

LADF

LOS ANGELES DEVELOPMENT FUND

**Meeting of the
Governing Board of Directors of**

The Los Angeles Development Fund

and

LADF Management, Inc.

January 8, 2015

**MEETING of the
GOVERNING BOARD OF DIRECTORS of
THE LOS ANGELES DEVELOPMENT FUND and LADF MANAGEMENT, INC.**

JANUARY 8, 2015

Tab Table of Contents

- 1** Board Meeting Agenda
- 2** Minutes of the following LADF Board Meeting(s):
 - August 1, 2013 – Governing Board Special Meeting
- 3** Materials regarding Discussion Item #1:
 - BOARD MEMO regarding LADF Equity Investment Strategy
- 4** Materials regarding Discussion Item #2:
 - LADF Pipeline Report
- 5** Materials regarding Action Item #1:
 - BOARD MEMO regarding RFP for External Audit and Tax Preparation
- 6** Materials regarding Action Item #2
 - BOARD MEMO regarding RFQ for Transactional Legal Counsel
- 7** Materials regarding Action Item #3:
 - BOARD MEMO regarding P.O. Contract for Accounting Services
 - DRAFT Purchase Order Contract 15-0001
- 8** Materials regarding Action Item #4:
 - BOARD MEMO regarding Amending Agreement with *Bergman & Alderdice*
 - DRAFT Second Amendment to Legal Services Agreement

9 Materials regarding Action Item #5:

- DRAFT Amendment to LADF's Articles of Incorporation

10 Materials regarding Action Item #6:

- BOARD MEMO regarding Attendance to San Diego NMTC Conference
- Novogradac San Diego NMTC Conference Agenda

Tab 1

A G E N D A

**MEETING of the GOVERNING BOARD OF DIRECTORS of
THE LOS ANGELES DEVELOPMENT FUND and LADF MANAGEMENT, INC.**

**CITY HALL, ROOM 1060
200 N. SPRING STREET, LOS ANGELES, CA
Thursday, January 8, 2015 | 3:00pm – 4:30pm**

	AGENDA ITEM	PRESENTER	TAB
1	Welcome and Call to Order	Rushmore Cervantes	
2	Roll Call	Rushmore Cervantes	
3	Approval of Minutes for Board Meeting(s) on: <ul style="list-style-type: none"> August 1, 2013 – Governing Board Special Meeting 		Tab 2
4	Discussion Items <ul style="list-style-type: none"> LADF Equity Investment Strategy LADF Pipeline Update 	Sandra Rahimi	Tab 3 Tab 4
5	Action Items <ol style="list-style-type: none"> Request for Approval of LADF staff to issue an RFP to identify an accounting firm to provide audit and tax preparation services to LADF and its subsidiaries Request for Approval of LADF staff to issue an RFQ to identify and pre-approve up to five law firms to provide legal services to LADF, including preparation and review of legal documentation for NMTC transactions Request for Authorization of the LADF President, or designee, to enter into a purchase order contract with Josie Diaz to provide accounting services for a 24-month period beginning on July 1, 2015 and ending on June 30, 2017 Request for Authorization of the LADF President, or designee, to amend the legal services agreement with Bergman and Allderdice to extend its term through August 20, 2017 and to increase the hourly fee rate from \$250 to \$300 Request for Authorization of the President and Secretary of LADF to execute an amendment to the Articles of Incorporation of LADF to update Board positions for CDD and LAHD to EWDD and HCID, respectively, and to file such amendment with the California Secretary of State Request for Approval of Sandra Rahimi and Chris Chorebanian to represent LADF at Novogradac's NMTC conference in San Diego on January 22 & 23, 2015 	Sandra Rahimi	Tab 5 Tab 6 Tab 7 Tab 8 Tab 9 Tab 10
6	Request for Future Agenda Items	Rushmore Cervantes	
7	Next Meeting Date and Time of Governing Board <ul style="list-style-type: none"> TBD 	Rushmore Cervantes	
8	Public Comment	Rushmore Cervantes	
9	Adjournment	Rushmore Cervantes	

The LADF's Board Meetings are open to the public. Accommodations such as sign language interpretation and translation services can be provided upon 72 hours notice. Contact LADF @ (213) 922-9694.

PUBLIC COMMENT AT LADF BOARD MEETINGS – An opportunity for the public to address the Board will be provided at the conclusion of the agenda. Members of the public who wish to speak on any item are requested to identify themselves and indicate on which agenda item they wish to speak. The Board will provide an opportunity for the public to speak for a maximum of three (3) minutes, unless granted additional time at the discretion of the Board. Testimony shall be limited in content to matters which are listed on this Agenda and within the subject matter jurisdiction of the LADF. The Board may not take any action on matters discussed during the public testimony period that are not listed on the agenda.

Tab 2

LOS ANGELES DEVELOPMENT FUND

MINUTES OF THE MEETING OF THE GOVERNING BOARD AND ADVISORY BOARD OF LADF AND LADF MANAGEMENT, INC
THURSDAY, AUGUST 1, 2013

LADF STAFF PRESENT:

- Sandra Rahimi
- Chris Chorebanian (*arrived at 1:55 pm*)

1. **WELCOME AND CALL TO ORDER** – Los Angeles Development Fund (LADF) Chairman Rushmore Cervantes called the meeting to order at 1:10 pm.

2. ROLL CALL

The following Governing Board directors were present:

Director Cervantes, Director Huber, Director Kalfayan.

The following Advisory Board directors were present:

- Director Espinoza [Sandra Rahimi: Only Director Espinoza is present for the Advisory Board so we do not have a quorum of the Advisory Board.]
- Director L. Williams [Sandra Rahimi: Let the record show that Director Libby Williams, the Chairperson of the Advisory Board, is present. The time is 1:15 pm. We do not have a quorum of the Advisory Board.]
- Director Thrash [Sandra Rahimi: Let the record show that Director Thrash is present. The time is 1:28 pm. We now have a quorum of the Advisory Board.]

3. DISCUSSION ITEMS

➤ **DISCUSSION ITEM 1 – REPLACEMENT OF GREG IRISH AS SIGNER ON ALL BANK ACCOUNTS FOR THE LOS ANGELES DEVELOPMENT FUND AND LADF MANAGEMENT, INC.**

- Sandra Rahimi: LADF policy requires two signers for every check. It would be prudent to have three signers so that there is a backup in case somebody is sick or on vacation when we need to make a payment. Currently the signers on the LADF checking accounts are Patty Huber, Rush Cervantes, and Greg Irish. Greg Irish is no longer on the Board so I think it behooves the Board to replace him. The other Board members, Karen Kalfayan or Jan Perry, would be the options for the third signer on the checking account.
- Patty Huber: I think part of the reason we thought it made sense to have Rush and Greg as signers with me as a backup is because Rush and Greg are in the same building where LADF offices are located. This should facilitate the payment process. Since she is now also in the same building as LADF, if Jan is amenable to being a signer, I think it would make sense for her to take on that role, unless Karen would like to do it.
- Karen Kalfayan: No, I agree with that. No, that's fine with me as long as she's willing to do it.
- Sandra Rahimi: Okay, so that'll be an Action Item for the next Board meeting.

➤ **DISCUSSION ITEM 2 – LADF PIPELINE UPDATE**

- Sandra Rahimi: Next I would like to provide an update because the Wattstar Project, which we anticipated closing, has run into an unexpected hurdle that will significantly delay closing. The Annenberg Foundation was guaranteeing the leveraged loan and that guarantee was what made the leverage loan possible. Yesterday morning Annenberg informed me that they are no longer going to be guaranteeing the loan. They said that they reviewed the debt service coverage and they no longer felt comfortable with their guarantee.
- Patty Huber: It's surprising because they were here advocating for the project.
- Sandra Rahimi: Right, and they've been involved for three years in the project.
- Rushmore Cervantes: Yes, and the numbers have not changed.
- Sandra Rahimi: Councilmen Buscaino's staff has called Annenberg and they have concluded that Annenberg will not change their mind. So WattStar is trying to find alternatives. The project may or may not move forward but it will not move forward with New Market Tax Credits unless they are able to find somebody else willing to guarantee a \$15 million leveraged loan. So WattStar is pretty much off the table for a quick close as far as LADF's pipeline goes. The application for the next round of tax credits has been issued. It is due September 18th, so that gives us six weeks basically to find and close a new transaction. That's not likely to happen with a New Market Tax Credit project. Sometimes there are projects out there that are large projects that didn't get all the allocation they needed but people

moved forward with it and a new CDE can join the closing at the last minute. I've asked but there are no projects like that out there right now. This will obviously affect our application because we will still have \$10 million in allocation remaining when we submit the application.

- Rushmore Cervantes: We had identified the two projects that LADF was moving forward with out of the four in our pipeline. The other two were saying they were ready as well, so have we contacted them for a status update?
- Sandra Rahimi: Yes. I have contacted both District Square and Lanzit, which were the two backup deals. District Square had stopped discussions with Target regarding the Tenant Operating Procedures agreement that is necessary to meet targeted populations regulations. They have not yet finalized the leases with the other four tenants either, but they expect those to be concluded in two or three weeks. They have requested that we give them the allocation without requiring the Tenant Operating Procedures but I explained to them that we can't because without this the project does not qualify for New Markets Tax Credits. They did not respond.
- Sandra Rahimi: Lanzit has worked out some of the issues with CDD but they still do not have a tenant, again, part of the issue being they had a potential tenant but the tenant needed both buildings.
- Karen Kalfayan: We didn't give them the allocation so they couldn't do both buildings.
- Sandra Rahimi: Correct. They have moved forward with CDD in closing the HUD 108 loan and beginning construction on one building on spec.
- Patty Huber: What's our realistic possibility now of actually receiving allocation next year if we're not going to have this \$10 million spent before the end of the year? That was our concern to begin with.
- Sandra Rahimi: Well, there's obviously no guaranties about what the CDFI Fund will do. Last year they pretty much gave awards to CDEs that had no allocation remaining, and that's what everybody is expecting will be necessary again this year to qualify. But there are a couple of elements that have changed. One is that the CDFI Fund is combining the 2013 and '14 rounds together. 2013 has \$3.5 billion appropriated from Congress. Obama's budget for 2014 includes a \$5 billion allocation so the fund is issuing the NOAA for this round with the expectation that they would be awarding \$8.5 billion in allocation next year assuming that they get the appropriation for the \$5 billion for 2014, in which case that's a lot of money so they might be less concerned about only awarding CDEs with no allocation left. LADF does have a record of good performance. Even if we have \$20 million remaining that would mean that of \$ 125 million we've gotten \$105 million deployed.
- But if they don't get that \$5 billion appropriated and they only have \$3.5 billion to award, it's harder to say. In our application, we won't be able to say that all the allocation we were awarded is deployed, and the Fund might go back to their idea of just awarding CDEs with no allocation left. However every time there's an application issued, there's a threshold date after the submittal deadline when the Fund checks to see how much everybody has left. There are certain required levels of deployment required to even qualify to apply for a new award, and they will be checking at the end of December. LADF has met this threshold requirement.
- Patty Huber: So we have a chance.
- Sandra Rahimi: Yes. Even if our narrative doesn't say that all our money is gone, if we close by December and we have no money left, they will be checking remaining allocation and will see that we don't have any allocation left, so that could factor into their award decision. However, I can't say which carries more weight, saying in your narrative that all your allocation is deployed or having your allocation fully deployed by the threshold check date.
- Patty Huber: So It's good to hear that all hope is not gone, then.
- Sandra Rahimi: Right. So it gets back to the issue of whether Lanzit or District Square, our back-up projects, are able to close by December.
- Rushmore Cervantes: Or we entertain other projects.
- Sandra Rahimi: Right. I wasn't able to prepare a presentation of new projects to consider because until yesterday I thought we were moving to close with WattStar. But there are two other potential investments. There's Seward, which is a project with HUD 108 money. They have been unable to attract sufficient allocation to close but with our allocation they could begin closing discussions, so that's one possibility.
- There's also another project that has the Mayor's support. It would also tell a great story for the city. It's called LA Prep Kitchen and it is basically an incubator for food preparation entrepreneurs. It's on 26th Avenue in CD1. They have a site in escrow and they are set to close by the end of September. Half of the site would be food preparation and cold storage space for small companies, such as those that make like salsa and such to sell at farmers' markets.
- The other half of the site would be leased to a non-profit entity called LA Kitchen, which is developing a program in LA based on the program they've been running in Washington, D.C. They provide food preparation training for youth aging out of the foster system and people that are leaving incarceration, or homeless people, or people from job training centers, those kinds of people, and then the food that they prepare is delivered to low-income seniors that are home-bound, so that is a possibility. LA Prep Kitchen is still working on a leverage loan, but they have several CDFIs that are interested in providing leveraged loan dollars. So Seward and LA Prep Kitchen would be the two that I think would be most likely to close by the end of December.
- Rushmore Cervantes: A couple of questions, Sandy. Since I've been on the Board, there's been no shortage of projects that claim to be ready to go to meet our timeline. First, how do we go about doing outreach to the business community to let them know that we do have New Market Tax Credits available, and second of all, if we're going to be entertaining projects, how can we strengthen our underwriting criteria to really determine readiness or not?
- Sandra Rahimi: Well, it's really hard to truly determine readiness in these kinds of projects because there are so many moving pieces. I mean, we do as much as we can as far as checking permits and the basic real estate due diligence. But even though New Markets Tax Credits is supposed to be the last piece of financing, often developers have a hard time getting the other financing sources to commit before the allocation is committed, or they don't want to spend a lot

of money on architects or contractors before all the financing is in place. But Annenberg changing its mind on WattStar was completely unpredictable. They had executed LOIs with Annenberg as guarantor and Northern Trust as Leverage Lender and Investor, and other key documents for over two years. Annenberg gave no hint that they were considering pulling out until yesterday morning. Lanzit, we know CDD has some issues with leveraging their money, so I think it's not so much an underwriting issue as just a general trend in the industry of people not wanting to commit or people feeling fine with changing their mind on commitments that they've made.

