing; metal deck on steel beams and joist 416 Payran - Conventional wood-framing; wood decking supported by wood trusses
Façade	400 North McDowell - Painted stucco 416 Payran - Painted wood siding
Roof type	400 North McDowell - Flat, single-ply thermoset membrane 416 Payran - Pitched, asphalt shingles
Parking area	Asphalt pavement
Parking space count	400 North McDowell - 325 416 Payran - 25
ADA-designated parking count	400 North McDowell - 11 ADA-designated and one van-designated 416 Payran - One ADA-designated and one van-designated
HVAC system	400 North McDowell - Central system of boilers, chiller and air handling units; Packaged unit 416 Payran - Split systems
Water supply piping	Copper
Electrical branch wiring	Copper
Number of elevators	400 North McDowell - Four 416 Payran - Not provided
Fire suppression	Wet-pipe sprinkler system
Fire alarm	Central system with local notification

The buildings on the subject property are further described as follows:

Structure	Address	Building Area (SF)	Construction Date
Main Hospital	400 North McDowell Boulevard	55,000	1979 / 1991 (addition)
Burns Hall	400 North McDowell Boulevard	5,300	1985
Groverman Hall	400 North McDowell Boulevard	1,600	1985
Power Plant	400 North McDowell Boulevard	1,000	1979 / 1985 (addition)
Petaluma Hospice	416 Payran Street	6,677	1997

Overall Condition

Based on the systems and components observed during the site visit, the subject property appears to be in good to fair condition. The overall level of preventative maintenance appeared to be good. The detailed observations of reviewed systems are presented in the following Sections of this report, with tabulated opinions of cost presented in the Appendices.

Reported Capital Expenditures

According to property management, the following capital improvements were completed within the last three years:

- The asphalt pavement in the northwest and southwest portions of the property was overlaid, restriped and the curbing was replaced in 2013, \$300,000 (400 North McDowell)
- The fire alarm control panel at Groverman Hall was replaced in 2013, \$20,000 (400 North McDowell)
- The fire alarm control panel at the Main Hospital was replaced in 2015 (400 North McDowell)
- Air handling unit 3 (AHU 3) was retrofitted in 2015, \$158,000 (400 North McDowell)
- Heat pump was replaced in the CT room in 2013, \$15,000 (400 North McDowell)
- The sewer line was repaired in 2013, \$48,000 (400 North McDowell)
- Windows and doors were replaced in the Community Room in 2013, \$30,000 (400 North McDowell)
- Concrete curbs were replaced in 2013, \$48,000 (400 North McDowell)
- Fire dampers were repaired in 2013, \$15,000 (400 North McDowell)
- The patient rooms on the second floor were renovated in 2013 and 2014, \$128,000 (400 North McDowell)
- Fire alarm system components were added to the second floor sleep room in 2014, \$7,700 (400 North McDowell)
- Signage and the exterior lighting was replaced in 2015, \$41,000 (400 North McDowell)
- Various upgraded to finishes and furnishings were made throughout the last three years, \$164,000 (400 North McDowell)

According to property management, the following capital improvements are proposed to be completed within the next three years:

- Flat, single-ply roof over Power Plant is scheduled for replacement in 2016 (400 North McDowell)
- Emergency generators at the Main Hospital are scheduled for replacement in 2016 (400 North McDowell)
- The chiller at the Main Hospital was in the process of being replaced during the walk-through survey (400 North McDowell) and the site contact anticipated installation to be complete by the first week of May 2016
- One high pressure boiler was in the process of being replaced during the walk-through survey and another high pressure boiler is budgeted for replacement in 2016 and, a timeline for completion is unknown at this time.
- One elevator was down during the walk-through survey and is scheduled for replacement (400 North McDowell)

Immediate and Short-Term Repair Items

This report presents opinions of costs for items or conditions that require immediate action as a result of the following: Material existing or potentially unsafe conditions, material code violations, or any other physical deficiencies that if left uncorrected would be expected to result in or contribute to the failure of critical elements or systems within one year or may result in a significant increase in remedial costs. These items should be addressed at the first practical opportunity.

In addition, this report presents opinions of costs for items or conditions that may not require immediate action; however, should be conducted on a priority basis above and beyond routine maintenance. Generally, the recommended time frame for addressing these items is two years.

Deferred maintenance items and/or physical deficiencies that are considered significant are also identified in Table 1 - Immediate Repair and Deferred Maintenance Cost Opinion.

Replacement Reserve Items

In accordance with the evaluation period under which this assessment was performed, this report includes opinions of costs for capital replacement reserve items that are anticipated to occur during a 20 year evaluation period. These items are identified in Table 2 – Long-Term Cost Opinion. Systems or components that are present at the subject property; however, not listed in Table 2, are expected to realize a useful life that exceeds the evaluation period.

Cost Exclusions

This report excludes costs for systems or components that are reported to be a tenant responsibility to maintain and replace, that are generally associated with the normal operation of the subject property, that are part and parcel of a building renovation program, for enhancements to reposition the subject property within the marketplace, for work that is cosmetic or decorative, for work that is being conducted for warranty transfer purposes and routine maintenance activities. This report also excludes costs that are below the reporting threshold of \$3,000 established by the engagement agreement.

Deviation from ASTM E2018

The deviations listed below are part of the Partner standard operating procedures or were specified in the Client's scope of work.

- This report includes seismic zone information that is not required by the Standard.
- This report includes an opinion of costs for anticipated capital expenditures for an evaluation period defined by the Addressee. The costs are presented in Table 2.
- This report includes an evaluation of the condition of the observed components and systems.

TABLE 1 - IMMEDIATE REPAIRS & DEFERRED MAINTENANCE COST OPINION

400 North McDowell Boulevard
400 North McDowell Blvd & 416 Payran St
Petaluma, California

Partner Project No. 15-143327.1
March 3, 2016

Sec. No.	Deficiency or Repair Item	Quantity	Unit	Unit Cost	Immediate Repair	Short-Term Cost	Total Cost
2.0	Regulatory Compliance						
	None Noted						
3.0	Site Improvements						
3.3.2	Linear cracking and "map" or "alligator" cracking were noted in the north and east portions of the pavement at 400 North McDowell. Damaged pavement areas should be repaired.	1,300	SF	\$3.00	\$3,900		\$3,900
3.3.2	Pavement markings and the asphalt seal coat throughout the pavement on the north and east sides of the 400 North McDowell property, and throughout the 416 Payran property were worn and should be renewed.	75,000	SF	\$0.15	\$11,250		\$11,250
4.0	Structural Frame and Building Envelope						
4.4.1	The roof over the Power Plant is near the end of service life and is scheduled for replacement. In addition, the roof over the Main Hospital was observed to be in fair to poor condition with numerous areas of ponding and remanence of ponding throughout. It is recommended that both roofs be budgeted for replacement.	56,200	SF	\$6.00	\$337,200		\$337,200
5.0	Mechanical and Electrical Systems						
5.1	One of the low pressure steam boilers (Mura boiler) was observed to be offline during the walk-through survey and is reportedly always offline except when the other boiler is undergoing maintenance activities. Due to the age of the boiler, and the level of difficulty involved in performing maintenance and repairs, it is recommended that the steam boiler be replaced.	1	LS	\$144,000	\$144,000		\$144,000
5.1	The high pressure boilers were reported to be in poor to good condition. One of the high pressure boilers was out of commission during the walk-through survey and is in the process of being replaced. In order to accommodate for the hot water demand, a temporary boiler was brought on-site. According to property management, the replacement boiler is in the design process with the local regulating agency OSHPD and the temporary boiler will remain in operation until the new boiler is installed. A cost for this work was not provided to Partner. Additionally, a timeline for completion is unknown at this time.	1	LS	Unknown			
5.2	The chiller at the 400 North McDowell property was in the process of being replaced during the walk-through survey, it was on site but not online yet. The building was running off of a temporary chiller. The cooling tower that was part of the old system was not in operation and will be removed after the new chiller is online. The site contact anticipated installation to be complete by the first week of May 2016. The client provided a cost of \$1,179,198 to complete this work.	1	LS	\$1,179,198	\$1,179,198		\$1,179,198
5.2	One HVAC packaged unit at Burns Hall was reportedly out of commission and has been for several years. It is recommended that the packaged unit be replaced.	5	TON	\$2,000	\$10,000		\$10,000
5.3	Remove and replace the two large generators that support the 400 North McDowell property. The generators are approaching the end of useful life and are reportedly in fair to poor condition. Replacement of the generators should include the whole system (underground diesel tank and support components). Due to the criticality of the generators to the overall mission at the hospital, it is recommended that a similar system (two medium sized generators versus one large generator) be considered for the replacement. The client provided a cost of \$916,307 to complete this work.	1	LS	\$916,307	\$916,307		\$916,307
5.3	Remove and replace the small emergency generator for backup of the CT Machine at the 400 North McDowell property. The generator is approaching the end of useful life and is reportedly in fair to poor condition.	1	LS	\$36,000	\$36,000		\$36,000
5.4.1	During the site walk-through survey one passenger elevator was out of commission. It is recommended that the elevator be replaced.	1	LS	\$51,000	\$51,000		\$51,000
6.0	Interior Elements						
	None Noted						
7.0	Accessibility						
7.0	Handrails are not provided on either side of the exterior ramp that leads from the parking area to the building entrance at the 416 Payran property. It is recommended that compliant handrails be added to the ramp.	40	LF	\$75	\$3,000		\$3,000
7.0	Several of the observed lavatories do not provide pipe protection. It is recommended that pipe protection be added to all common area restrooms and patient room restrooms that are intended for ADA accessibility.	12	EA	\$25	\$300		\$300
8.0	Water Intrusion and Microbial Growth						
	None Noted						
9.0	Natural Hazard Information						
9.2	Engage a qualified engineer to perform a seismic survey of the 400 North McDowell property and produce a Reconciliation Report detailing the anchoring and bracing requirements for compliance with the 2030 OSHPD seismic code.	1	LS	\$6,000	\$6,000		\$6,000
TOTAL					\$ 2,699,155		\$ 2,699,155

PARTNER

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FIGURES AND APPENDICES

The following report Figures and Appendices are attached at the end of this report.

