

# ST. LOUIS EQUITY FUND, INC.



## 2010 Report to the Community



# MISSION



**OUR MISSION** is to effectively utilize corporate investment and available tax incentives to stimulate the development of affordable, low- and moderate-income housing units. We strive to revitalize and stabilize neighborhoods, through public/private cooperation and superior asset management.



*Village of Grand Oak*



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*Irving School*



# A LETTER FROM THE PRESIDENT



*SLEFI  
has a strong  
pipeline for 2011 which  
will yield high quality  
affordable housing.*



The market for raising equity continued to be a challenge during 2010 as a result of the continued depressed economy. However, management was able to raise \$12,000,000 in the 2010 Fund and in addition solicited a \$5,710,000 side-by-side investment. St. Louis Equity Fund will manage this asset for the investor. These combined funds enabled the production of 153 new affordable housing units.

We are also pleased to report that we continue to make progress with the development of Gateway Community Development Fund, Inc. which is an emerging CDFI. A revised application for certification was submitted and management is currently working with several financial institutions to provide funding which will enable Gateway to actively support the production and the preservation of affordable housing.

We are hopeful that 2011 will provide a more conducive climate for raising equity. We are fortunate to have a strong pipeline which will yield high quality affordable housing in the markets that we currently serve.



John J. Wuest  
President and CEO





# HOUSING NEEDS

## History

**F**UNDED WITH A \$75,000 GRANT from Civic Progress, the St. Louis Equity Fund was established in 1988 in response to the desire to have a locally owned and controlled vehicle to syndicate affordable and historic tax credits. The Equity Fund has raised \$260 million since that time which has been utilized to develop 3,766 affordable homes.

In the current economic environment, the need for safe, affordable housing is more pressing than ever. Many working Americans are finding themselves rent burdened, which is defined as paying more than 30% of their income toward rent. This is a real problem that exists in the neighborhoods we serve. The St. Louis Equity Fund and its Investors will work to alleviate this problem by continuing to provide the much needed equity to develop affordable housing.



*Jamison Housing on the Boulevard*



# HOW TAX CREDITS WORK

**T**HE LOW INCOME HOUSING TAX CREDIT is a highly successful affordable rental housing production program. It was created as part of the Tax Reform Act of 1986 and allows the federal government, state allocating agencies and the private sector to work together to reach one common goal: creation of decent, safe, affordable housing.

## Investment Opportunities



Investors in the St. Louis Equity Fund are able to support the communities in which they reside and serve and, at the same time, earn a competitive return on their investment. The St. Louis Equity Fund raises capital on an annual basis from corporations and financial institutions and invests this capital in affordable and historic rental housing units through the purchase of federal and state tax credits. The tax benefits generated from these tax credits are then passed on to the investors, proportionate to their investment in the annual fund, providing them a market rate of return on their investment.

## Development Opportunities



Not-for-profit and for-profit developers receive Low Income Housing Tax Credit (LIHTC) allocations through a competitive bidding process from the Missouri Housing Development Commission or other state housing agency. The St. Louis Equity Fund then purchases these LIHTC and Historic Tax Credits, if available, thus providing the equity necessary to develop good quality, affordable housing.



## Frequently Asked Questions

*Tax credit investment funds are established to allow multiple investors to diversify their investment into multiple real estate developments.*

### How do tax credits work?

Typically, tax credit investment funds are established to allow multiple investors to diversify their investments into multiple real estate developments. On occasion, direct investments are solicited for specific properties and SLEFI enters into an agreement to provide the asset management services for the life of that investment.

St. Louis Equity Fund establishes the funds, receives investments, and underwrites those developments that best match the needs of the investors with the housing suited to the communities it serves.

When a property meets all of the criteria of the fund, the fund forms a partnership with the developer and becomes the limited partner, generally having a 99.9% interest in the limited partnership. The limited partner uses a loan to bridge its investment over a longer term, allowing the investor to stretch its investment pay-in over a period of time. The developments annually generate tax credits and typical tax benefits associated with real estate ownership. These are split between the limited and general partners, most often at a ratio of 99% to 1%, respectively. Tax regulations mandate that the limited partnerships for LIHTC developments exist for a period of 15 years after construction completion.

