CERTIFICATION AND FINANCING PROPOSAL

INNERCARE MEDICAL COMPLEX PROJECT IN THE CITY OF IMPERIAL, CALIFORNIA

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EXECUTIVE SUMMARY

INNERCARE MEDICAL COMPLEX PROJECT IN THE CITY OF IMPERIAL, CALIFORNIA

Project Summary:

Project Name:	Innercare Medical Complex Project in the City of Imperial, California.
Project Type (Sector):	Sustainable buildings.
Objective:	To design, build and operate an outpatient medical complex that promotes the efficient use of resources, such as water and energy, as well as incorporate sustainable construction techniques and thermally efficient construction materials in order to obtain LEED certification. The Project will increase access to affordable and sustainable healthcare services in the Imperial Valley region of California, which is currently experiencing high demand for such services.
Expected Outcomes:	By incorporating sustainable construction materials and techniques into the facilities in compliance with LEED-certification criteria, the Sponsor expects to achieve the following environmental outcomes:[1] (i) Reduce water consumption by 286,399 gallons year, which represents a decrease of 43%. (ii) Reduce electricity consumption by 262,235 kilowatts-hour (kWh) per year, which represents a decrease of 25%. This reduction is equivalent to the displacement of the following emissions: ▪ 59,951 kg/year of carbon dioxide (CO_2); ▪ 101.8 kg/year of nitrogen oxides (NOx); and ▪ 2.2 kg/year of sulfur dioxide (SO_2).
Population to Benefit:	Community wide.[2]

[1] Water and energy consumption are compared to the use in conventional buildings with similar operational characteristics. More details regarding the calculation of environmental benefits are provided under Section 3.2.1. Environmental and Health Effects/Impacts, subsection B.

[2] The Project will benefit the population of City of Imperial, California. Once the new facilities are operational and reach full capacity, up to 600 patients are expected to be enrolled in the PACE program to be provided by the Project. The population to be benefit by the clinic and pharmacy that are part of the Project cannot be estimated.

Sponsor:	Clinicas de Salud del Pueblo, Inc. (Innercare).[3]
Borrower:	Innercare
NADBank Loan Amount:	US$36.4 million.

[3] As part of a rebranding campaign, Clinicas de Salud del Pueblo, Inc., applied for and was granted the fictitious business name of "Innercare" by the Counties in which it conducts business. Accordingly, effective March 15, 2022, the institution has been using Innercare as its business name, although its legal name remains Clinicas de Salud del Pueblo, Inc.

CERTIFICATION AND FINANCING PROPOSAL

INNERCARE MEDICAL COMPLEX PROJECT IN THE CITY OF IMPERIAL, CALIFORNIA

1. PROJECT OVERVIEW AND EXPECTED OUTCOMES

The proposed project entails the design, construction and operation of outpatient medical facilities that consist of a Program of All-Inclusive Care for the Elderly (PACE) facility paired with a multi-specialty general healthcare clinic, located in the City of Imperial, California ("Innercare-Imperial" or the "Project"). The private-sector sponsor is Clinicas de Salud del Pueblo, Inc. ("Innercare"), a California-based, non-profit corporation. The Innercare-Imperial medical facilities will increase access to affordable and sustainable healthcare services in Imperial Valley, which is currently experiencing a high demand for such services. Once the new facilities are operational and reach full capacity, up to 600 patients are expected to be enrolled in the PACE program to be provided by the Project.

The Project will be built using energy- and water-efficient equipment and will incorporate sustainable construction techniques and thermally efficient construction materials. In addition, 24 electric vehicle charging stations will be installed. The Sponsor will pursue Leadership in Energy and Environmental Design (LEED) certification for the medical facilities, which will validate the efficient use of energy and other resources related to site development, building characteristics, medical equipment performance, etc.[4]

In comparison with international standards for a conventional building with similar operational characteristics, the Project is expected to achieve the following environmental benefits:[5]

(i) Reduce water consumption by 286,399 gallons/year, which represents a decrease of 43%.

(ii) Reduce electricity consumption by 262,235 kilowatts-hour (kWh) per year, which represents a decrease of 25%. This reduction is equivalent to the displacement of the following emissions:

- 59,951 kg/year of carbon dioxide (CO_2);
- 101.8 kg/year of nitrogen oxides (NOx); and
- 2.2 kg/year of sulfur dioxide (SO_2).

[4] LEED is an internationally recognized green building certification system developed by the U.S. Green Building Council.

[5] The reduction in energy and water consumption reported by the Sponsor's LEED consultant is a result of implementing resource-saving elements and energy-efficient components in the building. Additional detail regarding the calculation of environmental benefits is provided under of Section 3.2.1. Environmental and Health Effects/Impacts, subsection B.