Figures	Figure 1: Site Location Map
	Figure 2: Site Plan
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1.0 INTRODUCTION

1.1 Purpose

The purpose of this assessment is to provide information to evaluate the condition of the subject property in order to facilitate completion of due diligence by the addressee. The purpose is accomplished by describing the primary systems and components of the subject property, identifying conspicuous defects or material deferred maintenance and presenting an opinion of cost to remedy the observed conditions. In addition, this report identifies systems or components that are anticipated to reach the end of their expected useful life during the specified evaluation period and includes an opinion of cost for future capital replacements.

The findings of this report are intended to be used in support of securing the debt created through the prospective financing for which the subject property serves as collateral. This report may not be used for any other purpose, including, without limitation, use by owner, borrower or tenant for the purpose of evaluating specific building components and systems, or as an instrument in negotiations related to the acquisition or disposition of the property.

1.2 Scope of Work

This assessment was performed in general conformance with the scope and limitations as set forth by ASTM E2018-15 "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process" (the Standard) and as specified in the engagement agreement that initiated this work. Specific requirements or deviations from the minimum ASTM standard are described herein.

This assessment was performed utilizing methods and procedures consistent with good commercial or customary practices designed to conform to acceptable industry standards. The independent conclusions represent Partner's best professional judgment based upon existing conditions and the information and data available to us during the course of this assignment.

1.3 Cost Evaluation Methodology

Opinions of costs presented within this report are based on construction costs developed by construction resources such as Marshall & Swift, RS Means, Partner's experience with past costs for similar projects, city cost indexes, consultations with local specialty contractors, client-provided information and assumptions regarding future economic conditions. Actual cost estimates are determined by many factors including but not limited to: choice and availability of materials, choice and availability of a qualified contractor, regional climate zone, quality of existing materials, site compatibility and access to the subject property and buildings. In addition, opinions of costs are based solely on material replacement and do not account for soft costs.

Items included in the replacement reserve table are determined based upon the estimated useful life (EUL) of a system or component, the apparent effective age (EA) of the system and the remaining useful life (RUL) of that system. Factors that may affect the age and condition of a system include; however, are not limited to, the frequency of use, exposure to environmental elements, quality of construction and installation and

amount of maintenance provided. Based on these factors, a system may have an effective age that is greater or less than its actual chronological age.

According to interviews with property management, the Main Hospital at the 400 North McDowell property is regulated by California's Office of Statewide Health Planning and Development (OSHPD). OSHPD monitors the construction, renovation and seismic safety of hospitals and skilled nursing facilities. All infrastructure related projects are required to go through the OSHPD review process which usually involves some level of design. According to property management, OSHPD requires that during renovations, capital improvement projects and component replacements all affected building systems be brought up to the current code (local building code and seismic code). Due to the age of the building most projects require significant upgrades to the building systems, specifically the mechanical system. As a result most infrastructure projects incur significant costs beyond standard labor and material costs. Additional costs are related to the OSHPD review process, design procedures and retrofitting the affected building systems for compliance with the current California Building Code.

Opinions of cost provided in Table 1 and Table 2 for the building components in Section 5 of this report (applicable to the 400 North McDowell property only) include an estimated mark-up for the additional fees associated with the OSHPD process. Factors that were considered include costs for the furnish equipment, installation, controls, demolition, reconnection of piping and ductwork, engineering, design and OSHPD review fees. It should be noted that the opinions of cost are rough order of magnitude estimates for high-level planning and budgeting purposes, actual costs will vary depending on the level of design required by OSHPD and the cost for retrofitting the building systems impacted by the project.

1.4 Descriptive Qualifiers

The following definitions and terminology are used in this report regarding the physical condition of the project and the estimated life expectancies/age of the components and systems.

Good	In working condition and does not require immediate or short term repairs above an agreed threshold.
Fair	In working condition; however, may require immediate or short term repairs above an agreed threshold.
Poor	Not in working condition or requires immediate or short term repairs substantially above an agreed threshold.

The agreed threshold is presumed to be the de minimus reporting threshold, unless otherwise specified in this report.

Unless stated otherwise in this report, the systems reviewed are considered to be in good condition and their performance appears to be satisfactory.

1.5 User Reliance

Partner was engaged by the Addressee, or their authorized representative, to perform this assessment. The engagement agreement specifically states the scope and purpose of the assessment, as well as the contractual obligations and limitations of both parties. This report and the information therein, are for the exclusive use of the Addressee. This report has no other purpose and may not be relied upon, or used, by any other person or entity without the written consent of Partner. Third parties that obtain this report, or the information therein, shall have no rights of recourse or recovery against Partner, its officers, employees, vendors, successors or assigns. Any such unauthorized user shall be responsible to protect, indemnify and hold Partner, the Addressee and their respective officers, employees, vendors, successors and assigns harmless from any and all claims, damages, losses, liabilities, expenses (including reasonable attorneys' fees) and costs attributable to such use. Unauthorized use of this report shall constitute acceptance of and commitment to, these responsibilities, which shall be irrevocable and shall apply regardless of the cause of action or legal theory pled or asserted.

This report has been completed under specific Terms and Conditions relating to scope, relying parties, limitations of liability, indemnification, dispute resolution and other factors relevant to any reliance on this report. Any parties relying on this report do so having accepted the evaluation periods and Conditions for which this report was completed. A copy of Partner's standard Terms and Conditions can be found at <http://www.partneresi.com/terms-and-conditions.php>

2.0 RECONNAISSANCE, REGULATORY AND DOCUMENT REVIEW

2.1 Site Reconnaissance

Date: February 1, 2016
Weather: Sunny, approximately 55 degrees Fahrenheit
Field Assessor(s): Ann Ferraro, PE
Escort: 400 North McDowell – Mr. Gary Toavs, Petaluma Valley Hospital,
St. Joseph Health System, Chief Engineer, (707) 778-2649
416 Payran – Mr. Mark Provan,
St. Joseph Health System, Regional Vice President, (707) 575-6623

Limiting Conditions

The performance of this assessment was limited by the following condition(s):

- Pre-survey questionnaires were not completed for either property at the time of the assessment.
- Roof at 416 Payran is pitched, not safely accessible and was observed from ground level.
- Attic at 416 Payran was not accessible.

2.2 Property Personnel Interviewed/Contacted

The site escorts were interviewed during the course of the survey. Mr. Toavs has been associated with the subject property for 10 years and was cooperative during the property observations. Mr. Toavs appeared to be knowledgeable about the subject property history and maintenance practices. Mr. Provan has been associated with the subject property for six months and was cooperative during the property observations. Mr. Provan appeared to be somewhat knowledgeable about the subject property but had limited knowledge of the history and maintenance practices.

In addition to the above-referenced escort, the following personnel associated with the subject property were interviewed as part of the preparation of this report. Information obtained from the interviews is incorporated into the appropriate Sections of this report.

<i>Individual</i>	<i>Position or Title</i>	<i>Contact Number/Email</i>
400 North McDowell		
Ms. Ramona Faith	Petaluma Health Care District, CEO	(707) 285-2143
Mr. Andrew Koblick	Petaluma Health Care District, Controller	(707) 285-2143
Mr. Subodh Chowdhry	St. Joseph Health, Area Director of Facilities	(707) 525-5209
Ms. Jane Read	St. Joseph Health, VP Operations	(707) 559-7500
Mr. Patrick Rodgers	OSHPD Seismic Division	(916) 440-8300
416 Payran		
Ms. Sherri Oster	St. Joseph Health, Business Office Manager	(707) 778-6242

The persons interviewed were cooperative and appeared to be knowledgeable about the subject property history and maintenance practices.

2.3 Regulatory Compliance Inquiry

Building Codes		City of Petaluma Community Development - Building	
Contact:	N/A	Telephone:	(707) 778-4301
Findings:	<input type="checkbox"/> No Violations <input type="checkbox"/> Violations <input checked="" type="checkbox"/> Awaiting response Awaiting response. A written request for information was submitted on January 28, 2016; no response was received prior to the preparation of this report.		
Fire or Life Safety		City of Petaluma Fire Department	
Contact:	Fire Department Secretary	Telephone:	(707) 778-4389
Findings:	<input checked="" type="checkbox"/> No Violations <input type="checkbox"/> Violations <input type="checkbox"/> Awaiting response Inspections at 400 North McDowell are completed on an annual basis. The last inspection was completed on March 17, 2015. Currently inspections are not being conducted at 416 Payran. No violations reported.		
Zoning		City of Petaluma Community Development - Planning	
Contact:	Planning Technician	Telephone:	(707) 778-4470
Findings:	<input checked="" type="checkbox"/> No Violations <input type="checkbox"/> Violations <input type="checkbox"/> Awaiting response No violations reported. The subject properties were reported to be compliant with current zoning. According to the Planning Technician the 400 North McDowell property is zoned Planned Unit Districts (PUD). According to the zoning regulation the PUD zone is permitted for development of residential, industrial and commercial properties. Based on limited review, the subject property appears to be compliant. According to the Planning Technician the 416 Payran property is zoned Civic Facility (CF). According to the zoning regulation the CF zone is applied to sites for proposed public utility facilities, government offices and community service uses. Based on a limited review, the subject property appears to be compliant.		

This information does not constitute a detailed regulatory-compliance investigation and any code compliance issues noted in this report are based on information provided by the regulatory agencies noted above. If possible, the provided information was confirmed with on-site observations. Additional information that is received within 30 days of the site visit will be forwarded upon receipt.

2.4 Document Review

The following documents were referenced as part of this assessment. Information obtained from the documents is incorporated into the appropriate Sections of this report. If available, copies of the referenced documents are included in the appendices.

- Tax Assessor property information (<https://assr.parcelquest.com/Home/Index>)
- Fire inspection reports for 400 North McDowell including: Quarterly Fire Sprinkler System Inspections performed by Reliant (2015); Fire Sprinkler Inspection Certificate report performed by Reliant (March 12, 2015); Annual Fire Hydrant Inspection performed by Reliant (December 31, 2015); Special Hazard Fire Suppression System Inspection performed by Reliant (December 30, 2015); Fire Inspection / Hazardous Materials Notice performed by the City of Petaluma Fire Department (March 17, 2015)
- Fire inspection reports for 416 Payran performed by Stanley Security (2015)

- Elevator conveyance permits (400 North McDowell)
- OSHPD seismic ratings online
(http://www.oshpd.ca.gov/FDD/seismic_compliance/SB1953/ExtensionRequests.pdf)
- OSHPD Project Status online database
(http://www.oshpd.ca.gov/FDD/project_status/index.asp)
- Capital improvement projects list

2.5 Prior Reports

A prior report was not available for reference.

