



RESPONSE TO PRE-SUBMITTAL QUESTION REGARDING RFP FOR A FUND MANAGER TO MANAGE A DOUBLE BOTTOM LINE INVESTMENT FUND

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Note – some questions have been abridged

1. QUESTION: We would like to gain a better understanding of how this Smart Growth Fund would interweave with other funds controlled by the City for "attainable" or "affordable" housing. Would this fund manager compete with investments from the San Diego Housing Commission or similar organizations or funds?

RESPONSE: The City of San Diego and the San Diego Housing Commission currently do not have any funds dedicated to financing the production of middle-income housing (housing affordable to families with household incomes that are between 80% and 150% of the area median income). The Smart Growth Fund is viewed as being complimentary to current efforts to subsidize low-income housing as an increase in the production of middle-income housing provides families more housing options.

2. QUESTION: Is the Smart Growth Fund's intention to only invest in ground-up development projects, or will it consider investing with a company/sponsor buying an existing apartment project, renovating, and keeping rents attainable to 80-150% AMI residents?

RESPONSE: Subject to investor approval, the Smart Growth Fund may consider a range of investment opportunities that help increase the production of naturally affordable housing, which may include financing the renovation of existing projects to help preserve existing housing stock.

3. QUESTION: Has the City of San Diego already raised the \$30 - 50 million from bank capital and philanthropic investments required for this fund?

RESPONSE: The investment capital has not yet been raised. Civic San Diego staff and its counsel have had positive initial discussions with potential investors and a presentation was made to the San Diego City-County Reinvestment Task Force in November. Professional firms are currently completing a market analysis for the Fund. The analysis is anticipated to be completed within the next 30 to 60 days, at which point we will begin to formally elicit investor commitments. The Fund Manager will work with Civic San Diego to develop and implement a fund capitalization strategy for the successful closing and execution of the fund.

4. QUESTION: What is the investment period for the fund? What is the established holding period for investments made within this fund?

RESPONSE: The envisioned investment period and holding period are summarized below. The final investment period and holding period are subject to negotiation between the Fund Manager, Special Member, and investors.

Drawdown/Investment Period: Investor's capital shall be drawn down during the five year period commencing on the first closing date.

Term of the Fund: The Fund shall operate for a term of seven years, and can be extended to facilitate the realization of investments for up to three one year periods by the Fund Manager.

Reinvestment Rights: During the drawdown/investment period, proceeds returned to investors within 24 months of investment that constitute a return of capital may be subject to reinvestment by the Fund Manager at its discretion.

5. QUESTION: Are investments only allowed within the City of San Diego or are investments allowed anywhere within County of San Diego?

RESPONSE: As currently structured, the investment area of the Smart Growth Fund is the County of San Diego. However, depending on investor requirements a portion of the investment capital may need to be deployed within low- and moderate-income communities within the county.