



Arcata Economic Development Corporation

Loan Proposal Memorandum

Date: May 9, 2024

Loan Officer: K. Sterling

BORROWER(S):

BORROWER: Life Plan Humboldt
BUSINESS NAME: Life Plan Humboldt
BORROWER TYPE: Non-Profit 501(c)(3) Corporation
BUSINESS ADDRESS: North Bank Road, McKinleyville, CA
MAILING ADDRESS: Same
TAX ID NUMBER: Redacted
CONTACT INFORMATION: Dr. Ann Lindsay – ann@lifeplanhumboldt.org

LOAN REQUEST:

<i>Project Amount:</i>	<i>Loan Amount:</i>	<i>Term:</i>	<i>Rate:</i>	<i>Pymt Amt:</i>	<i>Pymt Start Date:</i>	<i>Maturity Date:</i>
\$9,300,000	\$6,700,000	7 years – Interest only	7.50%	Interest Only	TBD	5 Years
LOAN PURPOSE:	Purchase land and predevelopment costs					
LOAN FUND:	Various – See Sources and Uses of Funds					
LOAN GRADE:	20 – Watch (rated for risk – mitigated by IBank Guarantee)					
NAICS CODE:	623311 – Continuing Care Retirement Communities 623312 – Retirement Homes & Assisted Living Without Nursing Care 624120 – Senior Community and Activity Center					
EXCEPTIONS TO POLICY	Total loan amount exceeds AEDC loan policy limit of 8% of total combined loan portfolio					
EXISTING DEBT TO AEDC:	None					

NATURE OF BUSINESS:

Senior Living Community

PRINCIPAL(S):

Dr. Ann Lindsay, President
 George Williamson, Secretary
 Pat Girczyc, Vice President
 Marc Chaton, Treasurer

GUARANTORS:

None

*Amount: \$0.00***LOAN ORIGATION FEES:**

\$125,000.00

\$67,000.00

n/a

*Other – Guarantee Fee @
2.50% of Guaranteed Portion**Loan Origination Fee @
1.00%**SBA 504: 1.50% of loan
amount***CREDIT ELSEWHERE:***Brief description of why applicant is unable to obtain
conventional financing.*

The subject loan is not fully collateralized and is for pre-development costs for a startup operation. Therefore, the borrower has been unable to obtain conventional commercial financing.

EMPLOYMENT:*Current FTE Employees**New Jobs Created/Retained**Over What Period*

0

~40 Jobs Created

After completion of construction ~ 3 yrs.

PRIMARY SOURCE OF REPAYMENT:

Business Cash Flow

SECONDARY SOURCE OF REPAYMENT:

Liquidation of collateral/Collection from borrower

COLLATERAL SUMMARY:*Give details in collateral section*1st Deed of Trust on real property; 80% IBank Guarantee (up to \$5 million maximum)

STRENGTHS:

- Project will create ~ 40 to 60 jobs in administration, wellness, memory support, dining services, maintenance, housekeeping, marketing and transportation.
- Increase county housing availability for working families as LPH opens up the senior living community to the aging population of Humboldt.
- Project is contracted with two companies that are extremely experienced in developing and operating senior living communities.
- The project will open up the ability for Rural Community Housing Development Corporation to create affordable housing – up to 60 senior housing units.

WEAKNESSES:

- The project may encounter several risks during the pre-development phase, including, but not limited to: a) development site risks (zoning & entitlement processes), b) market risk (capacity to achieve pre-sales requirements and ultimately fill stabilized occupancy in a timely basis), c) project budget and construction risk (Greenbrier will monitor construction cost environment and obtain construction pricing throughout the various stages of design).
- Permanent financing risk – according to Greenbrier the markets have been volatile in the last several years. To mitigate this risk, they will work closely with their seasoned investment banker to incorporate an efficient capital structure aimed to reduce overall project budget and long-term debt service.

HISTORY OF BORROWER:

History / Changes in business Structure / Affiliates / Management

Life Plan Humboldt (LPH) is a California 501(c)(3) non-profit public benefit corporation that is developing a new, lifestyle-driven community for people 60 and older to serve the Humboldt County area. It will be a life plan community offering all levels of living, along with access to a wide range of amenities and services all on one campus. The primary idea of the community is to allow the residents to “age in place” safely, with partners, friends and familiar surroundings along with way. If, during any time while living at the community, a resident’s partner needs a higher level of care as they age, then they have access to both assisted living care and memory care. Additionally, the units that provide the higher level of care are close by providing a sense of familiarity and continued access to loved ones. It will be LPH’s goal to provide access to primary health and care coordination for specialty care, both in Humboldt County and out of the area, so that health care is timely, the communication is smooth, and the travel & accommodations are as comfortable as possible for the residents.

The benefits that a life plan community will offer is widespread, but ultimately it will provide the prevention of the following risks older adults often face, which include:

- Social isolation that may increase the risk for dementia and depression
- Possible nutrition decline, which may suffer due to the inability of seniors having the ability to shop and/or prepare food
- Possible serious injury increases exponentially from falls because seniors are in homes that are not designed for frailty as they age (stairs, etc.)
- Inadequate medical care, including preventative care, because access is difficult due to lack of transportation
- Assisted living care is difficult to find, administer and can be costly – oftentimes up to \$30K per year. This results in family caregivers leaving the work force to care for their family members and possibly compromising their own future financial security.

The LPH project will also have a positive impact on overall housing in Humboldt County. The State of California’s first Master Plan for Aging prepared in 2021 identified housing for all ages and stages as the number one goal to focus on. And, the Humboldt County’s Housing Plan has also identified housing for the elder population as the number one challenge for the county in the coming years. Nearly 24% of the Humboldt County population is aged 60 years or older. LPH will address this challenge by opening up housing for working families as LPH residents downsize from their single family homes and move into the LPH community. Additionally, the LPH project will simultaneously create up to 60 affordable senior housing units on the same campus. A section of the subject property will be split and sold to Rural Community Housing Development Corporation, which is an organization that is skilled at accessing State and Federal affordable housing funding and will be able to obtain the funding to build those units, whose residents will have access to the same amenities as LPH community residents, including the activity center, educational and cultural offerings and outdoor spaces.

The development plan of the campus includes independent living units, assisted living units, and memory support units. The breakdown of the units that will be available to residents is shown below along with a “sample” image of cottages and sample floor plan.

