

DRAFT

Minutes of Meeting of the Board of Directors of  
The Desert College Financing Corp.  
Palm Desert Campus

August 22, 2022

1. Opening Items

Dr. Christina Tafoya, Chair of the Board of Directors of the Desert College Financing Corp. (“DCFC”) convened a duly noticed regular meeting of the Board at 8:00 am. The meeting was conducted by teleconference per SB 361. In attendance were Chair: Dr. Christina Tafoya, interim Executive Vice President, College of the Desert; Board of Trustee representative: Trustee Ruben Perez, Chair of the Board of Trustees, Desert Community College District; Non-COD representative: Diane Ruben, Vice Chair COD Citizens Bond Oversight Committee; Non-COD representative: Luis Valentino, Superintendent – Coachella Valley Unified School District; Non-COD representative: Bryan Montgomery, City Manager, City of Indio. Counsel to the Board, Beth Bergman and Michael Allderdice were also in attendance.

2. Confirmation of Agenda

Upon motion made and seconded, the publicly posted agenda was approved and is attached hereto.

3. Public Comment

The public was invited to comment; no comments were received.

4. Information Items

Ms. Bergman reviewed for the Board the purpose that DCFC was formed, and its participation in the Child Development Center (“CDC”) NMTC transaction. The CDC is a \$25mm project for the construction of a separate building on the Indio Campus to serve as toddler and preschool classrooms, with support spaces, classroom and observation spaces. The NMTC financing will be for \$18.5mm, which will provide a net benefit to DCCD of approximately \$3.5mm. The parties to the NMTC financing are the investor, US Bancorp Community Development Corporation, the sponsor, DCCD, 2 “community development entities,” Border Community Capital Company, LLC and California Statewide Communities Development Corporation, and the borrower, DCFC.

Because a governmental entity may not be a borrower under the NMTC law, DCFC was created as a 501(c)(4) corporation and structured so that the DCCD does not control the DCFC; that is, only 2 of the 5 board members are affiliated with DCCD.

The activities of DCFC are (1) lease the site from DCCD, (2) sublease the site back to DCCD, (3) collect rent, (4) pay interest on the NMTC notes, and (5) hold at least 1 board meeting per year.

5. Action Items

The following officer was appointed: President – Dr. Tafoya.

As the borrower (the “QALICB”), DCFC will enter into (and has entered into) the following agreements:

NMTC Documents:

- a. CSCDC New Markets Fee and Expense Agreement: funds were withheld at closing to be used to pay CSCDC its expenses and an asset management fee;
- b. Community Benefits Agreement: DCFC and DCCD agree to report annually on the benefits to the community of the Child Development Center;
- c. Recapture and Environmental Indemnity: DCFC and DCCD agree to hold the investor harmless from an NMTC recapture and any claims of environmental damage;
- d. Contribution Agreement: USBCDC agrees to make (and has made) a \$75k contribution to DCCD.

Loan Documents:

- e. Loan Agreement;
- f. Promissory Notes (4 in the total amount of \$18.2mm);
- g. Leasehold deed of trust;
- h. Environmental indemnity;
- i. Bank account pledge and control agreements;
- j. Disbursing agreement (to pay the cost to construct the CDC).

Leases:

- k. Long term lease of the Site from DCCD (the equivalent of a sale – 55 years);
- l. Operating lease of the Site to DCCD (to use the site as intended).

Miscellaneous Documents

- m. Judicial reference agreement;
- n. Certificate in support of opinion;

- o. Board of Trustees Resolution approving the CDC NMTC transaction.

6. Adjournment

Upon motion duly made and seconded, the meeting was adjourned.

Respectfully submitted,

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Michael Alderdice, Acting Secretary