# AGENDA

<table>
<thead>
<tr>
<th>ITEM</th>
<th>SUBJECT</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>CALL TO ORDER</td>
<td>Chair Pacheco</td>
</tr>
<tr>
<td>2.</td>
<td>POTENTIAL CONFLICTS OF INTEREST</td>
<td>Chair Pacheco</td>
</tr>
<tr>
<td></td>
<td>Any Commission Member who has potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.</td>
<td></td>
</tr>
<tr>
<td>3. Action Pg. 1</td>
<td>MINUTES FROM MAY 31, 2017 BOARD MEETING</td>
<td>E. Reyes, E.D.</td>
</tr>
<tr>
<td></td>
<td>Supporting Document</td>
<td></td>
</tr>
<tr>
<td>4. Action Pg. 3</td>
<td>FINANCIAL REPORT FOR PERIOD ENDING OCTOBER 2017</td>
<td>E. Reyes, E.D.</td>
</tr>
<tr>
<td></td>
<td>Supporting Document</td>
<td></td>
</tr>
<tr>
<td>5. Action Pg. 5</td>
<td>FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2016-2017</td>
<td>E. Reyes, E.D.</td>
</tr>
<tr>
<td></td>
<td>Supporting Document</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supporting Documents</td>
<td></td>
</tr>
<tr>
<td>7. Information</td>
<td>PUBLIC COMMENT</td>
<td>Chair Pacheco</td>
</tr>
<tr>
<td></td>
<td>Limit two minutes per speaker. Public Comment is also taken on individual agenda items throughout the meeting at the conclusion of each agenda item.</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>ADJOURNMENT</td>
<td>Chair Pacheco</td>
</tr>
</tbody>
</table>
CONSENT AGENDA ITEM NO. 3

RECOMMENDED ACTION:

Approve Lighthouse for Children Meeting Minutes – May 31, 2017

ACTION SUMMARY MINUTES
May 31, 2017 – 11:15 A.M.

Present: Board Members: Brian Pacheco (Chair), Hugo Morales, Dawan Utecht
Absent: Stacy Sablan
Staff: Emilia Reyes, Ken Price (Legal Counsel)

1. CALL TO ORDER

2. POTENTIAL CONFLICTS OF INTEREST: Any Board Member who has a potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.

   None heard

3. MINUTES FROM MARCH 15, 2017 BOARD MEETING

   Public Comment: None heard.

   Motion by: Utecht Second by: Morales
   Ayes: Pacheco, Morales, Utecht
   Noes: None heard.

4. FINANCIAL REPORT FOR PERIOD ENDING APRIL 2017

   Public Comment: None heard.

   Motion by: Utecht Second by: Morales
   Ayes: Pacheco, Morales, Utecht
   Noes: None heard.

5. FISCAL YEAR 2017-2018 LIGHOUSE FOR CHILDREN, INC. PROPOSED BUDGET

   Public Comment: None heard.
6. PUBLIC COMMENT

Emilia Reyes, Executive Director, shared the third floor Tenant Improvements (TI) are 95% completed and a tour is available to board members after the meeting adjourns. Per Commissioner Morales request, Reyes provided a brief description of the relationship between First 5 Fresno County and the Lighthouse for Children facility.

No Action Required.

7. ADJOURNMENT

Public Comment: None heard.

Motion by: Morales           Second by: Utecht
Ayes: Pacheco, Morales, Utecht
Noes: None heard.
AGENDA ITEM NO.4

TO: Lighthouse for Children Board Members

FROM: Emilia Reyes, Executive Director

SUBJECT: Financial Report for Period Ending October 2017

RECOMMENDED ACTION:


BACKGROUND:

This item is intended to keep the Board apprised of the Lighthouse for Children, Inc.’s (LFC) financial activity as of October 31, 2017, and to provide an opportunity to discuss and review financial activities for the reporting period.

KEY POINTS:

Below are the key points of the Financial Report for period ending October 31, 2017.

Revenues (48%)

- Fund Balance (100%) – This amount represents the carryover balance from the preceding fiscal year as a result of the finalized Financial Audit.

Expenses (36%)

- Tenant Improvements - 3rd floor (100%) – This expense is for one of two remaining payments for the construction contract for third-floor tenant improvements along with costs to outfit the new third-floor conference space.

FISCAL IMPACT:

Overall, expenses have been anticipated and are within budget constraints for fiscal year 2017 – 2018.
# LIGHTHOUSE FOR CHILDREN
## FINANCIAL STATEMENT
### OCTOBER 2017 (33%)

### Revenues

<table>
<thead>
<tr>
<th></th>
<th>Budget Amounts</th>
<th>Actual Amounts</th>
<th>Variance</th>
<th>Percent Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7/1/17-6/30/18</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Balance as of July 1, 2017</td>
<td>$40,331</td>
<td>$40,331</td>
<td>$0</td>
<td>100%</td>
</tr>
<tr>
<td>Annual Rent Income</td>
<td>$148,000</td>
<td>$49,333</td>
<td>$98,667</td>
<td>33%</td>
</tr>
<tr>
<td>Donations</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$188,331</td>
<td>$89,665</td>
<td>$98,667</td>
<td>48%</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>Budget Amounts</th>
<th>Actual Amounts</th>
<th>Variance</th>
<th>Percent Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Contract</td>
<td>$10,500</td>
<td>$0</td>
<td>$10,500</td>
<td>0%</td>
</tr>
<tr>
<td>Tenant Improvements (3rd Floor)</td>
<td>$29,038</td>
<td>$29,038</td>
<td>$0</td>
<td>100%</td>
</tr>
<tr>
<td>Insurance &amp; Taxes</td>
<td>$15,682</td>
<td>$6,220</td>
<td>$9,462</td>
<td>40%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$9,778</td>
<td>$0</td>
<td>$9,778</td>
<td>0%</td>
</tr>
<tr>
<td>NMTC Interest Payments</td>
<td>$112,040</td>
<td>$28,010</td>
<td>$84,030</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total Operating</strong></td>
<td>$177,038</td>
<td>$63,268</td>
<td>$113,770</td>
<td>36%</td>
</tr>
</tbody>
</table>
AGENDA ITEM NO.5

TO: Lighthouse for Children Board Members

FROM: Emilia Reyes, Executive Director

SUBJECT: Financial Audit Report for Fiscal Year 2016-2017

RECOMMENDED ACTION:


BACKGROUND:

Lighthouse for Children, Inc. is a California Nonprofit Public Benefit Corporation and is considered a component unit of the Children and Families Commission of Fresno County and as such is included in the Commission's Annual Financial Report as a discretely presented component unit. In conjunction with the requirements of Children and Families Commission of Fresno County, the Lighthouse for Children, Inc. is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Contracted auditing firm, Hudson, Henderson and Company, Inc. conducted an audit to obtain reasonable assurance about whether the financial statements are in accordance with required accounting principles and to ensure they are free from material misstatement.


CONCLUSION:

Approval by the Board will deem the Lighthouse for Children, Inc.’s audit as final and all final statements within the report will be utilized in future financial reporting.
Lighthouse for Children, Inc.

Financial Statements
And
Independent Auditors' Report

For the Fiscal Year Ended
June 30, 2017
TABLE OF CONTENTS

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Independent Auditors’ Report ........................................................................................................ 1

Financial Statements:

Statement of Financial Position .............................................................................................. 3
Statement of Activities............................................................................................................. 4
Statement of Cash Flows.......................................................................................................... 5
Notes to Financial Statements ................................................................................................ 6
INDEPENDENT AUDITORS’ REPORT

To the Board of Directors of
Lighthouse for Children, Inc.

We have audited the accompanying financial statements of Lighthouse for Children, Inc. (the Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

HUDSON HENDERSON & COMPANY, INC.