2. ELIGIBILITY

2.1. Project Type

The Project falls within the eligible category of sustainable buildings.

2.2. Project Location

The City of Imperial is approximately four miles north of El Centro, the county seat, and 11 miles south of Brawley, California. The Project will be constructed approximately 14 miles north of the U.S.-Mexico border at the following coordinates: latitude 32°51'52.37"N and longitude 115°34'16.61"W. Figure 1 illustrates the geographic location of the Project.

Figure 1
PROJECT LOCATION MAP

2.3. Project Sponsor and Legal Authority

The private-sector project sponsor is Clinicas de Salud del Pueblo, Inc (the "Sponsor" or "Innercare"), who will implement the Project and contract the financing. Innercare is a non-profit California-based company incorporated on June 25, 1970, under the name of Clinica de Salubridad de Campesinos. It changed its name to Clinicas de Salud del Pueblo on August 25, 1977. As part of a rebranding campaign, Clinicas de Salud del Pueblo, Inc., applied for and was granted a change in business name. Accordingly, effective March 15, 2022, the institution has been using Innercare as its business name, although its legal name remains Clinicas de Salud del Pueblo, Inc. Innercare has the legal authority to develop the Project.

3. CERTIFICATION CRITERIA

3.1. Technical Criteria

3.1.1. General Community Profile

According to the U.S. Census Bureau, in 2022, Imperial County had an estimated population of 178,713, which represents 0.43% of the state population. The population of Imperial County increased an estimated 3.6% or 758 residents in 2021, making it the eighth fastest growing county in the state of California for population growth. The county had an average poverty rate of 17.3% in 2022, which is higher than the 12.3% poverty level estimated for the state of California. The median household income (MHI) in 2021 was estimated at US$49,078, which is 41.6% less than the US$84,097 estimated for the state.[6]

In 2022, the U.S. Census Bureau estimated that the City of Imperial had a population of 21,233 and a MHI of US$ 81,657.[7] The three largest industries in city are public administration (17.9%), retail trade (16.5%) and health care (14.6%).[8] The greatest number of private sector jobs is associated with agriculture (farming, transportation and some administrative support) and retail sectors (sales).

The Project will be located in the City of Imperial, which is the geographic center of the major communities within Imperial Valley. Although the City of Imperial is not identified as an area of persistent poverty, the communities surrounding it have some of the lowest MHIs in the state of California. For example, Calexico and El Centro, both, have MHIs below $50,000 and poverty rates of 21% and 23.7%, respectively.[9]

The Project is expected to benefit the community by creating employment opportunities and generating income during its construction and operation. The Project is expected to generate

[6] Source: U.S. Census Bureau, QuickFacts, (https://www.census.gov/quickfacts/fact/table/imperialcountycalifornia,CA,US/IPE120221).
[7] Source: U.S. Census Bureau, https://www.census.gov/quickfacts/imperialcitycalifornia
[8] Source: Data USA 2020, Imperial, CA, https://datausa.io/profile/geo/imperial-ca
[9] Source: U.S. Census Bureau, QuickFacts

approximately 150 new healthcare onsite jobs during operation and approximately 250 permanent indirect jobs.

Local Health Services

Imperial County has two licensed hospitals, both classified as short-term acute care facilities, with one located in Brawley and the other in El Centro. The Project will be the first healthcare facility in the City of Imperial, and also the first PACE program in the Imperial Valley region.

PACE is a program created with the intent to provide the entire continuum of care and services to older adults with chronic care needs while maintaining their independence at home for as long as possible. PACE programs provide comprehensive medical and social services to certain frail, community-dwelling clientele through an interdisciplinary team of health professionals. For most participants, the comprehensive service package enables them to remain in the community rather than receive care in a nursing home. In order to be eligible to participate in a PACE program, an individual must meet certain conditions, including:

- Age 55 or older
- Live in the service area of a PACE organization
- Eligible for nursing home care
- Be able to live safely in the community.

According to the National PACE Organization, as of April 2023, there were PACE programs in 32 states and the District of Columbia, which translates into 306 PACE Centers across the nation with over 60,000 people enrolled in the program. It is estimated that the average age of the enrolled individuals is 77 years.[10]

As part of the application process to be approved as a PACE provider, the Sponsor developed a feasibility study in order to have a better understanding of PACE services needs in the Imperial County region. The study revealed that the eligible population within Imperial County is around 1,400 individuals. Additionally, the population above age 65 in Imperial County is expected to increase by 7.4% between 2022 and 2027 and the eligible population for PACE is expected to increase by 6.7% during the same period. Based on this expected trend for residents in Imperial County, the Project will improve the availability of specialized health services in the region for this target population.

