



ST. LOUIS EQUITY FUND, INC.

2015 Report to the Community



2015 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.

Cover:
Cottages at Cathedral Square

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North Newstead V



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Fox Meadows SLF



Letter from the President



“Go crazy, folks! Go crazy!” But it’s not baseball, it’s about the crazy demand and competition for the Affordable Rental Housing (LIHTC) market. For Missouri, 2015 was an incredible year. The pricing market for both Federal and State housing tax credits was at an all-time high. Pricing has increased by as much as 10%, or more in some cases. This is good for the credit program. It means more equity coming into the market – and as in any scenario where demand exceeds supply, returns on investment will be impacted. In this low-rate environment though, returns are still relatively attractive.

St. Louis Equity Fund, Inc. had a good year again in 2015, raising \$21,333,500 in capital. We were able to attract new and increased investments and continue to work with investors that see their CRA needs ebb and flow. St. Louis Equity Fund

continues to be a constant: a consistent, valued and trusted partner.

We achieved many milestones in 2015, having wound up six funds, and through 2015, contributing our partnership interest in 35 projects to housing-motivated non-profits. The preservation of this affordable housing stock is important to the communities and the non-profits serving them – allowing them to continue to serve those in their communities that need affordable rental housing. The only thing that could make the program more impactful would be if the annual credit allocation were increased – and dramatically so. Nationally, more affordable housing stock is lost than is created and housing cost burdens continue to increase. Notably, seniors are among the fastest growing demographic in need of affordable housing.

Values Dedicated, Professional, Collaborative, Effective

Gateway Community Development Fund, Inc. (Gateway) has seen an uptick in its lending activity and continues to build on its consulting and collaboration efforts, as well. Staff provided development, organizational, and technical assistance to 10 clients in 2015, including consulting engagements in Omaha and Detroit.

Our focus in 2016 will be to continue providing our investors a fair return as their investments provide the resources necessary to make the impact intended when the Equity

Fund was formed in 1988: providing safe, decent and affordable housing.

The trust of our community partners is essential to our work. I thank our investors, staff and housing associates – private and governmental – for making our mission possible.

Sincerely,



John F. Kennedy
President and CEO



Westside Apartments

Why Invest and Partner with the Equity Funds?

Reasons to Invest

- St. Louis, Kansas City and Central and Southern Illinois Equity Funds have an excellent track record of managing their investments and a solid reputation in the affordable housing industry.
- Investors in the Equity Funds support the communities in which they reside and serve and, at the same time, earn an acceptable return on their investment.
- The investments are CRA-qualified for financial institutions and are professionally managed.
- Investors are given the opportunity to participate in the governance of the Equity Funds by serving on the Board, Investment Committee, Finance Committee, Audit Committee, Nominating Committee, or the Executive and Governance Committee.

Cottages at Cathedral Square



Reasons to Partner

- The Equity Funds are local and work closely with their developer partners to ensure that a sound product is constructed and maintained.
- Staff monitors the performance of each investment during the construction, lease-up and operational phases and offers assistance with a variety of issues that may arise throughout the life of the development.
- Financial and technical assistance are available throughout the development process to partners of the Equity Funds through their affiliate organization, Gateway Community Development Fund, Inc.
- The Equity Funds provide competitive pricing and work closely with developer partners to ensure a financially stable investment.
- The Equity Funds are full service partners for all of your affordable housing and community development needs.



Kingsway Townhomes

2015 Developments



St. John Neumann Apartments

“Cardinal Ritter Senior Services provides a continuum of care to senior adults and a component of our mission is to provide a ministry of quality housing services. Through our partnerships with the St. Louis Equity Fund, we have been able to rehabilitate 257 units of affordable housing, successfully repositioning three buildings for the coming decades and continue to serve the senior adult population throughout the Archdiocese of Saint Louis. We appreciate the experience and guidance the Equity Fund provides and we look forward to the possibility of future partnerships.”

