

MEMORANDUM

Agenda Item No. 8(M)(1)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: December 16, 2014

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Resolution waiving
Administrative Rules for
Economic Development Fund
Project 124 of Building Better
Communities General Obligation
Bond Program and approving
allocation of \$5,000,000.00 from
Project 124 to Larkin
Health Science Education
Campus to fund certain economic
development projects

The accompanying resolution was prepared by the Regulatory and Economic Resources Department and placed on the agenda at the request of Prime Sponsor Commissioner Dennis C. Moss.



R. A. Cuevas, Jr.
County Attorney

RAC/cp

Memorandum



Date: December 16, 2014

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Allocation of Economic Development Fund Project 124 to Larkin Health Science
Campus, LLC.

Recommendation

It is recommended that the Board of County Commissioners (Board) adopt the attached resolution allocating \$5,000,000.00 of funding from the Building Better Communities General Obligation Bond (BBC GOB) Program, Economic Development Fund Project 124 to the Larkin Health Science Campus, LLC project (Project). The resolution directs the Mayor or the Mayor's designee to begin negotiating the terms of a grant agreement that will be presented to the Board for approval at a future date.

Scope

This project is located in District 9. (Commissioner Dennis Moss). While the economic impact of this Project may primarily benefit District 9, additional benefits are expected countywide.

Fiscal Impact/Funding Source

There will be no fiscal impact to the County with the approval of this item which simply sets a potential allocation for the recommended project and establishes the directive to begin negotiations for a grant agreement that must come back to the Board for final approval. .

Track Record/Monitor

Deputy Director of Regulatory and Economic Resources Josh Gelfinan will monitor the creation and retention of new jobs, average salaries, private investment and any other performance measures as agreed in the respective grant agreements, which would be approved by the Board.

Background

In November 2004, Miami-Dade County voters approved the issuance of \$352.182 million in general obligation bonds to, among other things, construct and improve bridges, public infrastructure, and neighborhood improvements as part of the BBC GOB Program. A total of \$75 million was allocated towards the Economic Development Fund (EDF) Project 124. The Administrative Rules for the BBC GOB Program that governs the rules for Economic Development Fund were adopted by the Board under Resolution No. R-668-10 on June 15, 2010.

Funding from grant awards under EDF Project 124 must be used for public infrastructure improvements to spur economic development and attract new businesses to the community in order to create jobs. Public infrastructure includes road improvements, water and sewer networks, public parking structures, public facilities and other improvements subject to certain limitations and evaluated on a case-by-case basis. Ineligible uses of the grant awards from EDF Project 124 include, but are not limited to, working capital, furniture and fixtures, business equipment, and non-capital related expenses.

In addition to stimulating private investment and job growth, one of the primary objectives of EDF Project 124 is the strengthening the economy's capacity for innovation and commercialization of scientific advancements and expanding leadership in local industry clusters such as: Aviation and Aerospace; Financial and Professional Services; Homeland Security and Defense; Information Technology; Life Sciences; and International Trade and Global Commerce. These objectives align with

the Beacon Council's One Community One Goal Initiative. The Administrative Rules also recognized that industry clusters were growing or had the potential to emerge in certain strategic areas of the County: namely, the Civic Center/Medical District; Homestead Air Reserve Base; Opa-Locka Executive Airport; Port of Miami; and Kendall Tamiami Executive Airport.

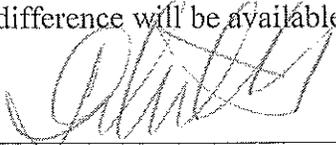
Staff conducted evaluations of submitted projects taking into consideration the requirements and objectives of the Administrative Rules, the language in the BBC GOB bond question approved by the voters in 2004, and the information proposed by the applicant on the BBC GOB application.

The grant awards are disbursed as reimbursements of eligible expenditures paid by the grantees and approved by the Mayor or the Mayor's Designee in accordance with established administrative rules and the IRS rules governing the tax-exempt status of the General Obligation Bond Program. The disbursement of grant funds are also contingent upon the developer meeting performance measures related to job creation, private investment, average salaries and others specified in the respective grant agreements. In the event that IRS rules require grant funds to be disbursed before performance milestones can be met, a claw back provision will be included in the grant agreement that allows the County to recover part or all of the grant funds disbursed when performance milestones are not achieved.

