

LADF

LOS ANGELES DEVELOPMENT FUND

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

The Los Angeles Development Fund

and

LADF Management, Inc.

April 22, 2016

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

APRIL 22, 2016

Tab Table of Contents

- 1** Board Meeting Agenda

- 2** Minutes of the following LADF Board Meeting(s):
 - August 13, 2015 – Governing Board Meeting
 - October 8, 2015 – Joint Board Meeting
 - October 30, 2015 – Governing Board Special Meeting

- 3** Materials regarding Discussion Item #1:
 - LADF 2016 Budget

- 4** Materials regarding Action Item #1:
 - BOARD MEMO regarding Cost of Living Wage Increase for Sandra Rahimi and Chris Chorebanian

- 5** Materials regarding Action Item #2, #3, and #4:
 - BOARD MEMO regarding NMTC Conference Attendance in Miami and Washington D.C.
 - CohnReznick NMTC Conference Agenda – Miami
 - NMTC Coalition Policy Conference Flyer – Washington D.C.
 - Novogradac NMTC Conference Agenda – Washington D.C.

Tab 1

A G E N D A

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

**CITY HALL, ROOM 1050
200 N. SPRING STREET, LOS ANGELES, CA
Friday, April 22, 2016 | 9:00am – 10:00am**

	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 13, 2015 – Governing Board Meeting • October 8, 2015 – Joint Board Meeting • October 30, 2015 – Governing Board Special Meeting 		Tab 2
4	Discussion Items <ul style="list-style-type: none"> • LADF 2016 Budget 	Sandra Rahimi	Tab 3
5	Action Items <ol style="list-style-type: none"> 1. Approval of a 5.5% cost of living wage increase for Sandra Rahimi and Chris Chorebanian, effective as of pay period beginning on February 21, 2016 2. Request for Approval of Sandra Rahimi to represent LADF at CohnReznick’s NMTC conference in Miami on May 9-11, 2016 3. Request for Approval of Sandra Rahimi and Chris Chorebanian to represent LADF at the NMTC Coalition’s policy conference in Washington D.C. on June 1, 2016 4. Request for Approval of Sandra Rahimi and Chris Chorebanian to represent LADF at Novogradac’s NMTC conference in Washington D.C. on June 2 & 3, 2016 	Rushmore Cervantes	Tab 4 Tab 5
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 OF LADF AND LADF MANAGEMENT, INC
THURSDAY, AUGUST 13, 2015

LADF STAFF PRESENT:

- Sandra Rahimi
- Chris Chorebanian

1. **WELCOME AND CALL TO ORDER** – Los Angeles Development Fund (LADF) Director Cervantes called the meeting to order at **3:12 pm.**

2. ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Cervantes (Chairperson)
- Director Santana
- Director Montes

3. DISCUSSION ITEMS

➤ **DISCUSSION ITEM 1 – 2015 NMTC APPLICATION UPDATE**

- Sandra Rahimi provided an update on the issuance of the NMTC application for the next round of awards.

➤ **DISCUSSION ITEM 2 – EXPANDING ADVISORY BOARD’S MEMBERSHIP AND NEW MEMBER RECOMMENDATIONS**

- As Ms. Rahimi provided an update on staff efforts to identify potential candidates in the event that LADF’s Governing Board approves the expansion of LADF’s Advisory Board. Ms. Rahimi solicited recommendations from the Governing Board.

4. ACTION ITEMS

➤ **ACTION ITEM 1 – REQUEST FOR APPROVAL OF AMENDMENT TO LADF ADVISORY BOARD BYLAWS TO MAKE FOLLOWING CHANGES: A) AMEND ARTICLE II, SECTION 1 TO INCREASE ADVISORY BOARD MEMBERSHIP FROM FIVE (5) MEMBERS TO ELEVEN (11) MEMBERS; B) AMEND ARTICLE II, SECTION 2(A) TO INCLUDE APPOINTMENT AUTHORITY OF THE LADF GOVERNING BOARD OF DIRECTORS FOR SIX (6) MEMBERS OF THE ADVISORY BOARD; C) AMEND ARTICLE II, SECTION 2(A) TO CHANGE “HCED MEMBER” TO “ED MEMBER” TO REFLECT CHANGE IN LA CITY COUNCIL COMMITTEE FROM HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE TO ECONOMIC DEVELOPMENT COMMITTEE; AND D) REMOVE ARTICLE II, SECTION 2(B) REGARDING CLASS DESIGNATIONS OF ADVISORY BOARD MEMBER, WHICH PROVIDES FOR TERM EXPIRATIONS OF MEMBERS IN EACH CLASS AND THE ABILITY TO HOLD OFFICE AFTER EXPIRATION UNTIL APPOINTMENT OF SUCCESSOR. ANY ADVISORY BOARD MEMBER MAY BE REMOVED WITH OR WITHOUT CAUSE PER ARTICLE II, SECTION 4.**

- Action on this item was postponed to a future meeting. In the interim, staff was directed to revise language to retain term expirations for Advisory Board members.

