

**BUSINESS PLAN FOR THE EXPANSION OF A 30,000
SQUARE FOOT COMMERCIAL LAUNDRY IN
COMPTON, CALIFORNIA AND THE DEVELOPMENT
OF AN 18,700 SQUARE FOOT COMMERCIAL
LAUNDRY IN INDIO, CALIFORNIA**



NOVEMBER, 2015



I. Executive Summary

The opportunity outlined in this Business Plan is to make an equity investment into an existing laundry business in order to (1) expand the existing but economically distressed laundry plant currently operated as the Patriot Linen Laundry located in Los Angeles County, California (specifically in the City of Compton, one of the highest unemployment communities in Southern California) and to provide needed equipment and working capital to enable the laundry to expand and successfully serve the laundry needs of hotels, restaurants, country clubs, and hospitals located in Southern California, and (2) develop an approximately 18,700 square foot laundry plant located in the Palm Springs market (specifically in the City of Indio, California) which is dedicated to serving the laundry needs in the greater Coachella Valley/Palm Springs market. This project will be a joint venture between two laundry companies – Coast to Coast Linen Mgmt LLC (doing business as Coast to Coast Linens) and Vahan Services Inc (doing business as Valet Services), which have experience in the commercial laundry business, with existing laundry operations in California, Mississippi, and Florida. Each of the sponsors will contribute equity capital along with 14 EB-5 investors, which will be sufficient to ensure adequate capitalization of the venture in order to achieve profitability and to create permanent employment in two economically distressed communities.

In so doing, the Coast to Coast/Valet Services laundry venture will increase employment levels by an estimated 400%, with the resulting business generating 300 much-needed full time jobs, and will increase the entity's revenues and net worth by over 500% from current levels, resulting in a greatly expanded and financially stable operating entity. This will satisfy the "Substantial Change" condition of the EB-5 program, which is defined as "40 percent increase either in the net worth, or in the number of employees, so that the new net worth, or number of employees amounts to at least 140 percent of the pre-expansion net worth or number of employees."

Over the past twenty years, Southern California has experienced tremendous growth in population and tourist visitation, resulting in expansion of the hotel supply and tourist visitation. This expansion is projected to continue into the future, as new hotels, new airline routes, expansion of international travel, and statewide population increases all point toward increased levels of future visitation to the region. Accommodating these guests will not only require additional hotels and restaurants, but increases in the infrastructure supporting those institutions, including laundry services to clean and replace sheets, towels, and tablecloths used by hotel and restaurant patrons.

Unfortunately, due to the capital intensive nature of commercial laundries (which typically cost in excess of \$8 million to construct), compounded by a lack of available financing for the commercial laundry business, the availability of laundry companies has not been able to keep pace with the growth in demand. Furthermore, the limitations on water availability in Southern California have made water-intensive uses like laundries more difficult and expensive to get permitted, creating further obstacles to providing this need despite the fact that commercial laundries such as the one discussed in this Business Plan utilize significantly less water than in-house hotel laundries due to their more efficient equipment and energy conservation measures that are not viable at in-house hotel laundries.

The consequence of this shortage of laundries which area hotels can rely upon to provide cost-effective linen cleaning services is that hotels are forced to install and operate their own in-house laundries. Operating an in-house laundry poses several problems for hotels, including allocation of scarce “back of house” space towards a laundry room, payment of higher wage, utility, and property tax rates, and further increased utility costs due to the excessive heat and water discharge emitted during the laundering process. In addition, due to their small spaces it is not feasible for hotels to install state-of-the-art laundering equipment, which better cleans and protects linens while also reducing the amount of energy and water consumed. These burdens on the hotels impact their profitability and feasibility levels and, if not resolved, could contribute to needed hotels not being built or of experiencing financial duress, which would ultimately result in fewer jobs being created in the local economy and lower levels of visitation and visitor expenditures flowing through the local economy.

A well-designed and well-operated commercial laundry facility will provide strong economic benefits for its community, both in terms of the revenues generated and the jobs (and job training) created. In the case of the proposed Coast to Coast/Valet Services laundry facilities, the projects are projected to achieve stabilized annual revenues of approximately \$12 million and to create over 240 incremental full-time jobs.

The business venture discussed herein is for a newly created entity (CTC California LLC) to make an equity investment and acquire an interest in an existing but struggling laundry facility (Vahan Services Inc/Patriot Linens) located at 2565 S. Dominguez Hills Rd, Compton, and to inject needed capital into the venture in order to make the business viable and enable it to achieve a sustainable level of profitability. In addition, the newly-recapitalized Vahan Services Inc, with additional investment from CTC California LLC, will lease an existing industrial space located approximately 100 miles east in Indio, California, and build that facility out as a sister property to the Compton facility, serving the needs of local hotels and resorts in the Palm Springs/Coachella Valley market.

In so doing, the participants in this venture will will create over 240 additional jobs within two severely economically disadvantaged communities. This combination of economic and non-economic benefits makes the expansion of a commercial laundry facility in Compton, California and development of a commercial laundry in Indio, California an ideal **Direct EB-5** investment project, qualifying investors for U.S. residency by increasing the employment and net worth levels of the Company by at least 40% over pre-investment levels.

II. Description of the Project

Compton

It is the goal of CTC California LLC to make an equity investment into Vahan Services Inc, the owners of the existing 30,000 square foot laundry facility located at 2565 South Dominguez Hills Drive in Compton, California, which is at risk of closure due to financial hardship, and to renovate and equip the facility into a state-of-the-art commercial laundry operation designed specifically to cater to area hotels and resorts. The building is ideally constructed for the operation of a high-volume commercial laundry facility, with an efficient rectangular layout, a 20+ foot high interior ceiling, and loading doors located strategically on the sides of the building. In addition, the property has a large secure loading yard which will facilitate the drop-off and pick-up of linens, storage of equipment, and efficient workflow. The building is served by water, sewer, and electrical service through municipal providers.

The laundry was initially operated as a subsidiary of Sodexo, a multinational service company specializing in serving the laundry needs of the medical industry (hospitals, clinics, doctor's offices, etc). Sodexo elected to close the business in 2013 due to corporate consolidation, and laid off all of their local workforce, causing considerable distress within the already economically disadvantaged Compton community. In 2013, a local corporation (Vahan Services Inc.) acquired the leasehold interest in the building from Sodexo and reopened the laundry in 2014, spending over \$3 million of capital to-date to reopen the business; however, the Vahan venture has been undercapitalized and has not been able to make the necessary investment in acquiring needed equipment, upgrading and supplementing the existing equipment, nor have they been able to generate revenues sufficient to pay overhead costs, resulting in large financial losses in 2015 and bringing Vahan to the brink of insolvency.

Coast to Coast Linens (CTC) is a hotel-oriented laundry company currently operating a 14,000 square foot facility in West Palm Beach, Florida and a 40,000 square foot facility in Gulfport, Mississippi. CTC has a strong reputation for providing high-quality service and has developed relationships with a number of major hotel management companies, including Marriott, Hilton, Wyndham, Doubletree, W, Hard Rock, and Crowne Plaza.

Valet Services is a distinguished commercial laundry provider which has been in operation for over 18 years and is a leader in the Southern California market specializing in hospitality and healthcare laundry operations. Valet Services currently operates out of a 38,000 square foot facility in Bell Gardens, California which is owned by Anitsa Inc, an entity affiliated with Vahan Services Inc.

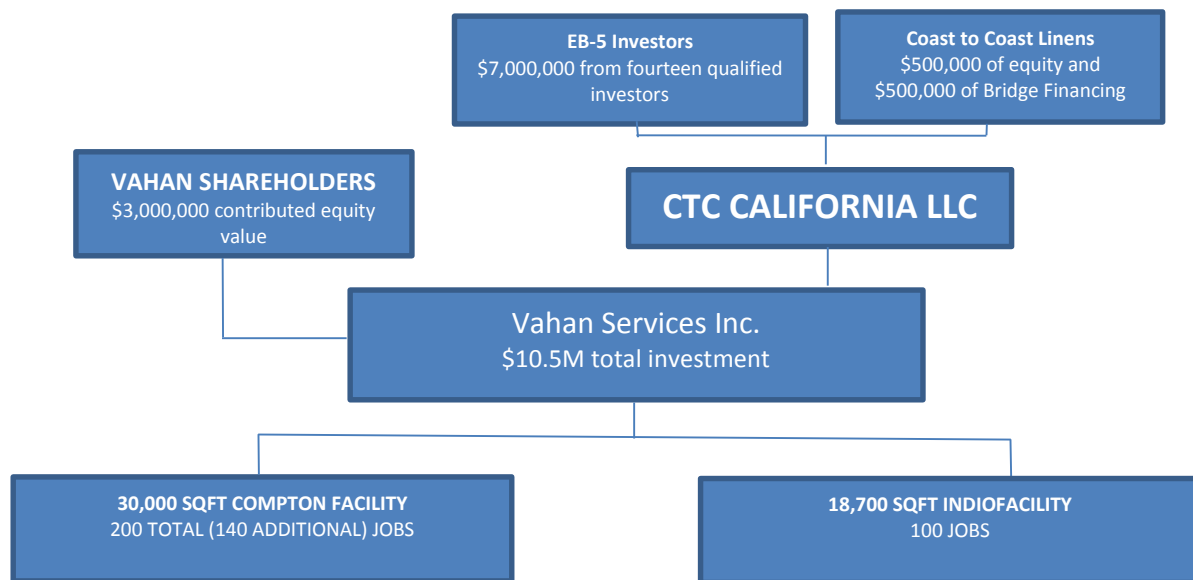
Valet Services has established an exemplary reputation in the commercial laundry business and has the potential to expand their operations significantly by developing additional facilities in strategic locations that are capable of broadening Valet Services' processing capacities and coverage areas. However, the company has limited financial resources, and as a private firm is capital constrained with limited borrowing capacity from area lenders. Particularly in the current economic and regulatory climate, expansion financing is simply not available on reasonable terms to private companies.

CTC and Valet Services have joined forces to expand their collective business operations in the Southern California market; the partnership is interested in completing the business plan initiated by Vahan at the Patriot Linen facility in Compton and in expanding to other markets within Southern California in a “hub and spoke” approach whereby each facility operates within its own territory but is also able to assist or work collaboratively with the other facilities in the portfolio.

Upon completion of the planned improvements, the two Coast to Coast/Valet Services laundry facilities contemplated herein will include both conventional and high-capacity washing equipment, large capacity dryers and specialized ironing/folding equipment selected for their ability to handle high volumes of the fine linens and towels utilized at four- and five-star hotels and resorts. The completed facilities are anticipated to employ 300 full-time employees, thus qualifying the project as a Direct EB-5 investment opportunity by satisfying the “Substantial Change” requirement in the expansion of employment and net worth of the business by at least 40% over pre-investment levels.

Investment Overview/Structure

Total investment for the CTC-Valet venture will be between \$10.0 million and \$10.5 million, with \$3.0million having been expended to-date by Vahan and \$7.5 million of subsequent “net” investments anticipated to be needed to bring the businesses to a level of sustainable profitability. The structure of the investment will be that Vahan will contribute its existing business and all rights, contracts, intellectual capital, etc into the new venture, and CTC California LLC will contribute the \$7.5 million of required additional capital. The Coast to Coast contribution will include \$7,000,000 of EB-5 capital contributed by fourteen (14) EB-5 Investors seeking U.S. residency. CTC will provide up to \$1.0 million of additional capital as needed in order to ensure the company’s financial solvency, of which \$500,000 will be provided as equity and \$500,000 will be provided as Bridge Financing. The ownership entity will remain Vahan Services Inc, which will be owned jointly by the existing members of Vahan and by CTC California LLC. Upon full investment of the \$7.0 million of EB-5 capital and \$500k of CTC equity, the ownership splits will be 50% to existing Vahan shareholders and 50% to CTC California LLC.



As stated above, the Compton laundry facility will require an incremental investment of \$3.5 million to acquire equipment and supplies, repair or refurbish existing equipment, hire and train employees, and cover working capital expenditures until such time as the business can become profitable. In addition, the Indio facility is projected to require an investment of \$4.0 million to become operational and achieve a stabilized level of profitability. The existing Compton ownership group is prepared to contribute their \$3.0 million of in-place equity value into the new venture with the expectation that \$7.5 million will be contributed by CTC along with fourteen EB-5 investors (each contributing \$500,000) but is not prepared to invest the entire \$7.5 million of required capital necessary, and is unable to procure conventional financing for the incremental investment due to the entity's short and unsuccessful operating history.

Due to its significant job creation and location within Targeted Employment Areas, this Project presents an ideal EB-5 investment opportunity. The locations within TEAs provide for foreign investors qualifying for U.S. residency by making a \$500,000 investment instead of the statutory \$1,000,000 investment required for projects that are not located within TEAs. In addition, the entity is expected to create 240 additional full-time jobs within the first 24 months of opening, therefore enabling fourteen EB-5 investors to qualify for U.S. citizenship under Direct Job methodology instead of relying upon Indirect and Induced job creation and econometric modeling.

Economic Impact Summary

As discussed above, because the Patriot Linen Compton and CTC Indio projects are able to provide well in excess of 10 direct jobs per EB-5 investor, there is no need to conduct an economic impact study or to perform econometric modeling to determine indirect or induced job creation.

The Project sites are located as follows:

- **Patriot Compton:** within the City of Compton, in Los Angeles County and the Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area. The property is more specifically located within Census Tract 5433.05. The most recent annual (2014) unemployment rate for the census tract was 12.3%, qualifying the census tract as a Targeted Employment Area;
- **CTC Indio:** The Project site is located in Indio, California, within Riverside County, and specifically is within Census Tract 453.03. The most recent annual unemployment rates for the County and Census Tract were 12.2% and 21.1% respectively, meaning that each of the measurement areas qualify as Targeted Employment Areas

In terms of project economics, the completed facilities are anticipated to generate approximately \$12 million of revenues during their third full year of operations, with a projected Net Income of \$2.0 million. This would support a stabilized market valuation of over \$15 million. The EB-5 investors therefore will have significant financial protections for their \$7.0 million investment, with \$4.0 million of equity contributions by the Sponsors, and a projected project valuation of over 200% of their investment amount.

III. Business Objectives

The primary objective of the Project is to utilize a combination of private equity and EB-5 funding to recapitalize and expand the existing Patriot Linen laundry plant under the auspices of Coast to Coast Linens and Valet Services, to provide the working capital and management expertise needed to make the business successful, and concurrently to develop a sister property approximately 100 miles east in Indio, California. By leveraging off of the Coast to Coast Linens/Valet Services team's extensive experience and business relationships, the Patriot Compton and CTC Indio ventures should be able to attain a number of high-value contracts which should enable the operation to achieve profitability. In addition, many of the improvements planned for the EB-5 capital will enable the facilities to lower operating costs, improve services, and provide strong competitive advantages for the operations that will ensure that they compete effectively within the Southern California laundry market.

The synergies between the private equity provided by the sponsors and the capital provided by the EB-5 investors are critical to the success of the venture. Neither Coast to Coast Linens or Valet Services, nor the EB-5 investors would be prepared to undertake this investment without the participation of the other – Coast to Coast Linens would not be satisfied with the economics that would accrue from a \$7.5 million equity investment, and is not prepared to invest the entire amount needed to develop the Compton and Indio facilities to their fullest potential; conversely, the EB-5 investors would not be comfortable investing \$7.0 million in the operation without having the comfort of knowing that their investment is supported by the combined \$3.5 million of capital that is being provided and committed by Valet Services and Coast to Coast Linens.

