



Tulare Local Health District ("TLHD") Fee Development Proposal

*VA REQUEST FOR LEASE
PROPOSALS ("RLP") NO.
36C26121R0097 – Tulare or
Visalia, CA*



RLP Overview

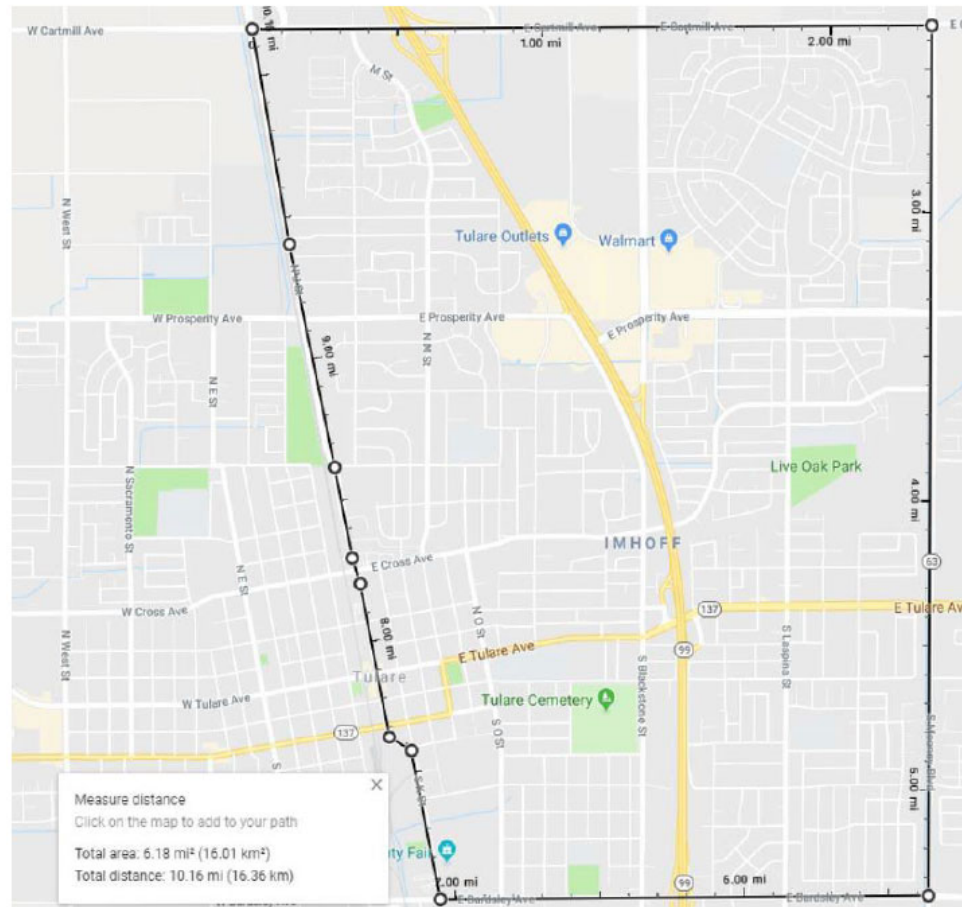
The Department of Veterans Affairs (“VA”) is asking to receive offers from interested parties for RLP No. 36C26121R0097 by 12/14/2021 at 5 PM PT, which calls for a medical clinic Lease with the following characteristics:

- ▶ 15-Year Lease, 10 Firm (non-cancellable)
 - ▶ After the Firm Term of the Lease, VA may cancel by providing 90 days’ notice
- ▶ 21,180 to 23,298 ABOA SF
 - ▶ Equates to approximately 25,000 Rentable Square Feet
- ▶ 85 surface/outside parking spaces, reserved for the exclusive use of the Government
- ▶ VA will make the Lease Award to the Offeror who presents the Lowest Price Technically Acceptable
- ▶ See **Attachment A** for more details

Delineated Area – Tulare, CA

The VA has specified two geographic regions in Tulare and Visalia, CA where the new medical clinic must be located. The delineated area outlined below shows the targeted sections of Tulare:

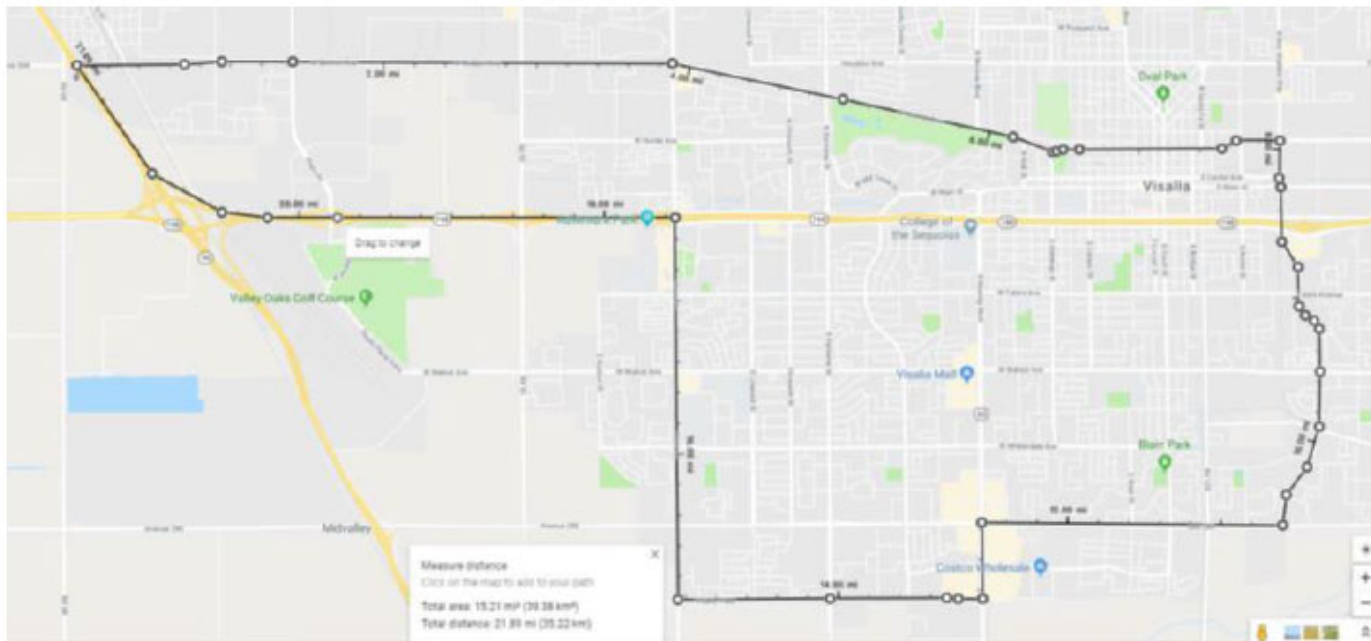
North: Beginning at N J St. and E Cartmill. East on E Cartmill and ending at N Mooney Blvd.
South: Beginning at S Mooney Blvd. and E Beardsley Ave. West on E Beardsley Ave. and ending at S K St.
East: Beginning at E Cartmill and N Mooney Blvd. South on N. Mooney Blvd and ending at E Beardsley Ave.
West: Beginning at E Beardsley Ave and S K St. North on S. K St. merging left on to S J St. onto N J St and ending at E Cartmill.



Delineated Area – Visalia, CA

The VA has specified two geographic regions in Tulare and Visalia, CA where the new medical clinic must be located. The delineated area outlined below shows the targeted sections of Visalia:

- North:** Beginning at State Route (SR) 99 and W. Goshen Ave. East on W. Goshen Ave onto W. Murray Ave onto E. Goshen Ave and ending at N. Ben Maddox Way
- South:** Beginning at Ben Maddox Way and Ave 280/E. Caldwell. West on Ave 280/ E. Caldwell Ave to S Mooney Blvd. South on S Mooney Blvd. to Visalia Parkway. West on Visalia Parkway to Akers St. North on Akers St. to SR 198. West on SR 198 and ending at SR 99.
- East:** Beginning at E. Goshen Ave and N Ben Maddox Way. South on N Ben Maddox Way onto S Ben Maddox Way onto Ben Maddox Way and ending at Ave 280/E Caldwell.
- West:** Beginning at Ave 280/E Caldwell and SR 99. North on SR 99 and ending at W. Goshen Ave.