Fresno, California
October 20, 2017
# Lighthouse for Children, Inc.
## Statement of Financial Position
### June 30, 2017

### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$402,629</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$1,656</td>
</tr>
<tr>
<td>Other receivables</td>
<td>$1,103</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$405,388</td>
</tr>
<tr>
<td>Property and Equipment, Net</td>
<td>$15,158,049</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$15,563,437</td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets (Deficit)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$48,416</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>$48,416</td>
</tr>
<tr>
<td>Long-Term Liabilities</td>
<td></td>
</tr>
<tr>
<td>Notes payable</td>
<td>$15,714,000</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>$15,714,000</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>$15,762,416</td>
</tr>
<tr>
<td>Net Assets (Deficit)</td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$(198,979)</td>
</tr>
<tr>
<td><strong>Total net assets (deficit)</strong></td>
<td>$(198,979)</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets (Deficit)</strong></td>
<td>$15,563,437</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
LIGHHOUSE FOR CHILDREN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental income</td>
<td>$ 148,000</td>
<td>$</td>
<td>$ 148,000</td>
</tr>
<tr>
<td>Grant income</td>
<td>395,000</td>
<td>-</td>
<td>395,000</td>
</tr>
<tr>
<td>Interest income</td>
<td>628</td>
<td>-</td>
<td>628</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>7,936</td>
<td>-</td>
<td>7,936</td>
</tr>
<tr>
<td>Other fees and reimbursements</td>
<td>250</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>551,814</td>
<td></td>
<td>551,814</td>
</tr>
</tbody>
</table>

**EXPENSES**

| Operating expenses:         |              |                        |         |
| Depreciation                | 372,419      | -                      | 372,419 |
| Insurance and taxes         | 7,865        | -                      | 7,865   |
| Management and administrative services | 32,936 | - | 32,936 |
| Expense reimbursement       | 6,008        | -                      | 6,008   |
| Supporting services:        |              |                        |         |
| Interest expense            | 217,924      | -                      | 217,924 |
| Legal and professional services | 19,588      | -                      | 19,588  |
| **Total Expenses**          | 656,740      | -                      | 656,740 |

Change in Net Assets

| (104,926) | - | (104,926) |

Net Assets at Beginning of Year

| (94,053) | - | (94,053) |

Net Assets (Deficit) at End of Year

| $(198,979) | $ | $(198,979) |

The accompanying notes are an integral part of the financial statements.
LIGHTEST HOUSE FOR CHILDREN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$(104,926)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>372,419</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>52,106</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(1,656)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>(1,103)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>28,416</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>345,256</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Investing Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of property and equipment</td>
<td>(634,416)</td>
</tr>
<tr>
<td>Net cash used by investing activities</td>
<td>(634,416)</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>(289,160)</td>
</tr>
</tbody>
</table>

| Cash and Cash Equivalents, Beginning of Year | 691,789 |
| Cash and Cash Equivalents, End of Year      | $ 402,629 |

Supplemental Cash Flows Disclosures
Cash payments during the year for:
Interest $ 217,924

The accompanying notes are an integral part of the financial statements.
LIGHHOUSE FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: Lighthouse for Children, Inc. (the Organization) is a California not-for-profit public benefit corporation and is considered a Component Unit of the Children and Families Commission of Fresno County (the Commission) and as such is included in the Commission’s Annual Financial Report as a discretely presented component unit.

The Corporation was created by the Commission as a Qualified Active Low Income Community Business (QALICB) to take advantage of a New Market Tax Credit (NMTC) financing structure in order to build a facility within a low-income community. The Organization was created as a 501(c)(3) non-profit public benefit corporation to act as the QALICB, as the Commission is not eligible to be the QALICB.

The Organization is organized for the following specific charitable purposes: to provide vision and means for Fresno County children to enter school in good health, ready and able to learn, and emotionally well-developed by providing culturally, individually and developmentally-appropriate parenting and nurturing support and access to resources regarding health care, nutrition and smoking prevention and cessation; to serve as an incubator for knowledge in the community regarding child welfare and development; to generally carry out the goals of the Commission and to develop infrastructure that promotes the social welfare of Fresno County children and their parents.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are the portion of net assets over which the governing board has discretionary control for the general operations of the Organization. The Organization accounts for revenues and expenses of the General Fund as unrestricted. The only limits on unrestricted net assets are limits resulting from contractual agreements.

Temporarily restricted net assets are the portion of net assets resulting from contribution, pledges, and other inflows of assets whose use by the Organization is limited by donor-imposed restrictions that expire by the passage of time.

Permanently restricted net assets are the portion of net assets restricted by external parties (donors, grantors, or laws and regulations) in ways that are not dependent on the passage of time.

Method of Accounting: The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents: For purposes of reporting the Statement of Cash Flows, the Organization considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three (3) months or less to be cash equivalents.
NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

 Accounts Receivable:  The Organization estimates the allowance for doubtful accounts based on an analysis of specific donors and clients, taking into consideration the age of past due amounts and an assessment of the donor’s ability to pay. At June 30, 2017, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements. No receivables were expensed to bad debt during the year ended June 30, 2017.

 Property and Equipment:  Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed by using the straight-line method depreciated over the estimated useful life of the asset. Leasehold improvements are depreciated using the straight-line method over the lesser of the estimated useful life of the asset or the related lease term. Additions, major replacements and improvements, in excess of $5,000, or per management’s discretion as determined to have a useful life, are capitalized at cost. Maintenance, repairs, and minor replacements are expensed when incurred. Estimated useful lives vary within the following ranges:

<table>
<thead>
<tr>
<th></th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and improvements</td>
<td>40</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>7</td>
</tr>
</tbody>
</table>

 In-Kind Contributions:  Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the year ended June 30, 2017, the Organization received $7,936 in in-kind donations of administrative support from the Commission.

 Advertising Costs:  Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. There were no capitalized costs. There were no advertising costs incurred during the year ended June 30, 2017.

 Income Taxes:  The Organization is a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income.

 Fair Value of Financial Instruments:  Financial instruments include cash and cash equivalents, accounts receivables, prepaid expenses, other receivables, and accounts payable and accrued expenses, none of which are held for trading purposes. The fair values of all financial instruments do not differ materially from the aggregate carrying values of the financial instruments recorded in the accompanying Statement of Financial Position. The carrying amounts of these financial instruments approximate fair value because of the short-term maturities of those instruments.

 Use of Estimates:  The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
LIGHOUSE FOR CHILDREN, INC.  
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk: The Organization maintains cash balances in several financial institutions. Cash balances in interest-bearing transaction accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per institution. As of June 30, 2017, the Organization had $112,298 held with financial institutions that were uninsured. Management considers this a normal business risk, and hasn’t experienced any losses in such accounts.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the basic financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through October 20, 2017, which is the date the financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended June 30, 2017 consisted of the following:

<table>
<thead>
<tr>
<th>Property and Equipment Not Being Depreciated</th>
<th>Balances</th>
<th>Transfers and Additions</th>
<th>Sales and Retirements</th>
<th>Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 1, 2016</td>
<td></td>
<td></td>
<td>June 30, 2017</td>
</tr>
<tr>
<td>Land</td>
<td>$649,080</td>
<td>$-</td>
<td>$-</td>
<td>$649,080</td>
</tr>
<tr>
<td>Construction in Process</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total Property and Equipment</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Not Being Depreciated</td>
<td>649,080</td>
<td>-</td>
<td>-</td>
<td>649,080</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property and Equipment Being Depreciated:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and Improvements</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
</tr>
<tr>
<td>Total Property and Equipment Being Depreciated</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less Accumulated Depreciation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and Improvements</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
</tr>
<tr>
<td>Total Accumulated Depreciation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property and Equipment, Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>$14,896,052</td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended June 30, 2017, was $372,419.
NOTE 3 – NOTES PAYABLE

QLICI Loan A note from LIIF Sub-CDE XXIV, LLC, dated December 13, 2013, in the original amount of $5,410,400. Quarterly interest only payments commencing on March 1, 2014 and continuing through December 1, 2020. Quarterly principal and interest payments of $68,743 commencing on March 1, 2021 and continuing until the note matures on December 13, 2043. Interest is at a rate of 1.39% per annum. The note is secured by the deed of trust on the property. Payments of principal and interest is to be paid from rent due pursuant to a master lease agreement with the Commission.  

$ 5,410,400

QLICI Loan B note from LIIF Sub-CDE XXIV, LLC, dated December 13, 2013, in the original amount of $2,349,600. Quarterly interest only payments commencing on March 1, 2014 and continuing through December 1, 2020. Quarterly principal and interest payments of $29,853 commencing on March 1, 2021 and continuing until the note matures on December 13, 2043. Interest is at a rate of 1.39% per annum. The note is secured by the deed of trust on the property. Payments of principal and interest is to be paid from rent due pursuant to a master lease agreement with the Commission.  

2,349,600

QLICI Loan A note from Central Valley NMTC Sub IV, LLC, dated December 13, 2013, in the original amount of $5,545,660. Quarterly interest only payments commencing on March 1, 2014 and continuing through December 1, 2020. Quarterly principal and interest payments of $70,413 commencing on March 1, 2021 and continuing until the note matures on December 13, 2043. Interest is at a rate of 1.3837% per annum. The note is secured by the deed of trust on the property. Payments of principal and interest is to be paid from rent due pursuant to a master lease agreement with the Commission.  

