

APPROVED
Eden Health District
Annual Budget
Fiscal Year 2017

Financial Highlights

The approved budget for fiscal year ending June 30, 2017 is attached. The budget is prepared to meet the goal of continuing our progress toward fiscal health and expanding our services to the community through partnering with Davis Street, offering health education classes and community grants.

In FY17 total revenues increase by \$176,687. This is due to annual increases in existing leases as well as new leases entered into during the new fiscal year. Expenses are predicted to decrease by \$889,332 in FY17. The majority of the decrease is the result of selling Dublin's building 4050 in FY16. With the removal of building from the Districts assets, depreciation expense will be lower in FY17 by \$903,592 and property taxes will be lower by \$157,744. Proceeds from the sale were used to pay down the existing building loan which will result in lower interest expense of \$611,871 compared to FY16. Utility expense also decreases by \$51,102 as a large portion of FY16's expense was for building 4050. These reductions were offset with an increase in operational expense for Dublin of \$444,720. Of this expense, \$132,885 is the result of hiring a new Senior Property Manager, part time Assistant, part time Chief Engineer and increasing maintenance personnel's time from part time to full time toward the later part of FY16. These changes are necessary to effectively manage the now fully occupied buildings. Additionally a new valet parking service will be implemented toward the end of FY16 to accommodate the increased demand for parking. The estimated cost is \$306,132 and options for lowering the cost were still being explored at the time the budget was prepared. There will also be an election held in November 2016 (unless two candidates run unopposed for the two vacant seats) with an increase in expense of \$200,000 compared to FY16. The District will also contribute a full year of partnership expense to Davis Street which will result in an increase of \$83,336 for the year. The District plans to increase community education in FY17 which will increase the expense by \$29,540 compared to FY16.

In FY17 cash inflows will increase by \$158,105 with a net cash flow of \$1.460 million. Dublin Gateway will have increased cash flow of \$190,294 primarily due to the building being fully occupied and a larger part of the buildings expenses being reimbursed by the tenants. The Eden Medical Building is projected to produce a net cash inflow of \$99,171 due to increased occupancy in FY17 and anticipated new leases toward the end of the fiscal year. SLMAB cash inflow is projected to increase \$32,383. Rental revenue will increase due to stable rents. The higher expenses in FY17 are due to an increase in the cost of maintenance personnel and also reflect an allocation of overhead expense which had not been allocated before April 2016.

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Eden Health District
Budget Assumptions
Fiscal Year 2017

Assumptions:

- 1) There will be an election held in November 2016 and the cost is included in the FY17 budget.
- 2) A full year of community education classes will be offered in FY17.
- 3) A new cost center for Community Services is included in the FY17 budget.
- 4) District Office expenses have been allocated to each cost center as an overhead expense.
- 5) Dublin Gateway includes an onsite Sr. Manager, part time assistant, part time Chief Engineer and full time maintenance personnel.
- 6) Dublin Gateway includes the financial impact of implementing a valet parking service in FY17. Cost savings options continue to be explored.