### How do investors benefit from an investment in the St. Louis Equity Fund?

Investments are committed annually and are typically paid in over a period of five to six years. Each year, St. Louis Equity Fund transfers these investments into a variety of limited partnerships to develop affordable housing and revitalize neighborhoods.

In return, the investors receive annual tax benefits over a period of fifteen years, including federal (and often state) low income and historic rehabilitation tax credits, among other tax benefits. These tax credits create a competitive return for investors and the risk and liability is limited because the investment dollars are spread among various properties.

### Who controls the St. Louis Equity Fund?

The St. Louis Equity Fund is a Missouri not-for-profit corporation controlled by its members, the banks and corporations that have invested in any of the active annual funds since 1988.





# A LETTER FROM THE PRESIDENT



**K**ansas City Equity Fund completed an investment in Kansas City, Kansas during 2010, its first on the Kansas side of the metro area. KCEF 2009 and SLEF 2010 are partners with the Overland Property Group in *The Villas at Ridge Pointe II*, the second phase of a 55 unit property for seniors that was fully occupied immediately upon completion, and maintains a waiting list of eager applicants.

Established in 2006, with an initial offering in 2007, Kansas City Equity Fund has attracted a broad range of investor banks with investments totaling nearly \$11 million and an investor base of 12 financial institutions.

To increase efficiency and provide added value to investors, KCEF and St. Louis Equity Fund effected organizational changes in 2010 that resulted in a more streamlined approach to investing in both metro areas. By combining the Private Placement Memorandum and Subscription Documents for the Funds, management has maintained the investor's ability to target an investment to the Kansas City or St. Louis metro while realizing cost savings throughout the life of each Fund.

Looking forward to 2011, developers continue to seek equity for a promising selection of properties. Our conversations with them point

*There is a continued need for good quality affordable housing in neighborhoods throughout the 15 county metro area.*

## KANSAS CITY EQUITY FUND ADVISORY COMMITTEE



**Bob Arthur**  
Commerce Bank



**Erica A. Dobreff**  
Kansas City Equity Fund, LLC



**Jason Herrington**  
Great Southern Bank



**Thomas D. Jackson**  
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**Thomas J. Rohling**  
Bank Midwest, N.A.



**Shawn Sherlock**  
The PrivateBank



**Jack Sutherland**  
Equity Bank, N.A.





*Woodland Heights*



to the continued need for good quality affordable housing in neighborhoods throughout the 15 county metro area. We are pleased that our investors remain eager to serve these neighborhoods and thank you for your support of these efforts.

Erica A. Dobreff  
President



*Valentine Apartments*



**Kevin Vanderweide**  
UMB Financial Corporation



**Elizabeth Wright**  
M&I Bank CDC



**John J. Wuest**  
St. Louis Equity Fund, Inc.

Not Pictured:  
Enterprise Bank  
PNC Bank

**2 Cleaver Boulevard,  
Suite 405, Kansas City,  
Missouri 64112  
Phone 816.753.0941  
[www.kcequityfund.com](http://www.kcequityfund.com)**

## KCEF PARTNERS

Westside Housing Organization  
Fulson Housing Group  
McCormack Baron Salazar, Inc.  
Overland Property Group



## GATEWAY CDFI



*Consulting services...*

*Financial services...*

*Training...*

## Mission of Gateway

To promote community, social, and economic development through the provision of financial, developmental, and technical services to low-income individuals, distressed communities, and underserved populations, particularly but not exclusively, by providing below market rate financing to affordable housing developments.

**F**ORMED IN 2009 by the St. Louis Equity Fund, Gateway Community Development Fund, Inc. is a wholly owned not-for-profit subsidiary of the Equity Fund. Its mission is to provide consulting services, financial services and training to entities serving low-income neighborhoods and their residents in the St. Louis and Kansas City metro areas. This will help fill the need for non-traditional loan products and development services.

The Board of Directors of Gateway includes providers of affordable housing and other services to low-income communities, as well as others in St. Louis and Kansas City who represent the market targeted by Community Development Financial Institutions.