5,545,660
NOTE 3 – NOTES PAYABLE, continued

QLICI Loan B note from Central Valley NMTC Sub IV, LLC, dated December 13, 2013, in the original amount of $2,408,340. Quarterly interest only payments commencing on March 1, 2014 and continuing through December 1, 2020. Quarterly principal and interest payments of $30,579 commencing on March 1, 2021 and continuing until the note matures on December 13, 2043. Interest is at a rate of 1.3837% per annum. The note is secured by the deed of trust on the property. Payments of principal and interest is to be paid from rent due pursuant to a master lease agreement with the Commission.

$ 2,408,340

Total notes payable

15,714,000

Less current portion due

-

Notes payable, long-term portion

$15,714,000

The minimum future principal and interest payments are summarized by year below:

<table>
<thead>
<tr>
<th>Years ending June 30:</th>
<th>Principal</th>
<th>Estimated Interest Payments</th>
<th>Estimated Total Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$</td>
<td>$ 217,923</td>
<td>$ 217,923</td>
</tr>
<tr>
<td>2019</td>
<td>-</td>
<td>217,923</td>
<td>217,923</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
<td>217,923</td>
<td>217,923</td>
</tr>
<tr>
<td>2021</td>
<td>290,718</td>
<td>217,420</td>
<td>508,138</td>
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<tr>
<td>2022</td>
<td>587,507</td>
<td>210,845</td>
<td>798,352</td>
</tr>
<tr>
<td>2023-2027</td>
<td>3,062,693</td>
<td>929,067</td>
<td>3,991,760</td>
</tr>
<tr>
<td>2028-2032</td>
<td>3,282,203</td>
<td>709,557</td>
<td>3,991,760</td>
</tr>
<tr>
<td>2033-2037</td>
<td>3,517,447</td>
<td>474,313</td>
<td>3,991,760</td>
</tr>
<tr>
<td>2038-2042</td>
<td>3,769,551</td>
<td>222,209</td>
<td>3,991,760</td>
</tr>
<tr>
<td>2043-2044</td>
<td>1,203,881</td>
<td>14,908</td>
<td>1,218,789</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,714,000</td>
<td><strong>3,432,088</strong></td>
<td><strong>19,146,088</strong></td>
</tr>
</tbody>
</table>

Interest expense relating to the above notes payable was $217,924 for the year ended June 30, 2017.
NOTE 4 – ECONOMIC DEPENDENCY

The Organization received approximately 100% of its support and revenues from the Commission for the year ended June 30, 2017. Support and revenue from the Commission consisted of $148,000 of rental income, $395,000 in grant income, and $7,936 in in-kind donations of management and administrative services; in line with the mandate from NMTC. The grant income distributed by the Commission will be recouped by the Commission through rental payments received from the tenants’ use of office space.

Discontinuance of funding from the Commission could have an adverse effect on the Organization’s ability to continue its operations. The Organization also had $25,000 in management and administrative services expense to the Commission per the administrative contract with the Commission, an NMTC requirement.

NOTE 5 – CONTINGENCIES

There is some nominal risk of tax credit recapture if the Organization, acting as the QALICB, fails to maintain its obligations in the transaction. If the IRS recaptures the credits, the Commission may be responsible for repayment of the entire equity amount. The likelihood of this occurring is minimal as it is the Commission’s intent to take steps necessary to ensure compliance with all NMTC requirements.

NOTE 6 – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (“UBTI”). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year ending June 30, 2017.

The Organization files tax forms in the U.S. federal jurisdiction and the State of California. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2014.
AGENDA ITEM NO. 6

TO: Lighthouse for Children Board Members
FROM: Emilia Reyes, Executive Director
SUBJECT: Purchase Agreement between Valley Children’s Healthcare and Lighthouse for Children, Inc. for “Wood Chips” Property

RECOMMENDED ACTION:

Approve execution of real property purchase and sale agreement and joint escrow instructions with Valley Children’s Healthcare for “wood chips” property. Staff anticipates additional minor modifications from Valley Children’s Healthcare and requests the agreement be approved subject to the Commission’s Executive Director and legal counsel being authorized to make immaterial modifications to the agreement. Attached to this memorandum is a draft agreement between the parties.

BACKGROUND:

In September, 2016, the First 5 Fresno County Commission, in conjunction with the Lighthouse for Children, Inc (LFC), owner of the facility located at 2405 Tulare Ave., Fresno (the “LFC Facility”), released a Request for Proposals to interested healthcare providers to submit a Letter of Interest for a potential partnership to construct a building adjacent to the LFC Facility. The purpose of the new building would be to house various health-related services for children and their families.

On October 29, 2016, the LFC Board considered written proposals and heard presentations from healthcare providers to construct the proposed building and Valley Children’s Healthcare was selected. On December 16, 2016, Valley Children’s Healthcare, First 5 Fresno County and the Lighthouse for Children entered into a Memorandum of Understanding (MOU), which described the proposed material terms of an agreement, wherein Valley Children’s Healthcare would acquire the wood chips property from Lighthouse for Children to construct the new building. The MOU is attached as Exhibit A to the agreement.

Services Contemplated in the “Wood Chips” Building

Valley Children’s Healthcare shares a commitment to support children’s optimal health and wellbeing and to maximize the opportunity to provide critical health services to families with young children. Thus, the goal of the partnership is to provide additional health related services for young children and families that align with the Lighthouse for Children’s vision.

While the parties are still finalizing the services to be provided, the following is a brief summary of the services the parties anticipate occurring at the new building:
- Mid-Level Developmental Assessment
  *Bridges the gap between developmental screening and tertiary level assessments to address the needs of children with mild or moderate levels of developmental delay or behavioral concerns.*

- Family Justice Center
  *A multi-agency, multi-disciplinary model where victims of domestic violence, assault, abuse, trafficking and other forms of violence can come to one place for services; simplifying and coordinating the web of service providers so the system works more effectively for those in need.*

- Child Advocacy Clinic
  *Multi-disciplinary, comprehensive services (e.g. assessments, examinations, evaluations, monitoring, advocacy, prevention) to meet the physical and emotional needs of children suspected of being abused or neglected.*

**Purchase Agreement Terms**

The parties propose a partnership to construct the new project. Lighthouse for Children will provide the wood chips property effectively at no cost and Valley Children’s Healthcare will pay for all construction costs. The wood chips property must be subdivided from the LFC Facility property. The purchase agreement contemplates the execution of a covenant that would forever restrict the use of the proposed building to uses consistent with First 5’s mission. Moreover, the parties must agree upon a “cooperation agreement” on the operations of the new building, which will cover such matters as First 5 Fresno County’s approval of new tenants, that must be executed prior to the close of escrow. If Valley Children’s Healthcare ever desires to sell the property, First 5 Fresno County/ Lighthouse for Children would have a right of first refusal on the building. Valley Children’s Healthcare would be responsible for the operations and maintenance of the new building. The City of Fresno is aware of the project and staff has expressed their support.

While today’s action would authorize the execution of a purchase agreement, each side will have additional “off ramps” associated with the project. At a future meeting the Lighthouse for Children Board and First 5 Fresno County Commissioners would consider the language for the restrictive-use covenant and cooperation agreement prior to escrow closing. Moreover, escrow could not close without authorization from the New Market Tax Credit community development entities and the investor.

The following are the material deal points for the purchase agreement:

- **Purchase Price:**
  Lighthouse for Children will convey the property to Valley Children’s for the nominal cost of $1.

- **Building Cost:**
  Valley Children’s will be responsible for subdividing, entitling and constructing the proposed building on the wood chips property.

- **NMTC Considerations:**
  The parties to the New Market Tax Credits (CDEs and investor) must consent to the sale of the property.

- **Recorded Covenant:**
  A covenant will be recorded against the property ensuring that the property is used in a manner consistent with the LFC’s public purpose.
Cooperation Agreement: The parties must execute an agreement outlining how and under what circumstances space within the new building will be used by Valley Children’s or leased to new tenants.

Right of First Refusal: Lighthouse for Children/First 5 Fresno County would have a right of first refusal in the event that Valley Children’s ever wanted to sell the property. The covenant would remain on the property.

Due Diligence: Valley Children’s would have up to 120 days to conduct due diligence on the property. The date of the closing of escrow is unknown at this time.

Alignment with 2013-2020 Strategic Plan: This partnership aligns with Tier 3: Early Childhood System of Care – Goal 5: Supporting Service Coordination & Integration. Partnering with Valley Children’s is an opportunity for the Commission to engage in an innovative way to collaborate and create a more integrated and comprehensive support system aiming to make lasting improvements to the health and development of young children.