Kevin Klingerman, LNHA
Director of Business Development
Cardinal Ritter Senior Services

Located in Jennings in St. Louis County, St. John Neumann Apartments was originally constructed in 1991 with 100 units. In 2015, the building was rehabilitated, including the conversion of 22 of the 25 efficiencies into one-bedroom units by combining adjacent units. Additionally, 12 one-bedroom units were added to the building in a newly constructed addition, which brings

the total number of units post-rehabilitation to 100. All units are available to senior residents with incomes at or below 60% of the area median income. Cardinal Ritter Senior Services (CRSS) is the Developer and General Partner. St. John Neumann Apartments represents the second partnership between St. Louis Equity Fund and CRSS in three years.



Number of Units: 100
SLEFI Commitment: \$1,848,441
Direct Investor: Central Bank of St. Louis
Financing: Low Income Housing Tax Credits/ St. Louis County HOME Funds
Consultant: ND Consulting Group
General Contractor: BSI Constructors
Architect: Grice Group Architects
Construction/Permanent Lender: AFL-CIO Housing Investment Trust, investor in FHA 221(d) insured mortgage issued by Ginnie Mae
Property Manager: Cardinal Ritter Senior Services

2015 Developments



Ivanhoe Gateway at 39th

“**The Ivanhoe Neighborhood Council's board, staff, and residents are extremely grateful to the Gateway CDFI and Kansas City Equity Fund for the funding assistance provided for our 'Ivanhoe Gateway at 39th' project, our initial new housing development. Had it not been for the receipt of this funding, we simply would not have been able to begin our project. Thank you!"**

**Margaret May,
Executive Director
Ivanhoe Neighborhood
Council**

Ivanhoe Gateway at 39th consists of 12 newly constructed two-bedroom units located in a Green Impact Zone on the site of the former Horace Mann School in Kansas City, Missouri. The Green Impact Zone was designed to serve as a national model for place-based investment, demonstrating how targeting resources in a concentrated area suffering from long-standing disinvestment might lead to significant

change. The housing is the second phase of a three-phase redevelopment plan for this block and is available to residents aged 55 or older with income at or below 60% of the area median income. The St. Louis and Kansas City Equity Funds are pleased to be partners with Ivanhoe Neighborhood Council and Missouri Housing Partners, the General Partners of Ivanhoe Gateway at 39th.

Number of Units: 12
SLEFI Commitment: \$2,523,868
Financing: Low Income Housing Tax Credits / PIAC Grant
Consultant: Fulson Housing Group
General Contractor: Diggs Construction
Architect: Hans Thomas & Associates LLC
Construction Lender: MHDC
Permanent Lender: NA
Property Manager: Fulson Asset Management Company



