



Youth & Family
Services

We help kids

Counseling \ Crisis Intervention \ Child Care \ Education \ Girls Incorporated \ Head Start \ Nutrition & Health \ Parent Enhancement \ Prevention Programs \ Recreation

February 27, 2018

City of Rapid City
Barbara Garcia, CDBG Program
300 Sixth Street
Rapid City, SD 57701

Dear Barbara:

Over the past several years, Youth & Family Services (YFS) staff and board members have worked with parents, educators, law enforcement, other non-profit organizations, and community leaders to ensure that the services we provide continue to effectively meet the needs of children. Although our services have been a critical component in helping families become capable, caring, and contributing members of the community, we realize that more must be done to reduce the number of children on waiting lists and address existing gaps in services.

Unfortunately, YFS has outgrown our current space. Programs are filled to capacity and have waiting lists, and the facilities are overcrowded. When our current facility was built, approximately 15 years ago, YFS was serving 8,500 children per year. We now serve more than 14,000. We are working to expand our facility located at 120 East Adams to help meet the growing needs.

Our building expansion project meets the eligibility criteria for New Markets Tax Credits (NMTC) Financing. Although this is a complex and cumbersome process, we anticipate receiving approximately \$2.7 million toward the cost of the expansion project from NMTC financing as a result of our efforts.

Youth & Family Services respectfully requests that (i) the City of Rapid City subordinate its rights in and under the Indentures of Covenants for:

- \$ 15,000 FY 2013 Kitchen HVAC dated October 21, 2013); and
- \$112,251 FY 2017 HVAC, Bathroom remodel, convection ovens and food warming oven.

to the rights that Wells Fargo Community Development Enterprise Round 12 Subsidiary 22, LLC, a Delaware limited liability company, NCIF New Markets Capital Fund XXIX CDE, LLC, a Delaware limited liability company, and PCG Sub CDE 5, LLC, a District of Columbia limited liability company, (collectively, the "NMTC Lenders") have, or will have, in the property pursuant to NMTC Lenders' leasehold mortgage(s) and other security instruments to be executed by Youth & Family Services QALICB, Inc., a South Dakota nonprofit corporation ("QALICB"), as lessee of the property, in connection with certain loans from the NMTC Lenders to QALICB; and (ii) enter into such agreements as may be required by the NMTC Lenders to evidence such mortgage and other security instruments and the subordination of the Indentures of Covenants.

The purpose, mission, and population served and benefitting from these projects will remain the same - with at least 80% of the children served by Youth & Family Services at this facility being low income, thereby continuing to meet the HUD National Objective.

We also would like to provide notice that as a requirement of the NMTC Lenders making the loans, YFS will lease the property to QALICB pursuant to a long term lease, but pursuant to a lease-back, YFS will continue to operate the property. The mission, purpose and programs, as well as children and families served in the facility will remain the same.

I am available to answer any questions related to this request by contacting me via telephone at 605.342.4195 or email at sfedell@youthandfamilyservices.org.

Sincerely,

A handwritten signature in blue ink that reads "Susan Fedell". The signature is written in a cursive style with a large initial 'S'.

Susan Fedell
Chief Executive Director

The City of Rapid City has read, agrees to and approves the items set forth above.

Name: _____

Date: _____