DESERT HEALTHCARE DISTRICT
Finance, Legal, Administration, & Real Estate Committee Meeting
December 8, 2020

A meeting of the Finance, Legal, Administration, & Real Estate Committee of the Desert Healthcare District will be held at 3:30 PM, Tuesday, December 8, 2020, via Zoom using the following link:
https://us02web.zoom.us/j/84837371547?pwd=MXJTeENUdmRlOGdpbXpjVW1hTWZtZz09
Password: 406555

Participants will need to download the Zoom app on their mobile devices. Members of the public may also be able to participate by telephone, using the follow dial in information:

Dial in #:(669) 900-6833 To Listen and Address the Board when called upon:
Webinar ID: 848 3737 1547
Password: 406555

AGENDA

I. CALL TO ORDER

II. APPROVAL OF AGENDA

III. PUBLIC COMMENT

At this time, comments from the audience may be made on items not listed on the agenda that are of public interest and within the subject-matter jurisdiction of the District. The Committee has a policy of limiting speakers to not more than three minutes. The Committee cannot take action on items not listed on the agenda. Public input may be offered on an agenda item when it comes up for discussion and/or action.

IV. APPROVAL OF MINUTES
1. F&A Minutes – Meeting November 10, 2020 – Pg. 3-5 — **ACTION**

V. CEO REPORT

VI. CHIEF ADMINISTRATION OFFICER'S REPORT – Pg. 6
1. LPMP Leasing Update – Pg. 7 — Information

VII. FINANCIAL REPORTS — **ACTION**
1. District and LPMP Financial Statements – Pg. 8-18
2. Accounts Receivable Aging Summary – Pg. 19
3. District - Deposits – Pg. 20
4. District - Property tax receipts – Pg. 21
5. LPMP – Deposits – Pg. 22-23
6. District – Check Register – Pg. 24-25
7. Credit Card – Detail of Expenditures – Pg. 26
8. LPMP – Check Register – Pg. 27
9. Retirement Protection Plan Update – Pg. 28
10. Grant Payment Schedule – Pg. 29

VIII. OTHER MATTERS
1. Professional Services Agreement by Chris Mills, Prest Vuksic, Greenwood Architects, for the interior fire sprinkler system installation at the Las Palmas Medical Plaza – Estimated $12,000. – Pg. 30-36 — **ACTION**

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December 8, 2020

2. Coachella Valley Housing Catalyst Fund – A Bold Housing Investment Solution, Lift to Rise & Riverside County – Potential Recoverable Grant – Pg. 37-70 — Discussion/Action

IX. ADJOURNMENT

If you have any disability which would require accommodation to enable you to participate in this meeting, please email Andrea S. Hayles, Special Assistant to the CEO and Board Relations Officer, at ahayles@dhcd.org or call (760) 323-6110 at least 24 hours prior to the meeting.

DESERT HEALTHCARE
DISTRICT & FOUNDATION

DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE
MEETING MINUTES
November 10, 2020

Directors Present	District Staff Present	Absent
President Leticia De Lara, MPH Director Arthur Shorr	Conrado E. Bárzaga, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Eric Taylor, Accounting Manager Andrea S. Hayles, Clerk to the Board	Chair/Treasurer Mark Matthews

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	President De Lara called the meeting to order at 3:41 p.m. in Director Matthews absence.	
II. Approval of Agenda	President De Lara asked for a motion to approve the agenda.	**Moved and seconded by Director Shorr and President De Lara to approve the agenda.** **Motion passed unanimously.**
III. Public Comment	There was no public comment.	
IV. Approval of Minutes **1. F&A Minutes – Meeting October 13, 2020**	President De Lara motioned to approve the October 13, 2020 minutes.	**Moved and seconded by President De Lara and Director Shorr to approve the October 13, 2020 meeting minutes.** **Motion passed unanimously.**
V. CEO Report	There was no CEO report.	
VI. Chief Administration Officer's Report	Chris Christensen, CAO, explained that the audit has concluded with Board approval at the October meeting, and the public bidding results will be presented later in the meeting.	
VII. Financial Reports **1. District and LPMP Financial Statements** **2. Accounts Receivable Aging Summary** **3. District – Deposits** **4. District – Property Tax Receipts** **5. LPMP Deposits**	Chris Christensen, CAO, thoroughly reviewed and discussed the financials with the committee, further describing the financials in detail for the newly elected official that joined the meeting as a member of the public.	**Moved and seconded by Director Shorr and President De Lara to approve the October 2020 District Financial Reports - Items 1-10 and to forward to the Board for approval.** **Motion passed unanimously.**

6. District – Check Register **7. Credit Card – Detail of Expenditures** **8. LPMP – Check Register** **9. Retirement Protection Plan Update** **10. Grant Payment Schedule**	The property tax receipt payments are delayed by a month with a slight increase from last year. There were two additional payouts for vested employees from 62 – 60 with the total number of Retirement Protection Plan participants at 163. Director Shorr complimented Mr. Christensen and the staff for the successful audit reports year after year.	
VIII. Other Matters **1. LPMP Landscape Renovation and Fire Alarm Electrical Bid**	 Chris Christensen, CAO, explained that in October, the first round of public bidding was presented to the committee due to a rejected bid for noncompliance. Staff returned to the committee with the results of a rebidding process that occurred on November 4, describing the bid tabulation, recommending approval from the committee of the landscape bid, and forwarding to the Board for approval. Director Shorr recommended brackets for negatives and positives in the bid tabulation when submitting to the Board.	 **Moved and seconded by Director Shorr and President De Lara to approve the LPMP Landscape Renovation and Fire Alarm Electrical Bid and forward to the Board for approval.** **Motion passed unanimously.**
2. District & RPP Investment Reports 3Q20 – Keith Stribling, Vice President, Senior	Keith Stribling, Vice President, Senior Portfolio Manager, Highmark Capital, explained that given the low-interest-rate environment and the unusual	

Portfolio Manager, Highmark Capital	circumstances with the federal government, the firm met and as a result, High Mark Capital has reduced their portfolio fee by 50% to 10 basis points, which will be evaluated every 6 months. Mr. Stribling provided an overview of the asset allocation summary, the year to date return at 2.4%, holdings report with yield and income, the retirement plan, performance and summary investment performance report, and fixed income analysis/individual holdings.	
IV. Adjournment	President De Lara adjourned the meeting at 4:24 p.m.	***Audio recording available on the website at http://dhcd.org/Agendas-and-Documents***

ATTEST: ____

Leticia De Lara, President, Board of Directors
Finance & Administration Committee Member
Desert Healthcare District Board of Directors

Minutes respectfully submitted by Andrea S. Hayles, Clerk of the Board

Chief Administration Officer's Report

December 2020

The Board approved the contract for the Landscape Renovation and Fire Alarm Connection at the November Board meeting. The contract was awarded to Marina Landscape Inc. in the amount of $531,080. Staff will keep the Committee informed of the progress of the project.

Las Palmas Medical Plaza - Property Management:

Occupancy:
See attached unit rental status report.

92% currently occupied –

Total annual rent including CAM fees is **$1,231,430.**

Leasing Activity:

Leasing activity has continued to be slow due to the COVID-19 virus. Rob Wenthold, the broker staff is working with, indicated prospective tenants are apprehensive during this period of time.

Las Palmas Medical Plaza
Unit Rental Status
As of December 1, 2020

Unit	Tenant Name	Deposit	Lease Dates From	Lease Dates To	Term	Unit Sq Feet	Percent of Total	Monthly Rent	Annual Rent	Rent Per Sq Foot	Monthly CAM	Total Monthly Rent Inclg CAM	Total Annual Rent Inclg CAM
											$ 0.62		
3W, 101	Vacant					1,656	3.36%						
2W, 107	Vacant					1,024	2.07%						
1W, 204	Vacant					1,280	2.59%						
Total - Vacancies						**3,960**	**8.02%**						
Total Suites-33 - 31 Suites Occupied		**$ 57,513.50**				**49,356**	**92.0%**	**$ 74,600.10**	**$ 895,201.20**	**$ 1.64**	**$ 28,019.04**	**$ 102,619.14**	**$ 1,231,429.68**

Summary - All Units

Occupied	**45,396**	**92.0%**
Vacant	**3,960**	**8.0%**
Pending	**0**	**0%**
Total	**49,356**	**100%**

DESERT HEALTHCARE DISTRICT
NOVEMBER 2020 FINANCIAL STATEMENTS
INDEX

DESERT HEALTHCARE DISTRICT
YEAR TO DATE VARIANCE ANALYSIS
ACTUAL VS BUDGET
FIVE MONTHS ENDED NOVEMBER 30, 2020

Scope: $25,000 Variance per Statement of Operations Summary

Account	YTD Actual	YTD Budget	Over(Under) Budget	Explanation
4000 - Income	$ 2,672,614	$ 3,227,475	**$ (554,861)**	Lower interest income and market fluctuations (net) from FRF investments $537k; lower grant income $18k;
5000 - Direct Expenses	$ 518,822	$ 701,525	**$ (182,703)**	Lower wage related expenses $69k due to open positions; lower board expenses $39k; lower education expense $36k; lower health insurance expense $32k; lower workers comp expense $4k; lower retirement expense $3k
6000-General & Admin Expense	$ 204,847	$ 237,475	**$ (32,628)**	Lower computer services expense $11k; lower travel expenses $8k; higher dues and membership expenses $8k; lower supplies expenses $6k; lower meals & entertainment expenses $4k; lower personnel expense $4k; lower staff mileage expense $3k; lower various $5k
6445 - LPMP Expense	$ 400,016	$ 489,775	**$ (89,759)**	Lower landscaping expense $70k; lower depreciation expenses $13k; higher bad debt expense $6k; lower marketing expense $4k; higher bank charges $5k; lower lighting expense $3k; lower HVAC maintenance expense $3k; lower various $8k
6500 - Professional Fees Expense	$ 186,724	$ 524,430	**$ (337,706)**	Lower Professional Services expense $307k; lower PR/Communications expense $38k; higher legal expense $7k
7000 - Grants Expense	$ 567,748	$ 1,701,665	**$ (1,133,917)**	Budget of $4 Million for fiscal year is amortized straight-line over 12-month fiscal year.
Las Palmas Medical Plaza - **Net**	$ 118,314	$ 5,610	**$ 112,704**	LPMP expenses lower $90k; LPMP revenue higher $23k

Desert Healthcare District
Profit & Loss Budget vs. Actual
July through November 2020

	MONTH			TOTAL		
	Nov 20	Budget	$ Over Budget	Jul - Nov 20	Budget	$ Over Budget
Income						
4000 · Income	595,603	645,495	(49,892)	2,672,614	3,227,475	(554,861)
4500 · LPMP Income	102,367	99,077	3,290	518,330	495,385	22,945
4501 · Miscellaneous Income	750	950	(200)	3,750	4,750	(1,000)
Total Income	698,720	745,522	(46,802)	3,194,694	3,727,611	(532,917)
Expense						
5000 · Direct Expenses	104,026	140,305	(36,279)	518,822	701,525	(182,703)
6000 · General & Administrative Exp	41,856	47,495	(5,639)	204,847	237,475	(32,628)
6325 · CEO Discretionary Fund	0	2,083	(2,083)	0	10,415	(10,415)
6445 · LPMP Expenses	76,477	97,955	(21,478)	400,016	489,775	(89,759)
6500 · Professional Fees Expense	39,576	104,886	(65,310)	186,724	524,430	(337,706)
6700 · Trust Expenses	7,958	8,792	(834)	44,408	43,960	448
Total Expense	269,893	401,516	(131,623)	1,354,819	2,007,596	(652,777)
7000 · Grants Expense	24,017	340,333	(316,316)	567,748	1,701,665	(1,133,917)
Net Income	**404,810**	**3,673**	**401,137**	**1,272,127**	**18,350**	**1,253,777**

Desert Healthcare District
Profit & Loss Budget vs. Actual
July through November 2020

	MONTH			TOTAL		
	Nov 20	**Budget**	**$ Over Budget**	**Jul - Nov 20**	**Budget**	**$ Over Budget**
Income						
4000 · Income						
4010 · Property Tax Revenues	516,447	516,447	0	2,582,235	2,582,235	0
4200 · Interest Income						
4220 · Interest Income (FRF)	135,446	86,965	48,481	438,655	434,825	3,830
9999-1 · Unrealized gain(loss) on invest	(62,112)	33,333	(95,445)	(373,896)	166,665	(540,561)
Total 4200 · Interest Income	73,334	120,298	(46,964)	64,759	601,490	(536,731)
4300 · DHC Recoveries	1,805	1,750	55	8,966	8,750	216
4400 · Grant Income	4,017	7,000	(2,983)	16,654	35,000	(18,346)
Total 4000 · Income	595,603	645,495	(49,892)	2,672,614	3,227,475	(554,861)
4500 · LPMP Income	102,367	99,077	3,290	518,330	495,385	22,945
4501 · Miscellaneous Income	750	950	(200)	3,750	4,750	(1,000)
Total Income	698,720	745,522	(46,802)	3,194,694	3,727,611	(532,917)
Expense						
5000 · Direct Expenses						
5100 · Administration Expense						
5110 · Wages Expense	72,592	113,645	(41,053)	405,550	568,225	(162,675)
5111 · Allocation to LPMP - Payroll	(5,161)	(5,166)	5	(25,805)	(25,830)	25
5112 · Vacation/Sick/Holiday Expense	18,538	10,000	8,538	54,927	50,000	4,927
5114 · Allocation to Foundation	(18,425)	(37,196)	18,771	(110,026)	(185,980)	75,954
5115 · Allocation to NEOPB	(4,017)	(7,571)	3,554	(16,473)	(37,855)	21,382
5119 · Allocation to RSS/CVHIP-DHCF	0	(1,431)	1,431	(903)	(7,155)	6,252
5120 · Payroll Tax Expense	4,569	8,694	(4,125)	29,029	43,470	(14,441)
5130 · Health Insurance Expense						
5131 · Premiums Expense	12,530	16,795	(4,265)	60,612	83,975	(23,363)
5135 · Reimb./Co-Payments Expense	478	3,000	(2,522)	6,562	15,000	(8,438)
Total 5130 · Health Insurance Expense	13,008	19,795	(6,787)	67,174	98,975	(31,801)
5140 · Workers Comp. Expense	432	1,193	(761)	1,667	5,965	(4,298)
5145 · Retirement Plan Expense	6,841	7,848	(1,007)	36,131	39,240	(3,109)
5160 · Education Expense	0	7,250	(7,250)	70	36,250	(36,180)
Total 5100 · Administration Expense	88,377	117,061	(28,684)	441,341	585,305	(143,964)
5200 · Board Expenses						
5210 · Healthcare Benefits Expense	2,817	5,834	(3,017)	15,281	29,170	(13,889)
5230 · Meeting Expense	0	1,667	(1,667)	350	8,335	(7,985)
5235 · Director Stipend Expense	2,415	4,410	(1,995)	9,765	22,050	(12,285)
5240 · Catering Expense	0	708	(708)	0	3,540	(3,540)
5250 · Mileage Reimbursment Expense	0	208	(208)	0	1,040	(1,040)
5270 · Election Fees Expense	10,417	10,417	0	52,085	52,085	0
Total 5200 · Board Expenses	15,649	23,244	(7,595)	77,481	116,220	(38,739)
Total 5000 · Direct Expenses	104,026	140,305	(36,279)	518,822	701,525	(182,703)
6000 · General & Administrative Exp						
6110 · Payroll fees Expense	174	208	(34)	903	1,040	(137)
6120 · Bank and Investment Fees Exp	9,629	9,833	(204)	47,861	49,165	(1,304)

Desert Healthcare District
Profit & Loss Budget vs. Actual
July through November 2020

