

Story from the Field: NMTC Brings Quality Health Care to Rural Louisiana

Allocatee:	Advantage Capital Community Development Fund, L.L.C.
Headquarters:	New Orleans, LA
Service Area:	Nationwide
Allocation:	\$388 million (Rounds 2003, 2005, 2006, 2007, 2008, and 2009)

Advantage Capital Partners is a New Orleans based venture capital and small business finance firm that was founded in 1992 to pursue a ‘double bottom-line’ mission – to generate returns for its investors while at the same time financing early stage businesses with the potential to generate wealth, and bring new technologies and quality jobs to communities that have historically lacked access to venture capital. The company provides both equity and debt financing as well as value-added technical assistance to the businesses and communities it works with. Over its 18 year history the firm has raised more than \$1.3 billion in private capital and has invested in more than 200 companies, and created or retained more than 15,000 jobs.

While the company works with businesses and communities across the country, it has maintained a strong presence in the Gulf Coast. Advantage Capital currently maintains offices in Louisiana, Missouri, New York, Texas, California, Illinois, Florida, Mississippi and Washington, D.C., with affiliated offices in Alabama, Colorado and Wisconsin.

Advantage Capital formed its CDE, Advantage Capital Community Development Fund, L.L.C. (ACCDF), and was awarded a \$110 million NMTC allocation in 2003 (NMTC Round I.) ACCDF was looking to use its NMTC allocation to provide both debt and equity to high tech companies with the potential to have a significant job creation and economic impact in distressed communities. The first NMTC investments made by ACCDF included small business investments in several technology and retail businesses, as well as investments in mixed use, commercial and residential real estate.

Initially, ACCDF was formed as a CDE targeting three principal regions of the country: New Orleans, LA; St Louis, MO; and Honolulu, HI. When ACCDF applied for its 2005 allocation it expanded its certification to cover a national service area. In both 2006 and 2007, Advantage Capital was awarded Credits for the Gulf Opportunity Zone (Go Zone) in order to stimulate growth in low income communities that were devastated by Hurricane Katrina in 2005.

In total Advantage Capital has been awarded \$388 million in NMTC allocations. ACCDF has used the NMTC to invest in 73 businesses in nine states, generating wealth in communities and creating or retaining more than 4,053 jobs

ACCDF has used the NMTC with other state and federal financing tools to leverage funds and maximize the impact of its NMTC capital. For example, Advantage Capital is putting

USDA loan guarantees to use with the NMTC in rehabbing Morehouse General Hospital in Bastrop, Louisiana.

Morehouse General Hospital is a 60-bed rural hospital facility offering a wide range of both inpatient and outpatient care to northeast Louisiana and southeast Arkansas residents. Morehouse General is the only hospital in Morehouse Parish, which is home to 31,000 residents, over 15 percent of whom are elderly and more than 20 percent are uninsured. There are no hospitals within a three hour driving radius of Morehouse General so many patients travel great distances to receive care. The aging facility was on the verge of closing in when ACCDF intervened in the summer of 2008.

To date, ACCDF, along with Advantage Capital's small business lending division BizCapital, has committed over \$12.5 million in financing to Morehouse General using capital raised through the NMTC, the Louisiana New Markets Development program, the Louisiana CAPCO program, and the USDA's Business and Industry (B&I) guarantee and Community Facility (CF) Programs.



In the summer of 2008, ACCDF provided a \$4.6 million loan to Morehouse that was in large part used to finance equipment and begin work of the rehabilitation of the project. The NMTC investor for this first phase investment was US Bancorp Community Development Fund, with leverage loans provided by several lenders including US Bank, Enterprise Bank & Trust, Pulaski Bank and Southwest Bank of St. Louis, Missouri. The loan was structured as a 348 month fully amortized loan, priced at prime plus 4.5 points and the loan was backed by an 80 percent USDA B&I guarantee.

In November 2009, ACCDF stepped in on the second phase of financing and provided Morehouse with a \$7.8 million, one-year, Prime plus 0.5 point loan to cover the construction phase of the project. That second loan was backed by a USDA Community Facility (CF) guarantee and after construction USDA will take out the loan and provide financing through USDA's direct community facility loan.

ACCDF's funding for Morehouse General supported the direct creation and retention of approximately 250 hospital jobs. It also helped to bring desperately needed improvements to the Emergency Department and will soon provide new, state-of-the-art diagnostic equipment including digital mammography, digital radiology and digital fluoroscopy equipment. New CT and MRI equipment are slated for installation in the near future. The Emergency Department is under construction to add a five room non-urgent clinic adjacent to the main emergency room. A new, larger waiting area is also planned. Additionally, the hospital is replacing old washers and dryers to bring the laundry services back in-house for better quality and utilization.