Although not yet certified by the U.S. Department of the Treasury, Gateway has a performing portfolio of pre-development loans, bridge loans and first mortgages with housing providers in St. Louis, demonstrating the need for these products and the ability of Gateway to provide them.

Gateway's success is also demonstrated by inclusion in a pool of contractors eligible to provide consulting, training and technical assistance to affiliates of NeighborWorks America®. By example, staff now serves on the Asset Management Task Force for the North East Community Action Corporation, a NeighborWorks affiliate headquartered in Bowling Green, MO. Gateway lends its expertise to this non-profit housing provider as they work to hone the physical and financial management of their affordable housing portfolio.

As Gateway awaits certification, staff in St. Louis and Kansas City continues to pursue opportunities to provide additional consulting services throughout Missouri. And staff has also pursued the opportunity to receive a Technical Assistance Grant from the CDFI Fund. Awards are scheduled to be made during the 3rd quarter of calendar year 2011.

## GATEWAY BOARD

John J. Wuest, Chairman  
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Western Missouri

Jim Holtzman  
St. Louis County

Greg Vogelweid  
St. Patrick Center

Ernecia Coles  
Northside Community  
Housing, Inc.

Christopher Krehmeyer  
Beyond Housing



Community Asset Management Company continues to fill a niche in the St. Louis rental market.

Community Asset Management Company (CAMCO), a not-for-profit corporation, continues to provide professional property management services for 31 affordable and 3 market rate developments in the St. Louis metropolitan area. The portfolio consists of 1,180 units in scattered site, mixed-use, and traditional multi-family building communities.

Under the leadership of President Martin Knobloch and Vice President Lizabeth Coleman, CAMCO staff provides outstanding leasing services to its owners in order to ensure the long-term viability of the properties.

In addition to the physical aspect, CAMCO also provides its residents with access to a variety of support services. These services include emergency rent and utility assistance, budget counseling, personal and financial training, resume writing, and access to many other programs. By helping its residents secure resources and identify available opportunities, CAMCO is improving the quality and stability of its residents' lives which, in turn, helps to stabilize the communities that CAMCO serves.



*Residential services coordinator Kim Burse assists resident Jasmine Amerson in updating her resume and applying for jobs online.*



*King Louis Square*

#### CAMCO BOARD

John J. Wuest, Chairman  
St. Louis Equity Fund, Inc.

Laura Gilbert  
Commerce Bank

Jim Holtzman  
St. Louis County

Reginald Scott





# 2010 DEVELOPMENTS

## Villas at Ridge Pointe II

**V**ILLAS AT RIDGE POINTE II is the second phase of a successful senior community located in Kansas City, Kansas. It is adjacent to the first property and near amenities including shopping, healthcare facilities and public transportation. The development consists of 15 two-bedroom villas in 3 buildings, with the largest 6 units featuring two bathrooms. All units feature universal design components, are equipped with an in-unit washer and dryer, and have access to the community center containing a library, exercise facility, computer lab and beauty salon.



**Number of Units:** 15

**Commitment:** \$1,835,238

**Financing:** Low Income  
Housing Tax Credits

**Location:** Kansas City, KS

**Developer:**  
Overland Property Group, LLC

**General Partner:**  
Ridge Pointe Partners II, LLC

**General Contractor:**

Woodco Construction

**Architect:** Jones-Gillam

**Construction Lender:**

The Bennington State Bank

**Permanent Lender:**

The Bennington State Bank

**Property Manager:**

Weigand-Omega Management, Inc.

## 2010 DEVELOPMENTS

## Irving School

**T**HE ST. LOUIS EQUITY FUND was contacted by Centerline Capital Group offering SLEFI the opportunity to purchase its 20% limited partnership interest in Irving School, a 61 unit completed LIHTC project located in the Hyde Park neighborhood. With several other investments in the area and this development stabilized, it was a sound investment and great opportunity for SLEFI. Fifty-four of the units were a substantial rehabilitation of the old Irving School and other existing buildings and seven units were single family new construction. The Irving School was named for Washington Irving and it has stood at the western edge of the park for 134 years. It was designed by the German-born architect Frederick W. Raeder who was the first official architect of the City's school system.