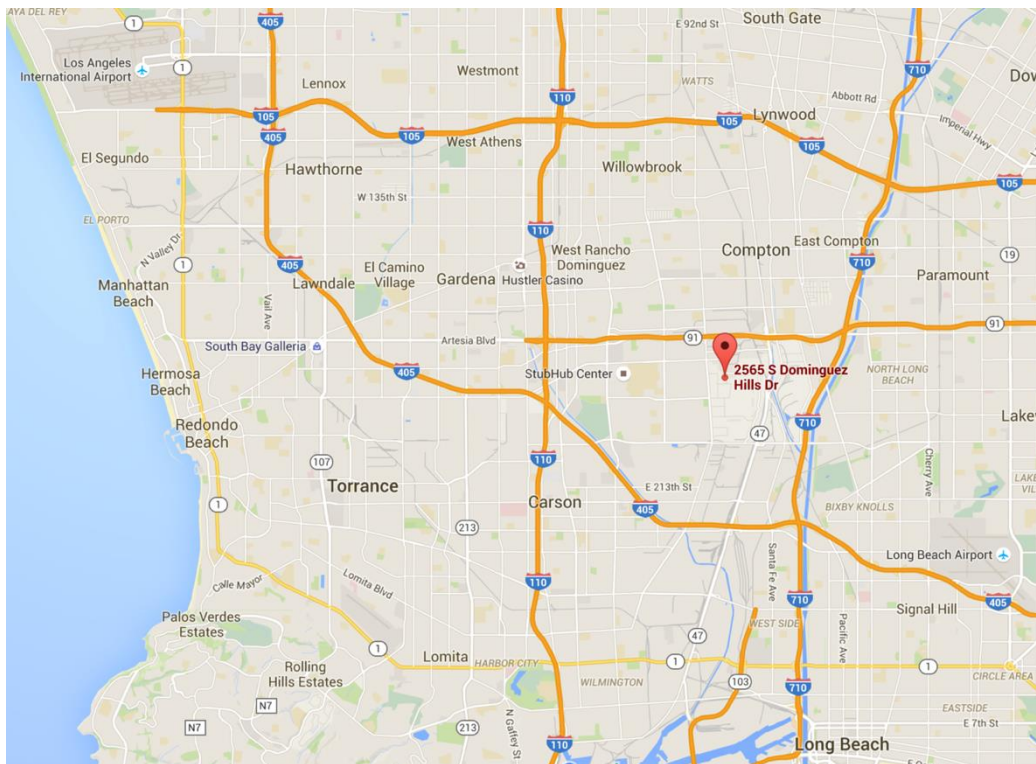
By combining the resources and objectives of private equity investors, EB-5 investors, and two proven laundry operators, a number of complementary business objectives will be achieved – a profitable business will be created, needed services will be provided to the local communities, jobs will be created in two areas that are currently experiencing high unemployment, and value will be created in an enterprise that will more than enable repayment of the EB-5 investors' capital at the end of the investment period.

IV. Market Analysis

COMPTON, CALIFORNIA

Location description

The Patriot Linen laundry facility is located in the City of Compton, Los Angeles County, California, which is part of the Los Angeles–Long Beach–Anaheim Metropolitan Statistical Area. The primary regional access through the area is provided by California State Route 91 on the north of the facility and Interstate 405 on the south of the facility that run from east to west, as well as State Route 110 on the west and Route 710 and State Route 47 on the east that run from north to south. Compton is located between the Los Angeles International Airport (17 miles northwest) and Long Beach (9 miles south), which will enable the property to serve a large base of potential hotels including such popular submarkets as Anaheim/Disneyland, Santa Monica, Los Angeles, Long Beach, and Newport Beach, all of which are within a 30 minute drive from the property.



Population of Compton City

According to the statistics from the U.S. Census Bureau, the U.S. population has grown 9.7% from 2000 to 2010, and 3.3% from 2010 to 2014, with an average annual compounded rate of 0.9% and 0.8% respectively. During this time the population of California increased 10.3% from 2000 to 2010, which

surpasses the national population growth. The population of Compton has grown at a slower rate than the other three areas listed on the table below, attributed in some part to the lack of employment available in the community and the high level of economic distress. In addition, like many disadvantaged communities, Compton has very high population density, with 9,534 people per square mile in 2010 compared to density levels of 239/sq mile for California and 87 for the United States. (<http://www.census.gov/2010census/data/apportionment-dens-text.php>).

Resident Population Statistics

Area	2000	2010	2014
Compton	93,651	96,412	98,597
Los Angeles County	9,543,000	9,827,231	10,116,705
California	33,871,648	37,336,011	38,802,500
U.S.	281,424,600	308,745,538	318,857,056

% Change

Area	2000-2010	2010-2014
Compton	2.95%	2.27%
Los Angeles County	2.98%	2.95%
California	10.23%	3.93%
U.S.	9.71%	3.28%

Average Annual Compounded Change

Area	2000-2010	2010-2014
Compton	0.29%	0.56%
Los Angeles County	0.29%	0.73%
California	0.98%	0.97%
U.S.	0.93%	0.81%

Source: U.S. census bureau

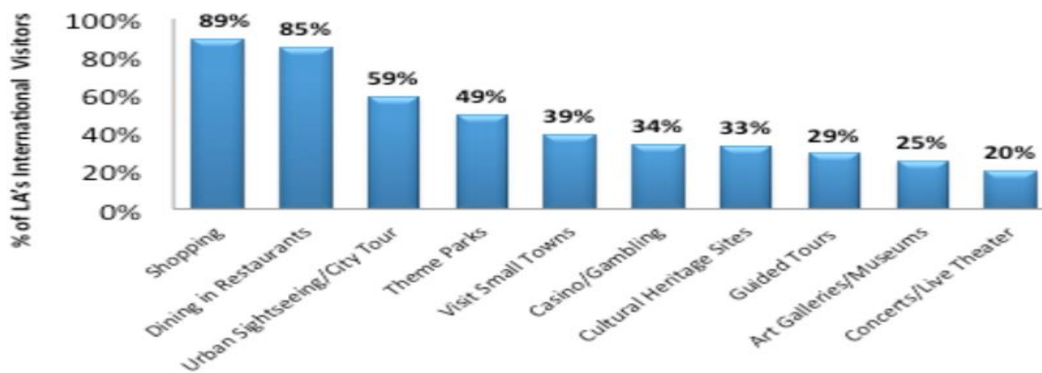
Los Angeles

The City of Los Angeles is part of the Los Angeles–Long Beach–Anaheim Metropolitan Statistical Area and

is proximate to the City of Compton to the north. Los Angeles is known as the second-largest city in the U.S. with a population of 3.9 million in 2014 census estimate. According to the Los Angeles Times, the number of visitors in California hit a new record high of 251 million in 2014 from 243 million in 2013. Visitors spent \$117.5 billion and supported 1 million jobs throughout the state. In Los Angeles, the number of visitors reached 44.2 million, up 4.8% from the previous record of 42.2 million in 2013. Visitors' spending increased by 6.8% from record in 2013 to \$19.6 billion in 2014.

Top 10 Most Popular Activities of Los Angeles' International Visitors

- **Shopping (89%)** is the most popular activity among International visitors followed by **Dining in Restaurants (85%)**.



Source: OTTI 2011 Survey of International Air Travelers

The graph above shows the most popular activities for Los Angeles' international travelers. As we can see shopping ranks highest with an 89% participation rate, followed by dining, sightseeing, and visiting the area's theme parks. These visitation preferences influence the lodging choices made by international visitors which in turn influences the development elections made by hotel investors. As a centrally-located suburb with access to downtown Los Angeles, the beaches of Newport, Huntington, and Long Beach, and the Disneyland and Knott's Berry Farm theme parks, Compton is well-suited as a location for the development of a hotel laundry facility.

Los Angeles is a trend-setting global metropolis with a fascinating history and a rich cultural heritage. In landmarks, Venice Beach is the second largest tourist attraction in Southern California after Disneyland. And the Hollywood Walk of Fame was ranked by Forbes the number eight on the top tourist attractions in America in 2010. Also, the sunset strip is the economic engine of West Hollywood where premier fashion, music, entertainment, dining and a unique history collide. Furthermore, most travelers are attracted by prominent culture and art scene in Los Angeles, such as the primary culture event DineLA, concerts and entertainment events, and the Los Angeles County Museum of Art. Moreover, sporting events and conventions are also large contributors to the tourism industry.

In addition, two of the most popular destination spots in Los Angeles, especially for those visiting from out of state, are Disneyland and Universal Studios. The Themed Entertainment Association released a new

report of top 25 amusement/theme parks worldwide. Disneyland CA ranked No.3, up 3.5% from the record in 2013; Disney's CA Adventure attendance increased by 3% from the previous record; the attendance of Universal Studios Hollywood reached around 6.8 million, a 11% increase compared to the record in 2013.

TOP 25 AMUSEMENT/ THEME PARKS WORLDWIDE					TEA		AECOM		
Rank	Park and Location	% change	2014	2013	Rank	Park and Location	% change	2014	2013
1	MAGIC KINGDOM at Walt Disney World, Lake Buena Vista, FL	4.0%	19,332,000	18,588,000	13	OCEAN PARK, Hong Kong SAR	4.2%	7,792,000	7,475,000
2	TOKYO DISNEYLAND, Tokyo, Japan	0.5%	17,300,000	17,214,000	14	LOTTE WORLD, Seoul, South Korea	2.8%	7,606,000	7,400,000
3	DISNEYLAND, Anaheim, CA	3.5%	16,769,000	16,202,000	15	HONG KONG DISNEYLAND, Hong Kong SAR	1.4%	7,500,000	7,400,000
4	TOKYO DISNEY SEA, Tokyo, Japan	0.1%	14,100,000	14,084,000	16	EVERLAND, Gyeonggi-Do, South Korea	1.1%	7,381,000	7,303,000
5	UNIVERSAL STUDIOS JAPAN, Osaka, Japan	16.8%	11,800,000	10,100,000	17	UNIVERSAL STUDIOS HOLLYWOOD, Universal City, CA	11.0%	6,824,000	6,148,000
6	EPCOT at Walt Disney World, Lake Buena Vista, FL	2.0%	11,454,000	11,229,000	18	SONGCHENG PARK, Hangzhou, China	38.3%	5,810,000	4,200,000
7	DISNEY'S ANIMAL KINGDOM at Walt Disney World, Lake Buena Vista, FL	2.0%	10,402,000	10,198,000	19	NAGASHIMA SPA LAND, Kuwana, Japan	-3.6%	5,630,000	5,840,000
8	DISNEY'S HOLLYWOOD STUDIOS at Walt Disney World, Lake Buena Vista, FL	2.0%	10,312,000	10,110,000	20	CHIMELONG OCEAN KINGDOM, Hengqin, China (new)	NA	5,504,000	NA
9	DISNEYLAND PARK AT DISNEYLAND PARIS, Marne-La-Vallée, France	-4.7%	9,940,000	10,430,000	21	EUROPA PARK, Rust, Germany	2.0%	5,000,000	4,900,000
10	DISNEY'S CA ADVENTURE, Anaheim, CA	3.0%	8,769,000	8,514,000	22	SEAWORLD FL, Orlando, FL	-8.0%	4,683,000	5,090,000
11	UNIVERSAL STUDIOS at Universal Orlando, FL	17.0%	8,263,000	7,062,000	23	TIVOLI GARDENS, Copenhagen, Denmark	6.6%	4,478,000	4,200,000
12	ISLANDS OF ADVENTURE at Universal Orlando, FL	0.0%	8,141,000	8,141,000	24	DE EFTELING, Kaatsheuvel, Netherlands	6.0%	4,400,000	4,150,000
					25	WALT DISNEY STUDIOS PARK AT DISNEYLAND PARIS, Marne-La-Vallée, France	-4.7%	4,260,000	4,470,000
TOTAL		4.1%	223,450,000	214,708,000					

Figure 2B

Airport Traffic

Airport passenger counts are important indicators of local business and lodging demand. The Los Angeles market is served by three major international airports – Los Angeles International Airport (LAX), John Wayne International Airport in Orange County, and Ontario International Airport in Riverside County. These airports are north, east, and south of the City of Compton, and handle a combined total of over 85 million passengers per annum, making Los Angeles one of the most visited destinations in the world.

According to the below statistics, Los Angeles International Airport ranks fifth in the country for passenger traffic with 70.7 million passengers in 2014, a 6% increase from the record in 2013. The John Wayne International and Ontario International Airport contributed an additional 14 million passengers.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year End
AIRLINE PASSENGER TRAFFIC													
LAX-TOTAL Passenger Traffic	5,419,015	4,756,984	5,758,094	5,759,829	6,080,975	6,524,403	6,872,077	6,717,574	5,573,460	5,865,903	5,380,432	5,920,503	70,662,212*
% Change vs previous year	7.3	6.3	4.3	8.5	6.4	6.7	6.3	6.1	5.0	6.4	6.4	2.6	6.0
Domestic flights	3,877,104	3,483,695	4,278,427	4,230,441	4,426,582	4,765,839	4,996,506	4,835,763	4,035,823	4,321,289	3,969,047	4,339,011	51,556,545*
% Change vs previous year	6.8	5.5	3.4	7.7	5.1	5.7	6.6	5.8	6.8	6.8	6.8	1.9	5.6
International flights (Includes U.S. travelers)	1,541,911	1,282,289	1,506,667	1,529,388	1,654,393	1,758,564	1,875,571	1,881,811	1,537,637	1,544,614	1,411,385	1,581,492	19,105,667*
% Change vs previous year	8.6	6.1	7.0	10.6	10.1	9.4	5.4	7.0	3.0	5.1	5.3	4.7	7.0
L.A./ONTARIO-TOTAL Passenger Traffic	313,870	286,362	348,205	338,421	350,334	361,859	362,218	360,481	335,589	360,256	345,574	359,180	4,127,278*
% Change vs previous year	2.1	-2.4	-0.4	1.5	2.7	5.8	7.6	6.5	8.4	7.7	3.4	2.8	3.9
Domestic flights	306,469	282,530	343,057	333,004	344,040	354,157	353,245	351,750	328,267	353,045	337,440	348,288	4,036,547*
% Change vs previous year	1.4	-2.9	-0.7	0.1	1.9	4.7	6.7	5.2	7.3	7.7	3.0	1.9	3.4
International flights (Includes U.S. travelers)	7,401	3,832	5,148	5,417	6,294	7,702	8,973	8,731	7,322	7,211	8,134	10,892	90,731*
% Change vs previous year	43.4	36.8	26.0	47.0	76.8	102.9	59.4	111.0	112.0	7.3	23.3	38.9	57.9

From the historical summary of passengers in LAX airport from 2005 to 2014, the passenger trends keep increasing from 2010 after the economic recession. This trend bodes well for the local lodging industry but necessitates the development of additional hotels and resorts to accommodate these increasing levels of visitation.

LAX Ten Year Summary of Passengers

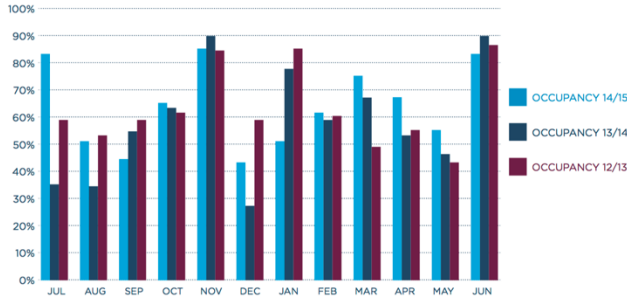
Year	Departing	Arrival	Total	% Change
2005	30,649,324	30,840,199	61,489,523	--
2006	30,499,947	30,540,727	61,040,674	-0.73%
2007	31,244,261	31,194,322	62,438,583	2.29%
2008	29,933,581	29,887,169	59,820,750	-4.19%
2009	28,288,211	28,232,632	56,520,843	-5.52%
2010	29,605,542	29,464,585	59,070,127	4.51%
2011	30,923,005	30,939,047	61,862,052	4.73%
2012	31,857,135	31,830,986	63,688,121	2.95%
2013	33,335,386	33,330,340	66,665,726	4.68%
2014	35,320,501	35,343,018	70,663,519	6.00%

Source: Los Angeles World Airports

Convention Center

Los Angeles has one of the most unique convention facilities in the country with 720,000 sq. ft. of exhibit hall space, 147,000 sq. ft. of meeting room space, 64 column-free meeting rooms, and 48 lighted and covered freight loading docks. Also it has newly renovated 299-seat theatre complete with rear screen projection, which is ideal for presentations and screenings. Approximately 350 events annually are hosted with over 2 million visitors, according to the Los Angeles Convention Center Authority.

