

**LIGHTHOUSE FOR CHILDREN, INC.
BOARD MEETING**

Date: Friday, October 28, 2016

Time: 10:00 a.m. – Regular Meeting

Lighthouse for Children
2405 Tulare Street
Fresno, CA 93721

AGENDA

| ITEM | SUBJECT | PRESENTER |
|------------------------|--|----------------|
| 1. | CALL TO ORDER | Chair Perea |
| 2. | POTENTIAL CONFLICTS OF INTEREST Any Commission Member who has potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter. | Chair Perea |
| 3. Action Pg. 1 | MINUTES FROM SEPTEMBER 7, 2016, BOARD MEETING Supporting Document | E. Reyes, E.D. |
| 4. Action Pg. 3 | FINANCIAL REPORT FOR PERIOD ENDING AUGUST 2016 Supporting Document | E. Reyes, E.D. |
| 5. Action Pg. 6 | FINANCIAL AUDIT REPORT FOR FISCAL YEAR 2015-2016 Supporting Document | E. Reyes, E.D. |
| 6. Action Pg. 20 | LIGHTHOUSE FOR CHILDREN THIRD FLOOR TENANT IMPROVEMENTS Supporting Document | E. Reyes, E.D. |
| 7. Action Pg. 22 | LETTERS OF INTEREST REGARDING HEALTH-RELATED SERVICES ON THE GROUNDS OF THE LIGHTHOUSE FOR CHILDREN Supporting Document | E. Reyes, E.D. |
| 8. Information | PUBLIC COMMENT | Chair Perea |
| 9. | ADJOURNMENT | Chair Perea |

NOTE: If you need disability modification(s) and/or other accommodation(s) in order to participate in this meeting, please contact the office at (559) 558-4900 at least 48 hours prior to the start of the meeting. Government Code Section 54954.2(a).

LIGHTHOUSE FOR CHILDREN, INC.

Board Meeting
October 28, 2016 – 10:00 a.m.

2405 Tulare Street
Fresno, CA 93721

CONSENT AGENDA ITEM 3a

RECOMMENDED ACTION:

Approve Lighthouse for Children Meeting Minutes – September 7, 2016

ACTION SUMMARY MINUTES
September 7, 2016 – 3:00 P.M.

Present: **Board Members:** Henry Perea (Chair), Stacy Sablan, Dawan Utecht

Absent: Hugo Morales

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.

Board Member Utecht recused herself from agenda item 6.

3. MINUTES FROM MARCH 16, 2016, BOARD MEETING

Public Comment: None heard.

Motion by: Sablan

Second by: Utecht

Ayes: Perea, Sablan, Utecht

Noes: None heard.

4. FISCAL YEAR 2016-2017 LIGHTHOUSE FOR CHILDREN PROPOSED BUDGET

Public Comment: None heard.

Motion by: Sablan

Second by: Utecht

Ayes: Perea, Sablan, Utecht

Noes: None heard.

5. 3RD FLOOR TENANT IMPROVEMENT CONSTRUCTION BIDS

Public Comment: None heard.

Motion by: Sablan
Ayes: Perea, Sablan, Utecht
Noes: None heard.

Second by: Utecht

6. AUTHORIZATION TO ENTER INTO NEGOTIATIONS WITH VALLEY CHILDREN'S HOSPITAL FOR THE POSSIBLE CONSTRUCTION OF A HEALTH-RELATED SERVICE CENTER ON THE GROUNDS OF THE LIGHTHOUSE FOR CHILDREN

Board Member Utecht recused herself from the item and stepped out of the meeting.

Public Comment:

Kudzi Muchaka, from Community Regional Medical Center (CRMC), requested to extend this opportunity to include other healthcare providers possibly by opening a Request For Proposal. He stated that CRMC has data from the last 12 months confirming there is currently no gap in services for children in the downtown area.

The Board directed staff to allow 30 days for both, CRMC and Valley Children's Healthcare to provide a letter of interest that would include the following: a description of services they would be able to offer, data along with justification for proposed services, how the proposed services would align with the Lighthouse for Children's vision and any financial contribution for the proposed partnership.

Given this new direction provided to staff, action on this item was postponed to a future convening.

7. PUBLIC COMMENT

Board Member Utecht rejoined the meeting.

Public Comment: None heard.

No Action Required.

8. ADJOURNMENT

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
October 28, 2016 – 10:00 a.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.4

TO: Lighthouse for Children Board Members
FROM: Emilia Reyes, Executive Director
SUBJECT: Financial Report for Period Ending August 2016

RECOMMENDED ACTION:

Accept the Financial Report for period ending August 31, 2016.

BACKGROUND:

This item is intended to keep the Board apprised of the Lighthouse for Children (LFC) financial activity as of August 31, 2016 and to provide an opportunity to discuss and review financial activities for the reporting period.

KEY POINTS:

Revenues (48%)

- Fund Balance (103%) – This amount represents the amount budgeted along with the carryover balance from the preceding fiscal year.

Operating (6%)

- NMTC Interest Payments (30%) –Interest payments for the New Market Tax Credit loan are made on a quarterly basis. Quarter one has been paid.

FISCAL IMPACT:

Overall, expenses are within budget constraints and are less than projected for period ending August 31, 2016 at six percent. The variance between projected expenses and actual expenses (11%) is due to budgeted expenses not requiring payment within this reporting period.

