Children & Families
Commission of Orange County

Supplemental Transmittal
Agenda Item No. 4
February 2, 2011 Meeting

DATE: February 1, 2011

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director

SUBJECT: Revised Term Sheet for Laura's House Expansion Project – Agenda Item No. 4

SUMMARY:
This supplemental transmittal provides additional information and a revised term sheet that was developed after the distribution of the February Commission meeting agenda.

A Preliminary Title Report identifies the pre-existing lien on the Laura's House property as $198,000 rather than $180,000 as previously reported by Laura's House staff. Therefore, the Term Sheet has been updated to require that the appraised value of the property be greater than $568,000 in order for Commission to accept a second trust deed as security for the project. Additionally, Laura's House will be required to aggressively pursue all reasonable steps necessary to clear the pre-existing lien on the property. Alternatively, if the appraised value of the property does not exceed the combined lien amounts (including the Commission's loan) or if Commission staff determine that Laura's House has not met its obligation to take all reasonable steps necessary to attempt to clear title to the property, the Commission may instead require a letter of credit to secure the Commission funds during the construction phase and /or until service payback is completed.

RECOMMENDED ACTION:
Approve the updated term sheet dated February 1, 2011 for the proposed expansion.

ATTACHMENT:
1. Attachment 2 – Revised Terms and Conditions for Laura's House Expansion Project

cc: Clerk of the Commission
Commission Counsel

17320 Red Hill Avenue, Suite 200 • Irvine, California • 92614
714-834-5310 • FAX: 949-474-2243

Laura's House Expansion Project Revised Terms and Conditions	
Facility Overview	Laura's House owns two adjacent properties; one that operates as their emergency program in a 2,326 square foot building, and the second that houses their second step program in 1,297 square feet. A lot consolidation will be needed to allow for the new 7,417 square foot building that was designed by William Hezmalhalch Architects and Lutzky Associates. The new facility will be a two story handicapped accessible building that includes 10 bedrooms, 10 bathrooms, 6 offices, two administrative areas, a kitchen, pantry, dining and living areas, two multi-purpose rooms, library, laundry, and two double car garages. In addition, a private enclosed courtyard will function as a protected children's play yard. The building, as designed, has been approved by the City of San Clemente's Planning Commission and construction began November 2010. During the approximately ten months of construction, clients of Laura's House will be housed in temporary facilities.
Program Overview	Since its founding in 1994, Laura's House has continued to grow and offer emergency shelter, counseling, education, and life skills classes to victims of domestic violence. The target population is families experiencing the effects of domestic violence in need of emergency shelter, support, education and counseling. Their goal is to provide supportive service programs that will prepare the clients and their children to live independent and violence free lives. Laura's House currently provides; • Domestic violence victims a safe place to stay for up to 45 days. • A second step program that provides an opportunity for some women and children to stay as long as 3 months. • Family counseling, childcare/school readiness, case management, linkage to medical and dental services, and legal aid.
Terms of Funding	
Commission Financial Contribution	Service Loan Agreement - onetime payment of $370,000 which will be paid back to the Commission through services for up to 20 years.
Service Payback	Laura's House will provide services to families with children ages 0-5. Services will include, but are not limited to, the support services described above and shelter for a maximum of 20 years. Annual payout amount will be determined by the number of units occupied by a Commission eligible family. The agency estimates 6 units valued at $550 a month (with a 3% increased assumed annually) will be occupied by an eligible family. At this rate the service payout will be completed in 9 years.
Funding Security	• Option #1: The Commission will be accept a second deed of trust for the property throughout the construction and service payout phases. This is contingent on the Commission receiving a third party appraisal of the property showing the value to be greater than $568,000. • Option #2: During the construction phase, Laura's House will provide letters of credit in the total amount of $370,000. Once the certificate of occupancy has been issued by the City of San Clemente, Laura's House will update the third party appraisal to include the new structure and assuming that the appraised value of the land and improvements is greater than $568,000, the letters of credit will be released and the Commission will be added in second position on the deed until the completion of service payout. If the appraised value does not meet the minimum threshold, the letters of credit will remain in place during service payout; however, the amount of the letters of credit may be reduced by the value of services provided as determined on an annual basis. It is the intent of the parties that the amount of security provided cover the Commission funds as well as any pre-existing liens on the property. At this time, the value of the pre-existing lien is noted to be $198,000. In the event that the parties discover that the lien