Independent Living

Unit Type	Number of Units	Square Footage
One Bedroom 1 Bath Apt	30	700
Two Bedroom 2 Bath Apt	74	950
Two Bedroom 2 Bath Cottage	40	1,100
Total/Avg	144	940
Second Person Fee		
Assisted Living		
	Number of Units	Square Footage
Suite	12	450
Memory Support		
	Number of Units	Square Footage
Studio	12	325

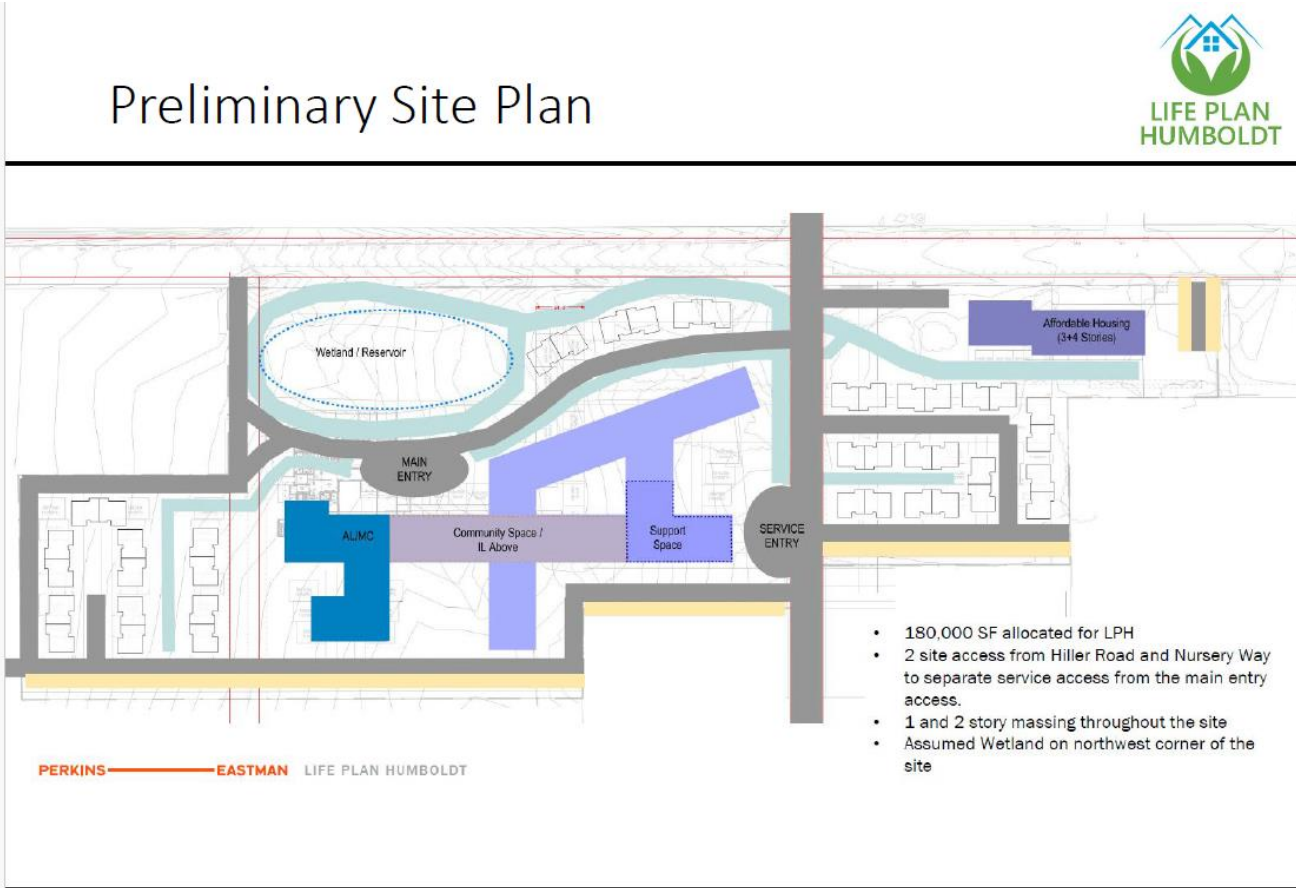


LPH residents will pay an upfront, one-time entrance fee to secure an independent living unit depending upon their preference of unit (1 bedroom, 2 bedrooms, or cottage) as well as whether or not they would like to secure a portion of their entrance fee as repayable. A monthly service fee will be charged that will cover a wide array of services including utilities (electric/water/sewer), cable, internet service, home maintenance (appliances, plumbing, lighting), a flexible dining plan, housekeeping, transportation, a full calendar of cultural, education, social, wellness events, security, assistance with healthcare coordination, and access to community amenities. Should residents need a higher level of care such as assisted living or memory care they will receive a discounted rate on those services. Residents will have the lifetime right to live in the community, regardless of changes in their financial circumstances.

The subject project will be located in McKinleyville, CA on 14.55 acres at Hiller Road, which is near McKinleyville Town Center and close to shopping, restaurants, and other local organizations that will benefit from the senior residential community – see map below:



A preliminary site plan of the project is shown below, which includes the 144 independent living units, the 24 assisted living and memory care units, along with a community center that will have multiple dining venues, a fitness/wellness center, arts/crafts studio, multi-use spaces for meetings, events and other activities. The property will also include several walkways, bike trails, and outdoor areas for recreation, a picnic area and social/entertainment events.



The Board of Directors of Life Plan Humboldt is as follows:

- **Ann Lindsay, MD – President** – Dr. Ann Lindsay served as Humboldt County Public Officer from 1993 to 2011. She and her husband, Alan Glaseroff, MD, shared a family practice in Arcata for 28 years. They were recruited to Stanford University in 2011 to establish a primary care clinic for Stanford employees and dependents and their families who have multiple chronic health conditions. The clinic was able to improve care, lower costs and achieve top rankings in patient satisfaction with adoption of a new model of team care. The lure of life in Humboldt brought them back to the area in 2017. ***Why is Life Plan Humboldt Important to Ann?*** As a family practitioner in Arcata, she made many home visits to elderly patients, some living alone in their two or three bedroom home having outlived their family. She was struck by the profound social isolation the patients experienced. Previously, Ann had visited a newly built Kendal life plan community in Kennett Square, Pennsylvania and she was very impressed with its resemblance to a college campus for elders with a fun and stimulating atmosphere. The idea of a life plan community where you could “age in place” surrounded by friends, activities and supportive services was very appealing. Therefore, she got busy with Life Plan Humboldt so that she can stay in Humboldt for the rest of her life and thrive.
- **Pat Girczyc, FNP – Vice President** – Pat is originally from Chicago where she worked as a nurse, educator and public health professional. She moved to the Humboldt County area where she worked as nursing faculty at Humboldt State University (HSU) while earning her family nurse practitioner license. She spent five years as a family nurse practitioner and then held the position of Director of Community Health and Wellness for United Indian Health Services. She spent the majority of the rest of her career as an educator for nursing students at College of the Redwoods, HSU, Sonoma State University; and then as an administrator facilitating both health career advancement and innovations in teaching. ***Why is Life Plan Humboldt Important to Pat?*** As a nurse, Pat worked with the elderly in hospitals, at home, and in the community. Her content specialty as a nurse faculty was gerontology (study of the aging process) and as an elder herself now, she believes in social connection, age appropriate health care, safety and security. She believes that the model of Life Plan Humboldt will enhance and ease the experience of aging by providing private living space, support for daily activities and additional services to support memory care, dementia and physical care needs – all of which are important to Pat.
- **George Williamson – Secretary** – George is the Principal and majority owner of Planwest Partners Inc., which is an Arcata based consulting business that he started in 1997. He is a land-use and community planner and provides contract community planning and environmental services to municipalities, special districts, non-profit organizations and private sector clients. ***Why is Life Plan Humboldt Important to George?*** George and his wife have always valued independent living and community connections. They have no children and no family in the area, so they have found that they must plan specifically for their own changing and eventual care needs. As a career land use & community planner, he understands the importance of “community” in a physical and social context. He supports Life Plan Humboldt’s vision in providing multiple care opportunities in a senior living environment, with the ability to live independently for as long as possible.
- **Marc Chaton – Treasurer** – Marc is from Southern California and moved to the Humboldt County area over 40 years ago. He has been involved in operating several businesses including photography, a coffeehouse, a Mexican restaurant, and a computer store. For the last 20+years he has worked the IT Management area and recently retired as the Network Administrator at Redwood Capital Bank. ***Why is Life Plan Humboldt Important to Marc?*** Both Marc and his wife, Beth, are retired and spend their time traveling and working on projects in their Humboldt County home. However, it is important to both of them to be able to retire and live out the rest of their lives in the area. They do not have any children or family to spend their senior years with, so the idea of creating an intentional community with a chosen

family of friends where there are support, activities and services available to seniors as they age is extremely appealing to Marc and Beth.

- **JoAnn Schuch** – JoAnn has been a resident of Humboldt County for over 30 years working as a custom furniture and cabinet maker and designer. She has been active in organizations like the Humboldt Woodworkers Guild and Redwood Coast Village. ***Why is Life Plan Humboldt Important to JoAnn?*** JoAnn became the primary caregiver for three adults in her family – her mother, father and aunt – up to the point of their passing. Unfortunately, it became a crash course in basic nursing and in negotiating the complex world of elder care, especially when it came to memory loss and dementia. Although the Humboldt County area offered some options, it did not have the Life Plan community model that encourages residents to have an active, independent lifestyle while being able to access the support they need when it came to assisted living, memory/dementia care, or advanced nursing. This is an important aspect for JoAnn, so she became involved with Life Plan Humboldt.
- **Greg Orsini** – Greg has lived in the Humboldt County area for over 30 years and currently resides in McKinleyville. He is the McKinleyville Community Services District General Manager and holds various certifications for the operation of water and wastewater systems in California; and he has over 40 years' experience in construction, design and planning for those systems. ***Why is Life Plan Humboldt important to Greg?*** Greg believes that seniors should have more choices when it comes to maintaining their independence as they age. The intent of Life Plan Humboldt is to make sure that the senior community maintains their independence while having support for potential assisted living as well as advanced support if necessary. He fully supports the ability of a person spending the rest of their life within a community where they have access to higher levels of care as needed while also having a feeling of home and familiarity of surroundings.
- **Patty Berg** – Patty has been a resident of Humboldt County since 1974. She became the founding Executive Director of the Area 1 Agency on Aging in 1980 – an organization serving Humboldt and Del Norte Counties – where for 20 years she was responsible for overseeing a staff of 25 and operating 27 programs serving senior citizens. She was also influential in the startup of the Humboldt Senior Resource Center in 1975. Patty retired in 1999, after which she ran for the California State Assembly serving Humboldt, Del Norte, Trinity, Mendocino, Lake and Sonoma Counties. During her 6 year term, Patty became the Legislature's key thinker and advocate on aging issues. She also chaired a variety of committees and received 14 Legislator of the Year awards from various statewide organizations. ***Why is Life Plan Humboldt important to Patty?*** Patty became a widow in 1987 and would not consider living anywhere else in the world – Humboldt County is her home. However, many of her friends also live alone, in large homes with property to manage. At nearly 78, managing a large house and property requires assistance. Additionally, all activities outside the home require driving as nothing is within walking distance of her residence. She wants to live life to the fullest, surrounded by a supportive community of friends, amenities and remaining independent in a safe environment. She strongly endorses the mission, vision and core values of Life Plan Humboldt and cannot wait for it to be a reality.
- **Kirk Girard** – Kirk is the owner of TPoint Consulting, where he advises organizations on climate mitigation initiatives. Prior to owning his own consulting firm, he served a combined 20 years as County Planning Director, first in Humboldt and then in Santa Clara County, where Kirk developed expertise in grant supported affordable housing projects. He is a licensed Civil Engineer and has an Environmental Resources Engineering degree from Humboldt State University. ***Why is Life Plan Humboldt important to Kirk?*** While working as a Planning Director, Kirk was involved in many affordable and senior housing projects where he witnessed appreciation of the projects by the senior community. Oftentimes these homes were the only path to living in a safe & affordable housing unit with a sense of community for many seniors. He believes the need for housing and medical care for the

aging population is high. The idea of aging in place while in a stimulating environment all the while being surrounded by friends is what he considers to be the “Shangri-La” that the senior community in Humboldt County has been waiting for and deserves. He is proud to be a part of Life Plan Humboldt’s project team.

- **Joyce Hayes** – Joyce is the former Executive Director for the Humboldt Senior Resource Center – now retired. A Humboldt County native, Joyce left for a period of time to attend Oregon State University earning a M.S. degree in Dietetics and Nutrition and then completing a dietetic internship as a registered dietician at the University of Kansas Medical Center. She returned to the Humboldt County area in 1981 where she worked as a registered dietitian as well as the Nutrition Director at Humboldt Senior Resource Center before taking on the role of Executive Director in 2003. ***Why is Life Plan Humboldt important to Joyce?*** Throughout her 44 years of working with older adults and with programs that promote independence, health, and quality of life, Joyce feels that it is critical for all aging adults to be safe, healthy and have appropriate housing that supports the changing needs of an older adult. She has had firsthand experience of seeing older adults in the Humboldt County area leave because the quality housing choices with continuum of support services are just not available. She would like to see this change with the Life Plan Humboldt project.
- **Patrick Cleary** – Patrick is the former Executive Director of the Humboldt Area Foundation, the community foundation serving Humboldt, Del Norte and Trinity Counties in northwest California. He has also served as the President of Lost Coast Communications, Inc., a radio and online news media company servicing the north coast since 2003. Prior to moving to Humboldt County in 1997, he was a Managing Director of the Chase Manhattan Bank, and a partner in TCW Capital, a private equity firm. He is a Chartered Financial Analyst and a musician. ***Why is Life Plan Humboldt important to Patrick?*** He believes that senior housing is the most critical need in our Humboldt County area. And, when faced with a growing senior demographic, there are limited current options for the senior community. Patrick is using this opportunity to use his financing experience to help make Life Plan Humboldt a reality.

