Update
New Markets Tax Credits
Progress to Date

- Feasibility study has been completed and confirming memorandum received from special legal counsel.

- Scope of NMTC-financing increased, with estimated NMTC subsidy now $17.3m (net of closing costs).
Progress to Date

- NMTC investor has been identified and agreement with investor’s brokerage firm approved
- Negotiations with potential NMTC allocatees ongoing
- New District Facilities Corp established to facilitate NMTC transaction
Will there be “debt?”

- SOCCCD District General Fund = No

- SOCCCD District Facilities Corp = Yes with off-setting receivable (asset) held by District

- Bottom Line: no net liability on Consolidated Balance Sheet
Who is participating?

- Multiple entities involved in NMTC transaction:
  - Fund LLC (limited liability corporation)*
  - NMTC Investor
  - District
  - Community Development Entity (CDE)*
  - New District Facilities Corp

*Single purpose entities set for this NMTC transaction only
What the participants contribute

- Fund LLC: $58.48m NMTC investment in CDE
- NMTC Investor: $22.8m investment in Fund LLC ($17.3m for ATEP and $5.5m for transaction)
- SOCCCD: $35.68m “leverage loan” to Fund LLC ($12.5m for ATEP and $23.18m for transaction)
- CDE: $58.48m NMTC loan to Facilities Corp
What happens to the funds?

- Facilities Corp uses $58.48m NMTC loan to pay:
  (i) District $23.18m for ATEP site
  (ii) $5.5m transactions costs
  (iii) $29.8m for construction of Building #1 and other ATEP improvements (including $1.9m reimbursement to District for demolition costs)
Other Future Items

- Executable NMTC Transaction Term Sheet

- Resolution for Board approval of NMTC Transaction Term Sheet
Questions or Comments?