Larkin Health Science Campus, LLC proposes development of a for-profit university of health sciences focused on graduate schools (an osteopathic medical school, a school of pharmacy, a school of nursing and a school of dentistry). The educational campus will also contain a charter high school for the life sciences, and the proposed development includes student housing and ancillary uses typically found on a university campus. This development is aligned with the Life Sciences target industry and is consistent with the One Community One Goal initiative.

The university projects 600 graduates per year from 2-year and 4-year programs when all programs are in operation, and the average annual enrollment is projected at 2000 students when all programs are in operation. LHSC plans to employ 245 faculty, administrative and support staff at full operations. The private investment to construct four university buildings, a charter high school for life sciences and ancillary use buildings for administrative offices, student center, fitness center, student housing, professional services for the public, and public parking buildings, is estimated at \$215 million. The development of the campus will require public road construction and improvements, as well as utilities (water, sewers, electricity). The Administrative Rules adopted on June 15, 2010 by the Board in Resolution No. R-668-10 set a \$10,000,000 minimum grant level for projects seeking funding from Project 124. It is recommended that the Board waive this minimum requirement to allow for the allocation of \$5,000,000 for this Project.

Prior to entering into a grant agreement, a final determination as to the Project's qualification to receive the funds will be made. The grant agreement will be presented to the Board for approval at a future date. If an agreement for this project cannot be finalized, the funding may be reallocated by the Board. If the allocation to this project is greater than the amount of eligible public infrastructure expenditures needed, the difference will be available for reallocation by the Board.



Jack Osterholt, Deputy Mayor



MEMORANDUM

(Revised)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: December 16, 2014

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Agenda Item No. 8(M)(1)

Please note any items checked.

- _____ **"3-Day Rule" for committees applicable if raised**
- _____ **6 weeks required between first reading and public hearing**
- _____ **4 weeks notification to municipal officials required prior to public hearing**
- _____ **Decreases revenues or increases expenditures without balancing budget**
- _____ **Budget required**
- _____ **Statement of fiscal impact required**
- _____ **Ordinance creating a new board requires detailed County Mayor's report for public hearing**
- _____ **No committee review**
- _____ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous ____) to approve**
- _____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 8(M)(1)
12-16-14

RESOLUTION NO. _____

RESOLUTION WAIVING ADMINISTRATIVE RULES FOR ECONOMIC DEVELOPMENT FUND PROJECT 124 OF BUILDING BETTER COMMUNITIES GENERAL OBLIGATION BOND PROGRAM AND APPROVING ALLOCATION OF \$5,000,000.00 FROM PROJECT 124 TO LARKIN HEALTH SCIENCE EDUCATION CAMPUS TO FUND CERTAIN ECONOMIC DEVELOPMENT PROJECTS

WHEREAS, Appendix A to Resolution No. R-914-04 (the “Public Infrastructure Resolution”), lists projects eligible for funding from the Building Better Communities General Obligation Bond Program by project number, municipal project location, commission district, project description, street address, and project funding allocation; and

WHEREAS, one of the projects listed in Appendix A to the Public Infrastructure Resolution and approved by the voters for funding is Project No. 124 – Economic Development Fund (“Project 124”) with a project description that states “Provide infrastructure improvements to spur economic development and attract new businesses to the community and to create jobs”; and

WHEREAS, the goal of Project 124 is to encourage private sector development that will create jobs and cause economic development which will have a long term benefit to the community; and

WHEREAS, this Board wishes to approve an allocation of \$5,000,000.00 from Project 124 to Larkin Health Science Education Campus (“Larkin”) as recommended by the Mayor upon certain employment and salary benchmarks being met at different intervals, among other requirements, as described in the Mayor’s Memorandum which accompanies this Resolution; and

WHEREAS, the individual Grant Agreement between the County and Larkin which incorporates such conditions shall be submitted to the Board for approval in the future; and

WHEREAS, this Board wishes to waive the requirement that Project 124 allocations be made to projects with a minimum value of \$10,000,000 set forth in the administrative rules of the Building Better Communities General Obligation Bond Program (“Administrative Rules”),

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. The foregoing recitals and the Mayor’s Memorandum are approved and incorporated in this Resolution.