5. REQUEST FOR FUTURE AGENDA ITEMS

- Revised Action Item to expand LADF’s Advisory Board membership
- Action item to appoint new members to Advisory Board
- Update on NMTC application for upcoming round

6. NEXT MEETING DATE AND TIME

- To Be Determined

7. PUBLIC COMMENT

- **Sandra Rahimi:** We have a request for public comments on the Action Item from Joyce Dillard.
- **Joyce Dillard:** Hi. I definitely think you need term limits. You also need attendance records. With Prop O there was one member who never came except to an opening of an event in years, and you don't have a mayor looking this over so you really need to watch. From the meetings I've been at there are not too many board members that show up. I mean maybe at a few critical decisions, but I don't really see an active advisory board. I'm concerned about conflicts of interest. Even though this matter doesn't kind of fall in the conflict of interest rules, if you do appoint them from your contacts, how many of these people will be also involved in projects involving your departments? To me that might become a problem. I know what's going on with the river revitalization. They are getting upset that the nonprofits are doing business there and then they're gonna get to decide things too. It's a big deal going on. So I think that presents a problem. I'd like to see more than just reviewing projects. I mean I never see any of the things submitted to the CDFI Fund. They require some kind of submissions and I think those need to be reviewed. So I think there's more to the advisory board role. Part of this new market tax credits, we've got to see jobs out of it, but so far I just see problems. I see a lot of credits being given. I don't see any jobs, any projects, and I watch them as they go through other parts of the City approval and I'm going to say something on that. I think it's important that people know about this, because what we're seeing is the few that are in are in, and the rest will complain, and they need to learn what goes on in this and have a chance to do something and get active in the approval process instead of someone else just getting all the advantage. There are some smart people doing this, but they're not experienced, and they're going, "Well this is how it works. I'm trying to tell them how it works." They need to get involved early on. Genesis is a big deal right now because they've gotten an award. You really need to set an example of how people can participate and invite them in. I'm a little concerned that you as a board aren't here all the time. I've never heard of a board of directors that can send a substitute. You treat it like a city agency in essence and I don't think you can. This is a corporation. So I have a problem with you not showing up when you're actually the ones who are on the board. So even though I like your staff, it's really not how this is supposed to be. I think that presents a problem.
- **Director Santana:** We cannot send our staff. We have to personally sit on the board.
- **Joyce Dillard:** I have seen Karen in here and Patricia in here and you've got staff come in here.
- **Director Cervantes:** Well Karen is officially the board member. That's why she's here.
- **Joyce Dillard:** And Patricia?
- **Sandra Rahimi:** Patty was the board member. She was Miguel's delegate and then Miguel chose to replace her.
- **Director Santana:** I've been on the board for the last two years and I've been coming to the meetings since.
- **Director Cervantes:** There were changes. Miguel joined two years ago and I'm here every meeting.
- **Sandra Rahimi:** It has to be a permanent delegate. It can't be from meeting to meeting.
- **Director Santana:** So if I can't make it then no one's here in my place.
- **Joyce Dillard:** So that was a misunderstanding on my part, because it does kind of upset me when that happens. I think you approve these projects, but now you're getting into census tracts that may qualify for new markets but really aren't low-income anymore. So whoever is on the advisory board needs to have an understanding really of who low-income is and who really will benefit other than the banks and all of that. We who live in these areas really do care.
- **Joyce Dillard:** For example, the Board of Water and Power Commissioners approved a contract on the LaKretz project, no bid. It went through the Southern California Public Power Authority, the joint power authority, through their bidding process on LaKretz, which really is under its own nonprofit for the new markets tax credit and didn't from what I could tell from the agenda that I saw, did not go through the board of the nonprofit but went through the board of DWP, and even though they say they did the RFP through the Joint Powers Authority that should have nothing to do with the nonprofit that was the basis for getting the new markets tax credit. I have a problem with that because again it's back to what I said before. Where are the jobs? Part of the requirements of this program is to get jobs in the area and this went to the same exhibit designers or manufacturers that Discovery Cube used, which I had complained about at that time in a meeting I was at regarding another part of the financing, Prop K. So I really think there needs to be a little bit more oversight from your board in this, because that shouldn't be happening. Thank you.
- **Director Cervantes:** We appreciate your comments.
- **Joyce Dillard:** Thank you.

8. ADJOURNMENT

- Meeting was adjourned at **3:44 pm**.

LOS ANGELES DEVELOPMENT FUND

MINUTES OF THE MEETING OF THE GOVERNING BOARD AND ADVISORY BOARD OF LADF AND LADF MANAGEMENT, INC.
THURSDAY, OCTOBER 8, 2015

LADF STAFF PRESENT:

- Sandra Rahimi
- Chris Chorebanian

1. **WELCOME AND CALL TO ORDER** – Los Angeles Development Fund (LADF) Director Kalfayan called the meeting to order at **3:12 pm.**

2. ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Kalfayan (acting Chairman)
- Director Montes
- Director Perry

The following Advisory Board directors were present at the meeting:

- Director Thrash-Ntuk (*arrived at 3:16 PM*)
- Director Luna (*arrived at 3:22 PM*)

[no quorum of the Advisory Board]

3. DISCUSSION ITEMS

➤ **DISCUSSION ITEM 1 – 2015 NMTC APPLICATION AND PIPELINE UPDATES**

- Sandra Rahimi provided an update on the upcoming application and LADF's pipeline. She also provided an update on the IRS and the CDFI Fund concerns about self-leverage and bridge loans based on a state tax credit deal in Maine.