- Rushmore Cervantes: Well, I asked that because we could open it up to other projects but we may end up in the same boat once again when we get to November or December and we need to pull the trigger, and once again we're going to get three or four projects saying, "Well, we're almost there, we're almost there." I understand the complexity of these projects, and maybe I'm asking for too much to be able to actually have everything in order for us to make that decision.
- Sandra Rahimi: This has been an unusual past few months compared to the way things usually proceed. Normally I would present the pipeline to the board and if the board felt comfortable with the projects, I would issue a soft LOI. I would then give the board updates of the status of projects in the pipeline at each meeting and we would have discussions. Usually the Board wouldn't actually be making an investment decision until after the documents were in final form, like we are doing with La Kretz, where we've negotiated documents.
- Patty Huber: When we have a finished deal.
- Sandra Rahimi: Yes, when we have a finished deal and we know that things aren't going to change substantially—short of things like Wattstar where someone just all of a sudden pulls out at the last minute for no apparent reason and delays or kills the deal. So I think you've just been part of a unique experience; this hasn't happened in the past. In the past, we would have been talking about these deals for a while. At this point I wouldn't recommend committing again to any of these other projects. I would just tell the other projects, "We're interested. Let me know when you have overcome the hurdles and then I will update the Governing Board." We have the Advisory Board's opinion and input on the various projects. I recommend that we wait until one of them actually seems ready to go, and then we commit it. So I think you'll see a more typical process for whatever the next project is.
- And as far as the outreach, I've actually spoken to Kathy Godfrey, who's in Jan Perry's office. They have programs that they want to advertise among the community and the real estate developers, and so we've been talking about having some kind of seminar or open house, where we would present the New Markets Tax Credit program to the various groups that do economic development projects.
- Rushmore Cervantes: What about the Council offices?
- Sandra Rahimi: Yes, in the past I have reached out to the council offices sporadically. I would definitely consider reaching out to them again once the application is submitted, and I will be reaching out to them to get projects for the pipeline for the application. So yes, we will be exploring outreach programs for getting more recognition of the program. You know, it's a little tricky if we don't have allocation to be advertising that we have this program but we don't have any money right now, so it's a delicate line to walk.
- Rushmore Cervantes: But we have to do our due diligence to make sure we've got at least this \$10 million awarded.
- Sandra Rahimi: Yes.
- Patty Huber: But it's a constant problem because you don't know if you're going to have money, or in this case we know we're going to be out of money. It takes so long to develop these projects that you have to kind of develop them in anticipation of getting money but, you know, so it's kind of hard to get people's hopes up too high.
- Sandra Rahimi: So that's why I have stayed in contact with projects like Seward and La Prep Kitchen, because they seem likely ones that are moving forward and could get the allocation. And again, unfortunately the way the program works, it is likely that we are not the only ones with a project that fell out at the last minute. Citibank, who was providing allocation to WattStar, is also now looking, so they might find some other deal in Los Angeles and then they might call us.
- Rushmore Cervantes: Right. I would think we should also reach out to other CDEs to find out whether there are other potential projects.
- Libby Williams: Well, Sandy indicated that she has already contacted CDEs and there's nothing specific out there right now but you never know.
- Sandra Rahimi: Yes, I'm also talking to investors who know in general what's going on in the market, and the national CDEs that are active in our area, looking for options.
- Libby Williams: And members of the development community that are familiar with the program and know how to work New Market Tax Credits. It's a small group, and as long as you reach out to them and let them know, "Hey, we've still got allocation available," those are the soft ways in terms of getting the word out because there really isn't a real way to advertise the program. You can't really market the Chamber of Commerce, you know, it's not that kind of program.
- Tunua Thrash: And I've been getting calls from other entities that still have allocation so my sense is that there's a lull right now in potential deals. They make calls about "Where's the next deal" when there's money out there, right?
- Sandra Rahimi: Yes, it's a very cyclical situation.
- Karen Kalfayan: Do you think that with the improving economy there will be new projects out there?
- Sandra Rahimi: Well, one of the problems is that the New Markets Tax Credit program, as Director Williams was saying, is not really something that is easily advertised. You can meet and explain to your run-of-the-mill developer about this program but they're not really going to grasp the concept and the complexity of it, and there is a long lead time before a project is ready for funding. It's not going to be his Community Savings and Loan Bank that's going to give him the loan that's going to be leveraged to go into this project. He has to work with one of the larger banks and it

has to be a \$10 million-sized project so there are some constraints to using New Markets Tax Credits, and it takes time to identify projects and developers that can handle the program.

- Karen Kalfayan: But is this a trend? I mean, is it specific to Los Angeles, or is this happening all over the country?
- Sandra Rahimi: No, it's going on all over the nation. It's feast or famine. When the awards were first came announced, everybody said, "Oh, I'm fully committed. I'm not interested in any new projects." Now deals are falling through for various reasons and people are scrambling because now they have got to find a deal because this deadline's coming up. So, you know, it's just the way the program is managed by the Fund.
- Karen Kalfayan: So if everybody is experiencing the same thing, maybe it doesn't put us in a worse position than other CDEs for getting a new award.
- Sandra Rahimi: Possibly. Compared to people that actually got allocation this year, we're in a relatively good position because we already qualify. We only want to deploy the remaining \$20 million to make our story better, we don't need to do it to qualify for more allocation. CDEs that got allocation this past round have to deploy 30% of that allocation by the end of the year to qualify, which is a pretty big undertaking if you got, say, a \$40 million award this year.
- Karen Kalfayan: And some of their projects may provide opportunities for us because generally they also have maximums of what they're willing to provide to projects, and it's not unusual for several CDEs to partner on a deal to get the borrower what it needs.
- Sandra Rahimi: Yes. The main thing is to let everybody know that we are looking for a new investment, which I immediately did. I think that's the best way to try and meet the December deadline.

➤ **DISCUSSION on Action Item 4-3.**

- Sandra Rahimi: There is an action item before the board to approve a \$10 million sub-allocation for La Kretz. Total transaction cost is \$43 million, so we will have three partner CDEs and then the investor is also putting in some allocation from their CDE.
- It's the rehab of a 60,000 square foot building in the Art District. The property is currently owned by DWP but it will be transferred to a special purpose entity set up to be the QALICB that will own and develop the site, and then DWP will master lease the site back from that entity.
- DWP will operate a demonstration facility and administration area on the site, but the majority of the site will be used by the LA Clean Tech Incubator which has been operating since 2011 on a much smaller scale in a nearby site. Once the rehab is completed, the incubator will be leaving its current site and come to the subject site. The Clean Tech Incubator helps to establish and grow Clean Tech companies. People apply for a place, and the incubator screens them. If a company is accepted, the incubator offers advisory services and contacts, and just the synergy of having all the people there in the same spot is intended to help grow these businesses.
- They will also be having on the site 8,000 square feet of a non-profit offering job training for Clean Tech jobs. One of the groups they're talking to is Clean Tech Institute.
- They expect to have 78 jobs on site, 13 of which will be dedicated to hiring low-income people, although they expect to hire even more than the 13 but that's the minimum under the funds that they are using. And then they expect a total of 500 jobs over the 7-year period, and that is based on the incubated companies graduating and locating in the area and hiring new employees, which does count towards our job creation numbers.
- The rehab is expected to create 210 construction jobs, 80% of which will be union and 100% of which will be subject to Davis-Bacon wages. They also will be building to LEED gold standards and providing a public park for the community.
- The community benefits are on page 6 and 7 of the board memo.
- In addition to the community benefits, this project was chosen because of its readiness, but it has run into a hurdle that will slow the timing of closing. On page 13 is the project's timeline. One issue that has come up is that the transaction documents are not yet at a stage to be presented to City Council and DWP for final approval. Also, the transfer of the land from DWP to the subsidiary has to be approved by City Council, and that would be in form of an ordinance, and then they have to have a 30-day period for public comments before the ordinance can come into effect. Because of this new twist, the transaction is not likely to close prior to the September 18 application deadline. However, it will close before the December 31 threshold check date. I have asked Kelli Bernard from DWP to walk the Board through the timeline.
- Kelli Bernard: Thank you for having me. I am Kelli Bernard, Director of Economic Development for LADWP.
- Chairman Rushmore Cervantes: Good afternoon.
- Kelli Bernard: Last time I was here, we talked about the readiness of the project. We have secured all the other funding including Qualified Energy Conservation Bonds or portions of the QEC Bonds, which are not actually going into the project. So we have all of the funds ready except for the New Market Tax Credits, and as Sandy has explained, we have investors for the tax credits. We went to the LA DWP Board twice, once in December of 2012 and then just recently in June of 2013. At the June meeting the Board authorized the General Manager of DWP to sign all of the documents. We were then assigned a new City Attorney, and the new City Attorney thought that even if our general manager has the authority to sign most of the documents, the conveyance of the property from LA DWP to the QALICB, and the long-term nature of some of the indemnities and guarantees – I mean, these are seven-year guarantees – requires that the item go back before our Board. And if we are going to go back before our Board, they want the documents to be in final form, so the team is negotiating how final they need to be. In the meantime, we are reviewing the documents for the transaction. We are scheduled to go back before our Board on August 27th. I hesitate about the date because we are in the midst of transition with the Board of Commissioners.

We are trying to determine which LA DWP Board is going to be seated on August 27, the current Board or the new Board. But in any case, the plan is to have a Board seated for August 27th. We are also teeing up City Council so that it would go to City Council as soon as possible after the DWP meeting. Once we have the City Council approval, we must wait 30 days for public comments before it can be finalized. But approval any time after August 18th doesn't give us 30 days and still meet your deadline. So there are three options that we are pursuing to kind of work around the 30-day rule. One is to bifurcate the approvals. We could go to our Board as early August 6th and not take all the documents but just take the conveyance documents to the Board. We'll make that determination tomorrow if we can do that. If our executives can get comfortable, we will present the conveyance to the Board on August 6th, then we can go to the City Council, and then that will get the conveyance piece done soon enough to have the 30-day wait period and still meet your deadline.

- Karen Kalfayan: So the conveyance piece is the only part that needs to go to the City Council?
- Kelli Bernard: The conveyance piece is what's triggering the 30-day period.
- Karen Kalfayan: Right, but that's the only part that requires the Council approval? The rest is just Board approval?
- Kelli Bernard: It all requires DWP Board approval, but some of it may still have to go to City Council because it involves long-term contracts. We're trying to verify this, but the other documents wouldn't need the 30-day notice.
- Karen Kalfayan: But the Board has the ability to enter into an agreement.
- Kelli Bernard: Yes. Our Board has the ability to enter into it.
- Karen Kalfayan: So it's just the ordinance for the conveyance of property.
- Sandra Rahimi: Kelli, didn't you say that the guarantees that the DWP is going to sign have to go before City Council as well?
- Kelli Bernard: We're still determining if those are long-term enough but even if they have to go, Sandy, they don't trigger the 30-day notice.
- Karen Kalfayan: I was just trying to understand the timing and how City Council needs to be involved. An ordinance would usually trigger a 30-day period. You'd have to ask the City Attorney if there's an emergency clause, but I don't know that that would apply.
- Kelli Bernard: We've been told by Legal Counsel that there is a procedure to get an emergency waiver. We are trying to determine if it applies to this situation before our meeting.
- Kelli Bernard: So going back to the options. One is to bifurcate and get the conveyance done as quickly as possible, as early as August 6th so that we can then go to Council soon thereafter and meet the September 18th deadline. If that does not work, it's the emergency waiver. If that doesn't work, we're talking to our investors about pre-funding the project. They would hold the money in Escrow until the 30-day ordinance wait-period is complete. With the pre-fund, everyone could have the narrative in their applications. There are some concerns about a pre-fund because it requires either the investor or DWP to pre-fund, and I'm pretty sure that DWP is not going to be willing to pre-fund the total \$33 million and also there are constraints on the \$33 million. For example, some are CDBG dollars.
- Sandra Rahimi: And I've spoken to the investor, and I don't think they're going to be willing to pre-fund either, so I think option 3 is pretty much dead.
- Chairman Rushmore Cervantes: So if we have to go down the path of the 30-day ordinance waiting period, worst case, where does that put us as far as the timing of the close?
- Karen Kalfayan: Worst case is late September?
- Kelli Bernard: Yes, and the only problem will be that in terms of LADF's application, you won't be able to say this project is closed.
- Sandra Rahimi: Yes. It's not a question of whether the deal will eventually close. It's just that it's unlikely the deal will close before the application deadline, so in the application, we would have \$20 million in credits left from previous awards. But when they look at how much we have left at the end of December, hopefully we won't have anything, but in the worst case we would only have \$10 million.
- Karen Kalfayan: But if you have the approvals, if you're able to go to the Board on August 6th, then there actually is a chance that you'd close before the application is due.
- Sandra Rahimi: Yes. If they're able to bifurcate the process and get the ordinance started on August 6th.
- Karen Kalfayan: Then we should probably, to the extent that that's possible, work on that scenario so that we can make our deadline.
- Kelli Bernard: Oh, we already are working on that. I will say that this project has always been phased so that we could start construction with the funds in hand. BOE, I met with them this morning, and it looks like they're going to issue the notice to proceed on August 19th. So this is a project that will happen and we hope that LADF will continue to be a part of it.
- Karen Kalfayan: It's just, you know, we all hoped that we could get this closed before the end of the year – which I know we will, Kelli. My concern is that we don't want this holding us up from being awarded potential funds for next years. We know this project is going to through, that's not the issue.
- Sandra Rahimi: Are there any questions regarding the community benefits from the Advisory Board?
- Tunua Thrash: About the job training that will be provided on site, you mentioned an organization. Is there an agreement with that organization?
- Kelli Bernard: No. We have not identified who the tenant will be. We know the type of tenant, and one of the CDEs has that a job training component as part of their required community benefits, and they will contribute to the funding

of that job training. And it just fits into the framework of what the project is. LACI, the incubator, is working with the California Center for Sustainable Energy to determine what sort of job training needs to take place, so that study is happening now. As you know, DWPD has its own UPCT training program so we want to make sure that all of those efforts are coordinated, before we identify an entity to provide the job training. So we haven't decided that it's going to be DWP's Utility Pre-Craft Training Program or some other program. UPCT is a program DWP runs in conjunction with the International Brotherhood of Electrical Workers, and it trains potential workers to work in the utility field.