	amount is greater due to any interest and/or penalties applicable to the original loan, Laura's House will increase the value of the security provided to cover the additional amount. If Laura's House successfully clears the pre-existing lien on the property, the value of the security required may be reduced to $370,000 if there are no other encumbrances on the property as evidenced by a clear title report. The parties acknowledge that funding is contingent upon Laura's House continuing to aggressively pursue all reasonable steps necessary to clear the pre-existing lien on the property.
Programmatic Oversight	• Laura's House will be required to implement and report on a work plan to include the services as described above. They must also report on the demographic and outcome information for each client. • Construction monitoring will be provided by RBF Consulting. • Scott Larson, Executive Director, HomeAid Orange County will also provide project oversight and managing the relationship with the corporate donors and captain builder.

Children & Families
Commission of Orange County

Agenda Item No. 4
February 2, 2011 Meeting

DATE: January 25, 2011

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director

SUBJECT: Catalytic Funding for Homeless Prevention Programs

SUMMARY:
At the October 2010 Commission meeting, the Commission provided direction on two catalytic investments. First, a capacity building project for the Illumination Foundation ensuring a smooth transition from their start up phase under a fiscal sponsor to becoming completely independent and handling all operations. The second project is a capital service pay back agreement for the Laura's House shelter expansion. Included in this staff report are updates on each project and a request for Commission action.

Illumination Foundation Capacity Building Project
The Illumination Foundation (IF) was founded in December 2007 to combine housing with healthcare and mental health services to reduce the incidence of homelessness for the most vulnerable members of the community. In order to focus on its mission and program development, IF became a fiscal project of OneOC (formerly the Volunteer Center of Orange County) in December 2008. As a fiscal sponsor, OneOC provided accounting and human resources.

Since 2008, IF experienced unparalleled growth and development, the organization's operating budget grew from $69,029 and one paid employee in 2008 – to $2.1 million and 28 employees in 2010. Due to its success, effective January 1, 2011, IF became independent from OneOC's fiscal and administrative oversight and began operations independently under its own 501(c)(3) designation. The transition involves the transference of major roles and responsibilities and financial controls with respect to board governance, human resources, financing, banking, payroll, donations, grant funding, general policies and procedures, and other managerial functions.

Commission staff has had ongoing meetings with IF to ensure a smooth transition and to review their needs for capacity building as they continue to expand. IF has indicated that there are three critical areas that they need support they include:

- Software and Systems Implementation - $50,000 to support a payroll, human resources, and service delivery, and financial accounting software implementation
- Technical Support - $20,000 for contractors with expertise in human resources, financial accounting and information technology for start-up
- Personnel Training - $5,000 for a one-time expenditure for specialized staff training in accounting and human resources

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Staff is recommending providing IF with $75,000 of onetime Capacity Building funding to support the successful implementation of a stand-alone fiscal management system.

Laura's House Expansion
The Commission approved a $370,000 service payback agreement with Laura's House in October of 2010. Included in the Commission action was an initial standard term sheet that called for the Commission's investment to be secured through a letter of credit during the construction phase and by having the Commission on the deed of trust through the service payout phase. Since the Commission will only be paying progress payments in arrears based upon our independent construction monitor, there is no need for a letter of credit.

In preparation for construction, Laura's House staff became aware that there was an $180,000 lien against the property. Laura's House staff and attorneys have been working to try and have the lien cleared but have been unable to do so because they cannot identify the holder of the lien. Laura's House is requesting an alteration to the term sheet, allowing the Commission to be second on the deed of trust. Commission staff recommends the adjustment contingent on receiving an appraisal of the property that has a value greater than $550,000. An updated term sheet is included as Attachment 2. The appraiser would be subject to approval by Commission staff.

STRATEGIC PLAN & FISCAL SUMMARY:
The proposed funding actions have been specifically reviewed in relation to the Strategic Plan, and are consistent with the Strong Families goal and specifically the Homeless Prevention Initiative. The funds requested are included in the FY 2010/11 Budget within the Homeless Prevention budget category.

PRIOR COMMISSION ACTION:
- October 6, 2010- Funding action for Laura's House and update on capacity building for the Illumination Foundation.

RECOMMENDED ACTIONS:
1. Adopt Resolution (Attachment 1) authorizing the Executive Director or designee and Commission Counsel to prepare and negotiate Agreement No. FCI-H2-17 with the Illumination Foundation, for Capacity Building in an amount not to exceed $75,000 for a twelve month period beginning on or about March 1, 2011.
2. Approve updated Term Sheet for Laura's House.

