

## MINUTES

### NEW MARKETS TAX CREDIT ADVISORY BOARD

#### MEETING OF

Thursday, April 5, 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 1:02 p.m.  
  
Board Members Present: Cruz Gonzalez, Jason Wells (via conference call), Diane Moss (via conference call), Tina Ngo Bartel (via conference call), and Joel Roberts (via conference call)  
  
Board Members Absent: Jody Wood, Rickey Laster  
  
Civic San Diego Staff: Assistant Vice President, Economic Development Michael Lengyel and Associate Project Manager Joanna Whitley; Chief Operating and Financial Officer Andrew Phillips, and Assistant Vice President, Neighborhood Investment Kristine Zortman
2. APPROVAL OF THE MINUTES FROM THE FEBRUARY 15, 2018 MEETING OF THE ADVISORY BOARD

**Motion:** Member Roberts moved and Member Moss seconded a motion to approve the minutes of the February 15, 2018 Advisory Board Committee meeting.

**Vote:** The motion passed 5-0

3. STAFF UPDATE ~ Michael Lengyel

Mr. Lengyel announced the recent retirement of Reese Jarrett as President of Civic San Diego. The NMTC program is moving forward with projects. A new request for \$10 million in funding for Ajinomoto Windsor (AWI) has come forward. At the last meeting the advisory board recommended up to \$13 million for KIPP Adelante subject to other projects coming forward with earlier closing dates. AWI is looking for a June close. KIPP had planned for a September closing on their project which includes a lease they have entered into with a purchase option at Market Creek Plaza. KIPP is currently going through permitting and entitlements and may be delayed until December. Living Rooms at the Border is on track to close in June, the budget is coming in at around \$8.5 million and will deploy old allocation and a portion of the new \$50 million allocation. Access Youth Academy (AYA) has selected Wells Fargo as Investor and they are working on bringing in leverage.

AYA would use \$12 million in allocation, AWI is requesting \$10 million, leaving approximately \$5.5 million in allocation for KIPP but they are looking for \$13 million. With support from the advisory board staff would look for a CDE partner for additional allocation to get that project fully funded and hopefully break ground the end of this year or early next year. KIPP is a national organization that has done three or four previous NMTC deals. Investors and CDEs recognize the name and know that it's mission driven. That should help in attracting the additional allocation. A reservation letter has not yet been issued to KIPP because we are beyond six months from the anticipated closing date.

If the AWI project moves forward to a closing, the LISC loan fund may need to be delayed. Staff would then request separate tranche specifically for the loan fund in the 2018 NMTC application. There is a separate section in the application for an innovative loan fund for deals under \$2 million.

Mr. Lengyel also mentioned the Vien Dong super market and Thrive projects in City Heights may be moving forward early next year. Both projects are considered "pipeline" at this point, as formal applications have not yet been received.

Out of the funds available, \$10 million is through the commitment prefunded last August with US Bank. AWI is clear they would use those funds. The anticipated June closing would ensure disbursement of those funds within the one-year timeframe. That would then open up KIPP to utilize any investor.

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

4. ACTION ITEM – RECOMMENDATION OF NMTC FUNDING FOR PROJECTS, Ajinomoto Windsor, Inc. (AWI) ~ Michael Lengyel

Mr. Lengyel provided a brief project description for the Ajinomoto Windsor project in Otay Mesa. Tyson's has closed operations of its Otay Mesa plant. AWI currently has an agreement with Tyson for some manufacture of its frozen foods on site. AWI has agreed to acquire the property and hire back some of Tyson's workers. Tyson's employees are being interviewed and AWI expects to hire 260 employees this month, an additional 80 next month, and 50 more by the end of the year. These are technically new jobs but can also be considered retention. The County and City council office are supportive of retaining these jobs. AWI has requested \$10 million in allocation. The approximately \$1.8 million subsidy provided by the NMTC allocation will allow AWI to add a third line of production with 80-100 additional jobs. A quarterly community benefits report will be required.

Member Bartel mentioned Rapid Response dollars available from Workforce Partnership that might be helpful to the workers and AWI. Ms. Whitley noted she has learned from South County EDC that Workforce Partnership has been in communication with workers regarding available resources. Mr. Lengyel suggested that, with advisory board recommendation, staff

could schedule a tour of the facility in coordination with South County EDC.

Due to the new census tract qualification criteria, the transaction would need to close prior to October 2018. Future projects/tranches of NMTC within that census tract would need to qualify based on targeted population.

**Motion:** Member Wells moved and Member Bartel seconded a motion to recommend up to \$10 million in allocation from the US Bank prefunded QEI for the project.

**Vote:** The motion passed 5-0.

#### 5. INFORMATIONAL ITEM – MARKETING OF THE NMTC PROGRAM

Mr. Lengyel discussed continued marketing efforts and suggests staff conduct workshops that are broad in subject matter. He also noted the recent Lunch and Learn in North Park that was well received. Member Gonzales expressed his desire to the NMTC Program spreading allocation throughout the city and getting our federal representatives involved.

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

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

Ms. Whitley noted she would be sending out the advisory board certifications for updates and signatures and requested they be returned to her promptly.

#### 7. **ADJOURNMENT** ~ The meeting was adjourned at 1:26 p.m.