LPH has entered into a Purchase Option Agreement for the subject property at Hiller Road. The agreement was signed in 2023 and required a \$50,000 deposit and is for a term of six months with a right to extend the option for an additional 36 months. During the Option Period, LPH will be required to pay monthly payments according to the following schedule:

Months 7-12 @ \$4,000/month
Months 13-24 @ \$5,000/month
Months 25-36 @ \$6,000/month
Months 37-42 @ \$7,000/month

If LPH exercises the option to purchase, the entire \$50,000 will be applied toward the established purchase price of \$2,650,000, but they will forfeit any monthly payments made under the agreement. Therefore, LPH would like to include the purchase of the property in the predevelopment phase, which will allow them to obtain site control and begin the lot split for the affordable housing piece for Rural Community Housing Development Corporation.

A Development Consulting Services Agreement has been signed between Greenbrier Development, LLC (Greenbrier) and Life Plan Humboldt (LPH) dated January 18, 2024 where Greenbrier will assist LPH in assembling the project development team for implementation of the Development Plan for the LPH senior living community. Under the agreement, Greenbrier will work with various professionals, including legal

counsel, an architect, a general contractor and/or construction manager, various design engineers and planners, a pre-construction consultant, marketing and public relations professionals and investment bankers. Greenbrier is a professional services company that specializes in providing planning, development, marketing and strategic consulting services related to all areas critical to the senior housing services industry. The company currently has approximately 20 staff that will assist with the project and they have provided strategic consulting services to more than 100 senior living communities and providers since 2006. Overall, Greenbrier will help guide the LPH project to:

- Define and review the development plan of LPH
- Prepare detailed budgets for pre-finance activities, marketing, design and engineering, construction, site acquisition, financing and startup expenses
- Assist in the selection, coordination, and management of the development team, including professionals, contractors, legal counsel, consultants and financiers
- Negotiate service and construction agreements
- Secure local and state regulatory approvals and maintain regulator filing and disclosure requirements
- Manage the development of accounting and provide cost reporting

A current list of retirement communities that Greenbrier has recently provided development consulting services includes the following:

Greenbrier Development, LLC – Senior Living Experience		
Community	Location	Status
The Ormsby	Fort Mitchell, KY	2024 Estimated Construction Start
MoZaic Concierge Living	Stamford, CT	2024 Estimated Construction Start
Green Cay Life Plan Village	Boynton Beach, FL	2024 Estimated Construction Start
The Waterford – Phase 2	Juno Beach, FL	2023 Estimated Construction Start
The Ballantyne at Longhorn Village	Austin, TX	2023 Estimated Construction Start
Uptown Oaks at the Hallmark	Houston, TX	2023 Estimated Construction Start
Aldersly Retirement Community	San Rafael, CA	2023 Estimated Construction Start
The Waterford – Phase 1	Juno Beach, FL	Expected to Open 2024
Oak Trace - Phase 2	Downers Grove, IL	Expected to Open 2023
Enso Village	Healdsburg, CA	Expected to Open 2023
The Highview at Searstone	Cary, NC	Expected to Open 2023
Revel Creek at Heritage Community	Kalamazoo, MI	Opened 2022
Kingsboro at Lenbrook	Atlanta, GA	Opened 2021
The Vistas at Beacon Hill	Grand Rapids, MI	Opened 2021
Grand Expansion at Roland Park Place	Baltimore, MD	Opened 2021
The Fairfax at First Community Village	Columbus, OH	Opened 2021
Viamonte at Walnut Creek	Walnut Creek, CA	Opened 2020
The Forum at Rancho San Antonio	Cupertino, CA	Opened 2020
The Spires at Berry College	Rome, GA	Opened 2020
Ingleside at King Farm	Rockville, MD	Opened 2020
Ingleside at Rock Creek	Washington D.C.	Opened 2020
Seabury	Bloomfield, CT	Opened 2019
The Culpeper	Culpeper, VA	Opened 2019
Lakewood	Richmond, VA	Opened 2019
Wake Robin	Shelburne, VT	Opened 2019
Ventana by Buckner	Dallas, TX	Opened 2019

It should be noted that Enso Village listed above officially opened in November 2023 and is now a part of Kendal Corporation affiliate communities.

A Pre-Affiliation Agreement has been signed between LPH and Kendal Aging Corporation (Kendal), a 501(c)(3) non-profit public benefit corporation that leads and supports a system of affiliated organizations that serve older adults. Kendal unofficially began in the late 1960's when a committee of "Quakers" sought a better way of retirement. Based on their efforts, the first retirement community opened in 1973. The Kendal Aging Corporation officially began in 1989 and since that time they have opened or become an affiliate with a total of 11 senior living communities, which includes the new Enso Village in Healdsburg, California that opened in November 2023. Under the Pre-Affiliation Agreement, Kendal will be paid to provide, manage and arrange for services and activities necessary to develop, construct and market the LPH project. Once the project is completed, it is anticipated that LPH and Kendal will sign an Affiliation Agreement that allows LPH to operate and be governed independently, but allows LPH to access the tools and expertise of Kendal in the industry of senior living communities, which includes ongoing guidance, oversight and support of LPH. The list of responsibilities Kendal will have for the LPH project is as follows:

- Facilitate all land due diligence activities regarding the project site before purchase
- Research regulatory and licensure requirements, develop and implement a strategy for achieving compliance and gaining approvals
- Support Greenbrier in preparation of formal application documents for all state approvals
- Manage the development of concepts for review of the architectural program document
- Develop plans for staffing and management of budgets & design issues related to operations
- Draft and facilitate legal review of the Residence and Care Agreement
- Assist Greenbrier with design and construction (team selection, budgets, bidding, negotiations, etc.)
- Assist Greenbrier with finance, marketing, admissions and public relations
- Assist with pre-opening management (search for qualified candidates for Executive Director/CEO, Director of Finance, and on-site department managers)

The Kendal Corporation has developed and is affiliated with and supports the following communities that provide a variety of housing, health care, and service coordination to residents/members. Each community is an Affiliate that has an affiliation agreement with Kendal.