In tandem with the objective to meet this critical health care need, the new outpatient healthcare facilities will not only support better access to health services within the Imperial County region but will incorporate energy-and-water-saving design and construction practices, as well as install high-efficiency equipment, for the overall operation of the facilities.

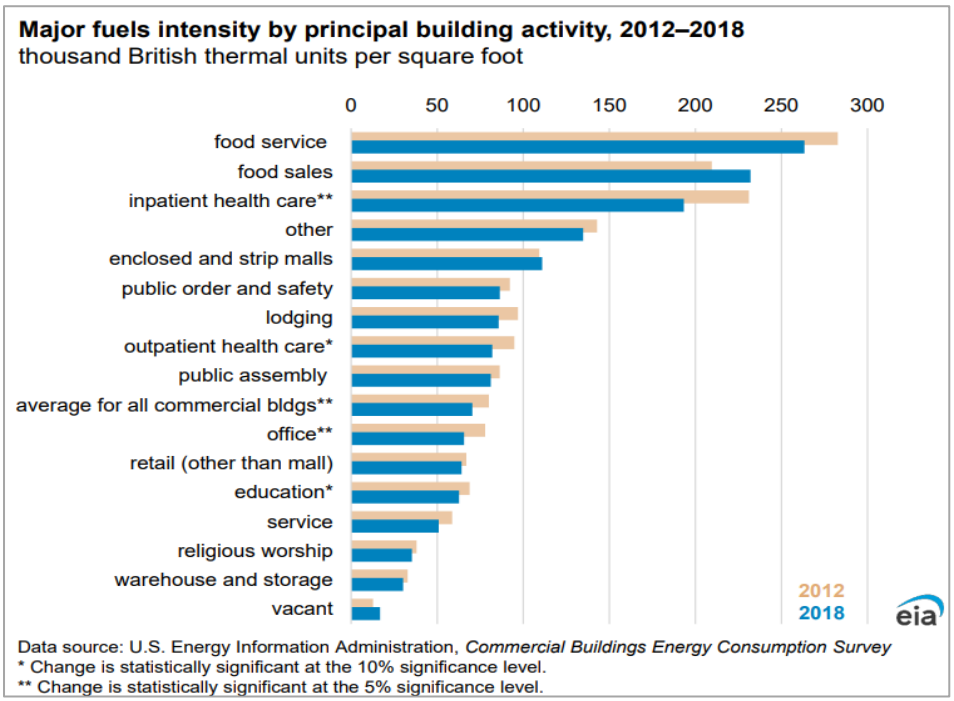
[10] Source: National PACE Association, PACE Facts and Trends. (https://www.npaonline.org/sites/default/files/PDFs/infographic/NPA-infographic-April2023.pdf)

3.1.2. Energy and Water Use in Health Care Facilities

Healthcare facilities, such as clinics and hospitals, are one of the top energy and water users in the building industry. All over the world, hospitals face the challenge of implementing energy and water efficiency practices that will contribute to reducing their carbon footprint and its impact on the environment.

According to the 2018 Commercial Buildings Energy Consumption Survey (CBECS) from the Energy Information Administration (EIA), health care facilities have some of the highest energy use intensity (EUI) in the commercial buildings sector.[11] However, from 2012 to 2018 both inpatient and outpatient facilities have demonstrated significant decreases in energy use per square foot of major fuels (electricity, natural gas, fuel oil, and district heat).[12] Based on the fuels included in the analysis, electricity (60%) and natural gas (34%) were the main energy sources for commercial buildings in 2018. Figure 2 shows the major fuels intensity by principal building activity. In particular, outpatient facilities, which may be similar to the proposed Project, achieved a statistically significant reduction of 10%, as noted in the figure.