	MONTH			TOTAL		
	Nov 20	Budget	$ Over Budget	Jul - Nov 20	Budget	$ Over Budget
6125 · Depreciation Expense	1,102	1,167	(65)	5,510	5,835	(325)
6126 · Depreciation-Solar Parking lot	15,072	15,072	0	75,360	75,360	0
6130 · Dues and Membership Expense	7,381	3,337	4,044	25,446	16,685	8,761
6200 · Insurance Expense	2,343	2,417	(74)	11,715	12,085	(370)
6300 · Minor Equipment Expense	0	42	(42)	0	210	(210)
6305 · Auto Allowance & Mileage Exp	462	600	(138)	2,540	3,000	(460)
6306 · Staff- Auto Mileage reimb	0	625	(625)	56	3,125	(3,069)
6309 · Personnel Expense	0	1,167	(1,167)	1,800	5,835	(4,035)
6310 · Miscellaneous Expense	0	42	(42)	0	210	(210)
6311 · Cell Phone Expense	565	776	(211)	2,855	3,880	(1,025)
6312 · Wellness Park Expenses	0	83	(83)	0	415	(415)
6315 · Security Monitoring Expense	0	42	(42)	341	210	131
6340 · Postage Expense	0	417	(417)	942	2,085	(1,143)
6350 · Copier Rental/Fees Expense	394	458	(64)	1,576	2,290	(714)
6351 · Travel Expense	0	1,667	(1,667)	0	8,335	(8,335)
6352 · Meals & Entertainment Exp	0	875	(875)	0	4,375	(4,375)
6355 · Computer Services Expense	1,265	3,775	(2,510)	8,134	18,875	(10,741)
6360 · Supplies Expense	1,284	2,167	(883)	4,762	10,835	(6,073)
6380 · LAFCO Assessment Expense	0	208	(208)	1,727	1,040	687
6400 · East Valley Office	2,185	2,517	(332)	13,319	12,585	734
Total 6000 · General & Administrative Exp	41,856	47,495	(5,639)	204,847	237,475	(32,628)
6325 · CEO Discretionary Fund	0	2,083	(2,083)	0	10,415	(10,415)
6445 · LPMP Expenses	76,477	97,955	(21,478)	400,016	489,775	(89,759)
6500 · Professional Fees Expense						
6516 · Professional Services Expense	20,790	77,198	(56,408)	79,077	385,990	(306,913)
6520 · Annual Audit Fee Expense	1,313	1,313	0	6,565	6,565	0
6530 · PR/Communications/Website	13,018	11,375	1,643	18,813	56,875	(38,062)
6560 · Legal Expense	4,455	15,000	(10,545)	82,269	75,000	7,269
6561 · Payroll Preparation Fees	0			0		
Total 6500 · Professional Fees Expense	39,576	104,886	(65,310)	186,724	524,430	(337,706)
6700 · Trust Expenses						
6720 · Pension Plans Expense						
6721 · Legal Expense	0	167	(167)	0	835	(835)
6725 · RPP Pension Expense	7,500	7,500	0	37,500	37,500	0
6728 · Pension Audit Fee Expense	458	1,125	(667)	6,908	5,625	1,283
Total 6700 · Trust Expenses	7,958	8,792	(834)	44,408	43,960	448
Total Expense Before Grants	269,893	401,516	(131,623)	1,354,819	2,007,596	(652,777)
7000 · Grants Expense						
7010 · Major Grant Awards Expense	20,000	333,333	(313,333)	551,094	1,666,665	(1,115,571)
7027 · Grant Exp - NEOPB	4,017	7,000	(2,983)	16,654	35,000	(18,346)
Total 7000 · Grants Expense	24,017	340,333	(316,316)	567,748	1,701,665	(1,133,917)
Net Income	**404,810**	**3,673**	**401,137**	**1,272,127**	**18,350**	**1,253,777**

Las Palmas Medical Plaza
Profit & Loss Budget vs. Actual
July through November 2020

	MONTH			TOTAL		
	Nov 20	Budget	$ Over Budget	Jul - Nov 20	Budget	$ Over Budget
Income						
4500 · LPMP Income						
4505 · Rental Income	74,348	71,672	2,676	376,647	358,360	18,287
4510 · CAM Income	28,019	27,372	647	141,683	136,860	4,823
4513 · Misc. Income	0	33	(33)	0	165	(165)
Total 4500 · LPMP Income	102,367	99,077	3,290	518,330	495,385	22,945
Expense						
6445 · LPMP Expenses						
6420 · Insurance Expense	2,599	2,750	(151)	12,995	13,750	(755)
6425 · Building - Depreciation Expense	21,487	21,879	(392)	107,435	109,395	(1,960)
6426 · Tenant Improvements -Dep Exp	14,916	16,833	(1,917)	73,450	84,165	(10,715)
6427 · HVAC Maintenance Expense	0	1,333	(1,333)	3,625	6,665	(3,040)
6428 · Roof Repairs Expense	0	208	(208)	0	1,040	(1,040)
6431 · Building -Interior Expense	0	833	(833)	4,160	4,165	(5)
6432 · Plumbing -Interior Expense	350	333	17	4,873	1,665	3,208
6433 · Plumbing -Exterior Expense	0	208	(208)	0	1,040	(1,040)
6434 · Allocation Internal Prop. Mgmt	5,161	5,166	(5)	25,805	25,830	(25)
6435 · Bank Charges	2,947	1,125	1,822	10,998	5,625	5,373
6437 · Utilities -Vacant Units Expense	151	83	68	1,085	415	670
6439 · Deferred Maintenance Repairs Ex	0	833	(833)	0	4,165	(4,165)
6440 · Professional Fees Expense	10,117	10,472	(355)	50,585	52,360	(1,775)
6441 · Legal Expense	0	83	(83)	0	415	(415)
6455 · Bad Debt Expense	0			5,543	0	5,543
6458 · Elevators - R & M Expense	229	1,000	(771)	5,151	5,000	151
6460 · Exterminating Service Expense	235	333	(98)	1,025	1,665	(640)
6463 · Landscaping Expense	0	14,167	(14,167)	850	70,835	(69,985)
6467 · Lighting Expense	0	500	(500)	0	2,500	(2,500)
6468 · General Maintenance Expense	0	83	(83)	0	415	(415)
6471 · Marketing-Advertising	2,507	1,250	1,257	2,507	6,250	(3,743)
6475 · Property Taxes Expense	6,000	6,008	(8)	30,000	30,040	(40)
6476 · Signage Expense	0	125	(125)	0	625	(625)
6480 · Rubbish Removal Medical Waste E	2,076	1,583	493	6,810	7,915	(1,105)
6481 · Rubbish Removal Expense	0	2,250	(2,250)	11,209	11,250	(41)
6482 · Utilities/Electricity/Exterior	508	625	(117)	2,357	3,125	(768)
6484 · Utilties - Water (Exterior)	118	625	(507)	3,098	3,125	(27)
6485 · Security Expenses	7,076	7,167	(91)	36,155	35,835	320
6490 · Miscellaneous Expense	0	100	(100)	300	500	(200)
6445 · LPMP Expenses	76,477	97,955	(21,478)	400,016	489,775	(89,759)
Net Income	**25,890**	**1,122**	**24,768**	**118,314**	**5,610**	**112,704**

Desert Healthcare District
Balance Sheet
As of November 30, 2020

	Nov 30, 20
ASSETS	
Current Assets	
Checking/Savings	
1000 · CHECKING CASH ACCOUNTS	1,582,191
1100 · INVESTMENT ACCOUNTS	58,892,677
Total Checking/Savings	60,474,868
Total Accounts Receivable	(7,022)
Other Current Assets	
1204.1 · Rent Receivable-Deferred COVID	191,429
1270 · Prepaid Insurance -Ongoing	38,323
1279 · Pre-Paid Fees	26,316
1281 · NEOPB Receivable	8,610
1295 · Property Tax Receivable	2,428,405
Total Other Current Assets	2,693,083
Total Current Assets	63,160,929
Fixed Assets	
1300 · FIXED ASSETS	4,913,164
1335-00 · ACC DEPR	(2,111,982)
1400 · LPMP Assets	6,754,881
Total Fixed Assets	9,556,063
Other Assets	
1700 · OTHER ASSETS	2,909,152
TOTAL ASSETS	**75,626,139**

Desert Healthcare District
Balance Sheet
As of November 30, 2020

	Nov 30, 20
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	13,425
2001 · LPMP Accounts Payable	1,544
Total Accounts Payable	14,969
Other Current Liabilities	
2002 · LPMP Property Taxes	(5,975)
2131 · Grant Awards Payable	2,325,816
2133 · Accrued Accounts Payable	193,862
2141 · Accrued Vacation Time	66,273
2188 · Current Portion - LTD	8,635
2190 · Investment Fees Payable	15,562
Total Other Current Liabilities	2,604,173
Total Current Liabilities	2,619,142
Long Term Liabilities	
2170 · RPP - Pension Liability	4,641,754
2171 · RPP-Deferred Inflows-Resources	370,700
2280 · Long-Term Disability	28,809
2281 · Grants Payable - Long-term	6,660,000
2286 · Retirement BOD Medical Liabilit	62,935
2290 · LPMP Security Deposits	57,514
Total Long Term Liabilities	11,821,712
Total Liabilities	14,440,854
Equity	
3900 · *Retained Earnings	59,913,158
Net Income	1,272,127
Total Equity	61,185,285
TOTAL LIABILITIES & EQUITY	**75,626,139**

Desert Healthcare District
Balance Sheet
As of November 30, 2020

	Nov 30, 20
ASSETS	
Current Assets	
Checking/Savings	
1000 · CHECKING CASH ACCOUNTS	
1010 · Union Bank - Checking	1,092,043
1046 · Las Palmas Medical Plaza	489,648
1047 · Petty Cash	500
Total 1000 · CHECKING CASH ACCOUNTS	1,582,191
1100 · INVESTMENT ACCOUNTS	
1130 · Facility Replacement Fund	57,799,253
1135 · Unrealized Gain(Loss) FRF	1,093,424
Total 1100 · INVESTMENT ACCOUNTS	58,892,677
Total Checking/Savings	60,474,868
Accounts Receivable	
1201 · Accounts Receivable	
1204 · LPMP Accounts Receivable	(11,133)
1205 · Misc. Accounts Receivable	4,111
Total Accounts Receivable	(7,022)
Other Current Assets	
1204.1 · Rent Receivable-Deferred COVID	191,429
1270 · Prepaid Insurance -Ongoing	38,323
1279 · Pre-Paid Fees	26,316
1281 · NEOPB Receivable	8,610
1295 · Property Tax Receivable	2,428,405
Total Other Current Assets	2,693,083
Total Current Assets	63,160,929
Fixed Assets	
1300 · FIXED ASSETS	
1310 · Computer Equipment	94,034
1315 · Computer Software	68,770
1320 · Furniture and Fixtures	33,254
1325 · Offsite Improvements	300,849
1331 · DRMC - Parking lot	4,416,257
Total 1300 · FIXED ASSETS	4,913,164
1335-00 · ACC DEPR	
1335 · Accumulated Depreciation	(215,961)
1336 · Acc. Software Depreciation	(68,770)

Desert Healthcare District
Balance Sheet
As of November 30, 2020

	Nov 30, 20
1337 · Accum Deprec- Solar Parking Lot	(1,673,163)
1338 · Accum Deprec - LPMP Parking Lot	(154,088)
Total 1335-00 · ACC DEPR	(2,111,982)
1400 · LPMP Assets	
1401 · Building	8,705,680
1402 · Land	2,165,300
1403 · Tenant Improvements -New	2,179,721
1404 · Tenant Improvements - CIP	129,550
1406 · Building Improvements	
1406.1 · LPMP-Replace Parking Lot	676,484
1406.2 · Building Improvements-CIP	66,704
1406 · Building Improvements - Other	1,559,534
Total 1406 · Building Improvements	2,302,722
1407 · Building Equipment Improvements	375,185
1409 · Accumulated Depreciation	
1410 · Accum. Depreciation	(7,507,230)
1412 · T I Accumulated Dep.-New	(1,596,047)
Total 1409 · Accumulated Depreciation	(9,103,277)
Total 1400 · LPMP Assets	6,754,881
Total Fixed Assets	9,556,063
Other Assets	
1700 · OTHER ASSETS	
1731 · Wellness Park	1,693,800
1740 · RPP-Deferred Outflows-Resources	1,204,238
1741 · OPEB-Deferrred Outflows-Resourc	11,114
Total Other Assets	2,909,152
TOTAL ASSETS	**75,626,139**

Desert Healthcare District
Balance Sheet
As of November 30, 2020

	Nov 30, 20
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	13,425
2001 · LPMP Accounts Payable	1,544
Total Accounts Payable	14,969
Other Current Liabilities	
2002 · LPMP Property Taxes	(5,975)
2131 · Grant Awards Payable	2,325,816
2133 · Accrued Accounts Payable	193,862
2141 · Accrued Vacation Time	66,273
2188 · Current Portion - LTD	8,635
2190 · Investment Fees Payable	15,562
Total Other Current Liabilities	2,604,173
Total Current Liabilities	2,619,142
Long Term Liabilities	
2170 · RPP - Pension Liability	4,641,754
2171 · RPP-Deferred Inflows-Resources	370,700
2280 · Long-Term Disability	28,809
2281 · Grants Payable - Long-term	6,660,000
2286 · Retirement BOD Medical Liabilit	62,935
2290 · LPMP Security Deposits	57,514
Total Long Term Liabilities	11,821,712
Total Liabilities	14,440,854
Equity	
3900 · *Retained Earnings	59,913,158
Net Income	1,272,127
Total Equity	61,185,285
TOTAL LIABILITIES & EQUITY	**75,626,139**

Desert Healthcare District
A/R Aging Summary
As of November 30, 2020

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	COMMENT
Hassan Bencheqroun, M.D.	(2,580)	0	0	0	0	(2,580)	Prepaid
Laboratory Corporation of America	0	(4,689)	0	0	0	(4,689)	Prepaid
Mark Matthews	0	448	0	0	664	1,112	Director Premiums
Quest Diagnostics Incorporated	(3,864)	0	0	0	0	(3,864)	Prepaid
Sovereign	750	750	0	750	750	3,000	Slow pay
TOTAL	**(5,694)**	**(3,491)**	**0**	**750**	**1,414**	**(7,021)**	

Desert Healthcare District
Deposit Detail
November 2020

Type	Date	Name	Amount
Deposit	**11/03/2020**		**1,749**
		T-Mobile	(1,749)
TOTAL			(1,749)
Deposit	**11/18/2020**		**56**
		California Business Bureau, Inc.	(56)
TOTAL			(56)
Deposit	**11/24/2020**		**34,094**
Payment	11/24/2020	Desert Healthcare Foundation-	(34,094)
TOTAL			(34,094)
		TOTAL	**35,899**

