



“There is no medicine like hope, no incentive so great, and no tonic so powerful as expectation of something tomorrow.”

— Orison Swett Marden

SITE DESCRIPTION

Seattle Children's Hospital, a private, not-for-profit children's hospital, has renovated a portion of a 216,088 SF, 11-story building in downtown Seattle that it purchased in October of 2006. The renovations to the cold shell included tenant improvements to install all new HVAC, plumbing, electrical and interior finishes for 80,000 SF of the building that comprise the pediatric research facility. In support of the hospital's mission to provide leading medical research and care in the field of life-threatening children's diseases, this project will effectively double the available research space in the building.

LOW INCOME COMMUNITY METRICS

- + Unemployment Rate: 3.66 times the national average
- + Poverty Rate: 40%
- + Median Family Income: 58% of benchmark

PROJECT GOALS

- + Increase the research capacity for one of the best children's hospitals in the U.S.
- + Activate 80,000 SF of building space that have remained in “cold shell” condition since the building was acquired in 2006
- + Help stabilize an area of downtown Seattle categorized as highly-distressed by bringing new professional jobs and additional development that will likely follow
- + Increase the capacity as a referral center, so Seattle Children's Hospital can better service patients from Washington, Alaska, Montana and Idaho

ECONOMIC IMPACTS SUMMARY

The allocation of \$30.0 million in New Markets Tax Credits is anticipated to leverage a total project cost of \$30.0 million and complete financing for a project that, but for the tax credits, could not move forward. An analysis of the direct, indirect and induced economic impacts resulting from construction investment and first ten years of operations shows that the Seattle Children's Hospital project is anticipated to create \$624.0 million in total economic impact, and \$69.4 million in federal and state fiscal impacts.

BENEFIT OF TAX CREDITS

The New Markets Tax Credits program has provided vital economic stimulus to underserved communities nationwide. With the allocation of \$30.0 million in NMTC on the Seattle Children's Hospital project, the federal government has effectively foregone the collection of \$11.7 million in federal taxes over seven years. In return, this powerful investment opportunity is estimated to generate 597 construction and permanent jobs, \$238.1 million in wages, and \$55.5 million in new federal taxes during construction and the first ten years of operations.

NEW MARKETS TAX CREDITS PROGRAM

The New Markets Tax Credit (NMTC) program, established by Congress in 2000 (Omnibus H.R. 4577), was created to encourage private investment in underserved communities in the United States. The NMTC program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities.

The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

The appeal of the NMTC program is financing availability for projects in underserved geographic areas, with extremely favorable terms, for businesses and real estate developers or owners. The result of these investments is to enable non-financeable projects to be completed, and often to allow projects to be enhanced with community-oriented components, both of which generate measurable community impacts as described in this report.

METHODOLOGY

The economic, employment and fiscal impacts shown in this Community Impacts Report were generated using IMPLAN® Professional, the industry standard econometric software used by over 1,000 companies, organizations and government agencies to estimate the impacts of an economic event. IMPLAN® uses “input-output accounting” and closely follows the accounting conventions used in the “Input-Output Study of the U.S. Economy” by the Bureau of Economic Analysis (1980) and the rectangular format recommended by the United Nations. Results shown in this report are based on total construction costs and a New Markets Tax Credits allocation amount that are not final. Actual results will vary according to local economic conditions, wages, materials costs, tax rates, and more.

The community impacts contained herein are based on the total project cost. Jobs are measured in hours worked and, using a multiplier, are represented as FTEs (full time equivalents). Construction jobs are temporary and will be spread out over the construction period, depending on the level of construction spending in each year. Operations jobs are permanent. The fiscal impact figures represent the Federal and State/Local tax revenue resulting from the direct, indirect and induced economic activity during the discrete construction period and the first ten years of facility operations. The total impact figure represents the direct, indirect and induced economic impacts of the discrete construction period plus the first ten years of operations. The total impacts figure does not include the fiscal impact, which is considered separately. All output is in 2008 dollars.

United Fund Advisors serves as the financial consultant for Portland Family of Funds Holdings, Inc. (“PFF”). PFF is the controlling entity for the New Markets Tax Credits allocatee, National Community Fund I, LLC.



3BLSM

United Fund AdvisorsSM is a financial services firm that provides triple bottom line returns to partners, projects, and communities nationwide.

TRIPLE BOTTOM LINE RETURNS

FINANCIAL UFA transactions are structured to deliver appropriate yields to all types of investors, lenders and project developers. Whether it's a green building or a small business, a strong financial foundation allows UFA and its partners to be financially rewarded for building projects that deliver more deeply to the community and the natural environment.

SOCIAL While a single UFA project cannot change the fortunes of a city or the world, strong focus on what's best for the people who live there can be a magnet for ideas, improvements and investment. UFA projects create jobs and job training, build wealth and property ownership, deliver healthy buildings and clean energy, provide access to transit, enable historic preservation, and support education and culture.

ENVIRONMENTAL Buildings are responsible for approximately 48% of the energy use and emission of greenhouse gases in the United States, and the demand for clean, renewable energy is increasing rapidly. UFA is making change by creating tax-advantaged investment opportunities which result in financing for projects with reduced energy costs and enhanced property values.

PARTNERS IN THE SEATTLE CHILDREN'S HOSPITAL PROJECT:

- Seattle Children's Hospital
- United Fund Advisors, LLC
- National Community Fund I, LLC
- US Bank CDE, LLC
- LCD New Markets Fund, LLC

NEW MARKETS TAX CREDITS ECONOMIC IMPACTS:

| | |
|--------------------------|---|
| Location | 1900 9th Avenue, Seattle, WA |
| Development Type | Pediatric Research Facility (cold shell tenant improvement) |
| Size | 80,000 SF |
| Developer | Seattle Children's Hospital |
| Total Project Cost | \$30,000,000 |
| Allocation Required | \$30,000,000 |
| CDE | National Community Fund I, US Bank CDE, LCD New Markets Fund |
| Low Income Community | Unemployment Rate: 3.66 times the national average Poverty Rate: 40% Median Family Income: 32.2% of benchmark |
| Project Timeline | Project Completed: Spring 2009 |
| LEED Certification Level | Silver, Core & Shell |

JOBS*
+597

WAGES*
\$238.1M

FISCAL IMPACT*
\$69.4M

TOTAL IMPACT*
\$624.0M

* Figures shown are direct, indirect, and induced impacts of construction and first 10 years of operations. Please see www.unitedfundadvisors.com for more information.

+ ADDITIONAL COMMUNITY IMPACTS

- + Promote sustainable practices in the workplace by achieving LEED Silver Core & Shell certification; and providing alternative commute options with shuttle service, free FlexPasses, SCH-provided bicycles, and financial incentives for using alternate transportation
- + Facilitate economic stabilization for the project area and the greater community by doubling the research space—allowing the sponsor to recruit and retain leading pediatric researchers
- + Participate in community stakeholder activities including having executives involved in serving on local neighborhood, community and school boards