

LADF

LOS ANGELES DEVELOPMENT FUND

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

The Los Angeles Development Fund

and

LADF Management, Inc.

February 16, 2017

SPECIAL MEETING *of the*
GOVERNING BOARD OF DIRECTORS *of*
THE LOS ANGELES DEVELOPMENT FUND *and* LADF MANAGEMENT, INC.
FEBRUARY 16, 2017

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- 2** Minutes of the following LADF Board Meeting(s):
 - January 18, 2017 – Joint Board Meeting
- 3** Materials regarding Discussion Item B:
 - DRAFT of RFP 005 – Business Strategy Consultant

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 1070
200 N. SPRING STREET, LOS ANGELES, CA
Thursday, February 16, 2017 | 3:00pm – 4:00pm**

	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: a. January 18, 2017 – Joint Board Special Meeting	Rushmore Cervantes	Tab 2
4	Discussion Items a. LADF Pipeline Update b. LADF RFP for Business Strategy Consultant	Sandra Rahimi Sandra Rahimi	Tab 3 Tab 4
5	Request for Future Agenda Items	Rushmore Cervantes	
6	Next Meeting Date and Time of Governing Board • TBD	Rushmore Cervantes	
7	Public Comment	Rushmore Cervantes	
8	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. WEDNESDAY, JANUARY 18, 2017

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 **2:34 pm**.

2. **ROLL CALL**

The following Governing Board directors were present at the meeting:

- Director Cervantes (Chairperson)
- Director Chavez
- Director Kalfayan
- Director Perry
- There was a quorum of the Governing Board.

The following Advisory Board directors were present at the meeting:

- Director Albert
- Director Anguiano
- Director Monge
- Director Thrash-Ntuk [*arrived at 2:42 pm*]
- Director Volpert
- Director Luna [*arrived at 3:00 pm*]
- There was a quorum of the Advisory Board.

3. **APPROVAL OF MINUTES FOR BOARD MEETING(S) ON:**

- **November 30, 2016 – Joint Board Special Meeting**
- **December 20, 2016 – Joint Board Special Meeting**

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

4. **DISCUSSION ITEMS**

➤ **DISCUSSION ITEM (A) – LADF PIPELINE STRATEGY**

- Sandra Rahimi provided an update on the issuance of LOIs approved by the Governing Board in the previous meeting. She also provided an update on the status of the projects obtaining commitments for all of the allocation requested.
- Director Cervantes lead a discussion of the desire to develop a detailed business strategy to guide future pipeline development and investments.

➤ **DISCUSSION ITEM (B) – LADF INTAKE FORM**

- Chris Chorebanian presented the intake form developed by staff. Discussion of the utilization of the form followed.

➤ **DISCUSSION ITEM (C) – LADF MARKETING UPDATE**

- Karen Brooks gave a presentation on a social media strategy with a focus on website design, Facebook, Twitter and LinkedIn. Discussion of the Ms. Brooks proposal ensued.

5. ACTION ITEMS

➤ ACTION ITEM (A) – REQUEST FOR AUTHORIZATION OF THE PRESIDENT OF LADF TO EXECUTE ENGAGEMENT LETTER AND OTHER RELATED DOCUMENTS TO ENGAGE KAREN BROOKS AS MARKETING CONSULTANT

- The Item was amended to vote on engaging Karen Brooks only for the initial 120 day period via a contract with EWDD to be reimbursed by LADF.
- Moved by Director Cervantes. Seconded by Director Chavez.
- Roll Call: AYES: 4; NOS: 0; ABSENT: 1; ABSTAIN: 0; APPROVED.

➤ ACTION ITEM (B) – REQUEST FOR AUTHORIZATION OF LADF AND LADF MANAGEMENT, INC. TO ENGAGE MANATT AS LADF'S TRANSACTION COUNSEL FOR THE ANITA MAY ROSENSTEIN CAMPUS TRANSACTION

- Moved by Director Chavez. Seconded by Director Kalfayan.
- Roll Call: AYES: 4; NOS: 0; ABSENT: 1; ABSTAIN: 0; APPROVED.

➤ ACTION ITEM (C) – REQUEST FOR APPROVAL OF SANDRA RAHIMI TO REPRESENT LADF AT NOVOGRADAC'S NMTC CONFERENCE IN SAN DIEGO ON JANUARY 26 & 27, 2017

- Moved by Director Kalfayan. Seconded by Director Perry.
- Roll Call: AYES: 4; NOS: 0; ABSENT: 1; ABSTAIN: 0; APPROVED.

6. REQUEST FOR FUTURE AGENDA ITEMS

- Issuing an RFP for a consultant to help develop LADF's business strategy

7. NEXT MEETING DATE AND TIME

- TBD

8. PUBLIC COMMENT

- None.
- There are no requests for public comment.