Figure 2
ENERGY INTENSITY IN COMMERCIAL BUILDINGS



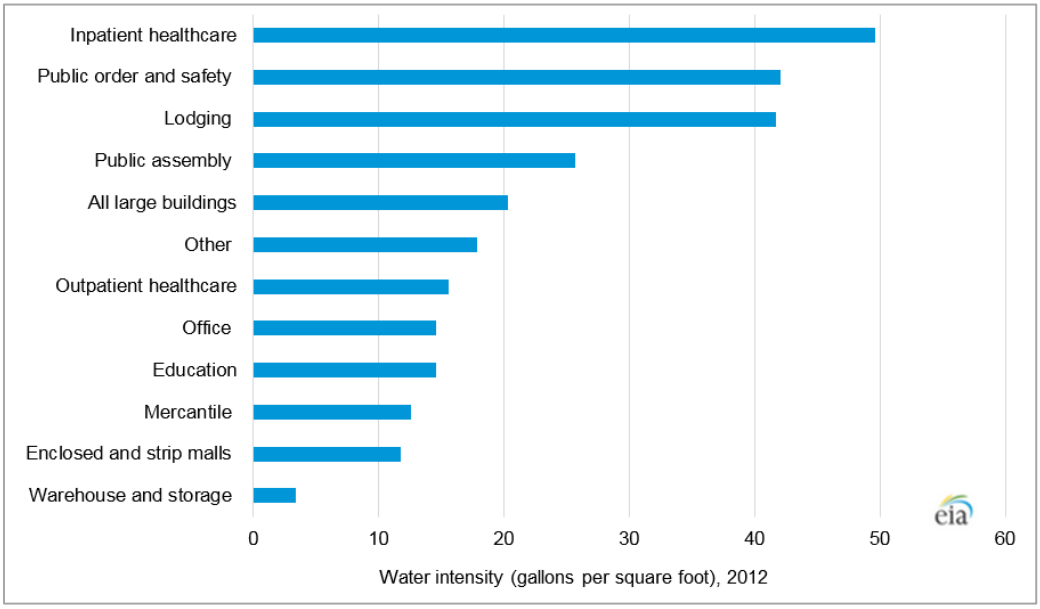
Source: CBECS 2018, EIA, (https://www.eia.gov/consumption/commercial/data/2018/pdf/CBECS%202018%20CE%20Release%202%20Flipbook.pdf)

[11] Energy use intensity in buildings refers to the amount of energy used per square foot annually and is a commonly used indicator for measuring a building's energy performance. It is calculated by dividing the total energy consumed by the building in a year by the total gross floor area (BTU/sq-ft).
[12] District heating is an underground infrastructure asset where thermal energy is provided to multiple buildings from a central energy plant or plants.

The 2012 CBECS, released in 2017, also reviewed water consumption in large buildings. EIA estimated that the 46,000 large commercial buildings (greater than 200,000 square feet) included in the analysis, used about 359 billion gallons of water (980 million gallons per day) in 2012. This usage represents an estimated 2.3% of the entire public water supply in the United States.

Inpatient healthcare buildings were the most intensive users of water in 2012, averaging almost 50 gallons per square foot per year. Outpatient healthcare used about one-third of that amount with an average of about 16 gallons per square foot. With only minimal daily occupancy, warehouse and storage buildings used only 3.4 gallons per square foot, making them the least water intensive of the large buildings. Figure 3 shows the water intensity by large commercial buildings.

Figure 3
WATER INTENSITY IN COMMERCIAL BUILDINGS



Source: EIA, CBECS 2012, (https://www.eia.gov/consumption/commercial/reports/2012/water/)

Outpatient facilities, like the proposed Innercare facility, are not the most intensive energy and water users among large commercial buildings; however, due to the nature of all health care services, water and energy are key for infection prevention and control within the healthcare facility and the surrounding community. This obligation limits the actions available in this subsector to reduce the use of critical local resources and control related costs. By integrating efficient equipment along with sustainable construction techniques and thermally efficient construction materials, especially in a region with intense heat and constrained water supplies, the Project will reduce water and energy demand, optimize facility operations and site characteristics, and improve access to specialized health care services in Imperial County.

