

Century City Redevelopment Corporation – New Market Tax Credit (NMTC) Investment

History October 2011:

1. RACM made two loans to Century City Investment Fund, LLC (CCIF), a single purpose entity, 100% owned by US Bankcorp CDC.
 - a. Leverage Loan A (LLA): \$10,781,015
 - b. Leverage Loan B (LLB): \$ 2,636,375
 - c. USB CDC purchased \$7,351,500 of NMTC (\$18.85 million allocation) for \$5,440,110 and invested this cash into CCIF.
 - d. CCIF accumulated \$18.85 million in cash to invest into
2. MEDC Capital Fund VI, LLC (CF VI) was formed and received the \$18.85 million NMTC Allocation investment from CCIF.
 - a. CCIF invested \$18.85 million into CF VI for 99.99% ownership interest.
 - b. MEDC invested \$1,885 for 0.01% ownership interest and managing member.
 - c. MEDC holds the Investment Fund Put and Call Agreement for CCIF.
3. MEDC Capital Fund VI made the following loans to Century City Redevelopment Corporation (CCRC):
 - a. Note A: \$10,781,015, matching LLA
 - b. Note B: \$ 2,636,375, matching LLB
 - c. Note C: \$ 5,432,610, matching tax credit equity
4. Throughout the 7-year compliance period:
 - a. CCRC paid interest (cash) to CF VI for Notes A, B, and C.
 - b. CF VI paid MEDC a Management Fee (cash) out of the interest
 - c. CF VI paid CCIF annual distributions (cash) from the remaining funds to CCIF.
 - d. CCIF paid RACM for LL A and B interest (cash).

Unwind October 2018 required after the 7-year compliance period:

1. CF VI assigns its Notes A, B, and C receivable from CCRC to CCIF for the 99.99% ownership in CF VI.
 - a. CCIF holds Notes A, B, and C receivable from CCRC.
 - i. Notes A, B, and C are amended to have CCIF as the Lender.
 - ii. This is a non-cash transaction
 - b. MEDC is now 100% owner of CF VI
 - i. MEDC completes final audit and tax return of CF VI and dissolves the entity.
 - ii. This is a non-cash transaction
2. MEDC assigns its Investment Fund Put and Call Agreement to RACM for \$0 Success Fee.
 - a. The Investment Fund Put and Call Agreement is amended to reflect this change.
3. RACM exercises it's Put right through a [Put Agreement].
4. USB CDC sells its ownership interest in CCIF to RACM for \$1,000 (cash).
5. RACM owns 100% of CCIF
 - a. Assets of Notes A, B, and C due from CCRC
 - b. Liabilities of RACM LL A and B
6. CCIF forgives Note C to CCRC
7. RACM cancels out [off sets] Notes A and B in payment of LL A and B.