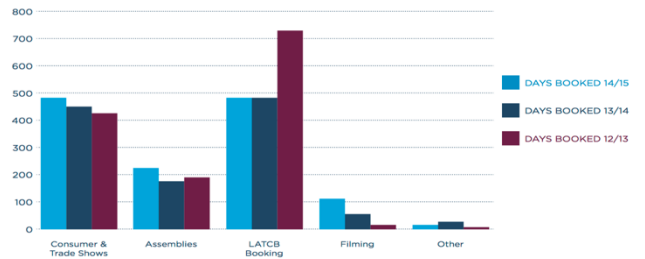
OCCUPANCY COMPARISON TO PRIOR YEARS



Occupancy rate by fiscal year

- 14/15 - 64.39%
- 13/14 - 59.76%
- 12/13 - 64.35%

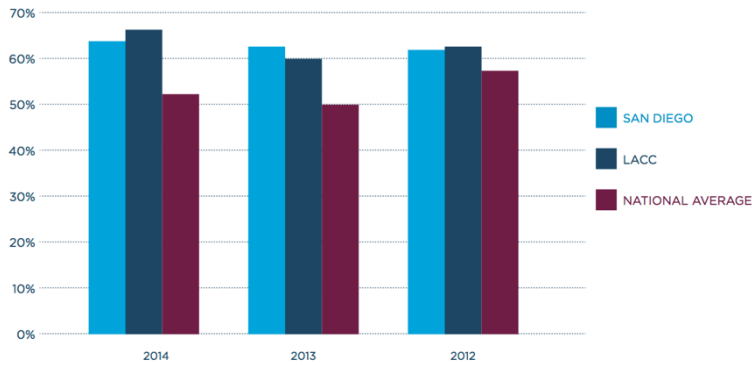
DAYS BOOKED BY EVENT TYPE



Days Booked

- 14/15 - 1,302
- 13/14 - 1,107
- 12/13 - 1,360

Occupancy Comparison among San Diego Convention Center, LACC, and National Average



According to the statistics from LACC, the number of conventions, the days booked of LACC in 14/15 is 1,302, approximately 200 days more than the previous year booking. The major booking type is consumer & trade shows which keeps increasing since 2012. And the occupancy rate of LACC reached to 64% in 2014/15, surpassing the national average rate and San Diego convention center’s occupancy.

Hotel market

Because the Patriot Linen laundry facility will be oriented primarily to service the needs of area hotels and resorts, the state of the hotel market in metropolitan Los Angeles is of particular relevance to this Business Plan. According to Smith Travel Research, there are 989 hotel properties in Los Angeles County with

97,507 rooms. Below is the monthly report of Occupancy, ADR, RevPar and hotel room nights sold at Los Angeles County lodging facilities in 2014.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year End
OCCUPANCY (%) (Los Angeles County)	73.6	77.5	80.3	80.3	79.4	83.1	87.0	87.0	76.6	80.4	72.4	67.5	78.9
% Change vs previous year	5.7	2.9	5.2	3.7	5.0	0.4	2.3	2.6	0.0	2.8	0.0	1.6	2.7
AVERAGE ROOM RATE (US\$)	146.99	140.13	142.10	145.35	141.41	150.35	154.41	164.07	143.56	150.67	144.69	138.46	147.27
% Change vs previous year	10.0	2.5	6.9	4.8	6.4	5.5	10.0	11.1	7.3	8.8	6.5	6.7	7.9
RevPAR (US\$)	108.19	108.58	114.10	116.66	112.24	125.01	134.30	142.75	110.02	121.07	104.80	93.44	116.17
% Change vs previous year	16.2	5.5	12.5	8.7	11.7	5.9	12.5	14.0	7.3	11.9	6.5	8.5	10.8
Hotel Room Nights Sold	2,208,045	2,099,946	2,409,253	2,330,396	2,401,480	2,434,458	2,631,775	2,632,796	2,250,358	2,438,125	2,127,263	2,047,955	28,051,277
% Change vs previous year	5.8	2.9	5.0	3.5	5.6	0.7	2.6	2.9	0.7	3.4	0.9	2.5	3.2

Source: STR, LAWA, Individual Airports Website, I-94 Visitor Arrivals, NTTO&CA EDD

The above table illustrates an extremely healthy hotel market, with annual occupancy rates of 78.9% and over 28 million room nights sold in 2014. Room demand is so strong in Los Angeles County that Average Rate growth is significantly higher than inflation, at 7.9% for the year. Furthermore, forecasts are for room night demand to continue to grow by 2-3% per annum over the next 3-5 years; however, at a 78.9% occupancy rate the existing hotel supply will be unable to accommodate new demand, particularly during peak periods – conventional wisdom states that average occupancy levels over 70% generally result in oversold days due to the seasonal nature of hotel demand – in the case of Los Angeles County, downtown hotels are currently experiencing 90-100% occupancy rates on weekdays and slower occupancy levels on weekends; this trend may be reversed at oceanfront properties or hotels in leisure destinations like Anaheim.

The obvious conclusion is that Los Angeles County needs new hotel rooms to be developed in order to accommodate the expected growth of room night demand in the market, and without new supply coming on-line in the near-term, potential tourism revenues (and jobs) will not be able to be accommodated.

New Hotel Development

There are currently 22 hotels under construction with a total of 4,400 rooms, and 21 tentative new hotels in final planning with an additional 3,105 rooms.

Hotels Under Construction – Los Angeles Metro Area

In Construction* – 22 Properties / 4,440 Rooms				
Name	Anticipated Opening	# Rooms	Address	City
Hotel Clark	Q1-16	347	426 S. Hill Street	Downtown L.A.
InterContinental Los Angeles Downtown (Wilshire Grand)	Jun-17	900	930 Wilshire Blvd	Downtown L.A.
Metropolis Project (Hotel Indigo)	Jan-17	350	Francisco St & 8th St	Downtown L.A.
Hotel Empire	Q1-16	183	831 S. Grand Ave.	Downtown L.A.
Fig Central (Cavalli Hotel)	Jun-18	183	1101 S. Flower Street	Downtown L.A.
Waldorf Astoria Beverly Hills	Jun-17	170	Santa Monica Blvd	Beverly Hills
Courtyard by Marriot Santa Monica	Mar-16	136	1554 5th Street	Santa Monica
Hampton Inn & Suites Santa Monica	Mar-16	143	501 Colorado Ave.	Santa Monica
Hampton Inn & Suites Los Angeles Hollywood	Q3-16	112	1133 Vine Street	Hollywood
Dream Hotel	Q1-16	182	Selma Ave & Cahuenga	Hollywood
The James Hotel Los Angeles	Jun-16	286	8500 Sunset Blvd	West Hollywood
Hotel La Peer	Q4-16	105	627 N. La Peer Dr	West Hollywood
Hilton Garden Inn Burbank	Jul-16	210	401 S. San Fernando Blvd	Burbank
Fairfield Inn & Suites LAX*	Fall-15	(356)	525 North Sepulveda Blvd.	El Segundo
Aloft El Segundo LAX*	Dec-15	(247)	475 North Sepulveda Blvd.	El Segundo
Hampton Inn & Suites LAX El Segundo	Aug-16	171	888 Sepulveda Blvd	El Segundo
Cambria Suites El Segundo	Sep-16	152	1949 E. El Segundo Blvd	El Segundo
Bicycle Casino Hotel	Nov-15	100	888 Bicycle Casino Dr	Bell Gardens
Best Western Plus Gardena Inn & Suites	Dec-15	81	14400 S. Wern Ave	Gardena
Residence Inn Pasadena Old Town	Jul-16	144	233 N. Fair Oaks Ave	Pasadena
Hampton Inn & Suites Glendale	Feb-16	94	315 S. Brand Blvd	Glendale
Grandview Suites Glendale	Mar-16	170	549 S. San Fernando Blvd.	Glendale
Hilton Garden Inn El Monte	Jun-16	133	9920 Valley Blvd	El Monte
Best Western Desert Poppy Inn	NA	88	2038 W. Avenue I	Lancaster

Source: Smith Travel Research; PKF Consulting

Hotels in Planning Stages – Los Angeles Metro Area

Final Planning* – 21 Properties / 3,105 Rooms				
Name	Anticipated Opening	# Rooms	Address	City
Home2 Suites Los Angeles Downtown	Dec-16	143	Ingraham St. & S. Bixel St.	Downtown L.A.
Hampton Inn & Suites Los Angeles Koreatown	Aug-17	106	301 S. Harvard Blvd	Los Angeles
The Nest	Dec-16	70	621 Catalina St	Los Angeles
Unnamed Hotel @ Griffith Park (Pilgrim Church)	NA	21	1629 Griffith Park Blvd	Silver Lake
Santa Monica Proper	Jun-17	275	710 Wilshire Blvd	Santa Monica
Thompson Hollywood Hotel	2017	220	1541 Wilcox Ave	Hollywood
Hyatt Place Pasadena	Sep-17	182	280 E. Colorado Blvd	Pasadena
Fairfield Inn & Suites Arcadia	Nov-16	85	W. Huntington Dr. & Colorado	Arcadia
Residence Inn Arcadia	Nov-16	120	W. Huntington Dr. & Colorado	Arcadia
Sheraton Hotel El Monte	2017	220	9400 Flair Drive	El Monte
Hyatt Place San Gabriel	Jul-17	225	1540 Manley Dr.	San Gabriel
Candlewood Suites Pico Rivera	Aug-16	81	6605 Rosemead Blvd	Pico Rivera
Courtyard by Marriot Monterey Park	Q3-17	288	N. Atlantic & W. Hellman	Monterey Park
The Boulevards Hotel @ South Bay	NA	300	Avalon & Del Amo Blvd	Carson
Springhill Suites Claremont	May-17	128	I 10 & S. Indian Hill Blvd	Claremont
Shade Hotel Redondo Beach	Jul-16	54	665 N. Harbor Dr	Redondo Beach
Homewood Suites Los Angeles Redondo Beach	Jul-17	184	2430 Marine Ave.	Redondo Beach
La Quinta Inn & Suites Sherman Oaks Van Nuys	Dec-16	70	5746 N. Sepulveda Blvd	Sherman Oaks
Residence Inn Woodland Hills	Apr-17	105	Ventura Blvd & Alhama Dr	Woodland Hills
Homewood Suites Santa Clarita Valencia	Jul-17	105	Newhall Ranch Road	Valencia
Element Palmdale	Oct-16	123	Trade Center & W. Ave P-8	Palmdale

Source: Smith Travel Research; PKF Consulting

Combined, these 7,505 new hotel rooms will represent a $\pm 8\%$ increase in room supply, which should be sufficient to accommodate 2-4 years' worth of demand growth. As relates to the hotel laundry business, it is important to note that, consistent with the rest of the country, many of these hotels are not including laundry facilities as part of their construction and will need the services of a third-party laundry company such as Patriot Linen. At a conservative annual occupancy rate of 70% and assuming 15 pounds of soiled linens per occupied room, these new hotels will generate nearly 30 million pounds of soiled linens that will require cleaning (7,505 rooms x 365 days x 70% occupancy x 15 lbs/room = 1,917,528 x 15 = 28.8 million lbs).

Unemployment rate comparison

The following table presents monthly historical unemployment rates for the City of Compton, Los Angeles County, California, and the United States.

Monthly Unemployment Rates – City, County, State, and Country

Month	Compton, CA	LA County	California	National
Jan-14	15.40%	9.00%	8.50%	6.60%
Feb-14	15.30%	8.70%	8.50%	6.70%
Mar-14	15.10%	8.50%	8.40%	6.70%
Apr-14	13.30%	7.80%	7.40%	6.30%
May-14	13.90%	8.00%	7.10%	6.30%
Jun-14	14.20%	8.20%	7.30%	6.10%
Jul-14	15.00%	9.00%	7.90%	6.20%
Aug-14	14.70%	8.60%	7.50%	6.10%
Sep-14	13.50%	8.10%	6.90%	5.90%
Oct-14	13.70%	8.00%	7.00%	5.80%
Nov-14	13.80%	7.90%	7.10%	5.80%
Dec-14	13.00%	7.50%	6.70%	5.60%
Jan-15	12.60%	8.20%	7.30%	5.70%
Feb-15	11.90%	7.70%	6.80%	5.50%
Mar-15	11.20%	7.30%	6.50%	5.50%
Apr-15	11.00%	7.10%	6.10%	5.40%
May-15	11.30%	7.40%	6.20%	5.50%
Jun-15	11.30%	7.40%	6.20%	5.30%
Jul-15	11.50%	7.50%	6.50%	5.30%
Aug-15	10.80%	7.00%	6.10%	5.10%

Source: <http://www.homefacts.com/unemployment/California/Los-Angeles-County/Compton.html>

According to the statistics above, the unemployment rate for both Compton and Los Angeles County remains persistently high, with Compton’s level of unemployment more than 200% of the U.S. national average. This confirms that Compton suffers from chronic long-term unemployment and that area residents would benefit greatly from the 200+ jobs that will be created by the Patriot Linen laundry if the project is given the opportunity to reach a stabilized, sustainable level of operation.

Laundries currently servicing Los Angeles County

Despite the high and growing number of hotels, country clubs, restaurants, hospitals, and medical clinics located in Los Angeles, there are currently a few commercial laundry facilities located in the region servicing these clients. This dearth of service providers is attributed to the difficulty that these businesses find in obtaining needed financing for the equipment and working capital needed to create a large scale laundry such as Patriot Linen. Neither conventional lenders nor SBA financing programs will lend to small business operators on the scale (\$5m+) needed to purchase and install the equipment discussed in this Business Plan or to hire and train the needed employees. As a result, it is virtually

impossible for individuals to raise the funds needed to be successful in the laundry business and many who attempt to do so find themselves constrained by insufficient funds and unable to remain in business. This is the dilemma currently faced by Vahan in their efforts to revitalize the Patriot Linen facility – they underestimated the amount of funding needed and the business and jobs are now at risk despite a clear need for the service in the Los Angeles County market.

The following commercial laundry companies service the Los Angeles hotels and other laundry customers from facilities:

Valet Services (2565 S. Dominguez Hills Dr, Compton, CA 90220)

Valet Services cleans area hotel linens out of their 38,000 sqft Bell Gardens, CA laundry facility, located 12 miles west of the Patriot Linen plant. Valet Services currently accommodates a number of area hotels, but also services healthcare and medical facilities. This facility is operating at full capacity of 30 million pounds per year and charges rates for hotel cleaning that range from \$.27 to \$.34 per pound of soiled linens.

Magic Laundry Services (MLS) (412 West Roosevelt Avenue, Montebello, CA 90640)

MLS is a family operated laundry company located in Montebello, California, which is 19 miles west of the Patriot Linen facility. MLS operates out of a 52,000 sqft building and currently represents the primary competitor to Valet Services for hotels that own their own linens and seek to outsource the processing to a third-party laundry operator.

Mission Linen (725 East Montecito Street, Santa Barbara, CA 93103)

Mission Linen is a large local laundry company operating out of Santa Barbara, California, with 40 plants located in California, Texas, New Mexico, Oregon, and Arizona. Mission Linen operates primarily on a linen rental basis, and does not offer “customer owned goods” service to hotels. In the Los Angeles area, Mission Linen processes laundry at a massive 187,000 sqft facility in Chino, California and a 32,000 sqft facility in Anaheim. Because they do not clean linens that are owned by the hotels, Mission Linen is not considered a primary competitor to the Patriot Linen facility.