Short-term goal(s) and long-term outcomes: If approved, staff and legal counsel will work to execute agreement and joint escrow instructions immediately to ensure required follow-up activities take place soon after. The long-term outcome is to strengthen the partnership with Valley Children’s Healthcare and bring critical health related services to the heart of downtown Fresno/Fresno County to increase access to families with young children.

Procurement: As mentioned, this Agreement stems from an RFP authorized by the Lighthouse for Children Board in September 2016.

Fiscal Impact: At this time, the recommended action to approve the execution of a real property purchase and sale agreement for the “wood chips” property has no direct fiscal impact on the Commission or the Lighthouse for Children aside from legal counsel fees. Valley Children’s Healthcare has proposed to assume all costs related to the construction of the new building adjacent to the LFC facility.

CONCLUSION:

If approved, staff and legal counsel will move forward to execute agreements and escrow instructions to begin the process of land acquisition by Valley Children’s Healthcare. Expanding services provided to young children and families with a focus on health was part of the original vision for the Lighthouse for Children in downtown Fresno. The opportunity to partner with Valley Children’s Healthcare in this endeavor brings that vision closer to reality. Legal counsel and staff will answer questions during the Board meeting.
REAL PROPERTY PURCHASE AND SALE AGREEMENT
AND JOINT ESCRROW INSTRUCTIONS

LIGHTHOUSE FOR CHILDREN, a California nonprofit public benefit corporation ("LFC"), and VALLEY CHILDREN'S HEALTHCARE, a California nonprofit public benefit corporation ("VCH" or "Buyer") enter into this Real Property Purchase and Sale Agreement and Joint Escrow Instructions (the "Agreement"), effective as of the date of execution by Buyer and LFC. LFC and Buyer are collectively referred to herein as the "Parties" and individually referred to herein as a "Party."

RECITALS

A. LFC is the owner of that Lighthouse for Children building located at 2405 Tulare Ave, Fresno, California 93721 (the "LFC Facility"). LFC and the CHILDREN AND FAMILIES COMMISSION OF FRESNO COUNTY, a California public agency ("F5FC"), are parties to that certain lease agreement, wherein F5FC is the master tenant of the LFC Facility.

B. During its September 7, 2016 Board meeting, the LFC Board of Directors directed staff to open a 30-day period to allow interested healthcare providers to submit a Letter of Interest for a potential partnership to develop a building adjacent to the LFC Facility (the "Proposed Facility"). The goal of the partnership is that this new building would house additional health related services for young children and families aligning with the purposes of LFC and F5FC.

C. On or about October 10, 2016, VCH submitted a Letter of Interest to LFC expressing its interest to construct such a building on the LFC Facility property (the "VCH Letter of Interest").

D. On October 28, 2016, the LFC Board of Directors considered various Letters of Interest and took action to authorize staff to negotiate a definitive agreement with VCH to construct the Proposed Facility.

E. The LFC Facility is financed by New Market Tax Credits ("NMTC"), which incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities. The NMTC program, however, requires certain approvals by NMTC investors in order to transfer title or materially modify the value of the LFC Facility.

F. On or about December 16, 2016, the Parties entered into a Memorandum of Understanding ("MOU"), depicted in Exhibit "A" attached hereto and incorporated herein by this reference, that laid out the framework for respective contribution to the Proposed Facility and generally described the services to occur therein.
G. Now, the Parties wish to enter into agreement for the purchase and sale of real property at the LFC Facility, depicted in Exhibit "B" attached hereto and incorporated herein by this reference (the "Wood Chips Property").

NOW, THEREFORE, in consideration of the recitals set forth above, which are herein incorporated by this reference, and the mutual covenants and undertakings set forth herein, the mutual receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Purchase and Sale.** LFC will sell the Wood Chips Property to Buyer, and Buyer will purchase the Wood Chips Property from LFC on the terms and conditions set forth in this Agreement.

2. **Subdivision of Real Property at LFC Facility.** LFC, at Buyer’s reasonable expense, shall apply to, and obtain approval from, the City of Fresno to subdivide real property at the LFC Facility, as required by the Subdivision Map Act, into two parcels; the Wood Chips Property and the LFC Facility Property, as depicted in Exhibit "C" attached hereto and incorporated herein by this reference (the "LFC Facility Property"). As part of this process, Buyer shall obtain a survey of the Wood Chips Property and present it to LFC prior to submitting the subdivision application to the City of Fresno.

3. **Due Diligence Inspections.**

   3.1 As used in this Agreement, the term “Due Diligence Period” shall mean the period from the Effective Date until 5:00 p.m. on that date which is ninety (90) days after the Effective Date. During the Due Diligence Period, Buyer, at its sole cost and expense, shall have the right to conduct such feasibility studies and tests on the Wood Chips Property, including, without limitation, environmental, economic, and other feasibility studies Buyer deems necessary or desirable to determine whether the Wood Chips Property meets Buyer’s investment criteria. LFC shall cooperate fully with Buyer and its agents in its investigation of the Wood Chips Property, including, without limitation, allowing access to all relevant information and materials relating to the Wood Chips Property in LFC’s possession or reasonably available to it, and arranging and attending meetings reasonably necessary for Buyer’s investigation and access to the Wood Chips Property. Buyer may have the right to extend the Due Diligence Period for an additional thirty (30) days, provided that, Buyer notifies LFC of Buyer’s intention to exercise of the Due Diligence Period prior to the expiration of the initial ninety (90) day Due Diligence Period.

   3.2 During the Due Diligence Period, Buyer, its agents and representatives shall be entitled to perform inspections and tests of the Wood Chips Property, including the right to drill or bore on or through the surface of the Wood Chips Property so long as such tests do not materially impact the operations of the F5FC. After making such tests and inspections, Buyer agrees to promptly restore the Wood Chips Property to

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23
its condition prior to such tests and inspections which obligation shall survive the Closing or any termination of this Agreement. Buyer agrees to promptly deliver to LFC copies of all reports, studies and results of tests and investigations obtained or conducted by Buyer with respect to the Woof Chips Property.

3.3 Buyer agrees to keep the Wood Chips Property free from all liens and to indemnify, defend, and hold harmless LFC, F5FC, and their respective officers, directors, beneficiaries, agents, employees and attorneys, and their respective successors and assigns, from and against all claims, actions, losses, liabilities, damages, costs and expenses (including, but not limited to, attorneys' fees and costs) incurred, suffered by, or claimed against such entity or individual by reason of any damage to the Wood Chips Property or injury to persons caused by Buyer and/or its agents, employees or contractors in exercising its rights under this Section 3. This indemnity shall survive the Closing or any termination of this Agreement.

3.4 Within fifteen (15) days after the commencement of the Due Diligence Period LFC shall provide copies of any and all materials, documents, agreements, reports or other information of any nature pertaining to the Wood Chips Property (specifically excluding internal valuations and appraisals) and in the possession and control of LFC not otherwise already provided to Buyer, including, without limitation; (i) complete copies of all tax bills and assessments; (ii) copies of all hazard and liability insurance policies; (iii) copies of all environmental studies and reports; (v) soil reports and reports regarding the quality and availability of water; (vi) maps and surveys of the Wood Chips Property; and (vii) copies of any agreements affecting the Wood Chips Property provided, however, that LFC makes no representations or warranties of any kind regarding the accuracy or thoroughness of the information contained in such documents or regarding the completeness of any records or files of LFC.

If Buyer determines, in its sole discretion, that the physical or environmental condition of the Wood Chips Property is unacceptable to Buyer, Buyer will notify LFC in writing of such deficiency and LFC may elect, or not elect, in its sole and absolute discretion to remove such unacceptable condition at Buyer’s sole cost and expense.

3.5 If Buyer is not satisfied for any reason whatsoever, or for no reason at all, in its sole and absolute discretion, with any of the results of its investigations and studies during the Due Diligence Period, then Buyer shall have the right to terminate this Agreement by delivering written notice thereof to LFC (with a copy to Title Company). Buyer’s failure to terminate this Agreement in accordance with the provisions of this Section 2 shall be deemed approval of the Wood Chips Property and the matters covered by Buyer’s investigations and inspections thereof, and the only remaining contingencies to Buyer’s obligation to consummate the transaction contemplated herein shall be Buyer’s Conditions Precedent as set forth below.
3.6 In the event Buyer elects to terminate this Agreement in accordance with this Section:
(i) all documents in escrow shall be returned to the party depositing the same, and (ii) this Agreement and all rights and obligations of the parties hereunder shall terminate; except that, Buyer shall be responsible for one-half of any title or escrow cancellation fees and Buyer’s indemnification obligations under Section 3.3 hereof shall survive such termination.