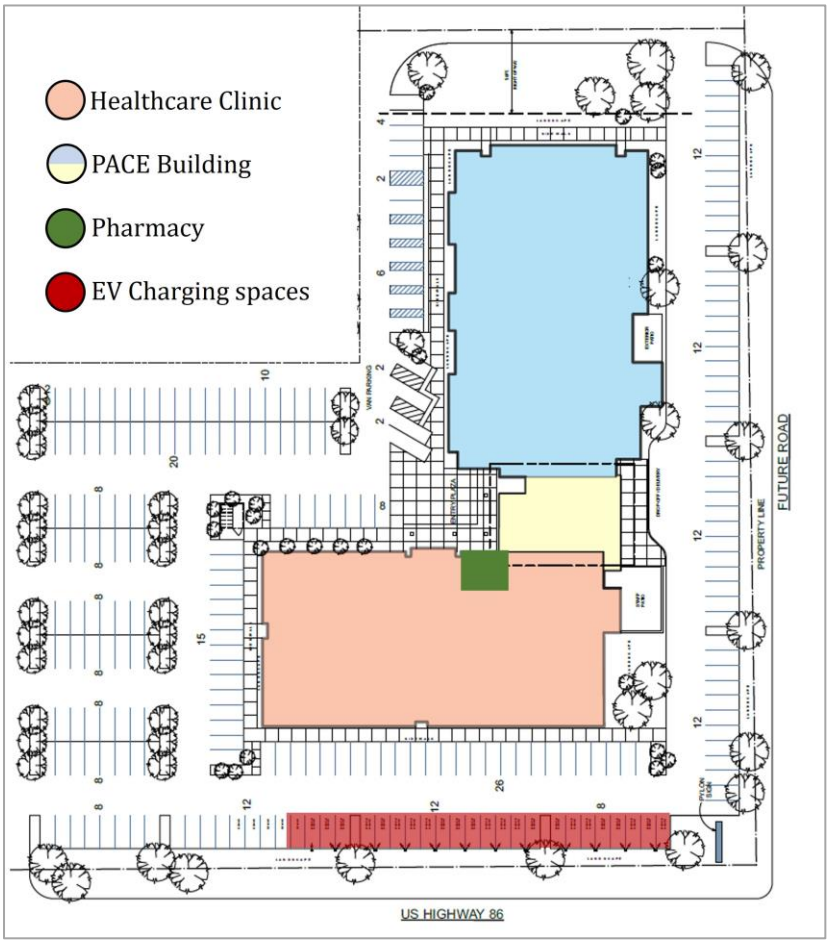
3.1.3. Project Scope

The proposed Project consists of the design, construction and operation of outpatient medical facilities that include a PACE facility paired with a multi-specialty general healthcare clinic. The main components of the Project include:

- *Healthcare Clinic*. Construction of approximately 20,000 ft^2 of space for outpatient health services, including primary care, dental, behavior health, telemedicine, laboratory, radiology, chronic disease management, community health and education services.
- *PACE Building*. Construction of approximately 33,000 ft^2 of space for senior healthcare facilities to provide adult daycare that will offer nursing; physical, occupational and recreational therapies; meals; nutritional counseling; social work; and personal care.
- *Pharmacy*. Construction of approximately 2,000 ft^2 of space for pharmacy-related functions, including dispensing prescriptions and medical devices. The pharmacy will be constructed inside the healthcare clinic area.
- *Parking lot*. Construction of 231 spaces for parking. These spaces include eight accessible parking spaces and 24 electric vehicle charging stations.

Figure 4 shows the location of the main components within the project area.

Figure 4
PROJECT LAYOUT



In addition, the Project will incorporate sustainable construction techniques, energy efficiency features, indoor and outdoor water saving components, and thermally efficient materials for the structure of the facilities. The Sponsor will pursue LEED certification for the Project, at the "Certified" level, which will validate the efficient use of energy and other resources at the facilities.[13]

3.1.4. Technical Feasibility

With more than 50 years serving people with low incomes, the homeless and migrant/seasonal farmworkers, Innercare is the first federally-funded migrant health center in the United States and currently manages ten medical clinics, five dental clinics, three

[13] There are four levels of LEED certification: Certified (40–49 points) Silver (50–59 points) Gold (60–79 points) Platinum (80+ points).

pharmacies, one optometry clinic and three WIC centers.[14] For the new medical complex, Innercare is taking the opportunity to select high-efficiency equipment to make better use of water and energy, which is not only more eco-friendly but also reduces essential operational expenses.

The Sponsor has made a significant effort to incorporate LEED certification factors into the design and construction of the Project and has hired a consultant who will be helping the Sponsor in providing a review and recommendations for the technologies to be included in the final design. Efforts such as enhanced interior lighting, thermal comfort, indoor air quality, and indoor and outdoor water use reduction components, that together, create a more feasible investment for the overall operation of the facilities, are being included in the final design of the Project.

The Sponsor is in the process of evaluating components and equipment from various suppliers in order to select those best suited to the characteristics of the new medical complex. The process for evaluating technology takes into consideration elements such as technical performance, commercial offering and warranties. Additionally, the viability of the Project is evaluated based on the cost-effectiveness and reliability of the technologies.

On December 22, 2022, the Sponsor submitted an initial preliminary building permit request to the City of Imperial. The complete building permit request was submitted on May 15, 2023 (exterior design) and on June 15, 2023 (interior design). The City of Imperial has informed the Sponsor that the building permit will be reviewed and issued by the City of Imperial within 90 days of submittal. The building permit is expected to be issued by the end of August 2023.

3.1.5. Land Acquisition and Right-of-Way Requirements

The Project site where the new medical complex facilities will be constructed includes a total area of 4.3 acres of land in a populated area located in the North of the City of Imperial. The new facility will occupy approximately 55,000 sq-ft. In December 2022, the Sponsor secured the land and right of way for the Project through a ground lease agreement for 35 years with an option to extend the term for three additional five-year periods and an option to purchase.

The Project site is zoned as C-2 (commercial general), intended to provide areas for the continued use, enhancement and new development of retail, personal service, entertainment, office and related commercial uses that will attract patrons from all areas of the community and region, which is consistent with the uses intended by the Project. The Sponsor consulted the City of Imperial to request zoning verification and received a confirmation letter on May 10, 2023, stating that development of a health care clinic is a permitted use under the current zoning classification and that the only remaining requirement is the construction permit.