9. ADJOURNMENT

- Meeting was adjourned at **4:08 pm**.

Tab 3



LOS ANGELES DEVELOPMENT FUND

New Markets Tax Credit - Intake Form

Note: *This questionnaire relates only to the eligibility of the transaction for the NMTC program. It is not a commitment to lend or an indication of terms.*

Project Name: **Orthopaedic Institute for Children**

The Los Angeles Development Fund ("LADF") is a CDE committed to using its NMTC allocation for projects within the City of Los Angeles that have significant community impact.

The first step to any NMTC transaction is to determine if the project is located in a qualified census tract. Please contact LADF with the project address (Number, Street, City, State, and Zip Code) to determine if it is in a qualified census tract. Please note that even if the project is in a qualified census tract, it may not ultimately qualify for the program or meet our community impact requirements.

If the project is located in a qualified census tract, the next step is to complete the questionnaire form below, to the best of your knowledge, and submit it to the LADF for initial review. The LADF is happy to help you complete this form, especially Section I. A screening form must be completed before a project is seriously considered for NMTC financing because documentation of the projected community/economic impacts is a critical regulatory component of this U.S. Treasury program. The LADF must fully understand the expected community impacts prior to moving forward.

This NMTC screening form is for discussion purposes only, does not constitute a commitment by LADF to extend or arrange credit or to provide any other products or services and does not obligate LADF to respond or act in any way. By signing below and submitting this NMTC screening form to LADF, you attest that the information that you provided herein is, to the best of your knowledge, true, accurate and complete. Further, you agree to: (a) permit LADF and its affiliates (at their sole option) (1) to include the project in any application(s) to the CDFI Fund, a branch of the U.S. Treasury, for New Market Tax Credit authority or other communications to the CDFI Fund with respect to such application(s) and (2) to share this information with LADF's and its affiliates' directors, employees, officers, auditors, consultants, agents and counsel and with other NMTC third parties to assist in identification of additional allocation for the project.

By: _____

Date: _____

Part I: General Information

Contact for Follow Up Information:

Name: DiemLan ("Lannie") Tonnu and Craig Dale

Phone Number: (213) 742-1044 and (303) 378-8193

E-Mail Address: ltonnu@mednet.ucla.edu and cdale@capitalpeakpartners.com

Project Sponsor Overview

Orthopaedic Institute for Children: With a mission to provide outstanding care for patients with musculoskeletal disorders and through the support of the Orthopaedic Foundation, to provide care for children regardless of ability to pay and advance care worldwide for all musculoskeletal patients through medical education and scientific research, OIC is passionate about improving the quality of low-income children's lives. For more than a century, OIC has excelled in its mission of providing outstanding clinical care, medical education and scientific research. Programs and services expanded as the community grew and OIC now provides 100,000 patient visits to nearly 40,000 individual underserved children annually. Treatment in 21 subspecialties is available to children from birth to age 18, regardless of gender or ethnic, social and economic background. The patient base is two-thirds Latino. Their surgeons straighten curved spines, correct clubfeet, reconstruct deformed or short limbs, replace torn ligaments and repair complex fractures. Whenever possible, OIC physicians apply non-surgical techniques and less invasive procedures with the goal of reducing a child's discomfort or time for recovery. Physicians also coordinate a multidisciplinary approach to complex neuromuscular conditions such as cerebral palsy and spina bifida as well as rare skeletal diseases such as osteogenesis imperfecta and achondroplasia. OIC is a proud safety net provider, serving children regardless of ability to pay, and 94% of visits are accessed by families who are low-income, and underinsured or uninsured. OIC's vision is to be the preeminent provider of pediatric orthopaedic care, education and research in Southern California, so that every child, every day, has access to world-class care.

Project Description

Nature of project for which financing is being requested:

<input checked="" type="checkbox"/>	Real Estate
<input type="checkbox"/>	Business
<input type="checkbox"/>	Other

Dollar amount of financing being requested: \$24.5 million NMTC allocation

Project Timeline: Closing March 31

Borrowing Entity: Newly formed 501c3 Support Organization

Please provide a description of the project in the space below. (You may attach additional information as necessary.) If applicable, please describe the use of the real estate (office, retail, industrial, housing, community facility and the projected tenant mix.)