Kendal Affiliate Unit Configurations

Community	Headquarters Location	Independent Living	Assisted	
			Living/Memory Care	Skilled Nursing
Coniston*	Pennsylvania	18	-	-
Cartmel*	Pennsylvania	56	-	-
Barclay Friends	Pennsylvania	-	60	96
Kendal at Longwood*	Pennsylvania	250	62	53
Crosslands*	Pennsylvania	243	51	60
Kendal at Hanover	New Hampshire	250	82	-
Kendal at Home**	Ohio	N/A	N/A	N/A
Kendal at Oberlin	Ohio	223	67	12
Kendal at Ithaca	New York	236	36	48
Kendal at Lexington	Virginia	150	20	60
Kendal on Hudson	New York	222	47	26
Lathrop Communities	Massachusetts	190	-	-
Collington	Maryland	324	65	44
Admiral at the Lake	Illinois	196	56	36
Total		<u>2,358</u>	<u>546</u>	<u>435</u>

* Coniston, Cartmel, Kendal at Longwood, and Crosslands are part of Kendal-Crosslands Communities in Kennett Square, Pennsylvania.

** Kendal at Home has 356 members who live in their own homes and receive service coordination services as part of a continuing care contract. Kendal at Home is licensed to operate in Ohio, Massachusetts, and Kentucky.

Additional Note: Enso Village in Healdsburg, California, developed under an affiliation with ZISL is under construction and is expected to be open later in 2023. It will consist of 221 independent living units, 30 assisted living units and 24 memory support units.

The initial phase of the project includes the predevelopment phase, which will then be followed by the construction and implementation phase. The predevelopment phase will include the following estimated costs:

Land Purchase	\$2,600,000
Land, Entitlements, Permits and City Fees	\$ 401,000
Professional Services (architects, engineers, etc.)	\$2,374,985
Development, Admin Support (Greenbrier/Kendal)	\$ 669,800
Marketing (Greenbrier)	\$2,625,000
Miscellaneous Costs	\$ 109,215
Financing and Issuance Costs	\$ 130,000
Loan Fees and Costs	\$ 190,000
Interest Reserve (added by AEDC LC)	<u>\$ 200,000</u>
Subtotal	\$9,300,000
Less Borrower Contribution	<u>(\$2,600,000)</u>
Funding Needed for Predevelopment Costs	\$6,700,000

The AEDC loan (including all participation financing) will be paid in full upon LPH securing bond financing for the full construction project. See construction project sources and uses of funds below for details.

Preliminary project timelines that have been developed by the consultant Greenbrier is as follows:

Milestone	Completion Date	Milestone	Completion Date
Initiate Conceptual Design and Site Plan	December 2023	Complete Info Center Construction	May 2025
Finalize conceptual design and master plan	March 2024	Receive Entitlements Comfort from the County	May 2025
Complete Updated Development Plan	April 2024	Complete DD	June 2025
Secure prefinance capital (~\$6.9 million)	May 2024	Complete VE process/Final DD Estimate	July 2025
Engage full project team	May 2024	Set Resident Pricing	July 2025
Architect		Close Priority Program	July 2025
Interior Designer		Begin Conversions to Pre-Sales (10% deposits)	August 2025
Civil Engineer		Initiate Construction Documents ("CD")	August 2025
Preconstruction Consultant		Receive Full Entitlements from County	January 2026
Initiate Schematic Design ("SD")	May 2024	Complete CD	February 2026
Initiate Marketing Set-Up Activities	May 2024	Initiate Financing Activities	February 2026
Recruit and hire staff		Assemble Team	
Information Center Design and Improvements		Feasibility Study	
RFP/engage Ad Agency		Bond Documentation	
Finalize Marketing Plan		Initiate Bid for GMP Construction Contract	March 2026
Begin drafting DSS Application	May 2024	Achieve Pre-Sales Requirement (70%+)	May 2026
Submit DSS Application	June 2024	Mail POS	May 2026
DSS Deems Application Complete	July 2024	Obtain Final GMP Price	May 2026
Launch Priority Program (\$1,000 deposits)	August 2024	Close Financing/Purchase Land	July 2026
Complete SD and Compile Materials for County App.	October 2024	Begin Construction	July 2026
Complete VE process/Final SD Estimate	January 2025	Initial Occupancy	January 2028
Initiate Design Development ("DD")	February 2025	Achieve Stabilized Occupancy - ALMC	July 2029
Receive Permit to Accept Deposits from DSS	May 2025	Achieve Stabilized Occupancy - IL	July 2030

The borrower, LPH, intends to seek permanent financing for the construction of the senior living community through the issuance of tax-exempt and taxable revenue bonds. LPH will work with Greenbrier to obtain the bond financing through Ziegler Bank, which is a boutique investment bank, capital markets, and proprietary investment firm. Ziegler focuses primarily on the healthcare, senior living, and education sectors, as well as general municipal structure finance. Headquartered in Chicago with regional and branch offices throughout the United States, Ziegler provides its clients with capital raising, strategic advisory services, fixed-income sales and trading & research. Greenbrier will work closely with Ziegler during the entirety of the project, including the predevelopment phase to ensure that all areas of the project continue to meet the criteria of the bond financing. According to Greenbrier, there are many checkpoints along the way where the project team assesses the financial viability of the project, including construction estimates from design documents, updating plan of assumptions, and resident pricing based on marketing/sales feedback. Both Greenbrier and Kendal continually re-run financial projections to ensure planning standards are being met and work with Ziegler Bank to ensure key financial forecast target are met, which include having over 1.30 debt coverage ratio, 30% cash to debt ratio, and 180 days cash on hand.

The sources and uses of funds for the construction project are as follows (AEDC will be repaid via bond financing):