[14] The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) provides federal grants to states for supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children up to age 5 who are found to be at nutritional risk.

3.1.6. Project Milestones

Financial closing is expected by the third quarter of 2023. Preparation of the Project site will begin in September 2023, and construction of the facility is expected to be completed by September 2024. Table 1 presents the status of key milestones for Project implementation.

Table 1
SUMMARY OF PROJECT MILESTONES

Milestone	Status
Environmental impact assessment phase I (Project site)	Completed (June 2021)
Health facilities infectious waste disposal program	Completed (October 2022)
Project site lease agreement	Completed (December 2022)
Pre-Planning agreement	Completed (January 2023)
Zoning/Land Use confirmation letter	Completed (May 2023)
Water and sewage "Will Serve" letter	Completed (May 2023)
Construction permit	Expected September 2023
Construction completion	Expected September 2024

3.1.7. Management and Operation

The operation and maintenance of the facility will be carried out by Innercare using the maintenance program implemented for all its facilities. The maintenance program includes both preventive and corrective procedures. Thanks to its experience managing and operating medical facilities since 1970, Innercare has a solid track record in performing operation and management tasks. Additionally, as required by LEED certification, the Sponsor must prepare operation and maintenance manuals to ensure the efficient operation of the facility. Innercare will develop the necessary manuals before starting operation of the new facilities.

For the construction management of the Project, the Sponsor has hired the services of a project management and developing company through a Pre-Planning agreement. The company has managed several public and private construction programs, including healthcare buildings, offices, and other complex projects. With more than US$50 billion in construction program experience over the last 35 years, the company is considered well-qualified to carry out the Project.

In terms of medical staffing, the Project is expected to generate 150 new healthcare personnel positions, including medical specialties, such as audiology, dentistry, optometry, podiatry and speech therapy; nursing, physical, occupational and recreational therapies; nutritional counseling and social work.

3.2. Environmental Criteria

3.2.1. Environmental and Health Effects/Impacts

A. Existing Conditions

The construction, equipping and operation of medical facilities utilizes resources, such as water and energy. The construction of the Project will represent an increase in demand for local energy and water resources; however, the Project has been designed to increase energy and water efficiency during the operation of the medical facilities when compared to the baseline scenario, as described below. To evaluate the anticipated performance of the Project, the Sponsor retained the services of a LEED consultant.

Energy

According to the 2018 CBECS conducted by EIA, energy intensity for outpatient health care facilities was approximately 80,000 BTUs per sq-ft (23.44 kWh per sq-ft) of constructed space.[15, 16] The same report indicated that 60,000 BTUs per sq-ft of the energy used in outpatient health care facilities was in the form of electricity, making the average electricity intensity for outpatient health care facilities equivalent to 17.58 kWh per sq-ft.

For LEED certification purposes, the baseline reference utilized by the Sponsor's consultant is an existing Innercare facility located in Brawley, California, eight miles northeast of the Project site. The electricity intensity for that facility, in 2022, was 19.4 kWh per sq-ft, which is slightly higher than the national average for similar buildings. This is mainly due to higher electricity demand for air conditioning in a region where average summer highs are over 104°F.

The Project facilities will use energy for lighting, HVAC systems, medical equipment, administrative equipment, etc. To ensure proper operation and avoid high energy consumption, the Project Sponsor will incorporate energy-efficient design elements related to site development and construction practices and materials, as well as the installation of high efficiency equipment.

Water

According to the 2012 CBECS conducted by EIA, water intensity for outpatient health care facilities was approximately 16 gallons per sq-ft of constructed space.[17] The Sponsor's consultant used the LEED calculator available online for indoor and outdoor water use to determine baseline water consumption for LEED certification purposes.[18] Baseline water intensity using the calculator is 12.23 gallons per sq-ft, which is lower than the national

[15] British thermal units (BTU) is a measure of the heat content of fuels or energy sources. One thousand BTUs equals 0.2931 kWh.
[16] Source: CBECS 2018, EIA, (https://www.eia.gov/consumption/commercial/data/2018/pdf/CBECS%202018%20CE%20Release%202%20Flipbook.pdf)
[17] Source: EIA, CBECS 2012, (https://www.eia.gov/consumption/commercial/reports/2012/water/)
[18] LEED water use calculators available at:
Indoor: https://www.usgbc.org/resources/leed-v4-indoor-water-use-reduction-calculator
Outdoor: https://www.usgbc.org/resources/leed-v4-outdoor-water-use-reduction-calculator

average for similar buildings in 2012. However, the Sponsor plans to reduce potable water consumption through the installation of low-flow water closets, urinals, lavatories, sinks and showers inside the Project facilities and drip irrigation components outside the facilities, along with low-water landscaping using native plants.