Section 2. The requirement in the Administrative Rules that each Project 124 allocation be a minimum of \$10,000,000 is waived and the allocation of \$5,000,000.00 from Project 124 to Larkin is approved.

The foregoing resolution was offered by Commissioner , who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

- | | |
|----------------------|-------------------------|
| | Rebeca Sosa, Chairwoman |
| Bruno A. Barreiro | Esteban L. Bovo, Jr. |
| Daniella Levine Cava | Jose "Pepe" Diaz |
| Audrey M. Edmonson | Sally A. Heyman |
| Barbara J. Jordan | Jean Monestime |
| Dennis C. Moss | Sen. Javier D. Souto |
| Xavier L. Suarez | Juan C. Zapata |

The Chairperson thereupon declared the resolution duly passed and adopted this 16th day of December, 2014. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.



Gerald T. Heffernan

Economic Development Fund
Building Better Communities
General Obligation Bond Program

EDF General Project Overview

Larkin Health Sciences Campus

Project Title

Larkin Health Sciences Campus, LLC.

Name of Business

23 May 2013

Date Submitted

After review of this *Project Overview*, the Office of Economic Development and International Trade may request additional information including a business plan containing a market assessment, financial proformas, and development site plans. The submission of this project overview does not guarantee funding.

Jack Osterholt, Director
Regulatory and Economic Resource Department
STEPHEN P. CLARK CENTER, 111 N.W. 1st STREET, SUITE 2200
MIAMI, FLORIDA 33128
Telephone (305) 375-1254 Fax (305) 679-7895
www.miamidade.gov/oedit





1. BUSINESS INFORMATION

A. Name of Business Unit: Larkin Health Sciences Campus

B. Mailing Address: 5996 SW 70th Street 5th Floor

	<i>Street Address</i>	
<u>South Miami</u>	<u>FL</u>	<u>33143</u>
<i>City</i>	<i>State</i>	<i>Zip Code</i>

C. Primary Contact Person of Parent Company (if applicable):

Jack J. Michel M.D.

D. Title: President and Chairman of the Board

Mailing Address: 5996 SW 70th Street 5th Floor

	<i>Street Address</i>	
<u>South Miami</u>	<u>FL</u>	<u>33143</u>

Telephone: 786-200-6510

Fax: 305-284-7545

Email: jmichel@larkinhospital.com

Website: www.larkinhospital.com

E. Federal Employer Identification Number: To be applied for

F. Unemployment Compensation Number: To be applied for

G. Florida Sales Tax Registration Number: To be applied for

H. What is the business's tax year? (ex: Jan 1 to Dec 31): Jan 1 to Dec 31

I. Is this business an active and duly registered for-profit Florida corporation?

Yes No If no, please explain:

Indicate ownership status: (Note: Responding to this question is voluntary and not required. The County does not use this information as a factor in determining the award of County funds or contracts.) Check all that apply.

Minority Owned Business Woman Owned Business Privately Owned Business
Publicly Owned Business None

Is this business an active and duly registered not-for-profit 501(C)(3) Florida corporation?

Yes No

J. Will the business requesting grant funds own or lease the property where the project will be located?

Own Lease (Note: Provide a copy of the deed showing ownership or a copy of the lease.)

K. If the business will own the property, is or will the property be encumbered by any mortgage and if so provide the balance of the mortgage(s). Yes, approximately \$67,000,000 (Phase I), \$147,000,000 (Phases II, III)

2. PROJECT OVERVIEW

A. Which of the following best describes this business¹:

- New business unit to Miami-Dade County creating jobs.
- Existing Miami-Dade County business creating/expanding jobs in Miami-Dade.
(If an expansion, how many jobs are currently in the expanding business unit?) _____
- Developer building new construction for business _____ (name of the company) that will be creating _____ jobs.

¹ Must be a separate business unit or reporting unit of a business unit that is or will be registered with the State of Florida for unemployment compensation purposes.

ECONOMIC DEVELOPMENT, GENERAL PROJECT OVERVIEW



B. How many individuals are employed at all Florida locations? (FTE²)

0

C. Are any jobs being transferred from other Florida locations? _____

Yes No If yes, how many jobs and from where? _____

Why are these jobs being transferred? _____

D. Project Location Information:

(i) What is the project's proposed location address:

Folio Number 30-6933-008-0140 (Address to be assigned by Zoning dept.)