DESERT HEALTHCARE DISTRICT

PROPERTY TAX RECEIPTS FY 2020 - 2021

RECEIPTS - FIVE MONTHS ENDED NOVEMBER 30, 2020

	FY 2019-2020 Projected/Actual					FY 2020-2021 Projected/Actual				
	Budget %	Budget $	Act %	Actual Receipts	Variance	Budget %	Budget $	Act %	Actual Receipts	Variance
July	2.5%	$ 168,407	1.3%	$ -	$ (168,407)	2.5%	$ 154,934	0.0%	$ -	$ (154,934)
Aug	1.6%	$ 107,780	1.3%	$ 207,292	$ 99,512	1.6%	$ 99,158	2.4%	$ 149,547	$ 50,390
Sep	2.6%	$ 175,143	2.4%	$ -	$ (175,143)	2.6%	$ 161,131	0.0%	$ -	$ (161,131)
Oct	0.0%	$ -	0.0%	$ 158,895	$ 158,895	0.0%	$ -	2.6%	$ 162,968	$ 162,968
Nov	0.4%	$ 26,945	0.0%	$ -	$ (26,945)	0.4%	$ 24,789	0.0%	$ -	$ (24,789)
Dec	16.9%	$ 1,138,429	17.8%	$ 1,222,723	$ 84,294	16.9%	$ 1,047,354	0.0%		
Jan	31.9%	$ 2,148,868	19.7%	$ 2,228,697	$ 79,829	31.9%	$ 1,976,959	0.0%		
Feb	0.0%	$ -	13.9%	$ 69,468	$ 69,468	0.0%	$ -	0.0%		
Mar	0.3%	$ 20,209	0.7%	$ 71,486	$ 51,277	0.3%	$ 18,592	0.0%		
Apr	5.5%	$ 370,495	5.9%	$ 405,506	$ 35,012	5.5%	$ 340,855	0.0%		
May	19.9%	$ 1,340,517	20.3%	$ 101,619	$ (1,238,897)	19.9%	$ 1,233,275	0.0%		
June	18.4%	$ 1,239,473	22.3%	$ 2,695,867	$ 1,456,394	18.4%	$ 1,140,315	0.0%		
Total	**100%**	**$ 6,736,264**	**105.6%**	**$ 7,161,553**	**$ 425,289**	**100.00%**	**$ 6,197,363**	**5.0%**	**$ 312,515**	**$ (127,498)**

Las Palmas Medical Plaza

Deposit Detail - LPMP

November 2020

Type	Date	Name	Amount
Deposit	**11/06/2020**		**31,515**
Payment	11/05/2020	Tenet HealthSystem Desert, Inc.	(31,515)
TOTAL			(31,515)
Deposit	**11/09/2020**		**3,570**
Payment	11/09/2020	Desert Family Medical Center	(3,570)
TOTAL			(3,570)
Deposit	**11/10/2020**		**3,184**
Payment	11/10/2020	Peter Jamieson, M.D.	(3,184)
TOTAL			(3,184)
Deposit	**11/10/2020**		**31,685**
Payment	11/09/2020	Pathway Pharmaceuticals,Inc.	(2,296)
Payment	11/09/2020	Aijaz Hashmi, M.D., Inc.	(2,803)
Payment	11/09/2020	Brad A. Wolfson, M.D.	(3,430)
Payment	11/09/2020	Cohen Musch Thomas Medical Group	(4,261)
Payment	11/09/2020	Cure Cardiovascular Consultants	(2,962)
Payment	11/09/2020	Derakhsh Fozouni, M.D.	(5,969)
Payment	11/09/2020	Palmtree Clinical Research	(6,717)
Payment	11/09/2020	Ramy Awad, M.D.	(3,246)
TOTAL			(31,684)
Deposit	**11/13/2020**		**5,310**
Payment	11/12/2020	Desert Regional Medical Center	(5,310)
TOTAL			(5,310)
Deposit	**11/18/2020**		**6,066**
Payment	11/17/2020	Tenet HealthSystem Desert, Inc	(6,066)
TOTAL			(6,066)

Las Palmas Medical Plaza
Deposit Detail - LPMP
November 2020

Type		Date		Name		Amount
Deposit		**11/24/2020**				**4,774**
Payment		11/23/2020		Laboratory Corporation of America		(4,774)
TOTAL						(4,774)
Deposit		**11/30/2020**				**2,580**
Payment		11/30/2020		Hassan Bencheqroun, M.D.		(2,580)
TOTAL						(2,580)
Deposit		**11/30/2020**				**3,864**
Payment		11/30/2020		Quest Diagnostics Incorporated		(3,864)
TOTAL						(3,864)
				TOTAL		**92,548**

Desert Healthcare District
Check Register
As of November 30, 2020

Type	Date	Num	Name	Amount
1000 · CHECKING CASH ACCOUNTS				
1010 · Union Bank - Checking				
Check	11/06/2020	Auto Pay	Calif. Public Employees'Retirement System	(12,733)
Bill Pmt -Check	11/09/2020	16191	Arthur Shorr - Stipend	(735)
Bill Pmt -Check	11/09/2020	16192	Bonamici Productions	(1,775)
Bill Pmt -Check	11/09/2020	16193	First Bankcard (Union Bank)	(308)
Bill Pmt -Check	11/09/2020	16194	HARC, INC.	(13,862)
Bill Pmt -Check	11/09/2020	16195	Leticia De Lara - Stipend	(420)
Bill Pmt -Check	11/09/2020	16196	Lund & Guttry LLP	(500)
Bill Pmt -Check	11/09/2020	16197	Maggie Martinez	(833)
Bill Pmt -Check	11/09/2020	16198	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	11/09/2020	16199	Rogers, Carole - Stipend	(525)
Bill Pmt -Check	11/09/2020	16200	So.Cal Computer Shop	(810)
Bill Pmt -Check	11/09/2020	16201	Zendle, Les - Stipend	(315)
Bill Pmt -Check	11/09/2020	16202	First Bankcard (Union Bank)	(170)
Check	11/10/2020	Auto Pay	Calif. Public Employees'Retirement System	(250)
Bill Pmt -Check	11/10/2020	16203	Rauch Communication Consultants	(5,968)
Bill Pmt -Check	11/10/2020	16204	Staples Credit Plan	(449)
Bill Pmt -Check	11/10/2020	16205	Time Warner Cable	(250)
Liability Check	11/13/2020		QuickBooks Payroll Service	(40,701)
Bill Pmt -Check	11/16/2020	ACH 111620	Law Offices of Scott & Jackson	(16,065)
Bill Pmt -Check	11/18/2020	16206	AgostinoCreative	(9,998)
Bill Pmt -Check	11/18/2020	16207	American Public Health Assoc	(500)
Bill Pmt -Check	11/18/2020	16208	CoPower Employers' Benefits Alliance	(2,151)
Bill Pmt -Check	11/18/2020	16209	Principal Life Insurance Co.	(1,575)
Bill Pmt -Check	11/18/2020	16210	Xerox Financial Services	(394)
Bill Pmt -Check	11/18/2020	16211	Regional Access Project Foundation	(2,185)
Bill Pmt -Check	11/19/2020	16212	IE Funders Alliance	(5,000)
Bill Pmt -Check	11/23/2020	ACH112320-1	Intuit Inc.	(423)
Bill Pmt -Check	11/23/2020	ACH112320-2	Intuit Inc.	(151)
Bill Pmt -Check	11/24/2020	16213	Bonamici Productions	(1,463)
Bill Pmt -Check	11/24/2020	16214	Eric Taylor	(27)
Bill Pmt -Check	11/24/2020	16215	Find Food Bank, Inc.	(90,311)
Bill Pmt -Check	11/24/2020	16216	Image Source	(83)
Bill Pmt -Check	11/24/2020	16217	Jimmy Dorantes	(450)
Bill Pmt -Check	11/24/2020	16218	Shred-It	(100)
Bill Pmt -Check	11/24/2020	16219	Tri-Star Risk Management	(432)
Check	11/25/2020		Bank Service Charge	(629)
Liability Check	11/27/2020		QuickBooks Payroll Service	(40,720)

Desert Healthcare District
Check Register
As of November 30, 2020

Type	Date	Num	Name	Amount
Bill Pmt -Check	11/30/2020	16220	Arthur Shorr - Stipend	(525)
Bill Pmt -Check	11/30/2020	16221	Frazier Pest Control, Inc.	(60)
Bill Pmt -Check	11/30/2020	16222	Leticia De Lara - Stipend	(630)
Bill Pmt -Check	11/30/2020	16223	Maggie Martinez	(833)
Bill Pmt -Check	11/30/2020	16224	Ready Refresh	(50)
Bill Pmt -Check	11/30/2020	16225	Zendle, Les - Stipend	(525)
TOTAL				**(256,384)**

Desert Healthcare District

Details for credit card Expenditures

Credit card purchases - October 2020 - Paid November 2020

Number of credit cards held by District personnel -2

Credit Card Limit - $10,000

Credit Card Holders:

Conrado Bárzaga - Chief Executive Officer

Chris Christensen - Chief Administration Officer

Routine types of charges:

Office Supplies, Dues for membership, Computer Supplies, Meals, Travel including airlines and Hotels, Catering, Supplies for BOD meetings, CEO Discretionary for small grant & gift items

	Statement							
	Month	Total		Expense				
Year	Charged	Charges		Type	Amount	Purpose	Description	Participants
		$ 477.85						
Chris' Statement:								
2020	October	$ 170.10		District				
				GL	Dollar	Descr		
				6355	$ 26.62	Premiere Global Services		
				6360	$ 69.98	Zoom Videoconference/Webinar Expense		
				6130	$ 39.95	Stanford Social Innovation Review Annual Subscription		
				6360	$ 33.55	Zoom Videoconference/Webinar Expense		
					$ 170.10			
Conrado's Statement:								
2020	October	$ 307.75		District				
				GL	Dollar	Descr		
				6343	$7.75	Postage Expense		
				6355	$ 300.00	DocuSign Standard Annual Subscription		
					$307.75			

Las Palmas Medical Plaza
Check Register
As of November 30, 2020

Type	Date	Num	Name	Amount
1000 · CHECKING CASH ACCOUNTS				
1046 · Las Palmas Medical Plaza				
Bill Pmt -Check	11/09/2020	10264	Imperial Security	(3,570)
Bill Pmt -Check	11/09/2020	10265	Palm Springs Disposal Services Inc	(2,301)
Bill Pmt -Check	11/09/2020	10266	Stericycle, Inc.	(1,546)
Bill Pmt -Check	11/10/2020	10267	Frazier Pest Control, Inc.	(175)
Bill Pmt -Check	11/18/2020	10268	American Leak Detection, Inc.	(350)
Bill Pmt -Check	11/18/2020	10269	Frontier Communications	(229)
Bill Pmt -Check	11/18/2020	10270	Imperial Security	(1,700)
Bill Pmt -Check	11/18/2020	10271	INPRO-EMS Construction	(10,117)
Bill Pmt -Check	11/18/2020	10272	Southern California Edison	(659)
Bill Pmt -Check	11/18/2020	10273	The Desert Sun	(1,840)
Bill Pmt -Check	11/24/2020	10274	County of Riverside-Dept of Env. Health	(532)
Check	11/25/2020		Bank Service Charge	(2,947)
Bill Pmt -Check	11/30/2020	10275	Desert Water Agency	(118)
Bill Pmt -Check	11/30/2020	10276	Imperial Security	(3,591)
TOTAL				**(29,675)**

DESERT HEALTHCARE
DISTRICT & FOUNDATION

MEMORANDUM

DATE: December 08, 2020

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

	Nov	Oct
Active – still employed by hospital	96	96
Vested – no longer employed by hospital	60	60
Former employees receiving annuity	7	7
Total	**163**	**163**

The outstanding liability for the RPP is approximately **$4.0M** (Actives - $2.6M and Vested - $1.4M). US Bank investment account balance $4.8M. Per the June 30, 2020 Actuarial Valuation, the RPP has an Unfunded Pension Liability of approximately **$4.6M**. A monthly accrual of $7.5K is being recorded each month as an estimate for FY2021.

The payouts, excluding monthly annuity payments, made from the Plan for the Five (5) months ended November 30, 2020 totaled **$231K.** Monthly annuity payments (7 participants) total **$1.0K** per month.

DESERT HEALTHCARE DISTRICT
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE
As of 11/30/20
TWELVE MONTHS ENDED JUNE 30, 2021

Grant ID Nos.		Name	Approved Grants - Prior Yrs	Current Yr 2020-2021	6/30/2020 Bal Fwd/New	Total Paid July-June	Open BALANCE
2014-MOU-BOD-11/21/13		Memo of Understanding CVAG CV Link Support	**$ 10,000,000**		$ 8,330,000	$ -	$ 8,330,000
2018-974-BOD-09-25-18		HARC - 2019 Coachella Valley Community Health Survey - 2 Yr	$ 399,979		$ 39,999	$ -	$ 39,999
2019-985-BOD-03-26-19		Coachella Valley Volunteers in Medicine - Primary Healthcare & Support Services - 1 Yr	$ 121,500		$ 12,150	$ 12,150	$ -
2019-986-BOD-05-28-19		Ronald McDonald House Charities - Temporary Housing & Family Support Services - 1 Yr	$ 200,000		$ 20,000	$ 20,000	$ -
2019-997-BOD-05-28-19		Martha's Village & Kitchen - Homeless Housing With Wrap Around Services - 1 Yr	$ 200,896		$ 20,090	$ 20,090	$ -
2019-989-BOD-05-28-19		Pegasus Riding Academy - Cover the Hard Costs of Pegasus Clients - 1 Yr	$ 109,534		$ 10,954	$ 10,954	$ -
2019-994-BOD-05-28-19		One Future Coachella Valley - Mental Health College & Career Pathway Development - 2 Yr	$ 700,000		$ 385,000	$ 78,750	$ 306,250
2019-1000-BOD-05-28-19		Voices for Children - Court Appointed Special Advocate Program - 1 Yr	$ 24,000		$ 2,400	$ 2,400	$ -
2019-1017-BOD-09-24-19		Jewish Family Services - Case Management Services for Homeless Prevention - 1 Yr	$ 90,000		$ 9,000	$ 8,855	$ 145
		Unexpended funds Grant #1017					$ (145)
2019-1023-BOD-10-22-19		CVRM - Transportation for Seniors & Homeless Hospital Discharge Referrals - 1 Yr	$ 216,200		$ 118,910	$ 97,290	$ 21,620
2019-1021-BOD-11-26-19		Neuro Vitality Center - Community Based Adult Services Program - 6 Months	$ 143,787		$ 79,083	$ 50,323	$ 28,760
		Unexpended funds Grant #1021					$ (28,760)
2020-1045-BOD-03-24-20		FIND Food Bank - Ending Hunger Today, Tomorrow, and for a Lifetime - 1 Yr	$ 401,380		$ 311,069	$ 180,622	$ 130,447
2020-1129-BOD-05-26-20		Coachella Valley Volunteers In Medicine - Response to COVID-19	$ 149,727		$ 149,727	$ 149,727	$ -
2020-1085-BOD-05-26-20		Olive Crest Treatment Center - General Support for Mental Health Services	$ 50,000		$ 27,500	$ -	$ 27,500
2020-1057-BOD-05-26-20		Desert Cancer Foundation - Patient Assistance Program	$ 150,000		$ 82,500	$ -	$ 82,500
2020-1124-BOD-06-23-20		Regents of UCR - COVID-19 Testing & Health Education for Eastern Valley - 5 Months	$ 149,976		$ 149,976	$ 149,976	$ -
2020-1134-BOD-07-28-20	1	Desert Healthcare Foundation - Addressing Healthcare Needs of Black Communities		$ 500,000	$ 500,000	$ 500,000	$ -
2020-1139-BOD-09-22-20	1	CSU San Bernardino Palm Desert Campus Street Medicine Program - 1 Yr		$ 50,000	$ 50,000	$ 22,500	$ 27,500
2020-1135-BOD-11-24-20	5	Hope Through Housing Foundation - Family Resilience - 1 Yr		$ 20,000	$ 20,000		$ 20,000
TOTAL GRANTS			**$ 13,106,979**	**$ 570,000**	**$ 10,318,358**	**$ 1,303,637**	**$ 8,985,816**
Amts available/remaining for Grant/Programs - FY 2020-21:							
Amount budgeted 2020-2021				$ 4,000,000		G/L Balance:	**11/30/2020**
Amount granted through November 30, 2020:				$ (570,000)		2131	$ 2,325,816
Mini Grants:		1132		$ (5,000)		2281	$ 6,660,000
Financial Audits of Non-Profits		8/15/20		$ (5,000)			
Net adj - Grants not used:		1021		$ 28,905		**Total**	**$ 8,985,816**
Matching external grant contributions				$ -			**$ (0)**
Balance available for Grants/Programs				**$ 3,448,905**			
	Strategic Focus Areas FY20-21:		**Grant Budget**	**Granted YTD**	**Available**		
	1	Healthcare Infrastructure and Services	$ 1,500,000	$ (521,240)	$ 978,760		
	2	Behavioral Health/Mental Health	$ 500,000		$ 500,000		
	3	Homelessness	$ 500,000	$ 145	$ 500,145		
	4	Vital Human Services to People with Chronic Conditions	$ 1,000,000		$ 1,000,000		
	5	Economic Protection, Recovery and Food Security	$ 500,000	$ (30,000)	$ 470,000		
		Balance available for Grants/Programs	**$ 4,000,000**	**$ (551,095)**	**$ 3,448,905**		

DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date:	December 8, 2020
To:	Finance & Administration Committee
Subject:	Fire Sprinkler Completion Project - Including a Professional Services Authorization for the Fire Sprinkler Completion Project at the Las Palmas Medical Plaza – Prest, Vuksic Greenwood Architects (Chris Mills) – Estimated Cost of professional services only $12,000

Staff Recommendation: Consideration to authorize staff to pursue full completion of the fire sprinkler system and to approve a Professional Services Authorization for the Fire Sprinkler Completion Project at the Las Palmas Medical Plaza – Prest Vuksic Greenwood Architects (Chris Mills) – Estimated cost of professional services only $12,000.