The Project will receive its water and wastewater services from the City of Imperial. On May 8, 2023, the Sponsor received a "will serve" confirmation letter from the city confirming sufficient capacity to provide the services, taking into consideration the existing water allocations from Imperial Irrigation District.

B. Project Impacts

As described above, in order to estimate the reduction in resource consumption, the consultant compared the energy performance of the Project to a baseline facility with similar characteristics. For the purpose of indoor and outdoor water use, the comparison is made with a baseline calculator provided by LEED. The preliminary results reported in May 2023 show that the Project is expected to generate environmental and human health benefits related to the following outcomes.

- *Water*: The Project is expected to use 43% less water than the baseline facility, which represents a savings of 286,399gallons/year. Based on expected staff, clinic users and visits per day, it is anticipated the building will save approximately 108,840 gallons of potable water inside the building each year and 175,092 gallons per year for irrigation and landscaping.[19] The expected water intensity for the Project is 7.06 gallons per sq-ft.

- *Energy*: Compared to the baseline facility, the Project is expected to use approximately 25% less electricity, which represents a savings of 262,235 kWh/year. Consequently, the expected electricity intensity for the Project is 14.55 kWh per sq-ft. This reduction in energy consumption is equivalent to the displacement of the following emissions:[20]
    - 59,951 kg/year of CO_2;
    - 101.8 kg/year of NOx; and
    - 2.2 kg/year of SO_2.

In addition to the water- and energy-efficiency results targeted for the new medical complex, the Project's design incudes other practices that will provide an environmental benefit:

- *Construction waste recycling*: Over 75% of the waste generated from the construction of the Project will be diverted from the landfill and recycled appropriately.

[19] Source: Information provided by the Sponsor. Estimations are based on the calculation developed by the LEED consultant based on the LEED indoor and outdoor water use calculator.
[20] CO_2, NOx and SO_2 calculations are based on the potential emissions avoided as a result of reducing future demand on fossil fuel-based electricity equivalent to 262.2 MWh/year and the emission factors for the state of California. The emission factors reported for California by the EIA on November 10, 2022, are: 0.2286 metric tons/megawatt-hour (MWh) for CO_2; 0.0003883 metric tons/MWh for NOx and 0.0000083 metric tons/MWh for SO_2.

- *Heat island effect*: The Project will reduce its heat island effect by using light-colored roofing and hardscape materials around the building, which reflect the solar energy back into the atmosphere, thereby reducing the amount of energy used to keep the buildings cool on hot, sunny days. Additionally, at least 50% of all parking spaces will be shaded either by tree canopies or photovoltaic structures.
- *Electric vehicles (EV) charging stations*: In order to reduce pollution and land development impacts from automobile use and to encourage the use environmentally friendly automobiles, the Project will provide EV charging stations for 24 parking spaces or 10% of its parking capacity.
- *Public transportation*: Innercare has been in discussions with Imperial Valley Transit regarding the possibility of locating a bus stop at the site. In addition, there will be 10-12 passenger vans provided for the PACE program's participants, which will provide improved air quality and mobility.
- *Bicycle facilities:* The Project will install both long- and short-term bicycle storage and will provide changing facilities that will be available to all building users.
- *Green space and walk- or ride-ability*:[21] The Project includes converting the open, unlined, storm drain (Dahlia Ditch) along the east property line to an underground piped drain, which will allow for the development of green space, multimodal trails and access points to the parking area from the adjacent highway. The site improvement will provide safe mobility and reduce exposure to nuisances such as stagnant water conditions conducive to mosquito breeding and foul smells.

Finally, in consideration of these factors and other best practices integrated into the Project design and construction, the Sponsor has made significant efforts to ensure the efficient operation of the new facility.

C. Transboundary Impacts

No negative transboundary environmental impacts are anticipated as a result of the implementation of the Project.

3.2.2. Compliance with Applicable Environmental Laws and Regulations

A. Environmental Clearance

The Project site is zoned appropriately and permitted for the development of a health care clinic; therefore, the California Environmental Quality Act (CEQA) does not apply. In 2012, during the original zoning approval process for the property, CEQA was applied and resulted in a Mitigated Negative Declaration. Because the property use has not changed, the City of Imperial confirmed that the only pending authorization for the Project is the applicable building permits.

Although not a regulatory requirement, on June 10, 2021, on behalf of the Sponsor, an independent consultant conducted a Phase 1 Environmental Site Assessment (ESA) of the

[21] The details regarding the proposed stormwater infrastructure modification are currently under review.