- Tunua Thrash: About how many training opportunities do you think there might be?
- Kelli Bernard: Well, the training program will be housed there indefinitely. I don't know how many classes are going to go through per year. We have not worked out the program.
- Sandra Rahimi: But it will be there at for the seven years of compliance.
- Tunua Thrash: Okay, and it could grow beyond even the type of companies that are in the incubator now. Is what you're saying?
- Kelli Bernard: Yes, but it should always be a nexus to the incubator. It's not designed just to provide employees for the companies in the incubator but it is designed to train students for Clean Tech industry jobs. Because many of the companies in the incubator are in the early stages they may not be ready to hire, so we will be identifying other Clean Tech companies with hiring needs.
- Rudy Espinoza: I think the project is awesome, and I'm excited about it. I'm hopeful. The only reservation that I have, which is not even a reservation really, is that I wish that we could have projects like this in Watts or Boyle Heights or the Northeast San Fernando Valley, but perhaps this will serve as the model for the rest of the city, you know.
- Tunua Thrash: Actually, I think the Harbor region wants to have an incubator there.
- Kelli Bernard: The Harbor region has the PortTech incubator, and they've been in lots of discussions with us to see how they can emulate our incubator with the support of the Harbor Department. In wearing my other hat, from the Mayor's office, this is a model of how we would like to see jobs grown in the city, and we are organizing ourselves around sectors so that we can take this sort of collaboration and move it throughout the city for various industries.
- Sandra Rahimi: Unless any Board members have any more questions, we have a request from the public to comment on this action item.
- Chairman Rushmore Cervantes: No, I don't see more questions from the Board. Thank you.
- Kelli Bernard: Thank you.
- Chairman Rushmore Cervantes: Thank you, Kelli.

➤ **PUBLIC COMMENT on Action Item 4-3.:**

- Sandra Rahimi: We have one request to make public comments on Action Item 4-3. Joyce Dillard, please.
- Joyce Dillard: I don't think this is a good project at all. It's got a lot of holes – the CRA, the Department of Finance never approved the transfer over. That presents a problem. I know they're talking lawsuit over there, see how that lands. You've got DWP, which is an agency of the city, with a financial statement and debt, who by charter has to own their land and now they are transferring the land to a nonprofit that has no relationship to DWP. I don't think it can be done. I think you're asking for a lot of trouble in that. It becomes speculative. They have to own their power assets if that's – you can't just use part of a financial statement with DWP. You have to use all of it. That's the way it works. And it becomes speculative, then, and not part of their power assets, so how will they classify it? A lot of us who don't like the rates going up, and they're going up quite a bit, is because DWP is in economic development with really no guaranteed returns. – And the jobs that you see, and I've been to several events with this group, may be jobs of manufacturing not in the City of LA. It's an incubator with college-educated young adults that I've seen who have hopes and dreams to build their business, but not here. So you may be placed in a low-income area, but you're not going to see any results in low-income employment unless you have a janitor or something else like that, so I don't think it's been vetted enough. I don't think DWP has vetted it enough, and even though I respect the General Manager, and we really do have a good General Manager at DWP, he's very knowledgeable in the industry, I think the technicalities of this will end up not flying. You're going to have a lot of people screaming, because I'll be on the phone tonight since they're not here and they knew I was coming. You just can't do that. You can't transfer assets back and forth. Even though you want to do it for New Markets Tax Credit, you can't take a city asset and transfer it to a nonprofit that's totally unrelated; and if the City Council passes that, they're going to not like it either because then it's time for investigations and things like that. So I think it's a very serious issue, and even though I think there's some benefit to New Markets Tax Credit, I think you need to scale down to smaller businesses. That's what it's all about, and all these big projects, you know, are not good, and when you force any kind of city funding into these projects, you're really crossing a line. You're a city-controlled, nonprofit, entity crossing a line into government-controlled projects so I think it's very ugly, and if this City Attorney goes for it, it's going to be ugly for him because there's a lot of people that don't like what's going on with DWP and the increased rates so, that's where it stands from those of us. Thank you.
- Chairman Rushmore Cervantes: Thank you. Any other speaker cards?
- Sandra Rahimi: No more requests to comment on La Kretz.
- Chairman Rushmore Cervantes: Great.

4. ACTION ITEMS

1. **ACTION ITEM 1 – APPOINT THE GENERAL MANAGER OF THE CITY OF LOS ANGELES ECONOMIC DEVELOPMENT DEPARTMENT (OR HER DESIGNEE) TO REPLACE THE GENERAL MANAGER OF COMMUNITY DEVELOPMENT DEPARTMENT OF THE CITY OF LOS ANGELES ON THE GOVERNING BOARD OF LOS ANGELES DEVELOPMENT FUND AND LADF MANAGEMENT, INC. THIS POSITION IS CURRENTLY HELD BY JAN PERRY.**

- Moved by Director Huber. Seconded by Director Kalfayan.
- Roll Call: AYES: 3; NOS: 0 ABSENT: 2; ABSTAIN: 0; APPROVED.

2. **ACTION ITEM 2 – APPOINT THE EXECUTIVE OFFICER FOR THE CITY OF LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT (OR HIS DESIGNEE) TO REPLACE THE EXECUTIVE OFFICER FOR THE CITY OF LOS ANGELES HOUSING DEPARTMENT ON THE GOVERNING BOARD OF LOS ANGELES DEVELOPMENT FUND AND LADF MANAGEMENT, INC. THIS POSITION IS CURRENTLY HELD BY RUSHMORE CERVANTES.**

- Moved by Director Kalfayan. Seconded by Director Huber.
- Roll Call: AYES: 2; NOS: 0 ABSENT: 2; ABSTAIN: 1; APPROVED.

3. **ACTION ITEM 3 – APPROVE \$10 MILLION SUB-ALLOCATION OF NEW MARKETS TAX CREDITS FOR THE LA KRETZ INNOVATION CAMPUS PROJECT**

- Moved by Director Huber. Seconded by Director Cervantes.
- Roll Call: AYES: 3; NOS: 0 ABSENT: 2; ABSTAIN: 0; APPROVED.

4. **ACTION ITEM 4 – APPROVE BUTLER SNOW AS NMTC TRANSACTION COUNSEL FOR WATTSTAR, YWCA JOB CORPS, FOOD4LESS, ONE SANTA FE, AND BOBRICK TRANSACTIONS**

- Moved by Director Huber. Seconded by Director Kalfayan.
- Roll Call: AYES: 3; NOS: 0 ABSENT: 2; ABSTAIN: 0; APPROVED.

6. REQUEST FOR FUTURE AGENDA ITEMS

- Sandra Rahimi: Future agenda items would be the vote for the third signature on LADF's accounts. Also for the next Board meeting I will submit information about the other projects that we could consider for closing before year end, hopefully by November.

7. NEXT MEETING DATE AND TIME

- TBD

8. PUBLIC COMMENT

- Rodney Shepherd provided an update on the status of the Lanzit Industrial project.

9. ADJOURNMENT

- Meeting was adjourned at 2:24 pm.

Tab 3

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, LADF Secretary
DATE: January 8, 2015
SUBJECT: LADF Equity Investment Strategy

SUMMARY AND BACKGROUND

As of November 30, 2014, the LADF had \$1,133,303 in unrestricted cash in its bank accounts, held at Wells Fargo Bank. Of this balance, only \$27,549 was held in an interest-bearing savings account, with the remainder held in a non-interest-bearing checking account.

Historically, most of LADF's unrestricted cash was held in its checking account so it is available for working capital needs. LADF's cash flow position has improved significantly over time. Using preliminary budget projections, LADF staff estimates that LADF would run at breakeven operations for 2015 on existing revenue sources alone. This represents LADF's *downside scenario*, which is that it is not awarded any allocation from its 2014 NMTC application and is unable to engage in new investment activity. Thus, LADF would only have existing, recurring revenue sources from its prior transactions to rely upon. In LADF's *upside scenario*, that is that it receives an allocation award and closes two NMTC transactions in 2015, LADF would generate an estimated budget surplus of \$430,000.

Since LADF's equity is not needed to cover working capital, LADF staff researched options for moving a share of its balances to accounts that bear interest or otherwise provide a return on investment. LADF staff has determined the two best options offered through Wells Fargo, which are discussed in detail below.

OPTION 1 – SAVINGS ACCOUNT

The first option presented here is to move capital from the LADF checking account to its interest-bearing savings account. As of November 30, 2014, LADF's savings account had a balance of \$27,549 and is providing a return of 0.08%. However, with a balance of \$100,000 or greater, the interest rate would increase to 0.15%.

Since funds are easily transferable between LADF's checking account and its savings account, LADF staff would move as much as \$700,000 of LADF's checking account balance into its savings account. This would provide LADF with an annual return of \$1,050 on the additional \$700,000 transferred into the savings account.

OPTION 2 – SHORT-TERM BOND STRATEGY (MANAGED ACCOUNT)

The second option is to move capital from the LADF checking account into a Wells Fargo investment account, which would be managed by Wells Fargo's investment advisory group. This would allow LADF to place its capital into investments that meet its needs while providing a greater return than with the savings account option. Beyond receiving an adequate return, LADF would require that its capital remain liquid and be placed in investments with low-risk profiles.

Upon discussion with Wells Fargo's investment advisory group, it was determined that their most conservative investment strategy would be appropriate for LADF. This strategy is focused in short-term bond investments – specifically in U.S. treasuries, corporate bonds, and municipal bonds – all with either AAA or AA rating. This strategy aligns with investors that are risk-averse and provides greater capital liquidity. With regards to risk, though investments are exposed to minimal credit risk from the

bond issuers, these high-rated bonds entail interest rate risk¹. With regards to liquidity, the Wells Fargo managed accounts allow the customer to easily divest its position (or invest additional capital). Should LADF need to access its invested capital, it would take approximately four days from notification for the funds to clear into LADF's checking account.

The minimum required balance to open a Wells Fargo-managed investment account is \$500,000. LADF staff would not invest more than this minimum requirement. This approach would allow LADF to maintain a significant reserve balance in its bank accounts. The expected annual return on the investment account is approximately 3%, or \$15,000 on an investment of \$500,000. This yield is not fixed and will vary depending on various market factors. The account would also be charged a management fee of 0.60%, or \$3,000 on an investment of \$500,000.

ATTACHMENTS

Wells Managed Portfolio Brochure (Asset Allocation Objective: Fixed Income – Short Term)

¹ Because the interest rate on the bonds is fixed at the time of purchase, if the Fed increases interest rates after our investment, the face value of our investments, i.e. LADF's principle investment, would be negatively affected. If LADF had to liquidate its position prior to bond maturity, LADF could lose principle.