Background

- The Las Palmas Medical Plaza was originally constructed without a fire suppression system.
- The District and the City of Palm Springs agreed in 2013 to install fire sprinklers in each suite as leases renewed or with any new lease.
- The District recently completed the underground and exterior infrastructure component of the fire suppression system.
- Staff has worked with tenants to include the fire sprinklers as part of their tenant improvements when the lease is renewed. However, tenants are mostly doing paint, cabinets, and flooring with their improvements and some prefer to not complete the specialized sprinkler system installation, thus, placing the completion of the system onto the District. See status of suites attached.
- This process is moving too slowly and could be several years before each suite is completed. Additionally, it is more costly to perform the installation for each individual suite separately.
- Staff would like to move forward with a formal public bidding process to complete the fire sprinkler installation in a consolidated effort.
- Staff would like to work with Chris Mills of Prest Vuksic Greenwood Architects on an hourly basis to coordinate the design, complete an estimate of the cost of the installation, and to oversee the completion of the project. Note: The District has previously authorized $23,000 to a design process that is being developed by INPRO Construction, the District’s onsite maintenance contractor. This reduces the overall costs associated with the architect.
- Staff will bring forward an estimate to the Committee, at a later date, and proceed with a public bidding process.
- Staff recommends directing staff to pursue full completion of the fire sprinkler system and approval of the Professional Services Authorization for the Fire Sprinkler Completion Project at the Las Palmas Medical Plazas with Prest Vuksic Greenwood Architects (Chris Mills) – Estimated cost of professional services only $12,000
- A schedule of the status of completion of each suite and a draft of the professional

services authorization are included in the packet for your review.

<u>Fiscal Impact:</u>
Estimated costs - $12,000 professional services of project management

Cost of installation will be presented at a later date after an estimate is completed.

Desert Healthcare District
LPMP Fire Sprinkler Schedule
11/23/2020

Unit	Tenant Name	Fire Sprinkler Installed?
EAST SIDE COMPLETE		
1E, 101-102	Eyecare Services Partners	Yes
1E, 104	DRMC	Yes
1E,105	DRMC	Yes
1E, 106	DRMC	Yes
1E, 201-203	Palmtree Clinical Research	Yes
2E, 101-102	DRMC	Yes
2E, 103	DRMC	Yes
2E, 104	DRMC	Yes
2E, 105-107	DRMC	Yes
2E, 201	DRMC	Yes
2E, 202-203	DRMC	Yes
2E, 204	DRMC	Yes
Hallway	DRMC	Yes
WEST SIDE COMPLETE		
1W, 104	Hassan Bencheqroun, M.D.	Yes
1W, 105-106	Cohen,Musch,Thomas Med Group	Yes
3W, 105-106	Dr. Awad	Yes
EAST SIDE INCOMPLETE		
1E, 204	Desert Oasis - Congress, Howard MD	
3E, 101-102	DRMC	
3E, 104-105	Laboratory Corporation	
WEST SIDE INCOMPLETE		
1W, 101	Pathway Pharmaceuticals, Inc.	
1W, 102-103	Quest Diagnostics Inc.	
1W, 201	Dr. Jamieson, M.D.	
1W, 202-203	Cure Cardiovascular Consultants	
1W, 204	Vacant	
2W, 101	Wolfson, M.D.	
2W, 102-104	Fozouni, Derakhsh MD	
2W, 105-106	Hashmi, Aijaz, M.D., Inc.	
2W, 107	Vacant	
2W, 201-202	DRMC	
3W, 101	Vacant	
3W, 103-104	Gundry, Steven, M.D. and	

DRAFT

PREST | VUKSIC | GREENWOOD
ARCHITECTS

PROFESSIONAL SERVICES AUTHORIZATION

Date: November 6, 2020

To: Desert Healthcare District (DHCD)

Attn: Chris Christensen

Project: Las Palmas Medical Plaza Fire Sprinkler Completion Project

Project No: 220119

Location: 555 Tachevah Dr., Palm Springs, CA

Issued By:
Prest•Vuksic•Greenwood Architects (PVG)

Execution of this document will confirm your request for professional services. Please refer to the "Terms and Conditions of Agreement" on the fourth page for additional information.

I. PROJECT SCOPE

Completion of Fire Sprinkler System for DHCD office building.

II ARCHITECT'S BASIC SERVICES AND RESPONSIBILITIES

1. Provide a complete Bid Package consisting of Drawings, Specifications and Project Manual for a public bid process for the completion of the Fire Sprinkler System for the East and West buildings. Final certification and detailed plans will be the responsibility of the successful bidder (Contractor).

2. Provide normal bid assistance and construction observation services including final review for compliance with construction documents.

3. Advise the District as may be requested.

III. PAYMENTS TO THE ARCHITECT

3.1 Billings for Basic Services shall be made monthly, and payable upon receipt.

3.2 All billings will be sent to: DHCD, c/o Chris Christensen
1140 N. Indian Canyon Dr.
Palm Springs, CA 92262

3.3 Payments on account of the Architect's Additional Services and for Reimbursable Expenses shall be made monthly upon presentation of the Architect's statement of services rendered or expenses incurred.

IV. REIMBURSABLE EXPENSES

4.1 Reimbursable Expenses are in addition to the Architect's compensation and include actual expenditures made by the Architect and Architect's employees in the interest of the Project for the expenses listed in the following subparagraphs:

a. Fees paid in securing approvals of authorities having jurisdiction over the project.
b. Computer plotting, reproductions of drawings, specifications and other documents.
c. Postage and special handling of documents.
d. Any consultants retained by the Architect (i.e.: Surveyor, Landscape Architect, etc.)

V. BASIS OF COMPENSATION

5.1 The Owner shall compensate the Architect for the services provided in accordance with Section 3 Payments to the Architect and the other Terms and Conditions of this Agreement.

5.2 FOR BASIC SERVICES, as described in Section 2, compensation shall be computed as follows:

Fee: Hourly as noted below:

Principal Architect:	$235	Hr.
Project Manager:	$175	Hr.
Job Captain:	$135	Hr.
Senior CADD Operator:	$115	Hr.
Intermediate CADD Operator:	$105	Hr.
Junior CADD Operator:	$95	Hr.
Administration:	$65	Hr.

5.3 FOR REIMBURSABLE EXPENSES, as described in section IV, a multiple of 1.15 times the amount expended by the Architect, the Architect's employees and the Architect's consultants in the interest of the project.

5.4 Payments are due and payable upon receipt of the Architect's invoice and shall be considered past due 15 days after the date of invoice. Amounts unpaid (30) thirty days after the invoice shall bear interest at the legal rate prevailing at the principal place of business of the Architect.

Prest•Vuksic •Greenwood Architects, Authorized Signature

Owner Authorized Signature:

____

____

____
Date

____
Date

TERMS AND CONDITIONS OF AGREEMENT

The following terms and conditions shall be applicable to the scope of services described in this "Professional Services Authorization" and may be amended, superseded or replaced by a formal written agreement.

1. Prest•Vuksic•Greenwood Architects shall provide Owner with monthly invoices reflecting current expenditures of professional time and reimbursable expenses. Each invoice shall be due and payable upon receipt and will become delinquent fifteen (15) days after date of invoice. After 30 days, a service charge of 1% per month will be assessed. Prest•Vuksic•Greenwood Architects reserves its right to stop the work as outlined in this Agreement, at any time without notice, due to delinquency and receive an automatic extension of the project completion date equal to the period of stoppage. In the event of stoppage of work due to delinquent payment, Prest•Vuksic•Greenwood Architects shall have no liability to Owner for delay and/or damage caused the Owner because of such a stoppage. Furthermore, the submittal of the Entitlement Package to the City will not occur until all payments past due and current, have been made to Prest-Vuksic-Greenwood Architects. No deductions shall be made from the compensation to Prest•Vuksic•Greenwood Architects on account of problems or losses for which Prest•Vuksic•Greenwood Architects has not been held legally liable.

2. All project expenses shall be reimbursed to Prest•Vuksic•Greenwood Architects by the Owner at a multiple of 1.15. Project expenses include, but are not necessarily limited to, all normal costs involving models, document reproduction, mileage and approved travel outside the Coachella Valley, and all governmental taxes and fees. Unless specifically noted as being included in a "stipulated sum," all consultant fees shall be subject to a multiple of 1.15.

3. Prest•Vuksic•Greenwood Architects shall be responsible for only the professional services provided by it and/or its subconsultants. In particular and without limitation, Prest•Vuksic•Greenwood Architects shall not be responsible for delays beyond its reasonable control, for inaccurate information provided to it by Owner or other reasonable reliable sources, for site conditions of which it was not informed, for Owner's finish materials and equipment decisions, for the actions or inaction of governmental agencies or for any failures of the Project's contractors and material suppliers.

4. If at any time either party should feel that the other has materially breached this Agreement, then it shall notify the party in writing setting forth clearly what must be done to cure that breach and thereafter the party so notified shall have fourteen (14) calendar days to take the prescribed action. This does not apply to payment delinquency which is addressed elsewhere in this Agreement.

6. In consideration of the disparity between Prest•Vuksic•Greenwood Architects' fee and potential professional liability concerning the Project, Owner shall limit Prest•Vuksic•Greenwood Architects' actual or alleged professional liability and that of Prest•Vuksic•Greenwood Architects' principals, employees and subconsultants to Owner and whatever other parties are involved with the Project such that Prest•Vuksic•Greenwood Architects' total aggregate liability concerning or arising out of the Project shall not exceed fifty thousand dollars, or the professional design fee, whichever is less.

7. In the event that any dispute and/or litigation develops between Owner and Prest•Vuksic•Greenwood Architects concerning or arising out of this Agreement, then the prevailing party shall be entitled to recover from the other reasonable attorneys' fees and litigation costs.

Please initial each page.

Prest•Vuksic•Greenwood Architects, Authorized Signature	Owner Authorized Signature:
6-NOV-20	
Date	Date

DESERT HEALTHCARE
DISTRICT & FOUNDATION

Date:	December 8, 2020
To:	Finance & Administration Committee
Subject:	Coachella Valley Housing Catalyst Fund – A Bold Housing Investment Solution, Lift to Rise and Riverside County – Recoverable Grant - $10,000,000

Staff Recommendation: Discussion and possible consideration to approve a Recoverable Grant for the Coachella Valley Housing Catalyst Fund – A Bold Housing Investment Solution, Lift to Rise and Riverside County – $10,000,000

Background

- At the November 5, 2020 Board of Director's meeting, staff from the District and Lift to Rise gave a presentation of housing as a social determinant of health and a request from Lift to Rise for a Program Related Investment (PRI).
- The request was for $10,000,000 and would be repaid in 10 years.
- The Board directed staff to research the program and to bring to the following committees for review and consideration: Program, Strategic Planning, and Finance, Administration, Legal, and Real Estate.
- Staff has been in communication with District's legal counsel and Lift to Rise staff regarding options.
- A PRI was deemed to not be the proper tool, as this type of funding is typically offered by "private" foundations. The Desert Healthcare District is a nonprofit public benefit corporation" and may be unable to provide this type of funding.
- Subsequently, staff from the District, Lift to Rise, and District's legal counsel has been discussing the concept of a *Recoverable Grant*.
- Lift to Rise has provided a template of what a funding agreement might look like with the District and a sample funding agreement with the Metropolitan Transportation Commission. Both are included in the packet for review.
- The current request is for a 10-year, $10,000,000 recoverable grant.
- District's legal counsel and staff continue to research the possibilities of executing this type of funding agreement with the District.
- The District must consider providing public funds on an unsecured basis.

Fiscal Impact:
$10,000,000 Recoverable Grant Funding

SAMPLE

Funding Agreement Between
Desert Healthcare District and Lift to Rise

Preamble

Recitals

Agreement

The Parties hereto agree as follows:

Proceeds of this recoverable grant will be used by Lift to Rise to leverage other funds to be used for affordable housing loans and grants, in keeping with the purpose of the Coachella Valley Affordable Housing Catalyst Initiative. The purpose of this Initiative is described in the proposal submitted to the Desert Healthcare District and approved by its Board of Directors on XXX.

The Desert Healthcare District hereby grants $XX to Lift to Rise for the Coachella Valley Affordable Housing Catalyst Initiative. Lift to Rise will hire a Fund Manager to undertake the day to day activities of developing the Initiative, to underwrite and originate loans for the Initiative, to service loans and to maintain records and administration of the Initiative. At present, the Low Income Investment Fund, a California 501c3 organization will serve as Fund Manager. The Rural Community Assistance Corporation is expected to also serve as an originating lender for rural locations covered by the Initiative.

Term of Grant

The grant period will be 10 years, commencing on the effective date of this grant agreement.

Use of Proceeds

The funds provided here shall be used to attract and leverage other funds into the Catalyst Initiative and to make affordable housing loans and grants, in keeping with the strategy of the Coachella Valley Affordable Housing Catalyst Initiative.

When loans made with the proceeds of this recoverable grant are repaid, they must be redeployed into additional loans and grants that are part of the Coachella Valley Affordable Housing Initiative.

Recovery of Grant Proceeds.

At the conclusion of the grant period, any proceeds that have not been deployed into project loans or grants or any proceeds that have been repaid from project loans and were not allocated to cover project losses will be returned to the Desert Healthcare District.

Book and Records

Lift to Rise will keep all records pertaining to project loans (through its designated Fund Manager). The Desert Healthcare Foundation will have the right to inspect these records with reasonable prior notice.

Financial Accounting and Reporting

Lift to Rise will hold the recoverable grant proceeds in trust, to be used only for the purposes specified here. Lift to Rise will provide the Desert Health Foundation with quarterly reports specifying a) loan and grant activity b) any project defaults or losses incurred and c) other capital leveraged through the Initiative. Quarterly reports will be provided 60 days after the conclusion of each calendar quarter (March 31, June 30, September 30 and December 31).

An annual report describing the Initiative activity for the prior year will also be provided, within 180 days after the end of Lift to Rise's fiscal year.