➤ **DISCUSSION ITEM 2 – EXPANDING ADVISORY BOARD'S MEMBERSHIP AND NEW MEMBER RECOMMENDATIONS**

- Sandra Rahimi provided an update on the candidates that had been recommended for LADF's expanded Advisory Board. Additional recommendations were requested. Ms. Rahimi reiterated the role of the Advisory Board. Staff was directed to create a matrix to assure that as many low-income communities and targeted initiatives are represented by the new appointees.

4. ACTION ITEMS

➤ **ACTION ITEM 1 – REQUEST FOR APPROVAL OF AMENDMENT TO LADF ADVISORY BOARD BYLAWS TO MAKE FOLLOWING CHANGES: A) AMEND ARTICLE II, SECTION 1 TO INCREASE ADVISORY BOARD MEMBERSHIP FROM FIVE (5) MEMBERS TO ELEVEN (11) MEMBERS; B) AMEND ARTICLE II, SECTION 2(A) TO INCLUDE APPOINTMENT AUTHORITY OF THE LADF GOVERNING BOARD OF DIRECTORS FOR SIX (6) MEMBERS OF THE ADVISORY BOARD; C) AMEND ARTICLE II, SECTION 2(A) TO CHANGE "HCED MEMBER" TO "ED MEMBER" TO REFLECT CHANGE IN LA CITY COUNCIL COMMITTEE FROM HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE TO ECONOMIC DEVELOPMENT COMMITTEE; AND D) AMEND ARTICLE II, SECTION 2(B) TO INCLUDE SIX (6) ADDITIONAL MEMBERS OF THE ADVISORY BOARD THAT ARE APPOINTED BY THE GOVERNING BOARD – TWO (2) MEMBERS TO BE INCLUDED IN EACH OF CLASS I, II, AND III.**

- Moved by Director Montes. Seconded by Director Perry. Motion passed unanimously.

➤ **ACTION ITEM 2 – REQUEST FOR APPROVAL OF SANDRA RAHIMI TO REPRESENT LADF AT NOVOGRADAC'S NMTC CONFERENCE IN CHICAGO ON OCTOBER 21 & 22, 2015.**

- Moved by Director Perry. Seconded by Director Montes. Motion passed unanimously.

5. REQUEST FOR FUTURE AGENDA ITEMS

- Action item to appoint new members to the Advisory Board.

6. NEXT MEETING DATE AND TIME

- November 12, 2015 at 3:00pm PT

7. PUBLIC COMMENT

- **Director Kalfayan:** Did you want to introduce the kids in the back?
- **Director Montes:** Oh, yes. I would like for the young man and the young lady to come up forward, introduce yourselves, tell us what school you go to, and what project you're working on, since I carved out a little bit of time to help you write your paper.
- **Joseph Torres:** I go to Miguel Contreras Learning Complex Academy of Business and Tourism. It's on Lucas and 3rd. Our project is a Project-based Learning. So every semester we have one PBO. It's the biggest project we have in one semester. And we had to come up with an event, and we chose a dog park. The section of Los Angeles they gave us was downtown. And I thought there wasn't any dog parks here and there's a lot of people that live in downtown LA that have dogs, so I thought it would be a great idea. Well basically they wanted us to come to a meeting, sit in the meeting, and get a problem or issue that you guys were talking about, and then go back and write a paper talking about what you guys said, and then how that related to our government book.
- **Director Montes:** What's your colleague's name?
- **Rosa Martinez:** I'm in the same grade as he is, and we're in the same class with the same project. And this is his part, but we're working together. He gets the credit for being here and I get to help him out.
- **Director Montes:** Do you have any questions?
- **Joseph Torres:** No, I don't think we have questions right now.
- **Director Montes:** Okay. Well thank you for joining us.

8. ADJOURNMENT

- Meeting was adjourned at **4:17 pm**.

LOS ANGELES DEVELOPMENT FUND
MINUTES OF THE MEETING OF THE GOVERNING BOARD OF LADF AND LADF MANAGEMENT, INC.
FRIDAY, OCTOBER 30, 2015

LADF STAFF PRESENT:

- Sandra Rahimi
- Chris Chorebanian

1. WELCOME AND CALL TO ORDER – Los Angeles Development Fund (LADF) Director Cervantes called the meeting to order at **8:38 am.**

2. ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Cervantes (Chairperson)
- Director Perry
- Director Santana

3. DISCUSSION ITEMS

➤ **DISCUSSION ITEM 1 – STRATEGY FOR 2015 NMTC APPLICATION**

- Sandra Rahimi outlined the recommended business strategy to be developed in LADF's application for the 2015 round of NMTC awards. Also discussed were issues related to new guidelines provided in the application regarding self-leverage and monetizing assets as part of a NMTC transaction. Staff discussed how this could impact LADF's pipeline projects.

4. ACTION ITEMS

➤ **ACTION ITEM 1 – REQUEST FOR AUTHORIZATION OF LADF STAFF TO ENGAGE SZ CONSULTING, NOVOGRADAC, AND CAPITAL A CONSULTING TO ACT AS READERS OF LADF'S APPLICATION FOR THE NEXT ROUND OF NMTC ALLOCATION AWARDS. MAXIMUM ESTIMATED CONTRACT COST IS \$45,000.**

- Moved by Director Santana. Seconded by Director Perry. Motion passed unanimously.