Tab 4

LADF

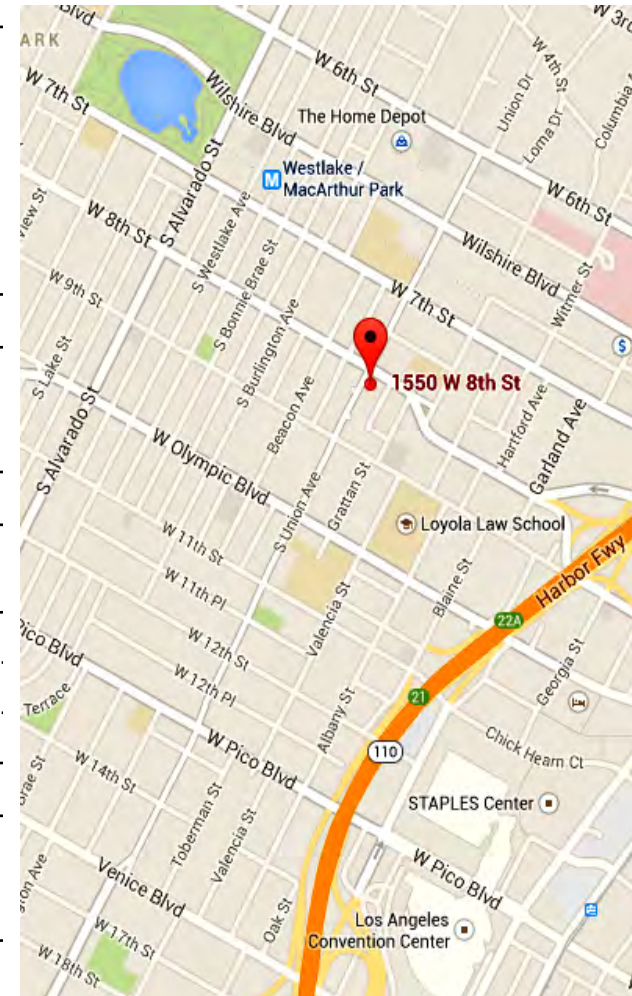
LOS ANGELES DEVELOPMENT FUND

PIPELINE PROFILES

LADF Board of Directors Meeting
January 8, 2015

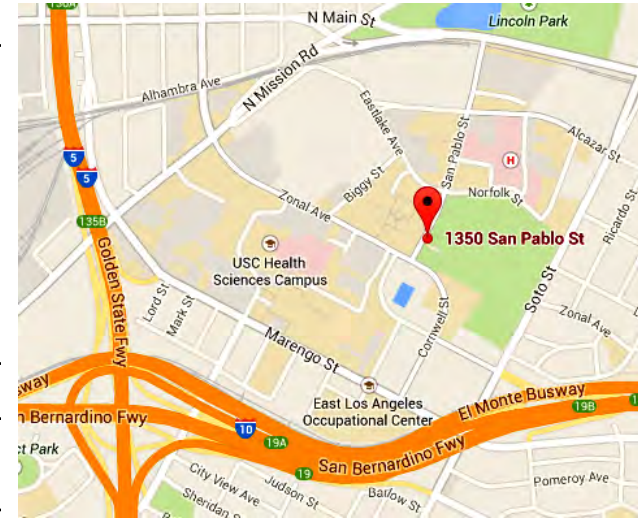
LEGAL AID FOUNDATION OF L.A.

Developer:	Legal Aid Foundation of Los Angeles (LAFLA)						
Project Type:	Class A Office, New Construction						
Description:	Project will demolish an existing 9,000 SF LAFLA location to build a 57,000 SF, 4-story building. The new facility will consolidate 2 other service locations into a modern & client-friendly HQ facility. LAFLA is the frontline law firm for poor & low-income people in LA, committed to equal access to justice for all. Through their 6 existing offices, 3 courthouse domestic violence clinics and 4 Self-Help Legal Access Centers, LAFLA serves as the first stop for thousands of people when legal problems threaten their homes, health, and livelihoods.						
Location:	1550 W. 8 th Street, Los Angeles, CA 90017 (CD 1)						
Census Tract Eligibility (2010):	<ul style="list-style-type: none"> ➤ 42.0% Poverty Rate (<i>greater than 30%</i>) ➤ 36.0% of Metro/State Median Income (<i>less than 60%</i>) ➤ 1.66x National Avg. Unemployment (<i>greater than 1.5x</i>) 						
Estimated TDC:	\$ 19,000,000						
Estimated NMTC Allocation:	Total QEI: \$19,000,000 LADF QEI: \$10,000,000						
Potential Sources of Funds:	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">Sponsor Equity:</td> <td style="text-align: right;">\$ 5,500,000</td> </tr> <tr> <td>Construction Loan :</td> <td style="text-align: right;">\$ 7,200,000</td> </tr> <tr> <td>NMTC Equity (\$0.85 / NMTC):</td> <td style="text-align: right;">\$ 6,300,000</td> </tr> </table>	Sponsor Equity:	\$ 5,500,000	Construction Loan :	\$ 7,200,000	NMTC Equity (\$0.85 / NMTC):	\$ 6,300,000
Sponsor Equity:	\$ 5,500,000						
Construction Loan :	\$ 7,200,000						
NMTC Equity (\$0.85 / NMTC):	\$ 6,300,000						
Projected Closing:	2015						
Current Status:	<ul style="list-style-type: none"> ➤ Sponsor controls site ➤ Preliminary design complete & entitlements approved (11/5/14) ➤ Expect to finalize plan check & receive permits end of Q1 2015 						
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Permanent Job Creation: Consolidate 85 FTEs Onsite – Expect to increase staff with additional capacity in new HQ facility ➤ Construction Job Creation : 150 ➤ Legal services provided to low-income persons ➤ New facility will enhance the capacity of services housed there 						



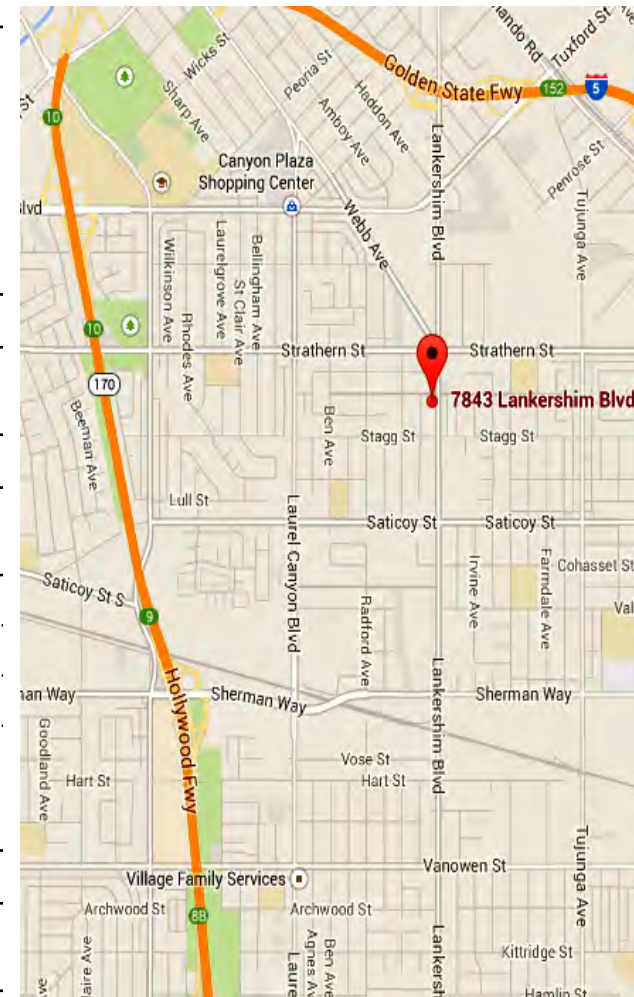
LEGACY LA

Developer:	Legacy LA						
Project Type:	Community Facility (Teen Center), Rehabilitation						
Description:	<p>Rehabilitation of a 35,000 SF building (former federal armory) in Boyle Heights. Project includes classroom & office spaces, computer labs, video/sound studio, academic counseling/tutoring rooms, industrial kitchen for culinary training, student-run cafe, theater, library, art studios/galleries, gym & basketball court, and other amenities.</p> <p>Legacy LA will provides services to the youth of the Ramona Gardens Housing Project. In the last 5 years Legacy LA served over 1,000 youth through gang intervention, leadership development, advocacy, workforce readiness and academic supports.</p>						
Location:	1350 N San Pablo St, Los Angeles, CA 90033 (CD 14)						
Census Tract Eligibility (2010):	<ul style="list-style-type: none"> ➤ 55.9% of Metro/State Median Income (<i>less than 60%</i>) ➤ 1.54x National Avg. Unemployment (<i>greater than 1.5x</i>) 						
Estimated TDC:	\$ 8,000,000						
Estimated NMTC Allocation:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 150px;">Total QEI:</td> <td>\$ 8,000,000</td> </tr> <tr> <td>LADF QEI:</td> <td>\$ 8,000,000</td> </tr> </table>	Total QEI:	\$ 8,000,000	LADF QEI:	\$ 8,000,000		
Total QEI:	\$ 8,000,000						
LADF QEI:	\$ 8,000,000						
Potential Sources of Funds:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 150px;">Sponsor Equity:</td> <td>\$ 400,000</td> </tr> <tr> <td>City of Vernon Grant:</td> <td>\$ 5,000,000 (30% disbursed)</td> </tr> <tr> <td>NMTC Equity (\$0.85 / NMTC):</td> <td>\$ 2,600,000</td> </tr> </table>	Sponsor Equity:	\$ 400,000	City of Vernon Grant:	\$ 5,000,000 (30% disbursed)	NMTC Equity (\$0.85 / NMTC):	\$ 2,600,000
Sponsor Equity:	\$ 400,000						
City of Vernon Grant:	\$ 5,000,000 (30% disbursed)						
NMTC Equity (\$0.85 / NMTC):	\$ 2,600,000						
Projected Closing:	2015						
Current Status:	<ul style="list-style-type: none"> ➤ Developer controls site by way of a 50-yr MOU with City of LA ➤ Developer is negotiating ground lease with City for greater control 						
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Job Creation/Retention: 10 Permanent – 50 Construction ➤ 50% of Permanent & Construction Jobs to be filled by low-mod ➤ Legacy LA will partner with other organizations to provide services to youth of Ramona Gardens (ex: local coffee house owner has committed to teaching youth to roast coffee) 						



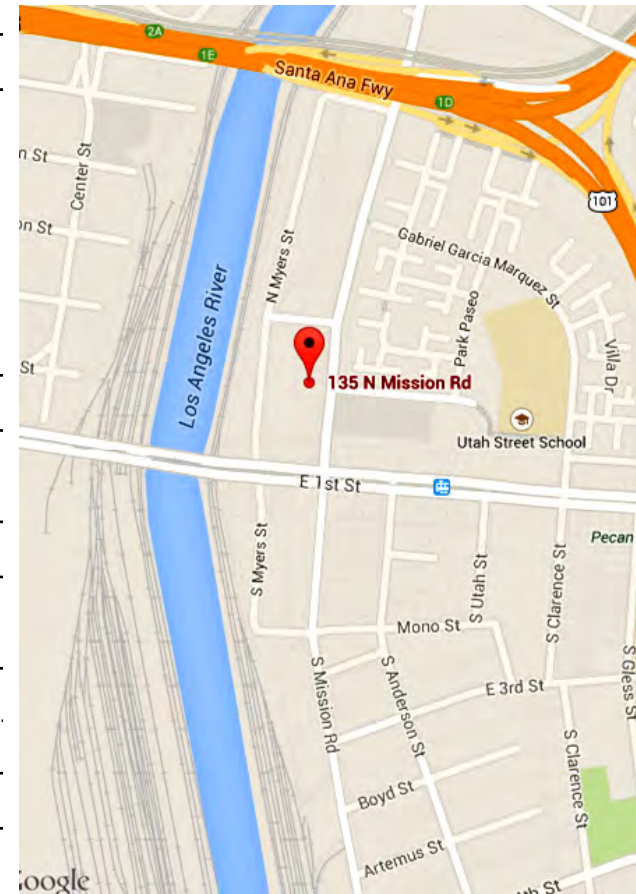
THE CAMPUS AT L.A. FAMILY HOUSING

Developer:	L.A. Family Housing (LAFH)												
Project Type:	Community Facility, Rehabilitation and New Construction												
Description:	Project will (1) rehabilitate an existing 30,000 SF facility and (2) demolish another existing structure to construct a new 26,000 SF facility. The project will be a one-stop social service and housing resource center for homeless individuals and families in the San Fernando Valley. Uses include a 7,100 SF federally qualified health care center including vision and dental care; 9,700 SF of office space for LAFH's headquarters; and 9,800 SF of social service space for employment counseling, legal advocacy, & housing resources.												
Location:	7843 Lankershim Blvd., North Hollywood, CA 91605 (CD 6)												
Census Tract Eligibility (2010):	Project will serve Targeted Populations ➤ Pursuant to Sect. 3.2(h)(v) of NMTC Allocation Agreement												
Estimated TDC:	\$ 32,000,000												
Estimated NMTC Allocation:	Total QEI: \$20,000,000 LADF QEI: \$10,000,000												
Potential Sources of Funds:	<table border="0"> <tr> <td>Sponsor Equity:</td> <td>\$ 3,500,000 (Land Value Contrib.)</td> </tr> <tr> <td>Donations/Contributions:</td> <td>\$ 10,000,000 (45% secured)</td> </tr> <tr> <td>NMTC Equity (\$0.85 / NMTC):</td> <td>\$ 6,600,000</td> </tr> <tr> <td>Other Sources (outside NMTC structure):</td> <td>\$ 6,000,000 (LIHTC)</td> </tr> <tr> <td></td> <td>\$ 5,000,000 (Public Funding Sources)</td> </tr> <tr> <td></td> <td>\$ 1,000,000 (Private Loan)</td> </tr> </table>	Sponsor Equity:	\$ 3,500,000 (Land Value Contrib.)	Donations/Contributions:	\$ 10,000,000 (45% secured)	NMTC Equity (\$0.85 / NMTC):	\$ 6,600,000	Other Sources (outside NMTC structure):	\$ 6,000,000 (LIHTC)		\$ 5,000,000 (Public Funding Sources)		\$ 1,000,000 (Private Loan)
Sponsor Equity:	\$ 3,500,000 (Land Value Contrib.)												
Donations/Contributions:	\$ 10,000,000 (45% secured)												
NMTC Equity (\$0.85 / NMTC):	\$ 6,600,000												
Other Sources (outside NMTC structure):	\$ 6,000,000 (LIHTC)												
	\$ 5,000,000 (Public Funding Sources)												
	\$ 1,000,000 (Private Loan)												
Projected Closing:	Spring 2016												
Current Status:	<ul style="list-style-type: none"> ➤ Sponsor controls site & preliminary concept design complete ➤ Entitlement package submitted & approvals expected May 2015 												
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Permanent Job Creation: 50 FTE Retained / 10 FTE Created ➤ LAFH will serve 2,000 more people and healthcare capacity will increase to 10,000 visits per year ➤ Housing: 50 new permanent units / 250 renovated shelter units 												