1425 E Prosperity Avenue, Tulare, CA 93274

1425 E. Prosperity Avenue, Tulare, CA 93274 (the “Property”) is within the VA’s Tulare delineated area, per the map below:



Opportunity RE: the Property and VA RLP

Catalyst Capital (“Catalyst”) and TLHD have been in communication, and Catalyst understands the following:

1. TLHD and/or affiliates is the Owner of the Property, which is a 2-story, 61,901 RSF commercial building.
2. TLHD possesses the leasing/existing tenant flexibility, and wishes to propose a Lease for a portion of the Property to the Department of Veterans (“VA”) in accordance with the Project requirements for a medical clinic that were released by VA on November 16, 2021.
3. The Property is current fully leased; the anchor tenant is Evolution Fitness & Wellness Health Club (“Evolution”), which leases approximately 50,000 SF on portions of both the 1st and 2nd stories of the Property. TLHD and/or affiliates is the prospective owner of Evolution, and thereby will be able to control Evolution’s decision-making and operations at some point in the near future.
4. If the VA elects to sign a medical clinic Lease at the Property, Evolutions (under TLHCD’s future guidance) could downsize its leasing footprint at the Property to accommodate the VA Lease requirements.

Catalyst Capital Fee Development Proposal

Catalyst is an investment and management firm specializing in the acquisition, build-to-suit, and management of U.S. Government-leased properties. The vast majority of Catalyst's experience is in the development of VA Clinics.

In order to assist TLHD in bringing the VA to the Property, Catalyst has presented a Memorandum of Understanding ("MOU"), in which Catalyst would serve as a fee developer on behalf of TLHD and provide the following services:

1. RLP Proposal Preparation and Pre-Development
2. Development and Financing Advisory
3. Lease Administration
4. Construction Management

See **Attachment B** for more details

Catalyst Capital MOU Fee Structure

- No fee will be due to Catalyst unless and until TLHD is successful in executing a lease.
- Upon execution of the lease, Catalyst will be paid the first half of the Lease Management Fee, which will consist of the following:
 - \$7.50 per Rentable Square Foot (“RSF” – will be defined and specified in the signed VA Lease), and
 - 1.50% of the Gross Lease Value.
- Upon the start of construction (i.e. when the first loan draw is made to pay the General Contractor for its initial pay application), Catalyst will be paid the first half of the Construction Management Fee in the amount of \$7.50 per RSF.
- Upon the completion of construction/Lease Commencement (defined by Certificate of Occupancy and written VA acceptance of the space), Catalyst will be paid the second half of the Construction Management Fee in the amount of \$7.50 per RSF.
- Upon Lease Commencement (defined above), Catalyst will be paid the second half of the Lease Management Fee, which will consist of the following:
 - \$7.50 per Rentable Square Foot
 - 1.50% of the Gross Lease Value.

Projected TLHD Budget

| Tulare VA Medical Clinic - Project Costs - 1425 E Prosperity Ave | | | | | |
|--|-------|---------------------|--------------|----------------|---------------------------|
| | | \$ | \$/SF | % | |
| Shell Improvements | | \$3,125,000 | \$134 | 21.85% | Assuming \$125 per RSF |
| Soft Costs | | \$2,455,602 | \$105 | 17.17% | |
| VA Broker Commission | | \$149,107 | \$6 | 1.04% | |
| TI Allowance* | | \$8,387,280 | \$360 | 58.64% | \$360 per ABOA SF per RLP |
| Interest Reserve | 4.25% | \$187,017 | \$8 | 1.31% | |
| Total Project Costs | | \$14,304,006 | \$614 | 100.00% | |
| Total Development Costs | | \$14,304,006 | \$614 | 100.0% | |
| *Upon Lease Commencement, TLHD will be reimbursed for TI Allowance + a 12-15% Project Management Fee from VA | | | | | |
| **All costs shown above are projections that require discussion and verification with TLHD and design/construction professionals | | | | | |