THIS SECTION EXPANDS: The Orthopaedic Institute for Children ("OIC") transaction considers substantial rehabilitation of two buildings necessary for a new Ambulatory Surgery Center ("ASC") and the other of which will include an expanded Urgent Care Center, Clinical Space, Research Facilities and Administration facilities in the severely distressed community of south Los Angeles. OIC is filling a huge unmet need for medical services in this distressed community as there are no other specialty surgery centers or urgent care centers that specialize in pediatric orthopaedics in Los Angeles County. The new ASC is expected to provide services to over 600 low-income children in the first year and the expanded urgent care facility is expected to provide over 37,000 patients visits/year (14,000 new visits allowed from the expansion). The core clientele for these new facilities is the Medi-Cal managed population, uninsured, and underinsured (>94% low-income children), principally drawn from families living within a five-mile radius of the facility. The Los Angeles County Department of Public Health has highlighted these communities as having some of the highest household poverty rates in Los Angeles County, as well as the highest reported rates of difficulty accessing medical care. The project will be completed in two phases. Phase 1 involves the construction of the ASC. The ASC is a 13,711 square foot facility with two operating rooms and six pre and post-surgical suites. Phase 2 considers the substantial rehabilitation of the 5-story 108,907 square foot Lowman Building to provide expanded urgent care, research facilities, clinical offices and administrative needs.

Project Location

Street: 403 West Adams Boulevard

City: Los Angeles

State: CA

Zip Code: 90007

Additional Project Location Information

Is the borrower an SBA certified business, and will the project be located in an SBA designated HUB Zone?

Will the project be located in a federally designated Brownfield Redevelopment Area?

Is the project associated with a HOPE VI redevelopment plan?

Is the project associated with an enterprise zone program or similar programs targeted towards economically distressed areas?

Yes	No
	X
	X
	X
X	

Relationship Information

Relationships with NMTC Parties

1. Is the borrower currently engaged in conversation with other allocatees or investors?

Chase as Investor and CDE - Term sheet issues.; Los Angeles Development Fund as CDE - Term Sheet issued.; Urban Research Park as CDE - Term Sheet issued.

2. Has the borrower engaged the services of an NMTC consultant, accountant, or attorney?

Yes, Capital Peak Partners, LLC as NMTC consultant; Reznick as accounting firm; and Bocarsly as Sponsor counsel.

Part II: Borrowing Entity Qualification

1. Are any of the following business conducted by the borrower or at the subject real estate?

Please place an "X" in the appropriate boxes. Please mark an answer for each business type.

	Yes	No
Massage parlor		X
Hot tub facility		X
Suntan facility		X
Country club		X
Racetrack or other facility used for gambling		X
Store whose principal purpose is the sale of alcoholic beverages for consumption off premises		X
Development or holding of intangibles for sale		X
Private or commercial golf course		X

Note: If you answered "Yes" to any of the above business activities, the project is NOT eligible for NMTC financing.

2. Do any revenues of the borrowing entity come from residential rental property (apartments or live/work units)?

Yes	No
	X

If yes, estimate the percentage for each building from the borrower's pro-forma or underwritten revenues:

If yes, what percentage of each building's units will be affordable:

Note: Revenues from residential rental real estate must be 80% or less of each building's total revenues to qualify for NMTC.

Note: If residential rental real estate is included, at least 20% of units must be affordable to qualify for NMTC.

Part III: Identification of Financing Sources

Total Project Cost:

\$40,118,962

Amount of NMTC Financing Being Requested (from Part I above)

\$24,500,000

Please provide an estimated project budget (i.e. Sources & Uses of funds)*

Source	Amount	Use	Amount
NMTC Loans (Net of Fees)	\$20,999,999	Ambulatory Surgery Center Construction	\$9,689,402
Land & Building Contribution	\$11,786,471	Land & Buildings Contribution	\$11,786,471
Equity Contribution	\$7,332,492	Lowman Building Upgrade	\$17,520,000
		Soft Costs and Fees	\$1,123,090
Total:	\$40,118,962	Total:	\$40,118,962

*please balance the sources and uses totals to match and identify any financing gap

Please describe the status and timing for each of the sources of funds listed above.

Narrative: NMTC Allocation has been sourced and Term Sheets have been executed. Equity is available through OIC's Foundation. Land & Building is currently owned by OIC and will be transferred to QALICB at NMTC loan closing.

Project Need for NMTC Financing

NMTC program guidance includes a provision that projects financed would not otherwise occur without the benefit of the NMTC financing subsidy. Please detail the following.

1. How is the NMTC subsidy essential to the project's success? (Detail how the project would not move forward or could not provide the degree of services/community impacts without the benefits of the credits)

Narrative: A \$24.5 million NMTC allocation will allow OIC to net approximately >\$5.0 million in NMTC proceeds. This NMTC subsidy will be invested directly toward low-income families allowing OIC long term sustainability to fund expanding facilities and significant expected operating losses due to the payer mix and the low reimbursement for MediCal patients. In addition, the NMTC subsidy will fund important medical research projects aimed to develop medical advancements improving orthopaedic conditions along relieving capital investment requirements from OIC's Foundation. Reducing capital funding requirements of the Foundation will enable further healthcare expansion and healthcare access for low income patients. For example, wait times for some of regional clinics can be as long as six months. Foundation dollars that are not spent on the OIC facilities will allow for the development of additional regional expansions that will improve access and significantly reduce the waiting time for patients in these surrounding low income communities.