5. REQUEST FOR FUTURE AGENDA ITEMS

- Additional discussion regarding the potential effect of new regulations regarding self-leverage and monetizing assets.
- Action item to appoint new advisory board members.

6. NEXT MEETING DATE AND TIME

- November 12, 2015 at 3:00pm PT

7. PUBLIC COMMENT

- None.

8. ADJOURNMENT

- Meeting was adjourned at **8:57 am.**

Tab 3

Los Angeles Development Fund

Budget (In Full Dollars)

Fiscal Year Ended 12/31/15

Budget Items	2015	2016	
	ACTUAL	ESTIMATED	ESTIMATED
	Annual	"Worst Case" ¹	"Best Case" ²
	Totals	Totals	Totals
Revenues			
Placement Fees	0	0	200,000
SubCDE Asset Mgmt Fees	425,000	425,000	443,750
Fund Mgmt Fees	36,000	36,000	36,000
Expense Reimbursement	138,322	130,700	144,200
Carryover Revenue from 2014/2015	0	0	
Interest Income	110	40	40
Investment Income	160	160	160
Total revenues	599,592	591,900	824,150
Expenses			
Audit /Tax Services	123,600	116,000	123,500
Capital Contributions (Due from Affiliates)	0	0	0
Consultant - Compliance (Ariel Ventures)	12,000	12,000	12,000
Consultant - Accounting (J Diaz)	41,400	41,600	41,600
Consultants - NMTC Application	41,000	0	0
Corp Taxes and Fees	9,225	9,700	9,700
Insurance - D&O	4,521	4,700	4,700
Insurance - Workers comp	2,423	2,500	2,500
Interest Expense	0	0	0
Legal - Organizational Counsel	1,343	1,400	8,000
Legal - Transactions	0	0	0
Marketing Expense (Conferences)	10,076	15,000	15,000
Other Administrative Expense	3,987	4,200	4,200
Other Reimbursable Expense	28,322	29,700	34,700
Payroll Expenses (inc payroll tax) ³	367,070	389,300	389,300
Total expenditures	644,967	626,100	645,200
Budget Surplus / (Deficit) ⁴	(45,375)	(34,200)	178,950
Unrestricted Cash as of Jan. 1, 2016		\$1,167,700	

¹ "Worst Case" estimates assume LADF receives no award in 2015/2016 Allocation Round.

² "Best Case" estimates assume in Q4 2016 LADF closes 1 deal of \$10MM with a new award.

³ Projected Payroll Expenses assume that staff salary increases plus taxes, totaling approx. \$20K, are approved.

Tab 4

MEMORANDUM

TO: LADF Board of Directors
FROM: Rushmore Cervantes, LADF President
DATE: April 22, 2016
SUBJECT: Annual Cost of Living Salary Adjustment

RECOMMENDATION

That the Los Angeles Development Fund ("LADF") Governing Board of Directors approves a 5.5% Cost of Living wage increase for Sandra Rahimi and Chris Chorebanian, effective as of pay period beginning on February 21, 2016.

SUMMARY

On February 14, 2013, the LADF Governing Board of Directors approved an action item to engage Sandra Rahimi as Manager and Chris Chorebanian as Associate of LADF. Subsequently, LADF negotiated employment terms with Ms. Rahimi and Mr. Chorebanian. LADF provided offer letters for at-will employment to both individuals on February 21, 2013, with first pay period beginning on February 24, 2013.

Employment terms with Ms. Rahimi and Mr. Chorebanian included limited benefits. Specifically, neither medical/dental coverage nor any employer contributions to retirement savings are provided to Ms. Rahimi or Mr. Chorebanian as employee benefits.

The offer letters provided to Ms. Rahimi and Mr. Chorebanian stipulate that the Company will review their respective salaries once a year. The most recent review was done in 2014, and an action to provide a cost of living adjustment was approved at the LADF Board meeting on July 3, 2014. As a measure of reasonableness of the adjustment amount, LADF cited the 5.5% step increase provided to most non-executive City of Los Angeles employees for fiscal year 2014.

A review was not performed in 2015. Upon review of fiscal impact in 2016, it is recommended that Ms. Rahimi and Mr. Chorebanian be granted a 5.5% increase in salary as a cost of living adjustment. This increase is to be effective as of the pay period beginning on February 21, 2016, which marks the start of the fourth year of at-will employment for both LADF staff members.

FISCAL IMPACT

A summary review of LADF's ongoing sources of revenue and fixed expenses shows that the proposed wage adjustment will not have a material impact on LADF's expected cash flow. The following table provides a five-year projection of recurring revenues and fixed expenses. The projection assumes the downside (or "worst-case") scenario that LADF is not ever awarded an additional NMTC allocation.

Using these conservative assumptions, the 2016 forecast concludes that \$354,900 will be available for salaries from LADF's recurring fixed cash flow, and recurring fixed cash flow available for salaries decreases each year as LADF's investments mature and its subsidiary CDEs unwind.