**LIGHTHOUSE FOR CHILDREN
FINANCIAL STATEMENT
AUGUST 2016 (17%)**

Revenues

| | <u>Budget Amounts</u> | <u>Actual Amounts</u> | <u>Variance</u> | <u>Percent Variance</u> |
|---------------------------------|--------------------------|--------------------------|-------------------------|-------------------------|
| | <u>07/01/16-06/30/17</u> | <u>07/01/16-08/31/16</u> | | |
| Fund Balance as of July 1, 2016 | \$250,000 | \$256,341 | (\$6,341) | 103% |
| Annual Rent Income | \$148,000 | \$24,667 | \$123,333 | 17% |
| Tenant Improvement Contribution | \$184,000 | \$0 | \$184,000 | 0% |
| Individual Donor | \$0 | \$0 | \$0 | 0% |
| Total Revenues | <u>\$582,000</u> | <u>\$281,008</u> | <u>\$300,992</u> | <u>48%</u> |

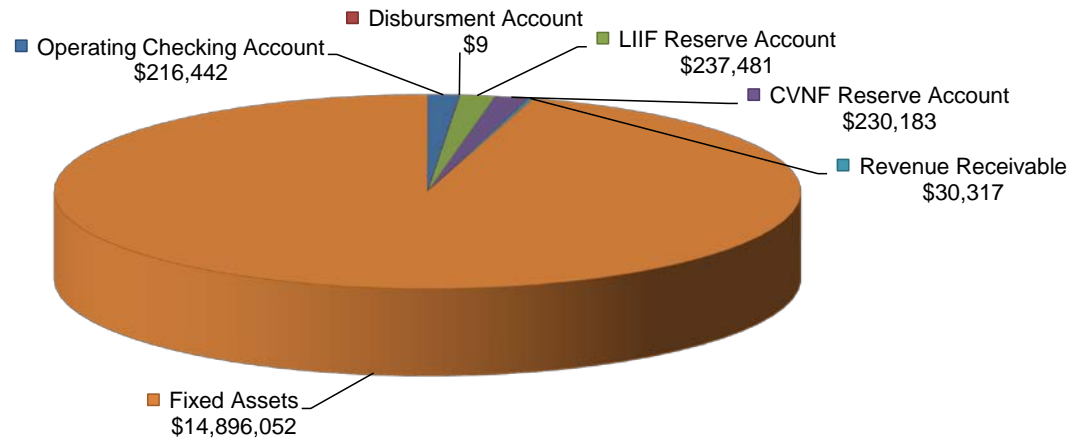
Expenses

| | <u>Budget Amounts</u> | <u>Actual Amounts</u> | <u>Variance</u> | <u>Percent Variance</u> |
|---------------------------------|-------------------------|------------------------|-------------------------|-------------------------|
| Operating Expenses | | | | |
| Administrative Contract | \$25,000 | \$0 | \$25,000 | 0% |
| Tenant Improvements (3rd Floor) | \$422,000 | \$0 | \$422,000 | 0% |
| Insurance | \$17,000 | \$0 | \$17,000 | 0% |
| Professional Services | \$8,000 | \$820 | \$7,180 | 10% |
| NMTC Interest Payments | \$110,000 | \$33,428 | \$76,572 | 30% |
| Total Operating | <u>\$582,000</u> | <u>\$34,248</u> | <u>\$547,752</u> | <u>6%</u> |

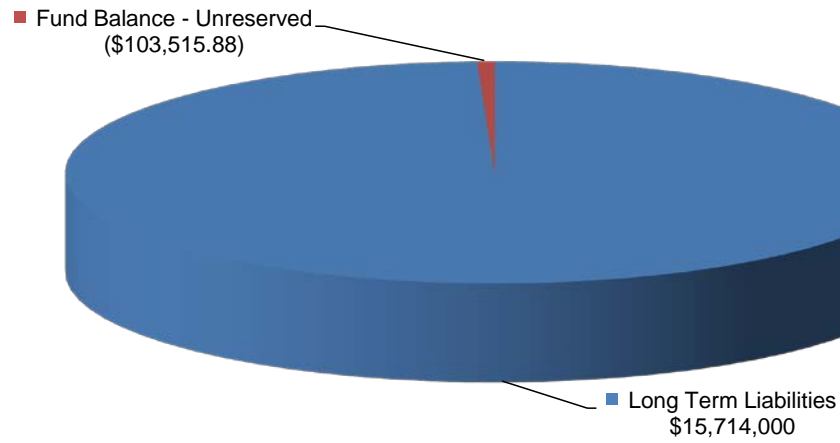
Contract Awards

| | <u>Budget Amounts</u> | <u>Actual Amounts</u> | <u>Variance</u> | <u>Percent Variance</u> |
|---------------------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Hudson, Henderson & Company LLC | \$5,455 | \$820 | \$4,635 | 15% |
| Total Contract Awards | <u>\$5,455</u> | <u>\$820</u> | <u>\$4,635</u> | <u>15%</u> |

ASSETS



LIABILITIES AND FUND BALANCE



LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
October 28, 2016 – 10:00 a.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.5

TO: Lighthouse for Children Board Members
FROM: Emilia Reyes, Executive Director
SUBJECT: Financial Audit Report for Fiscal Year 2015-2016

RECOMMENDED ACTION:

Review and approve the Lighthouse for Children, Inc. Financial Audit Report for fiscal year 2015-2016.