Projected TLHD Pro Forma

Tulare VA Medical Clinic - Year 1 Income Statement - 1425 E Prosperity Ave

Comments

| | | |
|--------------------------------------|-----------|---|
| Rental Revenue | | |
| Base Rent | \$ | 931,920 |
| | | <i>\$40.00 per RSF</i> |
| Total Tenant Revenue | \$ | 931,920 |
| Operating Expenses | | |
| STANDARD OPEX | \$ | 200,000 |
| | | <i>\$8.00 per RSF</i> |
| REAL ESTATE TAXES | \$ | - |
| | | <i>Assumes no RET since Property is Government-owned</i> |
| MANAGEMENT FEE | \$ | 25,628 |
| | | <i>Assumes 2.75% of Effective Gross Revenue</i> |
| INSURANCE | \$ | 8,689 |
| | | <i>Estimate</i> |
| Total Operating Expenses | \$ | 234,317 |
| Net Operating Income | \$ | 697,603 |
| CapEx Reserve | \$ | 12,630 |
| | | <i>Assumes \$0.50 per RSF</i> |
| Cash Flow Before Debt Service | \$ | 684,973 |
| Debt Service | \$ | 309,128 |
| | | <i>Assumes a \$4.755 million stabilized loan, 25-Year Amortization, 4.25% Interest Rate</i> |
| Cash Flow After Debt Service | \$ | 375,845 |

*All costs shown above are projections that require discussion and verification with TLHD and others

Next Steps

If TLHD is interested in moving forward, Catalyst will need to begin RLP Proposal Preparation (“RLP Prep”) as soon as possible in order to meet the VA’s 12/14/21 deadline. RLP Prep entails the following:

1. Working with design and engineering professionals to assemble a conceptual architectural package (Floor Plan, Site Plan, Renderings, Elevations, etc.) to include in the RLP submittal,
2. Compiling the other Property and Administrative information required by VA for the RLP submittal, and
3. Working with a general contractor to develop conceptual pricing for the VA project.

***If TLHD does decide to submit a response to the VA RLP, there is no obligation to move forward with the Project until a Lease is signed with VA. Therefore, the offer could be rescinded if TLHD later decides that moving the VA into the Property is not in its best interest.**

Catalyst Capital Company Info



Catalyst Experience with VA CBOC Projects

- ▶ Catalyst Personnel have experience with the acquisition and management of VA facilities shown below

Oklahoma City VRC

Address: 1301 NE 14th Street
Oklahoma City, OK 73117
Size: 12,996 sf
Use: VA VRC
Firm Term of Lease: 10 Years



Albuquerque VRC

Address: 2001 Mountain Road
Albuquerque, NM 87104
Size: 5,526 sf
Use: VA VRC
Firm Term of Lease: 5 Years



Lowell CBOC

Address: 122 Marshal Road
Lowell, MA 08152
Size/Use: 38,401
Firm Term of Lease: 7 Years



Tampa USAF Clinic / VA VRC

Address: 9208 King Palm Drive
Tampa, FL 33619
Size/Use: 32,256 sf / USAF Clinic
Size/Use: 4,623 sf / VA VRC
Size/Use: 5,759 sf / Private Law Firm
Firm Term of Lease: 15 Years / USAF Clinic
Firm Term of Lease: 5 Years / VA VRC
Firm Term of Lease: 7 Years / Private Law Firm



Catalyst Experience with VA CBOC Projects

- ▶ Catalyst Personnel have experience with the development and financing of recent VA CBOC Projects shown below

Tucson CBOC

Address: 9625 N. Thornydale Road
Tucson, AZ 85742
Size: 24,075 sf
Use: VA CBOC
Firm Term of Lease: 20 Years



