

Name of Project: Holyoke Health Center Project, Holyoke, Massachusetts
Name of CDE: MHIC New Markets CDE II LLC, Series 2

The Holyoke Health Center (HHC), closed in March 2005, represents the first transaction of its kind in the country to combine the Federal loan guaranty program available to non-profit community health centers from the Health Resources and Services Administration (HRSA), within the Federal Department of Health and Human Services, with New Markets Tax Credit and federal rehabilitation tax credit financing, and it is expected to become a prototype for other community health facilities nationwide. Catalyzed by the success of the HHC transaction, two other Massachusetts-based community health centers have already approached MHIC for a similar financing package.

The project encompasses the historic renovation of three commercial buildings totaling 108,300 GSF and 87,000 net rentable square feet that are situated in the central business district of Holyoke, MA into a full-service medical service complex. HHC will occupy approximately 55% of the space, with the remainder leased to third party medical-related tenants. The concept is to provide a one stop medical service center serving the lowest income area of Holyoke, which is one of the lowest income communities in the state. HHC's service area has been designated a "Medically Underserved Area" and "Low Income Primary Care Health Professional Shortage Area." Holyoke has the highest per capita mortality rate, rate of teen births, of AIDS and HIV related deaths, of alcohol and drug related deaths, and of deaths from suicide and homicide in the State. In addition to primary care services, the expanded HHC will offer services to address these critical needs, such as a diabetes clinic, substance abuse programs, HIV/AIDS services, and a midwifery program.

Median income in the area is 26% of state median income, and 49% of the population is beneath the poverty level. The direct impact of the development is not only the improved health care of the population of HHC's service area, but also the creation of jobs (nearly 190 construction jobs and over 300 FTE permanent jobs are expected to be created), the expansion of the skills base of community residents through planned onsite job training, and increased dollars spent in the community.

MHIC's CDE will provide to the project hard debt of \$9,375,000 and a sponsor loan of \$1,587,000, both of which will run through the Fund. In addition, MHIC is providing \$3,214,000 in Historic Tax Credit equity and \$4,851,000 in New Market Tax Credit-financed gap equity. The NMTC equity represents 22% of total development costs. A portion (\$2,344,000) of the NMTC equity will be structured as an additional piece of hard debt at the project level in order to convert the federal loan guaranty from HRSA from an 80% loan guaranty to a 100% loan guaranty of the true hard debt at the project level (\$9,375,000).