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 auditors at 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.

Upon completion of the Financial Audit Report, Hudson, Henderson and Company, Inc. assured the Lighthouse for Children, Inc. financial statements for fiscal year 2015-2016 are in accordance with accounting principles. The Financial Audit Report is attached.

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, 2016**

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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, 2016, 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, 2016, 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.

Hudson Henderson & Company, Inc.

Fresno, California
October 14, 2016

LIGHTHOUSE FOR CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

| | |
|-----------------------------|-----------------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 691,789 |
| Accounts receivable | <u>52,106</u> |
| Total current assets | 743,895 |
| Property and Equipment, Net | <u>14,896,052</u> |
| Total Assets | <u><u>\$ 15,639,947</u></u> |

LIABILITIES AND NET ASSETS (DEFICIT)

| | |
|--|-----------------------------|
| Liabilities | |
| Current Liabilities | |
| Accounts payable and accrued expenses | \$ <u>20,000</u> |
| Total current liabilities | <u>20,000</u> |
| Long-Term Liabilities | |
| Notes payable | <u>15,714,000</u> |
| Total long-term liabilities | <u>15,714,000</u> |
| Total liabilities | <u>15,734,000</u> |
| Net Assets (Deficit) | |
| Unrestricted | <u>(94,053)</u> |
| Total net assets (deficit) | <u>(94,053)</u> |
| Total Liabilities and Net Assets (Deficit) | <u><u>\$ 15,639,947</u></u> |

The accompanying notes are an integral part of the financial statements.

LIGHTHOUSE FOR CHILDREN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|--------------------|
| REVENUES | | | |
| Rental income | \$ 148,000 | \$ - | \$ 148,000 |
| Interest income | 1,205 | - | 1,205 |
| In-kind contributions | <u>15,000</u> | <u>-</u> | <u>15,000</u> |
| Total Revenues | <u>164,205</u> | <u>-</u> | <u>164,205</u> |
| EXPENSES | | | |
| Operating expenses: | | | |
| Depreciation | 361,499 | - | 361,499 |
| Insurance and taxes | 5,660 | - | 5,660 |
| Management and administrative services | 35,000 | - | 35,000 |
| Repairs and maintenance | 958 | - | 958 |
| Supporting services: | | | |
| Interest expense | 217,906 | - | 217,906 |
| Legal and professional services | <u>11,109</u> | <u>-</u> | <u>11,109</u> |
| Total Expenses | <u>632,132</u> | <u>-</u> | <u>632,132</u> |
| Change in Net Assets | (467,927) | - | (467,927) |
| Net Assets at Beginning of Year | <u>336,874</u> | <u>-</u> | <u>336,874</u> |
| Prior Period Adjustment | <u>37,000</u> | <u>-</u> | <u>37,000</u> |
| Net Assets at Beginning of Year (Restated) | <u>373,874</u> | <u>-</u> | <u>373,874</u> |
| Net Assets (Deficit) at End of Year | <u>\$ (94,053)</u> | <u>\$ -</u> | <u>\$ (94,053)</u> |

The accompanying notes are an integral part of the financial statements.

LIGHTHOUSE FOR CHILDREN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

| | |
|--|-------------------|
| Cash Flows from Operating Activities | |
| Change in net assets | \$ (467,927) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | |
| Depreciation | 361,499 |
| Prior period adjustment | 37,000 |
| Changes in operating assets and liabilities: | |
| Accounts receivable | (41,215) |
| Accounts payable and accrued expenses | <u>(229,912)</u> |
| Net cash used by operating activities | <u>(340,555)</u> |
| Cash Flows from Investing Activities | |
| Redemption of investments | - |
| Purchases of property and equipment | <u>(648,958)</u> |
| Net cash used by investing activities | <u>(648,958)</u> |
| Net decrease in cash and cash equivalents | (989,513) |
| Cash and Cash Equivalents, Beginning of Year | <u>1,681,303</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 691,790</u> |
| Supplemental Cash Flows Disclosures | |
| Cash payments during the year for: | |
| Interest | <u>\$ 217,906</u> |

The accompanying notes are an integral part of the financial statements.

LIGHTHOUSE 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.

LIGHTHOUSE FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

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, 2016, 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, 2016.

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:

| | <u>Years</u> |
|----------------------------|--------------|
| Buildings and improvements | 40 |
| Furniture and equipment | 7 |

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.

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, 2016.

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, 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.

LIGHTHOUSE 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, 2016, the Organization had \$217,554 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 these basic financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through October 14, 2016, which is the date the financial statements were available to be issued.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2016:

| | |
|----------------|------------------|
| Rental income | \$ 37,000 |
| Reimbursements | <u>15,106</u> |
| | <u>\$ 52,106</u> |