**Number of Units:** 61

**Commitment:** \$763,000

**Financing:**

Low Income Housing Tax Credits

**Location:**

Hyde Park, St. Louis City

**Developer:**

Irving School Apartments LP

**General Partner:**

Irving Tenant LLC

**Consultant:**

ND Consulting Group

**General Contractor:**

EM Harris Construction Company

**Architect:**

Garen Miller, Inc.

**Permanent Lender:**

Freddie Mac

**Property Manager:**

ND&S Management Company LLC



## 2010 DEVELOPMENTS

## Mackenzie Place Senior Apartments



**M**ACKENZIE PLACE Senior Apartments, located in Affton in unincorporated south St. Louis County, is the first partnership between the St. Louis Equity Fund and Lutheran Senior Services. The first phase is the LIHTC investment and includes one building consisting of 18 one-bedroom and 16 two-bedroom newly constructed apartments, all of which are restricted to residents earning less than 60% of the area median income. This building will be attached by an enclosed walkway to the old Affton high school building (phase 2), which has been qualified as an historic structure, and will be rehabbed to accommodate 20 market rate apartments and public activity space for residents of the development. It will also house a community center that will offer programming for the community at large.

**Number of Units:**

34 LIHTC; 20 market rate

**Commitment:**

\$1,427,400, LIHTC

\$918,688, Federal Historic Tax Credits

**Financing:**Low-Income Housing Tax Credits/  
Federal Historic Credits**Location:** Affton, St. Louis County**LIHTC Co-Limited Partner:**

First National Bank of St. Louis

**Developer:** Lutheran Senior Services**LIHTC General Partner:**

Mackenzie Place LP

**HTC General Partner:**

Mackenzie Place HTC Tenant GP, LLC

**Consultant:** Community Program

Development Corporation

**General Contractor:** Altman Charter**Architect:** St Louis Design Alliance**Construction Lender:**

Lutheran Senior Services

**LIHTC Permanent Lender:** NA**HTC Permanent Lender:**

Lutheran Senior Services

**Property Manager:**

Lutheran Senior Services



## 2010 DEVELOPMENTS

Places  
at Page

**PLACES AT PAGE** represents the first partnership between the St. Louis Equity Fund and Places for People, and will provide affordable housing to persons disabled by chronic mental illness. The development consists of 23 apartments: nine efficiency style units, ten one-bedroom units, and four two-bedroom units. The building will include offices and programming spaces, a community room with a full kitchen and tenant laundry facilities in the lower level. There will also be several indoor and outdoor congregate spaces to encourage socialization and community building among residents. Places for People will provide an array of on-site supportive services administered by a clinically trained and

credentialed community support staff. The services provided to each resident will be tailored to their specific and defined needs and goals.