4. **Conditions Precedent.** LFC’s obligation to sell and Buyer’s obligation to purchase the Wood Chips Property is subject to the satisfaction of the following conditions precedent contained in this Section 4. Each condition must be satisfied or waived by the appropriate Party in writing within the time provided. If no time is stated, then the condition must be satisfied within a reasonable time. In addition, the Parties may mutually agree to delay Close of Escrow to allow for satisfaction of any conditions. If any condition is not timely satisfied, a Party may waive the condition and close escrow, or it may terminate this Agreement by giving the other Party and Title Company ten (10) days’ written notice. After expiration of the ten (10) days, this Agreement, and any escrow will terminate, and the Title Company will return any documents and money deposited into escrow to the depositor, after deducting any escrow cancellation fee, and the Parties shall have no further duties or obligations to each other arising from this Agreement.

4.1 **Conditions to Buyer’s Obligations.** The Close of Escrow and Buyer’s obligation to consummate the transaction contemplated by this Agreement is subject to the satisfaction or written waiver of the following conditions:

   (i) **Subdivision of Real Property at LFC Facility.** The City of Fresno’s approval from, the City of Fresno to subdivide real property at the LFC Facility, as required by the Subdivision Map Act, into two parcels; the Wood Chips Property and the LFC Facility Property, as depicted in Exhibit "C" (the "LFC Facility Property"). As part of this process, Buyer shall obtain a survey of the Wood Chips Property and present it to LFC prior to submitting the subdivision application to the City of Fresno.

   (ii) **Buyer’s Review of Title.** LFC will cause the Title Company to deliver to Buyer and Seller no more than fifteen (15) days following the Effective Date a standard preliminary title report with respect to the Wood Chips Property (the “Report”), together with legible copies of all documents referred to in Schedule B of the Report (the “Underlying Documents”). Buyer shall have until 5:00 p.m. Pacific Time on that date which is thirty (30) days after the date of receipt of the Report (the “Title Review Period”) to give LFC and Escrow Holder written notice (“Buyer’s Title Notice”) of Buyer’s approval, disapproval or conditional approval of any matters shown in the Report and the Underlying Documents (collectively, the Report and Underlying Documents shall hereinafter be referred to as the “Title Documents”). The failure of Buyer to give Buyer’s Title Notice on or before the end of the Title Review Period shall be deemed to constitute Buyer’s disapproval of the
condition of title as shown in the Title Documents.

If Buyer delivers to LFC a timely Buyer’s Title Notice objecting to matters shown in the Title Documents, LFC shall have until 5:00 p.m. Pacific Time of the tenth (10th) day following the end of the Title Review Period to deliver written notice to Buyer (“LFC’s Title Response”) that LFC intends to eliminate disapproved or conditionally approved title matters. If LFC fails to deliver to Buyer a timely LFC’s Title Response or LFC delivers a timely LFC’s Title Response refusing to eliminate disapproved or conditionally approved title matters, LFC shall be deemed to have elected not to eliminate disapproved or conditionally approved title matters. If LFC has elected or is deemed to have elected not to eliminate disapproved or conditionally approved title matters, Buyer shall have the right, by delivering written notice (the “Final Title Notice”) to LFC and Escrow Holder not later than twentieth (20th) day following the end of the Title Review Period, to either: (1) waive its prior disapproval or conditional approval in which event said disapproved or conditionally approved matters shall be deemed unconditionally approved; or (2) terminate this Agreement and the Escrow created pursuant hereto, following which this Agreement, except for matters which are expressly stated as surviving the termination of this Agreement, shall be of no further force or effect. Buyer’s failure to deliver a timely Final Title Notice shall be deemed to be Buyer’s election to take the action described in (2) above. Notwithstanding anything else contained herein, Buyer shall be deemed to not have approved any monetary liens against the Property unless specifically approved by Buyer in writing. All title matters which are either expressly approved or deemed approved shall be deemed to be “Permitted Exceptions”.

(iii) **LFC’s Obligations.** LFC shall deliver to Buyer copies of all leases, contracts, easements, agreements, plans, reports and correspondence pertaining to the Wood Chips Property in LFC’s possession or under LFC’s control, and all disclosures required by law, within ten (10) business days following the Effective Date.

(iv) **Inspections and Studies.** Pursuant to Section 3 above, on or before the expiration of the Due Diligence Period, Buyer will have completed and approved any and all inspections, investigations, evaluations, tests and studies (including, without limitation, investigations with regard to building codes and other governmental regulations, entitlements, applicable development fees, architectural inspections, engineering tests, economic feasibility studies and soils, seismic, and geologic reports) with respect to the Wood Chips Property as Buyer may elect to make or obtain at Buyer’s sole cost and expense.

(v) **Title Insurance.** At Closing, the Title Company shall be irrevocably and unconditionally committed to issue the Title Policy subject only to the
Approved Condition of Title.

(vi) **Approval of Community Development Entities.** LOW INCOME INVESTMENT FUND, a California nonprofit public benefit corporation ("LIIF"), and CENTRAL VALLEY NMTC FUND, LLC, a California limited liability company ("CVNMTC"), are NMTC lenders for the LFC Facility. To the extent required under the NMTC agreement and loans and prior to final approval of the subdivision by the City of Fresno, LIIF and CVNMTC must each approve subdivision of the Wood Chips Property from the LFC Facility Property and this Agreement for the purchase and sale of the Wood Chips Property.

(vii) **Approval of Financial Institution.** JPMORGAN CHASE BANK, N.A., a national banking association ("Chase") is a NMTC investor of the LFC Facility. To the extent required under the NMTC agreement and loans and prior to final approval of the subdivision by the City of Fresno, Chase must approve subdivision of the Wood Chips Property from the LFC Facility Property and this Agreement for the purchase and sale of the Wood Chips Property.

(viii) **Recording of Covenant.** Prior to the Close of Escrow, the Parties shall execute, as a separate instrument, the Wood Chips Property Covenant, as defined in Section 10 below, simultaneously with the grant deed for the Wood Chips Property. The Wood Chips Property Covenant shall be recorded in the office of the recorder for Fresno County.

(ix) **Cooperation Agreement.** Prior to the Close of Escrow, the Parties shall enter into a separate agreement outlining how and under what circumstances space within the Proposed Facility will be used by VCH and/or leased to prospective tenants, including the types of services provided therein.

(x) **Cross Access Easement.** Prior to the Close of Escrow, the Parties shall execute, as a separate instrument, a mutually agreeable Cross Access Easement Agreement, to be recorded simultaneously with the grant deed for the Wood Chips Property.

(xi) **Shared Water Main Covenant.** Prior to the Close of Escrow, the Parties shall execute, as a separate instrument, a mutually agreeable Shared Water Main Covenant, to be recorded simultaneously with the grant deed for the Wood Chips Property, to allow for shared use by Buyer and the Wood Chips Property of the water main that currently serves the LFC Facility.

(xii) **Delivery of Closing Documents.** LFC shall execute and deliver to Escrow Holder the executed Grant Deed and any other documents reasonably
required in order to affect the timely Close of Escrow as contemplated in this Agreement.

(xiii) **Board Approval.** The Board of Trustees of Valley Children's Healthcare shall have approved this transaction.

4.2 **Conditions to Buyer’s Obligations.** The Close of Escrow and Buyer’s obligation to consummate the transaction contemplated by this Agreement is subject to the satisfaction or written waiver of the following conditions:

(i) **Subdivision of Real Property at LFC Facility.** LFC shall apply to, and obtain approval from, the City of Fresno to subdivide the LFC Facility Property.

(ii) **Approval of Community Development Entities.** To the extent required under the NMTC agreement and loans and prior to final approval of the subdivision by the City of Fresno, LIIF and CVNMTC must each approve subdivision of the Wood Chips Property from the LFC Facility and this Agreement for the purchase and sale of the Wood Chips Property.

(iii) **Recording of Covenant.** The Parties shall execute, as a separate instrument, the Wood Chips Property Covenant, as defined in Section 8 below, simultaneously with the grant deed for the Wood Chips Property. The Wood Chips Property Covenant shall be recorded in the office of the recorder for Fresno County.

(iv) **Cooperation Agreement.** Concurrently with the execution of this Agreement, the Parties shall enter into a separate agreement outlining how and under what circumstances space within the Proposed Facility will be used by VCH and/or leased to prospective tenants, including the types of services provided therein.