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended June 30, 2016 consisted of the following:

| | Balances July 1, 2015 | Transfers and Additions | Sales and Retirements | Balances June 30, 2016 |
|--|--------------------------|----------------------------|--------------------------|---------------------------|
| Property and Equipment Not Being Depreciated: | | | | |
| Land | \$ 649,080 | \$ - | \$ - | \$ 649,080 |
| Construction in Process | - | - | - | - |
| Total Property and Equipment Not Being Depreciated | <u>649,080</u> | <u>-</u> | <u>-</u> | <u>649,080</u> |
| Property and Equipment Being Depreciated: | | | | |
| Buildings and Improvements | 14,136,040 | 625,262 | - | 14,761,302 |
| Furniture and Equipment | - | 23,696 | - | 23,696 |
| Total Property and Equipment Being Depreciated | <u>14,136,040</u> | <u>648,958</u> | <u>-</u> | <u>14,784,998</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (176,527) | (361,217) | - | (537,744) |
| Furniture and Equipment | - | (282) | - | (282) |
| Total Accumulated Depreciation | <u>(176,527)</u> | <u>(361,499)</u> | <u>-</u> | <u>(538,026)</u> |
| Property and Equipment, Net | <u>\$ 14,608,593</u> | <u>\$ 287,459</u> | <u>\$ -</u> | <u>\$ 14,896,052</u> |

Depreciation expense for the year ended June 30, 2016, was \$361,499.

LIGHTHOUSE FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 – 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

LIGHTHOUSE FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 – 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.

| | |
|----------------------------------|----------------------|
| | <u>\$ 2,408,340</u> |
| Total notes payable | 15,714,000 |
| Less current portion due | - |
| Notes payable, long-term portion | <u>\$ 15,714,000</u> |

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

| | Principal | Estimated Interest Payments | Estimated Total Debt Service |
|-----------------------|----------------------|--|---|
| Years ending June 30: | | | |
| 2017 | \$ - | \$ 217,923 | \$ 217,923 |
| 2018 | - | 217,923 | 217,923 |
| 2019 | - | 217,923 | 217,923 |
| 2020 | - | 217,923 | 217,923 |
| 2021 | 290,718 | 217,420 | 508,138 |
| 2022-2026 | 3,020,583 | 971,176 | 3,991,759 |
| 2027-2031 | 3,237,077 | 754,683 | 3,991,760 |
| 2032-2036 | 3,469,088 | 522,672 | 3,991,760 |
| 2037-2041 | 3,717,725 | 274,033 | 3,991,758 |
| 2042-2044 | 1,978,809 | 38,332 | 2,017,141 |
| | <u>\$ 15,714,000</u> | <u>\$ 3,650,008</u> | <u>\$ 19,364,008</u> |

Interest expense relating to the above notes payable was \$217,906 for the year ended June 30, 2016.

LIGHTHOUSE FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 5 – ECONOMIC DEPENDENCY

The Organization received approximately 99% of its support and revenues and 71% of its accounts receivable at June 30, 2016 was from the Commission. Support and revenue from the Commission consisted of \$148,000 of rental income and \$15,000 in in-kind donations of management and administrative services. Discontinuance of funding from the Commission could have an adverse effect on the Organization's ability to continue its operations. The Organization also had \$35,000 in management and administrative services expense to the Commission.

NOTE 6 – 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 7 – 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, 2016.

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 2013.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$37,000 was recorded to account for revenue received in the current year but was earned and receivable as of the prior year-end. The revenue and corresponding receivable were not properly accounted for in the prior period.

LIGHTHOUSE FOR CHILDREN, INC.
BOARD MEETING

October 28, 2016 –10:00 a.m.

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.6

TO: Lighthouse for Children Board Members
FROM: Emilia Reyes, Executive Director
SUBJECT: General Contractor for Third Floor Tenant Improvements

RECOMMENDED ACTION:

Approve an amount not to exceed \$630,500 to BVI Construction Inc., General Contractor for Lighthouse for Children Third Floor Tenant Improvements.

BACKGROUND:

Construction of the Lighthouse for Children (LFC) facility was completed in March 2015, with all aspects of the building completed with the exception of the majority of the third floor due to budget restrictions. After a full year of occupancy, First 5 Fresno County has been able to obtain subleases with Fresno County Superintendent of Schools (FCSS) for the FRIENDS Early Intervention Program, the Foster Youth Services Coordination and Homeless Youth Education Services Program and the Early Care & Education Department, fully maxing out the facility's capacity. Having a high number of staff to accommodate for, FCSS has requested additional space to meet their needs.

In March 2016 the LFC Board approved the release of the 3rd Floor Tenant Improvements. Subsequently, the LFC published a notice in the Fresno Bee on April 12, 2016 and April 19, 2016, inviting bidders to bid on The Lighthouse for Children 3rd Floor Tenants Improvements. The project was generally described as follows: Lighthouse for Children 3rd Floor Interior Tenant Improvements of new offices and a meeting room on shelled space of existing building plus minor site work if required. At the close of the bidding process on May 16, 2016, there was only one contractor that bid on the construction of the 3rd Floor Tenant Improvements. Marko Construction Group, Inc. was the sole bidder. The lump sum base price bid by Marko Construction Group, Inc. was \$755,093, approximately \$315,093 over the original cost estimate of \$440,000.

Given the only bid submitted was 171.6% higher than the engineer's estimated cost, LFC staff recommended in the public's interest to revise the 3rd Floor Tenant Improvement plans and rebid the project. Therefore, the LFC Board rejected the one bid submitted and authorized LFC staff to re-advertise for the 3rd Floor Tenant Improvements in mid-September and open bids for an award in mid-October. Material changes were made to allow the plans to be more attractive to a wider pool of bidders and to help reduce estimated bid prices, without compromising the functionality of the third floor. On October 18, 2016 LFC received four bids. The most responsive contractor is BVI Construction Inc. As a result, LFC staff is recommending accepting the bid from BVI Construction Inc. for an award amount not to exceed \$630,500 for the 3rd Floor Tenant Improvements.