3.0 PROPERTY CHARACTERISTICS

3.1 Parcel Configuration

The subject property improvements are each placed upon two parcels. The 400 North McDowell parcel is irregularly-shaped and comprises approximately 14.63 acres. The 416 Payran parcel is rectangular and comprises approximately 0.48 acres.

3.2 Observed Tenant Areas

Observed units		
Building	Status	Condition notes
Main Hospital	Operational	Good to fair
Burns Hall	Operational	Fair
Groverman Hall	Operational	Good
Power Plant	Operational	Good to fair
Petaluma Hospice	Operational	Good

Observed interior spaces were selected based on the current operations at each facility at the time of the walk-through survey. Areas where patients were being treated were not observed. Conditions appeared to be consistent throughout.

3.3 Site Improvements

3.3.1 Topography and Stormwater Drainage

The general vicinity at the 400 North McDowell property is sloped to the southeast. The general vicinity at the 416 Payran property is flat with a gentle slope to the southeast.

Stormwater at both properties is removed primarily by sheet flow action across the paved surfaces towards stormwater drains located throughout the subject properties and in the public right of way. Sheet flow action from the east portion of the property at 400 North McDowell flows into Lynch Creek that runs along the east property line.

The subject properties are connected to a storm sewer system that is owned and maintained by the municipality.

Survey Condition and Analysis

The topography was observed to be in good overall condition and appears to adequately accommodate the built improvements. Routine maintenance is anticipated during the evaluation period.

Precipitation was not present during the walk-through survey; consequently, direct observation of the operation of the stormwater drainage systems was not possible. Evidence of improper operation was not readily apparent. Routine maintenance, including clearing of debris from inlets, channels, piping and outlets, is anticipated throughout the evaluation period.

3.3.2 Vehicular Access, Paving

Vehicular access is provided by two-way drive lanes leading from the adjacent public right-of-way to the on-site parking areas and drive aisles. Signalization is provided at the entrance point to the 400 North McDowell property but is not provided at the entrance point to the 416 Payran property.

Asphalt pavement is generally utilized throughout both properties. The loading dock at the 400 North McDowell property utilizes concrete pavement.

Based on a physical count, parking areas at 400 North McDowell provide a total of 325 spaces, including 11 ADA-designated and one van-designated spaces. The parking area at 416 Payran provides a total of 25 spaces, including one ADA-designated space that is also van-designated.

Curbing placed at the parking area perimeters and interior islands consists of cast-in-place concrete.

Survey Condition and Analysis

Pavement appears to be in good to fair structural condition. An overlay of the asphalt pavement on the south and west sides of the 400 North McDowell property was completed in 2013 and was observed to be in good overall condition. Linear cracking and "map" or "alligator" cracking were noted in the north and east portions of pavement. Repair of the noted area is recommended. An opinion of cost for this work is included in Table 1. Concrete pavement at the loading dock was observed to be in generally good condition. Pavement at 416 Payran was observed to be in generally good condition. Routine maintenance is anticipated during the evaluation period.

Pavement markings and striping appear to be in good to fair condition. Pavement markings throughout the south and west parking areas at 400 North McDowell were renewed in 2013 and were observed to be in good condition. Markings throughout 416 Payran were worn and should be renewed. An opinion of cost for this work is included in Table 1. Continued reapplication of markings and striping is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2.

Asphalt seal coat appears to be in good to fair condition. The seal coat was renewed during the overlay project in 2013 at the south and west pavement areas of 400 North McDowell and was in good overall condition. The seal coat throughout the north and east pavement areas at 400 North McDowell and throughout 416 Payran was worn and should be replaced. An opinion of cost for this work is included in Table 1. Reapplication of the seal coat is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2.

Curbing was observed to be in good condition. Curbing at 400 North McDowell was replaced in 2013. Routine maintenance is anticipated during the evaluation period.

3.3.3 Walkways, Grade-Level Steps and Ramps

Building entrance flatwork and pedestrian walkways consist of cast-in-place concrete construction. Concrete steps with painted handrails accommodate sidewalk grade changes. Exterior stairs are also provided at the helicopter landing pad.

Survey Condition and Analysis

The pedestrian concrete walkways and steps appear to be in generally good overall condition. Limited cracking was noted. The stairs at the helicopter landing pad were recently replaced and are in good condition. Routine maintenance, including minor sectional replacement, is anticipated throughout the evaluation period.

3.3.4 Landscaping and Irrigation

Landscaped areas consisting of grass-covered lawns, floral plantings, trees and shrubs are provided in areas not occupied by buildings, walkways, or pavement. An underground automatic irrigation system is provided at both properties.

Survey Condition and Analysis

Vegetative materials appear to be in good overall condition. Landscaping services at 400 North McDowell are provided by an outside contractor Land Design. Routine maintenance, including as-needed replacement of vegetation, is anticipated throughout the evaluation period.

Although operation of the sprinkler system was not directly tested, components are assumed to be in proper working order, based on the general appearance and as reported by management. The overall conditions of the landscaping and maintenance practices by the landscape service appear to be adequate. Routine maintenance is anticipated during the evaluation period.

3.3.5 Retaining Walls

Retaining walls are not present.

3.3.6 Site and Building Signage

Building address identification at the 400 North McDowell property is provided by a metal monument sign in the landscaped area at the south property entrance. Façade mounted metal signage is also provided throughout the property near building entrances. Room and area identification signage are provided throughout the interior building corridors and next to the doorways. Building address identification at 416 Payran is provided by painted wood signage above the main building entrance.

Survey Condition and Analysis

The signage was observed to be sufficient and in good condition. According to the property project list the signage at 400 North McDowell was replaced in 2015. Sign painting or replacement can be conducted on an as-needed basis during the evaluation period as part of routine maintenance.

3.3.7 Perimeter Walls, Gates and Fences

Chain-link fencing is provided around the mechanical equipment on the east side of the 400 North McDowell property and around the helicopter landing pad on the north side of the property. Chain-link gates provide access to these areas. Stucco site walls with painted wood gates provide an enclosure around the oxygen tank on the rear of the Main Hospital.

Wood fencing is provided around the south perimeter of the 416 Payran property and painted wood fencing is provided around the dumpster.

Survey Condition and Analysis

The fencing, gates and site walls were observed to be in good and operational condition. Routine maintenance is anticipated during the evaluation period.

3.3.8 Exterior Lights

Outdoor lighting is provided by pole-mounted light fixtures generally located in parking areas. The poles are constructed of metal and some have concrete bases. Soffit areas over entryways have recessed halogen lighting. Limited quantities of bollard-type walkway lights are present at walkways adjacent to building entrances. Timers and photocells control exterior lighting.

Survey Condition and Analysis

The walk-through survey was conducted during daylight hours and lighting operation could not be verified. Based on the number of lights provided and the spacing, the lighting appears to be adequate and was reported to be sufficient for the subject property.

The light fixtures were observed and reported to be in good overall condition. According to the property project list, the lighting at 400 North McDowell was replaced in 2015. The light fixtures are anticipated to require minimal repairs and replacements that can be addressed as part of routine maintenance during the evaluation period.

3.3.9 Site Amenities

Site amenities at 400 North McDowell appear to be limited to benches at the plazas and entrance areas and a patio with chairs and tables on the south side of the building adjacent the dining room.

A leisure area is provided at the rear of the 416 Payran property that is landscaped with brick pavers, gardens and benches. In addition, metal tables and chairs are located on the north side of the 416 Payran property.

Survey Condition and Analysis

The site amenities appear to be in good overall condition. Routine maintenance is anticipated during the evaluation period.

3.3.10 Special Utility Systems

Irrigation water for the 400 North McDowell property is utilized from an on-site water well. The well system includes a pump and water storage tank that are located on the east side of the property.

Survey Condition and Analysis

Special utility systems appear and are reportedly in good overall condition. No issues or service deficiencies were reported. Routine maintenance is anticipated during the evaluation period.

4.0 STRUCTURAL FRAME AND BUILDING ENVELOPE

4.1 Foundation/Substructure

According to property management, foundations at the 400 North McDowell property consist of concrete structural slab and grade beams supported by drilled concrete piers.

Based on experience with similar structures in this geographic region, foundations at the 416 Payran property are presumed to consist of a reinforced-concrete slab-on-grade with continuous strip footings at the perimeter and isolated spread footings at interior bearing locations.

Survey Condition and Analysis

Observation of foundation systems was limited to sections that extend above grade or are uncovered in utility rooms. Cracking was observed in the slab in the Material Management section of the Main Hospital building. In addition, the terrazzo floor finish in the first floor Operating Rooms (OR) was cracked in several locations which is potentially indicative of slab movement at some point in the past. Based on interviews with property management, the operating room (OR) floor finish has been cracked for at least several years and since the cracks were sealed in 2015, further movement has not been observed. Evidence of structural distress indicative of foundation settlement was not observed around the building perimeter or along the exterior walls. It is recommended that the foundation be monitored, specifically in the OR for additional damage to the floor covering. If the deterioration continues, the floor should be investigated by a structural engineer. Normal monitoring of the foundation is anticipated during the evaluation period.

4.2 Building Frame

The Main Hospital and Power Plant are constructed with a conventional steel frame consisting of interior and perimeter columns supporting elevated floors of steel beams, girders and joists with concrete-topped metal decks. The roof is constructed of a metal deck supported by steel columns, beams and joists. Exterior walls consist of steel studs spanning between the floor structures.

Groverman Hall is constructed with load bearing light-gauge steel studs at perimeter and interior walls. Steel columns and beams are utilized at isolated areas. Elevated floors are constructed of steel, C-channel studs supporting concrete-topped metal decking. The flat roof is formed by engineered, light-gauge steel trusses sheathed with plywood decking.

The Burns Hall and the Petaluma Hospice are constructed of conventional, wood-stud platform framing. Upper floors consist of wooden beams and joists with concrete-topped, wooden sheathing supported by interior wooden columns. The pitched roof structure consists of engineered-wood trusses with wooden decking. The roof trusses form an attic that is accessible by a ceiling hatch located in the upper floor corridor.

Survey Condition and Analysis

Evidence of structural distress indicative of framing failure was not observed. The framing appears to be in functional condition. Normal monitoring of the framing is anticipated during the evaluation period.