Everett CBOC

Address: 220 Olympic Blvd.
Everett, WA 98203
Size: 25,568 sf
Use: VA CBOC
Firm Term of Lease: 10 Years



Montgomery County CBOC

Address: 2495 General Armistead Avenue
Norristown, PA 19403
Size/Use: 11,234 sf / VA CBOC
Size/Use: 6,113 sf / Medline
Firm Term of Lease: 10 Years / VA CBOC
Firm Term of Lease: 5 Years / Medline



Fort Smith CBOC

Address: 5700 Phoenix Place
Ft. Smith, AR 72903
Size/Use: 41,106 sf
Use: VA CBOC
Firm Term of Lease: 20 Years



Winchester CBOC

Address: 100 Dawson Drive
Winchester, VA 22602
Size: 17,614 sf
Use: VA CBOC
Firm Term of Lease: 10 Years



Albert Lea CBOC

Address: 2115 E. Main Street
Albert Lea, MN 56007
Size: 10,070 sf
Use: VA CBOC
Firm Term of Lease: 10 Years



Accomplishments: Newly Awarded Leases (Cont.)

The assets with newly awarded leases are shown for illustrative purposes and may not be representative of future investments in VA Growth Portfolio. Past performance is not a guarantee of future results.

Benton Harbor, CBOC

Address: 1275 Mall Drive

Benton Harbor, MI 49022

Size: 21,713 sf

Use: VA CBOC

Firm Term of Lease: 15 Years



Florence CBOC

Address: 2985 Cashua Drive

Florence, SC 29501

Size: 25,000 sf

Use: VA CBOC

Firm Term of Lease: 20 Years



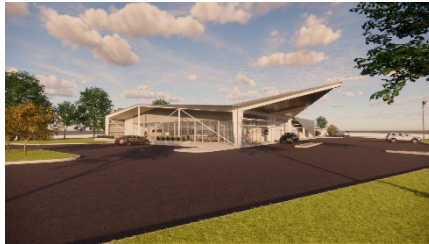
Owensboro CBOC

Address: 1937 Leitchfield Rd

Owensboro, KY 42303

Size/Use: 12,000 sf

Firm Term of Lease: 10 Years



Durham CBOC

Address: 3114 Croasdaile Drive

Durham, NC 27705

Size: 33,181 sf

Use: VA CBOC

Firm Term of Lease: 10 Years



Organization: Catalyst Capital



Robert Pardo
Founder &
Chief Executive Officer

ADVISORY BOARD

Yane Hsu: Laurea LLC
Warren Lowe: Aspen Advisory Services Ltd
Richard T. Reiter: Harding Loevner
Stephen G. Waldis: Synchronoss Technologies



Robert Garcia
President & Chief
Operating Officer



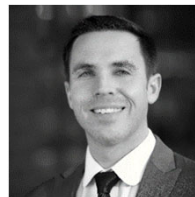
Steven Cody
Vice President & Chief
Investment Officer



Jason Shoman
Vice President, Fund &
Asset Management



Michael Cocco
Vice President, Facilities
& Construction



Joseph Sprecher
Financial Controller



Brenda Arroyo
Director, Corporate
Operations

Please reference the Appendix for biographies.

Biographies: Catalyst Capital

Robert Pardo **Founder & Chief Executive Officer**

Mr. Pardo founded Catalyst Capital in 2017 and serves as its Chief Executive Officer. In this capacity, he has ultimate responsibility for the Firm's strategic direction, investment activities, operations, risk management and investor relationships.

He has over 30 years of real estate and legal experience, with over a decade of dedicated investing and operating expertise and has been awarded the "Partner of Choice" designation by the U.S. Department of Veterans Affairs (VA). Under Mr. Pardo's leadership, Catalyst Capital is a leading investment and management firm specializing in the acquisition, build-to-suit and management of U.S. Government-leased properties with focus on current income and long-term capital appreciation.