The remaining space on the third floor is approximately 4,400 square feet, with the following

breakdown of square footage:

- Large Conference Space – 1,236 sq. ft.
- Common Area and Storage – 843 sq. ft.
- Tenant Space (13 individual offices) – 2,321 sq. ft.

At this time, LFC has approximately \$238,000 (cost savings from the original construction of the facility) for the project, leaving a balance of \$392,500 unfunded. At the March 2016 meeting, the First 5 Fresno County Commission approved \$184,000 for this project. LFC staff is requesting to modify and substitute the total amount to \$392,500 from the Commission. The identified tenant Fresno County Superintendent of Schools (FCSS) will be contributing approximately \$233,000 over 7 years for the tenant space. The tenant improvement contribution will be incorporated in their monthly lease payment to the Commission, reducing the net amount provided by the Commission to this project to approximately \$159,500.

CONCLUSION:

Contingent upon First 5 Fresno County Commission approving the funding modification request at their October 28, 2016 meeting and with LFC Board approval, staff will begin contract development with the selected contractor BVI Construction, Inc. If approved, construction of the 3rd floor tenant improvements will be completed approximately at the end of the current fiscal year. Overall, the completion of the 3rd floor will meet the vision of the Lighthouse for Children Board to provide a fully functional community space for partners where young children and families are prioritized.

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
October 28, 2016 – 10:00 a.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.7

TO: Lighthouse for Children Board Members

FROM: Emilia Reyes, Executive Director

SUBJECT: Letters of Interest Regarding Health-Related Services on the Grounds of the Lighthouse for Children.

RECOMMENDED ACTION:

Provide staff and counsel guidance on next steps.

REASON FOR RECOMMENDED ACTION:

During the September 7, 2016 Lighthouse for Children Board meeting, the Board directed staff to open a 30-day informal procurement period to allow Valley Children's Healthcare (VCH) and Community Regional Medical Center (CRMC) to submit a Letter of Interest for a potential partnership to develop a facility adjacent to the Lighthouse for Children (LFC) building located in downtown Fresno. The goal of the partnership is to provide additional health related services for young children and families aligning with the Lighthouse for Children's vision. Each entity was asked to submit the following information:

- 1) A description of the proposed health related services to be offered to young children and their families at this location providing data and written justification for the proposed services.
- 2) How do the proposed services align with the mission and vision of The Lighthouse for Children (detailed below)?
 - 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;*
 - III. *to generally carry out the goals of First 5 Fresno County and to develop infrastructure that promotes the social welfare of Fresno County children and their parents.*

3) What financial contribution will the agency invest in this project?

Both, Valley Children's Healthcare and Community Regional Medical Center submitted Letters of Interest (attached). Staff requires direction from the Board to make a determination on what the next steps should be.

Background: At the outset of the planning and construction of the Lighthouse for Children (LFC), the LFC Board had envisioned a "Phase 2" of the project. This next phase, which would be on the southwest corner of the property, would address in some way specific healthcare needs of children in Fresno County. The LFC Board envisioned an adjacent building generally matching the exterior features of the current facility.

To accomplish this goal, LFC could either (i) construct the building itself and contract with a healthcare provider to offer such services, or (ii) partner with a healthcare provider to construct building and offer the services. LFC legal counsel has reviewed the New Market Tax Credit (NMTC) agreements and has talked with the NMTC specialty attorney that represented the First 5 Fresno County Commission regarding financing of the LFC. LFC Legal Counsel concluded with the approval of the NMTC investors and amendments to the NMTC agreements; it is possible to accomplish a Phase 2 construction project. LFC as a public benefit corporation is not required to procure a partner for this project. The Board may choose, in its discretion, to negotiate directly with an interest party.

FISCAL IMPACT:

At this point, LFC's financial participation, if at all, in such a project remains open. Staff will require Board approval if financial contribution is determined.

CONCLUSION:

The construction of a Phase 2 to house specialized health-related activities serving primarily young children ages 0 to 5 and their families has been an objective for LFC and First 5 Fresno County since the inception of the Lighthouse for Children facility. Staff requests guidance by the Board on how it should proceed to accomplish this goal.



Emilia Reyes, MBA
Executive Director
Lighthouse for Children, Inc.
2405 Tulare Street, Suite 200
Fresno, CA 93721

9300 Valley Children's Place
Madera, CA 93636

559-353-3000
valleychildrens.org

Dear Ms. Reyes,

On behalf of Valley Children's Healthcare I am pleased to submit the attached Letter of Interest to partner with Lighthouse for Children to develop a new facility adjacent to the Lighthouse building located in downtown Fresno.

We believe that as the only healthcare provider focused exclusively on children and expectant mothers and with our mission to provide high-quality, comprehensive healthcare services to children, regardless of their ability to pay, and to continuously improve the health and wellbeing of children, Valley Children's is uniquely qualified to partner with Lighthouse for Children to provide additional health-related services for young children and families in downtown Fresno.

If you have any questions as you review our Letter of Intent, please do not hesitate to contact me.

We look forward to working with you and your team on this exciting partnership.