Representations and Warranties

(standard reps and warranties)

FUNDING AGREEMENT
Between
METROPOLITAN TRANSPORTATION COMMISSION
And
LOW INCOME INVESTMENT FUND

This Funding Agreement ("Agreement") is made and entered into as of November 15, 2018 (the “Effective Date”), by and between the Metropolitan Transportation Commission (herein referred to as the “MTC”), a local public agency established pursuant to the Streets and Highways Code § 2550 *et. seq.*, and the Low Income Investment Fund, a California nonprofit public benefit corporation (herein referred to as “LIIF”, and together with MTC the “Parties”).

RECITALS

WHEREAS, the Metropolitan Transportation Commission (MTC) is the Regional Transportation Planning Authority for the San Francisco Bay Area pursuant to Government Code §§ 66500 *et seq.*; and

WHEREAS, MTC and the Association of Bay Area Governments (ABAG) support transit oriented development through the One Bay Area Grant and Priority Development Area Planning grant programs; and

WHEREAS, MTC and ABAG adopted Plan Bay Area 2040 which included a target to reduce the combined cost of housing and transportation for low-income families by 2040, which is estimated to account for over 70% of these households’ income in 2010 and 2040; and

WHEREAS, MTC and ABAG studied the combined cost of housing and transportation and found low income households throughout the Bay Area are severely burdened financially by the high cost of housing and transportation; and

WHEREAS, MTC previously adopted Resolution 3991 establishing the Bay Area Transit Oriented Affordable Housing (TOAH) Fund, which authorized MTC to invest $10 million in a revolving loan fund for affordable housing development projects located in Priority Development Areas throughout the Bay Area; and

WHEREAS, a tool to acquire and protect homes currently affordable to low-income residents will help to preserve affordability in the region; and

WHEREAS, MTC established a new pilot revolving loan fund in Resolution 4202 as part of the One Bay Area Grant Program (OBAG 2) framework,[1] outlining conditions to be met prior to MTC’s $10 million contribution to establish the Fund, which conditions have been met; and

[1] Naturally Occurring Affordable Housing (NOAH), since renamed to the Bay Area Preservation Pilot.

WHEREAS, on February 28, 2018, MTC adopted Resolution 4311 (the "Funding Resolutions"), establishing the Bay Area Preservation Pilot (BAPP) Fund (the "Program"), based on the Principles of Agreement outlined in Exhibit A, and authorized the Executive Director to enter into this Agreement with LIIF for the purpose of providing LIIF with up to $5 million for LIIF to participate in the Program as described in greater detail below;

WHEREAS, MTC is prepared to make a grant to LIIF, on the terms and conditions specified under this Agreement; and

WHEREAS, LIIF is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("IRC") and a public charity within the meaning of Section 509(a)(1) of the IRC.

AGREEMENT

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Parties hereto hereby agree as follows:

1. Definitions. The following defined terms used in this Agreement shall have the meanings specified below:

Affordability Restrictions shall mean restrictions that will be in the form of a deed restriction or restrictive covenant duly recorded against the real property securing the applicable Project Loan, providing for a minimum of 75% of the units in any housing project to be restricted to tenants earning no more than 80% area median income. All tenants in legal occupancy at the time the Project Loan is closed are exempt from the restrictions, as described in greater detail under the Business Plan.

Business Plan shall mean the Bay Area Program Business Plan attached as Exhibit B to this Agreement.

Cash Flow shall mean Net Operating Income remaining after payment of Debt Service and any servicing fees and management fees owing (as described under Section 8 below) on a Project Loan. The amount of Cash Flow must be based on figures contained in audited financial statements.

Commit or Committed shall mean LIIF entering into a term sheet or commitment letter with a Project Borrower or its sponsor.

Commitment Period is defined under Section 4 below.

Debt Service shall mean the amortizing principal and interest payment due on a Project Loan (with respect to the Senior Note thereof).

Defaulted Project Loan shall mean a Project Loan:

a. where the full amount of any payments due under such Project Loan has not been received by the Originating CDFI, after any applicable notice and/or cure period;

b. where there is any other monetary event of default under such Project Loan or other continuing occurrence that, after any applicable notice and cure period, would become a monetary event of default under such Project Loan;

c. where there is a non-monetary event of default under a Project Loan or other continuing occurrence that, after any applicable notice and cure period, would become a non-monetary event of default under a Project Loan, which non-monetary events of default or occurrences shall include, without limitation, a Project Borrower's failure to comply with the Affordability Restrictions; or

d. that has matured but not all indebtedness under such Project Loan thereunder has been fully repaid.

For the avoidance of doubt, a default under either the Senior Note or under the Subordinate Note constitutes a Defaulted Project Loan.

Effective Date shall mean the date of this Agreement.

Funds is defined in Section 2 below.

Interest Rate is defined in Section 2 below.

Lender Expenses shall mean costs or expenses incurred by the Originating CDFI in connection with the administration of its Project Loans, and costs expenses and fees incurred by the Originating CDFI in performance of its duties and responsibilities described in the Business Plan, including without limitation costs and expenses incurred by the Originating CDFI in connection with the collection or enforcement of any Project Loan or the preservation of or realization upon any collateral securing such Project Loan. Lender Expenses also include costs and expenses of acquiring collateral through judicial or nonjudicial foreclosure or acceptance of a deed in lieu of foreclosure (including without limitation title company charges and reasonable attorney's fees), and the costs and expenses for maintenance and taxes and any other costs, expenses, and commissions in connection with the holding, completion, or sale of such collateral.

Liquidation Revenue(s) shall mean all payments and collections received by LIIF in connection with enforcement activities in connection with a Defaulted Project Loan.

Major Transit Stop shall mean a site containing an existing rail transit station, a ferry terminal served by either a bus or rail transit service, or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods.

MTC Grant shall mean the $5,000,000 grant from MTC to LIIF more fully described in Section 2(a) hereof.

Net Operating Income shall mean Project Income remaining after payment of Project Expenses.

Non-Defaulted Project Loan shall mean a Project Loan that is not a Defaulted Project Loan.

Non-Scheduled Project Loan Payments relates to both Non-Defaulted Project Loans and Defaulted Project Loans and shall mean any payment or other proceeds received by the Originating CDFI in connection with a Project Loan that is not a Scheduled Project Loan Payment. Non-Scheduled Loan Proceeds include, without limitation, the following:

a. as to a Non-Defaulted Project Loan, any principal prepayments and/or final principal and interest payments received upon the maturity;

b. as to a Defaulted Project Loan, all payments and recoveries received by the Originating CDFI from a Project Borrower or any other source, including, without limitation, any partial Project Loan payments, payments from guarantors, collections, exit fees, Liquidation Revenues, and any other proceeds from liquidation of foreclosed property and other collateral collected, received or realized by the Originating CDFI in connection with its exercise of remedies.

Originating CDFI means LIIF.

Priority Development Areas or PDAs shall mean locally identified, designated, proposed or planned (by the MTC or another recognized governmental authority), in-fill development opportunity areas throughout the nine (9) county Bay Area Region (the counties of San Francisco, Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma).

Program Standards shall mean the BAPP standards for the Project Loans set forth on pages 6-13 of the Business Plan.

Project shall mean the development of an Eligible Project (as defined under the Business Plan) that is financed through the Program.

Project Borrowers shall mean Eligible Borrowers (as defined under the Business Plan) receiving Project Loans.

Project Expenses shall mean the following costs, which shall be paid from Project Income in the following order of priority to the extent of available Project Income: (a) all charges incurred in the operation of the Project for utilities, real estate taxes and assessments and premiums for insurance required pursuant to the applicable Project Loan Documents or by other lenders providing financing for the Project (including any reserves for real estate taxes and insurance premiums); (b) salaries, wages and any other compensation due and payable to the employees or agents of Project Borrower employed in connection with the applicable Project, including all related withholding taxes, insurance premiums, Social Security payments and other payroll taxes or payments; (c) required payments of interest and principal, if any, on the applicable Project

Loan and any junior financing on the Project used to finance the Project that has been approved by the Originating CDFI; (d) all other expenses actually incurred to cover operating costs of the Project, including maintenance and repairs and the fee of any managing agent as indicated in the Project's annual operating budget as approved by the Originating CDFI; (e) required deposits to any other reserve required pursuant to the applicable Project Loan Documents (except as captured in (a) through (d) above); and (f) any extraordinary expenses approved in advance by the Originating CDFI (other than expenses paid from any reserve account).

Project Income shall mean all income and receipts in any form received by a Project Borrower from the operation of the applicable Project, including rents, fees, deposits (other than tenant security deposits), any accrued interest disbursed from any reserve account required under the applicable Project Loan Documents, reimbursements and other charges paid to the Project Borrower in connection with the applicable Project. Interest accruing on any portion of the Funds is not Project Income.

Project Loans shall mean mini-permanent loans with a term of up to ten (10) years to Project Borrowers to finance Eligible Projects (as each term is defined under the Business Plan) consisting of a Senior Note and Subordinate Note.

Project Loan Documents shall mean all documents evidencing or securing a Project Loan, including, without limitation, loan agreements, promissory note(s) (Senior Note A and Subordinate Note B), deeds of trust and payment guarantees.

Project Loan Losses shall mean the actual amount of principal, accrued and unpaid interest, and out-of-pocket expenses (including, without limitation, any Lender Expenses and any servicing fees) that remain unpaid with respect to a Defaulted Project Loan that has either matured, or has been accelerated in connection with any default, after the Originating CDFI's receipt of all available payments on account of such Defaulted Project Loan from the applicable Project Borrower and any other obligor (after pursuit of appropriate collection and enforcement actions against such parties provided that no further action shall be required against Project Borrower or other obligor following completion of nonjudicial foreclosure and sale to a third party) and after the liquidation of the collateral held for such defaulted Project Loan.

Project Loan Payments shall mean Scheduled Project Loan Payments and Non-Scheduled Project Loan Payments.

Scheduled Project Loan Payments shall mean, with respect to a Project Loan, regularly scheduled installments of payments owing under the Project Loan Documents and not a Non-Scheduled Project Loan Payment.

Senior Notes (also referred to as "Note A" under the Business Plan) shall mean the component of a Project Loan consisting of senior capital from the Originating CDFI. Senior Notes are senior in payment priority to Subordinate Notes. As described in greater detail under the Business Plan, monthly debt service payments in respect of the Senior Notes shall be interest-only during the first year, and thereafter the amount of the payment shall be based on amortizing the outstanding principal balance of the Senior Note over a maximum period of thirty (30) years.

Subordinate Notes (also referred to as "Note B" under the Business Plan) shall mean the component of a Project Loan consisting of subordinate capital from MTC. Subordinate Notes are subordinate in payment priority to Senior Notes. As described in greater detail under the Business Plan, repayment of Subordinate Notes shall be interest-only and subject to available Cash Flow. Principal is due at the maturity of the Subordinate Notes.

Term is defined under Section 4 below.

Top Loss Portion is defined in Section 9 hereof.

Transit Priority Area or TPAs shall mean the areas described within the definition of "Transit Priority Project" set forth in California Public Resources Code Section 21155(b)(3) as follows: Within one-half mile of a major transit stop or high-quality transit corridor included in a regional transportation plan. A major transit stop is as defined in Section 21064.3, except that, for purposes of this section, it also includes major transit stops that are included in the applicable regional transportation plan. For purposes of this section, a high-quality transit corridor shall mean a corridor with fixed route bus service with service intervals no longer than 15 minutes during peak commute hours. A project shall be considered to be within one-half mile of a major transit stop or high-quality transit corridor if all parcels within the project have no more than 25 percent of their area farther than one-half mile from the stop or corridor and if not more than 10 percent of the residential units or 100 units, whichever is less, in the project are farther than one-half mile from the stop or corridor.

2. Grant Funds:

   (a) MTC hereby agrees to provide grant funds to LIIF in the amount of five million dollars ($5,000,000) ("Funds") to support the Program. Funds will be recoverable by MTC solely to the extent set forth under Section 8 and Section 10(d) of this Agreement.
   (b) The Parties hereby acknowledge that MTC shall also provide grant funds to Enterprise Community Loan Fund, a Maryland nonstock, nonprofit corporation ("ECLF") in the amount of five million dollars ($5,000,000) to support ECLF's programmatic activities pursuant to that certain Funding Agreement between MTC and ECLF, to be entered into subsequent to this agreement, herewith (the "ECLF Funding Agreement").

3. Disbursement of Funds. MTC shall disburse the Funds in their entirety to LIIF on or about the Effective Date, or as otherwise agreed, by the Parties.

4. Term of MTC Grant.

   (a) Commitment Period. Commencing on the Effective Date and through and including the last calendar day of the month of the three (3)-year anniversary of the Effective Date (the "Commitment Period") LIIF may Commit Funds to the Program to make new Project Loans. LIIF shall not Commit Funds to originate any new Project Loans after the Commitment Period ends. For the avoidance of doubt, however, after the Commitment Period ends, LIIF may close on the origination of any Project Loan for which LIIF Committed Funds during the Commitment Period and may amend and extend existing Project Loans.

(b) Term. The Term of the MTC Grant (the "Term") shall commence on the Effective Date and shall end upon expiration of this Agreement, which shall take place upon MTC's receipt of all amounts owing to it under Section 10 below.

5. Use of Funds. LIIF shall use the Funds only to finance the Subordinate Notes. Upon repayment of any Subordinate Note, LIIF may use such repayments to fund new Subordinate Notes during the Commitment Period. LIIF's right to re/deploy the Funds shall be subject to the following conditions:

    a. Any Funds re/deployed by LIIF under the Program (i.e., based on all Project Loans closed by LIIF to date, outstanding or repaid), must, in the aggregate be leveraged with other sources of capital including senior capital from community development finance institutions, developer equity and in some cases, public sector funding, in an amount of at least 5:1. For Projects consisting of fewer than ten (10) units, Funds may be leveraged on a 4:1 basis, provided the aggregate 5:1 ratio described in the previous sentence is satisfied.
    b. Funds must be re/deployed to Projects exclusively in Transit Priority Areas and Priority Development Areas.
    c. LIIF's use of the Funds and documentation evidencing the Project Loans shall at all times be in a manner consistent with the Business Plan, except as explicitly set forth herein.
    d. The Commitment Period shall not have terminated.

6. Conditions Precedent to the Effective Date. Upon the Effective Date, LIIF may originate and make commitments to originate Project Loans. The occurrence of the Effective Date is contingent on LIIF meeting the following conditions to MTC's satisfaction:

    a. Certificate of Incorporation for LIIF;
    b. Certificate of Good standing for LIIF issued by the secretary of state of LIIF's state of formation, as well as evidence of LIIF's qualification to do business in the State of California; and
    c. Either an IRS determination letter or a signed certification from LIIF representing that LIIF is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

7. Origination of Project Loans.
    a. LIIF shall have authority to approve Project Loan requests using the Program Standards and in accordance with LIIF's underwriting standards, (and LIIF may use, revise, update and amend its standard underwriting and lending practices and policies from time to time without MTC's consent), it being understood such standard underwriting and lending practices and policies, as revised, updated and amended, shall be deemed to be incorporated under the Business Plan. LIIF, as the Originating CDFI, will use its existing credit approval processes to evaluate Project Loan requests. The Originating CDFI will certify compliance with its underwriting guidelines and, for MTC's informational purposes, furnish a copy of the credit approval memo to MTC within three business days of closing on each Project Loan.

b. LIIF shall manage and service Project Loans in accordance with the Business Plan and with LIIF's standards and procedures. To the extent there are any inconsistencies between the LIIF standards and procedures and those set forth in the Business Plan, the LIIF standards and procedures shall control.
c. While LIIF will conduct outreach to identify and underwrite Project Loan requests, LIIF shall be under no obligation to make Project Loans.