Radiant (651 W. Knox St, Gardena, CA 90248)

Radiant is one of the most established laundry and linen rental companies in Southern California, having been established in 1984. Their 62,000 square foot facility in nearby Gardena California reportedly cleans as much as 60 million pounds of linens per year, providing 265 full-time jobs and generating

\$20m/yr of revenues, illustrating the high level of demand for hotel laundry services in the Los Angeles County area and the potential for success of the Patriot Linen project. Like the other area facilities, the Radiant laundry is reportedly operating at full capacity and would be unable to accommodate additional demand.

As the above descriptions illustrate, the four laundry providers serving Los Angeles County are located between 12 and 50 miles from the Patriot Linen property. Due to the time constraints inherent in the hotel laundry business, where linens must be cleaned and returned within a 24-hour period, it is impractical to service area hotels from long distances, particularly when traffic or other environmental conditions could impact delivery processes; nonetheless, due to the unavailability of adequate hotel laundry facilities in Los Angeles County, a number of area hotels have reportedly resorted to sending their soiled linens to companies in San Diego for cleaning. This necessitates 4-6 hours of transportation time taking the linens back and forth which greatly impacts both the cost to the hotels and the quality of the service received.

Existing Laundry Companies Servicing Los Angeles County



Impact of the Patriot Linen Laundry on the Market

A key consideration in the determination of a business' viability is the impact that it will make on the market and its competitors. An overly-large new competitor in any industry could have an imbalancing effect on the market and may only serve to draw business away from the existing competitors rather than generating new business for the market. In the case of an EB-5 project, consideration must be given to ensure that not only is there demand for the business being created but that the jobs created by the enterprise will represent "net growth" jobs to the local economy as opposed to simply reallocating jobs from existing competitors or other businesses. In the case of the Patriot Linen laundry operation, the stabilized level of 200 employees can clearly be shown to represent new employment in Compton as opposed to simply reallocating jobs from other enterprises.

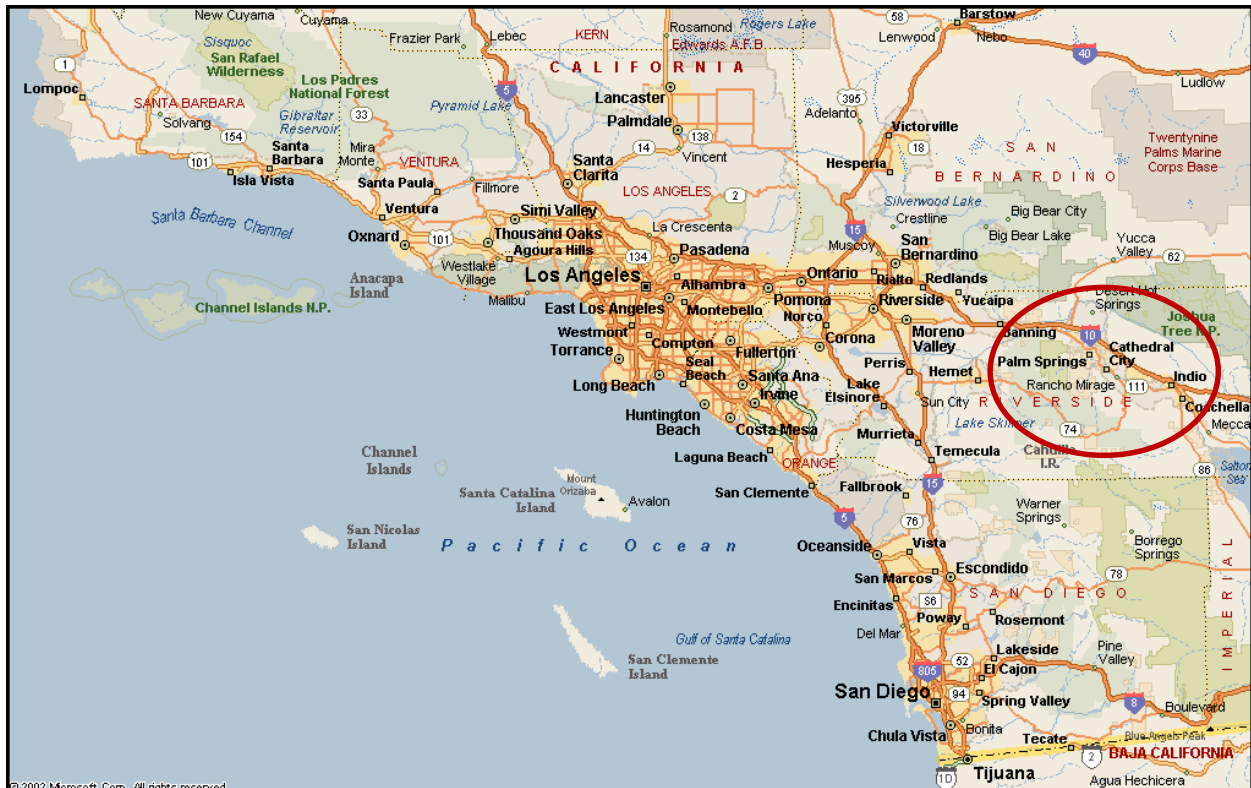
- The first consideration is that existing (and new) hotels and restaurants in the Los Angeles County market area are currently unable to procure satisfactory linen cleaning services, and those that outsource their laundry needs are currently contracting with firms as far away as San Diego. This results in high levels of failure, as well as increased costs, and a negative impact on the environment from unnecessary carbon emissions and increased traffic impact resulting from unnecessarily long transportation;
- In addition, the laundries currently servicing area hotels are all reported to be operating at or near full capacity, with excess demand available to replace any lost customers;
- The relative impact of the Patriot Linen facility on the local market will be modest and proportionate, with a stabilized capacity of 20 million pounds per annum, or approximately 55,000 pounds per day. Factoring in an occupancy rate of 75% and 15 pounds of soiled linen per occupied room, this equates to 4,870 hotel rooms on a daily basis that could be served by the Patriot Linen facility ($55,000 \text{ pounds} / 15 \text{ pounds per room night} / 75\% \text{ occupancy} = 4,870 \text{ rooms}$). This level of market penetration is minimal within the context of the nearly 80,000 hotel rooms existing in the Los Angeles County hotel market, and will essentially keep pace with the new supply of hotel rooms currently under development in Los Angeles County. Thus, even with the development and full penetration of the Patriot Linen laundry, the market will have an equal or even greater undersupply of linen cleaning capacity in the future than currently exists.

INDIO, CALIFORNIA

The Coast to Coast Indio laundry facility will be located in the City of Indio, which is located in the Coachella Valley district of Riverside County, California. Coachella Valley is located approximately two hours by car from Los Angeles and San Diego, and is known as an upscale resort destination due to its favorable climate (350 days of sunshine per year) and abundance of hotels and golf courses, making Coachella Valley a preferred vacation or weekend destination for the 18 million residents of the Greater Los Angeles metropolitan area and the 3 million residents of the San Diego metropolitan area.

Coachella Valley

Coachella Valley is a 45 mile long valley bordered by the San Jacinto Mountains and Santa Rosa Mountains on the west and by the Little San Bernadino Mountains on the north and east. This location within three mountain ranges gives Coachella Valley an arid desert climate and abundant sunshine. With a population of approximately 443,401 people, Coachella Valley is one of the fastest growing areas of the United States due to its proximity to Los Angeles and the inclusion of the world-famous resort destinations of Palm Springs, Palm Desert and La Quinta. Coachella Valley and Palm Springs became a fashionable resort destination in the 1900's when health tourists sought out the dry heat of the desert and the warm thermal springs to cure their medical afflictions.



Beginning in the 1920s, when Hollywood was becoming established as the movie production capital of the United States, actors and actresses embraced Palm Springs as a preferred location for their vacation homes and weekend getaways, prompting Palm Springs to be known as the “Playground of the Stars”.

Over the past 80 years, generations of Hollywood stars have built homes in Palm Springs or been seen relaxing at area resorts, further boosting the tourism industry as the region’s main employer and generator of economic activity.

Population of Coachella Valley

According to the statistics from U.S. census Bureau, the U.S. population has grown 13.1% from 1990 to 2000, 9.7% from 2000 to 2010, and 3.3% from 2010 to 2014, with an average annual compounded rate of 0.81% from 2010 to 2014. The population in California increases by 4.1% from 2010 to 2014 with a 1.02% average annual compounded change. And Coachella Valley’s average annual growth rate of 4.6% between 2010 and 2014 reflects a gradually expanding population. However, even the growth rate of Coachella Valley is about 2% less than the population percentage change in Riverside County, the Coachella Valley’s population has grown more quickly than the nation and State average speed, showing that more potential customers will boost the local economy and advance the CTC Laundry development directly and indirectly.

Resident Population Statistics

Area	2010	2014	% Change 2010-2014	Average Annual Compounded Change 2010-2014
Coachella Valley, CA	423,891	443,401	4.6%	1.13%
Riverside County	2,189,641	2,329,271	6.3%	1.56%
California	37,253,956	38,802,500	4.1%	1.02%
U.S.	308,745,538	318,857,056	3.3%	0.81%

Source: U.S. CENSUS BUREAU

Airport Traffic

The Palm Springs/Coachella Valley area is served by the Palm Spring International Airport, which is located approximately 12 miles east of the property.

Based on the Palm Springs International Airport statistics, the facility recorded 1,914,402 passengers in 2014. The change in passenger traffic between 2013 and 2014 was 9.3%, which is 162,222 passengers increase. The growth rate in 2012 from 2011 reaches 14.3%. Furthermore, the data from 2005 to 2014 shows a 34% increase of total passengers in this airport. And since 2010, the number of passengers keeps increasing and hit a new record high in 2014, which is 1,914, 402, reflecting a continuous grow in palm springs international airport.

Passenger Activity Report
Palm Spring International Airport

Year	Total Passengers	% Change
2005	1,419,087	-----
2006	1,529,005	7.7%
2007	1,610,943	5.4%
2008	1,542,925	-4.2%
2009	1,465,751	-5.0%
2010	1,495,167	2.0%
2011	1,511,150	1.1%
2012	1,727,122	14.3%
2013	1,752,180	1.5%
2014	1,914,402	9.3%

Source: City of Palm Spring, CA

Convention Center

Due to the natural beauty, great location and affordability, Palm Springs Convention Center has one of the most unique convention facilities in the country with 261,000 square feet of net rentable space, including 21 breakout rooms, 120,000 square feet of divisible exhibit space, and 18,000 square feet lobby with panoramic mountain views. It is located 1.5 miles from the Palm Springs International Airport and a few blocks away from chic downtown amenities and Palm Canyon Drive. The center is attached to Renaissance palm Springs and surrounding glamorous hotels offer 1,800 full service resort rooms.

According to the statistics from Palm Springs Convention Center, the number of conventions held in 2014 is similar to the data in 2013. But the attendance levels and room nights generated have increased significantly, at 8.2% and 26.6%, respectively.

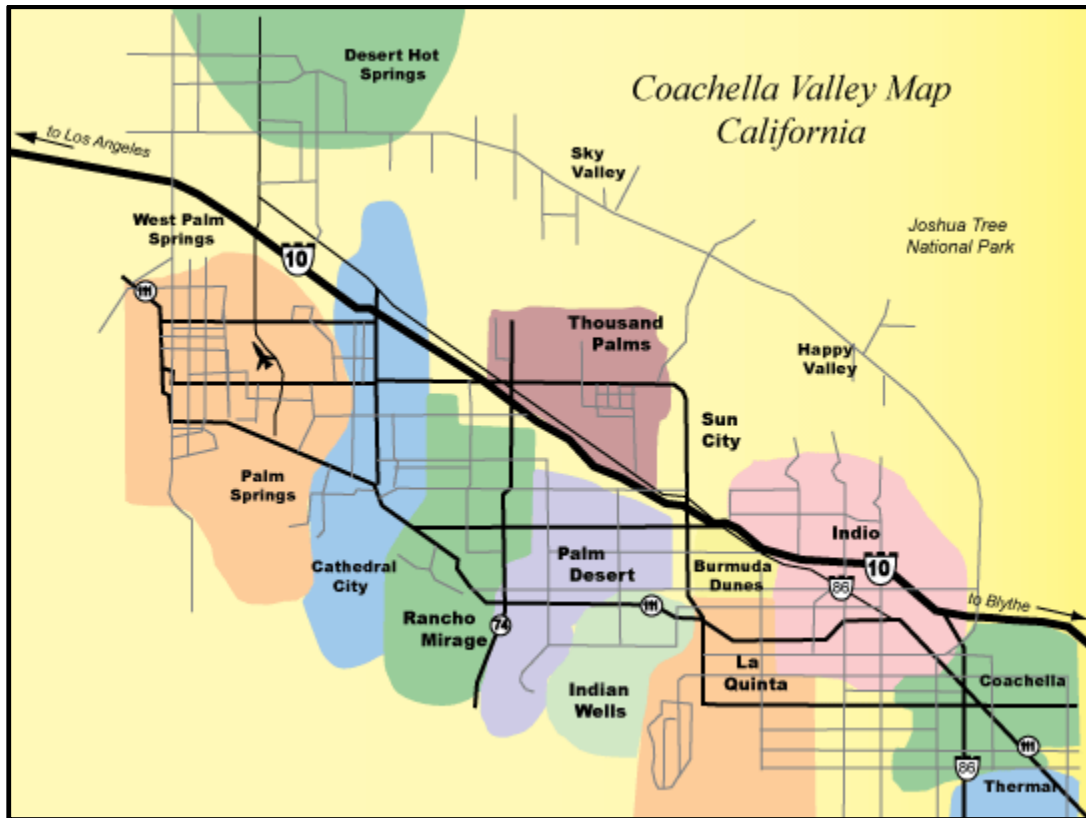
Palm Springs Convention Center

Year	Number of		Attendance	Room Nights		
	Conventions	% Change		% Change	% Change	
2005	94	----	89,011	----	46,201	----
2006	132	40.4%	146,469	64.6%	66,053	43.0%
2007	117	-11.4%	111,966	-23.6%	60,217	-8.8%
2008	134	14.5%	125,444	12.0%	48,597	-19.3%
2009	112	-16.4%	91,988	-26.7%	46,701	-3.9%
2010	82	-26.8%	102,270	11.2%	39,281	-15.9%
2011	101	23.2%	129,350	26.5%	56,920	44.9%
2012	91	-9.9%	146,264	13.1%	53,743	-5.6%
2013	100	9.9%	120,578	-17.6%	52,129	-3.0%
2014	102	2.0%	130,460	8.2%	65,994	26.6%

Source: Palm Springs Convention Center

Coachella Valley Hotel Market

There are currently over 210 hotels offering more than 15,200 hotel rooms located in Coachella Valley, ranging from small guesthouses to large destination resorts. In addition, over 150 golf courses populate the region, making the area one of the United States' most popular golfing destinations. The region is comprised of a number of sub-markets, each of which has its own characteristics.



Palm Springs

With a year-round population of approximately 45,000 people, Palm Springs is the largest and most established city in the Coachella Valley market, and has been a fashionable resort destination for over 100 years. With the influx of Hollywood stars beginning in the 1920s, Palm Springs has developed into a market where tolerance and personal privacy are paramount, and now Palm Springs is known as a top destination for people seeking discretion and engaging in alternative lifestyles. The number of clothing-optional and gay-friendly resorts in Palm Springs has increased dramatically over the past 20 years, and the city now hosts many annual events oriented toward the gay and lesbian community.