Project site. The study reviewed the presence of recognized environmental conditions, historical recognized environmental conditions, controlled recognized environmental conditions and any other conditions on the property, to determine if any conditions would need to be considered for Project implementation. The consultant carried out the following activities:

- *Records review* – Available records were obtained and reviewed to identify any recognized environmental conditions of any kind in connection with the Project site and was able to review historical operations.
- *Site reconnaissance* – The consultant conducted a visual inspection of the Project site to detect any recognized environmental conditions.
- *Interviews* – The consultant interviewed available past and present owners, operators and occupants, as well as state and/or local government officials, as applicable, to obtain information about any recognized environmental conditions in connection with the Project site.

Based on available information, there were no known recognized environmental conditions of any kind identified in connection with the Project site.

As per the nature of the Project, infectious waste will be generated. According to Title 22, Chapter 7, Article 7, Section 75069 of the California Code of Regulations, health facilities, home health agencies, clinics and referral agencies must have an infectious waste policy and related procedures in place, and policy compliance must be certified periodically, usually once a year, by the California Department of Health Services. Innercare's facilities were last reviewed for policy compliance in October 2022. Once the Project is completed, the new facilities will adhere to this policy.

As part of its infectious waste policy, the Sponsor has entered into a service agreement and pricing update with a company that provides off-site biomedical waste treatment and disposal services. The initial service term is expected to start once the Project is in operation (September 2024).

B. Mitigation Measures

In consideration of previous studies of the site and best management practices, the Sponsor will implement the following mitigation measures and recommendations to reduce, mitigate and control any environmental impacts that may occur during site preparation, construction and operation:

- *Air*:
    - Dust suppressants and/or water will be used on storage and traffic areas to avoid dust emissions.
    - Construction materials will be covered to avoid debris and dust emissions during storage and transport.
    - Diesel construction equipment will be equipped with catalytic converters or use alternative fuels- and fossil fuel-based equipment will be replaced with electric models.

- *Noise:*
  - Use of acoustical construction components (windows, wall materials, etc.)
  - Design air gaps between exterior and interior panels.

- *Transportation/traffic*: Signalization is required at adjacent roads to minimize side street delays.

- *Greenhouse gases*:
  - Energy efficient appliances, lighting, and construction elements.
  - Installation of on-site bicycle lockers and/or racks.
  - Tree planting in parking lots.
  - Public transit accessibility and signalization.

C. Pending Environmental Tasks and Authorizations

No environmental authorizations are pending for Project implementation.

3.3. Financial Criteria

Project construction will be financed with a loan from NADBank, as well as equity from the Sponsor and a New Markets Tax Credits (NMTC) Investor.

The proposed payment mechanism for the loan is standard for similar NMTC transactions in the United States. The source of payment for the loan will be the revenue generated by the patient services in the healthcare and PACE centers and grants received from federal entities. Innercare's revenue is estimated to be sufficient to a) cover scheduled operation and maintenance (O&M) expenses; b) pay the debt service on the loan; c) fund any debt service and other reserves; and d) comply with debt service coverage requirements.

Considering the Project's characteristics and based on the financial and risk analyses performed, the proposed Project is considered to be financially feasible and presents an acceptable level of risk. Therefore, NADBank proposes to provide a market-rate loan for up to US$36.4 million to Innercare for the construction of the Project.

4. PUBLIC ACCESS TO INFORMATION

4.1. Public Consultation

On July 3, 2023, NADBank published the draft certification and financing proposal for a 30-day public comment period. The following Project documentation is available upon request:

- Environmental Site Assessment (Phase I).

- Support letters from federal, state and local officials, public institutions, medical centers, universities and colleges, and business community.

4.2. Outreach Activities

As part of the PACE provider application process with the California Department of Health Care Services, the Sponsor received dozens of letters showing support for the development of the medical complex in the City of Imperial. Support letters were received from elected officials – federal, state and local, public institutions, medical centers, universities and colleges, and business community, among others.

NADBank conducted a media search to identify potential public opinion about the Project. References to the Project were found on the websites listed below:

- *Calexico Chronicle* (July 29, 2022) – "Innercare Plans Senior Center on 'Ghost Hotel' Site," which describes an agreement reached for the development of the first PACE facility in Imperial County. (https://calexicochronicle.com/2022/07/29/innercare-plans-senior-center-at-ghost-hotel/).

- *Imperial Valley Press* (August 1, 2022) – "Innercare files to build Valley's first PACE Center," highlighting the expansion of healthcare services for the senior community in the region. (https://www.ivpressonline.com/innercare-files-to-build-valley-s-first-pace-center/article_d75528f2-0f91-11ed-9249-4f7c5eeba341.html).

No public opposition to the Project has been identified.