8. Payments to MTC.

a. Interest Rate and Interest Payments: Funds are being provided to LIIF at a zero percent (0%) interest rate. LIIF shall not be obligated to pay MTC any interest on the Funds.

b. At the end of the Term, LIIF shall pay to MTC, to be applied to the MTC Grant, any sums in its possession in accordance with the provisions of Section 10 (d) below and any Funds that LIIF did not deploy in connection with a Project Loan and that were not allocated to cover Project Loan Losses.

MTC acknowledges and agrees as follows: Subordinate Loans are to be repaid from Cash Flow. Originating CDFI shall have no obligation to make any payment on the MTC Grant except to the extent set forth under Section 10 below. The Subordinate Notes, funded by LIIF from the MTC Grant, are fully subordinated to the Senior Notes and the rights of any Subordinate Note holder to receive payment thereunder is fully subordinated to the repayment rights of Senior Note holders.

c. Subordination to Other Creditors. Repayment of the MTC Grant shall be subordinated to all other creditors of LIIF, provided that any such repayments will be on a par with other grants on LIIF's books.

9. Allocation of Project Loan Losses. Project Loan Losses are to be first allocated (the "Top Loss Portion") to the Subordinate Notes. MTC acknowledges that such allocation of the Top Loss Portion may result in no, or partial Funds being repaid to MTC.

10. Distribution of Project Loan Payments and Liquidation Revenues.

a. From Scheduled Project Loan Payments and Non-Scheduled Project Loan Payments with respect to Non Defaulted Project Loans shall be retained, applied and distributed first to LIIF to pay LIIF, in its capacity as the Originating CDFI in the following order: first to the Senior Note for all due and owing interest payments; second to the Senior Note for all due and owing principal payments; third to the Subordinate Note for all due and owing interest payments; and fourth all remaining payments to the Senior Note.
b. From Non-Scheduled Project Loan Payments for a Defaulted Project Loan and Liquidation Revenue, such payments shall be retained, applied and distributed to LIIF to pay LIIF, in its capacity as the Originating CDFI in the following order: first any and all amounts owning under the Senior Note; second any and all Lender Expenses; and third any and all amounts owing under the Subordinate Note.

c. Provided the Commitment Period has not terminated, after the payment of all amounts with respect to the Senior Notes and the Lender Expenses set forth in Section 10(a) and Section 10(b), any remaining Project Loan Payments and Liquidation Revenues may be recycled and re/deployed by LIIF to fund the Subordinate Note of any new Project Loan(s).

d. After the termination of the Commitment Period and maturity or acceleration of all Project Loans and after retention and application of funds with respect to the Senior Loans and the Lender Expenses pursuant Section 10(a) and Section10(b) above), LIIF shall distribute any remaining Project Loan Payments and Liquidation Revenues allocable to the Subordinate Notes to MTC.

11. <u>Books and Records</u>. LIIF agrees to keep all records pertaining to each Project Loans it originates for audit purposes for a minimum of four (4) years following the final Project Loan repayment for each respective loan, in accordance with generally accepted accounting principles. MTC or its representatives shall, at their cost and expense, have the right to review all financial reports of LIIF upon reasonable prior notice and during regular business hours.

12. <u>Financial Accounting and Reporting:</u>
    a. Funds shall be invested by LIIF in its operating account or another non-segregated account.
    b. <u>Reporting</u>. During the Term, Originating Lenders shall furnish or cause to be furnished, to MTC the following reports:
        i. <u>Project Loan Closings</u>. Within three (3) business days of closing on each Project Loan, Originating CDFI shall furnish MTC with a copy of LIIF's credit approval memo for such Project Loan, as described under Section 7 above.
        ii. <u>Quarterly Reports</u>. Within sixty (60) days after the end of each quarterly period ending March 31, June 30, September 30 and December 31 (each a "Quarterly Period") of each year during the Term:
            a. LIIF shall provide MTC with a <u>Loan Activity Report in a format that shall be mutually agreeable to the Parties</u>: that (x) reports on the status of LIIF's progress towards originating Project Loans pursuant to this Agreement (including a "pipeline" report of LIIF's potential deals) and (y) with respect to any existing Project Loans originated by LIIF, details the amount currently deployed towards existing Project Loans, noting any delinquencies and pay-offs, and provides a short narrative on the status of the projected payoff of each outstanding Project Loan.

            b. Quarterly payment and financial reports setting forth Project Loan Payments received by Originating Lenders during such Quarterly Period.

            c. LIIF and ECLF will certify compliance with each organization's underwriting guidelines and provide MTC with summary reports of the Fund's progress against the business plan. MTC will not participate in the selection of specific projects.

iii. Annual Reports. Within one hundred eighty (180) days after the end of LIIF's fiscal year, LIIF shall provide MTC with the following reports:

a. a certificate of compliance with the Affordability Restrictions, which certificate shall be based on annual self-certifications submitted by the Project Borrowers.
b. an "Annual Payment and Financial Report" detailing, with respect to the fiscal year, the Project Loan Payments received by Originating Lenders for such fiscal year.
c. LIIF shall have an annual audit conducted in accordance with generally accepted accounting principles by an independent certified public accountant and shall provide one (1) copy to MTC, along with any management comments, within one hundred eighty (180) days of the applicable Fiscal Year's end.

13. Representations and Warranties.

a. LIIF represents and warrants to MTC that:

i. Organization and Powers LIIF is a California nonprofit public benefit corporation, is duly organized, validly existing and in good standing under the laws of its state of formation. LIIF has the power and authority to own its assets and properties, to carry on its activities as now conducted by it, and to execute, deliver and perform this Agreement. LIIF is not in breach or violation of any provisions of the laws of its state of formation which would affect its existence or powers.

ii. Authorization; Binding Agreement. The execution, delivery and performance by LIIF of this Agreement has been duly authorized by all requisite action of LIIF. Upon execution and delivery by LIIF, this Agreement will constitute the legal, valid and binding obligations of LIIF enforceable in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency or other similar laws of general application or equitable principles relating to or affecting the enforcement of creditors' rights from time to time in effect.

iii. Litigation. There is no action, suit or proceeding pending before any court or government or administrative body or agency which may reasonably be expected to (a) result in a material adverse change in the activities, operations, assets or properties of LIIF or in the condition, financial or otherwise, of LIIF; or (b) impair the ability of LIIF to perform its obligations under this Agreement. LIIF is not in default with respect to any judgment, writ, injunction, decree, rule or regulation of any court or any governmental or administrative body or agency binding upon LIIF. There is no action, suit or proceeding pending against LIIF, challenging the validity of this Agreement.

iv. No Conflicts. The execution, delivery and performance by LIIF of this Agreement will not violate, in any material respect: any provision of law, any order, rule or regulation of any court or governmental or regulatory body, or any provision of law creating or governing LIIF, or any indenture or deed of trust, agreement or instrument to which LIIF is a party or to which LIIF or its assets or properties are bound, or conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a material default under, any such indenture or deed of trust, agreement or instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the assets or properties of LIIF, except as otherwise expressly permitted, required or contemplated by this Agreement and LIIF's organizational documents.

v. Accuracy of Information. No information, exhibit, report, statement, certificate or document furnished by LIIF to the MTC in connection with this Agreement contains any misstatement of fact or omits to state a fact or any fact necessary to make the statements contained herein or therein not misleading.

vi. Compliance with Applicable Laws and Requirements. During the term hereof, the LIIF will comply with all applicable statutes, rules, regulations, and orders of the United States, the State of California, violations of which would have a material adverse effect on the tax status, activities, operations, assets, properties or condition, financial or otherwise, of the LIIF.

14. Liability

(a) Indemnification

LIIF shall indemnify, defend and hold harmless, MTC, its Commissioners, officers, agents, and employees from any and all third party claims, demands, suits, loss, damages, injury, and/or liability (including any and all costs and expenses in connection therewith) (“Claims”), incurred by reason of LIIF’s negligence or willful misconduct, or that of its directors, members, employees or agents, or subcontractors in connection with this Agreement and its responsibilities hereunder.

b. General Limitation of Liability. Neither party shall be liable to the other for any incidental, special, punitive, indirect, or consequential damages arising under this Agreement or in connection with the Program, except LIIF shall be liable to MTC for Claims incurred under Section 14(a) above.

c. Non-Recourse. MTC shall have no direct recourse against LIIF or any of its affiliates as to any matters arising under, or related to, this Agreement, or any Project Loan Documents, or otherwise in connection with the Program; provided, however, MTC shall have direct recourse against LIIF for (a) direct contractual damages arising from LIIF's breach of any material terms and provisions of this

Agreement, (b) direct and actual damages arising from fraud or material misrepresentation on the part of LIIF or (c) LIIF's obligations arising under Section 14(a) above.

15. Notice.
All notices, consents, demands, requests and other communications which may or are required to be given hereunder shall be in writing and shall be deemed duly given on the date of delivery if delivered by electronic mail or three (3) days after being personally delivered or sent by United States mail, registered or certified, return receipt requested, postage prepaid, to the addresses set forth hereunder or to such other address as the other party hereto may designate in written notice transmitted in accordance with this provision.

If to MTC, to it at:

Bay Area Metro Center
375 Beale St.
San Francisco, California 94105
Attn: Therese Trivedi
Telephone: (415) 778-6767
Email: ttrivedi@bayareametro.gov

If to LIIF, to it at:

To Program Manager:

Low Income Investment Fund
50 California Street, Suite 2900
San Francisco, California 94111
Attention: Chief Financial Officer

With a copy to:

Low Income Investment Fund
50 California Street, Suite 2900
San Francisco, California 94111
Attention: Loan Administration Team Lead
Email: mrosado@liifund.org

16. Miscellaneous.

(a) Choice of Law. This Agreement and all matters arising under or related to this Agreement are governed by and will be construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision or rule that would cause the application of the internal laws of any other jurisdiction.

(b) No Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties and nothing contained herein shall confer upon anyone other than the parties and their permitted successors and assigns, any right to insist upon or to enforce the performance or observance of any of the obligations contained herein.

(c) Severability. Each provision of this Agreement shall be separately enforceable, and the invalidity of one provision shall not affect the validity or enforceability of any other provision.

(d) Forbearance Not a Waiver. No act of forbearance or failure to insist on the prompt performance by LIIF of its obligations under this Agreement, either express or implied, shall be construed as a waiver by MTC of any of its rights hereunder.

(e) Amendments and Waivers. Either Party may at any time during the term of this Agreement request amendments or modifications. Requests for amendment or modification of this Agreement shall be in writing and shall specify the requested changes and the justification of such changes. Should the parties consent to modification of the Agreement, then an amendment shall be drawn, approved, and executed in the same manner as the original agreement.

(f) No Assignment. Neither Party may assign all or any portion of its rights under this Agreement without the prior written consent of the other party which consent may be granted or withheld by such party in its sole and absolute discretion.

(g) Entire Agreement: This Agreement constitutes the only agreement, and supersedes all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof.

(h) Counterparts. This Agreement may be executed in any number of original or facsimile counterparts and by each of the parties hereto in separate counterparts, each of which when so executed will be deemed to be an original and all of which together will constitute one and the same agreement.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf as an instrument under seal as of the date first above written by its officer or representative thereunto duly authorized.

METROPOLITAN TRANSPORTATION COMMISSION

DocuSigned by:
Steve Heminger
021DA2847D43405...

By:______________________________
Steve Heminger
Executive Director

LOW INCOME INVESTMENT FUND,
a California nonprofit public benefit corporation

DocuSigned by:
Daniel Nissenbaum
F03BB7FFCAA7488...

By:______________________________
Daniel A. Nissenbaum
President and CEO

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EXHIBIT A – PRINCIPLES OF AGREEMENT

Principles of Agreement
Bay Area Preservation Pilot Fund

The Commission adopts the following Principles of Agreement to establish the Bay Area Preservation Pilot Fund, which will be used as a tool to acquire and protect homes currently affordable to low-income residents that are currently available on the market. These Principles of Agreement will govern two funding agreements MTC will enter into with Low Income Investment Fund (LIIF) ($5 million) and Enterprise Community Loan Fund, Inc. (ECLF) ($5 million), contributing $10 million to the Bay Area Preservation Pilot Fund (the Fund). The Fund will begin in 2018 and will operate for at least ten years from the date of inception. MTC's contribution to the Fund is dependent upon the availability of anticipated funds that are eligible for use in the Fund.

1. MTC will enter into an agreement with LIIF ($5 million) and Enterprise Community Loan Fund, Inc. (ECLF) ($5 million) to contribute $10 million to the Fund via LIIF and ECLF.

2. The Fund will begin in 2018 and will operate for at least ten years from the date of inception.

3. MTC will make its contribution of $10 million to the Fund after the funding agreements are signed, subject to Commission approval of this item on February 28, 2018.

4. The Fund will be managed by LIIF and ECLF, both not-for profit entities, on behalf of MTC.

5. All loans from the Fund will be made to projects in Transit Priority Areas (TPAs) or Priority Development Areas (PDAs) and will target households at and below 80% Area Median Income.

6. A 5:1 funding leverage will be achieved across the overall Bay Area Preservation Pilot Fund program (vs. project by project).

7. Prior to closing, LIIF and ECLF will adopt a business plan that establishes the Fund's priorities and serves as a guide for the Fund's operations, financial structure, underwriting criteria, and evaluation.

8. LIIF and ECLF will certify compliance with each organization's underwriting guidelines and provide MTC with summary reports of the Fund's progress against the business plan. MTC will not participate in the selection of specific projects.

9. The Fund managers (LIIF and ECLF) will use standard accounting controls and MTC will have the right to review all financial reports of the Fund.

10. No representative from MTC will participate in the Fund in any paid capacity.

11. MTC is in the subordinate position for repayment during the life of the Fund and at the close of the Fund. As such, after LIIF and ECLF are repaid in full, any balance remaining in the Fund will be returned to MTC unless the Fund is extended beyond the initial 10 year period.

12. MTC staff will provide annual BAPP updates to the Commission or appropriate Committee.

EXHIBIT B – BUSINESS PLAN

Bay Area Preservation Pilot
Business Plan
July 2018

Introduction

Fueled by a booming economy, job growth has outstripped housing production and the demand for real estate is at an all-time high. Many communities throughout the region face significant gentrification pressures as the Bay Area housing crisis persists. As these communities lose their affordability with increasing rents and home prices, residents have been displaced or are threatened by displacement pressures. Housing that is both affordable and in good physical condition has become increasingly scarce, making it especially difficult for the region's most vulnerable residents to stay in their homes and communities.

In 2016, the Metropolitan Transportation Commission (MTC) committed $10 million in seed funding to pilot strategies that will help stabilize communities most vulnerable to gentrification that are often served by the region's best transit. A key community stabilization strategy has emerged from local governments, developers, and advocates that acquires and protects homes currently affordable to low-income residents that are available on the market. These homes are not subject to affordability restrictions ("unrestricted") but are vulnerable to speculative pressure, and this community stabilization strategy ensures these homes remain permanently affordable without displacing residents with the addition of long-term affordability restrictions (aka "preservation"). Enterprise Community Partners, Inc. and Enterprise Community Loan Fund, Inc. (Enterprise), the Low Income Investment Fund (LIIF), and MTC have been working with a range of partners who are experts in the emerging field including mission-driven developers, community land trusts, advocates, and public agencies (the Working Group [2]) to create a preservation finance tool seeded with MTC' investment.

The Working Group has conceptualized a tool, the "Preservation Finance Tool", as the basis for a "Preservation Pilot," also known as the "Program". The finance tool is a mini-permanent loan product that will address a specific financing gap in the housing preservation and production system through a 10-year term loan, and a quick execution to allow mission-driven developers to compete for market-rate properties that currently offer affordable rents. The developers will then determine a financial plan to ensure the long-term affordability of the properties. The approach is a short- to mid-term community stabilization strategy that will keep residents in their home with a goal of long-term affordability of the property accomplished via long term restrictions recorded on title. Enterprise and LIIF estimate 200-400 units will be taken off the speculative market with a goal of permanent affordability through the Preservation Pilot.