**Number of Units:** 23

**Commitment:** \$2,390,061

**Financing:**

Low Income Housing Tax Credits and  
Federal Historic Tax Credits

**Location:** Academy Sherman Park  
Neighborhood, St. Louis City

**Developer:** Places for People, Inc.

**General Partner:** Places for People, Inc.

**Consultant:** ND Consulting Group

**General Contractor:** HBD Contracting

**Architect:** Jeffrey Brambila, AIA

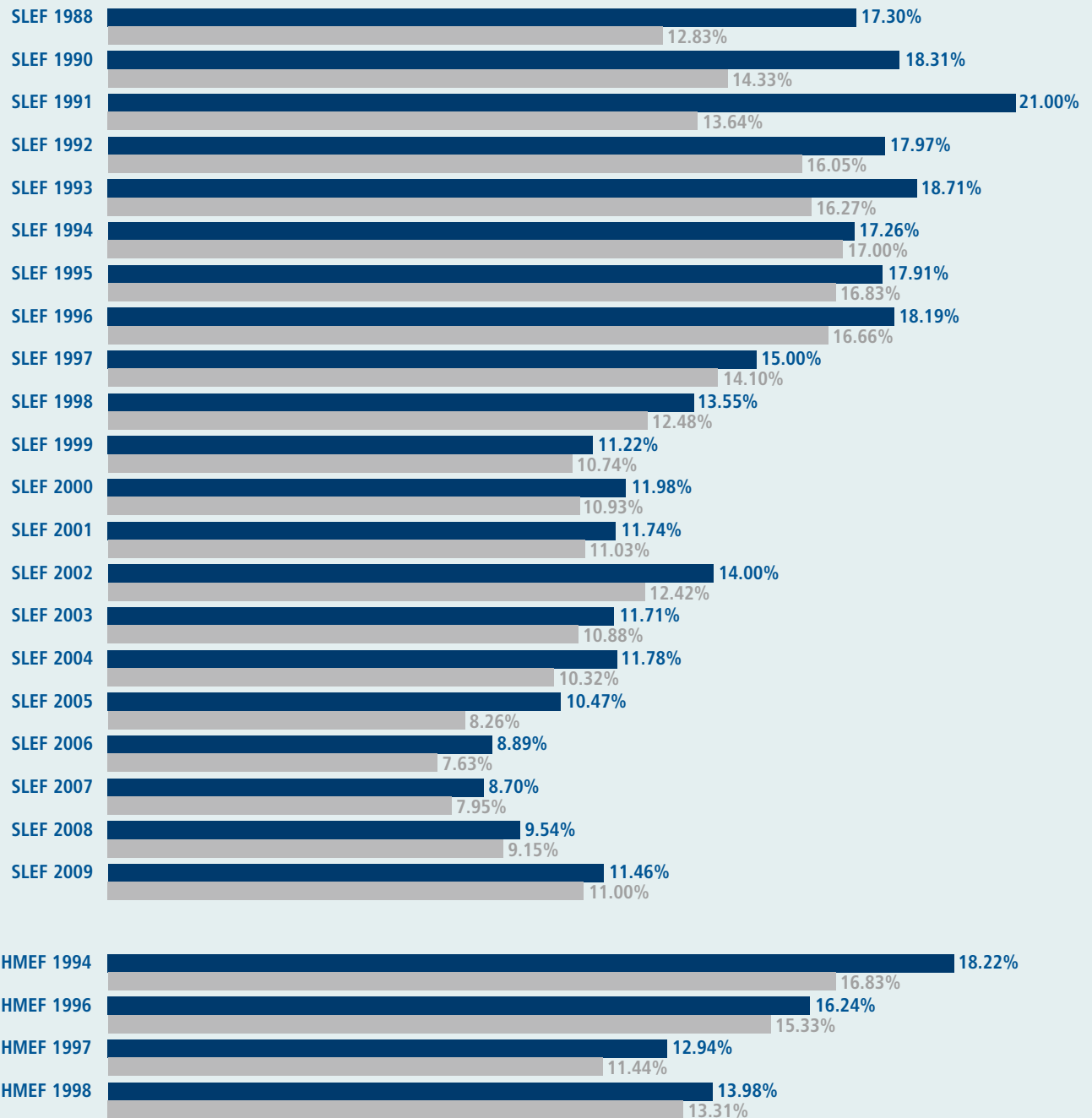
**Construction Lender:** M&I Bank

**Permanent Lender:** NA

**Property Manager:**  
Places for People, Inc.

## INVESTMENT SUMMARY

## ACTUAL RETURN VS. PROJECTED RETURN



**Actual** Actual results through December 31, 2010 and projected results for the remaining years in the fund.

**Projected** Based on the original project projections in each of the funds.

# BOARD OF DIRECTORS & COMMITTEES

## BOARD OF DIRECTORS:



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**John J. Wuest**  
St. Louis Equity Fund, Inc.