Budget FY2017
Consolidated Income Statement

EDEN HEALTH DISTRICT
APPROVED

	FY 2017 BUDGET				Estimated FY 2016 ACTUAL		Change from FY16 Actual to FY17 Budget	
	Eden Health District				Eden Health District		Higher/(Lower)	
	Q1FY17	Q2FY17	Q3FY17	Q4FY17				
Revenues								
Rental income	\$ 871,577	\$ 914,254	\$ 933,261	\$ 956,638	\$ 3,675,731	\$ 4,148,225	\$ (472,494)	(A)
CAM Reimbursement	361,406	361,406	363,270	366,287	1,452,368	802,597	649,771	(A)
Interest income	72,444	72,444	72,444	72,444	289,776	290,366	(590)	
Total Revenues	1,305,426	1,348,104	1,368,975	1,395,370	5,417,875	5,241,188	176,687	
Expenses								
Consulting	3,750	11,250	-	-	15,000	18,190	(3,190)	
Legal Fees	3,399	3,399	3,399	3,399	13,596	31,587	(17,991)	
Audit/Tax Preparation Fees			3,500		3,500		-	
Management Fees	41,963	42,123	42,854	43,553	170,493	187,523	(17,030)	(B)
Community Education	12,810	12,810	12,810	12,810	51,240	21,700	29,540	
Utilities (Gas, Electric & Water)	103,701	82,638	66,919	77,755	331,013	382,115	(51,102)	(B)
Repairs & Maintenance	204,210	206,315	205,340	190,395	806,262	589,158	217,104	(C)
Parking Services	76,533	76,533	76,533	76,533	306,132	-	306,132	(D)
Insurance	9,792	10,038	10,038	10,038	39,906	43,014	(3,108)	
Purchased Services	9,837	11,052	12,009	9,909	42,807	39,924	2,883	
Other Direct Expense	24,480	24,480	24,480	24,480	97,920	87,850	10,070	
Property Taxes	39,348	39,348	39,348	39,348	157,392	315,136	(157,744)	(E)
Interest Expense	96,000	96,000	96,000	96,000	384,000	995,871	(611,871)	(F)
Overhead Allocation	258,306	258,306	258,306	258,306	1,033,222	801,253	231,969	(G)
Sponsorships	250	2,500	15,280	5,000	23,030	21,250	1,780	
Davis Street Partnership	62,500	62,500	62,500	62,500	250,000	166,664	83,336	(H)
Grants to service providers	62,500	62,500	62,500	62,500	250,000	250,000	-	
Amortization	39,549	39,549	39,549	39,549	158,196	164,715	(6,519)	
Depreciation	581,553	581,553	581,553	581,553	2,326,212	3,229,804	(903,592)	(E)
Total Expenses	1,630,480	1,622,894	1,612,918	1,593,629	6,459,922	7,349,254	889,332	
Net Profit/(Loss)	(\$325,054)	(\$274,790)	(\$243,943)	(\$198,259)	(\$1,042,046)	(\$2,108,066)	\$1,066,020	
Cash Basis Gain/(Loss)	\$300,640	\$350,904	\$381,751	\$427,435	\$1,460,730	\$1,302,625	\$158,105	

- A) Rental income lower due to the sale of Dublin building 4050 which is offset with higher CAM reimbursements.
- B) Management fees and utilities are lower in FY17 due to part of the expense being allocated to PAMF under the sales agreement for Dublin's building 4050.
- C) Increase in expense primarily due to Dublin Gateway operations which accounts for \$160,825 of the variance. Due to increased activity resulting from the sale of building 4050, an onsite Sr. Manager and assistant will be hired along with a part time Chief Engineer. Additionally onsite maintenance personnel will become full-time versus part time in FY17.
- D) Increase in expense due to the implementation of a valet parking service for the building.
- E) Decrease in expense primarily attributable to the sale of Dublin building 4050.
- F) Decrease in interest expense due to a lower loan balance for the Dublin loan in FY17. Proceeds from the sale of building 4050 were used to pay down the loan in FY16.
- G) Primary expense contributing to the increase in allocatable overhead is election expense of \$200K in FY17.
- H) Increase in expense due to full year of contributions to Davis Street.

Budget FY2017
Trended Income Statement

DUBLIN GATEWAY, L.P.
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					FY 2017 BUDGET Dublin Gateway	Estimated FY2016 ACTUAL Dublin Gateway	FY16 Actual to FY17 Budget Higher/(Lower)
Revenues	Q1FY17	Q2FY17	Q3FY17	Q4FY17			
Rental	\$528,533	\$567,405	\$570,971	\$580,111	\$2,247,020	\$2,935,785	(\$688,765)
CAM Reimbursement	333,132	333,132	333,132	333,132	1,332,528	712,018	620,510
Interest Income	69	69	69	69	276	233	43
Total Revenues	\$861,734	\$900,606	\$904,172	\$913,312	\$3,579,824	\$3,648,036	(\$68,212)
Expenses							
Legal Fees	2,499	2,499	2,499	2,499	9,996	28,307	(18,311)
Audit Fees	0	0	3,500	0	3,500	3,500	0
Management Fees (Incl Personnel)	25,884	25,884	25,884	25,884	103,536	131,541	(28,005)
Utilities	33,979	24,212	19,089	24,943	102,223	179,193	(76,970)
Repairs & Maintenance	111,519	111,762	105,580	100,411	429,272	268,447	160,825
Parking Service	76,533	76,533	76,533	76,533	306,132	0	306,132
Insurance	5,517	5,517	5,517	5,517	22,068	26,219	(4,151)
Purchased Services	0	0	0	0	0	0	0
Other Direct Cost	10,635	10,635	10,635	10,635	42,540	36,772	5,768
Sponsorship	0	0	0	0	0	0	0
Interest Expense	96,000	96,000	96,000	96,000	384,000	884,074	(500,074)
Overhead Allocation	147,039	147,039	147,039	147,039	588,154	534,130	54,024
Property Taxes	39,348	39,348	39,348	39,348	157,392	315,136	(157,744)
Amortization	36,420	36,420	36,420	36,420	145,680	152,210	(6,530)
Depreciation	345,693	345,693	345,693	345,693	1,382,772	2,339,618	(956,846)
Total Expenses	931,066	921,542	913,737	910,922	3,677,265	4,899,147	(1,221,882)
Net Profit/(Loss)	(\$69,332)	(\$20,936)	(\$9,565)	\$2,391	(\$97,441)	(\$1,251,111)	\$1,153,670
Cash Basis Gain/(Loss)	\$312,781	\$361,177	\$372,548	\$384,504	\$1,431,011	\$1,240,717	\$190,294