It is important to note that preservation of unrestricted housing affordable through the addition of long-term restrictions is a relatively new endeavor for the affordable housing industry. The current affordable housing production system typically utilizes established structures and financing that

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[2] Working Group members include representation from: Association of Bay Area Governments, East Bay Asian Local Development Corporation, California Housing Partnership, City and Country of San Francisco, City of Oakland, Contra Costa County, MidPen Housing, Mission Economic Development Agency, and the Northern California Land Trust.

include significant public subsidies to create new affordable developments or preserve income-restricted properties (projects typically range from 50 units to upwards of 150 units) that are under the ownership and management of mission-driven developers. This Preservation Pilot hopes to demonstrate that public sector investments can stabilize communities and mitigate displacement pressure for the region's most vulnerable residents. It would be groundbreaking for both the industry in terms of practice and for preservation efforts across the country where a transportation agency is leading the efforts. If the Preservation Pilot meets expectations, it could then be scaled for greater impact.

The purpose of this document is two-fold. It first makes the case for the proposed preservation finance tool and provides the background on how it has been conceptualized. It then describes the preservation finance tool itself (terms of the loan product) and how it will be structured and administered. This document also delineates roles and responsibilities for MTC, Enterprise Community Loan Fund, Inc., and LIIF.

Background and MTC Conditions

In fall 2015, 15 cities sent a letter to the MTC Commission requesting that MTC commit $10 million in seed funding to create preservation finance tools. This request was further bolstered by advocacy support from several Bay Area organizations active in housing, land use, and transportation issues that have helped shape Plan Bay Area and the One Bay Area Grant Program (OBAG).

MTC has a track record of contributing to meaningful housing solutions. In 2008, MTC provided $10 million in seed funding to create the Bay Area Transit-Oriented Affordable Housing Fund (TOAH) which has been instrumental in securing scarce and sought-after sites near transit for affordable housing in the Bay Area. Capitalized at $50 million, TOAH has helped create 985 units, 961 of which are affordable units. More recently, MTC has created the "80K by 2020 program" that rewards the top 10 highest housing producing cities in the Bay Area with additional transportation funding. The proposed Preservation Pilot builds off of the success of MTC and community development organizations working together collaboratively for ten years and incorporates lessons learned from TOAH.

In July of 2016, MTC Commission voted to commit the $10 million with two conditions: (1) the funds need to be leveraged 5 to 1 and (2) the funds need to be deployed in the targeted geography of Transit Priority Areas (TPAs) and Priority Development Areas (PDAs). Since that time, MTC has been working diligently with the Working Group to conceptualize and design a preservation finance tool adapted to the need and gap in the financing system to acquire and convert these properties to long-term affordable housing.

Bay Area Need and the Case for Preservation

According to the Urban Displacement Project at the University of California, Berkeley (UCB), 53% of neighborhoods in the Bay Area are at risk of or already experiencing displacement and gentrification pressures, and 50% of displacement is happening in moderate- to high-income neighborhoods. [3] More than 250,000 very low-income households in the Bay Area do not have access to an affordable home. [4]

The majority of low-income Bay Area working families live in multi-family housing provided by the market that is unrestricted. This multi-family housing stock for low- and middle-income renters is disappearing in hot real estate markets throughout the United States and acutely in the Bay Area. While demand for these units is soaring, barriers for new construction of affordable housing are considerable: a lack of political support and public funding, high construction and land costs, and long approval processes. While the region counts on an influx of new multi-family construction to ease housing pressures over time, the region can ensure affordability in the currently unrestricted housing stock that will stem displacement of residents and preserve vibrant mixed-income communities. In other words, the region needs to catch the affordability where it currently exists in order to support communities in retaining the families most at risk of being displaced. Furthermore, the preservation of currently unrestricted housing can potentially serve a wider range of incomes from low-income to moderate-income households, and it retains affordability in communities with limited sites available for new affordable construction.

These properties are often referred to as "naturally-occurring affordable housing properties (NOAHs)"; however, that is a term the Working Group is moving away from using since the term doesn't accurately convey the attributes of these properties. [5] These unrestricted affordable properties are rented out to low income tenants at relatively lower cost compared to average market rates in the city or region. They are typically more affordable due to their age (often 40 years or older), physical condition (typically poor and/or declining), design elements, and/or location (often in second- and third-tier markets).

In 2000, there were 223,000 low-income households living in unrestricted affordable units in the Bay Area. In 2013, there were 117,000 low-income households living in unrestricted affordable units. This represents a 47% loss of unrestricted affordable units while the number of low-income households increased by 10%. [6] In addition to unrestricted affordable units, there are also affordable units with deed restrictions that may be lost to the market. Through the Bay Area Prosperity Plan, the California Housing Partnership Corporation identified 5,495 units that are at risk of converting to market rental rates because their deed restrictions are set to expire.

Preservation Efforts in the Bay Area and the Working Group

In the Bay Area, community land trusts have most often engaged in preservation work of small properties (1-4 units). Developers who have typically produced new affordable construction have been exploring preservation for the last five years at all scales with a focus first on preservation of properties subject to affordability restrictions at risk of going to market (expiring Section 8 contracts or Low-Income Housing Tax Credits restrictions). The East Bay Asian Local

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[3] Urban Displacement Project, http://www.urbandisplacement.org/

[4] Urban Displacement Project, http://www.urbandisplacement.org/

[5] We use the term "preservation" instead of "NOAH" because we believe that "naturally occurring" does not accurately describe why this housing stock is affordable. Underinvestment in this housing stock is the result of harmful policies and practices, including redlining.

[6] Urban Displacement Project, http://www.urbandisplacement.org/

Development Corporation (EBALDC) launched a preservation strategy where a line of credit through NeighborWorks Capital has allowed EBALDC to compete with similar advantages as for-profit buyers. To date, EBALDC has purchased two properties and secured affordability on 85 units. Mid-Pen Housing is creating a fund in-house to acquire properties in Silicon Valley where affordability pressures are extreme; the Preservation Pilot will work in alignment with their fund and bolster their efforts.

Among jurisdictions, the City of San Francisco launched a small sites acquisition fund in 2014 with an initial $3 million that provides the subsidies necessary to maintain long-term affordability. Now the program has grown to $75 million with Mission Economic Development Agency (MEDA) as a developer partner that utilizes this program. To date, the program has supported the acquisition of 78 units in 13 properties and helped stabilize 154 residents vulnerable to displacement (an additional 59 units in 12 buildings are in the pipeline for this year). In Oakland, voters passed Measure KK in November of 2016 which includes $100 million for community stabilization and housing preservation efforts to combat displacement, and the program is set to launch in Summer 2017.

To harness these opportunities and emerging expertise on preservation strategies, the Working Group identified two attributes paramount to an effective preservation finance tool:

1. **Nimble and quick**—Given competition with market buyers who have deep pockets and can make all-cash offers, create nimble financing tools for mission-driven housing developers that help level the playing field.
2. **Low-cost and patient**—Provide more favorable financing compared to conventional lenders such as high loan-to-value, low interest with a 10-year term that provides a bridge to longer-term public subsidies.

Through the Preservation Pilot, the partners propose to execute on a proof of concept to demonstrate the usefulness and relevance of this finance tool. The Working Group has been invaluable in providing guidance to conceptualizing the preservation finance tool, and a subcommittee of the Working Group has met regularly for months to provide feedback on the loan product and further define underwriting criteria.

Preservation Finance Tool

Enterprise Community Loan Fund, Inc. and LIIF are proposing a mini-permanent loan product that will allow developers to acquire and hold the properties for a 10-year term. The acquisitions will involve several capital sources that will be layered to achieve MTC's requirement of a 5 to 1 leverage ratio. The Preservation Finance Tool includes senior capital from community development finance institutions (CDFIs) and subordinate debt from MTC's investment, plus developer equity and, in some cases, soft debt from public sector sources.

The mini-permanent /10-year product will allow sufficient time for developers to stabilize the properties post acquisition. It will finance not only acquisition costs but also carrying costs such as life and safety repairs and reserves, providing for sufficient time to develop a long-term financing plan for the property and repayment of the early stage acquisition and related costs. Exit strategies for larger multi-family housing projects supported by the tool may include Low-Income Housing Tax Credits (LIHTC) or other existing typical sources of affordable housing financing at the local, state, and federal level (i.e. Federal Home Administration product 221, 501c3 multi-family bond, etc.). Exit strategies for small sites may rely on committed public or private funding sources specifically targeted to small sites.

The overarching goal of the proposed strategy is to create opportunities to convert unrestricted housing units currently affordable to low-income households to long-term affordable units. While affordable housing developers will strive to secure long term capital sources, including subsidies, there may be instances where the developers may have to either increase the rents to market levels in order to support a refinance scenario or move to a sale of the property. In those instances, the property will only remain affordable for the 10-year term. While this outcome is not preferred, the ability to purchase and create affordability even for a 10-year period is impactful given the current market conditions and the acute displacement pressures that exist in the region.

It is important to note tradeoffs and challenges that may emerge in this preservation pilot:

- ***Level of subsidy, geography and number of unit preserved***—The level of subsidy needed for a project depends on the size and condition of a building and on the local market. For some larger buildings (more than 40 units) located in less expensive markets, the level of public subsidy needed may be lower, particularly if conventional equity is available to the project. However, for smaller buildings (less than 20 units) located in more expensive markets, there is a significant need for public subsidy given the higher acquisition costs. The Preservation Pilot is flexible in terms of subsidy size to adjust to high-cost markets with acute displacement pressure as well as more affordable markets that may experience future displacement pressure.
- ***Affordability***—Existing tenants at the time of acquisition are likely to have a range of incomes, with some very low-income tenants as well as tenants close to moderate-income. One of the biggest challenges is determining the income of tenants at the time of acquisition and if their rents can financially support the operations of the property (income certification is only possible after acquisition). The preservation finance tool allows developers to grandfather existing tenants in to avoid displacement, but to potentially adjust the rents of those that are over income as appropriate to support the operations of the property. Restrictions put on title from the preservation finance tool may require developers to adjust down the rents of tenants to the appropriate affordability level so that households will pay no more than 30% of their income in housing costs. Overcrowded units will likely present additional affordability challenges.
- ***Leverage requirement***—The 5:1 leverage requirement may prove challenging on a project-by-project basis, especially for projects with fewer units, particularly those targeted through the land trust model. This is a byproduct of the fact that these types of properties require a higher amount of subsidy per unit which is often unavailable. Therefore, the Preservation Pilot has been designed with flexibility in order to consider some projects that have less than a 5:1 leverage ratio while ensuring that the leverage requirement is met across the program.

Product Description

The specific goals of the Preservation Pilot include: 1) to allow affordable housing developers to purchase and hold multifamily properties, 2) to allow the existing tenants to maintain tenancy to avoid displacement, and 3) to allow developers to secure long-term development plans that will maintain the long-term affordability of the units through income and rent restrictions. Given these goals, the loans will provide patient funding for affordable housing developers to purchase qualified multifamily properties and hold them for up to 10 years with affordability restrictions while community and site-specific plans are completed to ensure long-term affordability.

Loan Product	Mini-permanent product originated by the Originating CDFI, which will consist of one loan that blends Originating CDFI and MTC funds as follows: a senior Note A from the Originating CDFI (with CDFI capital) and subordinate Note B from the Originating CDFI (MTC funds only)
Lender	Originating CDFI for both Notes A and Notes B
Eligible Borrowers	Non-profit developers, including Community Development Corporations (CDC) that either develop affordable housing or provide property management or resident services: • acting solely or in joint-venture with for-profit developers, with a minimum of 5 years of experience in affordable housing development, a successful track record of obtaining public and private financing, completing and operating at least 4 affordable housing projects similar or larger in scope, size and budget; • in joint ventures, at least one of the team members must satisfy the experience threshold on its own. The program will encourage strong joint venture partnerships with neighborhood-based CDCs and non-profit developers as a strategy to optimize developers' different strengths and expertise and to use the CDCs' familiarity with communities, particularly in addressing displacement issues. A joint venture agreement should specify an active role for the non-profit or CDC partner in regard to the following activities: development and design of the project for the population served, property management or resident services. If the Borrower is a Single Purpose Entity (SPE), the requirements above will apply to the Guarantor, as deemed acceptable to the Originating CDFI.
Eligible Projects	Occupied properties (100% housing, at least 80% occupied at the time of acquisition; and potentially mixed-use properties) that are deemed "affordable" to low income households – i.e., with rents affordable to households at 80% Area Median Income (AMI) (see "Short Term Restrictions" below for overall profile). Borrower must demonstrate

	its intent and its plan to maintain the affordability of the property through long term affordability restrictions. The plan for long term financing as to be reasonable, as approved by the Originating CDFI. Properties must contain a minimum of 4 units and be located in Transit Priority Areas (TPAs) and Priority Development Areas (PDAs). Eligible properties must satisfy minimum standards for safe, decent, and sanitary housing and might require some level of repair and rehabilitation as part of acquisition, at a minimum addressing health and safety concerns raised in Property Condition Report (see requirements).
Note A - Maximum CDFI Funds (Senior Position)	The CDFI-funded financing will be limited to 85% Loan to Value (LTV), based on the lesser of the purchase price or the as is market value determined in accordance with a Lender-commissioned appraisal
Note B - Maximum MTC Funds (Subordinate Position)	An amount satisfying a minimum 5:1 leverage ratio on the MTC investment. For projects with less than 10 units, minimum 4:1 leverage ratio if overall program performance at the time exceeds 5:1 and does not drop below 5:1 (based on all Project Loans closed to date, outstanding or repaid). The leverage calculations include the CDFI funds, developer equity and, or subordinate local government soft debt or equity/grants.
Eligible Costs	Acquisition Costs: including purchase price, closing costs, financing fees, immediate repairs required by the Originating CDFI, real estate tax reserves for year one (Property Tax Exemption Reserve, as may be required by Originating CDFI), capitalized operating, replacement, interest (Project Loan A, year 1) and debt service reserves required by the Originating CDFI (minimum reserve requirements TBD), Capitalized Developer Fee.
Concentration:	The maximum exposure from the Program to a specific Borrower (or Guarantor if Borrower is a SPE) is $2,000,000 outstanding at any given time for Project Loan B (potentially through several loans), that could be raised to $4,000,000 subject to Originating CDFI approval based on overall program deployment and financial strength of the transaction's Borrower (or Guarantor, if Borrower is SPE) and leverage two years after the fund is launched.
Program Facility Term	Thirteen (13) year term with a three (3) year origination period.
Project Loan Term	Maximum 10-year term. Principal is due at the earliest of: a) date of maturity or b) takeout through sale or refinancing. No prepayment penalty.
Repayment Terms – Note A	Interest only, in year 1. For the balance of the term: Maximum 30-year amortization, as approved by Originating CDFI
Repayment Terms - Note B	Interest only, soft residual receipt