4.3 Facades or Curtain Walls

4.3.1 Exterior Walls

The exterior walls of the buildings at the 400 North McDowell property consist of painted stucco. The exterior walls of the 416 Payran building consist of painted wood clapboard siding. Soffits are painted stucco or wood.

Survey Condition and Analysis

The exterior wall were observed to be in generally good condition at both properties. Staining was observed along the upper perimeter of the buildings at the 400 North McDowell property, especially below the upper floor windows at the Main Hospital. It is recommended that that all four buildings at 400 North McDowell be cleaned. Due to the low cost and limited scope of this work it can be performed as part of regular routine maintenance as part of the operational budget. Reportedly some dry rotted siding was replaced in 2015 at the 416 Payran property. In order to preserve the estimated useful life of the exterior walls, exterior cleaning, minor repairs and painting is recommended over the evaluation period for all of the buildings at both properties.

An opinion of cost for this work is included in Table 2.

4.3.2 Windows

Windows were observed to be double-pane fixed and operable units. Window framing was observed to be aluminum at both properties. Windows at the building entrances at the Main Hospital are part of a storefront window system consisting of full height, low-e or solar tinted glazing in aluminum frames that incorporates the entry doors. Aluminum-framed storefront units with fixed panes of tinted, insulated glazing are utilized along the main floor of the Main Hospital building.

Survey Condition and Analysis

Windows were reported and observed to be in good to fair overall condition. Windows in the Community Room were replaced in 2013. No signs of window leaks or condensation were evident during the observation. Window sealants were observed to be intact, with no signs of deterioration. Some staining was observed on the window frames at Burns Hall; cleaning the exteriors should include cleaning the window frames. Routine maintenance including replacing sealants and caulking the perimeter frames is anticipated during the evaluation period.

4.3.3 Doors

The main entrance doors consist of single or double aluminum-framed doors with full-height glazing or painted metal doors. Hardware includes horizontal exit bars, exterior pulls, closers and deadbolts.

The main entrance at the Main Hospital building is constructed of an automatic-opening pair of aluminum-framed doors with full-height glazing set in an aluminum storefront system. An inner pair of doors of the same basic configuration form a vestibule with sides constructed of aluminum-framed storefront windows.

Secondary doors are painted, hollow metal set in metal frames. The doors have horizontal exit bars, exterior lever handles, closers and deadbolts.

Survey Condition and Analysis

Doors are reported and observed to be in good overall condition. Doors in the Community Room were replaced in 2013. Routine maintenance is anticipated during the evaluation period.

4.3.4 Parapets

Exterior walls at the Main Hospital, Burns Hall and the Power Plant extend above the roof plane as parapets and are capped with sheet steel copings. Roof materials cover the inboard sides of the parapets (except for the Main Hospital addition where the inboard sides are stucco). The materials terminate under the coping. Parapets are not provided at the 416 Payran building.

Survey Condition and Analysis

Parapets appear to be in fair overall condition. Microbial growth was observed around the inner walls of the parapets on the Main Hospital building. It is recommended that these areas be cleaned in order to preserve the estimated useful life of the roof membrane along the parapet wall. Due to the low cost and limited scope of this work it can be performed as part of regular routine roof maintenance. Routine maintenance is anticipated during the evaluation period.

4.4 Roof

4.4.1 Roofing Materials

Roof coverings at the Main Hospital (original building), Burns Hall and the Power Plant consist of rubber (EPDM) single-ply sheet over original built-up roofing (BUR). The roofing materials extend vertically up the inboard side of the parapet walls, terminating under metal copings. Roof coverings at Groverman Hall consist of adhered, single-ply membrane and parapet walls are not provided. Roof coverings at the Main Hospital addition consist of BUR system with mineral-surfaced cap sheet. Roofs at 416 Payran are pitched and covered with asphalt-composition shingles (ACS). Flashing materials appear to be similar to the roofing membrane.

Several canopies are provided around the buildings. Canopies are typically supported by stucco columns and have a roof covering that is similar to the building, BUR with single-ply top sheet. Covered walkways are provided between the Main Hospital building and Groverman Hall. The walkways are supported by wood posts and the roofing consists of single-ply membrane.

<i>Structure</i>	<i>Roof type</i>	<i>Approximate area</i>	<i>Installation date</i>
Main Hospital	Single-ply over BUR	53,000	1979 and added EPDM ply in 1990s
Main Hospital Addition	BUR with asphalt topping	10,800	1991
Burns Hall	Single-ply over BUR	3,000	1979 and replaced EPDM ply in 1990s
Groverman Hall	Single-ply	2,400	1979 and replaced EPDM ply in 1990s
Power Plant	Single-ply over BUR	3,200	1979 with addition in 1990
Petaluma Hospice	Asphalt composition shingles	5,800	1997

Survey Condition and Analysis

The roofing systems at 400 North McDowell appear to be in fair to poor overall condition. The roofs throughout the property are approaching the end of their service lives. According to property management, the BUR roof system is original, installed in 1979 at the Main Hospital, Burns Hall and Groverman Hall. A single-ply membrane was laid over the BUR in the early 1990s. The roof on the addition to the Main Hospital (north side) is original and installed in 1991. Based on our observations, the reported ages appear to be reasonable.

Ponding and collections of debris and silt deposits were observed throughout the roof of the Main Hospital building. According to property management, the roof over the Power Plant is budgeted for replacement in 2016. It is recommended that the roof over the Main Hospital also be budgeted for replacement. An opinion of cost for this work is included in Table 1. Based on estimated useful life and overall condition replacement of the roofs at Burns Hall, Groverman Hall and the addition at the Main Hospital are anticipated during the evaluation period. An opinion of cost is included in Table 2. Metal coping around the roof perimeters was observed to be in fair to poor condition throughout and should be replaced during the roof replacement. Due to the complexity of the OSHPD process for all capital improvement projects at the subject property, it is recommended that the roofs be budgeted for replacement before failure.

According to the site escort, roof maintenance and repairs at 400 North McDowell are conducted by a roofing contractor, either Cinemark or Rosa Construction. Preventative maintenance is conducted by in-house staff and includes cleaning debris from the roofs and internal roof drains annually.

The roof at the Petaluma Hospice was observed to be in good overall condition. According to the site contact the roof is original installed in 1997. Several roof repairs were conducted in 2015. Replacement of the roof is anticipated during the evaluation period. An opinion of cost is included in Table 2.

According to the site escort, roof maintenance and repairs at 416 Payran are conducted by a roofing contractor Allied Builders.

4.4.2 Roof Drainage

Stormwater runoff for the roofs at the 400 North McDowell property is directed to roof drains connected to internal leaders that exit through the exterior walls and discharge directly to into the storm drain collection system. Emergency overflow scuppers are provided at the Main Hospital addition.

Stormwater runoff for the roof at the 416 Payran property is directed to gutters and downspouts which discharge at grade.

Survey Condition and Analysis

Roof drainage at 400 North McDowell was observed to be in good to fair overall condition. Roof drains should be repaired or replaced as needed during roof replacement activities. Evidence of ponding was observed throughout the Main Hospital building. Ponding is a source of potential water infiltration and may contribute to reducing the expected useful life of the membrane. Evidence of water damage indicative of roof leaks was observed at the Main Hospital building in the Pharmacy. According to the staff personnel at the Pharmacy, the ceiling leaks during rain events. Immediate repair of the noted leak is recommended. Due to the low cost and limited scope of the roof work this can be performed as part of regular maintenance. Routine maintenance is anticipated during the evaluation period.

Roof drainage at 416 Payran was observed to be in good overall condition. Gutters and downspouts should be repaired or replaced as needed during roof replacement activities. Evidence of ponding or roof leaks was not observed. Routine maintenance is anticipated during the evaluation period.

4.5 Fire Escapes, Stairs or Balconies

Exterior stairs at 400 North McDowell include stairs providing access to the second floor of the Main Hospital, Burns Hall and the Power Plant. Exterior stairs at the Power Plant are painted steel with steel treads and open risers; at Burns Hall the stairs are constructed of steel frame with concrete treads and open risers. Steel pipe guardrails are provided on the open sides, while steel handrails are located on adjacent walls. Exterior stairs at the Main Hospital are painted steel frames with concrete treads and closed risers. Observed steel components are painted.

Exterior stairs at 416 Payran are located on the west elevation and provide access to the second floor. The stairs are constructed of painted wood. Painted wood guardrails are provided on the open sides, while painted wood handrails are located on adjacent walls.

Interior stairs at the Main Hospital are constructed of steel stringers and closed risers with concrete-filled steel pan treads. Open sides are protected by steel pipe guardrails and steel pipe handrails are located on walls at closed sides. Interior stairs at Burns Hall are constructed of steel stringers and closed risers with concrete-filled steel pan treads and carpet floor covering. Stained wood handrails are provided on wall sides. Observed steel components are painted and the concrete treads are exposed.

Interior stairs at 416 Payran are constructed of wood stringers and closed risers with wood treads and carpet floor covering. Open sides are protects by painted wood balustrades and handrails. Painted wood handrails are located on walls at closed sides.

Survey Condition and Analysis

Stairs appear to be in generally good condition. The stairs at the 416 Payran property were repaired in 2015. The non-slip material on exterior stair treads at Burns Halls is worn or missing and should be replaced. Due to the low cost and limited scope of this work it can be performed as part of regular maintenance. Routine maintenance is anticipated throughout the evaluation period. Replacement of elastomeric coatings is anticipated during the evaluation period. The cost for this work is relatively inexpensive and can be performed as part of routine maintenance. Painting of the guardrails and handrails can be performed in conjunction with the painting of the building exterior. Replacing the carpet finish can be performed in conjunction with replacing the interior carpeting.

5.0 MECHANICAL AND ELECTRICAL SYSTEMS

5.1 Plumbing, Domestic Hot Water and Sewer Systems

Domestic water piping was reported to be copper at both properties by property management.

Sanitary drainage and vent piping is reported to be cast iron and galvanized steel by property management.