Our Portfolio



Invested in 139 developments since 1988, consisting of **4,637** units



Total Development Cost since 1988: **\$642 million**

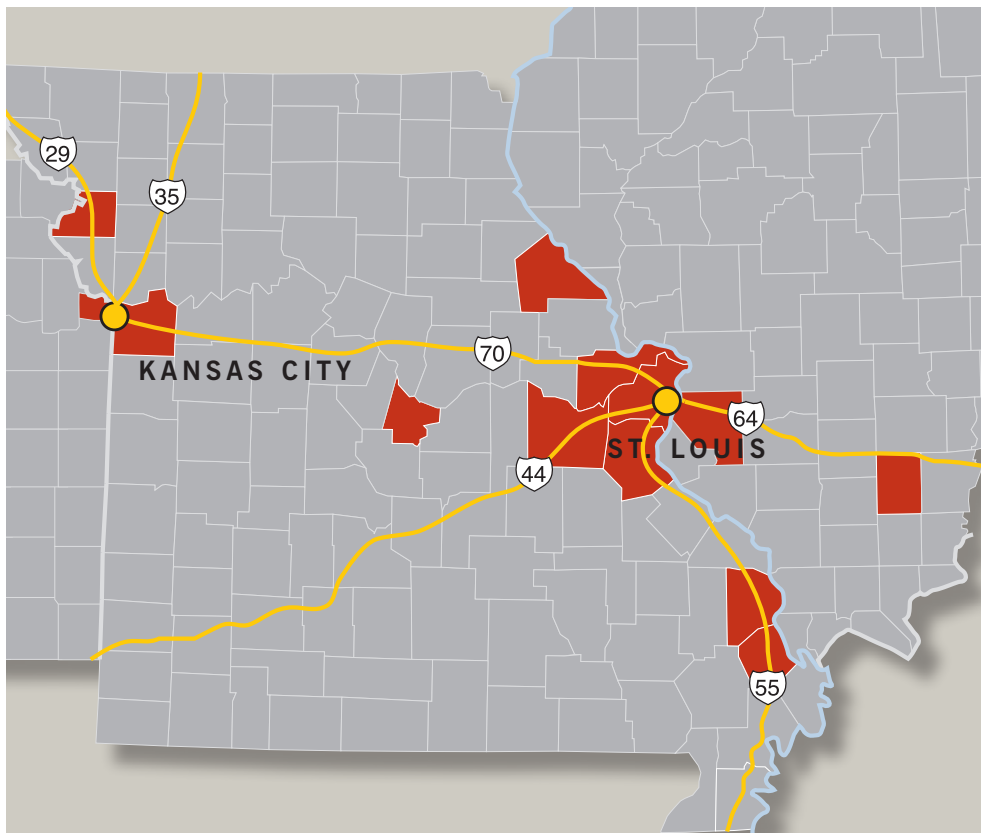


Amount of equity raised since 1988: **\$388.7 million**



Current number of **investors: 34**

We have invested
in properties
in 14 counties
since 1988.



Investors & General Partners

Current Investors

Ameren	Great Southern Bank
Anheuser-Busch	Jefferson Bank and Trust
TheBANK of Edwardsville	Lindell Bank & Trust Company
BMO Harris Bank	Midland States Bank
The Business Bank of St. Louis	Midwest BankCentre
Cass Commercial Bank	Midwest Regional Bank
Centene Corporation	Morrill & Janes Bank and Trust Company
Central Bank of the Midwest	Northern Trust Corporation
Central Bank of St. Louis	Parkside Financial Bank & Trust
Citizens National Bank of Greater St. Louis	PNC Bank, N.A.
Commerce Bank	The PrivateBank
Enterprise Bank & Trust Company	Reliance Bank
First Bank	Royal Banks of Missouri
First Collinsville Bank	Scottrade Bank
First County Bank	Spire Energy
First State Bank of St. Charles	Stifel Bank & Trust
Frontenac Bank	UMB Bank, N.A.

Current General Partners

Better Living Communities	McEagle Properties, LLC
Beyond Housing	Metropolitan Housing Development Corporation
Cardinal Ritter Senior Services	Milton D. Rothschild
DeSales Community Housing Corporation	Missouri Housing Partners
DMCS Corporation	North Newstead Association
Fox Meadows Supportive Living, LLC	Northside Community Housing, Inc.
Fulson Housing Group	Overland Property Group
Housing Revitalization, Inc.	Places for People, Inc.
Irving Partners, LLC	Renaissance Property Group
I-70 Northwest Development Corporation	Pruitt-Igoe Development Corporation
Ivanhoe Neighborhood Council	Robert Wood
JVL Renaissance, Inc.	Sisters of the Most Precious Blood
The Lawrence Group	St. Patrick Center
LoftWorks, LLC	The Salvation Army – Midland Division
Lutheran Senior Services	Touchette Regional Hospital
McCormack Baron Salazar, Inc.	Westside Housing Organization



St. Ferdinand Homes



Irving School Apartments

Board of Directors & Committees

Board of Directors

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Jason Penfield
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Fred Dyer
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Laurie Peterson
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First Collinsville Bank

Dave Strautz
First State Bank of St. Charles

Robert Roberson
Frontenac Bank

Andrew Walshaw
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Mark Brandom
The PrivateBank

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St. Louis Equity Fund, Inc.

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Development Bank

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David Bentele
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Dale Oberkfell
Midwest BankCentre

Andrew Walshaw
Northern Trust Corporation

Joseph Sooter, Jr.
Stifel Bank & Trust



The Salvation Army Veterans Residence



Community Asset Management Company

Community Asset Management Company (CAMCO) was established in 1998 as a 501(c)(3) nonprofit organization to provide professional property management services to owners of residential properties in the St. Louis metropolitan area, and to focus on providing supportive services to residents. CAMCO currently manages 24 properties which consist of 1,083 units. Management takes great pride in maintaining the physical integrity of these properties to enhance the communities they serve, providing resident services that improve the quality of life of their residents and maintaining policies and procedures to ensure the long-term viability of the properties.