No photo available:  
**Jill Claybour**  
St. Louis City

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Cass Commercial Bank  
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Citizens National Bank  
of Greater St. Louis  
Darren Meyer  
Centene Corporation  
Steve Rasche  
Laclede Gas Company



## INVESTORS &amp; GENERAL PARTNERS

## ST. LOUIS

## EQUITY FUND INVESTORS (1988-2010)

Ameren	Enterprise Bank & Trust	KLT Investments, Inc.	The PrivateBank
Anheuser-Busch Companies, Inc.	Equity Bank, N.A.	The Laclede Group, Inc.	Pulaski Bank
Aquila, Inc.	Exchange National Bank of Jefferson City	Lindell Bank & Trust Co.	Pulitzer, Inc.
Bank of America Merrill Lynch	Fannie Mae	Mallinckrodt Inc.	Regions Bank
The Boeing Company	Fifth Third Bank CDC	M&I Bank CDC	The Reliable Life Insurance Company
Boulevard Bank	First Bank	Macy's	Reliance Bank
The Business Bank of St. Louis	First National Bank of St. Louis	Metcalf Bank	St. Johns Bank & Trust Company
Cass Commercial Bank	General Dynamics Corporation	Metropolitan Life Insurance Company	St. Louis Bank
Centene Corporation	Great Southern Bank	Midland States Bank	Scottrade Bank
Centrue Bank	Heartland Bank	Midwest BankCentre	Stifel Bank & Trust
CIPSCO	INDEECO	Monsanto Company	UMB Bank, N.A.
Citizens National Bank of Greater St. Louis	Irwin Union Bank	Nestlé Purina Pet Care	US Bancorp CDC
Commerce Bank, N.A.	Jefferson Bank and Trust Company	Northern Trust Corporation	
CPI Corp.	Kansas City Life Insurance Company	Peoples National Bank	
Emerson Electric Co.		PNC Bank, N.A.	

GENERAL PARTNERS  
(1988-2010)

Alan Rudroff	Irving Partners, LLC	Milton D. Rothschild	Richard Wagner
Better Living Communities	I-70 Northwest Development Corporation	North East Community Action Corporation	Robert Wood Realty
Beyond Housing	JVL Renaissance, Inc.	Northeast Properties, LLC	Rudman Building GP, LLC
Carondelet Community Betterment Federation, Inc.	Kohner Development Company, Inc.	North Newstead Association	Smile GP, LLC
DeSales Community Housing Corporation	Lindell Leasing, LLC	Northside Community Housing, Inc.	Sisters of the Most Precious Blood
DMCS Corporation	Lister II, LLC	Overland Property Group	St. Louis Public Development Corporation X
Donald R. Becker	Luther Boykins	Parkside Development Corporation	St. Patrick Center
Failoni Consultants	Lutheran Senior Services	Parkview Gardens Association	The Business Research Institute of Community Economic Development
Forrest D. Nye	Maplewood Housing Corporation	Patrick W. Werner	The Salvation Army
Fox Meadows Supportive Living, LLC	Metropolitan Investment Properties, Inc.	Peter and Paul Housing Corporation	The Seidlund Company
Hamilton Heights Neighborhood Organization, Inc.	McEagle Properties, LLC	Places for People, Inc.	
Housing Revitalization, Inc.	Mid-MO Development Company, Inc.	Pruitt-Igoe Development Corporation	
Intercommunity Housing Association			

## STAFF &amp; PROFESSIONAL CONSULTANTS

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**Eldina Qirici**  
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**Kristal Yancie**  
Office Administrator

KANSAS CITY  
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**Erica A. Dobreff**  
President

PROFESSIONAL  
CONSULTANTS

**The Stolar Partnership**  
Attorneys at Law

**RubinBrown LLP**  
Certified Public Accountants



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707 N. 2nd Street, Suite 308 • St. Louis, Missouri 63102  
Phone 314.436.7810 • [www.slefi.com](http://www.slefi.com)

# SLEFI facts



SLEFI was founded in 1988  
and the first annual fund raised  
**\$3.25 million**



The combined Funds  
have provided

**3,766**

affordable homes  
since 1988



The combined Funds  
have raised

**\$267 million**

since 1988



The combined Funds'  
investments of \$267 million  
have leveraged

**\$501 million**

of development



Since SLEFI's inception, approximately

**5,400 jobs** have been

created due to the development  
activity of its investments



KCEF was founded in 2006  
and the first annual fund raised

**\$3.37 million**