- A) Reduction in expense due to allocation of expenses related to the shared atrium and outside area to PAMF building 4050.
- B) Increase in expense due to hiring an onsite Sr. Manager and part time assistant of which \$80,445 is EHD's expense. Hiring a part time Chief Engineer and increasing the building maintenance personnel's time from part time to full time of which \$80,445 is EHD's expense, and increased janitorial expense of \$9,585. These expenses were offset with a decrease of \$7,245 for replacement lighting.
- C) Increase in expense due to the implementation of a valet parking service for the building.
- D) Increase in expense due to \$10,037 in setup cost for the onsite Sr. Management and assistants office which was offset with a reduction in garbage service of \$4,790.
- E) Interest expense lower in FY17 due to the restructure of the Dublin Gateway loan in FY16.
- F) Primary expense contributing to the increase in allocatable overhead is election expense of \$200K in FY17.
- G) Property taxes lower in FY17 due to the sale of building 4050.
- H) Depreciation expense lower in FY17 due to the sale of building 4050 in FY16.

Budget FY2017
Trended Income Statement

SAN LEANDRO MEDICAL ARTS BLDG
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	Q1FY17	Q2FY17	Q3FY17	Q4FY17	FY 2017 BUDGET SLMAB	Estimated FY 2016 ACTUAL SLMAB	Change from FY16 Actual to FY17 Budget Higher/(Lower)
Revenues							
Rental Income	\$237,749	\$239,543	\$247,289	\$249,072	\$973,654	\$866,668	\$106,986
Total Revenues	\$237,749	\$239,543	\$247,289	\$249,072	\$973,654	\$866,668	\$106,986
Expenses							
Management Fees	10,699	10,779	11,128	11,208	43,814	38,058	5,756 (A)
Utilities	52,071	43,175	32,289	35,261	162,796	152,939	9,857 (A)
Repairs & Maintenance	61,195	65,224	60,254	63,174	249,849	210,035	39,814 (B)
Insurance	3,030	3,030	3,030	3,030	12,120	12,004	116
Purchased Services	9,837	11,052	12,009	9,909	42,807	39,924	2,883 (C)
Other Direct Cost	8,352	8,352	8,352	8,352	33,408	32,005	1,403
Interest Expense	0	0	0	0	0	49,123	(49,123) (D)
Overhead Allocation	43,024	43,024	43,024	43,024	172,098	108,202	63,896 (E)
Depreciation	89,775	89,775	89,775	89,775	359,100	350,158	8,942 (F)
Total Expenses	\$277,983	\$274,412	\$259,862	\$263,735	\$1,075,993	\$992,448	\$83,545
Net Profit/(Loss)	(\$40,234)	(\$34,869)	(\$12,573)	(\$14,663)	(\$102,339)	(\$125,780)	\$23,441
Cash Basis Gain/(Loss)	\$49,541	\$54,906	\$77,202	\$75,112	\$256,761	\$224,378	\$32,383

- A) Increase in management fees and gas and electric expense due to increased occupancy.
- B) Increase in expense primarily due to a change in on-site maintenance service. The change accounts for \$33K of the increased expense in FY17. Additional increases of \$6,595 were in overall general repairs and maintenance.
- C) Increase in purchased services primarily due to required security system inspection and possible repairs.
- D) Interest expense decreases in FY17 due to the restructure of the Dublin Gateway loan in FY16.
- E) Primary expense contributing to the increase in allocatable overhead is election expense of \$200K in FY17.
- F) Depreciation expense expected to be higher in FY17 due to the capitalization of tenant improvements in FY16.