Major hotels and resorts in Palm Springs include the Riviera Resort and Spa, Ace Hotel and Swim Club, Palm Canyon Resort, Renaissance Resort, Hyatt, Viceroy, and Parker. Recently, The Triada (former Spanish Inn), a 56-room boutique hotel affiliated with Marriott's Autograph Collection, was opened in November 2014. And the Palm Springs Hotel is remodel of the Palm Grove Hotel in north Palm Springs was opened in November 2014. In addition, Palm Springs has a number of new hotels under construction which will increase demand for commercial laundry services, including the Hard Rock Hotel (160 rooms, opened December, 2013), the Dolce Hotel (250 rooms, opening in 2016) and the Kimpton Hotel (190 rooms, opening 2016).

Palm Springs is located within a 30 minute drive of the Coast to Coast Indio laundry facility, and will be a key market for the property's services. The mostly small, boutique hotels populating Palm Springs are charged premium rates by Los Angeles area laundries due to their small size, compelling many of them

to process their linens using in-house equipment which is ill-suited to the task, resulting in high rates of damage/loss to the linens and high rates of customer complaints. The CTC Indio facility will be able to offer Palm Springs hotels a cost effective outsourcing solution that will enable them to eliminate in-house laundry equipment, reduce linen losses, and increase customer satisfaction.

Rancho Mirage

The City of Rancho Mirage is a small, affluent residential community of approximately 17,000 residents. Rancho Mirage is characterized by luxury homes and golf courses built into or with panoramic views of the Santa Rosa Mountain Range. Residents of and visitors to Rancho Mirage are highly affluent and are accustomed to high levels of service and comfort – as it pertains to the laundry business this is reflected in the area resorts offering very luxurious, high thread-count linens and demanding the highest levels of service, cleanliness, and timeliness. Many of these hotels are currently disappointed by the service received from Los Angeles area laundry providers, and would strongly prefer to outsource their linens to a local company that is not impacted by long commuting times and possible delays in delivery.

There are currently nine hotels and resorts located in Rancho Mirage, with the primary properties being the Rancho Las Palmas Resort, the Aqua Caliente Casino, and the Westin Mission Hills Resort. In addition, the Ritz-Carlton Rancho Mirage reopened in 2014 (260 rooms) after being closed for several years.

Rancho Mirage is located within a 30 minute drive of the Coast to Coast Indio laundry facility, and will be a strong market for the property's services. The large four-star resort properties located in Rancho Mirage are all large generators of laundry demand, with a variety of restaurants, banquet facilities, and spa services offered. In addition, the utility rates charged by the City and the higher real estate values make on-site laundry facilities uneconomical, especially for the higher quality linens utilized at these upscale resorts. The CTC Indio laundry will be able to offer Rancho Mirage hotels higher service levels than they are currently receiving from their current laundry providers due to the shortened travel time (30 minutes vs 2-3 hours) and better accessibility of the facility.

Palm Desert

The City of Palm Desert is one of the fastest growing communities in the United States (with population increasing from 11,000 in 1980 to over 40,000 in 2000) and is a major center of growth in the Palm Springs/Coachella Valley market due to its abundant land and lower real estate prices when compared to Palm Springs and Rancho Mirage. Palm Desert is a popular destination for seasonal residents ("snowbirds") who migrate to warm climates in the winter months and then return to their primary homes for the remainder of the year. Palm Desert residents are typically more senior in age to those of other area communities, with over half of the population currently over 50 years old.

There are currently 22 hotels and resorts in Palm Desert, including the JW Marriott Desert Springs, Westin Desert Willow Villas, Club Intrawest, Shadow Mountain Resort and club, and the Marriott Desert

Springs and Shadow Ridge timeshare resorts. In addition, there is a significant amount of new development underway or planned in this community, including a 300-unit Starwood Vacation Club project, a 140-room University Village hotel, a 106-room Larkspur Hotel, and an 82 unit Rosewood Resort, as well as a possible 200+ room Quiksilver Resort which is in the preliminary planning stages.

Palm Desert is located approximately ten minutes from the CTC Indio facility, and will be a logical market for the project's services. Area properties are modern in design and more recently constructed, which typically results in higher land and construction costs and smaller space made available for back-of-house services like in-house laundry capabilities. These resorts are thus more likely to outsource their linen cleaning, and the additional distance between Palm Desert and Los Angeles (Palm Desert is approximately thirty minutes east of Palm Springs, and therefore a 2.5 hour drive to Los Angeles) further exacerbates the problems of transporting linens to Los Angeles for cleaning. The CTC Indio facility will be able to offer Palm Desert resorts a higher comfort level that their linens will be cleaned properly and delivered in a timely manner.

Indian Wells/La Quinta/Indio

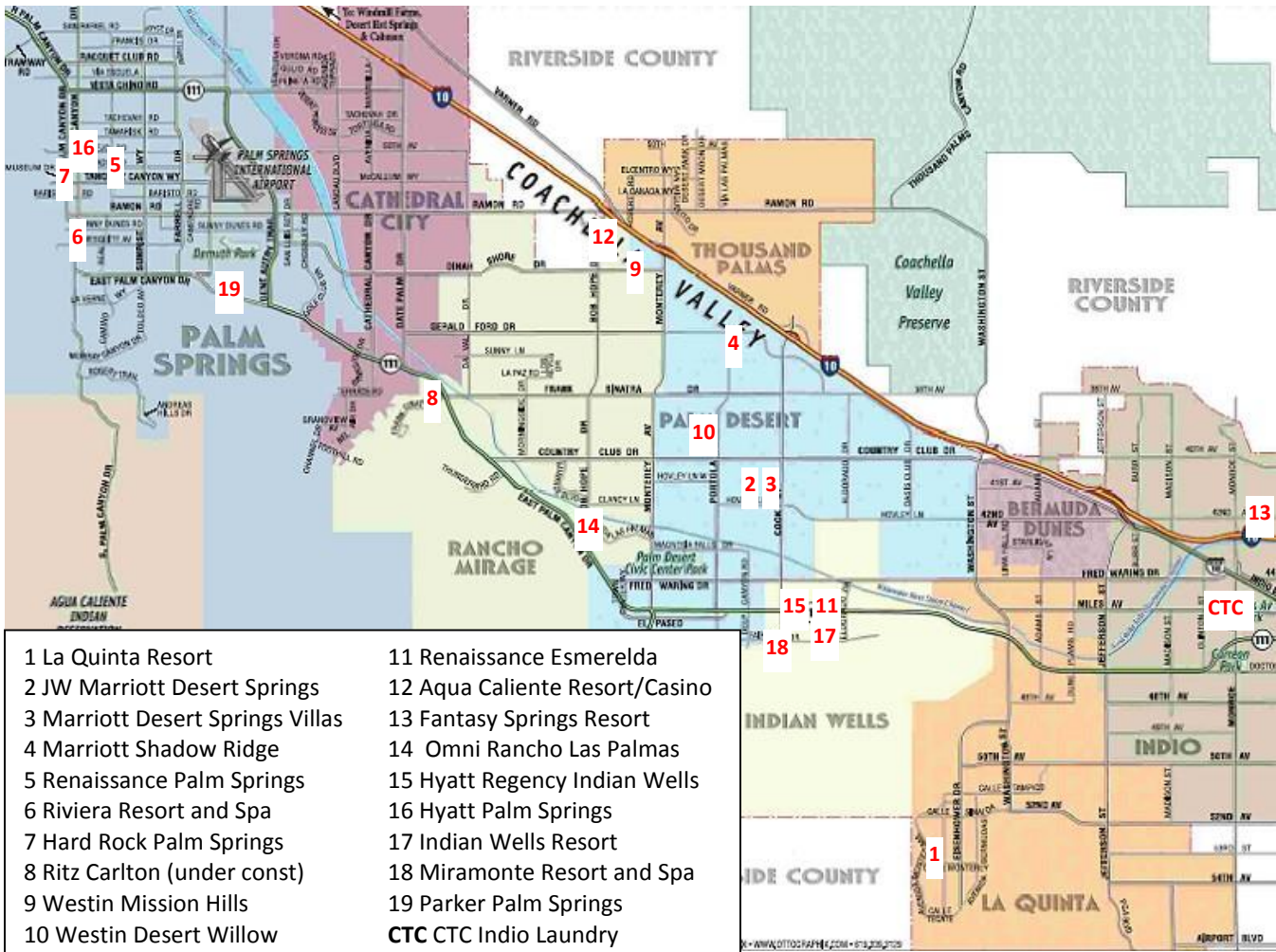
Indian Wells, La Quinta, and Indio represent the eastern-most communities of Coachella Valley, and are more rural and undeveloped in nature, with a strong presence of agriculture and farming. La Quinta is known as one of the premier golfing destinations in the United States by virtue of the top-ranked La Quinta Resort, which was developed in 1926 as a retreat for Hollywood celebrities. Because of its agrarian nature, the eastern Coachella Valley communities benefit from significantly lower land costs, labor costs, and utility costs, which give resorts in these cities significant cost advantages over similar properties in Palm Springs and Rancho Mirage.

There are 22 hotels and resorts currently located in the Indian Wells/La Quinta/Indio communities, with the most prominent being the La Quinta Resort and Club, Renaissance Esmeralda, Hyatt Regency Resort Indian Wells, Fantasy Springs Resort and Casino, and the Miramonte Resort and Spa. The Fantasy Springs Resort is planning a 250-room expansion, which represents the only large-scale addition to guestroom supply currently in the horizon.

It is also important to note that Coast to Coast Linens currently leases linens to Fantasy Springs, and has engaged Valet Services to process the linens in Bell Gardens – some 110 miles west of the property; upon the opening of the CTC Indio laundry, Fantasy Springs will be the first in-place customer and will immediately divert the existing business to the CTC Indio facility.

Being less than a 10 minute drive from the CTC Indio property will make the resorts of Indian Wells, La Quinta, and Indio natural customers for the facility. Currently, these properties are faced with a nearly three hour drive (each way) to transport their linens to Los Angeles for cleaning, which severely impacts the quality of cleaning as well as the timeliness and reliability of delivery.

Largest Hotels in Coachella Valley



New Hotel Development in Coachella Valley

Following a prolonged economic downturn, the hotel market in Palm Springs is now demonstrating a pattern of stable growth. Moreover, the table below shows a significant expansion of the hotel market underway according to STR and HVS statistics. Recently, 21 hotels with 2088 rooms are either under construction, on the early development or in the planning process. This infusion of additional rooms will create additional demand for third-party laundry services, as most hotels being developed in the United States today elect not to build in-house laundry facilities due to economic and spatial considerations.

Proposed Property	Product		Est. Open		Developer	Development Stage
	Type	City	Rooms	Date		
Arrive Palm Springs	B	Palm Springs	32	2015	Palm Grove Group LLC	Under Construction
Infusion Beach and Hotel Palm Springs	B	Palm Springs	124	2015	1875 N. Palm Canyon Gateway Partners, LP	Early Development
Kimpton Hotel Palomar Palm Springs	B	Palm Springs	155	2016	Wessman Development	Under Construction
Port Lawrence Hotel Palm Springs	B	Palm Springs	150	2016	Rael Development Corp.	Early Development
Staybridge Suites Cathedral City	ES	Cathedral City	197	2016	Cathedral Hotel Group, Ltd	Under Construction
SpringHill Suites Palm Desert	LS	Palm Desert	112	2016	Kalthia Group Hotels	Early Development
Dolce Selene Palm Springs Resort	FS	Palm Springs	200	2017	CDI Ventures LLC and Praetor Investments LLC	Early Development
SilverRock Resort Development	FS	La Quinta	340	2018	Meriwether Companies	Early Development
Luxury Resort Rancho Mirage	FS	Rancho Mirage	125	2018	Weintraub Real Rstate	Early Development
AC by Marriott Palm Springs	B	Palm Springs	135	-	Wessman Development	Early Development
Orchid Tree Resort Palm Springs	B	Palm Springs	98	-	Weintraub Real Estate Group	Early Development
Alcazar Lofts Hotel Palm Springs	B	Palm Springs	38	-	Pacifica Colony Palms Lofts LLC	Early Development
Full-Service Hotel Indio	FS	Indio	120	-	CIIF Hotel Group	Early Development
Fairfield Inn & Suites Palm Desert	LS	Palm Desert	108	-	Prest-Vuksic Architects	On Hold
El Paseo Hotel	TBD	Palm Desert	154	-	Parkcrest Development Corp.	On Hold
Section 19 Hotel	TBD	Rancho Mirage	TBD	-	Quorum Properties	Speculative
Return to Aztlán Theme Park Hotel	TBD	Coachella	TBD	-	Aztlán Development	Speculative
Cathedral City Mixed-Use	FS	Cathedral City	TBD	-	Messenger Investment Co.	Speculative
Citrus Ranch Boutique Hotel	B	Indio	TBD	-	Saxony Group	Speculative
Northgate Mixed-Use Development	TBD	Indio	TBD	-	The Chandi Group	Speculative
Boom Boutique Hotel	B	Rancho Mirage	TBD	-	Boom Communities of Los Angeles	Speculative
Total			2,088			

Key: FS=Full Service, SS= Select Service, ES= Extended Stay, B=Boutique, LS=Limited Service, TBD=To Be Determined
Source: HVS, Build Central, Local Planning Offices, respective developer websites.

Laundries Currently Servicing Coachella Valley

Despite the high and growing number of hotels, country clubs, restaurants, hospitals, and medical clinics located in Coachella Valley, there are currently no commercial laundry facilities located in the region servicing these clients; customers are currently required to have their linens trucked to Los Angeles for processing, which results in high rates of cleaning and delivery failures given that laundry must be processed on a 24-hour turnaround.

The following commercial laundry companies service the Coachella Valley hotels and other laundry customers from remote facilities:

Valet Services

Valet Services cleans area hotel linens out of their 38,000 sqft Bell Gardens, CA laundry facility, located 129 miles west of the CTC Indio plant. Valet Services currently accommodates a number of Coachella Valley area hotels, including the Fantasy Springs Resort and Casino on behalf of Coast to Coast Linens (which maintains a linen rental program with the hotel). Upon opening of the CTC Indio facility, Valet

Services will manage the property on behalf of ownership and will transfer their Coachella Valley business to the CTC Indio property, thereby providing an existing base of business for the property and simultaneously removing the Bell Gardens facility as a competitor; going forward, Valet Services will direct all of their Coachella Valley business to the CTC Indio plant.

Magic Laundry Services (MLS)

MLS is a family operated laundry company located in Montebello, California, which is 121 miles west of the CTC Indio facility. MLS operates out of a 52,000 sqft building and currently represents the primary competitor to Valet Services for hotels that own their own linens and seek to outsource the processing to a third-party laundry operator.

Mission Linen

Mission Linen is a large local laundry company operating out of Santa Barbara, California, with 40 plants located in California, Texas, New Mexico, Oregon, and Arizona. Mission Linen operates primarily on a linen rental basis, and does not offer “customer owned goods” service to hotels. In the Los Angeles/Coachella Valley area, Mission Linen processes laundry at a massive 187,000 sqft facility in Chino, California, (located 101 miles west of the CTC Indio facility) and a newly opened 32,000 sqft facility in Anaheim (located 106 miles west of the CTC Indio facility). Because they do not clean linens that are owned by the hotels, Mission Linen is not considered a primary competitor to the CTC Indio facility.

As the above descriptions illustrate, the three laundry providers that currently service Coachella Valley operate four facilities that are located between 101 and 129 miles from the CTC Indio property. This distance creates an insurmountable obstacle to providing satisfactory service, as linens must spend at least four and up to six hours (out of a 24-hour service cycle) on trucks being transported back and forth between the hotels and the laundry facilities. This transportation time results in less time for processing the linens, less time for quality checks to ensure that the linens are cleaned or for treating difficult stains, and more stress on the linens, and the laundry worker. In turn, by receiving late deliveries and deliveries that include improperly cleaned linens, the hotels in turn have problems providing proper service to their guests, resulting in high levels of guest complaints and employee dissatisfaction.