Forecast¹	2016	2017	2018	2019	2020
<u>Recurring Revenue Items</u>					
CDE Asset Mgmt Fees	\$425,000	\$375,000	\$321,000	\$261,000	\$85,000
Inv. Fund Mgmt Fees	\$36,000	\$36,000	\$18,000	\$8,000	\$0
	\$461,000	\$411,000	\$339,000	\$269,000	\$85,000
<u>Fixed Expense Items</u>					
Audit/Tax Prep.	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Consultant – Compliance	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Consultant – Accountant	\$41,600	\$41,600	\$30,000	\$30,000	\$20,000
Corporate Taxes and Fees	\$9,700	\$9,700	\$4,000	\$4,000	\$1,000
Insurance	\$7,200	\$7,200	\$7,200	\$7,200	\$7,200
Legal – Organizational Counsel	\$1,400	\$1,400	\$1,400	\$1,400	\$1,400
Marketing (Conferences)	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Other Administrative	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200
	\$106,100	\$106,100	\$88,800	\$88,800	\$75,800
Cash Flow Available for Salaries	\$354,900	\$304,900	\$250,200	\$180,200	\$9,200
Est. New Total Employment Cost	(\$385,800)	(\$389,250)	(\$389,250)	(\$389,250)	(\$389,250)
Cumulative Surplus/(Shortfall)	(\$34,350)	(\$115,250)	(\$254,300)	(\$463,350)	(\$843,400)

In 2015, LADF's total costs of employing Ms. Rahimi and Mr. Chorebanian (including the employer's share of employment taxes) were \$369,080. With a 5.5% wage adjustment, this combined employee cost will increase to approximately \$389,250. The calculation is represented in the following table:

	Sandra Rahimi	Chris Chorebanian	TOTAL
<u>Current Employer Obligations</u>			
Annual Salary Amount	\$220,670	\$116,029	\$336,699
Add'l Employer Payroll Expenses - inc. taxes and fees			\$29,971
Workers' Compensation Insurance			\$2,410
TOTAL CURRENT EMPLOYER OBLIGATION			\$369,080
<u>Employer Obligations after Adjustment</u>			
Annual Salary Amount	\$232,807	\$122,411	\$355,218
Add'l Employer Payroll Expenses - inc. taxes and fees (approx)			\$31,622
Workers' Compensation Insurance			\$2,410
TOTAL EMPLOYER OBLIGATION AFTER ADJUSTMENT			\$389,250

Since the effective date for the wage adjustment is proposed to begin on February 21, 2016, the fiscal impact for the 2016 calendar year will be less than the \$389,250 calculated above (approximately \$385,800). This creates a budget shortfall of \$34,350 in 2016, and without a new award, this shortfall will increase thereafter as recurring revenues decline.

Assuming the downside scenario that LADF does not win an additional NMTC award in the next five years, this budget shortfall could be covered by LADF's existing unrestricted cash balance (approx. \$1.17 million as of December 31, 2015). Deploying an additional \$50 million in NMTC allocation would produce annual cash flow to cover operating expenses, including the proposed salary adjustment, without using cash reserves or the upfront, one-time placement fees associated with each deployment.

¹ Note: The forecast assumes that LADF is not awarded any additional NMTC allocation. This table also does not represent a full budget and excludes variable expenses incurred from LADF engaging in additional investment activity as well as expenses that are reimbursed by the Qualified Borrowers for LADF's NMTC loans.

Tab 5

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, LADF Secretary
DATE: April 22, 2016
SUBJECT: LADF attendance at three upcoming industry conferences

RECOMMENDATION

ACTION ITEM #2: That the Los Angeles Development Fund (LADF) Governing Board of Directors authorizes Sandra Rahimi to represent LADF at CohnReznick's NMTC conference in Miami on May 9-11, 2016.

ACTION ITEM #3: That the LADF Governing Board of Directors authorizes Sandra Rahimi and Chris Chorebanian to represent LADF at the NMTC Coalition's policy conference in Washington D.C. on June 1, 2016.

ACTION ITEM #4: That the LADF Governing Board of Directors authorizes Sandra Rahimi and Chris Chorebanian to represent LADF at Novogradac's NMTC conference in Washington D.C. on June 2 & 3, 2016.

Cost for the conference for Action Items #2, #3, and #4 would be paid from LADF's marketing budget.

SUMMARY AND BACKGROUND

Novogradac & Co. and CohnReznick are the two largest CPA firms in the New Markets Tax Credit (NMTC) industry. Their 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 provide up-to-date information on the status of the NMTC program and industry best practices. This is a particularly important activity in today's market, considering the updated guidance on the use of self-leverage and monetizing existing assets.

The conferences are also great opportunities 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 2015 NMTC application round.

The NMTC Coalition is also holding its policy conference in Washington D.C. right before the Novogradac conference. The NMTC Coalition is a national membership organization founded in 1998 to advocate on behalf of the NMTC program. The Coalition, which includes more than 150 members, is managed by Rapoza Associates, a public interest lobbying, policy analysis and government relations firm located in Washington D.C. that specializes in providing comprehensive legislative and support services to community development organizations, associations and public agencies.