ATTACHMENTS:
1. Resolution for Agreement
2. Revised Term Sheet

Contact: Kim Goll

Attachment 1

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ___-11-C&FC

February 2, 2011

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE EXECUTIVE DIRECTOR OR DESIGNEE AND COMMISSION COUNSEL TO PREPARE AND NEGOTIATE THE FINAL FORM OF AGREEMENT FCI-H2-17 WITH THE ILLUMINATION FOUNDATION, A CALIFORNIA NON-PROFIT CORPORATION AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AGREEMENT ON BEHALF OF THE COMMISSION

WHEREAS, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the "Act") implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County ("Commission"); and

WHEREAS, Commission adopted its Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County's children prenatal to five years of age as codified in the Act; and

WHEREAS, the Executive Director and Commission Counsel have prepared a standard Master Agreement for Services ("Master Agreement") which was approved by the Commission; and

WHEREAS, Commission desires to authorize the Executive Director or designee and Commission Counsel to prepare and negotiate Agreement No. FCI-H2-17 with the Illumination Foundation, for Capacity Building, in an amount not to exceed $75,000 for a twelve month period beginning on or about March 1, 2011; and

WHEREAS, Commission has reviewed the staff report relating to the scope of services to be provided and hereby finds and determines that the proposed Agreement is in furtherance of and consistent with the Commission's Strategic Plan; and

WHEREAS, Commission desires to authorize the Commission Chair and Commission Clerk to enter into Agreement FCI-H2-17 with the Illumination Foundation, in an amount not to exceed $75,000 for a twelve month period beginning on or about March 1, 2011.

NOW, THEREFORE BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 Commission authorizes the Executive Director, or designee, and Commission Counsel to prepare and negotiate the terms, conditions and final form of Agreement FCI-H2-17 with the Illumination Foundation, in an amount not to exceed $75,000 for a twelve month period beginning on or about March 1, 2011, for Capacity Building consistent with the staff report for this Agenda Item and scope of services referenced therein.

Section 3 The form of Agreement FCI-H2-17 with the Illumination Foundation shall be substantially similar to the form of the standard Master Agreement, subject to minor, non-substantive revisions as reviewed and approved by the Executive Director or designee and Commission Counsel. The approval by the Executive Director of Agreement FCI-H2-17 shall be conclusively evidenced by the execution and delivery of the Agreement by the Commission Chair to the Commission Clerk.

Section 4 Commission hereby approves Agreement FCI-H2-17 with the Illumination Foundation, for Capacity Building as specified in the February 2, 2011 staff report for this Agenda Item.

Section 5 The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the Agreement on behalf of the Commission.

Section 6 A copy of the final Agreement FCI-H2-17 with the Illumination Foundation, when executed by the Commission Chair and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. The final executed Agreement shall be placed on file in the office of the Clerk of the Commission.

Section 7 In addition to the authorization of Section 2 above, the Executive Director (or his designee) is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Agreement, (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement, and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement in the furtherance thereof.

Section 8 The Clerk of the Commission shall certify to the adoption of this Resolution.

The foregoing resolution was passed and adopted by the following vote of the Children and Families Commission of Orange County on February 2, 2011 to wit:

AYES Commissioners: _____

NOES: Commissioner(s): _____

EXCUSED: Commissioner(s): _____

ABSTAINED: Commissioner(s) _____

_____
CHAIR

STATE OF CALIFORNIA)
)
COUNTY OF ORANGE)

I, DARLENE J. BLOOM, Clerk of the Commission of Orange County, California, hereby certify that a copy of this document has been delivered to the Chair of the Commission and that the above and foregoing Resolution was duly and regularly adopted by the Children and Families Commission of Orange County.

IN WITNESS WHEREOF, I have hereto set my hand and seal.

_____
DARLENE J. BLOOM
Clerk of the Commission, Children and Families Commission of Orange County, County of Orange, State of California

Resolution No: __-11--C&FC

Agenda Date: February 2, 2011

Item No.

I certify that the foregoing is a true and correct copy of the Resolution adopted by

DARLENE J. BLOOM, Clerk of the Commission

By:_____
Deputy

EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy of final executed Agreement FCI-H2-17 with the Illumination Foundation)

Attachment 2

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