Existing Laundry Facilities Servicing Coachella Valley



V. Marketing Strategy

Compton

The marketing strategy for the Patriot Linen operation will be to target upscale hotels and resorts in the Los Angeles county market, and to provide a higher level of service at a competitive overall price point.

Hotel linens typically need to be cleaned and returned within a 24-hour cycle, as most properties retain inventory levels of only two or three days' worth of linens. Thus, dirty linens cleaned out of a guestroom on Tuesday afternoon need to be cleaned and returned on Wednesday so that they can be put back in the guestroom on Thursday morning; as a result, third-party cleaning contracts call for a 24-hour turnaround cleaning schedule. Furthermore, hotels occasionally have "laundry emergencies" where a 1-4 hour turnaround is needed – these emergency projects cannot be accommodated by laundries that are located long distances away; as a result of these issues, hotels in general are very reluctant to engage laundry operators who are located more than a 20-30 minute drive from the property.

Thus, the market positioning for Patriot Linen laundry will be that, by being located in direct proximity to the hotels and resorts it serves, the facility will provide superior service while also being able to offer competitive pricing due to the reduced transportation costs. This suggests that the laundry will be most successful catering to hotels in the area bounded by the City of Los Angeles to the north, Anaheim to the east, Santa Monica and Manhattan Beach to the west, and Long Beach and Huntington Beach to the south. Serving customers outside of this perimeter will obviously be possible and will be pursued on a selective basis, but at higher pricing and with less service flexibility than can be offered to customers within the primary trade area.

Indio

The marketing strategy for the CTC Indio laundry operation will be to target upscale hotels and resorts in the Coachella Valley market, and to provide a higher level of service at a lower overall price point than properties are able to realize processing linens in-house or transporting them to Los Angeles for processing.

The complication that occurs in Coachella Valley is that linens shipped to Los Angeles for cleaning will spend a total of 5-6 hours on trucks, which greatly reduces the amount of time that the linens actually spend in the cleaning process and results in higher levels of failure (delays in delivery, stains that are not properly cleaned, damage to the linens), which in turn increases the hotel's costs and creates customer satisfaction issues. As a result of these issues, hotels in general are very reluctant to engage laundry operators who are located more than a 20-30 minute drive from the property. In the Coachella Valley market, however, hotels currently do not have a local option for third-party cleaning, so they reluctantly engage with Los Angeles area providers and suffer the consequences of higher costs, higher failure rates, and lower levels of service.

Thus, the market positioning for CTC Indio will be that, by being located in direct proximity to the hotels and resorts it serves, the facility will provide superior service while also being able to offer competitive pricing due to the reduced transportation costs. For CTC Indio, a 24-hour turnaround gives adequate time to properly clean linens because the linens aren't spending virtually no time "in transit" to or from the customer.

The additional marketing advantage of retaining Valet Services as manager will give customers comfort that the CTC Indio laundry is well-operated and will provide high levels of customer service. Valet Services is known in the Southern California lodging market, and has successfully serviced a number of prominent hotels and resorts, including Marriott, Hilton, Radisson, Hyatt, and Westin. In the local market, Valet Services already serves three hotels, even though serving them currently necessitates driving the linens approximately 120 miles back and forth to Valet Services' existing facility in Bell Gardens, California. The three customers that Valet Services currently serves will be transferred to the CTC Indio property upon its opening, providing a strong initial customer base during the property's initial period of operations.

Linen Rentals

Linen rentals form an attractive supplement to the customer owned goods (COG) linen processing business for a number of reasons, and are a revenue source that will be pursued in two different venues. Linen rentals are most popular with restaurants, universities, and medical facilities which prefer to lease napkins, tablecloths, towels, doormats, etc. and have regularly-scheduled replacement/cleaning conducted by an outside third party. Linen rental customers are typically lower volume (\$100 to \$200 per week) accounts but only require one delivery per week and have a high degree of scheduling flexibility. Because of this flexibility, rental linens can be cleaned at "off peak" times or at the convenience of the company as opposed to being constrained by a 24-hour turnaround requirement. Thus, by balancing linen rental accounts with COG accounts, the laundry will be able to "yield manage" its time better, focusing on higher-margin COG accounts with short turnaround times during certain periods of the day, but then focusing on in-house linen rental business after the COG accounts have been serviced.

In addition to having a more flexible processing schedule, the linen rental business is less seasonal than the hotel business, and will be less influenced by summer temperatures, weather conditions, etc. The Southern California hotel business is strongest between January and May and September through October, with a moderate drop-off of demand during the months of June, October and November and significant declines in demand during the peak summer months of July through September and the holiday month of December. During these times, hotel occupancy (and linen usage levels) decline by 20-30%, whereas business at area restaurants declines by a lesser amount, and business at medical facilities and country clubs does not decline significantly at all and may actually increase. Thus, by pursuing a base of linen rental business that is not cyclical or is counter-cyclical to the hotel business, the property

can smooth the demand curve, improve profitability levels, and provide more steady employment to its workers.

Coast to Coast/Valet Services intends to pursue both direct linen rental business as well as act as an outsource provider to other linen rental companies at both the Compton and Indio facilities. A number of area linen rental companies have developed more business than they can process with their own in-house facilities and seek third-party cleaning services in order to satisfy their demand for linen cleaning. In this regard, the company will act as a COG service provider but with the benefits of a more flexible processing schedule and less seasonality of demand, but without having to make the investment in linen acquisitions that would be requisite in a traditional linen rental arrangement.

VI. Organization

Coast to Coast Linens/Valet Services – Partners and Key Executives

Greg Denton

Greg Denton is a 25-year veteran of the hospitality industry, and has developed, acquired, and asset managed over 100 hotels and resorts throughout North America, the Caribbean, and Western Europe. He has undertaken over \$3 Billion of hospitality investments with Related Group, Gencom Group, CNL Hotels, and White Lodging Services. He received his M.S. and B.S. degrees in Hospitality Administration from Cornell University, and has lectured at Cornell, Florida International University, IMHI/Essec University (Paris), New York University, and the University of Las Vegas. He has authored a number of articles and textbook chapters on issues related to hotel investments, asset management, feasibility studies, and appraisals, and has co-edited the definitive textbook on asset management ([Hotel Asset Management: Issues and Perspectives](#)) utilized at hotel schools throughout the country. Greg is married with one daughter and resides in Key Biscayne, Florida and Seattle, Washington.

John Patrick, MD

John Patrick is a serial entrepreneur and investor residing in Ft. Myers, Florida. In addition to a medical practice, Dr. Patrick owns Patrick Constuction, a single-family home developer responsible for constructing over 2000 homes over the past thirty years, and owns and manages Patrick and Associates, an anesthesia practice including 15 Certified Nurse Anesthetists. He also owns and is developing an 800-acre mixed use project in Puntarenas, Costa Rica that at full build-out will include three hotels, over 3000 residential units, a marina, spa, and championship golf course. He is a diplomate of the American Board of Anesthesiology and completed his M.D. degree at Virginia Commonwealth University and B.S. degree at Richmond College. John is married with four children and resides in Fort Myers, Florida.

Steve Karlik

Steve Karlik is a long-time laundry executive, having served as President and Managing Partner of Triple A Linen in Jensen Beach, Florida from 1997 through the successful sale of the business in 2008. During his tenure, Triple A Linen was the premier commercial laundry provider in South Florida, with annual revenues of over \$6 million and a full-time staff of 180 employees. Steve received his Bachelor of Arts degree in Accounting from Lynchburg College, is married with three children and resides in Jupiter, Florida.

Scott Robinson

Scott Robinson is a hospitality industry executive who transitioned from managing housekeeping and laundry departments within hotels to managing third-party, commercial laundries. For eleven years Scott served as Senior Director of Operations for Five Star Laundry, with complete oversight of four large laundries in Orlando, Dallas, Chicago, and Washington DC, cleaning a combined 40+ million pounds of hotel linen annually. Scott is a graduate of Johnson and Wales University with a degree in Hospitality Management, and is married with two children.

Gary Von

As a principal of Vahan Services, Inc., Gary Von has served as Director of Operations for Valet Services for 23 years, building and managing one of the premier laundry operations in Southern California. Gary's extensive contacts in the Los Angeles area will enable Patriot Linen to penetrate the local market quickly and effectively. Gary received a B.S. degree in Economics and Political Science from the University of California San Diego and resides in Pasadena, California with his wife and children.

VII. Employment

As detailed below, the Patriot Linen laundry plant currently has 60 full-time employees and is expected to have over 200 direct full time positions by the end of its third year of operations. These direct positions will clearly support the four EB-5 immigrant investors with more than the required 10 direct jobs per investor.

Patriot Linen (Compton) Facility Current and Projected Employment

Position	# of Full-Time Employees				Hourly Wage
	Current	Yr 1	Yr 2	Yr 3	
Operations Manager	2	3	4	5	\$25 - \$30 / hr
Administrative/Mgmt	2	3	4	5	\$16 - \$20 / hr
Maintenance Staff	3	4	4	6	\$18 - \$20 / hr
Drivers	4	4	6	8	\$15 - \$20 / hr
Shipping/Receiving	1	1	2	3	\$13 - \$15 / hr
Flatwork Attendants	20	25	50	80	\$11 - \$14 / hr
Towel Attendants	10	20	30	40	\$11 - \$14 / hr
Washroom Attendants	8	12	20	25	\$11 - \$14 / hr
Soil Sorting	8	12	16	20	\$10 - \$14 / hr
Housekeepers/Cleaning	2	3	6	8	\$10 - \$14 / hr
Total Estimated Staffing	60	87	142	200	

In addition to these jobs, the CTC Indio operation is projected to create 100 full-time jobs by its third year of operations.

CTC Indio Projected Employment

Position	# of Full-Time Employees			Hourly Wage
	Year 1	Year 2	Year 3	
Operations Manager	1	2	3	\$25 - \$30 / hr
Administrative/Mgmt	1	1	2	\$14 - \$16 / hr
Maintenance Staff	1	2	2	\$15 - \$18 / hr
Drivers	2	2	3	\$15 - \$18 / hr
Shipping/Receiving	1	1	1	\$13 - \$15 / hr
Flatwork Attendants	10	15	25	\$10 - \$14 / hr
Towel Attendants	8	16	24	\$10 - \$14 / hr
Washroom Attendants	4	12	20	\$ 9 - \$12 / hr
Soil Sorting	4	10	16	\$ 9 - \$12 / hr
Housekeepers/General Cleaning	2	3	4	\$ 9 - \$12 / hr
Total Estimated Staffing	34	64	100	

Job Descriptions

Operations Manager
Salaried: \$50,000-\$60,000/yr

The Operations Managers have overall responsibility for the day-to-day management of the facility and for customer relations. The Operations Managers will determine policies and provide overall direction of the company, and will be responsible for the hiring, training, and management of the other employees within the organization. In addition, Operations Managers will be responsible for maintaining customer relations and for communications with customers.

The job requirements for Operations Managers include experience managing similar laundry and linen rental operations, proven business acumen, ability to interact successfully with hotel management personnel, and trustworthiness handling finances and contractual relationships with suppliers, distributors, and government agencies.

Administrative/Mgmt
Salaried: \$32,000 - \$40,000/yr

Administrative/Mgmt employees will be responsible for managing all office- and back-of-house related functions for the company, including secretarial duties (answering phones, sorting mail, scheduling meetings) as well as bookkeeping and accounting, ordering supplies, ensuring that office areas are maintained in neat and orderly fashion, and interacting with various vendors, employees, and the general public. These employees will be responsible for ensuring that records (including accounting records, human resource records, property insurance, government remittances, etc) are properly maintained.

Job requirements for the Administrative/Management personnel will include organizational skills and administrative/office management experience as well as experience interacting with people and managing office environments. Personnel tasked with accounting and bookkeeping responsibilities will need to have education and training in bookkeeping and personal computer and spreadsheet management skills.

Maintenance
Hourly: \$18-\$20/hr

Maintenance workers are charged with performing regular and preventive maintenance on the equipment and systems utilized at the company and ensuring that the equipment remains in good operating order. Maintenance workers monitor equipment functioning several times a day and perform light repairs, adjustments, and cleaning functions (for example, cleaning out lint filters) and notify the

Operations Manager if equipment is beginning to malfunction or are in need of major repairs.

Job requirements for Maintenance Workers include some training in maintenance-related fields and experience maintaining major equipment and systems in a commercial enterprise, or comparable vocational education. This is a semi-skilled position that requires dexterity and trouble-shooting skills but does not require licensing or certification, but preference would be given to applicants certified or trained in particular specialties, like electrical or plumbing work.

Drivers
Hourly: \$15-\$20/hr

Delivery drivers are tasked with picking up, transporting, and dropping off linens and are one of the primary points of contact between the company and the customers. Delivery driving is a physically demanding job, requiring workers to push heavy carts onto and off of the delivery trucks and to carry bundles of linens that may weigh up to 40 lbs.

Job requirements for delivery drivers include a high school education, a good driving record, and experience in a retail or customer-relations environment. Drivers are not required to be licensed commercial drivers as the vehicles utilized will be less than 26,000 lbs gross vehicle weight; however, as the Drivers play a key role in ensuring that customers are satisfied with the company's services, Drivers are required to be responsible, friendly, punctual, and to have good communication and interpersonal skills. For these reasons, Coast to Coast Linens/Valet Services pay delivery drivers a significant premium over the national average wage for this job category (\$13.23/hr, according to the Bureau of Labor Statistics), with the top drivers being among the most high-compensated employees of the company.

Shipping/Receiving
Hourly: \$13-\$15/hr

Shipping/Receiving workers perform a number of detailed clerical tasks, such as maintaining records of items shipped, checking inventory records, and compiling reports on various aspects of the linen cleaning and delivery processes. Managing the flow of information and checking orders as the last quality-control check is critical to the efficient and successful operation of the company.

Job requirements for Shipping/Receiving workers include a high school diploma and basic computer skills. Experience in a material recording environment (warehouse, retail) would be helpful but not required. Shipping/Receiving workers must be organized and detail-oriented, with

good math skills. People in this position may be required to lift weights of up to 40 lbs and to assist with loading and unloading delivery trucks.

Flatwork Attendants
Hourly: \$10-\$14/hr

Flatwork Attendants are responsible for the proper ironing and folding of clean sheets, napkins, tablecloths, and pillowcases and for ensuring that all items are properly cleaned and presented in a professional manner to the customers. Flatwork Attendants operate the ironers and adjust the settings in order to maintain the proper temperature and speed for each type of item being processed. These workers also inspect items for residual stains or tears, and move stacks of folded items weighing up to 20 lbs from the folding machines to laundry carts or conveyors.

Job requirements for this position do not require a high school diploma or any previous work experience, but Flatwork Attendants are required to be responsible, detail-oriented, and to remain alert to any issues with the linens or the machinery and to report issues immediately to the Operations Manager. Flatwork Attendants are typically workers who have been promoted from the washroom or soil sorting areas, having proven themselves as capable and responsible and who seek higher compensation and responsibilities within the company.

Towel Attendants
Hourly: \$10-\$14/hr

Towel Attendants are responsible for the proper ironing and folding of bath towels, pool towels, and hand towels and for ensuring that all items are properly cleaned and presented in a professional manner to the customers. Towel Attendants operate the towel folders and adjust the settings in order to maintain the proper temperature and speed for each type of item being processed. These workers also inspect items for residual stains or tears, and move stacks of folded items weighing up to 20 lbs from the folding machines to laundry carts or conveyors.

Job requirements for this position do not require a high school diploma or any previous work experience, but Towel Attendants are required to be responsible, detail-oriented, and to remain alert to any issues with the linens or the machinery and to report issues immediately to the Operations Manager. Towel Attendants are typically workers who have been promoted from the washroom or soil sorting areas, having proven themselves as capable and responsible and who seek higher compensation and responsibilities within the company.