Street Address _____
Miami _____ FL _____
City _____ State _____ Zip Code _____

(ii) What is the project's current location address (if different):

Street Address _____
City _____ State _____ Zip Code _____

(iii) Is the project location within a current or proposed Brownfield site / area?

Yes No If yes, attach a copy of the official document designating the Brownfield area.

(iv) Is the project location in an Enterprise Zone, Empowerment Zone or a Targeted Urban Area as defined in Section 30A-129(2) of the Miami-Dade County, FL Code of Ordinances?

Yes No If yes, which zone? _____

E. Give a full description of this proposed project. (Not to exceed 500 words. Be specific.)

Local South Miami hospital, Larkin Community Hospital (LHC) is proposing the development of a new for-profit Health Sciences University that will include a School of Medicine, a School of Pharmacy, School of Nursing, and a School of Dentistry in Miami-Dade County, a Charter High School for Life Sciences, a residential student housing component, and other accessory uses for the development of a university campus. All four schools are graduate schools and will confer doctor degrees in their respective areas. Each School will train 150 new professional per year through a 2-4 year program. The medical school will be the only Osteopathic Medical School in Miami-Dade County and the third in Florida, thereby creating an educational facility of great demand on a local and national level and adding a much needed option for Miami-Dade County's very well respected medical/educational industry.

This is an educational facility which will have a total of 600 medical students, 600 pharmacy students, 600 dentistry students and 200 nursing students, and also faculty and staff. It is expected that they will need housing, and a number of other mixed use businesses normally found in University campuses (such as Banks, Restaurants). We plan to design the project so that there will be a central area located in the center of the project that will have mixed use, including restaurants, housing and other services.

² An FTE or "full-time equivalent" job implies at least 35 hours of paid work per week per employment position.

ECONOMIC DEVELOPMENT, GENERAL PROJECT OVERVIEW



It is estimated that the preliminary net economic benefit of the project is an additional 500 jobs, \$41 Million in average annual sales, and \$12 Million in average annual employee earnings. LCH will generate significant tax revenues for Miami-Dade County and the State of Florida, in addition to a steady supply of physicians for the same. Financing for the project will come from conventional bank financing and also through the EB-5 funding mechanism, which is for properties within the boundaries of a Targeted Employment Area (TEA) designation. The subject property for the development of the schools is located in an area with an unemployment rate of 25.3% .

F. Explain how this proposed project will spur economic development, attract new businesses to Miami-Dade County and create jobs.

The educational development shall create employment for the local community and will be a new provider of its kind in Miami-Dade County. Miami-Dade residents and local community members will not only prospectively be candidates for employment at the Campus, but shall also have the opportunity to receive a post-graduate education in the Life Sciences field of their choice, if qualified. The Campus shall also provide facilities whereby residents shall be able to receive medical care and/or use the services of the campus such as wellness center and or other commercial uses. Moreover, the development of the campus shall also create demand for the neighboring residential communities as many students and staff will look for places of residence. This is all based on the fact the Medical School and sister schools will train approximately 150 new physicians per year through a 4 year program and will contribute significantly to the local economy through direct and indirect job creation. This will be first and only Osteopathic College of Medicine in Miami-Dade and the third in Florida, thereby creating an educational facility of great demand on a national level and adding a much needed option for Miami-Dade County's very well respected medical/educational industry. The net economic benefit of the project is an additional 500 jobs, \$41 Million in average annual sales, and \$12 Million in average annual employee earnings. LCH will generate significant tax revenues for the State and the County in addition to a steady supply of physicians for the County and the State.

G. Provide a complete project line item budget, including estimated cost, sources and uses of funds, a detailed description of project elements, and the portion of the project proposing to utilize Economic Development Fund grants. (EDF grants can only be used for public infrastructure.)

See attached Sheets

H. What proportion of gross operating revenues from this project are anticipated to represent sales to customers located outside of Miami-Dade County? (If sales are not a reasonable measure, use another basis for measure and provide explanation below.)

