

Civic San Diego
Economic Growth and Neighborhood Investment Fund

MINUTES

**NEW MARKETS TAX CREDIT ADVISORY BOARD
MEETING OF
Friday, February 24, 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 11:04 a.m.

Board Members Present: Cruz Gonzalez, Tina Ngo Bartel, Ricky Laster, Jason Wells (via conference call), Jody Carey (via conference call)

Board Members Absent: Diane Moss, Joel Roberts

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 AUGUST 22, 2016 MEETING OF THE ADVISORY BOARD

Motion: Mr. Laster moved and Mr. Wells seconded a motion to approve the minutes of the August 22, 2016 meeting of the Advisory Board.

Vote: The motion passed 4-0-1 with Ms. Moss and Mr. Roberts not in attendance and Ms. Bartel abstaining.

3. INFORMATIONAL ITEM – STAFF UPDATE ~ Michael Lengyel

Mr. Lengyel welcomed Rickey Laster and Tina Ngo Bartel, two new Advisory Board members who were added after the last meeting. Mr. Lengyel provided an overview of the NMTC program for the benefit of the new members and as a refresher for existing members. He also provided an update on the loan portfolio and available NMTC allocation. The announcement for a new allocation of \$50 million occurred in November. Mr. Lengyel summarized that a total of \$133 million in allocation has been received and five loans for \$77.55 million have been closed for a

balance of \$55.45 million in available allocation. He also reviewed potential pipeline projects to utilize the available allocation.

Action: This item was informational only.

4. ACTION ITEM – RECOMMENDATION OF NEW MARKETS TAX CREDIT FUNDING FOR PROJECTS ~ Michael Lengyel

Mr. Lengyel provided a brief project description of the Access Youth Academy (AYA) project that is requesting an allocation of tax credits. AYA is an educational support program which uses the sport of squash as a catalyst to transform the lives of underserved youth. Participants are selected in the 7th grade and are involved in AYA program activities for six years through high school graduation, covering Academic Achievement, Health and Wellness, Leadership, and Social Responsibility, receiving guidance in building essential life skills, and creating a culture of healthy lifestyle and exercise focused on training in the sport of squash. Also, AYA continues its commitment to the participants throughout four year college and two years of post-graduate education. AYA plans to take its program to scale by way of a state-of-the-art squash and learning center in SE San Diego as part of the Jacobs Family Town Center Master Plan. Mr. Lengyel recommended an allocation of up to \$12 million to facilitate the development of this project.

Motion: Mr. Carey moved and Mr. Wells seconded a motion to recommend approval of up to \$12 million in New Markets Tax Credit funding for the Access Youth Academy project subject with formal reservation of the credits to occur once the project is within six months of ground breaking.

Vote: The motion passed unanimously (5-0) with Ms. Moss and Mr. Roberts not in attendance (Mr. Wells and Mr. Carey voted via conference call)

5. ACTION ITEM – RECOMMENDATION OF FORMATION OF A \$10 MILLION FUND TO SUPPORT SMALLER INVESTMENTS IN THE \$2-\$5 MILLION RANGE ~ Michael Lengyel

Mr. Lengyel provided a brief overview of a proposed loan fund program to support smaller investments. The formation of a \$10-15 Million loan fund with US Bank would allow smaller deals in the \$2-\$5M range to achieve higher net benefit from costs being spread across multiple deals. The loan fund would use standardized forms and require less direct input from US Bank, attorneys, consultants and accountants. Allocating \$15 million to this loan fund would cover the CDFI Fund requirement to have 30 percent of the most recent allocation placed prior to July 1, 2017, in order to qualify for an allocation in the next round.

Motion: Mr. Carey moved and Mr. Wells seconded a motion to recommend approval of up to \$15 million in New Markets Tax Credit funding to support smaller investments, or to deploy into a larger project if smaller projects are not ready to proceed within nine months of closing the loan fund.

Vote: The motion passed unanimously (5-0) with Ms. Moss and Mr. Roberts not in attendance (Mr. Wells and Mr. Carey voted via conference call)

6. ACTION ITEM – RECOMMENDATION TO APPLY FOR THE 2017 ROUND OF NMTC AND APPROVAL OF POTENTIAL PIPELINE PROJECTS ~ Michael Lengyel

Mr. Lengyel provided a brief description of the application process and timeline for the 2017 round of New Markets Tax Credits. A full application is expected to be due April 2017 and the potential pipeline of project will be included.

Motion: Mr. Wells moved and Mr. Laster seconded a motion to recommend approval of the potential pipeline projects and recommend the application for the 2017 round of New Markets Tax Credits.

Vote: The motion passed unanimously (5-0) with Ms. Moss and Mr. Roberts not in attendance (Mr. Wells and Mr. Carey voted via conference call)

7. INFORMATIONAL ITEM – MARKETING OF THE NMTC PROGRAM

Staff participates in Civic San Diego community coffees and Lunch & Learns and also is planning tours in College Area and San Ysidro that will highlight the availability of New Markets Tax Credits. Staff is also in discussion with financing partners to hold a workshop on alternative sources of financing for projects.

Action: This item was informational only.

8. INFORMATIONAL ITEM – NON-AGENDA ITEMS

Ms. Whitley asked that the Advisory Board Members complete and return to her the Annual Questionnaire to certify their eligibility to continue as members of the Board. Forms were distributed to the members physically in attendance and forms will be e-mailed to the other members.

Action: This item was informational only.

ADJOURNMENT ~ The meeting was adjourned at 11:54 a.m.