(v) **Delivery of Purchase Price and Closing Documents.** Buyer shall deliver to Escrow Holder the Purchase Price and any other documents reasonably required in order to affect the timely Close of Escrow as contemplated in this Agreement.

(vi) **Board Approval.** The Board of Trustees of LFC and the Board of Commissioners of F5FC shall each have approved this transaction.

5. **Purchase Price.** The purchase price for the Wood Chips Property is ONE DOLLAR ($1.00) (the "Purchase Price"). On or before the Closing Date, Buyer will pay the Purchase Price by depositing a check into the escrow in time to meet the Title Company’s requirements regarding immediately available funds for Closing. In the event that any conditions
precedent contained in Section 4 or any other condition of closing are not satisfied by the Closing Date, the Title Company shall, upon written notice, immediately return the Purchase Price to Buyer.

6. **Right of First Refusal.** Buyer shall not sell or agree to sell the Wood Chips Property without first offering the Wood Chips Property to LFC (the "Right of First Refusal"). For the purposes of this Section, "Sell" shall include any transfer, conveyance, or assignment of all or any portion of the Wood Chips Property or Buyer's interest in the Wood Chips Property except for: (i) a conveyance or transfer to any California public benefit corporation formed by or associated with Buyer; or (ii) any lease of the all or a portion of the Wood Chips Property by Buyer to a third-party so long as such lease is directly related to the Project. The Parties shall agree upon a recorded instrument memorializing this Right of First Refusal.

Before Buyer sells or agrees to sell the Wood Chips Property, Buyer shall offer to sell the Wood Chips Property to LFC, in writing and on the terms and conditions substantially identical to those proposed for the sale of the Wood Chips Property to a third party (the "Third-Party Option Notice"). The Third Party Option Notice shall include the following: (i) the purchase price proposed for the sale to the third-party; (ii) the method and terms of payment; (iii) the amount of any earnest money deposit; (iv) the time and location for the close of escrow; and (v) the name of the proposed purchaser.

In the event Buyer desires to sell the Wood Chips Property but has not yet received an offer by a third party for the Wood Chips Property, Buyer shall notify LFC in writing that the Wood Chips Property is available for sale. Upon such notification and in the event LFC desires to purchase the Wood Chips Property, if the parties cannot mutually agree on a purchase price, the Parties shall each retain an appraiser to obtain the fair market value of the Wood Chips Property. In the event that the Parties dispute the appraised value of the Wood Chips Property, they shall agree upon an independent third appraiser to make determination of the Wood Chips Property's fair market value. The purchase price of the Wood Chips Property shall be the appraised fair market value as determined by the Parties or by the independent third appraiser.

LFC shall have thirty (30) days from the date of written notice, including the Third Party Option Notice, or the date of LFC's receipt of the fair market value by the independent third party appraisal to accept the Right of First Refusal by delivering to Buyer written notice of acceptance. If LFC responds with anything other than the unequivocal, unconditional acceptance or rejection, the Right of First Refusal shall terminate and the response shall be deemed an offer to purchase the Wood Chips Property on the terms and conditions in the response (the "Counter Offer"). Buyer shall be entitled to accept or reject LFC's Counter Offer at Buyer's sole discretion. If the Counter Offer is rejected, Buyer shall have no further obligations under this Agreement. If LFC fails to consummate the closing of the purchase of the Wood Chips Property pursuant to this Right of First Refusal within sixty (60) days of acceptance of the Right of First Refusal, Buyer shall not be required to sell the Wood Chips Property to LFC.

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7. **Representations and Warranties of LFC.** The Wood Chips Property is being sold on an “AS-IS” and “WHERE IS” basis. Notwithstanding the foregoing, LFC represents and warrants that: (a) LFC owns the Wood Chips Property, free and clear of all liens, leases, licenses, claims, encumbrances, easements, encroachments on the Wood Chips Property from adjacent properties, encroachments from the Wood Chips Property onto adjacent properties, and any rights of way (including the Alleyway), other than those disclosed by the public record or disclosed herein; (b) LFC has no knowledge of any pending litigation involving the Wood Chips Property; (c) LFC has no knowledge of any violations of, or notices concerning defects or noncompliance with, any code, statute, regulation, ordinance, judicial order, or judicial holding concerning the Wood Chips Property; (d) LFC has no knowledge of any hazardous materials or substances stored, discharged, or otherwise present in, on, or affecting the Wood Chips Property; (e) LFC has no knowledge of any material defects in the Wood Chips Property; (f) the Wood Chips Property is free of occupancies excepting only those stated in this Section 7 hereof; and (g) any information that LFC has delivered to Buyer, either directly or through its agents, is accurate and LFC has disclosed all material facts concerning the operation, development, or condition of the Wood Chips Property.

8. **Representations and Warranties of Buyer.** Buyer represents and warrants that: (a) Buyer has full capacity, right, power and authority to execute, deliver and perform this Agreement and all documents to be executed by Buyer pursuant hereto, and all required action and approvals therefor have been duly taken and obtained. The individuals signing this Agreement and all other documents executed or to be executed pursuant hereto on behalf of Buyer are and shall be duly authorized to sign the same on Buyer's behalf and to bind Buyer thereto. This Agreement and all documents to be executed pursuant hereto by Buyer are and shall be binding upon Buyer in accordance with their respective terms; (b) Buyer's execution and delivery of this Agreement will not result in a breach or violation of default under any of Buyer's organizational documents or any contract, agreement, permit, license, order or decree to which Buyer is a party; (c) neither Buyer nor, to Buyer's knowledge, any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents, is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of OFAC of the Department of Treasury (including those named on OFAC’s Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action.
9. **Covenants of LFC.** Commencing with the full execution of this Agreement by both Parties and until the Closing, LFC shall not permit (a) any liens, encumbrances, or easements to be placed on the Wood Chips Property, other than approved exceptions to title, nor shall LFC enter into any agreement regarding the sale, rental, management, repair, improvement, or any other matter affecting the Wood Chips Property that would be binding upon Buyer after the Closing without the prior written consent of Buyer; and (b) any act of waste or act that would diminish the value of the Wood Chips Property for any reason, except ordinary wear and tear.

10. **Wood Chips Property Covenants.** The covenants contained in this Section, by and between Buyer, its heirs, successors, assignees, transferees, agents, employees or representatives, ("Coventor",,) and LFC, its heirs, successors, assignees, transferees, agents, employees or representatives, ("Coventee"), are for the express purpose of benefiting the LFC Facility Property as depicted in Exhibit C, and run with both the land granted to the Coventor, the Wood Chips Property as depicted in Exhibit B, and the land owned by the Coventee, the LFC Facility Property, and shall benefit or be binding upon each successive owner, during his ownership, of any portion of such land affected thereby and upon each person having any interest therein derived through any owner thereof. Such successive owners of the land are bound thereby for the benefit of the LFC Facility Property.

Buyer, its heirs, successors, assignees, transferees, agents, employees or representatives, hereby covenants and agrees, that it shall not use the Wood Chips Property for rental of residential property. Buyer further covenants and agrees that the Woods Chips Property shall not be used for the development or holding of intangibles for sale or license; the operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal place of business of which is the sale of alcoholic beverages for consumption off premises, or farming; and Buyer's tenants and subtenants shall not engage in the operation of any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal place of business of which is the sale of alcoholic beverages for consumption off premises.

Buyer, its heirs, successors, assignees, transferees, agents, employees or representatives, further covenants and agrees that services and activities on the Wood Chips Property shall be limited to those that comply with the mission of LFC and F5FC and are consistent with the mission of VCH. For illustrative purposes only, LFC's purposes are: (i) to provide vision and means for Fresno County children to enter school in good health, ready and able to learn, and emotionally well-developed by providing culturally, individually and developmentally appropriate parenting and nurturing support and access to resources regarding health care, nutrition and smoking prevention and cessation; (ii) to serve as an incubator for knowledge in the community regarding child welfare and development; and (iii) to generally carry out the goals of F5FC and to develop infrastructure that promotes the social welfare of Fresno County children and their parents.
In the event Buyer, its heirs, successors, assignees, transferees, agents, employees or representatives, uses the Wood Chips Property for an unauthorized purpose, or violates the covenants contained herein, then LFC, its heirs, successors, assignees, transferees, agents, employees or representatives, shall have the right to: (a) seek an injunction to enforce the terms and conditions of these covenants; and (b) seek money damages. The remedies provided herein are in addition to and not in substitution for the rights and remedies which would otherwise be vested in LFC, at law or in equity, all of which rights and remedies are specifically reserved by LFC. The remedies herein provided or otherwise available to LFC shall be cumulative and may be exercised concurrently. The failure to exercise any of the remedies herein provided shall not constitute a waiver thereof, nor shall use of any of the remedies hereby provided prevent the subsequent or concurrent resort to any other remedy or remedies.