Prior to founding Catalyst Capital, Mr. Pardo was a Founding Partner of Los Angeles-based Raines Feldman LLP. During his 11-year tenure, he oversaw all business affairs of the law firm including client management, business development, accounting, budgets, hiring and risk management. Prior to Co-Founding Raines Feldman LLP, Mr. Pardo was Co-Founder and President of Marcus Adams Capital LLC (MAC), a \$1.5 billion privately-held family office. During his time at MAC, he was responsible for the investing activities of over 1.35 million square feet of industrial and office properties with value in excess of \$200 million, and the disposition of a portfolio of 16 industrial and R&D properties. Previously, he was associated with the law firms of Kindel & Anderson and Pillsbury Winthrop Shaw Pittman LLP and represented domestic and international investors, developers and lending institutions in real estate and corporate transactions.

Mr. Pardo received his Bachelor of Arts degree in Political Science from the University of California, Los Angeles and his Juris Doctorate from Loyola Law School. He is a Founding Board Member of the White Heart Foundation, a nonprofit organization committed to serving the needs of severely injured warriors through community outreach, and actively supports various charitable organizations including the Tower Cancer Research Foundation.

Biographies: Catalyst Capital (Cont.)

Robert Garcia **President & Chief Operating Officer**

Mr. Garcia joined Catalyst Capital in 2020 and is President & Chief Operating Officer. In this capacity he oversees all company operations. He has over 25 years of leadership experience in technology, telecommunication and manufacturing companies.

Prior to joining Catalyst Capital, Mr. Garcia served as President and Chief Operating Officer at Synchronoss Technologies (NASDAQ: SNCR), a leading software as a service (SaaS) company serving the Technology, Media and Telecommunications (TMT) industry in North America, Europe and Asia. As a founding member, he was instrumental in facilitating the growth of the company from a start-up in 2000 to the firm's initial public offering (IPO) in 2006 and its international expansion until his retirement in 2018. Prior to joining Synchronoss, Mr. Garcia was a Senior Manager with the Vertek Corporation and has also held senior management positions with Philips Lighting and Johnson & Johnson.

Mr. Garcia received a Bachelor of Science degree in Logistics and Economics from St. John's University in New York. He is on the New Jersey State Board of Junior Achievement.

Steven Cody **Vice President & Chief Investment Officer**

Mr. Cody joined Catalyst Capital in 2018 and is Vice President and Chief Investment Officer. He is primarily responsible for the sourcing, structuring and due diligence of real estate acquisitions, collaborating on investment decisions, and is a member of the Firm's Investment Committee.

Prior to joining Catalyst Capital, Mr. Cody was an Associate at Easterly Government Properties (NYSE: DEA), a publicly-traded real estate investment trust specialized in the acquisition, development, and management of real estate properties with notable U.S. Government agency tenants. He participated in the underwriting, management, and structuring of over \$4 billion in federally-leased transactions and supported the firm's debt and equity capital markets efforts. Prior to Easterly, Mr. Cody was a Consultant with Clarendon Partners and worked with clients to improve organizational performance, design and upgrade cost and budgeting models, and integrate various business processes. Previously, he was an Associate with Cambridge Associates where he co-led the hedge fund research and diligence efforts on behalf of institutional investors.

Mr. Cody received his Bachelor of Arts degree in Politics from Princeton University, holds the Chartered Financial Analyst® designation, and is a member of the CFA Institute and a member of the CFA Society Washington, DC.

Biographies: Catalyst Capital (Cont.)

Jason Shoman

Vice President, Fund and Asset Management

Mr. Shoman joined Catalyst Capital in 2019 and is Vice President of Fund and Asset Management. He is primarily responsible for the financial management of the Firm's real estate assets and collaborating on investment decisions. He is also a member of Catalyst's Investment Committee.

Prior to joining Catalyst Capital, Mr. Shoman was Vice President of Asset Management with Boyd Watterson Asset Management, LLC, a real estate investment firm specialized in the acquisition and management of real estate properties primarily leased to the U.S. General Services Administration (GSA). His responsibilities included the leasing, property management and project management of over \$655 million in state and federally-leased assets. Prior to Boyd Watterson, Mr. Shoman was an Associate at Easterly Government Properties (NYSE: DEA) where he was involved in the acquisition and asset management of federally-leased investments. Previously, he held Analyst positions in Asset Management and Research with real estate firms in Washington DC and Los Angeles, respectively.