Domestic hot water to the 400 North McDowell property is supplied by two low pressure steam boilers located in the Power Plant building (the low pressure boilers are also used for heating). Water is piped from the boilers to two water heaters that are located in the room adjacent the Boiler Room. Based on the size of the water heaters they are estimated to have an approximate capacity of 140 gallons. The low pressure steam boilers are manufactured by Cleaver Brooks and Mura Boiler. The Mura automatic steam boiler has an input capacity of 4,148 MBh. The input capacity of the Cleaver Brooks automatic steam boiler could not be located; however, it is likely similar to the capacity of the Mura. Two water softeners manufactured by Bruner are located in the room with the water heaters.

Two high pressure steam boilers provide hot water to the operating rooms on the first floor of the Main Hospital for sterilization. The high pressure boilers are located in the Power Plant.

Domestic hot water to the restrooms and kitchen at the 416 Payran property is reportedly provided by a 30-gallon gas-fired water heater.

Survey Condition and Analysis

The plumbing systems were reported to be in good overall condition. Evidence of leaks or faulty piping was not observed. Routine maintenance is anticipated during the evaluation period.

The low pressure steam boilers were in good to fair condition. The Mura boiler was installed in 1993 and was offline during the site walk-through. According to property management, regular maintenance is difficult to perform on the boiler and replacement parts are challenging to find when needed for repairs. Therefore, the Cleaver Brooks boiler is always online and supplies all of the hot water to the property, while the Mura is only utilized when the Cleaver Brooks is undergoing maintenance. The Cleaver Brooks boiler appears to be in good and operational condition. Due to the overall condition and difficulty maintaining and repairing the Mura boiler, it is recommended that the boiler be replaced. An opinion of cost for this work is included in Table 1. Due to the complexity of the OSHPD process for all capital improvement projects at the subject property, it is recommended that the boiler be budgeted for replacement prior to failure. Based on estimated useful life and overall condition replacement of the Cleaver Brooks boiler is anticipated during the evaluation term. An opinion of cost for this work is included in Table 2. Based on estimated useful life and overall condition replacement of the water heaters is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2.

The high pressure boilers were reported to be in poor to good condition. One of the high pressure boilers was out of commission during the walk-through survey and is in the process of being replaced. In order to accommodate for the hot water demand, a temporary boiler was brought on-site. According to property management, the replacement boiler is in the design process with the local regulating agency OSHPD and the temporary boiler will remain in operation until the new boiler is installed. The second high pressure

boiler was in operating condition. The high pressure boilers were installed in the 1990s. Due to estimated useful life and overall condition, replacement of the second high pressure boiler is anticipated during the evaluation period. It is recommended that the boiler be budgeted for replacement in 2016 to ensure that enough time is provided for design and replacement before the boiler fails to operate. An opinion of cost for this work is included in Table 2.

The water heater at 416 Payran was reportedly in good overall condition. The unit was reported to have been installed in 2015. Routine maintenance is anticipated during the evaluation period.

The sanitary drainage and vent system was reported to be in good overall condition. Review of the capex list indicated that a sewer line was repaired in 2013. Evidence of leaks or faulty piping was not observed. Routine maintenance is anticipated during the evaluation period.

Repairs of the plumbing system at the 400 North McDowell property is reportedly performed by an outside contractor, CBS Plumbing. In addition, they perform annual inspections of the backflow preventers. As-needed repairs of the plumbing system at the 416 Pyran property are performed by an outside contractor, Joe's Plumbing.

Opinions of cost provided in Table 1 and Table 2 for the building components in this section (applicable to the 400 North McDowell property only) include an estimated mark-up for the additional fees associated with the OSHPD process. Factors that were considered include costs to furnish equipment, installation, controls, demolition, reconnection of piping and ductwork, engineering, design and OSHPD review fees. It should be noted that the opinions of cost are rough order of magnitude estimates for high-level planning and budgeting purposes, actual costs will vary depending on the level of design required by OSHPD and the cost for retrofitting the building systems impacted by the project.

5.2 Heating, Air Conditioning and Ventilation

Heating and cooling are provided by a central system that consists of a boiler, a cooling tower, chillers, air handling units (AHUs) and fan coil units (FCUs). The gas-fired low pressure steam boilers (also used for domestic water heating) are located in the boiler room in the Power Plant building and are manufactured by Cleaver Brooks and Mura Boiler. The Mura automatic steam boiler has an input capacity of 4,148 MBh. The input capacity of the Cleaver Brooks automatic steam boiler could not be located but is likely similar to the capacity of the Mura. Heating is provided to the building by the low pressure steam boilers which send steam to heat exchangers located throughout the building.

A new chiller was in the process of being installed at the time of this site survey. The new chiller will replace the current chiller and cooling tower. The chiller equipment is located in a fenced area next to the Power Plant building on the south side of the property. The new chiller is manufactured by York and has a reported capacity of 200-tons and utilizes R-134A refrigerant. A temporary chiller was installed during the walk-through survey and will remain operational until the new chiller is online. These components provide steam or chilled water to five air handling units and to variable-air-volume (VAV) boxes located in the ceiling. Three of the air handling units are located in mechanical rooms and two are located on the roof. The air handling units, manufactured by Trane and Mammoth range from 11,000 to 25,000 CFM. They are controlled by a building automation system (BAS) along with local thermostats for temperature control. VAV boxes are provided for AHU 1 distribution.

Heating and cooling to Burns Hall and Groverman Hall are provided by HVAC packaged units that are located at grade around the perimeter of the building (Burns Hall) or on the roof (Groverman Hall). The packaged units were manufactured by various manufactures and have a typical input capacity of 5-tons. Cooling is provided by direct expansion and appears to utilize R-22 refrigerant while the heating is provided by electric resistance coils. Conditioned air is distributed through sheet metal ducts to diffusers located in the finished ceilings. Fresh air is supplied by intakes on the side of the package units. Return air is collected by concealed sheet metal ducts through ceiling-mounted intakes. The systems are controlled by manually operated thermostats.

Heating and cooling to the 416 Payran property are provided by direct expansion HVAC split systems. Each system has a condensing unit located at grade on the west side of the building below the stairs. Manufactured by York and Goodman, the six condensing units have a typical input capacity of 3- to 4-tons and use R-22 refrigerant. The furnace units are located in the attic and provide heat through gas-fired heating coils. Distribution of the conditioned air is by concealed sheet metal ductwork and temperature control is by a local thermostat.

Accessory areas such as mechanical rooms and vestibules are heated by electric resistance, cabinet unit space heaters that are either ceiling-hung or wall-mounted.

Ventilation is provided by individual and common area fans that vent through the roof. According to property management, some of the pneumatic piping is polybutylene.

Survey Condition and Analysis

According to property management, the mechanical equipment at 400 North McDowell is maintained by in-house staff and an outside vendor, United Mechanical. Quarterly maintenance is typically performed twice per year by the outside contractor and twice per year by the in-house staff. The mechanical equipment at 416 Payran is maintained by Simpson Sheet Metal which includes quarterly preventative maintenance.

The low pressure steam boilers were reported to be in good to fair condition. Please refer to Section 5.1 for further discussion of the low pressure boilers.

The chiller at the 400 North McDowell property was in the process of being replaced during the walk-through survey, it was on site but not online yet. The building was running off of a temporary chiller. The cooling tower that was part of the old system was not in operation and will be removed after the new chiller is online. The site contact anticipated installation to be complete by the first week of May 2016. Replacement of the chiller is not anticipated during the evaluation period. Routine maintenance is anticipated during the evaluation period.

HVAC packaged units at Burns Hall and Groverman Hall were observed to in good to poor condition. The units were reported to have been installed in the mid-1990s. One packaged unit at Burns Hall was out of commission. It is recommended that this packaged unit be replaced. An opinion of cost for this work is included in Table 1. Replacement of the packaged units is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2. Routine maintenance is anticipated during the evaluation period.

HVAC split systems at 416 Payran were observed to be in good condition. Two of the condensing units and furnaces were replaced in 2013. According to property management, the other four split systems were installed in 1997. Replacement of the four original split systems is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2. Routine maintenance is anticipated during the evaluation period.

Air handling units are reported to be original (four installed in 1979 and one installed during the addition in 1991). They are reported to be in good to fair condition. Air handling unit 3 was retrofitted in 2015, the coils and the controller were replaced. Based on estimated useful life, replacement/retrofitting of the other four air handling units is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2. All systems are on a maintenance service agreement through United Mechanical and appear to be well maintained. Routine maintenance is anticipated during the evaluation period. Due to the complexity of the OSHPD process for all capital improvement projects at the subject property, it is recommended that the air handling units be budgeted for replacement prior to failure.

Roof-mounted exhaust fans and ducting appeared to be in good condition. Fire dampers were repaired in 2013. Routine maintenance, including regular inspection, testing and minor repair is anticipated throughout the evaluation period.

Opinions of cost provided in Table 1 and Table 2 for the building components in this section (applicable to the 400 North McDowell property only) include an estimated mark-up for the additional fees associated with the OSHPD process. Factors that were considered include costs for the furnish equipment, installation, controls, demolition, reconnection of piping and ductwork, engineering, design and OSHPD review fees. It should be noted that the opinions of cost are rough order of magnitude estimates for high-level planning and budgeting purposes, actual costs will vary depending on the level of design required by OSHPD and the cost for retrofitting the building systems impacted by the project.

5.3 Electrical

Electrical service to 400 North McDowell is delivered via pad-mounted, utility-owned transformers located on the south side of the property. Main electrical service is rated at 2000 amp, 600 volt, three phase, four wire main distribution panels. Breaker panels for lighting and power controls are generally located in the electrical room, emergency generator room and mechanical rooms with several located in the corridors and other interior spaces. Observed panels were manufactured by Square D and ITE.

Electrical service to 416 Payran is delivered via a pole-mounted, utility-owned transformers located along the street on the north side of the property. Main electrical service is rated at 400 amp, 208/120V volt, three phase four wire main distribution panels. Breaker panels for lighting and power controls in the interior spaces. Observed electrical panels were manufactured by Square D.

Electrical branch wiring at both properties was reported to be copper by property management.

Emergency electrical power to the 400 North McDowell property is provided by three diesel-powered generators. The generators are located in the fenced utility area on the south side of the property. The generators reportedly power all emergency services at the property during a power outage. The two main generators are rated at 365 kW (manufactured by Cummins) and 315 kW (manufactured by Kohler). A small generator is also provided to support the CT machine. An underground 10,000-gallon

diesel tank powers the emergency generators (due to the age and installation date, this tank can also be used to power the boilers if needed).