Sources of Funds			AEDC Predevelopment Costs:	
				Estimated Allocation
Long-Term Debt - Series A		\$ 56,140,000	at 7%	
Long-Term Debt - Series B		\$ 72,400,000	at 5%	
Entrance Fees Used to Fund Working Capital		\$ 5,750,000		Entrance fees provided by presales of independent living units
Total Sources of Funds		\$ 134,290,000		
Uses of Funds				
Pre-Engagement Costs & Planning		\$ 50,000		Purchase Option deposit - subject property
Land, Entitlements, Permits and City Fees		\$ 3,438,000		Land purchase, permits, fees, etc. \$ 3,001,000
Professional Services		\$ 3,358,313		Architect, engineer, etc. \$ 2,374,985
Construction Direct:				
Construction Costs		\$ 74,255,780		Fixed provide construction estimate
Escalation Contingency at:	6.0%	\$ 4,455,347		Contingency for construction cost fluctuations for materials/labor
Owner Supplied Construction		\$ 1,265,000		Costs outside fixed construction contract (i.e. insurance, etc.)
Owner Construction Contingency	5.0%	\$ 3,935,556		Project cost increases, delays from subcontractors or weather, etc.
Construction Indirect		\$ 800,000		FF&E
Development, Admin and Reimbursables		\$ 5,878,500		Project management by Greenbrier, Kendal, etc. \$ 669,800
Greenbrier - Liquidity Support Contribution		\$ 1,000,000		Greenbrier contribution for bond financing - held by Trustee for 2 yrs
Kendal - Liquidity Support Contribution		\$ 1,000,000		Kendal contribution for bond financing - held by Trustee for 2 yrs
Marketing		\$ 3,625,000		Presales marketing efforts of independent living units \$ 2,625,000
Miscellaneous Development Costs		\$ 875,000		\$ 109,215
Interest Reserve - Predevelopment		\$ 200,000		Interest Reserve - Predevelopment \$ 200,000
Owner's Project Contingency at:	3.0%	\$ 3,091,845		Soft costs and potential cost overruns - loan fees \$ 190,000
Subtotal - Costs Before Financing		\$ 107,228,341		
Return on Pre-Finance Capital		\$ 273,010		
Funded Interest Costs (Net of Interest Earned)		\$ 9,969,710		Bonds are funded upfront
Financing and Issuance Costs		\$ 2,985,100		Costs for trustees, lawyers, etc. for issuance of bonds \$ 130,000
Debt Service Reserve Funds		\$ 8,083,839		Bonds are funded upfront
Subtotal - Financing Related		\$ 21,311,659		
Working Capital Fund		\$ 5,750,000		Entrance fees from presales of independent living units
Total Uses of Funds		\$ 134,290,000	Total Predevelopment Portion:	\$ 9,300,000

Below is a breakdown of the estimated direct construction costs as it relates to number of units and cost per square footage and cost per unit.

	# of Units	Current Square Footage	Percent of Total Project	Per Square Foot Cost Estimate	Square Feet Per Unit	Current Cost Estimate	Cost Per Unit
Commons/Clubhouse		14,950	7.62%	\$400.00		\$ 5,980,000	
Independent Living Apartments	104	115,121	58.68%	\$350.00	1,107	\$ 40,292,280	\$ 387,426
Cottages	40	44,500	22.68%	\$335.00	1,113	\$ 14,907,500	\$ 372,688
SUB TOTAL IL	144	174,571	88.99%			\$ 61,179,780	\$ 424,860
Assisted Living and Memory Support	24	21,600	11.01%	\$335.00	900	\$ 7,236,000	\$ 301,500
TOTAL CAMPUS	168	196,171	100.00%			\$ 68,415,780	\$ 407,237
		Acres		Cost/Acre			
SITWORK		15		\$400,000		\$ 5,840,000	
TOTAL PROJECT		196,171	100.00%	\$ 378.53		\$ 74,255,780	\$ 441,999

Sources and uses of funds for the pre-development phase will stem from funds from AEDC with participation agreements with RREDC, Headwaters funds, the Humboldt Area Foundation, and other foundations working with LPH, such as WDF, Smullin, etc. See below for the sources and uses estimated breakdown:

<u>Sources:</u>		<u>%</u>	<u>Uses:</u>	<u>Purchase Real Estate</u>	<u>Pre-Development</u>
AEDC	500,000.00	5.4%		-	500,000.00
RREDC	500,000.00	5.4%		-	500,000.00
Headwaters	2,000,000.00	21.5%			2,000,000.00
HAF	1,000,000.00	10.8%		-	1,000,000.00
WDF/Other Foundation	2,700,000.00	29.0%		2,500,000.00	200,000.00
Borrower	2,600,000.00	28.0%		100,000.00	2,500,000.00
Total Sources:	9,300,000.00	100.0%	Total Uses:	2,600,000.00	6,700,000.00

- Borrower Injection/Capital Contribution: The borrower has raised approximately \$2.6 million in funding for pre-development costs and will contribute their funds first, which will be verified by AEDC, prior to any loan proceeds disbursement.
- Management Succession: LPH is governed by a Board of Directors that is comprised of experienced professionals in several areas of management, including healthcare and housing. However, the primary support of management will stem from the affiliation agreement with Kendal Corporation, where LPH can turn to in the event of recruiting and replacing executive management positions and/or department management positions, should the need arise.

- Economic Conditions/Community: A feasibility study was conducted by PMD Advisor Services LLC (PMD) in May 31, 2023 that analyzed the Humboldt County market for Independent Living (entrance fee), Assisted Living, Assisted Living Memory Care, and Skilled Nursing. The study conducted testing on owner households aged 75 and older with a home value of \$426,591 and above (2026 dollars), with householders discounted by 80% assuming that potential residents would likely be owners trading the equity in their home for the entrance fee. The study also surveyed and tested a corresponding monthly fee of \$4,211 and a second person monthly fee of \$957 (2026 dollars). The key findings of the study showed that Humboldt County can support approximately 138 to 193 additional residences. The study also confirmed that the primary market area can afford a monthly fee of \$4,211 or higher for independent living units. The LPH community will have 144 independent living units, which fits within the feasibility study results. For assisted living, the study tested monthly fees starting at \$7,864 (all-inclusive) and the result showed the Humboldt County area can support an additional 106 to 132 additional assisted living bed – LPH will offer 12 units for assisted living. For memory care units, the study tested monthly fees starting at \$9,128 (all-inclusive) and found that the area will support an additional 57 to 86 assisted living memory care units. Based on the overall analysis, PMD concluded that the Humboldt County primary market area can support the development of the proposed Life Plan community.
- Site Visit: AEDC staff will perform a site visit to the subject property location prior to the closing and funding of the loan.
- How did the borrower come to AEDC?: Direct inquiry.

COLLATERAL DETAIL:

Collateral will be a 1st deed of trust on property located at Hiller Road, McKinleyville, CA – APN 508-251-060 and 510-133-013. The property is vacant land and was appraised by “Redacted” in October 2022 providing a total combined market value of \$2,650,000, which was used to establish the Lease and Purchase Option Agreement LPH entered into with the land owner. The property includes two adjoining parcels at approximately 14.55 acres in size.