0 % Explain, if necessary: _____

3. JOB AND WAGE OVERVIEW

A. How many new FTE jobs are to be created as part of this project? What are the initial average wage and benefits?

Occupation	Avg Wage	Avg Benefits	2011	2012	2013	2014	2015	2016
Dean	\$375,000	\$8,750					1	1
Associate Dean	\$280,000	\$8,750					1	1
Assistant Deans	\$185,000	\$8,750					2	2
Clinical Sciences Directors	\$110,000	\$8,750					2	2
Osteopathic Principles	\$185,000	\$8,750					1	1
Basic Sciences	\$120,000	\$8,750					4	6
Clinical Sciences	\$190,000	\$8,750					3	5
Admissions Director	\$75,000	\$8,750					1	1
Admissions Officers	\$35,000	\$8,750					1	1
Clinical Coordinators	\$40,000	\$8,750					2	4
Executive Assistants	\$40,000	\$8,750					2	4
Administrative Assistants	\$30,000	\$8,750					2	2
Secretaries	\$25,000	\$8,750					2	2
Librarians	\$40,000	\$8,750					2	2
Financial Aid Officers	\$30,000	\$8,750					1	1
Housekeeping	\$25,000	\$8,750					3	3
Food Services	\$25,000	\$8,750					3	3
Maintenance	\$25,000	\$8,750					2	2
Other Personnel Services	\$20,000	\$8,750					2	2

Jobs created, continued

Occupation	2017	2018	2019	2020	2021	2022	2023	2024	2025
Dean	1	1	0	1	1	1	1	1	1
Associate Dean	1	1	0	1	1	1	1	1	1
Assistant Deans	2	2	0	2	2	2	2	2	2
Clinical Sciences Directors	4	4	0	4	4	4	4	4	4
Osteopathic Principles	2	2	0	2	2	2	2	2	2
Basic Sciences	4	0	0	16	16	16	16	16	16
Clinical Sciences	4	0	0	16	16	16	16	16	16
Admissions Director	1	1	1	1	1	1	1	1	1
Admissions Officers	2	2	2	2	2	2	2	2	2
Clinical Coordinators	2	0	1	6	6	6	6	6	6
Executive Assistants	4	0	2	7	7	7	7	7	7
Administrative Assistants	4	2	0	9	9	9	9	9	9
Secretaries	3	3	1	3	3	3	3	3	3
Librarians	4	0	1	4	4	4	4	4	4
Financial Aid Officers	2	0	2	2	2	2	2	2	2
Housekeeping	0	0	0	9	9	9	9	9	9

ECONOMIC DEVELOPMENT, GENERAL PROJECT OVERVIEW



Food Services				6	6	6	6	6	6
Maintenance				5	5	5	5	5	5
Other Personnel Services				8	8	8	8	8	8

- B. What employee benefits are included above? (e.g. health insurance, 401(k) contributions, vacation and sick leave, etc.) Health and disability insurance, 401K contribution, vacation and sick leave.
- C. If this is an existing business located in Miami-Dade, then how many jobs are expected to be **retained** as part of this project? (Jobs in jeopardy of leaving Miami-Dade should only be included here.) _____ (Note: EDF grants cannot be used solely for the purpose of retaining existing jobs.)
- D. What is the business' principal industry classification code? (Use North American Industry Classification System - NAICS.): 611310

If more than one NAICS code applies, then provide a breakdown of the project's primary business activities:

Business Unit Activities	NAICS Code	% of Project Revenues (total = 100%)	Annualized Wages Total (\$)
Medical School	611310	100%	\$ 6,135,000.00.
		%	\$
		%	\$

4. CAPITAL INVESTMENT OVERVIEW

- A. Describe the capital investment in real and personal property (Examples: construction of new facility; remodeling of facility; upgrading, replacing, or buying new equipment. Do not include the value of land purchased for construction of a new building but include architect, engineering and design costs):
 New Construction of four university buildings for four respective medical colleges (medical, nursing, pharmacy, dental), a charter high school for life sciences and ancillary use buildings to be used for administrative offices, student center, residential buildings, professional services for public, fitness center, and public parking buildings. The Construction shall be a phased development process (three phases) with an anticipated hard and soft cost of \$215 million dollars over the entire term.