Survey Condition and Analysis

The electrical service at 400 North McDowell was reported to be adequate for the current demands of the facility. The switchgear, circuit breaker panels, electrical meters and wiring appear to be mostly original with some upgrades to the system in the 1990s. In addition, some upgrades/retrofits have been performed to comply with OSHPD regulations during capital improvement projects. Electrical service components appear to be in good overall condition. Routine maintenance is anticipated during the evaluation period.

The electrical service at 416 Payran was reported to be adequate for the current demands of the facility. The switchgear, circuit breaker panels, electrical meters and wiring appeared to be in good condition. Routine maintenance is anticipated during the evaluation period.

The emergency generators are tested weekly. According to property management, the generators were installed in the 1990s, are reportedly in fair to poor condition and are scheduled for replacement in 2016. According to the site contact replacing the generators would include replacement of all of the generator related equipment in the generator room and removal of the underground storage tank. Due to the criticality of the generators to the overall mission at the hospital, it is recommended that a similar system (two medium sized generators verses one large generator) be used for the replacement. An opinion of cost for replacement of all three generators is included in Table 1. Routine maintenance is anticipated throughout the evaluation period. Due to the complexity of the OSHPD process for all capital improvement projects at the subject property, it is recommended that the emergency generators be budgeted for replacement before running them to failure.

Preventative maintenance for the electrical system is reportedly performed annually by an outside contractor, Blake City Electrical. Annual infrared testing is performed by Asco Emerson. Service for the emergency generators are serviced by Peterson Power.

Service and repairs to the electrical system at 416 Payran are performed by an outside contractor, Mike Ferris Electric.

Opinions of cost provided in Table 1 for the building components in this section (applicable to the 400 North McDowell property only) include an estimated mark-up for the additional fees associated with the OSHPD process. Factors that were considered include costs for the furnish equipment, installation, controls, demolition, reconnection of piping and ductwork, engineering, design and OSHPD review fees. It should be noted that the opinions of cost are rough order of magnitude estimates for high-level planning and budgeting purposes, actual costs will vary depending on the level of design required by OSHPD and the cost for retrofitting the building systems impacted by the project.

5.4 Vertical Transportation

Vertical conveyances are not provided.

5.4.1 Elevators

Four hydraulic passenger elevators (two passenger and two service) are provided at the 400 North McDowell property. According to posted signs and placards, the elevators were manufactured by Kone and each has a capacity of 4,000 pounds.

One hydraulic passenger elevator is provided at the 416 Payran property. According to posted signs and placards, the elevator was manufactured by Kone and has a capacity of 2,500 pounds.

The interior cab finishes consist of lighting ceiling panels, carpet wall finishes and resilient flooring. The control panels are provided with illuminated push button floor indicators, alarm button, emergency pull button and emergency phone. The elevators are provided with audible floor indicators and sensors that automatically open the doors when an obstruction is encountered.

Survey Condition and Analysis

The elevators at the 400 North McDowell property were observed to be in fair to poor overall condition. One passenger elevator was out of commission. According to property management, the elevator has been down since December 2015. The elevator equipment is original and appears to be nearing the end of its service life. Replacement of the elevator will require the project to go through the local regulating agency OSHPD for design. An opinion of cost to replace the elevator is included in Table 1. Replacement of elevator mechanical and control equipment for the other three elevators is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2. Due to the complexity of the OSHPD process for all capital improvement projects at the facility, it is recommended that the elevators be budgeted for replacement prior to failure.

According to the operation permit, the elevators at 400 North McDowell were last inspected on November 13, 2015. Inspection and test certificates were available for review but those posted in the cab were expired. It is recommended that copies of the current permits be posted in the elevator cabs.

The elevator at the 416 Payran property was observed and reported to be in good overall condition. According to the operation permit, the elevator was last inspected on October 16, 2015. The elevator was reportedly last load tested in January 2016. Inspection and test certificates were observed within the elevator cab. Routine maintenance is anticipated during the evaluation period.

The elevators at both properties are reportedly maintained through a service contract with Kone. The service contract reportedly provides for minor repairs and maintenance activities. The date of last service was posted as October 15, 2015 for the 416 Payran elevator and was not provided for reference for the 400 North McDowell property.

Opinions of cost provided in Table 1 and Table 2 for the building components in this section (applicable to the 400 North McDowell property only) include an estimated mark-up for the additional fees associated with the OSHPD process. Factors that were considered include costs for the furnish equipment, installation, controls, demolition, reconnection of piping and ductwork, engineering, design and OSHPD review fees. It should be noted that the opinions of cost are rough order of magnitude estimates for high-level planning and budgeting purposes, actual costs will vary depending on the level of design required by OSHPD and the cost for retrofitting the building systems impacted by the project.

5.4.2 Escalators

Escalators are not provided.

5.5 Life Safety and Fire Protection

5.5.1 Fire Suppression Systems

Both properties are protected by an automatic fire protection system consisting of a wet-pipe automatic sprinkler system. However, Burns Hall and Groverman Hall do not have a sprinkler system.

A chemical fire suppression system is located in the exhaust hood above the cooking equipment in the kitchen at the Main Hospital. The chemical tank is located on a wall adjacent to the exhaust hood.

Fire extinguishers were observed in corridors, elevator lobbies and in mechanical/electrical spaces. They are reportedly inspected on a yearly basis, with the last inspection having occurred in March 2015 at the 400 North McDowell property and May 2015 at the 416 Payran property. Fire hydrants are located at several points adjacent to the parking lot.

Survey Condition and Analysis

The fire suppression system appears to be in good overall condition. The systems appear to be original, installed in 1979 (400 North McDowell property) and 1997 (416 Payran property). The system, including the backflow preventers, is reportedly tested on an annual basis. Current inspection tags were observed on the risers. Review of the most recent Special Hazard Fire Suppression System Inspection report conducted by Reliant on December 30, 2015 indicate that several deficiencies were identified including improper warning signs, service switch malfunction in the MRI Trailer and several deficiencies related to the control panel. It is recommended that the deficiencies be corrected. An opinion of cost for this work is included in Table 1. Routine maintenance, including regularly-scheduled testing, is anticipated during the evaluation period.

Current inspection tags were observed on the fire extinguishers. Routine maintenance, including regularly-scheduled testing and as-needed replacement, is anticipated during the evaluation period.

5.5.2 Alarm Systems

The fire alarm systems at both properties are reportedly comprised of hardwired smoke detectors, heat detectors, pull stations and alarm horn/strobes. Central fire alarm control panels monitor the smoke detectors, pull stations and sprinkler system flow switches. The alarm panels were manufactured by Honeywell (Main Hospital and Groverman Hall), Simplex (Burns Hall) and Radionics (416 Payran) and each includes a remote dialer. The system is fully-addressable and is reportedly monitored by Allied and Stanley for the 400 North McDowell and 416 Payran properties, respectively.

Survey Condition and Analysis

The fire alarm systems appear to be in good overall condition and are reportedly tested on an annual basis. Current inspection tags were observed on the main fire alarm control panel. The fire alarm control panels were reportedly replaced at the 400 North McDowell property in 2013 (Groverman Hall) and 2015 (Main Hospital). Fire alarm system components were reported to have been added to the second floor

sleep room in 2014. Routine maintenance, including regularly-scheduled testing, is anticipated during the evaluation period.

5.5.3 Other Systems

Emergency lighting is typically provided by wall- and ceiling-mounted battery-operated fixtures. Emergency means of egress locations are indicated by illuminated exit signs. Security systems are installed at the Main Hospital including card access and cameras.

Survey Condition and Analysis

The observed components appear to be in good overall condition. The emergency lighting is reportedly tested monthly at both properties. Routine maintenance, including regularly-scheduled testing and as-needed replacement, is anticipated during the evaluation period.

6.0 INTERIOR ELEMENTS

6.1 Common Areas

Significant common areas at the subject property consist of the lobby, cafeteria, corridors, stairwells, passenger elevators, public restrooms and waiting rooms at the Main Hospital.

Corridor finishes consist of vinyl composition tile (VCT) flooring, wall coverings and painted gypsum board walls and acoustical tile ceilings. Lighting consists of suspended fluorescent fixtures.

Common area finishes consist of VCT, resilient sheet, ceramic tile and carpet flooring, painted gypsum board walls and acoustical tile ceilings. Lighting consists of fluorescent light fixtures with diffusers. Furnishings in the common areas typically consist of tables and chairs.

Stairwell and interior corridor doors are solid-wood or painted metal doors equipped with panic-bar hardware and closers. The restroom finishes consist of ceramic tile and resilient sheet floors, ceramic tile, wallpaper covering and painted gypsum board walls, painted gypsum board ceilings and metal toilet partitions.

Survey Condition and Analysis

Common area finishes and furnishings were observed to be in good overall condition. Most of the floor finishes are original; however, appeared to be in generally good overall condition. According to property management, finishes in several of the common areas were renovated in 2012 including the main lobby, cafeteria and ER waiting room. Replacement or refurbishment of finishes and furnishings is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2.

6.2 Amenities and Special Features

Amenities at the Main Hospital include the gift shop near the main lobby.

Survey Condition and Analysis

Amenities were observed to be in good overall condition. Routine maintenance is anticipated during the evaluation period.

6.3 Support Areas

Management office and back-of-house areas at the 400 North McDowell property include the medical spaces restricted to staff (i.e., nurses stations, Pharmacy, Materials Management, Medical Records, laboratories), offices, conference rooms, training rooms, employee lounges, commercial kitchen, maintenance areas and mechanical spaces. Burns Hall, Groverman Hall and the Power Plant are considered support areas. Support areas at the 416 Payran property include offices and the kitchen.

Support areas are typically finished with carpet, ceramic tile, VCT and exposed concrete slab flooring, painted gypsum board with accent areas of wall covering and painted gypsum board, acoustic tile and exposed ceilings.

The commercial kitchen at the Main Hospital is finished with quarry tile flooring, fiberglass reinforced plastic (FRP) and painted gypsum board wall finishes and painted gypsum board ceilings. The kitchen is provided with a variety of commercial kitchen equipment consisting of electric ovens, grills and stoves, broilers, fryers, steamers, microwaves, warming ovens, chilled prep tables, chilled and heated delivery cabinets, walk-in refrigerator and freezer, reach-in refrigerators and freezers, miscellaneous small appliances, a scullery with sanitizer and drying racks, stainless steel shelving, cutlery and wares. Employee lounges are typically provided with a kitchenette consisting of a sink, cabinets, mini refrigerator and a microwave.