11. **Opening Escrow.** The Parties will open an escrow with Title Company at 000 N. Palm, Fresno, California 93706 ("Title Company" or “Escrow Holder”), Attention: Jane Doe.

11.1 **Agreement as Joint Escrow Instructions.** This Agreement, when signed by Buyer and LFC and deposited into escrow with the Title Company, will be the parties’ joint escrow instructions. Buyer and LFC will sign and deliver any other form instructions the Title Company may require that are consistent with this Agreement.

11.2 **Deposits into Escrow.** Buyer and LFC will deposit all instruments, documents (including, but not limited to, the fully executed Wood Chips Property Covenant), money, and other items into escrow with the Title Company that (i) this Agreement identifies or (ii) the Title Company may require that are consistent with the terms and purposes of this Agreement, and necessary to Closing. Within five (5) days after the LFC Facility is subdivided, LFC will deposit a recordable grant deed, substantially in the form attached as Exhibit "D" into the escrow with Title Company, or will conditionally deliver it to Buyer.

11.3 **Title.** LFC will convey title of the Wood Chips Property to Buyer free and clear of all title defects, liens, encumbrances, conditions, covenants, restrictions, leases or agreements, and other adverse interests of record or known to LFC, subject only to the Wood Chips Property Covenant contained in Section 10 above (the “Approved Condition of Title”).

11.4 **Title and Closing Costs.** Buyer shall order from the Title Company, at Buyer's expense, a commitment (or commitments) for an ALTA owner’s policy of title insurance for the Wood Chips Property (collectively, the "Title Commitments"). Buyer shall be responsible for all escrow fees and costs to record the grant deed, the Wood Chips Property Covenant, the Cross Access Easement Agreement, and Shared Water Main Covenant. LFC shall reasonably cooperate to remove any title exceptions that are unsatisfactory to Buyer. Buyer and LFC will pay any other costs according to the custom in Fresno County.
11.5 **Closing.** The escrow will be considered closed ("Closing" or "Close" or the "Closing Date" or the “Close of Escrow”) on the date that the Title Company records the grant deed. The escrow will be in condition to Close when any Conditions to Close are satisfied or waived, the Title Company is prepared to issue the title policy described herein, and the Title Company is otherwise able to record the grant deed. The escrow will continue in effect until Closing unless Buyer or LFC gives a thirty (30) day written demand to terminate the escrow.

11.6 **Disbursements.** At Closing, Title Company may disburse the Purchase Price, less LFC’s costs to clear title, prorations, and other costs, if any, to LFC, when Title Company is committed to issue a standard ALTA owner’s title insurance policy to Buyer insuring its fee title for the purchase price or such lesser amount as Buyer may designate.

11.7 **Prorations.** At Closing, the Title Company will prorate the following, between LFC and Buyer, based on a thirty (30) day month: real property taxes and special assessments, if any.

12. **Brokers.** Buyer represents and warrants to LFC that Buyer has dealt with no broker, finder or other intermediary in connection with this sale. LFC represents and warrants to Buyer that LFC has dealt with no broker, finder or other intermediary in connection with this sale other than intermediary associated with the LFC's Exchange, if any. The provisions of this Section shall survive Closing.

13. **Delivery of Possession.** LFC shall deliver possession at Closing, subject to Buyer’s responsibilities under applicable law to relocate any occupants.

14. **Survival and Indemnity.** Notwithstanding the Closing, delivery of instruments, conveyances of property, and payment of consideration therefor, the parties agree that the respective representations, warranties, covenants, indemnities, and agreements made by each party pursuant to this Agreement, or any document delivered pursuant to this Agreement, shall survive the Closing, and each Party agrees to indemnify, defend, and hold the other harmless from and against any and all claims, demands, losses, obligations, damages, liabilities, causes of action, costs, and expenses (including, without limitation, reasonable attorneys’, paralegals’ and other professionals’ fees and costs) arising out of or in connection with a breach by the indemnifying party of any such representation, warranty, covenant or agreement.

15. **Miscellaneous Provisions.**

15.1 **Further Assurances.** Each party will sign and deliver further documents, or take any further actions required to complete the purchase and sale described herein.
15.2 **Notices.** All notices and other communications required or permitted under this Agreement shall be in writing and duly given on the date of service, if: (a) served personally on the person to receive the notice; (b) delivered by depositing the notice or communication in the U. S. mail, postage prepaid, and addressed to the relevant party at the address set forth below; or (c) by facsimile that provides a transmission confirmation showing the date and time transmitted.

**To LFC:**

Lighthouse for Children, Inc.  
2405 Tulare Street  
Fresno, California 93721  
Attn: Emilia Reyes, Executive Director  

With a copy to:

Kenneth J. Price, Esq.  
BAKER MANOCK & JENSEN, PC  
5260 North Palm Avenue, Suite 421  
Fresno, California 93704

**To Buyer:**

Valley Children's Hospital  
9300 Valley Children’s Place  
Madera, California 93636  
Attn: Jessie Hudgins, Vice-President of Construction

15.3 **Entire Agreement.** Each Exhibit referred to in this Agreement is by that reference incorporated into and made a part of this Agreement. This Agreement is the entire agreement between the parties regarding the purchase and sale of the Wood Chips Property, and supersedes all prior discussions, negotiations, commitments or understanding, written or oral.

15.4 **Amendment or Cancellation.** LFC and Buyer may amend or cancel this Agreement only by mutual written consent of the Parties, unless otherwise expressly provided herein.

15.5 **Successors and Assigns.** This Agreement is binding upon and shall inure to the benefit of each party, and each party’s heirs, successors, assigns, transferees, agents, employees or representatives. The Buyer not may assign this agreement or its rights hereunder.

15.6 **Time of the Essence.** Time is of the essence of each term in this Agreement.
15.7 **Attorneys' Fees.** If any party to this Agreement or the Title Company begins any action, proceeding, or arbitration arising out of this Agreement, then as between Buyer and LFC, the prevailing party shall be entitled to receive from the other party, besides any other relief that may be granted, its reasonable attorneys' fees, costs, and expenses incurred in the action, proceeding, or arbitration.

15.8 **Governing Law.** This Agreement and the legal relations between the parties shall be governed by and construed according to California law. Venue for the filing of any action to enforce or interpret this Agreement or any rights and duties hereunder shall be in Fresno, California.

15.9 **Headings.** The section headings in this Agreement are for convenience only. The headings are not part of this Agreement and shall not be used to construe it.

15.10 **Waiver.** If Buyer or LFC waives a breach of any provision herein, the waiver will not be a continuing waiver. The waiver will not constitute a waiver of any subsequent breach, or a waiver of a breach of any other provision hereof.

15.11 **Severability.** The provisions of this Agreement are severable. The invalidity or unenforceability of any provision in this Agreement will not affect the other provisions.

15.12 **Interpretation.** This Agreement is the result of the combined efforts of the Parties. If any provision of this Agreement is found ambiguous, the ambiguity will not be resolved by construing this Agreement in favor or against any party, but by construing the terms according to their generally accepted meaning.

15.13 **Precedence of documents.** If any conflict exists between the body of this Agreement and any Exhibit or Attachment to it, the provisions of the body of this Agreement will control and take precedence over the Exhibit or Attachment.

15.14 **Counterparts.** This Agreement may be executed in counterparts, each of which when executed and delivered will be deemed an original, and all of which together will constitute one instrument.

15.15 **Survival.** All representations and warranties, indemnifications, and other provisions which, by their nature are intended to continue, shall survive Closing and delivery of the grant deed.
REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK – SIGNATURES TO FOLLOW
15.16 **Approval by Governing Boards.** It is understood and agreed that this Agreement shall have no force and effect until approved by the Board of Directors of LFC for LFC and the Board of Trustees of Buyer.

IN WITNESS WHEREOF the LFC and Buyer have signed this Agreement to be effective as of the Effective Date. For purposes of this Agreement, the term “Effective Date” shall be the last date of approval by the Governing Boards, as provided in Section 15.16.

