

Copley-Price Family YMCA

New Markets Tax Credit Transaction



CORNER OF EL CAJON BLVD. AND 43RD ST.

Paul Sullivan, Executive Vice President/Chief Financial Officer, YMCA of San Diego County

Sponsoring Entity

- ▶ YMCA of San Diego County, a California Nonprofit Public Benefit Corporation, established in 1882, tax exempt under section 501c3 of the IRS Code.
- ▶ Serves over 380,000 people in San Diego County through its mission: The YMCA of San Diego County is dedicated to improving the quality of human life and to helping all people realize their fullest potential as children of God through the development of the spirit, mind and body.

Project

- ▶ Replacement of the Copley Family YMCA with a new facility on land donated by Price Charities at Fairmont & El Cajon Blvd.
- ▶ The new 53,000 SF facility will include a gym, two swimming pools, a child care center, meeting rooms, locker rooms, a wellness center, a soccer arena, administrative offices and a parking garage.
- ▶ It will primarily serve the City Heights, Kensington and Talmadge communities.

The Present Meets the Future

| Description | Current Facility | New Facility* |
|------------------------------|------------------|---------------|
| Copley Family YMCA Leasehold | 1.9 acres | 3.5 acres |
| Copley Family YMCA Facility | 29,000 SF | 53,000 SF |
| Designated Parking Spaces | 91 | 300 |
| Occupants | 455 | 1,488 |

* Estimates pending final project completion

Parties to the Transaction

QALICB: YMCA of San Diego County/City Heights, wholly controlled subsidiary of the YMCA of San Diego County, established in 2013, also tax exempt under section 501c3 of the IRS Code. Its sole purpose is to hold title to the Copley Price site and to the construct the improvements.

CDE: Civic San Diego

Investor: US Bancorp Community Development Corporation (Maria Bustria-Glickman)

Sponsor's Counsel: Bocarsly Emden Cowan & Arndt, Los Angeles (Eugene Cowan)

NMTC Advisor: United Fund Advisors, Portland (Chris Hasle)

CDE's Counsel: Nixon Peabody, Washington DC (Michael Goldman)

Investor's Counsel: Husch Blackwell, LLP, St. Louis (Steve McCandless)

NMTC Accountant: CohnReznick, Sacramento (Beth Mullen)

Timing

| Date | Action |
|---------|--|
| 7/8/13 | Concept presented to YMCA board task force |
| 7/30/13 | YMCA board approval |
| 8/5/13 | Investor term sheet & Civic NMTC Reservation Letter signed |
| 9/11/13 | NMTC transaction approved by Civic Board |
| 9/12/13 | Transaction closed & funded |

Sources and Uses of Fund

Sources of Funds

| | |
|-------------------------------|--------------------------|
| Capital Pledges Raised | 13,697,127 |
| Prop 84 grant | 5,000,000 |
| NMTC Net benefit | 5,060,000 |
| Other misc | 160,672 |
| Total Sources of Funds | <u>23,917,799</u> |

Uses of Funds

| | |
|---|--------------------------|
| Soft Costs (Architects, engineers, permits etc) | 2,681,104 |
| Construction | 18,289,377 |
| Equipment and Furnishings | 1,425,475 |
| Contingency | 400,000 |
| Estimated Interest on Bridge loan | 204,044 |
| Total Uses of Funds | <u>23,000,000</u> |

| | |
|--|-----------------------|
| Net Surplus (redirected to endowment) | <u>917,799</u> |
|--|-----------------------|

Capital Project Budget

| | | | |
|---|-----------------------------|----------------------|----------------------------|
| NMTC Allocation from Civic San Diego | | \$ 23,000,000 | |
| US Bank total investment | | <u>7,579,650</u> | <u>7,579,650</u> |
| Fees paid at closing: | | | |
| Advisor Fee | | | |
| Sub-CDE fee | | | |
| YMCA legal counsel | | | |
| Investor's legal counsel | | | |
| CDE legal counsel | | | |
| Accountant | | | |
| Insurance Analyst | | | |
| Title Company | | | |
| Less credit provided by Investor | | | |
| | | <u>1,557,377</u> | <u>(1,557,377)</u> |
| Reserves established for future costs: | | | |
| Asset management fees to CDE | \$115k per year for 7 years | 805,000 | |
| CDE Compliance cost allowance | \$14k per year for 8 years | 112,000 | |
| Investment fund manager fees | \$5k per year for 8 years | 40,000 | |
| Investment fund interest reserve | | 5,000 | |
| | | <u>962,000</u> | <u>(962,000)</u> |
| Net benefit to Copley Price YMCA project | | | <u>\$ 5,060,273</u> |

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