Washroom Attendants
Hourly: \$10-\$14/hr

Washroom Attendants are responsible for loading dirty linens into the washers and dryers and for transporting clean linens to the appropriate finishing (ironing/folding) stations. Washroom Attendants perform moderately demanding physical tasks and must be able to recognize the appropriate cleaning process for each type of linen. These workers also monitor the washing and drying machines and report any irregularities or problems to their supervisor or the Operations Manager.

Job requirements for this position do not require a high school diploma or any previous work experience, but Washroom Attendants are required to be responsible, detail-oriented, and to remain alert to any issues with the linens or the machinery and to report issues immediately to the Operations Manager. This is a physically demanding job that requires frequent lifting and transporting of large quantities of linens.

Soil Sorting
Hourly: \$9-\$14/hr

The Soil Sorters take dirty linens and sort them to be cleaned according to the customer, the type of item, and the level of soilage in the particular item. Soil sorting occurs in an assembly line fashion, with large carts of items being dumped onto a central conveyor belt and attendants picking items from the belt and placing them in the appropriate bags or carts for processing. This is the entry level job of the Company requiring the least amount of previous experience or training, and is suitable to young or foreign workers just entering into the workforce.

Job requirements for Soil Sorters include the ability to stand for prolonged periods of time and a basic level of attention to detail.

Housekeeping/Cleaning
Hourly: \$9-\$14/hr

Housekeeping/Cleaning staff will be responsible for ensuring that the building and work areas are clean and free of debris and clutter. These workers typically come in at night after the production shift has ended, and sweep floors, clean surface areas, empty trash containers, and prepare the facility for the next day's operations.

Job requirements for Housekeeping/Cleaning staff are minimal, and this position lends itself to workers just joining the workforce or those seeking a second job to supplement family income. However, as these workers often are alone and unsupervised, the position requires dependable people who are trustworthy and security-conscious.

Staffing Strategy

Staffing for the facility will involve identifying and training a variety of workers, ranging from entry-level line staff to qualified commercial drivers and bookkeepers. For a company of this nature, local hires and referrals comprise significant sources of new workers, and the company intends to rely heavily on those two channels for identifying candidates. We intend to form relationships with local social, civic, and religious organizations where we can advertise informally for candidates when a new position is open rather than go through newspaper or on-line media sources.

Hiring/background screening for new candidates will be conducted through Paychex, Inc. (www.paychex.com) or a similar service which provides a variety of services to small businesses. These services include background checks and employee screening to ensure that employees are eligible to work in the United States, and ongoing compliance checks to make sure that we are in full compliance with all legal requirements and human resource policies. All employees will be screened through Paychex before being offered permanent employment, and employees who cannot demonstrate U.S. residency will be terminated immediately.

An additional attraction of the laundry business as an EB-5 investment platform is that employees in this business receive extensive job training and have upward mobility and higher earning potential. New employees typically are hired at the “lower tiers” of the pay-scale, and spend their first months of employment as Housekeepers and Soil Sorters. Once workers establish themselves as capable and reliable, they can be quickly advanced through the ranks to Washroom Attendants, Flatwork Attendants, etc. and can be elevated to administrative/management positions within a relatively short period of time. At each step along the way their earning potential increases, so even though initial wage rates are \$9-\$10 per hour, a diligent employee can be earning \$14 to \$20 per hour within a couple of years. In addition, the skills gained by working in a commercial laundry are readily transferrable to other industries with housekeeping/linen management functions, such as hotels, hospitals, and country clubs, enabling ambitious employees to increase their earning potential beyond the wage scales offered at the laundry plant.

Laundry Processing Workflow

The following summary of the laundry processing workflow illustrates the various tasks employed by workers at the Patriot Linen laundry operation:

Step 1: Dirty Linens Received/Transported - Drivers arrive at customer locations at regularly scheduled times both to deliver clean linens and to pick up dirty linens. Dirty items are stored by the customers in large plastic bins that are owned/provided by Patriot Linens (each bin holds up to 500 lbs of dirty linens) and rolled by the driver onto the delivery truck. The driver then transports the dirty linens back to the laundry and offloads them at the designated area for receiving of dirty linens (Dirty Staging Area). Depending on the amount of linens generated by each customer and the size of the delivery truck, a

driver may make between one and five stops on a typical hotel route (daily delivery), or between 10 and 25 stops on a typical restaurant route (daily or weekly delivery).

Step 2: Linens Sorted and Prepared – Bins are weighed and the weight of dirty linens received by each customer are recorded by either the driver or a shipping/receiving clerk. Linens are then emptied onto conveyors and sorted by Soil Sort staff into canvas bags or baskets. Each bag/basket would represent between 100 and 200 lbs of dirty linens. When full, the bags are carted to the lift station and elevated overhead onto the rail system to await washing.

Step 3: Washing – Washroom attendants prepare the washers and direct the appropriate bags from the overhead rail system into the washers, with each washer handling between one and four bags of dirty linens. Washers are programmed to provide different wash cycles for each type of linen, so washroom attendants can specify which item is being washed by pressing the appropriate button.

Step 4: Drying – Clean terry items (towels, washcloths) are removed from the washers (many washers have tilt features which dump clean laundry into carts, but some will be emptied by hand) into baskets and transported to Dryers to be dried. As with the washers, each dryer has a variety of programs that dictate the appropriate amount of time and the ideal temperature to properly dry a particular item. Linen items (sheets, pillowcases) are not dried but are transported by washroom attendants directly to the finishing area.

Step 5: Finishing – The finishing stage is comprised of ironing and folding the clean, dry items. Towels are fed by Towel Attendants into towel folders which use compressed air to straighten and fold the towels and stack the folded towels on a conveyor. Sheets, pillowcases and napkins are taken by Flatwork Attendants and fed into thermal ironers which press the item under a heated roller (drying it in the process) and fold and stack them as appropriate. Flatwork Attendants and Towel Attendants also provide quality control checks and set aside any item that has residual stains for further washing/treatment.

Step 6: Compiling Clean Linens - clean, folded linens are assembled by customer in the Clean Staging Area in the same bins that the dirty linens arrived in, and items are counted and weighed by the Shipping Clerk, who generates a delivery ticket for the customers designating the number of bins, weight of each bin, and contents of each bin that are being delivered. This information is reconciled with the weight of dirty linens delivered in Step 1 to ensure that all of the customers' linens are being returned to them, and the invoices generated by the Administrative/Mgmt staff are based upon these counts and weights.

Step 7: Delivery of Clean Linens to Customers – The drivers then load customer bins onto their trucks and transport the clean linens back to the customer 24 hours after the dirty linens were picked up. Customers acknowledge receipt of the clean linens by signing the delivery ticket, and the driver then picks up the next load of dirty linens (Step 1) to begin the process again.

Invoicing – on a weekly basis, the Administrative/Mgmt staff (or Operations Managers) will aggregate the information on delivered items and prepare invoices for each customer detailing the weights of each

day's deliveries and associated charges (on a price-per-pound basis as well as surcharges for specialty items). Invoices are either conveyed electronically, mailed, or hand-delivered by the driver as part of their daily routes.

Maintenance/Cleaning – maintenance staff periodically check equipment and utility meters throughout the day to ensure that everything is operating properly, and make use of “downtime” between customers or between work shifts to perform preventive maintenance and cleaning of the washers, dryers, ironers, and towel folders. Lint screens need to be cleaned several times daily and minor adjustments made to the temperatures, water pressure valves, chemical injection equipment, etc. At the end of each work day, Housekeeping/Cleaning staff remove debris and clean all work surfaces, preparing the property for the next day.

VIII. Financial Summaries

Sources of Funds

Funding for the CTC California LLC venture will come from capital contributions made by Vahan Services Inc, in addition to the contributions made by the EB-5 investors and the contingent funding provided by CTCLM:

Equity Contributions – CTC California LLC (Patriot Linen and CTC Indio laundries)

Initial Capitalization	Initial Investment/ Contribution (Vahan)	Additional Investment	Total Investment
Equity	\$3,000,000		\$ 3,000,000
EB-5 Investment		\$7,000,000	\$ 7,000,000
Subtotal – Initial Capitalization	\$3,000,000	\$7,000,000	\$10,000,000
Plus: Contingency/Startup Funding by CTCLM		\$ 500,000	\$ 500,000
Total Available Capital:	\$3,000,000	\$7,500,000	\$10,500,000

Specific capital contribution and equity participation information can be found in the partnership agreement, a copy of which is included in the Appendix to this Business Plan.

Uses of Funds

The following tables summarize the anticipated total capitalization of the Patriot Linen and CTC Indio laundry operations, combining the initial investment made by Vahan Services and contributed into the venture along with the subsequent \$7.5 million anticipated capital contribution from Coast to Coast Linens in conjunction with fourteen EB-5 investors.

CTC California LLC (Compton and Indio Laundry) Use of Funds

Expenditure	Compton	Indio	Total
Contribution of Existing Equipment and Operating Expenses Incurred to-date:	\$3,000,000		\$ 3,000,000
Equipment Purchases	\$1,650,000	\$2,500,000	\$ 4,150,000
Delivery Vehicles, Laundry Carts		\$ 250,000	\$ 250,000
Tenant Improvements/Utilities	\$ 550,000	\$ 750,000	\$ 1,300,000
<u>Working Capital/Operating Costs</u>	<u>\$ 800,000</u>	<u>\$ 500,000</u>	<u>\$ 1,300,000</u>
Total Anticipated Investment	\$6,000,000	\$4,000,000	\$10,000,000
Plus: Contingency/Startup Cost Funding *	\$ 500,000		\$ 500,000
Total Capitalization	\$6,500,000	\$4,000,000	\$10,500,000

Detailed schedules of equipment and expenses are provided in the attached Exhibit E.

* In addition to the \$500,000 of equity contributed, CTC will make up to \$500,000 of Bridge Financing available to cover needed expenses during periods of time when EB-5 funds have not yet been made available.

Projected Financial Performance

The following table presents ownerships projection of income and expense over the first five years of operations for each facility, assuming that (1) in the case of Patriot Linen (Compton) the CTC contribution is made over a fourteen month period beginning November, 2015, and (2) in the case of CTC Indio the investment occurs beginning in January, 2017 with a projected opening by December, 2017. For this analysis, 2016 will represent the first year of operations in Compton and 2018 will represent the first year of operations in Indio.

Revenues - Processing	Revenues will come in the form of Processing Revenues (pounds washed x price/pound) along with Other Revenues (transportation charges, fees for additional processing, item surcharges). Other Revenues are comprised of surcharges for special items like duvet covers and bathrobes which require special processing, transportation surcharges, and special delivery fees.
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Revenues -Rental/Other	In addition, the CTC investments will enable Patriot Linen and CTC Indio to acquire and maintain an inventory of proprietary linens that will be made available on linen rental programs to area restaurants and medical facilities which prefer not to own their own linens. Linen rental customers typically pay a premium of 30-40% over the rates paid by customers who own their own linens – this premium is reflected in the Rental/Other line along with ancillary income from special deliveries, surcharges, and washing of special items that occurs on a non-routine basis.
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Cost of Goods	The Cost of Goods line item cover the expenses associated with soaps, cleaning chemicals, and laundry carts that are utilized in the processes.
Advertising/ Entertainment	Advertising and Entertainment includes the costs of soliciting business from new accounts as well as maintaining positive customer relationships with existing accounts. Although the company will rely largely on direct solicitations of customers, occasional media exposure, charitable contributions, and maintenance of an online presence will be required. This also includes the cost of traveling to/from customer sites on a regular basis, entertaining prospective customers, and other promotional activities.
Shipping/Freight	Shipping/Freight includes the delivery cost of in-bound equipment and linen items acquired in the ordinary course of business.
Insurance	The Insurance line item includes all categories of insurance needed for the prudent operation of the business, including automobile insurance, building insurance, liability insurance, and workers compensation insurance.
Transportation	Transportation includes the cost of leasing and maintaining a fleet of delivery trucks required to pick-up and drop-off customer linens. In addition, the cost of gasoline and oil are included in this category.
Building Rent	Building Rent is paid monthly to the owner of the real estate under the terms of the existing Lease Agreements.
Property Taxes	Property taxes are paid annually to Los Angeles County and are based upon historical assessments
Repairs and Maint	Repairs and Maintenance includes the cost of equipment repairs and supplies as well as janitorial expenses associated with maintaining the building in good working condition. The costs of major building repairs are borne by the Landlord.
Utilities	Utilities are projected based upon historical usage and billing rates. It is significant to note that the Patriot Linen laundry employs a number of advanced water-saving features, including a Norchem water recycling system, and that similar efficiencies will be included at the CTC Indio facility. Given the growing issue of water availability and potential for rationing and large rate increases in the next few years, the installation of this system is considered to be a vital component of the business and an important environmental consideration.
Payroll Costs	Payroll covers the wages, salaries, and benefits of the 300 anticipated full-time employees who will work at the Property over the course of the investment.

Although compensation levels will vary widely, from \$9 per hour for starting line staff to approximately \$40 per hour for senior management, the overall payroll burden of the Property (including taxes and benefits) is expected exceed \$6 million per annum between the combined properties.

Equipment Lease	Equipment Lease expense covers the cost of leasing additional cleaning/processing equipment and the occasional need to lease vehicles for special deliveries or ancillary tasks.
Professional Fees	Professional Fees covers the cost of accounting and tax preparation services and legal services rendered in the ordinary course of business.
Office Supplies and Miscellaneous	This line item covers all costs and expenses not categorized under any of the above categories, including general office expenditures (paper supplies, postage), bank fees, office computers, employee recognition events, charitable contributions, etc.
EB-5 Preferred Return	This projection assumes that the investment from six EB-5 investors will be allocated to the Patriot Linen project in 2016 and that eight investors will fund into the CTC Indio project in 2017, in exchange for a 4% annual preferred return on their investment. As specified in the CTC California LLC Operating Agreement, all EB-5 Preferred Returns are only paid as and when cash flow from operations is available and no guarantees of capital return or collateral of any kind is provided to the EB-5 investors, thereby putting their equity investment “at risk”. Although investment dollars and job creation will be tracked for each investor and each investor will be “assigned” to a specific project, the profits and employment from the two projects will be combined together under one operating business to enable excess profits from one project to be utilized to cover any shortfalls experienced at the other project, giving EB-5 investors an added level of comfort that their anticipated returns will be received.