LIGHHOUSE FOR CHILDREN

By__________________________________  
Brian Pacheco

APPROVED AS TO FORM:

BAKER MANOCK & JENSEN, PC

By__________________________________  
Kenneth J. Price
Attorneys for Lighthouse for Children

VALLEY CHILDREN'S HEALTHCARE

By__________________________________  
Michele Waldron, Chair Officer

APPROVED AS TO FORM:

By__________________________________  
William E. Chaltraw, Jr.
Senior Vice-President and Chief Legal Officer

Attachments:

Exhibit A: MOU  
Exhibit B: Legal description (Wood Chips Property)  
Exhibit C: Legal description (LFC Facility Property)  
Exhibit D: Grant deed
EXHIBIT "A"

MEMORANDUM OF UNDERSTANDING

(Lighthouse for Children/First 5 Fresno County – Valley Children's Hospital)

THIS MEMORANDUM OF UNDERSTANDING (this “MOU”) to be effective on ___ day of December, 2016 (the "Effective Date"), is made by and between Lighthouse for Children, a California nonprofit public benefit corporation ("LFC"), the Children and Families Commission of Fresno County, a California public agency ("F5FC"), and Valley Children's Hospital, a California nonprofit public benefit Corporation ("VCH"). LFC, F5FC, and VCH are collectively referred to herein as the “Parties” and individually referred to herein as a “Party.”

RECITALS

A. LFC is the owner of that Lighthouse for Children building located at 2405 Tulare Ave, Fresno, California 93721 (the "LFC Facility"). LFC and F5FC are parties to that certain lease agreement, wherein F5FC is the master tenant of the LFC Facility.

B. During its September 7, 2016 Board meeting, the LFC Board of Directors directed staff to open a 30-day period to allow interested healthcare providers to submit a Letter of Interest for a potential partnership to develop a building adjacent to the LFC Facility (the "Proposed Facility"). The goal of the partnership is that this new building would house additional health related services for young children and families aligning with the purposes of LFC and F5FC.

C. On or about October 10, 2016, VCH submitted a Letter of Interest to LFC expressing its interest to construct such a building on the LFC Facility property (the "VCH Letter of Interest"). The VCH Letter of Interest is attached hereto as Exhibit "A", attached hereto and incorporated herein by this reference.

D. On October 28, 2016, the LFC Board of Directors considered various Letters of Interest and took action to authorize staff to negotiate a definitive agreement with VCH to construct the Proposed Facility.

E. The LFC Facility is financed by New Market Tax Credits ("NMTC"), which incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities. The NMTC program, however, requires certain approvals by NMTC investors in order to transfer title or materially modify the value of the LFC Facility.

F. By this MOU, the Parties seek to layout the framework for respective contribution to the Proposed Facility and generally describe the services to occur therein, all which would later be memorialized by a subsequent definitive agreement (the "Definitive Agreement").

NOW, THEREFORE, in consideration of the recitals set forth above, which are herein incorporated by this reference, and the mutual covenants and undertakings set forth herein, the mutual receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

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1. **Real Property:**

   A. The Parties anticipate that the Definitive Agreement will provide, in some capacity, that LFC will convey a portion of real property at the LFC Facility, depicted in Exhibit "B" attached hereto and incorporated herein by this reference (the "Wood Chips Property"), to VCH for the Proposed Facility, either through the transfer of title or long-term lease of the Wood Chips Property. LFC shall, in consultation with VCH, determine the method of conveyance (i.e. transfer of title or lease) based upon the direction LFC receives from NMTC investors. The parties agree that the transfer of title of the Wood Chips Property is preferable to a long-term lease. The Parties agree that LFC shall make the determination of VCH's property interest by no later than April 30, 2017.

   B. Upon LFC's determination of VCH's property interest, the Parties shall cooperate to prepare entitlements for the Proposed Facility on the Wood Chips Property. Such entitlements will include an application to the City of Fresno to parcelize the Wood Chips Property as required by the Subdivision Map Act, the preparation and submission of a conditional use permit application to the City of Fresno, compliance with the California Environmental Quality Act, and any other City land use requirements. The Parties anticipate that VCH shall be responsible for the costs of all land use entitlements, including any applicable mitigation imposed by the City or any other governmental agency.

   C. VCH shall be solely responsible for financing the construction of the Proposed Project. The Parties anticipate that the Proposed Facility will be approximately 6,000 - 10,000 square feet. The Parties will work cooperatively to agree upon the architectural design for the Proposed Project. VCH shall design the Proposed Project in a manner that is consistent with the architectural elements of the LFC Facility. The Proposed Facility shall be constructed in such a manner that minimally impacts the operations of LFC and F5FC at the LFC Facility.

   D. In the event that VCH obtains title to the Wood Chip Property, VCH agrees to record a covenant, using language reasonable satisfactory to LFC, restricting its services and activities at the Proposed Project to comply with the mission of LFC and F5FC, as well comply with NMTC requirements regarding the use of the Wood Chips Property. For illustrative purposes only, LFC’s purpose are:

   (i) to provide vision and means for Fresno County children to enter school in good health, ready and able to learn, and emotionally well-developed by providing culturally, individually and developmentally appropriate parenting and nurturing support and access to resources regarding health care, nutrition and smoking prevention and cessation;

   (ii) to serve as an incubator for knowledge in the community regarding child welfare and development; and

   (iii) to generally carry out the goals of F5FC and to develop infrastructure that promotes the social welfare of Fresno County children and their parents.
2. **Services.** Within sixty (60) days of the execution of this MOU, a delegation of boards and staff of LFC and F5FC, and VCH representatives will meet to commence discussions regarding a comprehensive menu of services that the Parties will provide at the Proposed Facility; subject to the final design and functionality of the Proposed Facility. The services will closely align with the VCH Letter of Intent and will be memorialized in the Definitive Agreement, any other agreement deemed appropriate by the Parties.

3. **Term.** This MOU shall commence upon the Effective Date and terminate on December 31, 2017 or the execution of the Definitive Agreement, whichever is first occurring (the "Term").

4. **Exclusivity.** During the Term of this MOU, LFC and F5FC agree that they will not negotiate with another party regarding the disposition of the Wood Chips Property. During the Term of this MOU, VCH agrees that it will not develop another project within Downtown Fresno to provide the services described in the VCH Letter of Interest and agrees to be bound by the Letter of Interest.

5. **MOU Enforceability.** This MOU is merely intended to lay out the material terms described in the Definitive Agreement, is not intended to be discretionary approval for the purposes of the California Environmental Quality Act, and its provisions, except Sections 2-4, shall not be binding upon either Party.

6. ** Entire Agreement.** This MOU supersedes and replaces all prior negotiations, representations and agreements, written or oral, among the parties hereto related to the subject matter hereof.

7. **Assignment.** This MOU shall not be assigned by any party hereto, except upon the prior written consent of the other parties hereto.

8. **Governing Law.** This MOU shall be governed by the laws of the State of California, without regards to conflict of laws principles of such jurisdiction.

9. **Counterparts.** This MOU may be executed in one or more counterparts (including by facsimile, PDF or other electronic means), each of which will be deemed an original and all of which together will constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have executed this MOU as of the last written date below.
Lighthouse for Children, Inc.

By: ____________________________
    Henry R. Perea, Chair

Date: ____________________________

Valley Children's Hospital

By: ____________________________
    Todd Suntrapak, President and CEO

Date: 12/19/16

Children and Families Commission of Fresno County

By: ____________________________
    Henry R. Perea, Chair

Date: ____________________________
Lighthouse for Children, Inc.

By:  
Henry R. Perea, Chair

Date:  12/14/2016

Valley Children's Hospital

By:  
Todd Suntrapack, President and CEO

Date:  

Children and Families Commission of Fresno County

By:  
Henry R. Perea, Chair

Date:  12/14/2016
EXHIBIT "B"
WOOD CHIPS PROPERTY
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF FRESNO, COUNTY OF FRESNO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

INSERT METES & BOUNDS DESCRIPTION

APN: xxx-xxx-xxx
EXHIBIT "C"
LFC FACILITY PROPERTY
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF FRESNO, COUNTY OF FRESNO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

INSERT METES & BOUNDS DESCRIPTION

APN: xxx-xxx-xxx
GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, LIGHTHOUSE FOR CHILDREN, a California nonprofit public benefit corporation, GRANTOR, hereby GRANTS to VALLEY CHILDREN'S HOSPITAL, a California nonprofit public benefit corporation, all that real property situated in the County of Fresno, State of California, described as follows:

INSERT METES & BOUNDS LEGAL

LIGHTHOUSE FOR CHILDREN
A California nonprofit public benefit corporation

By: ______________________________
    John Doe, Manager

Dated: ________________, 2017