Budget FY2017
Trended Income Statement

EDEN MEDICAL BUILDING
APPROVED

	FY 2017 BUDGET				FY 2016 ESTIMATED ACTUAL'S		FY16 Actual to FY17 Budget Higher/(Lower)	
	Eden Medical Bldg				Eden Medical Bldg			
Revenues	Q1FY17	Q2FY17	Q3FY17	Q4FY17	\$455,057	\$345,772	\$109,285	
Rental	\$105,295	\$107,306	\$115,001	\$127,455	119,840	90,579	29,261	
CAM Reimbursement	28,274	28,274	30,138	33,155	1,500	1,388	112	
Interest Income	375	375	375	375				
Total Revenues	\$133,943	\$135,955	\$145,514	\$160,985	\$576,398	\$437,739	\$138,659	
Management Fees	5,380	5,460	5,842	6,461	23,143	17,924	5,219	(A)
Utilities	17,651	15,251	15,541	17,551	65,994	49,983	16,011	(A)
Legal Fees	900	900	900	900	3,600	3,280	320	
Repairs & Maintenance	31,496	29,329	39,506	26,810	127,141	110,676	16,465	(B)
Insurance	1,245	1,491	1,491	1,491	5,718	4,791	927	
Other Direct Cost	5,493	5,493	5,493	5,493	21,972	19,073	2,899	(C)
Interest Expense	0	0	0	0	0	62,674	(62,674)	(D)
Overhead Allocation	40,194	40,194	40,194	40,194	160,775	100,454	60,321	(E)
Amortization	3,129	3,129	3,129	3,129	12,516	12,505	11	
Depreciation	146,085	146,085	146,085	146,085	584,340	540,028	44,312	(F)
Total Expenses	251,573	247,332	258,181	248,114	1,005,199	921,388	83,811	
Net Profit/(Loss)	(\$117,629)	(\$111,377)	(\$112,667)	(\$87,128)	(\$428,801)	(\$483,649)	\$54,848	
Cash Gain/(Loss)	\$31,585	\$37,837	\$36,547	\$62,086	\$168,055	\$68,884	\$99,171	

- A) Increase in management fees and gas and electric expense due to increased occupancy.
- B) Increase in repairs and maintenance is attributable to increased overall general repairs of \$6,200, elevator inspection and estimated repairs of \$4,500, fire alarm inspection and estimated repairs of \$2,173, increased janitorial services of \$1,500 and landscaping of \$1,400.
- C) Increase in expense primarily due to increased garbage expense resulting from an increase in occupancy.
- D) Interest expense decreases in FY17 due to the restructure of the Dublin Gateway loan in FY16.
- E) Primary expense contributing to the increase in allocatable overhead is election expense of \$200K in FY17.
- F) Increased expense due to depreciation expense associated with tenant improvements implemented in FY16.

Budget FY2017
Trended Income Statement

COMMUNITY SERVICES
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	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY 2017 BUDGET District Office	FY 2016 ESTIMATED ACTUAL'S District Office	FY16 Actual to FY17 Budget Higher/(Lower)
Revenue							
Interest Income	\$72,000	\$72,000	\$72,000	\$72,000	\$288,000	\$288,745	(\$745)
Total Revenue	\$72,000	\$72,000	\$72,000	\$72,000	\$288,000	\$288,745	(\$745)
Expenses							
Consulting	3,750	11,250	0	0	15,000	18,190	(3,190)
Community Education	12,810	12,810	12,810	12,810	51,240	21,700	29,540 (A)
Sponsorships	250	2,500	15,280	5,000	23,030	21,250	1,780
Overhead Allocation	28,049	28,049	28,049	28,049	112,195	58,467	53,728 (B)
Davis Street Partnership	62,500	62,500	62,500	62,500	250,000	166,664	83,336 (C)
Grants to service providers	62,500	62,500	62,500	62,500	250,000	250,000	0
Total Expenses	169,859	179,609	181,139	170,859	701,465	536,271	165,194
Net Profit/(Loss)	(\$97,859)	(\$107,609)	(\$109,139)	(\$98,859)	(\$413,465)	(\$247,526)	(\$165,939)
Cash Basis Gain/(Loss)	(\$97,859)	(\$107,609)	(\$109,139)	(\$98,859)	(\$413,465)	(\$247,526)	(\$165,939)

- A) Community education expense higher in FY17 due to a full year of educational classes being offered in FY17.
 B) Primary expense contributing to the increase in allocatable overhead is election expense of \$200K in FY17.
 C) Davis Street contributions higher in FY17 due to a full year of payments in FY17.