- B. List the anticipated amount (thousands of dollars) and type of major capital investment to be made by the applicant in connection with this project: (Attach separate schedule if investment will be made over more than five years) Please see separate sheets

	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016
Land	\$4,200,000	\$	\$	\$	\$
New Construction (excl. public infrastructure)	\$		\$15,000,000	\$20,000,000	\$30,000,000
Building Renovations	\$	\$	\$	\$	\$
Manufacturing Equipment	\$	\$	\$	\$	\$
R & D Equipment	\$	\$	\$	\$	\$
Other Equipment (computer equipment, office furniture, etc)	\$	\$	\$ 1,000,000	\$1,000,000	\$
Total Capital Investment	\$4,200,000		\$16,000,000	\$21,000,000	\$30,000,000

- C. What is the estimated square footage of the new or expanded facility? 1,475,000 SF
 D. What is the deadline to make the location decision (date)? NA
 E. What is the anticipated date that construction will begin? November 2014
 F. What is the anticipated construction completion date? July 2016
 (PHASE I)
 (If this project is being built in phases, then provide a commencement and completion date for each phase.)
 G. What is the anticipated date that operations will commence? August 2016
 (PHASE I)
 H. Submit documentation demonstrating financial capacity and financial commitments using other non-County sources to complete the project.
To be provided upon receipt from Bank.

5. PUBLIC INFRASTRUCTURE NEEDS

- A. Describe the type of public infrastructure investment needed.
- **New Construction-** Electrical works and relocation, domestic water/sanitary system/tie-ins, and new stormwater/drainage tie-in/system. Also, relocation of and additions to of gas and telecommunications systems.
 - **Road Construction/Repair-** resurfacing works requiring excavation, paving, and pavement marking; and the more elaborate and ancillary new road construction works which include engineering work, drainage and erosion control, signage, and utility relocations.
 - **Public Landscaping-** creates the environmental quality and character of all publically-accessible areas on campus. This includes mature tree installations/relocations, infill planting and other landscape installations/improvements.
 - **Pedestrian / Bicycle Pathways** -construction of pedestrian and bicycle routes to promote safety, and encourages sustainable transportation modes.
 - **Outdoor Lighting** purchases, installs, salvages, and relocates light fixtures to ensure public safety while using efficient lighting for the conservation of energy.
 - **Outdoor Furnishings-** serves, purchases and installs new trash & recycling receptacles, public tables, benches, and dumpster enclosures throughout all public areas and sidewalks.
 - **Public Signage-** installation of signage ranging from pedestrian focused regulatory signs to street scaled vehicular directional signs. The signage shall be consistent and aesthetically

appropriate signs to aid the public, visitors, faculty, students & staff in navigating the vast campus. Traffic control devices shall also be implemented.

- **Bollards / Vehicle Control**-protects pedestrian and landscaped zones and controls vehicular traffic.
- **Public Parking/Garages**-construction of parking in respective locations with appropriate circulation and paved areas and landscape spaces so as to complement in the public context and neighboring areas. On street parking construction per TND zoning designation.
- **Bike Parking** designs and construction costs of locating new existing bike parking lots while maintaining the consistent, uncluttered character of the public landscape. **LEED Silver Accreditation** for the development and construction of energy efficient facilities that shall reduce CO2 emissions.

B. What is the total anticipated cost of public infrastructure needed for this project?

\$ 15,000,000 for the 48 acres

- B. EDF grants will be disbursed only after the public infrastructure investments are complete and negotiated performance benchmarks are met. Describe the business's capacity to finance the public infrastructure costs.**

The construction value of the project, to include all infrastructure works, shall be financed by way of construction loan. The debt structure is the optimal financial structure for Larkin Health Sciences Campus, LLC Ownership. The capacity to obtain financing for the respective infrastructure works is based on Ownership's strong financial capacity to undertake the project pursuant to its liquidity, equity, and cash flow. Moreover, Ownership acquired the property at a discounted cost. Said factors, combined with Ownership's strong historical financial performance and value of its assets, the respective zoning, conditional use, and environmental compliance factors of the project and the overall community benefit of the project establishes the strong capacity for infrastructure financing as part of the construction financing.

6. ECONOMIC IMPACT AND CORPORATE RESPONSIBILITY

- A. Provide a brief synopsis of any special economic impacts/benefits the project is expected to stimulate in the community, the County, and the rest of South Florida. Include the impacts on indicators such as unemployment rate, poverty rate, and per capita income, if these have been estimated.**

The net economic benefit of the project is an additional 500 jobs, \$41 Million in average annual sales, and \$12 Million in average annual employee earnings. LCH will generate significant tax revenues for the State and the County in addition to a steady supply of physicians for the County and the State. The subject property is located in an area with an unemployment rate of 25.3% which is substantially higher than is required for TEA designation.