Sincerely,

Jane Willson
Vice President, Corporate Development
Valley Children's Healthcare
9300 Valley Children's Place
Madera, CA 93636
jwillson@valleychildrens.org
559-353-8630

Letter of Interest
Health Services for Young Children Partnership
Lighthouse for Children and Valley Children's Healthcare

About Valley Children's Healthcare

Valley Children's began as the vision of five women who saw the need for a dedicated pediatric hospital in the Valley. Now one of the largest pediatric healthcare networks in the nation, Valley Children's Healthcare provides Central California's only high-quality, comprehensive care exclusively for children from before birth to age 21 and for those with complex medical needs into adulthood.

Our mission is to provide high-quality, comprehensive healthcare services to children, regardless of their ability to pay, and to continuously improve the health and wellbeing of children. We recognize that we cannot achieve our mission alone – we must partner with other organizations. Over 30 years ago we established our first neonatal satellite at Saint Agnes Medical Center, bringing specialized neonatal care to families outside the walls of our Hospital. Over the next 10 years we added two more neonatal satellites, one in Merced and one in Hanford. Today, you will find Valley Children's staff and physicians partnered with organizations throughout Central California to provide education programs, clinical partnerships, telemedicine and staffing. We believe that by working together we can truly make a difference in the lives of children.

As the only dedicated children's network in Central California, it is imperative for us to continuously evaluate the programs and services available for children and to identify opportunities to expand services focused on the health and wellbeing of children. In 2009, we asked McKinsey & Company to conduct a review of maternal-fetal medicine services in Fresno and throughout Central California. Their study showed a need for seven to eight maternal-fetal medicine physicians in Fresno County and 30 to 35 throughout Central California. Sadly, the study revealed that the adult hospitals in our area were not meeting the needs of expectant mothers and their unborn children. There were only four maternal-fetal medicine physicians in Fresno and only 10 to 11 in the entire area.

Since access to high-quality prenatal care is one of the best ways to improve the health of children, we knew we needed to act. In collaboration with Saint Agnes Medical Center, we created our Maternal Fetal Medicine program. Seven years later, with six full-time clinical faculty, we have the largest Maternal Fetal Medicine program in Central California. In addition, we have expanded our partnership to Hanford, Visalia and Merced, and continue to recruit providers to meet the needs of the communities we serve.

Recognizing that a significant need exists for better access to prenatal care, we recently expanded our Maternal Fetal program to include partnerships with obstetricians to assist them with practice management, recruiting and, if desired, acquisition of their practice. Recently we acquired Dr. Harold Grooms' practice and recruited a Spanish-speaking obstetrician to join the practice.

We share First 5 Fresno County's commitment to enable children to learn and support their health and wellbeing. Below we highlighted a few of the education and support programs we provide.

- Children are encouraged to visit the Educational Learning Center while treated at Valley Children's. The Learning Center has educational activities, computers and games to help kids continue to learn while in the Hospital. For school-aged children scheduled to be hospitalized for more than 10 days, a Golden Valley School District teacher can be assigned to provide grade-appropriate instruction.
- The Valley Children's Literacy Program promotes and encourages children in Central California to become lifelong readers.
 - Valley Children's hosts quarterly Literacy Fairs where volunteers from the community read to children throughout the Hospital.
 - The Hospital also joins national literacy efforts like Read Across America, Read for the Record and Children's Book Week. Special events like Dr. Seuss birthday parties and read-ins highlight the importance of reading.
 - Valley Children's volunteers visit outpatient practices to read aloud to children, showing parents and children the pleasures and techniques of looking at books together.
 - Doctors and medical staff at Valley Children's talk to families about the importance of reading and write special prescriptions for parents to read to their children. Patients receive a book each time they visit participating practices. Up to 2,000 books are currently given away every month, and in the past year, the program has spent more than \$30,000 on new books.
- Child Life specialists help children understand and cope with hospitalization. Focusing on developmental needs of children, Child Life specialists provide education, play and emotional support for patients and their families.

Our Fresno County Patients

Over the last three years, nearly 68,000 children ages 0 to 5 from Fresno County have received care from the pediatric specialists at Valley Children's. With a population of about 97,500 ages 0 to 5, this means that almost 70% of Fresno County's children 5 years old and under receive specialty care at Valley Children's.

- 77% of our patients from Fresno County are low income and rely on Medi-Cal insurance.
- 46% are Hispanic, 42% Caucasian, 5% African American, 4% Asian and 2% Other.
- They speak more than 25 different languages and more than 20% prefer to speak Spanish at home.

Proposed Health Related Services to be Offered at the New Location

Over the last year, Valley Children's staff engaged in discussions with the Lighthouse team to determine which services might make the most sense to be provided at a new facility adjacent to the Lighthouse building.

To inform this discussion, Valley Children's team focused on understanding which of its outpatient services the children living in the zip codes surrounding downtown were using today.

Our Physical Therapists provide evaluation and treatment services, with the overall goal of obtaining the optimal level of independence by restoring movement, mobility and function, relieving pain, and educating and collaborating with patients and their families in their care. Like the occupational therapists, physical therapists work with patients who have impaired mobility and function from either temporary or permanent symptoms or delays resulting from disease, injury, prematurity or birth defects.