The NMTC Coalition's policy conference will provide attendees with the opportunity to hear from Treasury Department officials, NMTC investors, and law firm experts. Additionally, key congressional staff will be invited to provide insight on the state of NMTC in the 114th Congress. Attendees will also have time to meet with their members of Congress during the lobby visit portion of the conference. Rapoza Associates will facilitate these meetings between conference attendees and key members of

Congress to brief policymakers on the value of the NMTC program and to encourage the permanency of the program.

Cost

Due to the distances and the networking events, attendance to the conferences would require the following number of nights of hotel stay and days of travel:

- CohnReznick NMTC Conference (Miami, FL): 3 nights hotel stay – 2 days travel
- NMTC Coalition Policy Conference (Washington, D.C.): 1 nights hotel stay – 2 days travel
- Novogradac NMTC Conference (Washington, D.C.): 2 nights hotel stay

Regarding travel days for the Novogradac conference, the airfare is included in the total cost for the NMTC Coalition conference because both conferences will be held during the same week and in the same location (Washington D.C.).

Ms. Rahimi would attend the Miami conference and networking events on behalf of LADF. Ms. Rahimi and Mr. Chorebanian would attend the D.C. conferences and networking events on behalf of LADF. The total cost for each conference is broken down in the following three tables.

ACTION ITEM #2 – COHNREZNICK’S NMTC CONFERENCE IN MIAMI ON MAY 9-11, 2016

Description	Cost per Person	TOTAL COST
Conference Fee ¹	\$ 645	\$ 645
Airfare	\$ 300	\$ 300
Baggage fee	\$ 50	\$ 50
Hotel (<i>approx. \$295 per night</i>)	\$ 886	\$ 886
Taxi	\$ 215	\$ 215
<i>Per diem</i>	\$ 178	\$ 178
TOTAL	\$ 2,274	\$ 2,274

ACTION ITEM #3 – NMTC COALITION’S CONFERENCE IN WASHINGTON D.C. ON JUNE 1, 2016

Description	Cost per Person	TOTAL COST
Conference Fee ²	\$ 250	\$ 500
Airfare	\$ 558	\$ 1,116
Baggage fee	\$ 50	\$ 100
Hotel (<i>approx. \$363 per night</i>) ³	\$ 363	\$ 726
Taxi	\$ 170	\$ 340
<i>Per diem</i>	\$ 88	\$ 176
TOTAL	\$ 1,479	\$ 2,958

¹ The CohnReznick conference fee shown in the table represents a discounted rate for not-for-profit entities that register by April 11, 2016. For not-for-profit entities that register after April 11, 2016, the rate increases to \$645. Staff will attempt to get the early bird rate even though it is past the April 11, 2016 deadline.

² The NMTC Coalition conference fee of \$250 is discounted for members that register by May 3, 2016. For members that register after May 3, 2016, the rate increases to \$300. The non-member rate is \$300 and \$350, respectively, for registering before and after May 3, 2016.

³ Government rate is approx. \$259 per night (including taxes and fees). Staff will attempt to register at the government rate.

ACTION ITEM #4 – NOVOGRADAC’S CONFERENCE IN WASHINGTON D.C. ON JUNE 2 & 3, 2016

Description	Cost per Person	TOTAL COST
Conference Fee ¹	\$ 0	\$ 0
Airfare	\$ 0	\$ 0
Baggage fee	\$ 0	\$ 0
Hotel (<i>approx. \$308 per night</i>)	\$ 616	\$ 1,232
Taxi	\$ 0	\$ 0
<i>Per diem</i>	\$ 53	\$ 106
TOTAL	\$ 669	\$ 1,338

DISCUSSION

At the conferences, QALICBs and consultants will be discussing projects in anticipation of 2015 round award announcement, which is now expected in June 2016. If the award announcements are made prior to Novogradac’s conference in Washington D.C., then this conference will provide particularly good exposure for the CDEs that are awarded allocation.

The conferences provide opportunity for LADF to discover additional City of Los Angeles projects beyond its current pipeline. These projects will provide alternatives if any of LADF’s current pipeline projects stall and will help build a future pipeline in the event LADF is awarded additional NMTC. These additional pipeline projects will also contribute to an improved application in the upcoming round for 2017 awards.

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 the CDE controlled by the City of Los Angeles, adds additional value in these efforts. These conferences, which have attendance drawn nationwide, are important venues for this work.

Additionally, the NMTC Coalition Policy Conference will afford LADF the opportunity to promote the merits of the NMTC program to Members of U.S. Congress. This will benefit LADF and the City of Los Angeles in several ways: 1) help the broader goal of achieving the permanency of the NMTC program, so that LADF may continue to attract NMTC investment into the City of Los Angeles through its various efforts; 2) promote projects in Los Angeles and their community impacts to incite greater interest in awarding allocation to CDEs with a Los Angeles focus; and 3) further enhance LADF’s recognition in the NMTC industry by engaging in policy related activities.

ATTACHMENTS

CohnReznick NMTC Conference – Agenda
NMTC Coalition Policy Conference – Event Flyer
Novogradac NMTC Conference – Agenda

¹ Novogradac has waived the conference fee for Sandra Rahimi and Chris Chorebanian. The discounted conference fee for not-for-profit entities that register by May 9, 2016 is \$525. For not-for-profit entities that register after May 9, 2016, the rate increases to \$625.