Project Loans Origination Fee	The greater of $30,000 or 1% on the total of both Project Loans (A and B), to be paid to the Originating CDFI
CDFI interest rate (Note A)	At the Originating CDFI's discretion. Rate reset at the end of year 5.
MTC funds interest rate (Note B)	0% (but will pass on the Servicing Fees to Project Loan Borrower)
Servicing Fee	A servicing fee will be applied to Note B, as part of the rate stack
Collateral for Project Loans	First Deed of Trust against the property for Project Loan
Recourse	Fully recourse to the Project Loan Borrower, assuming it is a Single Purpose Entity (SPE). If the Borrower is a not-for-profit organization, recourse will be limited in a fashion similar to limited guarantee requirements described below
Repayment Guarantee	If Project Loans Borrower is an SPE, Originating CDFI will require a partial repayment guaranty in an amount equal to the amount of the Project Loan principal that is in excess of 55% LTV (as applicable to Note A) and a full guarantee on principal in respect of Note B, as well as interest and fees accruing and incurred on both Notes A and B for each Project Loan. During the term of the Project Loan from the Guarantor. Guarantee from principals will be required for for-profit guarantors
Developer Equity Required	Minimum of 5% of Acquisition Costs defined as "Eligible Costs" under the program. Soft debt from a public entity, subordinate to the Project Loans, can be substituted for Developer Equity.
Debt Service Coverage Ratio (DSCR)	Property operations must support a minimum DSCR of 1.15:1.0 on Note A and 1.05:1.0 on the aggregate (Notes A and B). DSCR shall be calculated after funding of any required ongoing operating and replacement reserves.
Cash Flow Distribution	After payment of the interest on Note B (including any accrued interest from Servicing fees), residual receipts shall go to debt service on the subordinate public soft debt, if relevant, then to Borrower.
Affordability Restrictions During Term of Project Loans (Originating CDFI Restrictions)	Project Loans will include a deed restriction for the term of the Project Loan, recorded by the Project Loan Borrowers (at the direction of the Originating CDFI), providing for a minimum of 75% of the units to be restricted to tenants earning no more than 80% Area Median Income on a going-forward basis (described in more detail below) at rents that do not exceed those prescribed by applicable laws and regulations. Those restrictions will be short term (up to 2 years, renewable) per the conditions listed under "Long Term restrictions". Tenants in place at acquisition are not required to meet the income restrictions; however, once a unit is vacant, Borrower is required to place new tenants that meet the income eligibility restrictions. Project Loans will be underwritten based on restricted rents for the units to be

	restricted; for other units, underwritten rents will have to be acceptable to Originating CDFI. Prior to acquisition, Borrower will be required to submit an occupancy and management plan that demonstrates how it intends to meet the income and rent restrictions and include a preliminary profile of the property's current rents and renters' incomes. Within 3 months of closing, Borrower should submit an updated occupancy and management plan, reflecting the actual current rents and renters' incomes, demonstrating how they meet the minimum restrictions, including any rent adjustment necessary to make the units affordable to the existing tenants, as required by laws and regulations. If needed, any required relocation will be conducted in accordance with applicable laws and regulations. The relocation consultant selected by Borrower should be acceptable to Originating CDFI. During the term of the Project Loan, at least 3 months prior to relocation requirements being triggered, Borrower will be required to submit to Originating CDFI a relocation plan and budget that satisfy any applicable laws and regulations. Monitoring: Borrower will be required to submit an annual self-certification of compliance with restriction requirements
Property (welfare) tax exemption (Public Agency Restrictions)	If Borrower's cash flow projections for a specific property assume a welfare tax exemption, Borrower will be required to: - Demonstrate prior to closing how Borrower intends for the property to qualify for the exemption through a detailed plan acceptable to Originating CDFI; in particular Borrower will need to demonstrate its plans to secure an enforceable and verifiable agreement with a public agency, a recorded deed restriction, or other legal document that restricts the project's usage and that provides that the units designated for use by lower income households are continuously available to or occupied by lower income households at rents that do not exceed those prescribed by applicable laws and regulations. This might include demonstrating local government support to record deed restrictions on title through a regulatory agreement. All restrictions should be short term (up to 2 years and renewable); exceptions to the term of the restrictions will be considered by Originating CDFI on a deal by deal basis, at its discretion, with the understanding that restrictions that would survive the term of the Project Loan will need to be reflected in the appraised value. - Secure the exemption within 12 months of Project Loan closing

	If projects can demonstrate sufficient cash flow to service the debt without securing a welfare exemption, the requirement above mentioned may be waived. Borrowers are advised to discuss carefully with local jurisdictions the utilization of appropriate funding as subordinate financing to support the recording of restrictions on title. If Borrower and local government intend to utilize any federal sources such as HOME Investment Partnerships Program (HOME), Community Development Block Grant (CDBG), Neighborhood Stabilization Program (NSP), during the term of the Project Loan, Borrower must include an assessment of relocation requirements arising from use of federal sources.
Exit Fee Test:	Should Borrower pursue an alternative development plan or disposition that is deemed by the Originating CDFI as non-compliant with the Facility's stated goals and affordability requirements, the Originating CDFI will recoup from Borrower an "exit fee" equal to the difference between the Project Loan's stated interest rate and such rate increased by 400 bps, retroactive to the commencement of the term of the Project Loans. The exit fee will be waived if Borrower can evidence that it made a good faith effort throughout the term of the Project Loans to pursue a compliant use.
Project Milestones	All Project Loans to include conditions and milestones to be met by specific dates, as deemed appropriate by Originating CDFI; those conditions and milestones might include, but not be limited to: • Architectural work and filing plans with the appropriate municipal building department; • Filing entitlement requests and environmental remediation plans; and • Applying for loans and grants, tax credits, equity, and other items required to bring the housing project to a construction loan closing.
Good Faith Deposit	To be provided to the Originating CDFI by applicant, if required, prior to any third party reports being ordered. Third party reports may include appraisal, Phase I environmental assessment, property condition report, plan and cost review for proposed scope of work to be done during the term of the Project Loan. The required third-party reports will be determined by the Originating CDFI based upon the scope of the project. Amount of the deposit will be at the discretion of the Originating CDFI.
Future Development Plans	Project description, development budget (including construction and permanent phases), proforma projections of income and expenses, demonstrating the project can service the debt and pay off the Project Loans within the term must be reviewed and evaluated by the Originating CDFI.
Evidence of Permissible Zoning	Evidence that the redevelopment of the property, as proposed, is permissible under applicable zoning ordinances or regulations;

(for redevelopment)	alternatively, a statement of the proposed action required to make the proposed redevelopment of the property permissible and the basis for the belief that the proposed action will be completed successfully.
Financial Reporting	**Nonprofit Borrowers:** must provide audited financial statements for three full years, and year-to-date and operating statements for the current year, as well as a Real Estate Owned Schedule. **For-profit Borrowers:** must provide current accountant-reviewed or compiled financial statements for three full reporting years, certified financial statements for three full reporting years for principals, and year-to-date and operating statements, as well as a Real Estate Owned Schedule. **Applicable to All Borrowers:** Updated financial statements to be provided at least annually for Borrowers, parent organizations, and/or Principals. More frequent reporting may be required at the Originating CDFI's discretion. All Borrowers and guarantors shall be required to provide details regarding any unsecured debt and contingent liabilities, as requested by the Originating CDFI.
Other Reporting	• Borrower shall submit executed commitments, letters of intent and/or other documentation evidencing project financing source upon receipt: • Borrower shall submit semi-annual project reports detailing the project's development status, including the status of primary sources of Project Loan repayment and anticipated date of the Project Loan repayment.
Financial Capacity	Borrower /Guarantor-entity, or the appropriate entity as determined by the Originating CDFI, must have a stable financial history and strong financial position, as demonstrated by meeting at least two of the following three key financial ratios: o cash and cash equivalents to current liabilities equal to at least 0.4: 1.; o positive cash flow from operations, on average for the past three years; and o total debt to net assets (equity) no greater than 3.5:1. Originating CDFI will adjust for the impact of public soft debt (residual receipt debt, including accrued interest) in the calculation of the ratios In addition, Borrower/Guarantor shall certify: o no negative financial history (bankruptcy, etc.); and o no failure to perform under loans, investor agreements or regulatory agreements.

Property Condition Report:	Borrower shall provide a current Property Condition Report acceptable to Originating CDFI (or Originating CDFI will order one at the Borrower's expense), covering a period equal to the term of the Project Loans. Originating CDFI's willingness to make the Project Loan will be conditioned upon agreement to address life and safety issues, if any, within a timeframe approved by Originating CDFI. Report fees are the responsibility of the Borrower regardless of whether the Project Loans close
Seismic Requirements	The following types of properties are ineligible for Project Loans except on an exception basis: o Unreinforced masonry buildings o Buildings constructed on a slope in excess of 30 degrees o Buildings with un-reinforced tuck-under parking built prior to 1980. o Projects located in Alquist Priolo Zones The following types of properties require Probable Maximum Loss (PML) studies prepared by an engineer qualified to perform geological assessments, engaged by Borrower, meeting the Originating CDFI requirements. The studies must show a probable maximum loss that does not exceed 20%, using a 10%/50 year exceedance probability. (1) Seismic zones 3 and 4 o Reinforced masonry buildings and pre-cast concrete or tilt-up buildings constructed prior to 1994 o Reinforced concrete frame or reinforced concrete shear wall buildings constructed prior to 1976 o Wood frame buildings on unbraced cripple walls o Wood frame buildings without anchorage to foundation o Any building with a soft story at the first level above grade (2) Seismic zone 4 only o Buildings on sites with significant liquefaction potential o Buildings with tuck-under parking constructed prior to 1988 Originating CDFI will consider exceptions to all categories above when, prior to closing, Borrower can provide an engineering plan and demonstrate sufficient funding to perform the scope of work recommended by the plan to either a) bring a PML below 20% b) for buildings with 5 or fewer units, conform to the local jurisdiction's seismic retrofit requirements, if such requirements are deemed acceptable to Originating CDFI, at Originating CDFI's sole discretion (in such cases the PML study requirement may be waived). The Borrower will be required to complete the scope of work within 6 months of closing.

Appraisal	Originating CDFI will order a new "as-is" market value appraisal of the Property at the Borrower's expense. The Appraisal will reflect actual conditions and any current zoning, deed, usage and operating restrictions. Originating CDFI may accept an appraisal prepared by an appraiser engaged by another financial services organization if Originating CDFI determines that the appraisal conforms to its requirements, is less than six months old and meets FIRREA standards. Appraisal fees are the responsibility of the Borrower/Guarantor regardless of whether the Project Loans close.
Environmental Requirements	If a current (within 6 months) Phase I Environmental Site Assessment of the Property is not available, Originating CDFI will order a new one. If the report is more than six months old Originating CDFI may require an update. The assessment shall be conducted by a qualified environmental firm and prepared in accordance within industry standards using the most recent ASTM Standard Practice E1527, "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process". A Phase II Environmental Site Assessment will be required if the Phase I recommends obtaining a Phase II. Phase I Environmental Site Assessment and Phase II, if necessary, acceptable to Originating CDFI. As with all third-party reports, the Borrower shall be responsible for the expense, regardless of whether the Project Loans close.
Insurance Requirements	Liability, property and hazard insurance required from an insurance company with an acceptable rating (minimum AM Best A VI)

Program Structure
The Preservation Pilot will have a management and governance structure that reflects the learnings from other successful CDFI-managed funds and programs. The goal is to create a structure that allows for an efficient and timely capital deployment so that developers can respond quickly to market opportunities while delivering financing products that are best suited to address the financing gaps that exist in the market.

<u>MTC Grant</u>
MTC will allocate the $10 million loan, to LIIF and Enterprise Community Loan Fund, Inc. ("ECLF") on a 50%-50% basis, structured as grant to ECLF and a grant to LIIF. The MTC Grants will be structured on a loan-by-loan basis, not on a pooled basis and will be fully disbursed to each CDFI upon execution of the funding agreement.

Programmatic goals and compliance requirements will be adhered to by each CDFI (without a requirement to set up a separate account). MTC will execute a funding agreement with each CDFI that will outline the programmatic and compliance requirements of the capital including:

- Income target
- Leverage requirement
- # of units to be financed
- Underwriting standards
- Reporting requirements

The funding agreements with each CDFI will have a specific term for meeting the programmatic and compliance goals. During the Origination Period, any capital used to provide subordinate Project Loans that is repaid by Borrowers may be revolved and be used to originate new subordinate Project Loans.

Capital Structure

The two CDFIs will in turn use the MTC Investment to deliver

> A Project Loan from the originating CDFI consisting of a Senior Note A and Subordinate Note B to the project borrowers

The senior Note A will be capitalized by the CDFI's revolving loan fund capital. The subordinate Note B will be capitalized by the MTC Investment and will be structured in a first loss position. In the case of an actual capital loss on a subject project, there will be no recourse to the CDFIs, with the understanding that the two CDFIs will use acceptable industry standards within the parameters of both the Product Description outlined above and underwriting standards that will be prepared collaboratively between the two CDFIs for review and approval by MTC (to be included in the funding agreement) to evaluate, structure, underwrite and close the Project Loan (i.e., including the Senior Note A and Subordinate Note B).

In the absence of acceptable transactions, there will be no obligation for the CDFIs to make Project Loans.

At the conclusion of the Program, the available MTC Investment (undisbursed or from Project Loans repaid) will be distributed in the following order: make each CDFI whole on all of its Project Loans overall (within the maximum amount of its own funding agreement), then returned to MTC net of any realized subordinate Project Loan losses.

Program Management

Each CDFI will fund the Project Loans that it originates with the capital structure described above. It will underwrite, service and manage Project Loan repayments for the Project Loans it originates, including the subordinate B Notes capitalized through the MTC Investment. This streamlined process is designed to support developers in their ability to be timely in their responsiveness to acquisition opportunities.

The CDFIs will be responsible for maintaining the pipeline of future transactions, tracking funds availability, and portfolio reporting, with reports furnished to MTC on a quarterly basis. In lieu of an Administrative Agent for the program, the two CDFIs will coordinate the reporting to MTC such that MTC will receive one cumulative report versus two separate reports.

Project Loan Approval Process

The approval process for Project Loans is intended to ease the administrative burden on MTC and to support a quick turnaround to allow developers to compete with the market. Project Loan requests will be evaluated on a rolling basis.

Each CDFI will be given delegated authority to approve Project Loan requests using the underwriting standards for Project Loan product that will be included in the loan agreement. In lieu of a stand-alone loan committee, each CDFI will use its organization's existing credit approval processes in order to evaluate a Project Loan request. The originating CDFI will certify compliance with the underwriting guidelines and, for MTC's informational purposes, furnish a copy of the credit approval memo to MTC within three business days of closing.

Upfront Costs

The CDFIs are actively seeking operating support to the CDFIs for the upfront work performed in developing and structuring the fund, including internal staff costs and external legal fees (to be funded at the closing of the program).

Ongoing Costs

Project Loan origination fees will be consistent with fees on similar funds such as TOAH or Golden State Acquisition Fund so that each CDFI can sustain the lending operations related to the initiative. Similarly, the senior Project Loan will be priced at the CDFI's typical interest rates. While the MTC will not charge an interest rate on its financing, the CDFIs will apply a servicing and management fee to subordinate Note B funded by the MTC Investment (in an amount to be determined once the structure is finalized) in order to ensure that the CDFI is able to cover the additional costs related to underwriting and closing the Project Loan while also ensuring that the Project Loan is provided to developers at the lowest feasible price.

CDFI Capacity

Enterprise Community Partners (ECP): Enterprise Community Partners, Inc. has more than two decades of experience in providing capital needed to create and preserve approximately 100,000 affordable homes across the nation. ECP's affiliate, the Enterprise Community Loan Fund, has invested more than $1.3 billion to support affordable homes for low-income households, as well as facilities that support education opportunities, access health care, and small business growth. The Loan Fund also leverages financial, technical and policy resources from across all of Enterprise Community Partners, Inc.'s leading entities, providing specialized expertise and financing structures to support borrowers' community development goals.

Low Income Investment Fund (LIIF): Since its inception over 25 years ago, LIIF has provided over $1.9 billion of financing and technical assistance to community organizations, leveraging an additional $9 billion of capital and providing 1.8 million low income people with stable housing, quality child care, high performing schools, and vital community services. LIIF's lending experience in the affordable housing sector includes financing for pre-development, acquisition and construction of affordable housing serving low and extremely low families, mixed income housing, supportive housing, transitional housing, and senior housing.