PROYECTO PASTORAL

Developer:	Proyecto Pastoral
Project Type:	Community Facility, Acquisition/Rehab
Description:	<p>New construction of a 5-story, 50,000-sf facility that can meet many community needs including: after school & summer services; early education/child care center; recreation/gym; commercial-community kitchen; training café; technology center; classrooms; and community meeting and office space.</p> <p>Proyecto Pastoral also operates youth education programs designed to address 69% high school dropout rate in 30-block target area of Boyle Heights (lead the Promesa Boyle Heights initiative).</p>
Location:	135 N Mission Rd, Los Angeles, CA 90033 (CD 14)
Census Tract Eligibility (2010):	<ul style="list-style-type: none"> ➤ 35.1% Poverty Rate (<i>greater than 30%</i>) ➤ 39.4% of Metro/State Median Income (<i>less than 60%</i>)
Estimated TDC:	\$ 12,000,000
Estimated NMTC Allocation:	Total QEI: \$ 12,000,000 LADF QEI: \$ 10,000,000
Potential Sources of Funds:	Donations (<i>campaign pending</i>): \$ 8,000,000 NMTC Equity (\$0.85 / NMTC): \$ 4,000,000 (<i>no commitment</i>)
Projected Closing:	2015
Current Status:	<ul style="list-style-type: none"> ➤ Developer owns site and operates in existing 9k SF building onsite ➤ Developer to begin raising capital through donations and grants ➤ Permitting and construction start expected in Fall 2015
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Job Creation: 35 Permanent – 150 Construction ➤ Permanent Jobs: 70% provide Living Wages, 100% provide full benefits, and 75% filled by residents of Low-Income Communities ➤ 100% of families served by project are low-income persons ➤ Project expected to serve 4,250 individuals annually ➤ Healthy foods component (15-20%) through kitchen and café



JORDAN DOWNS RETAIL/COMM. CTR.

Developer:	Primestor Development, Inc.
Project Type:	Retail and Community Center, New Construction
Description:	<p>Development of a 101,000 SF retail center with a grocery store and pharmacy as anchor tenants. Inline tenants will include soft goods retailers and restaurants.</p> <p>Project is part of redevelopment of Jordan Downs (a 700-unit public housing community) into a mixed-income, mixed-use environment with housing density up to 2,100 housing units. Over 14 acres of land designated for commercial uses such as retail/office/manufacturing.</p>
Location:	9901 South Alameda Street, Los Angeles, CA 90002 (CD 15)
Census Tract Eligibility (2010):	➤ 42.6% of Metro/State Median Income (<i>less than 60%</i>)
Estimated TDC:	\$ 30,000,000
Estimated NMTC Allocation:	Total QEI: \$ 30,000,000 LADF QEI: \$ 10,000,000
Potential Sources of Funds:	Sponsor Equity: \$ 5,100,000 Construction Loan: \$ 15,000,000 (<i>lender not identified</i>) NMTC Equity (\$0.85 / NMTC): \$ 9,900,000 (<i>no commitment</i>)
Projected Closing:	Summer 2015
Current Status:	<ul style="list-style-type: none"> ➤ Developer is seeking a lender to provide a construction loan ➤ Site is undergoing environmental clean-up ➤ Infrastructure improvements ongoing (i.e. Century Blvd extension)
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Job Creation: 220 Permanent – 120 Construction ➤ Project to implement local hiring, training & job readiness program ➤ Provide needed neighborhood-serving retail & community facility ➤ Fresh foods to be provided by grocery store anchor in a USDA designated Food Desert



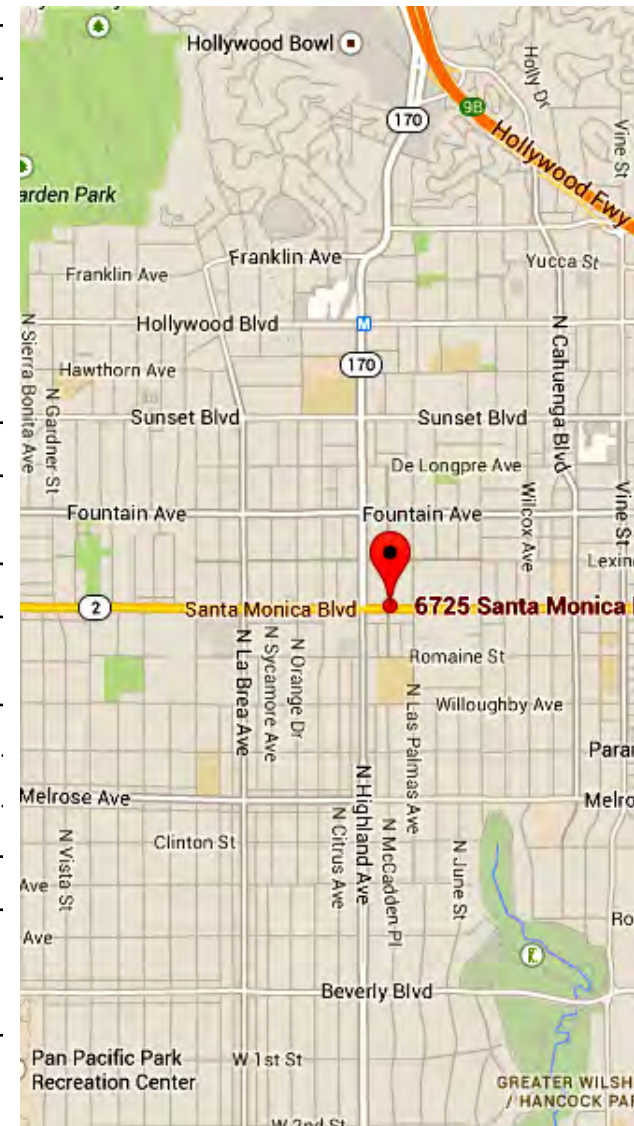
ROLAND CURTIS GARDENS COMMERCIAL

Developer:	Abode Communities
Project Type:	Community Facility, construction
Description:	<p>Construction of 8,000 SF commercial space within a mixed-use, TOD affordable housing project that will provide 140 affordable family rental homes. Commercial component will include a 6,500 SF FQHC to be occupied & operated by St. John's Well Child & Family Center. Services offered will include general primary medical care, well child services, voluntary family planning services, immunizations, gynecology services, diagnostic laboratory procedures, oral health services, mental health services, case management, preventative health education, and community outreach and education.</p> <p>The remaining 1,500 SF of commercial space is anticipated to be occupied by community serving retail.</p>
Location:	1077 W. 38 th Street, Los Angeles, CA 90037 (CD 8)
Census Tract Eligibility (2010):	<ul style="list-style-type: none"> ➤ 42.5% Poverty Rate (<i>greater than 30%</i>) ➤ 37.0% of Metro/State Median Income (<i>less than 60%</i>) ➤ 2.82x National Avg. Unemployment (<i>greater than 1.5x</i>)
Estimated TDC:	\$ 8,000,000
Estimated NMTC Allocation:	Total QEI: \$8,000,000 LADF QEI: \$8,000,000
Potential Sources of Funds:	Leverage Loan: \$ 5,400,000 (<i>capital campaign</i>) NMTC Equity (\$0.85 / NMTC): \$ 2,600,000 (<i>no commitment</i>)
Projected Closing:	2015
Current Status:	<ul style="list-style-type: none"> ➤ Sponsor controls site ➤ Capital campaign and RE predevelopment work underway
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Permanent Job Creation: TBD ➤ Comprehensive health services for 10,000 low-income individuals and families in the area.



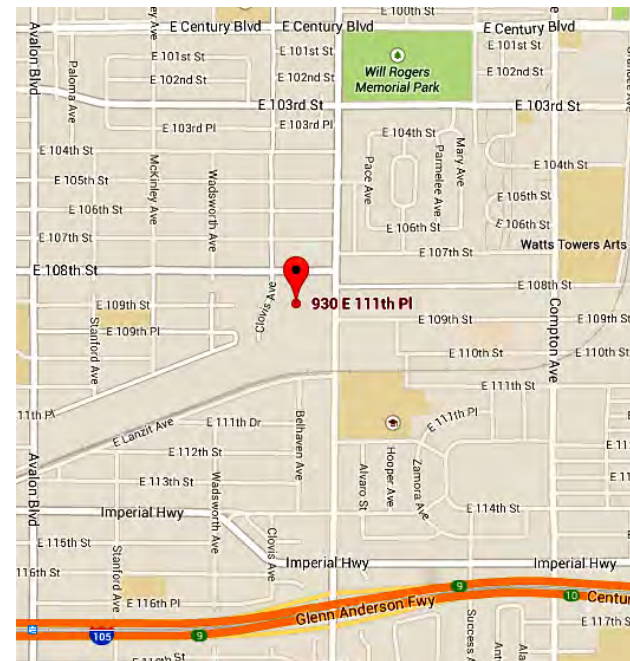
L.A. GAY AND LESBIAN CENTER

Developer:	L.A. Gay & Lesbian Center						
Project Type:	Community / Retail (w/ Affordable Hsg), Acquisition / Rehab						
Description:	<p>Project will provide ground floor retail and community space, with low-income housing for seniors on the upper floors. Sponsor operates 5 existing locations and provides the following services:</p> <p>Health: one of the nation's largest and most experienced providers of LGBT health and mental healthcare</p> <p>Social Services / Housing: (1) offer food, clothing, counseling, medical care and a wide range of services to help homeless LGBT youth; (2) help meet many of the basic and life-sustaining needs of the growing number of LGBT seniors; (3) one-on-one mentoring for LGBT youth and college scholarships, workshops and social activities</p>						
Location:	6725 W. Santa Monica Blvd., Los Angeles, CA 90025 (CD 4)						
Census Tract Eligibility (2010):	<ul style="list-style-type: none"> ➤ 74.0% of Metro/State Median Income (<i>less than 80%</i>) ➤ Located in a <i>State Enterprise Zone</i> and <i>Revitalization Zone</i> 						
Estimated TDC:	\$ 40,000,000						
Estimated NMTC Allocation:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Total QEI:</td> <td style="text-align: right;">\$ 40,000,000</td> </tr> <tr> <td>LADF QEI:</td> <td style="text-align: right;">\$ 10,000,000</td> </tr> </table>	Total QEI:	\$ 40,000,000	LADF QEI:	\$ 10,000,000		
Total QEI:	\$ 40,000,000						
LADF QEI:	\$ 10,000,000						
Potential Sources of Funds:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Sponsor Equity:</td> <td style="text-align: right;">\$ 11,700,000 (<i>land value contrib</i>)</td> </tr> <tr> <td>Donations:</td> <td style="text-align: right;">\$ 25,000,000 (<i>\$22mm raised</i>)</td> </tr> <tr> <td>NMTC Equity (\$0.85 / NMTC):</td> <td style="text-align: right;">\$ 13,300,000 (<i>no commitment</i>)</td> </tr> </table>	Sponsor Equity:	\$ 11,700,000 (<i>land value contrib</i>)	Donations:	\$ 25,000,000 (<i>\$22mm raised</i>)	NMTC Equity (\$0.85 / NMTC):	\$ 13,300,000 (<i>no commitment</i>)
Sponsor Equity:	\$ 11,700,000 (<i>land value contrib</i>)						
Donations:	\$ 25,000,000 (<i>\$22mm raised</i>)						
NMTC Equity (\$0.85 / NMTC):	\$ 13,300,000 (<i>no commitment</i>)						
Projected Closing:	Spring 2016						
Current Status:	<ul style="list-style-type: none"> ➤ Sponsor controls site; design development & entitlements ongoing ➤ Architects selected through competitive RFP process ➤ Entitlements documents to be submitted Feb/Mar 2015 for review 						
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Job Creation: 80 Permanent – 330 Construction ➤ Provide retail and community space to underserved community ➤ Address the need for social services and housing for a growing number of LGBT seniors 						