<i>Collateral Analysis</i>			
<u>Collateral</u>	<u>Value</u>	<u>Liquidation %</u>	<u>Liquidated Value</u>
Commercial Real Estate	2,650,000	50%	1,325,000
Total Collateral	2,650,000		1,325,000
Total AEDC Loan	6,700,000		6,700,000
Total LTV	252.8%		505.7%

SBA 7a Community Advantage Program Eligibility or Non-Eligibility and/or IBank Guarantee:

The borrower is a non-profit entity, which does not qualify for the SBA 7a program. Additionally, the project is for a senior housing community, which also does not qualify for the SBA 7a program. According to California

Capital, our IBank lending partner, this project does qualify for an IBank Guarantee for up to \$5,000,000 or 80%, whichever is less. In this case, an 80% Guarantee on our subject loan of \$6,500,000 would amount to a \$5,000,000 maximum guarantee amount. The “at risk” amounts are as follows:

Beginning Loan Balances:			Percentage Covered by Land Value:			Est. Loan Bal After Liquidation:			Guaranteed:	At Risk:
AEDC	500,000	7.5%	\$500,000 @ 7.5%=	99,375	7.5%	AEDC	400,625	80% =	320,500	80,125
RREDC	500,000	7.5%	\$500,000 @ 7.5%=	99,375	7.5%	RREDC	400,625	80% =	320,500	80,125
Headwaters	2,000,000	29.9%	\$2,000,000 @ 29.9%=	396,175	29.9%	Headwaters	1,603,825	80% =	1,283,060	320,765
HAF	1,000,000	14.9%	\$1,000,000 @ 14.9%=	197,425	14.9%	HAF	802,575	80% =	642,060	160,515
WDF/Foundation	2,700,000	40.3%	\$2,700,000 @ 40.3%=	533,975	40.3%	WDF/Foundation	2,166,025	80% =	1,732,820	433,205
	6,700,000	100%	Land Est. Market V	1,325,000	100%	After Liquidati	5,373,675		4,298,940	1,074,735
At Risk Overall (w/o benefit of land collateral):										
AEDC @ 80% Guarantee	375,000	7.5%	\$500,000 - \$375,000 =	125,000						
RREDC @ 80% Guarantee	375,000	7.5%	\$500,000 - \$375,000 =	125,000						
Headwaters @ 80% Guarantee	1,495,000	29.9%	\$2,000,000 - \$1,495,000 =	505,000						
HAF @ 80% Guarantee	745,000	14.9%	\$1,000,000 - \$745,000 =	255,000						
WDF/Foundation @ 80% Guarant	2,015,000	40.3%	\$2,700,000 - \$2,015,000 =	685,000						
Maximum Guarantee	5,000,000			1,695,000						

BUSINESS FINANCIAL REVIEW: *Equity / Leverage / Liquidity / Activity / Profitability*

LPH is a startup entity and does not have traditional business financial statements at this point. However, a balance sheet obtained for the period ending December 31, 2023 indicates cash at \$2.4 million and the option deposit of \$50K. The borrower has already expended some of their funds by acquiring the consulting services of Greenbrier and Kendal as well as the architect, Perkins-Eastman.

CASH FLOW ANALYSIS: *Address all sources & uses of funds as fully as possible*

The primary repayment of the subject loan will be a refinance as part of the bond financing for the construction of the project, which will be facilitated by both Greenbrier and Kendal Aging Corporation. The following must be in place for the bond financing to be issued:

- Completed construction documents
- Final Guaranteed Maximum Price (“GMP”) contract for the direct construction of the project with general contractor based on completed construction documents
- Approximately 70% pre-sales of the entrance fee independent living units
- State regulatory approvals
- Building permit and other full entitlements

According to Greenbrier, they have never been involved in a project where bond financing did not materialize (they have been involved in over 100 senior living communities for project development, construction, regulatory approvals, etc.). Their job is to consistently monitor financial viability and make necessary adjustments to the business model in order for the pro-forma to meet the capital markets standards. However, in a worst case scenario, where there is no longer a market for permanent bond financing (i.e. the investor pool to buy the bonds are illiquid for some reason), the AEDC loan would most likely be part of a transaction with a for-profit developer who would buy and construct the property with conventional equity and commercial debt, using the development already completed via the predevelopment phase.

Despite our known repayment source, the summary below shows the overall project cash flow after completion of construction, along with the projected unit mix and estimated entrance fee pricing (subject to change) for the independent living units:

Independent Living					
Unit Type	Number of Units	Square Footage	Standard	80% Repayable	0% Repayable
			Monthly Fee 2027	Entrance Fee 2027	Entrance Fee 2027
One Bedroom 1 Bath Apt	30	700	\$ 3,795	\$ 465,000	\$ 325,500
Two Bedroom 2 Bath Apt	74	950	4,995	655,000	458,500
Two Bedroom 2 Bath Cottage	40	1,100	5,495	775,000	542,500
Total/Avg	144	940	\$ 4,884	\$ 648,750	\$ 454,125
Second Person Fee			\$ 795	\$0	\$0

Assisted Living			
Suite	Number of Units	Square Footage	Monthly Fee 2027
Suite	12	450	\$ 7,995

Memory Support			
Studio	Number of Units	Square Footage	Monthly Fee 2027
Studio	12	325	\$ 8,995

A snapshot of the projections for the first several years of operation for LPH is shown below, with the stabilized year occurring in 2030:

	Fill-Up			Stabilized Year	2031	2032
	5 mos	12 mos	7 mos			
Revenues	2027	2028	2029	2030		
Independent Living Monthly Fees	\$897,836	\$6,459,799	\$8,903,776	\$9,416,821	\$9,669,948	\$9,929,788
Assisted Living Monthly Fees	99,505	764,098	1,144,462	1,181,001	1,216,431	1,252,924
Memory Support Monthly Fees	110,911	851,681	1,275,643	1,316,369	1,355,860	1,396,536
Additional Revenue	22,165	161,512	226,478	238,284	244,845	251,585
Continuing Care Discount	(20,388)	(62,999)	(108,148)	(155,950)	(206,522)	(329,503)
Total Revenue	\$1,110,029	\$8,174,090	\$11,442,210	\$11,996,525	\$12,280,562	\$12,501,330
Expenses						
Administrative	(\$361,384)	(\$924,689)	(\$952,430)	(\$981,003)	(\$1,010,433)	(\$1,040,746)
Wellness and Engagement	(100,920)	(249,474)	(256,958)	(264,667)	(272,607)	(280,785)
Assisted Living	(148,462)	(516,210)	(531,696)	(547,647)	(564,077)	(580,999)
Memory Support	(247,080)	(759,992)	(910,649)	(937,968)	(966,107)	(995,090)
Dining Services	(612,474)	(2,288,104)	(3,027,723)	(3,138,269)	(3,215,037)	(3,297,546)
Maintenance and Grounds	(120,995)	(299,101)	(308,074)	(317,316)	(326,836)	(336,641)
Housekeeping and Laundry	(139,645)	(449,587)	(497,945)	(512,883)	(528,270)	(544,118)
Marketing	(253,958)	(401,603)	(311,192)	(303,447)	(318,640)	(332,423)
Insurance	(72,419)	(179,021)	(184,392)	(189,923)	(195,621)	(201,490)
Transportation	(42,943)	(106,156)	(109,340)	(112,621)	(115,999)	(119,479)
Kendal Affiliation Fee	(55,549)	(408,984)	(572,654)	(600,878)	(616,081)	(632,152)
Utilities	(210,936)	(521,434)	(537,077)	(553,190)	(569,785)	(586,879)
Contingency	(25,000)	(50,000)	(75,000)	(100,000)	(103,000)	(106,090)
Total Expenses	(\$2,391,767)	(\$7,154,354)	(\$8,275,130)	(\$8,559,811)	(\$8,802,493)	(\$9,054,437)
Net Operating Margin	(\$1,281,738)	\$1,019,736	\$3,167,080	\$3,436,714	\$3,478,069	\$3,446,892
Net Operating Margin %	-115%	12%	28%	29%	28%	28%
Interest / Dividend Income	259,198	390,182	413,629	590,266	646,854	715,358
Funds Generated Before Debt Service	(\$1,022,540)	\$1,409,917	\$3,580,710	\$4,026,980	\$4,124,924	\$4,162,250
Total Debt Service	(\$0)	(\$5,465,842)	(\$3,915,800)	(\$4,418,169)	(\$4,463,839)	(\$4,463,839)
Capital Expenditures	0	(50,000)	(100,000)	(150,000)	(200,000)	(350,000)
Net Cash Flow Before Entrance Fees	(\$1,022,540)	(\$4,105,924)	(\$435,090)	(\$541,189)	(\$538,915)	(\$651,589)
Net Entrance Fee Turnover	0	0	0	1,968,363	2,345,352	2,759,630
Net Cash Flow	(\$1,022,540)	(\$4,105,924)	(\$435,090)	\$1,427,174	\$1,806,436	\$2,108,041