ACCREDITATION

The conference represents an availability of CPE credits. A confirmation certificate will be provided to all eligible participants at the conclusion of the conference (for CPAs only).

Monday, May 9, 2016

Pre-Conference 101 Workshop

1:00 pm - 5:00 pm	<p>Pre-Conference 101 Workshop: Everything You Need to Know to Have a Conversation on the NMTC Program</p> <p>Need to get up to speed on the NMTC program before the main conference? Come interact with CohnReznick's National NMTC Practice Group professionals as they walk you through the nuances of the NMTC program in a friendly environment where questions are welcomed. Our interactive 101 Workshop will work through everything from terminology and basic deal structure to compliance and current market trends.</p>
1:00 pm - 1:45 pm	<p>Pre-Conference 101 Workshop: NMTC Program Overview and Basic Deal Structure</p> <p>Learn how the program was formed, the terminology used in the industry and the basic deal structure commonly used in practice.</p>
1:45 pm - 2:30 pm	<p>Pre-Conference 101 Workshop: Parties Needed to Facilitate a Deal and Project Eligibility</p> <p>Find out what organizations will need to come together in order to bring a NMTC transaction to fruition, and what motivates them to be involved. You will also learn what it means to be a Qualified Active Low-Income Community Business (QALICB).</p>
2:30 pm - 2:45 pm	Networking Break
2:45 pm - 3:15 pm	<p>Pre-Conference 101 Workshop: What Does It Take to be a QALICB?</p> <p>There are more steps than you can imagine in qualifying a NMTC investment. See what puts the "Q" in "QALICB" as you learn what constitutes a qualified business or real estate project and how QALICBs can attract NMTC allocation to their projects.</p>
3:15 pm - 3:45 pm	<p>Pre-Conference 101 Workshop: What is Tax Credit Recapture, How Can I Avoid it?</p> <p>There are only a few ways to trigger tax credit recapture but you need to remain diligent throughout the compliance period to prevent it from happening. We will walk through the triggers that create recapture and the steps that should be taken to remain in compliance.</p>
3:45 pm - 4:00 pm	Networking Break
4:00 pm - 5:00 pm	<p>Pre-Conference 101 Workshop: How to Maintain Compliance with the NMTC</p> <p>As with any federal subsidy program the NMTC comes with its fair share of complex compliance requirements. Learn the differences between both programmatic and regulatory compliance, how compliance requirements impact you, and the reporting requirements of the program. We will also cover recent technology changes that affect how you interface with the CDFI Fund for compliance reporting.</p>

Pre-Conference 202 Workshop

1:00 pm - 5:00 pm	<p>Pre-Conference 202 Workshop: From Securing Allocation to Exit</p> <p>We will discuss the closing process and what it takes to get a transaction across the finish line. From finding and securing allocation, to the closing process and checklist, to understanding the projections and various programmatic, compliance and tax nuances.</p>
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1:00 pm - 1:45 pm	<p>Pre-Conference 202 Workshop: Securing Allocation</p> <p>Hear the real life story of a project seeking allocation, the success story of a QALICB that's obtained allocation and learn valuable lessons from a QALICB consultant.</p>
1:45 pm - 2:15 pm	<p>Pre-Conference 202 Workshop: Deal Checklist</p> <p>Now that you've secured allocation, we'll walk you through a closing checklist, the documents needed to close a transaction and whose responsibility the documentation is.</p>
2:15 pm - 2:45 pm	<p>Pre-Conference 202 Workshop: Projections - The Role They Play</p> <p>Projections are a big part of closing a transaction! This session will discuss how the projections come together, what schedules are included and their significance.</p>
2:45 pm - 3:00 pm	Networking Break
2:45 pm - 3:15 pm	<p>Pre-Conference 202 Workshop: Issue III - Non Qualified Financial Property</p> <p>NQFP is a concept that has to be addressed in every NMTC transaction and is almost as frustrating as OID. This acronym was referenced directly in the NMTC statute, but as the program has evolved, so has the need to respond to this technical issue.</p>
3:00 pm - 3:45 pm	<p>Pre-Conference 202 Workshop: Projections - Highlights of the Most Important Schedules</p> <p>The projections address True Debt, Original Issue Discount and NQFP. We will go beyond the numbers and dive into what these technical issues are, what their impacts may be and best practices for addressing and avoiding issues.</p>
3:45 pm - 4:15 pm	<p>Pre-Conference 202 Workshop: Closing Process</p> <p>You have a checklist and projections, what's next? We'll discuss timing and what to expect from each party involved in taking the project from paper to reality.</p>
4:15 pm - 5:00 pm	<p>Pre-Conference 202 Workshop: Unwinds</p> <p>Fast forward seven years, let's explore what happens at the end of the compliance period.</p>

Tuesday, May 10, 2016

8:00 am - 9:00 am	Networking Breakfast
9:00 am - 9:15 am	<p>Opening and Program Overview</p> <p>Ira Weinstein, CohnReznick</p>
9:15 am - 9:45 am	Keynote Speaker
9:45 am - 10:45 am	<p>Legislative Update</p> <p>Things inside the beltway are more interesting than ever. With the passage of the PATH legislation we have lots to be thankful for in Community Development, but there remain many policy issues to deal with, pending tax reform and this minor process that happens every four years called a Presidential election to contend with. Hear from the experts where we all need to focus.</p>
10:45 am - 11:00 am	Networking Break
11:00 am - 11:45 am	<p>The FAQ that Shook the Industry, Or Not...</p> <p>It certainly felt like the FAQ released in advance of the most recent application created lots of angst for applicants and industry participants. Join us as we break things down and explore what the practical implications may be and what – if any – changes will impact transactional activity.</p>