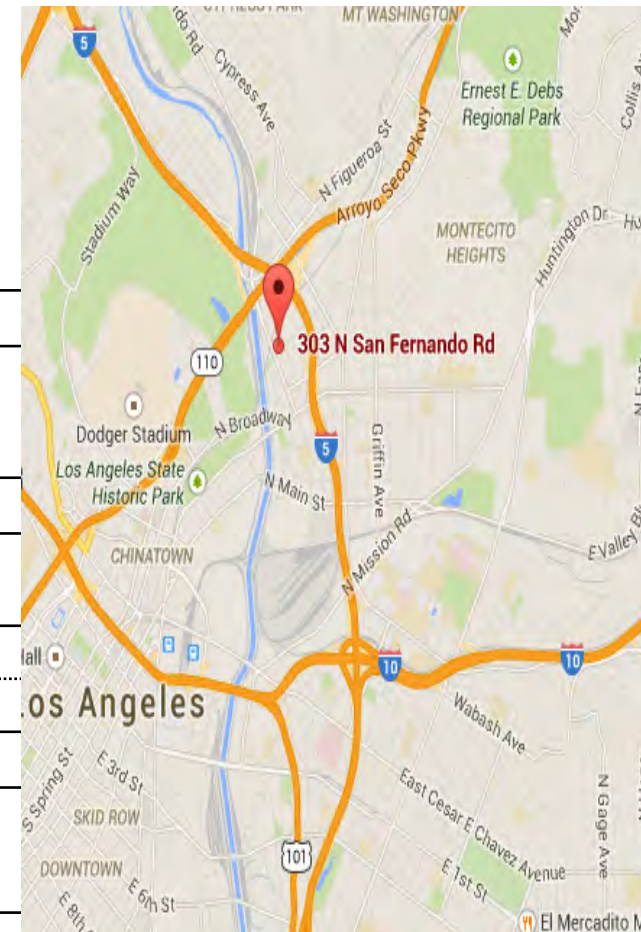
LANZIT CENTER

Developer:	Lanzit Industrial Park, LLC (RSS Development)						
Project Type:	Light Industrial and Office, New Construction						
Description:	150,000 SF Built-to-Suit Industrial Park, 9.1-acre lot Proposed Phase I – Bldg 2 [30,000 SF] and Bldg 3 [46,000 SF]						
Location:	930 East 111 th Place, Los Angeles, CA 90059 (CD 8)						
Census Tract Eligibility (2010):	<ul style="list-style-type: none"> ➤ 52.3% of Metro/State Median Income (less than 60%) ➤ 1.94x National Avg. Unemployment (greater than 1.5x) ➤ Located in a <i>State Enterprise Zone</i> and <i>Revitalization Zone</i> 						
Estimated TDC:	\$12,000,000						
Estimated NMTC Allocation:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Total QEI:</td> <td style="text-align: right;">\$12,000,000</td> </tr> <tr> <td>LADF QEI:</td> <td style="text-align: right;">\$10,000,000</td> </tr> </table>	Total QEI:	\$12,000,000	LADF QEI:	\$10,000,000		
Total QEI:	\$12,000,000						
LADF QEI:	\$10,000,000						
Potential Sources of Funds:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">CDBG R Grant:</td> <td style="text-align: right;">\$2,200,000</td> </tr> <tr> <td>HUD 108 Loan:</td> <td style="text-align: right;">\$6,000,000</td> </tr> <tr> <td>NMTC Equity (\$0.85 / NMTC):</td> <td style="text-align: right;">\$3,900,000</td> </tr> </table>	CDBG R Grant:	\$2,200,000	HUD 108 Loan:	\$6,000,000	NMTC Equity (\$0.85 / NMTC):	\$3,900,000
CDBG R Grant:	\$2,200,000						
HUD 108 Loan:	\$6,000,000						
NMTC Equity (\$0.85 / NMTC):	\$3,900,000						
Projected Closing:	TBD						
Current Status:	<ul style="list-style-type: none"> ➤ CDD's HUD 108 loan and CDGB proceeds have been funded. ➤ Project has received permitting to construct one building ➤ Developer is in negotiations with a project manager to complete the project through construction and leasing ➤ Phase I to begin on spec basis to entice tenants 						
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Job Creation: 171 Permanent – 65 Construction ➤ 51% of Permanent Jobs to-be-made available to low-to-moderate income persons 						



CLEAN WATER CAMPUS (L.A. RIVER)

Developer:	LA River Revitalization Corporation
Project Type:	Office, New Construction
Description:	<p>Project will provide 60,000 SF of office space, to-be-leased to the City of LA's Bureau of Sanitation. The project will also incorporate a ground-floor retail component.</p> <p>The proposed "Clean Water Campus" would set the stage for the revitalization of the Humboldt Street Corridor via the creation of a "City Campus" facility which could serve as a catalyst for further development of a sustainable, transit-accessible employment and jobs training center, while also potentially bolstering other residential, retail, and community serving opportunities.</p>
Location:	303 N. San Fernando Road, Los Angeles, CA 90031 (CD 1)
Census Tract Eligibility (2010):	<ul style="list-style-type: none"> ➤ 43.7% Poverty Rate (<i>greater than 30%</i>) ➤ 37.7% of Metro/State Median Income (<i>less than 60%</i>) ➤ 1.58x National Avg. Unemployment (<i>greater than 1.5x</i>)
Estimated TDC:	\$ 32,700,000
Estimated NMTC Allocation:	Total QEI: \$ 32,700,000 LADF QEI: \$ 10,000,000
Potential Sources of Funds:	Leverage Loan: \$ 22,000,000 (<i>Tax-exempt bonds</i>) <hr style="border-top: 1px dotted black;"/> NMTC Equity (\$0.85 / NMTC): \$ 10,700,000
Projected Closing:	2016
Current Status:	<ul style="list-style-type: none"> ➤ Pre-development stage ➤ Sponsor working to finalize and execute a project development agreement with the City of LA and Bureau of Sanitation
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Job Creation: 50 Permanent – 300 Construction ➤ Sponsor will partner with EWDD in onsite job training for professional advancement ➤ Sustainability: Aiming for LEED Platinum Design and Certification



WATTSTAR

Developer:	Wattstar Cinema & Educational Center, Inc. ("WCEC")	
Project Type:	Theatre and Educational Facility, New Construction	
Description:	36,000 SF development of a movie theatre and an education & training center. Theatre will have 4 screens and 1,000 seats. Education center will house WCEC's programs focused on teaching the technical & creative skills for a career in entertainment.	
Location:	10341 S. Graham Ave, Los Angeles, CA 90002 (CD 15)	
Census Tract Eligibility (2010):	<ul style="list-style-type: none"> ➤ 34.6% Poverty Rate (greater than 30%) ➤ 38.3% of Metro/State Median Income (less than 60%) ➤ Located in a <i>State Enterprise Zone</i> and <i>Revitalization Zone</i> ➤ Located in <i>Watts Cultural Crescent</i> 	
Estimated TDC:	\$26,100,000	
Estimated NMTC Allocation:	Total QEI:	\$20,000,000
	LADF QEI:	\$10,000,000
Potential Sources of Funds:	Northern Trust Lev. Loan:	\$15,500,000
	Grant Proceeds:	\$5,000,000
	NMTC Equity (\$0.75 / NMTC):	\$5,900,000
Projected Closing:	<i>TBD</i>	
Current Status:	<ul style="list-style-type: none"> ➤ CRA land transfer (Dec 2010), confirmed by Oversight Cmte (2012) ➤ Northern Trust has issued an LOI. Permits remain active. ➤ Seeking guarantor for leverage loan ➤ Additional commitments for allocation needed 	
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Education & training center will address high unemployment rate ➤ Theatre adds a needed arts amenity to the Watts community ➤ Job Creation: 35 Permanent (25 theatre, 10 other) – 274 Construc. ➤ Job training center to serve 80 individuals per year ➤ Warner Bros. committed to hire 50 students for permanent jobs 	



DISTRICT SQUARE

Developer:	Charles Company
Project Type:	Retail, New Construction
Description:	290,000 SF retail shopping center
Location:	3570-3670 Crenshaw Blvd, Los Angeles, CA (CD 10)
Census Tract Eligibility (2010):	➤ Targeted Populations (Sect. 3.2(h)(v) of Alloc. Agmt.)
Estimated TDC:	\$68,000,000
Estimated NMTC Allocation:	Total QEI: \$ 10,000,000 LADF QEI: \$ 10,000,000
Potential Sources of Funds:	Sponsor Leverage Loan: <i>Funded using 108 and CDBG</i>
	NMTC Equity (\$0.85 / NMTC): \$ 3,300,000
	Direct Sources of Financing:
	\$ 29,500,000 (WF Const. Ln) [Commitd] \$ 22,674,000 (Sect 108 Loan) [Apprv'd] \$ 6,000,000 (City Float Loan) [Apprv'd] \$ 3,500,000 (CDBG Grant) [Disbursed]
Projected Closing:	TBD
Current Status:	<ul style="list-style-type: none"> ➤ Proposed tenants: Target, Burlington Coat, Ross, Marshalls, Smart & Final ➤ Wells Fargo has provided a commitment letter for the Constr. Loan. ➤ Wells is the proposed NMTC Investor ➤ Tenant Operating Policy: outlines tenant requirements for targeted populations; presented to five proposed tenants, to-date none have agreed ➤ SNDAs have been sent to major tenants. There has been no status update yet.
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Job Creation: 600 Permanent – 430 Construction ➤ Provide needed retail services to an underserved community ➤ Developer partnering with a WorkSource Center ➤ Sustainability: Project intends to meet LEED Silver requirements



OTHER PROJECTS UNDER CONSIDERATION

➤ Digital Learning Academy (Sponsor – YWCA of Greater Los Angeles)

- Est. TDC: \$11,000,000
- Total QEI: \$11,000,000
- Expansion of an existing program that provides free academic instruction and job training to low income youth/young adults (ages 16-24) in a residential setting
- Program places low-income youth into digital field careers with high wage employment

➤ Children's Institute

- Est. TDC: \$16,000,000
 - Total QEI: \$16,000,000
 - Construction of a new state-of-the-art facility in Watts that reaches 5,000 children and caregivers a year in the state's highest-need community
 - Sponsor operates Otis Booth Campus – a 48,000 SF, \$22 million facility in the Rampart/Westlake area that serves as Sponsor's headquarters
-

Tab 5

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, LADF Secretary
DATE: January 8, 2015
SUBJECT: RFP for Audit and Tax Preparation Services

RECOMMENDATION

That the Los Angeles Development Fund ("LADF") Governing Board of Directors authorizes LADF staff to issue an RFP to identify an accounting firm to provide audit and tax preparation services to LADF and its subsidiaries.

SUMMARY AND BACKGROUND

In October 2009, LADF issued a Request for Proposal (RFP #003) to solicit services of qualified Certified Public Accountants to perform financial audits of and prepare tax returns for the LADF and its related entities. At its December 10, 2009 meeting, the LADF Governing Board awarded the contract for audit and tax services to Reznick Group.

LADF executed a purchase order (P.O. 09-0012) with Reznick Group in January 2010. With the expiration of the term of this purchase order, LADF will need to execute a new purchase order with a firm providing audit and tax services beginning with the 2015 Fiscal Year.

Staff is currently requesting approval to issue an RFP for the required audit and tax services. All sectors of the New Markets Tax Credits industry have evolved markedly since 2009, and the RFP is expected to yield favorable pricing for LADF's audit and tax service needs.

PROPOSED RFP

As LADF's auditor and tax preparer, the firm selected through the proposed RFP process will provide the following services: financial audits of LADF and its related entities (including preparation of audited financial statements with the auditors' opinion thereon), compliance audits, report on internal controls, and preparation and submission of City, State, and Federal tax returns for LADF and its related entities. The selected firm will also provide other tax, accounting and financial advisory services as requested by LADF.

The firm selected will enter into purchase order contract with the LADF. The term of the contract will be for two years and will include two 12-month extension options, which will cover LADF's audit and tax service needs through fiscal year 2018.

Section 5.2 of LADF's Procedures Manual requires that LADF solicit at minimum three firms for all RFQs/RFPs. The following is a list of the accounting firms LADF staff will solicit in the RFP. The RFP will also be posted on LADF's website.

1. **CohnReznick (formerly Reznick Group)**
Partner: Garrett Ushiyama
1900 Avenue of the Stars, 28th Floor
Los Angeles, CA 90067
Email: garrett.ushiyama@cohnreznick.com

2. **Novogradac & Co.**

Partner: Diana Letsinger
249 E. Ocean Blvd., Suite 900
Long Beach, CA 90802
Email: diana.letsinger@novoco.com

3. **Cohen & Co. (affiliate of Ariel Ventures)**

Christopher J. Madison
1350 Euclid Avenue, Suite 800
Cleveland, OH 44115
Email: cmadison@cohen CPA.com

RFP PROCEDURES

Timeline

January 12: Issue RFP
February 20: Responses Due
March 12: Staff recommendation to LADF Governing Board

Criteria for recommendation

Written proposals will be evaluated based on each firm's qualifications and experience with the New Markets Tax Credit (NMTC) program. Areas evaluated will include the firm's documented and demonstrated capabilities; qualifications and experience providing professional services of audit and tax preparation to other Community Development Entities (CDEs), particularly municipally-controlled CDEs and non-profit corporations; and, proposed costs for services.

Tab 6

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, LADF Secretary
DATE: January 8, 2015
SUBJECT: RFQ for NMTC Transaction Attorneys

RECOMMENDATION

That the Los Angeles Development Fund (“LADF”) Governing Board of Directors authorizes LADF staff to issue an RFQ to identify and pre-approve up to five law firms to provide legal services to LADF, including preparation and review of legal documentation for NMTC transactions.

