

**ZOOM MEETING OF THE BUSINESS AFFAIRS COMMITTEE
OF THE BOARD OF TRUSTEES
Community College of Philadelphia
Thursday, September 3, 2020 – 2:00 P.M.
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<https://ccp.zoom.us/j/96024077641>**

Present from the Trustees: Lydia Hernández Vélez, Esq., Chair, Mr. Harold Epps and Mr. Steve Herzog

Present from the Administration: Mr. Jacob Eapen, Mr. Gim Lim, Mr. Derrick Sawyer, Dr. Mellissia Zanjani, and Victoria L. Zellers, Esq.

Guests: Mr. Andre Allen, Principal, Phoenix Capital Partners, LLP
Mr. Noel Eisenstat, NMTC Consultant for CATC
Miska L. Shaw, Esq., Bond Counsel, Ahmad Zaffarese, LLC
Mr. Max Kent, Chief Operating Officer, New Courtland
Mr. Stephen Grimm, Director of Accounting & Asset Management, New Courtland
Mr. Michael DeMarco, Chief Financial Officer, New Courtland

AGENDA – PUBLIC SESSION

Ms. Hernández Vélez called the meeting to order at 2:01 P.M.

(1) Briefing from New Courtland Representatives Regarding Their Experience with the New Market Tax Credit (NMTC) (Information Item):

Mr. Eapen stated that based on the feedback that was received from the Trustees, staff requested that Mr. Eisenstat identify a non-profit that has worked with NMTCs. Mr. Eisenstat identified New Courtland which provides senior services in the Philadelphia community. Mr. Eapen introduced New Courtland representatives: Mr. Max Kent, Chief Operating Office, Mr. Stephen Grimm, Director of Accounting and Asset Management and Mr. Michael DeMarco, Chief Financial Officer. Mr. Eapen stated that a briefing from the representatives will help to get a better understanding of the structure, process and the non-profit set up for the NMTC.

Mr. Eisenstat provided a background on New Courtland which supports the needs for low-income individuals, particularly the elderly, in the areas of senior housing and healthcare. He stated that New Courtland has made most of its investments in healthcare. The New Courtland representatives were then asked to brief their experience with the New Market Tax Credit (NMTC) and the non-profit entity created to facilitate the NMTC transaction.

Mr. Kent stated that New Courtland has done four NMTC transactions which includes locations at Allegheny, St. Bart's Life Center, Henry Avenue and Pennypack. He mentioned that, with Mr. Eisenstat's guidance, New Courtland was successful in developing the NMTC organizationally and bringing in the investors for the tax credits. Mr. Kent stated that since New Courtland is a provider of healthcare services, the NMTC investment will benefit the community. He further stated that 80 jobs are created for every clinic that is built.

Mr. Epps asked how long the NMTC has been in existence. Mr. Eisenstat stated since 2001; and that it was one of the last bills to be passed by President Clinton. He explained that the first five years, the program had a completely different structure. For the last 13-14 years, the NMTC involves a leverage loan where investors make an investment in the amount of a tax credit and other capital to equal the amount of the allocation. Mr. Kent further explained that a special purpose entity is created for each NMTC deal; and in each case, there is a separate Board of Directors.

Mr. Grimm provided background on compliance. He stated that PIDC administers CDEs (Community Development Entities) that are involved in the structure of the NMTC. PIDC focuses on the number of new employees bought into the community and requests statistics on employees by their ethnicity, a breakdown of zip codes where the employees reside, salaries, and employees' skill levels. Mr. Grimm mentioned that New Courtland employees were van drivers, social workers, LPNs, RNs, and physicians. Typically, the statistics are reported on an annual basis. Mr. Eisenstat stated that in the case of the College, the College will report on employment status; student demographics; tracking students' success; and collecting data on local hiring and minority businesses. Mr. Eisenstat mentioned that the College has a good track record in compliance with the Economic Opportunity Plan (EOP).

Mr. Eisenstat explained that on the day of closing, the College will have an investment fund of \$22M out of the \$33.5M project. The College is required to spend the NMTC dollars (\$22M) within 18-24 months. After seven years, the College's debt is "extinguished." Mr. Eisenstat mentioned that the two CDEs involved in the College's project are URP (Urban Research Park) and Reinvestment Fund which have been long-standing NMTC investors.

Mr. Allen asked if the leverage loan portion is put in place after the "take out." Mr. Grimm stated that the leverage loan was executed at the closing of the transaction and a refinancing is planned at the "take out" of the structure, or after 7 years. There was an acknowledgement of the existence of a market risk as well.

Ms. Hernández Vélez thanked the New Courtland representatives and mentioned that her experience with New Courtland has been extremely positive when she served as the City's Deputy Managing Director for the Aging.

The meeting adjourned at 2:29 P.M.