

MINUTES

NEW MARKETS TAX CREDIT ADVISORY BOARD MEETING OF Thursday, February 15, 2018

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 9:01 a.m.

Board Members Present: Cruz Gonzalez, Jody Wood (via conference call), Diane Moss (via conference call), Tina Ngo Bartel (via conference call), Joel Roberts (via conference call), and Rickey Laster (via conference call)

Board Members Absent: Jason Wells

Civic San Diego Staff: Assistant Vice President, Economic Development Michael Lengyel and Associate Project Manager Joanna Whitley; President Reese Jarrett (9:22 am)

2. APPROVAL OF THE MINUTES FROM THE NOVEMBER 7, 2017 MEETING OF THE ADVISORY BOARD

Motion: Member Bartel moved and Member Roberts seconded a motion to approve the minutes of the November 7, 2017 Advisory Board Committee meeting.

Vote: The motion passed 6-0

3. STAFF UPDATE ~ Michael Lengyel

Mr. Lengyel provided an update on the latest round of NMTC allocation in which Civic San Diego did not receive an award. Mr. Lengyel continued to discuss NMTC pipeline projects and strategy to fully deploy remaining allocation in the 2018 calendar year.

Mr. Lengyel also provided updates on an approved \$250,000 loan to Access Youth Academy for land acquisition and a \$100,000 line of credit to Casa Familiar for permitting expenses to bridge them to a closing. He also provided updates on the proposed US Bank loan fund and the LISC loan fund. The LISC loan fund was initially planned to be \$5 million but may be reduced to \$3 million if the advisory board decides to move forward with the KIPP project being presented. The LISC loan fund could be increased if there is a 2018 allocation award. Also, \$10 million of remaining allocation was prefunded last August with US Bank. Those funds need to be deployed by the latter part of the year. US Bank has funded KIPP charter

schools in the past, so that could be an opportunity to make sure the funds are deployed in time. Staff previously had looked into funding three smaller deals with the US Bank prefund but one project, phase two for the Jackie Robinson Family YMCA, will likely move forward next year.

Mr. Lengyel also mentioned the Vien Dong project in City Heights, which would include the refinance of the purchase of the property and renovations, may be moving forward. Staff has meeting planned with owner to evaluate if NMTC makes sense.

Member Gonzalez asked how the federal budget would affect the NMTC program. Mr. Lengyel explained the program is approved for two more rounds and there is a strong push to see that extended either another five years or make the program permanent.

Action: This item was informational only.

4. ACTION ITEM – RECOMMENDATION OF NMTC FUNDING FOR PROJECTS, KIPP Adelante Charter School ~ Joanna Whitley

Ms. Whitley provided a brief project description for KIPP Adelante Charter School, a charter school serving grades 5-8, which has entered into a ground lease of a nearly two-acre site with Jacobs Center for Neighborhood Innovation (JCNI) to construct a permanent home for the school. Currently, KIPP operates their school out of a downtown commercial office building.

Ms. Whitley noted the majority of KIPP Adelante students live in Barrio Logan and other Southeastern San Diego neighborhoods. The new location would be more convenient and provide more space, including outdoor space which they currently lack. The project would be constructed in two phases, beginning with the installation of modular classrooms and site work to facilitate the second phase. Phase two involves the construction of two permanent structures, the first to be completed summer 2019 and the second to be completed summer 2020. Permitting for phase one is underway with construction expected to begin in May 2018. The NMTC transaction is expected to close between August and December 2018.

KIPP has requested \$13 million in allocation.

Member Laster expressed a desire to have a conversation with the General Contractor to ensure community members and sub-contractors have an opportunity to work on the project.

Motion 1: Member Laster moved and Member Roberts seconded a motion to require local hire as part of the sponsor's agreement with the General Contractor for the project.

Vote 1: The motion passed 6-0.

Motion 2: Member Bartel moved and Member Roberts seconded a motion to approve an allocation of up to \$13 million with the option to reassign the allocation if another project comes along sooner.

Vote 2: The motion passed 6-0.

5. ACTION ITEM – RECOMMENDATION TO APPLY FOR THE 2018 ROUND OF NMTCs

Mr. Lengyel requested a recommendation for staff to submit an application for the 2018 NMTC round which may come out in April and be due in May. Staff would continue to elicit potential pipeline projects to highlight in the application. Mr. Lengyel also noted that, since Civic San Diego did not receive an allocation in the 2017 round, Civic San Diego can revisit the pipeline projects in the previous application for inclusion as well.

Member Bartel asked about the timeline for application and awards. Mr. Lengyel stated he expected an announcement of awards between December 2018 and February 2019.

Motion: Member Roberts moved and Member Moss seconded a motion to recommend submittal of an application for the 2018 Round of NMTCs

Vote: The motion passed 6-0.

6. INFORMATIONAL ITEM – MARKETING OF THE NMTC PROGRAM

Mr. Lengyel discussed continued marketing efforts. He also noted staff is open to project recommendations from the advisory board, especially with regard to manufacturing projects with strong job creation potential. Related to that, some of the qualified census tracts have changed this year. One significant change is Otay Mesa, an area good for manufacturing, which as of August 2018 will no longer qualify. There is still a focus to make investments in the Promise Zone. Staff also plans to hold additional workshops to help maintain the project pipeline but may hold off until allocation availability is more certain. Staff may convene a broader finance workshop in the meantime.

For further marketing, planning for Linda Vista and North Park bus tours are in process. NMTC will be discussed as well as other tools Civic San Diego plans to deploy, such as the Smart Growth Fund for middle income housing. Also, staff continues to hold community Lunch & Learns.

Action: This item was informational only.

7. INFORMATIONAL ITEM – NON-AGENDA ITEMS

None.

8. **ADJOURNMENT** ~ The meeting was adjourned at 9:30 a.m.