SUMMARY AND BACKGROUND

In May 2009, LADF issued an RFQ to identify a pool of pre-approved **transaction attorneys** to assist LADF in closing NMTC transactions. At its July 9, 2009 meeting, the LADF Governing Board pre-approved three law firms to provide transactional legal services to LADF: Bergman and Allderdice, Kutak Rock, and Lane Powell. Purchase Orders were negotiated and executed with Bergman and Allderdice and Kutak Rock.

LADF has closed transactions using Bergman and Allderdice and Kutak Rock. In order to reduce closing costs for the QALICB, as an exception, LADF also closed one transaction using Nixon Peabody.

In 2013, the NMTC attorneys at Kutak Rock left the firm and joined Butler Snow. Since the pre-approval of Kutak Rock was based on the qualifications of these NMTC attorneys, this effectively reduced LADF’s pool of pre-approved attorneys with executed Purchase Orders to one firm.

Staff is currently requesting to increase the number of pre-approved **transaction attorneys**. When multiple transactions are closing simultaneously, attorneys can become overbooked and LADF staff finds identifying available attorneys from a limited pool challenging. Also, a limited pool of pre-approved attorneys impedes LADF’s ability to reduce closing costs for the QALICB by sharing attorney services with other CDEs committed to the transaction.

As LADF’s **general counsel**, Bergman and Allderdice will continue to provide on-going general advisory services to the LADF. Bergman and Allderdice provide LADF with guidance on general business and operational issues to ensure corporate compliance with all applicable agreements, laws, municipal code, and regulations with the CDFI Fund, IRS, Federal and State Agencies, and any other entities as required.

PROPOSED RFQ

As LADF’s **transaction counsel**, the firms selected through the proposed RFQ process will provide legal services on a transaction-by-transaction basis. Transaction services include: structuring and establishing for-profit subsidiary CDEs, LLCs and LPs, and preparing NMTC transaction/loan documents (including CDE operating agreements, QLICI loan agreements, security instruments, guarantees, and tax opinions). Transaction counsel will also negotiate on behalf of LADF and its subsidiaries and advise LADF regarding optimal structuring strategies for LADF-funded projects.

The law firms selected will enter into Agreements for Professional Legal Services (“Agreements”) with

the LADF. While transaction counsel is paid by the QALICB as part of transaction-related costs at the closing of each NMTC transaction, LADF will endeavor to negotiate Agreements with moderate hourly billable rates (\$400 per hour or less).

Section 5.2 of LADF's Procedures Manual requires that LADF solicit at minimum three firms for all RFQs/RFPs. The following is a list of the legal firms LADF staff will solicit in the RFQ. These firms include attorneys used by partner CDEs in transactions closed by LADF. The RFQ will also be posted on LADF's website.

1. Beth Bergman
Michael Allderdice
Bergman & Allderdice
1200 Wilshire Blvd., Suite 610
Los Angeles, California 90017
Email: bbergman@b-alaw.com
Email: mallderdice@b-alaw.com

2. A. Ann Hered
Thane Hodson
Butler Snow LLP
4600 South Syracuse
9th Floor
Denver, CO 80237-2719
Email: ann.hered@butlersnow.com
Email: thane.hodson@butlersnow.com

3. Sonia Nayak
Nixon Peabody LLP
555 West Fifth Street
Los Angeles, CA 90013
Email: snayak@nixonpeabody.com

4. Scott Lindquist
Marie Wadler
Dentons US LLP
233 South Wacker Drive, Suite 7800
Chicago, IL 60606-6306
Email: scott.lindquist@dentons.com
Email: marie.wadler@dentons.com

5. John Dalton
Corenia Burlingame
Bryan Cave
1155 F. Street, N.W.
Washington, D.C. 20004
Email: john.dalton@bryancave.com
Email: corenia.burlingame@bryancave.com

6. Neil S. Faden
Manatt, Phelps & Phillips, LLP
7 Times Square
New York, NY 10036
Email: nfaden@manatt.com

RPQ PROCEDURES

Timeline

January 12: Issue RFQ
February 20: Responses Due
March 12: Staff recommendation to LADF Governing Board

Criteria for recommendation

Written proposals will be evaluated based on each firm's qualifications and experience with the New Markets Tax Credit (NMTC) program. Areas evaluated will include the firm's documented and demonstrated capabilities; qualifications and experience providing professional services of general corporate and transaction counsel to other Community Development Entities (CDEs), particularly municipally-controlled CDEs and non-profit corporations; demonstrated experience documenting and closing NMTC transactions with various leveraging sources, primarily public funding sources; and, proposed costs for services.

Tab 7

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, LADF Secretary
DATE: January 8, 2015
SUBJECT: Enter into Purchase Order Contract for Accounting Services with Josie Diaz to Extend Services through June 30, 2017

RECOMMENDATION

That the Los Angeles Development Fund (LADF) Board of Directors authorizes the President, or designee, to enter into a purchase order contract with Josie Diaz to provide accounting services for a 24-month period beginning on July 1, 2015 and ending on June 30, 2017. The contract is not to exceed \$100,000 during this term.

SUMMARY AND BACKGROUND

LADF has contracted with Josie Diaz for accounting and bookkeeping services since December 1, 2010. In the third quarter of 2011, the scope of Ms. Diaz's services expanded to include producing unaudited financial statements for LADF's affiliated entities, which is a required reporting item by the tax credit investors in LADF's NMTC transactions. Prior to that time, LADF had contracted with Reznick Group, LADF's external audit firm, to produce the unaudited financial statements at a significantly higher cost.

LADF has closed nine transactions to-date, which have placed a total of 10 subsidiary CDE entities and two investment funds under LADF's management. LADF has agreed to provide quarterly unaudited financial statements to its investor partners for each of the 12 entities during their seven-year NMTC compliance periods. In addition to producing the quarterly statements for all 12 entities, Ms. Diaz also maintains the books for LADF and LADF Management, Inc.

The history of purchase order contracts entered into with Ms. Diaz is represented in the following table:

P.O. #	Period	Hourly Rate	Contract Max.	Actual Billings (approx)
10-0001	12/1/10 - 2/28/11 (3 mos)	\$75.00	\$10,000	\$10,000
10-0002	3/1/11 - 12/31/11 (10 mos)	\$75.00	\$15,000	\$11,000
10-0003	1/1/12 - 6/30/12 (6 mos)	\$75.00	\$15,000	\$11,000
10-0004	7/1/12 - 6/30/13 (12 mos)	\$75.00	\$50,000	\$23,000
10-0005	7/1/13 - 6/30/15 (24 mos)	\$80.00	\$100,000	Through 12/31/14: \$53,000 ¹

The full scope of services provided for in these purchase order contracts is as follows:

- Develop and monitor LADF's operating budget
- Manage LADF's bookkeeping (track cash inflows and outflows)
- Report regularly on LADF's and subsidiary CDE's financial position (quarterly/semiannually)
- Assist in preparing and/or contracting for audited financial statements
- Provide any other tax and accounting services as requested by LADF

¹ For the most recent purchase order with Ms. Diaz (P.O. 10-0005), it is projected that through its expiration date of June 30, 2015 the actual billings will total between \$70,000 and \$75,000.

CONTRACT TERMS

This requested purchase order contract will have a start date of July 1, 2015 and end date of June 30, 2017. This will extend Ms. Diaz's accounting services for 24 months beyond the June 30, 2015 expiration date of the current purchase order (P.O. 10-0005).

The scope of services will include one additional item to accurately reflect all the activities that Ms. Diaz is responsible for. This item will give Ms. Diaz responsibility for maintaining LADF's insurance policies, including Directors & Officers Liability, Workers' Compensation and other policies as requested by LADF.

The total amount for the requested purchase order is \$100,000 to cover the 24-month period ending on June 30, 2017. This amount will provide excess capacity that may be needed if LADF is awarded allocation in the spring of 2015, which would increase the need for Ms. Diaz's accounting services upon closing of additional transactions. The hourly rate for Ms. Diaz's services is to remain unchanged at \$80.

There is one change made to the "Termination for Convenience" provision in Section 10 of Exhibit A (LADF Terms and Conditions) to the purchase order contract. Previously, this section did not specify a time table for LADF to issue a Notice of Termination prior to the effective date of termination. Language will be added to the current form of Exhibit A requiring that a Notice of Termination be issued by LADF at least sixty (60) days prior to the effective date of a termination made under the Section 10 provision. This will apply only to termination without cause.

POLICY EXCEPTIONS

None.

ATTACHMENTS

LADF P.O. 15-0001 (DRAFT)



LOS ANGELES DEVELOPMENT FUND

PURCHASE ORDER

Purchase Order No.:	LADF 15-0001		
Date of Issue:	January 8, 2015		
Start Date:	July 1, 2015		
Completion Date:	June 30, 2017		
Vendor Name:	Josephine Diaz	Bill To:	
Vendor Address:	748 Groveton Avenue San Dimas, CA 91773	Accounts Payable Los Angeles Development Fund 1200 W. 7 th Street, 8 th Floor Los Angeles, CA 90017	
Vendor Contact:	Josephine Diaz		
Vendor Phone:	(909) 973-5673	Contract No.:	
Vendor Email:	jdiazwrks4u@msn.com	Project/RFP No.:	N/A
Vendor No.:	LADF-18	Purchase Order Total:	\$100,000.00
Fiscal Year(s):	2015-16, 2016-17		
Payment Terms:	NET 30 after receipt of invoice		
For questions about this Purchase Order please contact:	Sandra Rahimi (213) 808-8959 sandra.rahimi@lacity.org		

Scope/Description of Services:

As directed by Rushmore Cervantes, LADF President or his designee, Josephine Diaz shall: Provide Accounting / Bookkeeping Services to LADF for an amount not to exceed \$100,000.00, which includes, but is not limited to:

- Develop and monitor LADF's operating budget
- Manage LADF's bookkeeping (track cash inflows and outflows)
- Report regularly on LADF's and subsidiary CDEs' financial position (quarterly/semiannually)
- Assist in preparing and/or contracting for audited financial statements (must be submitted to CDFI Fund no later than 180 days after end of fiscal year)
- Process biweekly payroll for LADF employees
- Provide any other tax and accounting services as requested by LADF
- Maintain LADF's insurance policies, including Directors & Officers Liability, Workers' Compensation and other policies as requested by LADF

Time of Performance

Josephine Diaz (Consultant) shall provide services to LADF, as requested, starting July 1, 2015 through June 30, 2017, unless otherwise provided by written Purchase Order change hereto.

Consultant shall provide services at least one business day (eight hours) per week, unless otherwise mutually agreed upon.



LOS ANGELES DEVELOPMENT FUND

PURCHASE ORDER

Compensation:

Maximum compensation for satisfactory services performed, including allowable reimbursable expenses, shall not exceed \$100,000.00 in the 24-month period.

Method of Payment:

Consultant shall be compensated in accordance with the following schedule:

Hourly Rate: Josephine Diaz (Consultant) shall be compensated at the rate of \$80.00 per hour.

Mileage: Not applicable

Other Expenses: Expenses not specifically set forth herein which are incurred by the Consultant may be reimbursed provided that such expense(s) are documented and approved by the LADF Representative as being necessary, reasonable, and in proper conduct of LADF business.

Receipts: Receipts are required for all expenses.

Maximum Compensation payable to Consultant for satisfactory completion of the professional services set forth herein and reimbursement of out-of-pocket expenses shall not exceed the amount shown in the Purchase Order total section above.

Terms/Conditions:

Consultant shall comply with the Terms and Conditions attached hereto as Exhibit "A" and by this reference incorporated herein except that Article 3, Insurance, in the attached Terms and Conditions are not applicable and are hereby replaced with the following:

3. Hold Harmless Provision

It is understood and agreed that the Consultant is not an employee of the Housing and Community Investment Department of the City of Los Angeles (HCID) or LADF and is solely responsible for the payment of self-employment taxes such as (by way of example only) Federal and State Income Taxes, Social Security contributions (FICA), unemployment and disability insurance charges and any similar costs based on earnings. The Consultant shall indemnify HCID and LADF against such costs including any interest or penalties imposed for non-payment or non-timely payment by the Consultant.

The Consultant agrees to assume the risks of injury or illness which may be associated with the Consultant's activities under this Contract and waives any claim to worker's compensation, employer's liability, or other employee benefits from the HCID or LADF. The Consultant further agrees to waive all rights of recovery and to release and forever discharge the HCID, LADF, and the City of Los Angeles from liability for any bodily injury, illness or disease which may be incurred by the Consultant in the performance of this Contract, except as may arise from the gross negligence or willful misconduct of HCID or LADF.

PURCHASE ORDER

LADF President

Authorized Vendor Representative

This order, including the terms and conditions contains the complete agreement between LADF and Vendor for the goods and/or services specified by this order. This Order may be accepted only upon the terms and conditions specified on the attached exhibit unless otherwise stated on this order.

DRAFT

Tab 8

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, LADF Secretary
DATE: January 8, 2015
SUBJECT: Second Amendment to Legal Service Agreement with Bergman and Allderdice to Provide General Corporate and Transaction Legal Services to the LADF

RECOMMENDATION

That the Los Angeles Development Fund (LADF) Board of Directors authorizes the President, or designee, to amend the legal services agreement with Bergman and Allderdice to extend its term through August 20, 2017 and to increase the hourly fee rate from \$250 to \$300.