Budget FY2017
Trended Income Statement

DISTRICT OFFICE
APPROVED

	Q1FY17	Q2FY17	Q3FY17	Q4FY17	FY 2017 BUDGET District Office	FY 2016 ESTIMATED ACTUAL'S District Office	FY16 Actual to FY17 Budget Higher/(Lower)
Expenses							
Salaries & Benefits	92,814	92,814	92,814	92,814	371,256	355,506	15,750 (A)
Consulting	17,500	17,500	17,500	17,500	70,000	66,063	3,937
Consulting Contingency	12,500	12,500	12,500	12,500	50,000	0	50,000 (B)
Legal Fees	30,000	30,000	30,000	30,000	120,000	115,195	4,805
Audit Fees	7,250	7,250	7,250	7,250	29,000	28,690	310
Public Relations	7,500	7,500	7,500	7,500	30,000	19,095	10,905 (C)
Utilities	1,839	1,839	1,839	1,839	7,356	7,021	335
Repairs & Maintenance	1,173	1,173	1,173	1,173	4,692	4,349	343
Investment Fees	11,050	11,050	11,050	11,050	44,200	43,806	394
Directors and Officers Insurance	8,730	8,730	8,730	8,730	34,920	35,471	(551)
Purchased Services	8,319	8,493	8,744	8,519	34,074	33,930	144
Other Direct Cost	4,839	4,839	4,839	4,839	19,356	17,996	1,360
Election Expense	50,000	50,000	50,000	50,000	200,000	0	200,000 (D)
Interest Expense	0	0	0	0	0	57,959	(57,959) (E)
Goodwill	2,645	2,645	2,645	2,645	10,580	10,580	0
Depreciation	1,947	1,947	1,947	1,947	7,788	5,592	2,196
Total Overhead Expenses	258,106	258,280	258,531	258,306	1,033,222	801,253	231,969
Net Profit/(Loss)	(\$258,106)	(\$258,280)	(\$258,531)	(\$258,306)	(\$1,033,222)	(\$801,253)	(\$231,969)

- A) Salaries & wages were lower in FY16 due to Barbara's disability leave.
 B) Consulting contingency is budgeted for unexpected expense.
 C) Public relations expense higher than FY16 to allow for contingency projects.
 D) Variance due to election being held in November 2017.
 E) Interest expense decreases in FY17 due to the restructure of the Dublin Gateway loan in FY16.

APPROVED
San Leandro Medical Arts Building
Capital Expenditures
Fiscal Year 2017 Budget

<u>Requested Capital:</u>	<u>Amount</u>
1) Flooring	\$75,000
2) Flooring Abatement (A) side	\$10,000
3) Common Restrooms	\$75,000
4) Common Area Chairs	\$25,000
5) Common Area Doors	\$10,000
6) Water Valves	\$13,000
7) ADA Parking Lot	\$15,000
8) New Door Penthouse (A) side	\$5,000
A Priority Projects	<u>\$228,000</u>
1) Signs	\$15,000
2) Water proofing	\$6,000
3) Duct Cleaning A Side	\$11,000
4) LED Lights for Tenant Suites	\$10,000
B Priority Projects	<u>\$42,000</u>
TOTAL A&B Projects	<u>\$270,000</u>
<u>Contingencies:</u>	
Plumbing	\$20,000
Elevator	\$60,000
HVAC	\$20,000
Contingencies	<u>\$100,000</u>
Total Capital Requested:	<u>\$370,000</u>

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Dublin Gateway
Capital Expenditures
Fiscal Year 2017 Budget

Requested Capital:

1) Window/Building Envelope Leaks	33,000
Total	<u>\$33,000</u>

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Eden Medical Building
Capital Expenditures
Fiscal Year 2017 Budget

Requested Capital:

Tenant Improvements

\$120,000

Reserves for tenant improvements for vacant suites.

Approved
Eden Health District
Estimated FY16 and Budgeted FY17 Balance Sheet

	Estimated FY16	Budgeted FY17
Current Assets	\$1,862,680	\$1,929,880
Investments	12,278,041	9,835,164
Fixed Assets	43,732,403	43,179,431
Total Assets	\$57,873,124	\$54,944,475
Current Liabilities	\$537,033	\$507,033
Settlement Award	15,706,018	\$13,706,018
Loan Payable US Bank	11,719,779	11,719,779
Fund Bal/Net Assets	28,251,074	29,011,645
Total Liab. & Net Assets	\$56,213,904	\$54,944,475

Assumptions:

- 1) All capital request in FY16 will be spent.
- 2) The loan payable to US Bank is an interest only loan so the balance remains the same.