A preliminary economic study may be provided to provide additional data based on the construction value of the Project.

- B. Will business operations being supported with an Economic Development Fund grant establish a plan for maximizing the employment of persons with family incomes less than 80% of the County's median household income, or persons living in Community Development Block Grant eligible Census areas? If yes, explain how that plan will be developed and implemented. NO.**
- C. Will the business operations be conducted in LEED certified (or equivalent energy efficiency rating system) buildings? If yes, at what level of certification**

ECONOMIC DEVELOPMENT, GENERAL PROJECT OVERVIEW



Yes No

Project shall be LEED Silver accredited. The Project will also consider implementing other green design initiatives in its planning.

- D. List and explain any criminal or civil fines or penalties or ongoing investigations or debarments that have been performed/imposed upon the company, its executives, its principals or its affiliates and any bankruptcy proceedings (within the past 10 years) of the applicant or its parent company. Do not leave this question blank. If there are no issues to be identified, write "NONE." Failure to disclose this information may result in this application being denied.

On June 30th 2004, the Department of Justice filed a Civil Lawsuit against Larkin Community Hospital and its owners (S.D. Fla. No. 04-CIV-21579) with the following allegations for the 1997 through 1999 period: The primary allegation was that in 1997 while owned by Dr. Desnick; Larkin Community Hospital and/or Dr. Desnick and his associates paid kickbacks to doctors who referred patients. The second allegation was that referrals from Assisted Living Facilities (that were jointly owned by Dr. Michel and Morris Esformes) from 1998 to 1999 were in violation of the False Claims Act. They alleged that certain patients referred from these Assisted Living Facilities in 1998 and 1999 did not need criteria for medical treatment.

Dr. Michel and Larkin Community Hospital completely denied these allegations and considered them to be completely unfounded and without merit. However, Dr. Desnick who was no longer a shareholder of Larkin Community Hospital at the time, offered to contribute \$5,000,000 towards a settlement. Mr. Esformes offered to sell his 45% interest to Dr. Michel if Dr. Michel covered the remaining funds necessary to obtain a successful settlement. To Dr. Michel this represented an opportunity to acquire 100% ownership of the hospital and a successful resolution of the investigation. He negotiated a Settlement Agreement to dismiss this case with prejudice in exchange for a payment \$15,400,000 (of which Dr. Desnick would pay \$5,000,000). As part of the settlement, The Civil Division and the Department of Justice represented that they did not have any further investigations pending against the Defendants regarding Larkin Community Hospital, nor did they have any intention to pursue any investigation against of the Defendants with respect to the allegations set forth in the lawsuit from 1997 through the effective date of the Settlement Agreement (November 20th, 2006). Finally, pursuant to the settlement, Mr. Esformes relinquished his ownership in Larkin Community Hospital and Dr. Michel relinquished his ownership in any facility owned by Mr. Esformes. This served to prevent all future suspicion of improper referrals between Larkin Community Hospital and other facilities. The hospital and Dr. Michel entered into a 5 year Integrity Agreement with the Office of the Inspector General as part of the settlement on November,2006. This agreement was satisfactory concluded this year and neither Dr. Michel nor Larkin Community Hospital have any remaining obligations pertaining to the Integrity Agreement. Both the hospital and Dr. Michel are in good standing with the Medicare program and have an exclusive agreement to provide services to the Department of Justice, Division of Immigration Customs Enforcement, to the Federal Detention Center and the Federal Correctional Institution, all located in Miami-Dade County.

- E. Is the company current with all its state, local and federal taxes? If no, please explain.

Yes No

- F. Provide any additional information you wish considered as part of this review of your request for incentives or items that may provide supplementary background information on your project or company.

See Attached Sheets.

7. SIGNATURES

Application Completed By:

Signature

Jack Michel, M.D.
Name

President and Chairman of the Board
Title

Larkin Community Hospital, Inc.
Company

Address, if different than mailing address

786.200.6510
Phone number

305.284.7545
Fax Number

jmichel@larkinhospital.com
Email Address

23 May 2013
Date

To the best of my knowledge, the information included in this application is accurate.

**Signature (Authorized Company Officer)
REQUIRED**