SUMMARY AND BACKGROUND

In May 2009, the Los Angeles Development Fund received statements of qualifications in response to Request for Proposals (RFP 002): General Counsel. The scope of work for selected firms was to include legal advisory services for establishing organizational policies and procedures, as well as for the closing of NMTC transactions. In June of 2009, the LADF Governing Board of Directors approved three firms to provide professional legal services to LADF, one of which was Bergman and Allderdice.

On August 20, 2009, LADF entered into a legal services agreement with Bergman and Allderdice for a term of two years and an hourly fee rate of \$250. During this time, Bergman and Allderdice has provided valuable support to LADF in preparing and filing documents related to its 501(c)(3) nonprofit and CDE statuses, in addition to other general counsel services. Bergman and Allderdice has also participated in discussions for potential NMTC transactions as LADF's counsel.

The term of the original contract with Bergman and Allderdice expired on August 20, 2011. In its meeting on March 8, 2012, the LADF Board of Directors approved an amendment extending the contract through August 20, 2013.

LADF has continued to receive legal advisory services from Bergman and Allderdice since the maturity of the first amendment to the agreement. Extending the agreement will formalize the continuation of Bergman and Allderdice in their role as LADF's organizational counsel and as one of LADF's transactional counsels.

About the Firm: Bergman and Allderdice

Bergman and Allderdice is a local, women-owned law firm founded by Beth Bergman in 2005. The firm has experience in nonprofit law, public and private development and real estate financing transactions. The firm specializes in the area of economic and community development law, including most importantly New Markets Tax Credits. Bergman and Allderdice has provided CDE counsel services to other clients including Clearinghouse CDFI, Strategic Development Solutions, and San Francisco Community Investment Fund, the CDE managed by the City of San Francisco.

For more information on Bergman and Allderdice, please visit <http://www.b-alaw.com>.

CONTRACT TERMS

The proposed second amendment to the legal services agreement will provide for the following terms:

- Extend the contract period, as amended, by four years through August 20, 2017
- Increase hourly fee rate from \$250 to \$300

The hourly fee rate has remained unchanged at \$250 since 2009 at the beginning of the contract period. Considering this five-year time span of receiving services at the same rate, a \$50 increase in 2015 would represent a 3% imputed annual increase to the hourly rate.

POLICY EXCEPTIONS

None.

ATTACHMENTS

None.

**AMENDMENT TO THE
AGREEMENT FOR PROFESSIONAL LEGAL SERVICES**

This **AMENDMENT TO THE AGREEMENT FOR PROFESSIONAL LEGAL SERVICES** (this “**Amendment**”), Contract Number LADF2009-03, is entered into as of January __, 2015, by and between the LOS ANGELES DEVELOPMENT FUND, a California nonprofit public benefit corporation (“**LADF**”) and BERGMAN AND ALLDERDICE, a California general partnership (“**Counsel**”) with reference to the following:

RECITALS

WHEREAS, LADF and Counsel entered into an Agreement for Professional Legal Services dated August 20, 2009, which agreement was amended as of March 8, 2012 (as amended, the “**Agreement**”).

WHEREAS, Section II.A. of the Agreement, Period of Performance, provides that the Agreement expires on August 31, 2013, “unless terminated earlier under the provisions of this Agreement or otherwise extended by amendment hereto.”

WHEREAS, Section V.A. of the Agreement, Fees, provides a schedule of fees for services performed.

WHEREAS, by this Amendment the parties wish to extend the term of the Agreement and to amend the schedule of fees.

NOW, THEREFORE, in consideration of the promises, covenants, terms and conditions contained herein, the parties hereby agree as follows:

1. Period of Performance. The Agreement is hereby extended until August 31, 2017, unless terminated earlier under the provisions of the Agreement or otherwise extended by an amendment thereto.
2. Fees. Section V.A. of the Agreement, Fees, is amended in its entirety to read as follows:

LADF shall pay Counsel for services performed pursuant to each LADF Legal Services Order/Purchase Order issued for specific transactional or litigation matters. Counsel's fees shall be based upon the time reasonably expended to render the required services within a fraction thereof to the tenth of an hour and shall be computed at the following rates:

Partners:	\$300.00 per hour
Associates:	\$275.00 per hour
Of Counsel:	\$300.00 per hour
Paralegal:	\$110.00 per hour
Secretarial:	\$0.00 per hour

Such rates shall include the usual overhead costs incurred by Counsel and shall remain in effect for the term of this Agreement. Counsel will not be paid for time spent in travel nor reimbursed for costs of travel, except as specifically approved by the LADF.

3. Impact of Amendment on Agreement. Except as specifically amended by this Amendment, all provisions of the Agreement shall remain in full force and effect.

[Signature page follows]

DRAFT

IN WITNESS WHEREOF the parties have caused this Amendment to be executed by their respective, duly authorized representatives.

LADF:

THE LOS ANGELES DEVELOPMENT FUND,
a California nonprofit public benefit corporation

By: _____

Name: _____

Its: _____

Date: January __, 2015

COUNSEL:

BERGMAN AND ALLDERDICE

By: _____

Name: _____

Its: _____

Date: January __, 2015

City Business License Number: 0002311234-0001 -3

Internal Revenue Service ID Number: 20-8020375

Contract #: LADF2015-____

Tab 9

**CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION**

The undersigned certify that:

1. They are the **President** and the **Secretary**, respectively, of The Los Angeles Development Fund, a California nonprofit public benefit corporation.
2. Article VI, Section 1 of the Articles of Incorporation of this corporation is amended to read as follows:

The management and direction of the business of the Corporation shall be vested in its Board of Directors (the "Board") which shall consist of the following five (5) persons or their designees: (i) the General Manager of the Economic and Workforce Development Department of the City of Los Angeles; (ii) the General Manager of the Housing and Community Investment Department of the City of Los Angeles; (iii) the Chairman of the Industrial Development Authority of the City of Los Angeles; (iv) the Chief Legislative Analyst of the City of Los Angeles; and (v) the City Administrative Officer of the City of Los Angeles.

3. The foregoing amendment of the Articles of Incorporation has been duly approved by the board of directors.
4. The corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: January __, 2015

Rushmore Cervantes, President

Sandy Rahimi, Secretary

Tab 10

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, LADF Secretary
DATE: January 8, 2015
SUBJECT: Novogradac & Co.'s NMTC Conference in San Diego on January 22 & 23, 2015

RECOMMENDATION

That the Los Angeles Development Fund (LADF) Governing Board of Directors authorizes Sandra Rahimi and Chris Chorebanian to represent LADF at Novogradac's NMTC conference in San Diego on January 22 & 23, 2015. Cost for the conference attendees would be paid from LADF's marketing budget.

SUMMARY AND BACKGROUND

Novogradac & Co. is one of the two largest CPA firms in the NMTC industry. Its conferences are well attended by all categories of industry experts and staff attendance will provide invaluable marketing opportunities for the LADF. The conferences are attended by developers, investors, CDFI Fund staff and other NMTC allocatee partners. The conferences also provide up-to-date information on the status of the NMTC program and industry best practices. They are also a great opportunity to hear about projects and build relationships with the potential partners active in the NMTC world. LADF has developed a presence at these industry conferences, where LADF representatives often attend several meetings to voice City support of projects located in Los Angeles. This industry exposure resulted in a very strong LADF pipeline for the most recent 2014 NMTC application round.

Cost

The main conference is officially scheduled for January 22nd and 23rd, inclusive; many networking events are scheduled for January 21st, the evening before the main conference's official commencement, so Ms. Rahimi and Mr. Chorebanian would require two nights of hotel (21st and 22nd) and two days of travel (21st and 23rd). They would attend the conference and networking events on behalf of LADF. The total cost for the San Diego conference is currently estimated at \$2,998, calculated as follows:

Sandra Rahimi:

Conference fee	\$595
Mileage ¹ (135 miles each way @ 57.5 cents/mi)	155
Hotel (discounted conference rate: \$259+tax)	584
Parking (\$30 per day)	60
Per diem ²	105
TOTAL	\$1,499

Chris Chorebanian:

Conference fee	\$595
Mileage ¹ (135 miles each way @ 57.5 cents/mi)	155
Hotel (discounted conference rate: \$259+tax)	584
Parking (\$30 per day)	60
Per diem ²	105
TOTAL	\$1,499

¹ Based on IRS Standard Mileage Rates (rev 12/10/2014) for business miles driven

² Based on U.S. General Services Administration per diem amounts (rev 10/1/2014) for meals and incidental expenses in San Diego (excluding breakfast for both conference days and lunch on the day of the full conference)

DISCUSSION

At the conference, QALICBs and consultants will be discussing projects in anticipation of award announcements in April or May of 2015. The conference will expose LADF to additional City of Los Angeles projects beyond its current pipeline. These projects will provide alternatives if the projects in LADF's pipeline stall and to build a future pipeline in the event LADF is awarded additional NMTC.

In the event LADF is not awarded additional allocation, investors, QALICBs and consultants have requested that LADF staff assists in promoting projects in the City of Los Angeles. Such promotion by a local CDE is especially important for sourcing allocation from national CDEs that are not necessarily aware of the needs of our communities. LADF, as a CDE controlled by the City of Los Angeles, adds additional value in these efforts. This conference, which has attendance drawn nationwide, is an important venue for this work.

ATTACHMENTS

Novogradac NMTC Conference San Diego – Agenda



Schedule At-a-Glance

Thursday, Jan. 22, 2015

8 – 9 a.m.	Registration and Networking Breakfast
9 – 9:15 a.m.	Welcome Address
9:15 – 9:30 a.m.	Keynote Address
9:30 – 10:30 a.m.	Washington Wire

As tax reform discussions continue to take shape, learn who the key players are in Congress, and hear how to make the case for the NMTC. Plus, panelists will provide an update on the status of current legislative proposals to extend the NMTC.

10:30 – 10:45 a.m.	Break
10:45 – Noon	Investor Roundtable

Investors will discuss their perspectives on the current state of New Markets investing. What is investor appetite as we head into 2015, a growing economy, and the changes on Capitol Hill?

Noon – 1:30 p.m.	Luncheon
------------------	----------

Concurrent Session 1

1:30 – 2:30 p.m.	NMTC Case Study
------------------	-----------------

As the saying goes, experience is often the best teacher. In that spirit, panelists will present a case study review of a real-world new markets tax credit investment. Walk through the deal's challenges and solutions to identify strategies and best practices that can be applied to your next new markets development.

2:30 – 2:45 p.m.	Break
2:45 – 3:45 p.m.	Not-for-Profit QALICB Considerations

Panelists will explain educating the board on NMTCs and explaining why it's not "free money." The use of targeted population provisions will also be addressed.

3:45 – 4 p.m.	Break
4 – 5 p.m.	Preparing for NMTC Allocation Awards

Awards are expected to be made in spring 2015. Learn from the experts what you can do now to secure allocation for your project.

Concurrent Session 2

1:30 – 2:30 p.m.	Twinning Renewables and NMTCs
------------------	-------------------------------

Find out which renewable energy tax credits work best with the NMTC. Panelists will discuss how they are structured, community impact considerations and more.

2:30 – 2:45 p.m.	Break
2:45 – 3:45 p.m.	Small Business Loan Funds

Find out who is doing small business loan funds, the challenges they're facing and solutions they've found.

3:45 – 4 p.m.	Break
4 – 5 p.m.	NMTC Compliance Hot Topics

Join experts of the NMTC industry for a roundtable discussion about the most pressing issues and hot topics regarding NMTC compliance. This is your chance to leverage the expertise of the panel and ask your compliance questions.

5 – 7 p.m.	Harborside Reception
------------	----------------------

Friday, Jan. 23, 2015

8 – 9 a.m.	Registration and Continental Breakfast
------------	--

Registration

\$595

Early Bird Special
Act now and save \$100
until December 20, 2014!

REGISTER NOW

Conference Registration Rates

Corporate:

Online: \$595 (Early Bird special)
Online: \$695 (after Early Bird special)
Group Rate: \$500/person (3 or more persons)
On-Site: \$725

Not-for-Profit:

Online: \$495 (Early Bird special)
Online: \$595 (after Early Bird special)
Group Rate: \$400/person (3 or more persons)
On-Site: \$725

Credit Card Purchase Notice

We will no longer accept credit card purchase via fax or mail.

Registration Cancellation Policy

All cancellations must be made in writing and must be received no later than ten (10) days before an event. A \$100 administrative fee will be deducted from all refunds per attendee. We regret that we cannot refund cancellations made within 10 business days of the conference or to registrants who do not attend the conference. Confirmed registrants who fail to attend and do not cancel will be charged the entire registration fee.

Products



New Markets
Tax Credit
Handbook,
2012 Edition
\$358

ORDER ITEM

9 – 9:15 a.m.

Keynote Address

9:15 – 10:15 a.m.

Lessons Learned in 2014

Now that 2014 is behind us, hear experts discuss the top lessons learned over the past year. Attendees will have the opportunity to offer their top lessons learned to compare with the experts.

10:15 – 10:30 a.m.

Break

10:30 – 11:30 a.m.

Measuring Community Impact vs. Economic Impact

Learn what community impact vs. economic impact is, how they are measured and how to use data from each.

11:30 a.m.

Conference Concludes