The kitchen at the Petaluma Hospice is finished with VCT flooring, painted gypsum board walls and ceiling. The kitchen is provided with residential type kitchen equipment consisting of a gas-fired stove, oven, refrigerator/freezer, dishwasher and toaster.

Doors at both properties are typically stained and painted solid core wood set in painted metal frames. Hardware consists of lever handles.

Survey Condition and Analysis

Interior support area finishes and furnishings were observed to be in good to fair overall condition. Most of the floor finishes are original but generally in good overall condition.

The kitchen equipment at both properties was reported to be original and in good to fair condition. In-house staff performs regular preventative maintenance on the commercial kitchen equipment. Based on estimated useful life, replacement of the kitchen equipment is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2.

The finishes at Burns Hall were generally in fair condition. According to property management, finishes in several of the support areas were renovated including the laboratory (2011) and Groverman Hall (2010). Based on the expected useful life, replacement of soft finishes (carpet, paint and wall coverings) is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2.

Furnishings and equipment appear to be in good to fair overall condition. Based on the expected useful life, replacement of a portion of the furnishings and equipment is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2.

6.4 Tenant Spaces

Tenant occupancy includes one tenant at each property. Tenant spaces at both properties include spaces occupied by staff and patients. At the Main Hospital these spaces are generally areas where patients are treated including patient rooms which make-up most of the second floor, operating room, emergency rooms and other treatment areas (i.e., radiology, mammography). At the Petaluma Hospice these spaces include treatment rooms and the recreation rooms. Currently the Main Hospital is licensed for 60 beds. Approximately 12 beds were not being utilized during the walk-through survey and those rooms were being used for storage and sleep rooms for staff. Observed tenant space flooring consists of carpet, wood, terrazzo and vinyl tile. Walls are typically painted gypsum board; areas of vinyl wall covering are also present. Ceilings are typically suspended acoustic tiles and painted gypsum board. Furnishings in the treatment areas includes beds, televisions, nightstands, chairs and cabinetry.

Entrance doors are typically storefront-style systems and structural glazing systems or aluminum framed doors with full glazing. Interior doors are typically stained, solid core wood set in metal frames. Miscellaneous cabinetry is located throughout the patient treatment areas.

Survey Condition and Analysis

The tenant finishes at both properties appear to be in good to fair condition. Most of the floor finishes appear to be original. According to property management, upgrades to the finishes and furnishings have been conducted in over the years in several of the support areas including the second floor patient rooms (2012), CT room (2006), x-ray room (2006), mammography (2006), radiology (2012), ER (2012).

Cracking was observed in the terrazzo floor finish in the operating rooms. According to property management, the cracks have been present for at least several years, probably longer. Likely this resulted from minor movement in the slab after construction was completed. The cracks were sealed in 2015. Distressed floor finishes were not observed in the other areas; however, cracks were observed in the exposed slab in the Pharmacy. It is recommended that the floor in the operating rooms be monitored. If the cracks worsen than the floor should be further investigated by a structural engineer; however, signs of significant settlement were not observed on the other structural elements. After monitoring the floor, it is recommended that the terrazzo floor finish be replaced. Replacement of finishes is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2 and is included in the tenant area vinyl tile replacement cost.

Furnishings were typically in good condition. According to property management, most of the beds have been replaced over the last seven years.

Replacement of floor finishes, wall finishes and furnishings is anticipated during the evaluation period. An opinion of cost for this work is included in Table 2.

7.0 ACCESSIBILITY

7.1 Americans with Disabilities Act

As part of this assessment, a limited, visual, accessibility survey was conducted. The survey did not include taking measurements or counting accessibility elements. The scope of the survey was limited to determining the existence of architectural barriers or physical attributes of the subject property, which affect on-site parking, path of travel into and through public areas of the building and elevators, as applicable. Furthermore, the scope of our survey includes only the federal requirements of the ADA; it is not intended to address state or local codes. Our observations were limited to the places of public accommodation on the subject property.

Survey Condition and Analysis

Based on current use, the subject property is a "public accommodation". Areas at the properties that are not typically accessed by the public include Support Areas (medical spaces restricted to staff, offices, conference rooms, training rooms, employee lounges, commercial kitchen, maintenance areas, and mechanical spaces. Burns Hall, Groverman Hall and the Power Plant). According to property management, a full ADA survey of the Main Hospital has been contracted and will be complete in 2016. Some ADA retrofits have been completed over the years including common area restrooms, patient room restrooms and corridor handrails.

Exterior routes from public transportation stops, accessible parking spaces and public sidewalks at the subject property did not appear to be generally accessible. The exterior ramp leading from the parking area at 416 Payran to the building entrance is not equipped with handrails. It is recommended that handrails be added to both sides of the ramp. Exterior entrances provided at the subject property appeared to be generally accessible.

Parking areas that provide self-parking for employees and visitors must provide ADA-compliant parking spaces. The 400 North McDowell property provides approximately 325 total parking spaces, including 11 accessible parking spaces, of which, one is a van-accessible space. The 416 Payran property provides approximately 25 total parking spaces, including one accessible parking space, of which, one is a van-accessible space. The accessible parking spaces appear to be correctly configured and identified.

Common toilet facilities in the Main Hospital did not appear to be generally accessible. Several of the lavatories do not provide pipe protection and several of the public restrooms and patient restrooms do not appear to provide compliant floor area. It is recommended that pipe protection be added to all common area restrooms and patient room restrooms that are intended for ADA accessibility. Providing sufficient floor space in the common area and patient room restrooms requires design which is beyond the scope of this report.

An opinion of cost for correction of non-accessible items is included in Table 1.

8.0 SUSPECT WATER INTRUSION AND MICROBIAL GROWTH

As part of performing this PCA, visual observations for overt signs of suspect mold growth were also performed. These observations were not performed to discover all affected areas, nor were areas of the subject property observed specifically for the purpose of identifying areas of suspect mold growth. The subject property areas viewed were limited to those necessary to perform the primary scope of this PCA.

Survey Condition and Analysis

Visual or olfactory indications of significant suspect microbial growth were not observed on the interior of the building. However, algae was observed along the inner walls of the parapets at the Main Hospital building. In addition, as discussed in the above sections of this report, water damage was observed on the ceiling tiles in the Pharmacy. See the above referenced sections of this report for further discussion and recommended repairs.

9.0 NATURAL HAZARD INFORMATION

Partner referenced readily-available materials to obtain the following information. Determination of site-specific conditions is not within the scope of this report and may require additional investigation.

9.1 Flood Zone

According to Flood Insurance Rate Map, Community Panel Number 06097C0894F, dated February 19, 2014, most of the 400 North McDowell property appears to be located in Zone X (unshaded); defined as minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. However, the east perimeter of the property which is bounded by Lynch creek is located in Zone AE, A1-A30; defined as areas subject to inundation by the 1-percent-annual-chance flood event determined by detailed methods and Zone X (shaded); defined as moderate risk areas within the 0.2-percent-annual-chance floodplain, areas of 1-percent-annual-chance flooding where average depths are less than 1 foot, areas of 1-percent-annual-chance flooding where the contributing drainage area is less than 1 square mile and areas protected from the 1-percent-annual-chance flood by a levee.

According to Flood Insurance Rate Map, Community Panel Number 06097C0982G, dated October 2, 2015, the 416 Payran property appears to be located in Zone X (unshaded); defined as minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains.

9.2 Seismic Zone

According to the seismic zone map, published in the Uniform Building Code 1997, Volume 2, Table 16.2, the subject property appears to be located in Seismic Zone 4, an area with high probability of damaging ground motion.

According to the OSHPD website, the Main Hospital and system support facilities at 400 North McDowell have been assigned Seismic Performance Ratings, based on structural performance (SPC rating) and non-structural performance (NPC rating). The table below summarizes the current ratings.

Seismic Performance Ratings		
Building	SPC Rating	NPC Rating
Main Hospital (original), Southwest	3	2
Main Hospital (original), Northeast	3	2
Main Hospital (original), Northwest	3	2
Main Hospital (original), Southeast	3	2
Main Hospital (addition)	3	2
Power Plant (original)	3	2
Power Plant (addition)	5	2
Switchgear Building	5	3

SPC 3 is the category for buildings in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act, utilizing steel moment-resisting frames in regions of high seismicity as defined in Section 4.2.10 and constructed under a permit issued prior to October 25, 1994. These buildings may experience structural damage which does not significantly jeopardize life; however, may not be repairable or functional following strong ground motion. Buildings in this category will have been constructed or reconstructed under a building permit obtained through OSHPD. **These buildings may be used without**

restriction to January 1, 2030 and beyond. No further action is expected for buildings assigned SPC 3 as long as the buildings remain as is. All additions, renovations and modifications must undergo the OSHPD review and design process will includes seismic retrofitting.

SPC 5 is the category for buildings in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act and are reasonably capable of providing services to the public following strong ground motion. Buildings in this category will have been constructed or reconstructed under a building permit obtained through OSHPD. **These buildings may be used without restriction to January 1, 2030 and beyond. No further action is expected for buildings in the SPC 5.**

NPC 2 requires that the following systems be braced or anchored in accordance with Part 2, Title 24:

- communication systems,
- emergency power supply,
- bulk medical gas systems,
- fire alarm systems and
- emergency lighting equipment and signs in the means of egress.

It is anticipated that most of the systems in the list above will require bracing or anchoring throughout the 400 North McDowell property for compliance in 2030.

NPC 3 requires that the buildings meet the criteria for NPC "2" and in critical care areas, clinical laboratory services spaces, pharmaceutical service spaces, radiological service spaces and central and sterile supply areas, the following components meet the bracing and anchorage requirements of Part 2, Title 24:

- Nonstructural components, listed in the 1995 CBC, Part 2, Title 24, Table 16A-0.
Exception: For NPC 3R, lateral bracing of suspended ceiling systems may be omitted in rooms with a floor area less than 300 square feet, provided the room is not an intensive care or coronary care unit patient room, angiography laboratory, cardiac catheterization laboratory, delivery room, operating room or post-operative recovery room.
- "Equipment," as listed in the 1995 CBC, Part 2, Title 24, Table 16A-0, "Equipment," including equipment in the physical plant that service these areas.
Exceptions: 1. Seismic restraints need not be provided for cable trays, conduit and HVAC ducting. Seismic restraints may be omitted from piping systems, provided that an approved method of preventing release of the contents of the piping system in the event of a break is provided. 2. Only elevator(s) selected to provide service to patient, surgical, obstetrical and ground floors during interruption of normal power need to meet the structural requirements of Part 2, Title 24.
- Fire sprinkler systems comply with the bracing and anchorage requirements of NFPA 13, 1994 edition, or subsequent applicable standards.
Exception: Acute care hospital facilities in both rural area as defined by Section 70059.1, Division 5 of Title 22 and Seismic Zone 3 shall comply with the bracing and anchorage requirements of NFPA 13, 1994 edition, or subsequent applicable standards by January 1, 2013.