Mr. Shoman received his Bachelor of Science degree in Public Policy, Management and Planning from the University of Southern California and his Master of Science in Real Estate from the Carey Business School at Johns Hopkins University. He is also a LEED® BD+C Accredited Professional.

Michael Cocco

Vice President of Facilities and Construction

Mr. Cocco joined Catalyst Capital in 2020 and serves as Vice President of Facilities and Construction. In this capacity, he is primarily responsible for the budgeting, planning, development and construction of all Catalyst facilities nationwide.

Prior to joining Catalyst Capital, Mr. Cocco was Vice President for Global Real Estate for Synchronoss Technologies, a public company located in the greater New York metropolitan area. His responsibilities included negotiating leases, construction management, vendor management, daily facilities management and coordinating space utilization. He led the global team responsible for creating and executing against initial construction and annual budgets, including creation of project scope and prepared and analyzed RFP's and awarded construction contracts for Synchronoss Technologies tenant fit out and build-to-suit projects worldwide. Prior to Synchronoss Technologies, Mr. Cocco was the Corporate Director of Security for Saint Barnabas Health Care System and was responsible for the overall physical security design, budget, compliance and construction of its hospital facilities.

Mr. Cocco received his Bachelor of Science degree in Business from Seton Hall University.

Biographies: Catalyst Capital (Cont.)

Joseph Sprecher, CPA **Financial Controller**

Mr. Sprecher joined Catalyst Capital in 2020 and serves as Financial Controller. In this capacity, he is primarily responsible for the management of the Firm's finance and accounting operations. Additionally, he supports other team members on investment and asset management efforts.

Prior to joining Catalyst Capital, Mr. Sprecher was Controller at Snyder Enterprises, a high-net-worth family office located in the greater Washington DC area. He oversaw day-to-day accounting matters which included cash flow analysis, annual budgets, tax planning, and debt compliance. Prior to Snyder Enterprises, Mr. Sprecher was a Senior Financial Analyst with publicly-traded insurer Universal Insurance Holdings (NYSE: UVE) where he supported Financial Planning & Analysis (FP&A) initiatives and also worked on SEC reporting requirements. Previously, he spent 5+ years with GEICO Insurance and was the lead contact for regulatory filings and prepared financial reports.

Mr. Sprecher received his Bachelor of Science degree in Accounting from Clemson University. He is a Certified Public Accountant licensed in Virginia and a member of the American Institute of Certified Public Accountants (AICPA).

Brenda Arroyo **Director, Corporate Operations**

Mrs. Arroyo joined Catalyst Capital in 2018 and is Director of Corporate Operations. In this capacity, she is responsible for the daily operations of the Firm including support of its leadership and cross-functional teams, management of vendor and service provider relationships, communication with existing and prospective investors and ensuring business efficiency and conformity to policies and procedures.

Mrs. Arroyo has over 15 years of administrative experience in the real estate and legal industries and is well versed in the procurement process and collaborating with service providers to the U.S. Department of Veterans Affairs. Prior to joining Catalyst Capital, she was Senior Executive Administrator with Pardo Properties LLC. During her 8-year tenure, she oversaw the firm's administrative, human resources, and investor relations efforts. Previously, she held Office Administrator and Human Resources roles with Los Angeles-based law firm Raines Feldman LLP and Beverly Hills-based law firm Swerdlow Florence Sanchez Swerdlow & Wimmer.

Mrs. Arroyo received her legal assistant/paralegal certification from UCLA Extension, the University's Continuing Education Division. She is continuing her education towards a Business Administration and Human Resources certification. Mrs. Arroyo is also an active supporter and volunteer of community and public school events.

Exhibits

- **Exhibit A** – Tulare CBOC RLP No. 36C26121R0097
- **Exhibit B** – Draft MOU between TLHD and Catalyst Capital