Operated as the outpatient clinic for The Guilds Child Abuse Prevention and Treatment Center at Valley Children's, the Child Advocacy Clinic operates five days a week and sees more than 1,000 children each year. The team is available seven days a week, 24 hours a day for emergency coverage. The Center works closely with law enforcement, CPS and district attorneys' offices in their investigative efforts of child maltreatment. Collaborative efforts include case consultation and monthly SCAN (Suspect Child Abuse and Neglect) meetings facilitated by our Child Advocacy Clinic in an effort to track, monitor and advocate for the health and safety of at-risk children throughout Central California. The SCAN team comprises multidisciplinary members that include physicians, nurse practitioners, nurses, social workers, law enforcement, CPS, attorneys, public health and other individuals and groups when indicated. For prevention education, the Center collaborates with internal and external partners to provide education to parents, caregivers, healthcare personnel, teachers and mandated reporters of suspected child maltreatment. These partners include Valley Children's Trauma Department's Injury Prevention Team, Safe Kids, Child Abuse Prevention Councils of California, Comprehensive Youth Services, CPS, Exceptional Parents Unlimited, Sexual Assault Response Teams (SART) and county public health departments.

High Risk Infant Follow-up services begin after an infant born prematurely or who has been hospitalized in a neonatal intensive care unit is discharged and continues up to 3 years of age. Children are seen for three visits: at approximately 4 to 6 months adjusted age, 12 months adjusted age and 24 months chronological age. (The adjusted age is the age the baby would be if they had not been born early.) Entry into the program is available to infants who meet specific criteria established by California Children's Services and/or who are at risk for developmental delays and referred by a primary care provider. Medically compromised newborns often are at risk for delays in growth, speech, motor and cognitive development. Early intervention is important to reduce the effects of potential health and developmental issues. Our specialized staff has extensive experience identifying and managing these children's ongoing needs to help them catch up with their full-term peers. This monitoring, along with regular visits to the pediatrician, helps prevent long-term problems and provides caregivers vital information to enhance a child's growth and development.

Alignment of Proposed Services with Mission & Vision of the Lighthouse for Children

All the services we propose to provide at the new facility align well with the charitable purposes of Lighthouse for Children. Specifically,

- 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 healthcare, nutrition and smoking prevention and cessation;

- II. To serve as an incubator for knowledge in the community regarding child welfare and development;
- III. To generally carry out the goals of First 5 Fresno County and to develop infrastructure that promotes the social welfare of Fresno County children and their parents.

The goal of the High Risk Infant Follow-up Program is to provide opportunities to identify children with new or emerging problems and make appropriate referrals so that they can access services as early in life as possible. With early intervention, children can be assisted to reach important developmental milestones such as rolling over, sitting up, crawling, walking and talking. The sooner any potential developmental concerns are addressed, the easier it is to help a child overcome these challenges.

Speech, occupational and physical therapy are all critical services for early intervention. By providing these services downtown, families will be more likely to keep their appointments and families can coordinate their visits with other services being received at the Lighthouse or with other agencies.

Child abuse prevention and treatment is critical to ensuring that children are in good health, ready and able to learn, and emotionally well-developed. Being downtown will enable our experts to expand their collaboration with other agencies, increase education efforts, and reduce the burden on families of travelling to Madera at a very stressful time in their lives.

Having all these services downtown will allow our clinicians to work closely with the Lighthouse for Children staff and other clinicians providing services at the Lighthouse to explore new, innovative ways to address child welfare and development – be that through direct patient care, education efforts, multi-disciplinary and multiagency collaboration, etc.

The programs we propose either directly support many of First 5 Fresno County's goals, strategies and indicators today or can provide a foundation for partnering with First 5 Fresno County to meet the goals. We envision creating a collaborative environment where our staff, First 5 Fresno County staff and others are working together to enhance services available to children ages 0 to 5 and the knowledge of the families so that together we:

- Promote health.
- Provide early learning.
- Develop strong families.
- Build early childhood partnerships and capacity.
- Create a seamless system of integrated and comprehensive programs and services to support the status and outcomes for children and their families.

Other Considerations

Based on recent discussions with the Lighthouse staff, we understand that the Lighthouse Board and staff continue to evaluate opportunities to expand services available at the Lighthouse. Services that are under consideration include Group Pregnancy Care and a Mid-level Assessment model to identify children at risk for developmental, emotional or behavioral problems that may not qualify for other services.

While we have articulated services for the new facility based on our previous understanding of the needs of the families served at the Lighthouse and by Valley Children's, if desired, we would welcome the opportunity to partner with the Lighthouse team and others to refine, revise or alter the services offered in a new facility.

We have a long history of working with First 5 Fresno County and others in the community to improve care and support for pregnant moms, infants and children up to 5 years of age. Examples of our collaboration are:

- Injury Prevention – We participate in many events alongside First 5 Fresno County to promote child safety and injury prevention.
- Neonatal STABLE Program –The S.T.A.B.L.E. Program was developed to meet the educational needs of healthcare providers who must deliver this important stabilization care. S.T.A.B.L.E. education is critical to the mission to reduce infant mortality and morbidity and to improve the future health of children and their families. Funding from First 5 Fresno County has helped us provide this education.
- Help Me Grow – Help Me Grow is a system that connects at-risk children with the services they need. Valley Children's is working with First 5 Fresno County and pediatricians to implement a plan for primary care physicians to identify and refer children at risk for developmental, learning and behavioral concerns to appropriate services.
- SMART Model of Care Oversight Committee – Collaborative between First 5 Fresno County, EPU Children's Center, Valley Children's and others. The SMART Model of Care is an integrated system of health and behavioral health that ensured access to appropriate early intervention services for children from birth through five years of age in Fresno County. The three overarching strategies – community-based identification, center-based assessment and accessible treatment – are anchored by five core functions: Screening, Decision-Making, Assessment, Referral and Treatment.
- Regional Developmental Services Conference – Over the last few years, Valley Children's staff have met with Central California First 5 agencies and others in the Valley to develop a regional work plan for enhancing the level of care provided to children with, or at risk for, developmental delays.
- Autism – Valley Children's partnered with California State University, Fresno to open a new autism center on the Valley Children's campus.
- Exceptional Parents Unlimited – Valley Children's staff have been engaged as board members and collaborators with EPU Children's Center for over 20 years. Three Valley Children's team members currently serve on the EPU board.

Financial Contribution by Valley Children's in this Project

While the Valley Children's team has begun some due diligence on this project, we cannot articulate what the financial commitment would be until the team has the ability to work through the project details. However, Valley Children's has financial reserves that would enable us to consider capital investments for land purchase, county/city infrastructure improvements and permits, and facility construction, furnishings and equipment.



October 10, 2016

Fabiola González
Deputy Director, Lighthouse for Children
2405 Tulare Street, Suite 200
Fresno, CA 93721

RE: Health Services for Young Children Partnership

Dear Ms. González,

Community Regional Medical Center (CRMC) appreciates the opportunity to explore a potential partnership with the Lighthouse for Children to expand access to new, health-related services for young children, particularly in the downtown Fresno area. The goals and mission of the Lighthouse for Children and First 5 of Fresno County complement the mission of CRMC as demonstrated by the collaborative relationship we've enjoyed over the years while serving Valley families.

Like the Lighthouse for Children, we understand the importance of complementing, not duplicating services to an already under-served area. To that end please note the services that are already available for young children on the CRMC campus which is located just a couple of blocks from the Lighthouse building. These services include:

Pediatric outpatient Special Care Centers within the Ambulatory Care Center at CRMC and certified by California Children's Services:

- Cardiac Center
- Cystic Fibrosis and Pulmonary Disease Center
- High Risk Infant Follow-Up Care
- Gastrointestinal Centers
- Metabolic and Endocrine Centers
- Specified Inherited Neurological Disease Centers
- Ear, Nose and Throat – *coming soon; 2017*

Pediatric inpatient services certified by California Children's Services:

- Burn Center
- Neonatal Intensive Care Unit (NICU)
- Pediatrics Unit
- Pediatric Intensive Care Unit (PICU) – *just opened*

Additional women's and children's services on Community Regional campus

- Valley's designated High-Risk Birthing and tertiary-level Transfer Center for a 7-county region
- Mother's Resource Center
- Fetal Diagnostic Center

CRMC looks forward to exploring opportunities to expand access to services for young families that are already provided in downtown Fresno, as well as to identify new additional services to provide to better serve the Valley's young children. This could include administrative and financial support for activities such as, but not limited to:

1. Co-locating Community's pediatric services on the Lighthouse grounds which could include:
 - a. Providing appropriate outpatient services
 - b. Providing education and outreach, screenings and other preventative services
 - c. Transportation services when appropriate care is located on the CRMC campus
 - d. Funding construction for a healthcare facility or other facilities based on need
2. Leveraging existing partnerships and programs supported by First 5 and CRMC including:
 - a. Expanding the MAP Point program with a potential Lighthouse "satellite" location
 - b. Enhancing support for the Preterm Birth Initiative, including support for services under consideration such as a Mom's Council, centering pregnancy services, and other strategies
 - c. Strengthening our partnership with First 5, UCSF Fresno and its pediatric residency program, and CRMC
3. Providing support for the existing Lighthouse Child Development Center and Community Learning Center by:
 - a. Providing health-related education and outreach for all ages including, but not limited to, diabetes prevention and care, heart health, nutrition, smoking cessation, CPR and parenting support

- b. Providing professional services including educators, care navigators and child-life specialists
4. Collaborating with Lighthouse for Children by sharing data and knowledge gained through Community's soon-to-be-launched "Center for Community Health," which will develop, implement and coordinate population health initiatives in collaboration with UCSF Benioff Children's Hospital in Oakland.

We believe by exploring the additional services and sharing resources as outlined above would both align and enhance the complementary missions of Lighthouse for Children and CRMC.

Proposed next steps:

1. At your earliest convenience, we would welcome the opportunity to discuss the proposed partnership as detailed above in person with members of both the Lighthouse for Children and CRMC administrative teams and board members, along with UCSF representatives, to better understand the vision for health services on the Lighthouse grounds.
2. In addition, we suggest conducting a more current and thorough children's health needs assessment (funded by CRMC) to ensure we are focused on the greatest needs of the population we serve.

Community has a proven, longstanding commitment to the health and well-being of Valley residents, providing care through all stages of life. As we continue to grow our pediatric care services downtown and throughout the region, we would value a stronger relationship with First 5 of Fresno County and a formal partnership with Lighthouse of Fresno to serve the underserved young children in and around downtown Fresno. We look forward to the opportunity to coordinate our resources and expand access to health and wellness services for the population we jointly serve.

Respectfully,



Kudzi Muchaka
Vice President,
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