It is anticipated that most of the nonstructural components, equipment and fire sprinkler system components will require bracing and anchoring throughout the 400 North McDowell property for compliance in 2030.

According to a letter from OSHPD dated December 22, 2010 the property has received an extension until January 1, 2030 for compliance with NPC 3 requirements. Deadlines related to the extension include the following:

- January 1, 2024 – The property owner shall submit to OSHPD a complete nonstructural elevation up to NPC 5 for each building.
- January 1, 2026 – The property owner shall submit to OSHPD construction documents for NPC 5 compliance that are deemed ready for review by OSHPD for each building.
- January 1, 2028 – The property owner shall obtain a building permit to begin construction for NPC 5 compliance of each that the owner intends to use as a general acute care hospital building after January 1, 2030

According to the OSHPD seismic division, in order to fulfill the NPC requirements the facility must undergo a full seismic review by a qualified engineer who will prepare a Reconciliation Report. This report will outline the required upgrades for any buildings constructed under the 1976 code under OSA's review. The survey will use the original as-built drawings (if available) to determine what anchoring and bracing has been modified since the original construction. Bracing and anchoring that has been modified from original construction will require retrofitting for compliance with NPC 3 (all original bracing and anchoring should not require retrofitting). The buildings at the subject property that were not constructed under the 1976 code will require retrofitting for full compliance with NPC 3. In addition, according to the OSHPD representative at a minimum the sprinkler system will require anchoring and bracing at the Main Hospital but the remainder of the retrofitting will be determined after the Reconciliation Report is complete. Lastly, a review of the OSHPD Project Status online database indicates that numerous projects have a status Closed Without Compliance (CLWC). It is recommended that these projects be reviewed as it is likely that they will require seismic retrofitting since they were closed without OSHPD compliance.

It is recommended that this process be started as soon as possible, specifically the Reconciliation Report. Once the report is complete and requirements for the seismic retrofit are identified, it is recommended that the projects and budget be spread over the 2016-2030 term.

9.3 Wind Zone

Partner performed a review of the Wind Zone Map, published by the Federal Emergency Management Agency. According to the map, the subject property appears to be located in Wind Zone 1, an area with design winds speeds up to 130 miles per hour. The subject property does not appear to be located in a special wind region or hurricane-susceptible zone.

10.0 OUT OF SCOPE CONSIDERATIONS

These following items are categorically excluded from the scope of work.

- Utilities: Operating conditions of any systems or accessing manholes or utility pits.
- Structural Frame and Building Envelope: Entering of crawl or confined space areas (however, the field observer will observe conditions to the extent easily visible from the point of access to the crawl or confined space areas), determination of previous substructure flooding or water penetration unless easily visible or if such information is provided.
- Roofs: Walking on pitched roofs, or any roof areas that appear to be unsafe, or roofs with no built-in access, or determining any roofing design criteria.
- Plumbing: Determining adequate pressure and flow rate, fixture unit values and counts, verifying pipe sizes, or verifying the point of discharge for underground systems.
- Heating: Observation of flue connections, interiors of chimneys, flues or boiler stacks, or tenant owned or maintained equipment. Entering of plenum or confined space areas.
- Air conditioning & Ventilation: Process-related equipment or condition of tenant owned or maintained equipment. Entering of plenum or confined space areas. Testing or measurements of equipment or air flow.
- Electrical: Removing of electrical panel and device covers, except if removed by building staff, EMF issues, electrical testing, or operating any electrical devices. Opining on process related equipment or tenant-owned equipment.
- Vertical Transportation: Examining of cables, sheaves, controllers, motors, inspection tags, or entering elevator/ escalator pits or shafts.
- Life Safety/ Fire Protection: Determining NFPA hazard classifications, classifying, or testing fire rating of assemblies. Determination of the necessity for or the presence of fire areas, fire walls, fire barriers, paths of travel, construction groups or types, or use classifications.
- Interior Elements: Operating appliances or fixtures, determining or reporting STC (Sound Transmission Class) ratings and flammability issues/regulations.

Activity Exclusions- These activities listed below generally are excluded from or otherwise represent limitations to the scope of a PCA prepared in accordance with this guide (ASTM 2018-15). These should not be construed as all-inclusive or imply that any exclusion not specifically identified is a PCA requirement under this guide.

- Providing opinions of costs that are either individually or in the aggregate less than a threshold amount of \$3,000 for like items unless specifically requested by the addressee.
- Identifying capital improvements, enhancements, or upgrades to building components, systems, or finishes;
- Removing, relocating, or repositioning of materials, ceiling, wall, or equipment panels, furniture, storage containers, personal effects, debris material or finishes; conducting exploratory probing or testing; dismantling or operating of equipment or appliances; or disturbing personal items or property, that obstruct access or visibility;
- Determining adequate pressure and flow rate, fixture-unit values and counts, verifying pipe sizes, or verifying the point of discharge for underground drains;

- Determining NFPA hazard classifications, identifying, classifying, or testing fire rating of assemblies. Determination of the necessity for or the presence of fire areas, fire walls, fire barriers, accessible routes, construction groups or types, or use classifications;
- Preparing engineering calculations to determine any system's, component's or equipment's adequacy or compliance with any specific or commonly accepted design requirements or building codes, or preparing designs or specifications to remedy any physical deficiencies;
- Identification of code or OSHA compliance beyond what has been reported through communication with local regulatory offices.
- Taking measurements or quantities to establish or confirm any information provided by the owner or user;
- Reporting on the presence or absence of pests or insects;
- Reporting on the condition of subterranean or concealed conditions as well as items or systems that are not permanently installed or are tenant-owned and maintained;
- Entering or accessing any area deemed to potentially pose a threat of dangerous or adverse conditions with respect to the field observer's health or safety;
- Performing any procedure, that may damage or impair the physical integrity of the property, any system, or component;
- Providing an opinion on the operation of any system or component that is shut down;
- Evaluating the Sound Transmission Class or acoustical or insulating characteristics of systems or components;
- Providing an opinion on matters regarding security and protection of occupants or users from unauthorized access;
- Evaluating the flammability of materials and related regulations;
- Providing an opinion on matters regarding security of the subject property and protection of its occupants or users from unauthorized access;
- Operating or witnessing the operation of lighting or any other system controlled by a timer, operated by the maintenance staff, or operated by service companies;
- Providing an environmental assessment or opinion on the presence of any environmental issues such as potable water quality, asbestos, hazardous wastes, toxic materials, the location and presence of designated wetlands, IAQ, etc. unless specifically defined within the agreed scope;
- Evaluating systems or components that require specialized knowledge or equipment;
- Entering of plenum or confined space areas.

11.0 LIMITATIONS

This assessment is based upon the guidelines set forth by the ASTM Standard current to the issuance of this report and subject to the limitations stated therein. Our review of the subject property consisted of a visual assessment of the site, the structure(s) and the accessible interior spaces. Any technical analyses made are based on the appearance of the improvements at the time of this assessment and the evaluator's judgment of the physical condition of the subject property components, their ages and their EUL. Consequently, this report represents the condition of the subject property at the time of observation. Acceptance and use of this report infers acknowledgment that the condition of the property may have changed subsequent to site observations and/or that additional information may have been discovered and that Partner, its officers, employees, vendors, successors or assigns, are not liable for changes in the condition of the property, failures in property components or systems and damages that may occur as a result of the changes or failures.

Information regarding the subject property is obtained from a site walk-through survey, local government agency records review, interviews and client-, tenant- or property owner-provided documents. No material sampling, invasive or destructive investigations, equipment or system testing was performed. The observations and related comments within this report are limited in nature and should not be inferred as a full and comprehensive survey of the building components and systems.

Information regarding operations, conditions and test data provided by the Addressee, property owner, or their respective representatives has been assumed to be factual and complete. Information obtained from readily-available sources, including internet research and interview of municipal officials or representatives is assumed to be factual and complete. No warranty is expressed or implied, except that the services rendered have been performed in accordance with generally-accepted practices applicable at the time and location of the study.

The actual performance of systems and components may vary from a reasonably expected standard and will be affected by circumstances that occur after the date of the evaluation. This assessment, analyses and opinions expressed within this report are not representations regarding either the design integrity or the structural soundness of the project.

The report does not identify minor, inexpensive repairs or maintenance items, which should be part of the subject property owner's current operating budget so long as these items appear to be addressed on a regular basis. The report does identify infrequently occurring maintenance items of significant cost, such as exterior painting, roofing, deferred maintenance and repairs and replacements that normally involve major expense or outside contracting.

The assessment of the roof, façade and substructure contained herein cannot specifically state that these items are free of leaks and/or water intrusion and should not be interpreted as such. Comments made with respect to the condition of the systems are limited to visual observation and information provided by the designated site contacts and/or on-site representatives and their contractors/vendors. The evaluation of these systems did not include any sampling and/or testing. A more extensive evaluation may be required if a comprehensive report on the condition of these systems is required.

Performance of a comprehensive building, fire or zoning code review is outside of the scope of work for this report. Information provided within this report is based on readily-available information or interview of municipal officials.

This report presents an evaluation of the accessibility of the subject property as specified in the engagement agreement. This report does not present an audit of all components specified in federal, state or local accessibility regulations. Instead, this review observed general design components such as routes of travel, door hardware, plumbing amenities, elevator controls and signals, basic emergency alarm components and signage. This report is not a comprehensive Americans with Disabilities Act review.

Acceptance and use of this report infers acknowledgment that the condition of the property may have changed and that Partner, its officers, employees, vendors, successors or assigns, are not liable for changes in the condition of the property, failures in property components or systems and damages that may occur as a result of the changes or failures.