11:45 am - 12:30 pm	<p>Everyone's Favorite Panel - The Tax Issue Potpourri</p> <p>There really are quite a few issues that directly impact NMTC transactions and the tax credit industry generally, or have the potential to do so. We will explore the new partnership audit rules, pending guidance related to HTC lease-pass-through and assorted other technical issues that warrant a deep dive!</p>
12:30 pm - 1:30 pm	Networking Lunch
1:45 pm - 4:15 pm	Breakout Sessions
6:30 pm - 11:00 pm	Opening Night Networking Extravaganza

Track 1: CDE Management

1:45 pm - 2:30 pm	<p>The CDE</p> <p>The CDE is a financial intermediary and has to have the appropriate infrastructure and operational capability like any other business organization. We will delve into some of the operational efficiencies, technology concerns and asset management functionality.</p>
2:30 pm - 3:15 pm	<p>Understanding the Accounting Issues</p> <p>Understanding the accounting issues is still vital to everyone, or at least the accounting firm wants everyone to think so...but there really is a need to make sure we have transparency and oversight within each organization. Join us to explore the latest.</p>
3:15 pm - 3:30 pm	Networking Break
3:30 pm - 4:15 pm	<p>Compliance Issues</p> <p>Even 15 years into the program there continue to be day to day compliance issues to consider, new pronouncements to be aware of and programmatic risks to mitigate. We will cover the compliance state of the industry and best practices.</p>

Track 2: Policy

1:45 pm - 2:30 pm	<p>Workforce Development</p> <p>Workforce development is a critical element in building an economy and arguably most critical when building economy in low income communities and for low income people. We will explore the "industry" of workforce development and the theory and practice behind how to make employment opportunity available and productive.</p>
2:30 pm - 3:15 pm	<p>Social Impact Bonds</p> <p>Social Impact Bonds are an innovative approach to the public private partnership whereby payment is made in exchange for improved social outcomes and public sector savings. We will explore the theory and practice around this growing trend.</p>
3:15 pm - 3:30 pm	Networking Break
3:30 pm - 4:15 pm	<p>Meds and Eds</p> <p>Healthcare and education are driving economic development in many communities and have a multitude of short term and long term implications, but they are complex systems that require precise exploration.</p>

Wednesday, May 11, 2016

8:15 am - 9:15 am	Networking Breakfast
9:15 am - 10:30 am	<p>Investor Insight</p> <p>We have a lengthy extension, unique compliance issues coming to the fore,</p>

	intense competition for allocation and deal flow. So what impact will this have on liquidity, asset class consideration, other tax credits and more.
10:30 am - 10:45 am	Networking Break
10:45 am - 11:45 am	<p>What's New and Different?</p> <p>We will wrap up the summit with discussion of the unique and interesting products hitting the NMTC market. What impact will this have on transaction flow, structure, supply and demand? We will explore the what, why and how of innovation in NMTC.</p>
11:45 am	Closing Remarks



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Events



2016 NMTC Coalition Annual Conference

Registration for the 2016 NMTC Coalition Policy Conference is now open. The event will be held on Wednesday, June 1 at the Hotel Palomar, located at 2121 P Street Northwest in Washington, D.C. Updates on the conference will be continually posted on the “Events” page on the NMTC website, and agenda and other conference materials will be up soon.

[Register Now!](#)

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Schedule At-a-Glance

Agenda subject to change

Thursday, June 2, 2016

8-9 a.m.	Registration and Networking Breakfast
9-9:10 a.m.	Welcome
9:10-9:40 a.m.	Keynote Address: Amias Gerety, Deputy Assistant Secretary, U.S. Treasury
9:40-10:45 a.m.	Beltway Reflections
10:45-11 a.m.	Break
11 a.m. -Noon	Mid-Year Review
Noon-1:30 p.m.	Community Development Individual Achievement Awards Luncheon

Concurrent Session 1: CDE/Investor Track

1:45-2:45 p.m.	CDE Success Stories
2:45-3 p.m.	Break
3-4 p.m.	Recapture Cures
4-4:10 p.m.	Break
4:10-5 p.m.	CDE Unwind

Concurrent Session II: QALICB Track

1:45-2:45 p.m.	Pathways to Allocation
2:45-3 p.m.	Break
3-4 p.m.	Mind the Gap: Getting to a Successful Closing
4-4:10 p.m.	Break
4:10-5 p.m.	QALICB Unwind
5-6:30 p.m.	Reception

Friday, June 3, 2016

8-9 a.m.	Registration and Breakfast
9-9:30 a.m.	Keynote Address: Annie Donovan, Director, CDFI Fund
9:30-10:30 a.m.	Project Spotlight: HTC + NMTC
10:30-10:40 a.m.	Break
10:40-11:30 a.m.	Project Spotlight: Community Impact