CAMCO is led by a dedicated management team including Chair John J. Wuest; Lizabeth Coleman, President and CEO; Terry Walker, Assistant Vice President; and Larry Williams, Maintenance Foreman. John

and Liz work closely with the management team to provide guidance and direction for the entire staff. CAMCO has extensive experience preparing properties for physical inspections and compliance reviews related to the programs administered by the Missouri Housing Development Commission and the US Department of Housing and Urban Development. The entire CAMCO staff is devoted to providing professional services to property owners and residents.

1,083
Units Managed

24
Properties

Established in
1998



John J. Wuest
Chair



Lizabeth Coleman
President and CEO



Gateway Community Development Fund, Inc. was formed in 2009 as an affiliate of the St. Louis and Kansas City Equity Funds. Certified by the U.S. Department of the Treasury, Gateway's primary purposes are threefold: **lending, consulting and collaboration** to promote community and economic development throughout Missouri and the Midwest.

Lending

Gateway has originated a portfolio of loans to borrowers that have funded pre-development activities and the acquisition and rehabilitation of affordable rental housing in low and moderate income communities. Our goal is to increase these activities.

Products:

- Pre-Development Loans
- Permanent Loans
- Acquisition and Rehabilitation Loans

Participation Loan Pools

were formed in St. Louis and Kansas City and are funded by our banking partners and managed by Gateway staff.



The Salvation Army 3010 Apartments



John Wuest, Chair, and Erica Dobreff, President

Lending • Consulting •

Consulting

The consulting practice is regional in scope with clients in Chicago, Omaha and Detroit, as well as the St. Louis and Kansas City metro areas. Gateway's consulting business offers a wide range of services, which include:

Consulting to Developers of Affordable Housing. Gateway staff assists developers to access funds for affordable housing finance, including pre-development and first mortgage loans, and preparation of applications for private loans and grants, as well as Low Income Housing, Historic and New Markets Tax Credits.

Modeling Financial Projections for Affordable Housing Developments. Gateway staff assists developers in preparing financial projections that meet a lender's underwriting criteria and accurately reflect a project's economic potential in a concise and logical format.

Financial and Construction Draw Management. Gateway

staff offers construction draw management services and can train and assist the developer in the preparation of detailed budgets and other financial documents necessary for management of a successful development.

Performance of Physical Needs Assessments for real estate portfolios. Gateway offers a wealth of knowledge and experience in the building trades, including preservation of aging buildings.

Training in Compliance and Asset Management. Gateway offers this training for managers of affordable housing biennially to satisfy state training requirements.

Technical Assistance for Organizational Development and Strategic Planning. Gateway has the ability to work with not-for-profit and public entities and their Boards of Directors to foster a healthy, productive and fully functional organization.

Collaboration

An important part of Gateway's mission is collaboration with financial institutions, government entities, developers, and other community-based organizations working in the housing and community development arena. Gateway has the flexibility and knowledge to tailor our products and services to the needs of our partners and clients.

Board of Directors

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Kansas City Equity Fund, LLC

Michael Duffy

Legal Aid of Western Missouri

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Jerry Burka

Old Orchard Consulting

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JAC Consulting, LLC

Collaboration

Our Team



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Office Administrator



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Operations



Eldina Qirici
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Meredith Toler
Treasurer and CFO

Professional Consultants

Polsinelli
Attorneys at Law



RubinBrown LLP
Certified Public Accountants



Acknowledgements:

Editor & Production Coordinator: Amy McDermott

Design by Scott Huetting

Printing by Stolze Printing Company, Inc.

Thanks, John.

The Board, Investors and staff would like to thank John Wuest for his outstanding leadership of St. Louis Equity Fund from 2005-2015. During this time, the Equity Fund raised \$249.8 million, which was leveraged to create 1,712 units of

affordable housing. Gateway CDFI was established during John’s tenure, and received certification from the U.S. Department of the Treasury as a Community Development Financial Institution. We are pleased that John will continue to lead the Gateway CDFI

team in his role as Chair of the Gateway Board. John has provided a solid foundation on which management can build as the Equity Fund continues to further its mission. Thanks, John, for your guidance and contributions to the Equity Fund!





Pine Lawn Senior



Villas at Ridge Pointe II



Salisbury Park Three