

Civic San Diego  
Economic Growth and Neighborhood Investment Fund

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**MINUTES**

**NEW MARKETS TAX CREDIT ADVISORY BOARD  
MEETING OF  
Friday, August 11, 2017**

Civic San Diego  
401 B Street, Suite 400  
San Diego, CA 92101

1. ROLL CALL: The meeting of the New Markets Tax Credit (NMTC) Advisory Board (“Advisory Board”) convened at 11:32 a.m.

Board Members Present: Cruz Gonzalez, Rickey Laster, Joel Roberts (via conference call, Jason Wells (11:40 a.m, via conference call), Jody Wood (via conference call), Diane Moss (via conference call)

Board Members Absent: Tina Ngo Bartel

Civic San Diego Staff: President Reese A. Jarrett, Vice President Kristine Zortman, Assistant Vice President Michael Lengyel, Associate Project Manager Joanna Whitley

2. APPROVAL OF THE MINUTES FROM THE MAY 12, 2017 MEETING OF THE ADVISORY BOARD

**Motion:** Mr. Laster moved and Mr. Gonzalez seconded a motion to approve the minutes of the May 12, 2017 meeting of the Advisory Board.

**Vote:** The motion passed 5-0 with Ms. Bartel absent and Mr. Wells not yet in attendance

3. INFORMATIONAL ITEM – STAFF UPDATE ~ Michael Lengyel

Mr. Lengyel provided an update on pipeline projects. He provided detail for two transactions to close in the next week: a \$10 million Qualified Equity Investment (QEI) prefund with US Bank, and a \$6.7 million funding for Thrive Public School. The US Bank investment is intended to fund a small investment loan fund but could be used for a larger deal, with a future QEI from US Bank to fund the small investment as they come in. The allocation for Thrive has been increased from

\$6.4 million to \$6.7 million to allow for increased reserves.

Remaining projects include: Goodwill Industries, to be discussed later in the meeting; Casa Familiar, which may close late this year if they are permit ready; Access Youth Academy; and, North Highland. North Highland is slated to close next year and there may be sufficient allocation to increase NMTC funding for the project, if there is an award of tax credits in the next round. Mr. Lengyel also noted the North Highland project may need to find a replacement tenant for the space San Ysidro Health Center intended to use for their PACE center. Any change will be presented to the advisory board for consideration. Ms. Whitley noted she would be meeting with Casa Familiar in the next week to discuss their progress and project timeline.

**Action:** This item was informational only.

4. ACTION ITEM – RECOMMENDATION OF NMTC FUNDING FOR PROJECTS,  
Goodwill Industries (San Ysidro) ~ Michael Lengyel

Mr. Lengyel provided a brief project description for Goodwill Industries, which in June 2017 purchased the former San Ysidro Swap Meet property. The project is requesting \$10.75 million in allocation to refinance the purchase of the property, conduct roof repair and tenant improvements for a distribution outlet center at the Via Segundo location, and new construction on a separate parcel on Front Street in San Ysidro to open an employment training center. Mr Lengyel also noted that Goodwill is also considering installing solar panels on these and two additional Goodwill properties in high distress census tracts, which would increase the project cost about \$2 million. Mr. Lengyel requested the advisory board recommend up to \$14 million in allocation for this project. The transaction is expected to close in October of this year. Mr. Gonzalez inquired about the project meeting the “But For” test, which Mr. Lengyel answered in the affirmative. Mr. Gonzalez also expressed he found the training component and the solar component of the project compelling, while Mr. Wells provided his perspective that this is a great use and he supports the expansion of Goodwill’s current operations

**Motion:** Mr. Wells moved and Mr. Wood seconded a motion to recommend approval of up to \$14 million in New Markets Tax Credit funding for Goodwill Industries

**Vote:** The motion passed unanimously (6-0) with Ms. Bartel absent

5. INFORMATIONAL ITEM – MARKETING OF THE NMTC PROGRAM

Mr. Lengyel discussed the continuing marketing efforts through community coffees and Lunch & Learns hosted by Civic San Diego, and community bus tours. Mr. Lengyel mentioned the next Lunch & Learn to be held in San Ysidro at Casa Familiar’s The Front. Ms. Whitley also noted that she is in discussion with financing partners to hold a workshop this fall on alternative sources of financing for projects. Mr. Gonzalez expressed interest in having Small Business CDC involved

and Mr. Wells offered to share NMTC financing information through the outreach his organization will be conducting to reach small businesses.

**Action:** This item was informational only.

#### 6. INFORMATIONAL ITEM – NON-AGENDA ITEMS

Ms. Whitley announced she would be requesting Advisory Board Certifications twice per year and asked that the board report any changes of address, employment and other qualifying criteria to her promptly.

**Action:** This item was informational only.

**ADJOURNMENT** ~ The meeting was adjourned at 11:52 p.m.