Key assumptions include an approximate 2% allotment for additional revenue for meals and programs & services offered outside the monthly fee, along with the following:

	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
# of Independent Living	17	99	133	137
# of Assisted Living	1	8	11	11
# of Memory Care	1	8	11	11

The number of independent living units includes a 50% mix of secondary fees for partners and/or spouses.

CREDIT HISTORY:

N/A – the business entity known as Life Plan Humboldt is a new entity that is a startup operation.

PERSONAL FINANCIAL REVIEW:

Assets / Liabilities / Net Worth / Surplus Cash Flow

N/A – the business is a non-profit corporation and does not have any personal shareholders or personal guarantees for the subject loan.

POLICY & ELIGIBILITY CHECKLIST:

If any of the answers to the questions below are yes, then an exception to policy exists or the loan is ineligible under that loan program.

<u>USDA and/or EDA Funds</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Is the amount/portion of the USDA portion of the borrower loan over the maximum allowed under USDA regulations? <i>The borrower loan amount cannot exceed 50% of the IRP RLF loan amount to AEDC or \$400,000, whichever is less.</i>			X
Is the amount/portion of the USDA loan over 75% of the total project?			X
Are the funds for a golf course, race track, gambling, or ag business?			X
If the loan is a line of credit, is the term over 2 years?			X
Is the business located within a city that has a population of >50,000?			X
EDA Only: Is the business located outside Del Norte County?			X
SBA Microloan Funds			
Is the amount/portion of the Microloan over \$50,000?			X
Is the term of the loan over 7 years?			X
Are any of the Microloan funds used for refinancing?			X
Are any of the Microloan funds used for real estate?			X
Are any of the Microloan funds used for a line of credit?			X
Is the business a non-profit organization?			X

AEDC RLF Funds				
Is the amount/portion of the AEDC loan >8% of the total loan portfolio?			X	
All Loan Funds				
If the total loan amount is \$100,000 or more, then it must be secured by real estate; does the discounted equity cover less than 50% of the loan?		X		
Is the Credit Risk Rating less than 14?			X	
Is the total amount of the loan >8% of the total loan portfolio?				
		X		
AEDC loan portfolio as of the date of the loan request?	\$			
Maximum loan amount at 8% of portfolio:	\$			

CONDITIONS:

- 1) Copies of all fully executed agreements and contracts with Greenbrier and Kendal Aging Corporation.
- 2) Copies of all entity documents, including Articles of Incorporation, Bylaws, and verification of non-profit status for Life Plan Humboldt.
- 3) First deed of trust on subject property located at Hiller Road, McKinleyville, CA.
- 4) IBank 80% Guaranteed, up to \$5,000,000 maximum.
- 5) Formal approval of participating lenders, including Humboldt Area Foundation, Headwaters, RREDC, and other foundation funding (WDH, Smullin, etc.).
- 6) Proceeds from the future sale of the affordable housing parcel (lot split to take place) will be applied to the outstanding principal balance of the loan.

Conditions added by Loan Committee:

- 7) Phase I Report to be completed on the subject property that shows no contamination issues.
- 8) Interest reserve to be added to the loan in the amount of \$200,000 for a total of \$6,700,000 loan amount. Interest reserve will cover a minimum of 1 year of interest for the land purchase, which is the first project item that will need to take place prior to the use of the borrower's \$2.6 million contribution.

Reviewed and Evaluated:

Signatures below indicate that this loan has been duly reviewed and evaluated according to loan policies and conditions

Kelli Sterling

04/15/2024

Ross Welch

04/15/2024

Kelli Sterling
Lending Director

Date

Ross Welch
Executive Director

Date

Approvals:

By: _____ Approved/Declined/Abstained Date: _____
Patrick Cleary, Loan Committee Member

By: **Via Zoom** _____ **Approved**/Declined/Abstained Date: **04/15/2024**
Janet DePace, Board Member

By: **Via Zoom** _____ **Approved**/Declined/Abstained Date: **04/15/2024**
Melissa Enriquez, Loan Committee Member

By: **Via Zoom** _____ **Approved**/Declined/Abstained Date: **04/15/2024**
Sid Harper, Loan Committee Member

By: **Via Zoom** _____ **Approved**/Declined/Abstained Date: **04/15/2024**
Ryan Heitz, Loan Committee Member

By: **Via Zoom** _____ **Approved**/Declined/Abstained Date: **04/15/2024**
Peter Jermyn, Loan Committee Member

By: _____ Approved/Declined/Abstained Date: _____
Laurie Mark, Loan Committee Member

By: **Via Zoom** _____ **Approved**/Declined/Abstained Date: **04/15/2024**
Mandy Marquez, Board Member

By: _____ Approved/Declined/Abstained Date: _____
Larry Oetker, Board Member

By: **Via Zoom** _____ **Approved**/Declined/Abstained Date: **04/15/2024**
Tina Susmilch, Loan Committee Chair & Board Member