The projected income and expenses for the two CTC-sponsored laundry facilities is shown on the following pages:

**PATRIOT LINEN COMPTON - FIVE YEAR PROFORMA INCOME AND EXPENSE
ASSUMING \$3.5M CAPITAL INVESTMENT**

	Yr 1 (2016)	Yr 2 (2017)	Yr 3 (2018)	Yr 4 (2019)	Yr 5 (2020)
Poundage					
Washed	8,000,000	15,000,000	20,000,000	25,000,000	25,000,000
Price/Lb	\$0.28	\$0.29	\$0.30	\$0.31	\$0.32
Revenues					
Wash Revenues	\$2,240,000	\$4,350,000	\$6,000,000	\$7,750,000	\$8,000,000
Specialty/Rental	\$ 588,000	\$1,085,000	\$1,250,000	\$1,425,000	\$1,450,000
Total Revenues	\$2,828,000	\$5,435,000	\$7,250,000	\$9,175,000	\$9,450,000
Expenses					
Direct Labor	\$1,220,000	\$1,958,000	\$2,700,000	\$3,487,000	\$3,600,000
Mgmt Labor	\$ 200,000	\$ 240,000	\$ 280,000	\$ 300,000	\$ 315,000
Payroll Tax/Bene.	\$ 462,000	\$ 669,000	\$1,043,000	\$1,325,000	\$1,370,000
Payroll Tax/Bene.	\$ 462,000	\$ 669,000	\$ 745,000	\$ 947,000	\$ 979,000
Utilities	\$ 300,000	\$ 600,000	\$ 700,000	\$ 800,000	\$ 830,000
Chemicals	\$ 160,000	\$ 200,000	\$ 240,000	\$ 247,000	\$ 255,000
Transportation	\$ 320,000	\$ 400,000	\$ 480,000	\$ 494,000	\$ 509,000
Taxes/Insur/CAM	\$ 75,000	\$ 80,000	\$ 85,000	\$ 90,000	\$ 92,000
Maintenance	\$ 330,000	\$ 537,000	\$ 660,000	\$ 737,000	\$ 748,000
Office Expenses	\$ 75,000	\$ 77,000	\$ 80,000	\$ 83,000	\$ 85,000
Building Rent	\$ 270,000	\$ 278,000	\$ 287,000	\$ 296,000	\$ 305,000
Capital Exp	\$ 50,000	\$ 51,000	\$ 53,000	\$ 55,000	\$ 56,000
Management Fee	\$ 125,000	\$ 163,000	\$ 217,000	\$ 275,000	\$ 283,000
Misc Expenses	\$ 28,000	\$ 54,000	\$ 73,000	\$ 92,000	\$ 95,000
Total Expenses	\$3,515,000	\$5,307,000	\$6,600,000	\$7,903,000	\$8,152,000
Net Income	(\$ 787,000)	\$ 128,000	\$ 650,000	\$1,272,000	\$1,298,000

**COAST TO COAST INDIO - FIVE YEAR PROFORMA INCOME AND EXPENSE
ASSUMING \$4.0M CAPITAL INVESTMENT IN 2016**

	Yr 1 (2017)	Yr 2 (2018)	Yr 3 (2019)	Yr 4 (2020)	Yr 5 (2021)
Poundage					
Washed	6,000,000	10,000,000	12,000,000	12,000,000	12,000,000
Price/Lb	\$0.27	\$0.28	\$0.29	\$0.30	\$0.31
Revenues					
Wash Revenues	\$1,620,000	\$2,800,000	\$3,480,000	\$3,600,000	\$3,720,000
Specialty/Rental	\$ 324,000	\$ 840,000	\$1,044,000	\$1,080,000	\$1,116,000
Total Revenues	\$1,944,000	\$3,640,000	\$4,524,000	\$4,680,000	\$4,836,000
Expenses					
Direct Labor	\$ 840,000	\$1,100,000	\$1,380,000	\$1,421,000	\$1,464,000
Mgmt Labor	\$ 120,000	\$ 144,000	\$ 173,000	\$ 178,000	\$ 183,000
Payroll Tax/Bene.	\$ 276,000	\$ 373,000	\$ 466,000	\$ 480,000	\$ 494,000
Utilities	\$ 225,000	\$ 291,000	\$ 362,000	\$ 374,000	\$ 387,000
Chemicals	\$ 160,000	\$ 200,000	\$ 240,000	\$ 247,000	\$ 255,000
Transportation	\$ 320,000	\$ 400,000	\$ 480,000	\$ 494,000	\$ 509,000
Taxes/Insur/CAM	\$ 50,000	\$ 51,000	\$ 53,000	\$ 55,000	\$ 56,000
Maintenance	\$ 100,000	\$ 126,000	\$ 153,000	\$ 158,000	\$ 162,000
Office Expenses	\$ 25,000	\$ 26,000	\$ 27,000	\$ 27,000	\$ 28,000
Building/Vehicle					
Lease Pmts	\$ 141,000	\$ 145,000	\$ 150,000	\$ 154,000	\$ 159,000
Capital Exp	\$ 50,000	\$ 51,000	\$ 53,000	\$ 55,000	\$ 56,000
Management Fee	\$ 100,000	\$ 109,000	\$ 136,000	\$ 140,000	\$ 145,000
Misc. Expenses	\$ 28,000	\$ 36,000	\$ 45,000	\$ 47,000	\$ 48,000
Total Expenses	\$2,379,000	\$3,052,000	\$3,718,000	\$3,830,000	\$3,946,000
Net Income	(\$ 491,000)	\$ 588,000	\$ 806,000	\$ 850,000	\$ 890,000

Exhibit A-1: Property Photographs (Compton)



Exhibit A-1: Property Photographs (Compton), cont.



Exhibit A-1: Property Photographs (Compton), cont.



Exhibit A-2: PROPERTY PHOTOGRAPHS (INDIO)



Exhibit A-2: PROPERTY PHOTOGRAPHS (INDIO) cont

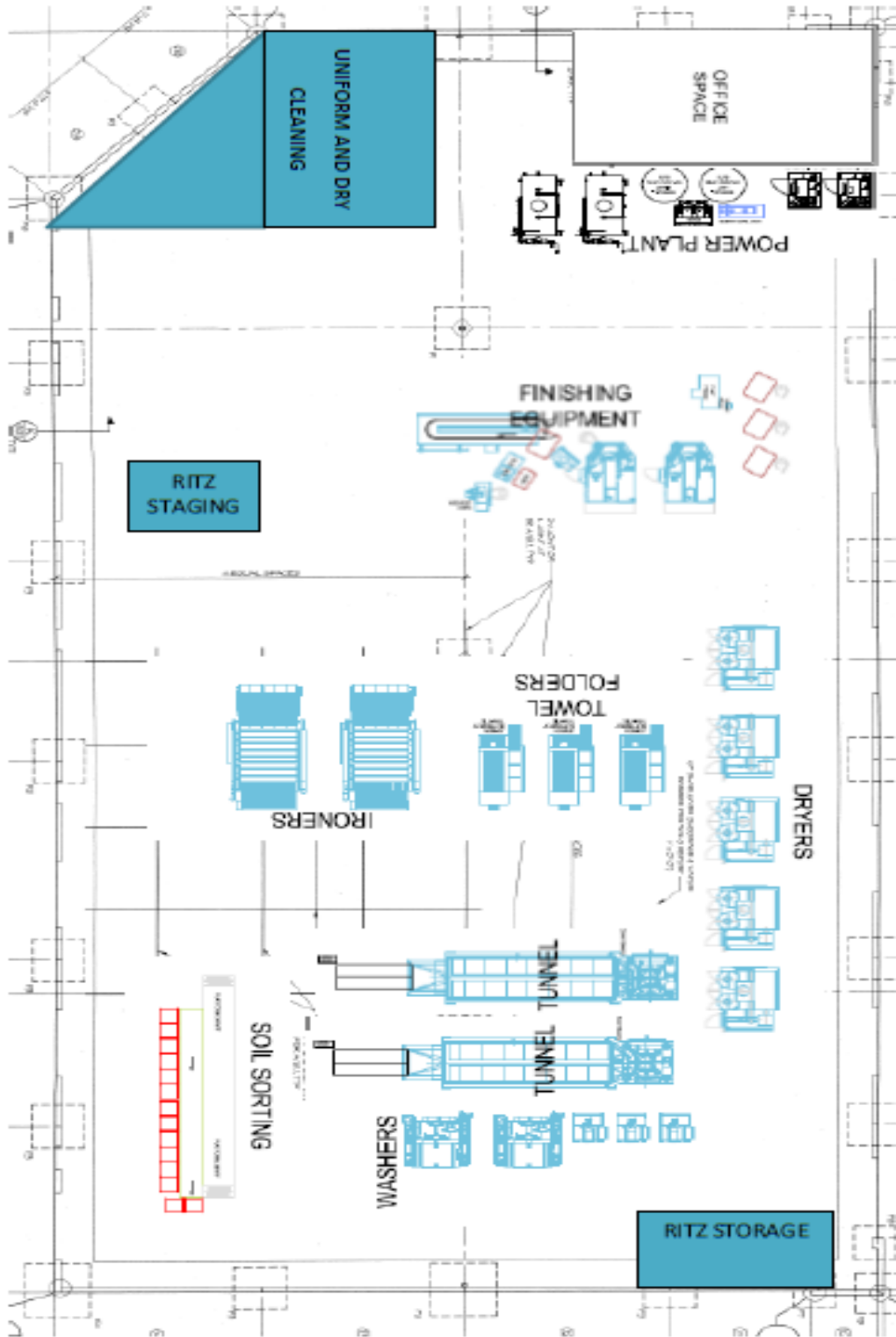


Exhibit B-1: Targeted Employment Area Confirmation (Compton)



GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT
STATE OF CALIFORNIA • OFFICE OF GOVERNOR EDMUND G. BROWN JR.

October 23, 2015

Department of Homeland Security
U.S. Citizenship and Immigration Services (USCIS)
California Service Center
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

To Whom It May Concern:

Section 204.6(i) of Title 8, Code of Federal Regulations (CFR) governing alien entrepreneur immigrant visa petitions under the USCIS administered EB-5 visa program authorizes the state government of any state of the United States to designate a particular geographic or political subdivision located within a metropolitan statistical area (MSA) or within a city or town having a population of 20,000 or more within such state as a high unemployment area if the area experienced an unemployment rate of at least 150 percent of the national average.

The designation and certification of high unemployment areas in the State of California under *8 CFR §204.6 paragraphs (i) and (j)(6)(ii)* – including certification of high unemployment areas within any MSA or qualified area such as a census designated place (CDP) within an MSA – has been delegated to the Governor's Office of Business and Economic Development. Such certification is based on official estimated unemployment data provided by the Employment Development Department of this state.

The national average unemployment rate for calendar year 2014, as calculated by the U.S. Bureau of Labor Statistics, was 6.2% requiring an unemployment rate of 9.3% or greater for "high unemployment area" eligibility.

A request for a Targeted Employment Area certification of a high unemployment area has been received from **Coast to Coast Linens** with respect to a new business or project named **Patriot Laundry**, at the address of **2565 S. Dominguez Hills Drive, Compton, County of Los Angeles, CA**. The 2014 unemployment data for the State of California, as provided by the Labor Market Information Division of the California Employment Development Department shows a **12.7%** unemployment rate for the **city** that contains the location where the new enterprise is principally doing business.

This unemployment rate was calculated based on the Census Share Methodology prescribed by the U.S. Department of Labor for all states in designating high unemployment areas under the Immigration Act of 1990. The Census Share Methodology indicated that the unemployment rate of

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the designated area consisting of the listed census tracts was over 150 percent of the national unemployment rate for calendar year 2014.

Therefore, in accordance with the cited federal regulations, the Governor's Office of Business and Economic Development is hereby certifying that the **City of Compton** is having the requisite high unemployment rate to be a Targeted Employment Area, for the purposes of alien entrepreneur visa requests. 8 CFR sections 204.6(h)(i) and (j)(6)(ii).

This certification is valid for one year from the date of approval. Unemployment estimate data will be published for calendar year 2015 on May 1, 2016. The Census Share Methodology will continue to be used in subsequent years and, given the uncertainties about the area's unemployment rate and the national unemployment rate there is no guarantee that this area will continue to remain a high unemployment area ("targeted employment area").

Sincerely,



Brian Peck
Deputy Director

Exhibit D: Business License (Patriot Linen)

CITY OF COMPTON BUSINESS LICENSE CERTIFICATE

Date Issued	09/15/2015	BUSINESS LICENSE NUMBER
Expiration Date	09/30/2016	15003708
		This business is categorized as:
		HOTEL LAUNDRY SERVICES
Business Address . . .	2565 S DOMINGUEZ HILLS DR	
Business Owner	GARO V MINISSIAN	
Business Name	VAHAN SERVICES INC.	
Phone Number	213-494-7777	
Mailing Address	VAHAN SERVICES INC 2565 S DOMINGUEZ HILLS DR COMPTON, CA 90220	

THIS CERTIFICATE IS NOT TRANSFERABLE - POST IN A CONSPICUOUS PLACE

NOTICE TO TAXPAYERS

The above named license holder has paid a business license fee to engage in, carry on or conduct the business, trade, calling, profession, exhibition or occupation coded above until this certificate expires.

Granting of this business license does not entitle the license holder to operate or maintain a business license in violation of any other law or ordinance. In addition, this business license is not transferable to any other party, and no refunds will be issued for the business license once a certificate has been issued.

If this business conducts live entertainment, dancing, messages, or has skill games, vending machines and coin operated machines it is subject to additional fees and/or permits to conduct such activities.

If you have any questions regarding requirements or conditions on your business please, call the Business License Division of the Municipal Law Enforcement Services Department at (310) 605-5508

Exhibit E: Detailed Schedule of Estimated Investment Costs/Use of Capital

I. PATRIOT COMPTON LAUNDRY FACILITY EXPANSION COSTS

Equipment Purchases **\$1,650,000**

- Automation/IT systems
- Chemical supply/injection system
- Production workstations
- Flatwork folder
- Soil sort tracking system/rail upgrades
- Refurbish ironers (4)
- Delivery trucks/vans (3)
- Additional washers (2) and dryers (3)
- Laundry carts, slings, shelving, etc

Tenant Improvements/Utilities **\$ 550,000**

- Foundation for boiler/water tanks
- Water reclamation system
- Canopy to cover boilers
- Construct main gate to truck yard
- Sewer line improvements
- Backflow valve
- Interior plumbing improvements
- Office space buildout

Working Capital/Operating Costs **\$ 800,000**

- Operating cash flow shortfalls (Year 1)

Organization, Start-up and Contingency Costs **\$ 500,000**

- Expenses not eligible for EB-5 funding
- Contingency for cost overruns/additional expenses

I. TOTAL COMPTON EXPENDITURES **\$3,500,000**

II: CTC INDIO INVESTMENT COSTS

Equipment Purchases **\$2,500,000**

- Five washers
- Six dryers
- Three ironers
- Three small piece folders
- Equipment Delivery/Installation
- IT/Software
- Scales/ conveyors/wrapping machines/etc

Delivery Vehicles, Laundry Carts **\$ 250,000**

- Delivery vans
- Laundry carts
- Fork lift, sorting carts, etc

Tenant Improvements/Utilities **\$ 750,000**

- Water/Sewer impact fees
- Natural Gas lines
- Water reclamation system
- Water/steam lines
- Drainage pits/water tanks/boilers
- Office equipment/computers/etc

Working Capital/Operating Costs **\$ 500,000**

- Operating cash flow shortfalls

II: TOTAL INDIO EXPENDITURES **\$4,000,000**

III: TOTAL CTC CALIFORNIA LLC CAPITALIZATION **\$11,000,000**

EXHIBIT F: EXISTING EQUIPMENT CONTRIBUTED BY VAHAN SERVICES INC.

- 1 Lavatec Model LP571 18-pocket Tunnel Washer (1998)
 - 1 Lavatec Model LP571 17-pocket Tunnel Washer (1995)
 - 2 Milnor 500-lb open pocket washer/extractors (2008)
 - 1 Milnor 100-lb open pocket washer/extractor (2010)
 - 2 Milnor 60-lb open pocket washer/extractors (2010)
 - 9 Lavatec Model 150 dryers (1999)
 - 1 Challenge 400-lb dryer
 - 1 Milnor 400-lb dryer (2008)
 - 2 Cissell 125-lb dryers (2010)
 - 2 Cissell 75-lb dryers (2010)
 - 1 Chicago Dryer Company 120" wide blanket finishing system (2008)
 - 1 Dhooge 120" wide ironer with Chicago Skyline folder
 - 1 Dhooge 120" wide ironer with Chicago King Edge Feeder and Skyline folder (2001)
 - 1 Dhooge 120" ironer with Chicago Skyline folder (1985/2002)
 - 1 Dhooge 120" wide ironer with Chicago King Edge Feeder and Skyline Automatic Folder (2000)
 - 1 Norman Control Co automated sorting line
 - 5 Chicago Air Chicago model 36" wide small piece folders
 - 1 Kannegeisser 47" wide small piece folder
 - 2 Cleaver Brooks 200-hp gas boilers
 - 2 100-hp air compressors
 - 500 Laundry carts
 - 6 28 foot box trailers for transporting linens
 - 1 Overhead rail system with sling lifts
- Ancillary equipment, including water tanks, scales, lift tables, conveyors, maintenance equipment, tools, computer workstations, printers, office equipment,