2. What value will the tax credits bring to the project? (Include specifics for increased community impacts, project enhancements or improved credit underwriting)

Narrative: OIC through its Foundation has been in a significant capital campaign to raise the funds necessary for the redevelopment. No public or federal funds are available for OIC. Due to the patient payer mix, OIC focuses on corporate donors to contribute to the cause. Many of those donors have been accessed and the NMTC allocation amount was set based on the amount of funds remaining to complete the project uses. As common with most capital campaigns, the last proceeds needed to raise are the hardest to receive as the "go to" donors have already contributed. This is a similar case for this project.

Part IV: Description of Community Impacts

A major component of the NMTC Program is to provide financing that will generate significant impacts to benefit Low-Income Communities and low-income persons. Please address the following questions and provide any supplemental information that would be helpful in evaluating the community impact of the project.

1. Demonstrated Support of Local Community (You may attach additional materials as necessary such as community letters of support.)

The community strongly supports the expansion of OIC's facilities including Congresswoman Karen Bass, Los Angeles Central City Association, Ortho High, Charles Drew University, Orthopaedic Magnet High among others. OIC has received support letters from many of these parties that have been previously provided.

2. Developer's Historical Track Record - What is the developer's involvement in this or similar communities? (Please explain.)

OIC recently completed the construction for the Ambulatory Surgery Center.

3. Contribution to Long Term Development of Community (Please indicate how this project contributes to other community and regional development initiatives.)

Narrative: OIC is located in the Figueroa Business Improvement District (www.figueroacorridor.org), which is designed to spur economic development linking the Figueroa/Flower/Vermont Corridor with downtown Los Angeles to Exposition Park. In addition, OIC is located in the South Los Angeles Transit Empowerment Zone ("Slate-Z") which has also been recently (June 2016) designated as a federal Promise Zone (www.slatez.org). Public initiatives are focused on the community which OIC serves.

4. Is this project likely to catalyze additional investment in the community? (Please explain.)

Narrative: Due to the anchoring nature of OIC as the prominent medical care provider in the community, these new and expanded healthcare facilities are expected to serve as an economic engine for the community and will strengthen the community fabric through the investment in the community. As such, this anchoring healthcare facility with its long-term viability will also have significant indirect and induced jobs created from suppliers and local businesses as a result of this project.

5. Environmental Soundness - Does the project create environmentally sustainable outcomes through green building concepts, location near mass transit, adaptive reuse of existing building or materials, etc.? Will the building be LEED certified? Is this project likely to catalyze additional investment in the

Narrative: The rehabilitation will use the industry standard for green building practices including significant natural light, energy trust compliant appliances and energy efficient windows along with appliances to reduce water consumption among other features. Many of the LEED certification material and practices will be performed but the project is not expected to be LEED certified.

6a. Job Creation/Retention (Please populate chart below.)

of Permanent Jobs Likely to be Created by this Project
of Permanent Jobs Likely to be Retained Due to this Project
of Construction Jobs Likely to be Created by this Project

Full Time			Part Time		
Total	Local Residents	Low-Mod Income	Total	Local Residents	Low-Mod Income
50	>60%	~25%			
187	>60%	~25%			
150	>60%	~60%			

6b. What percentage of jobs will be quality jobs offering Los Angeles Living Wages, benefits and advancement opportunities? (please explain)

OIC Estimates that greater than 90% of all jobs will be livable wage jobs based on MIT's Living Wage Calculator for Los Angeles (the City) to be \$12.88 (\$26,790 annually). Please see the attached employment chart for expected employment details.

6c. What percentage of jobs will target local, low-income or otherwise disadvantaged workers? Will job training opportunities be offered? (please explain)

OIC will use best effort to recruit local, low-income or otherwise disadvantaged workers: medical assistants, registration, administration, other tech / clinical and other. Based on the attached employment chart, those jobs account for about 72% of the total new employees. In addition, OIC has had discussions with a potential GC and they have agreed to use best effort to target local, low-income and otherwise disadvantaged workers for the construction as well. The Borrower team along with the GC estimate that approximately 70% of construction workers will meet this criteria.

7a. Will the project provide vital **commercial** goods and/or services to residents of the low-income community (grocery store, pharmacy, banking or other financial service provider, sit-down restaurant, etc.)? (Please explain.)

OIC operates a pharmacy to serve OIC patients. See question 8a below for community goods and services.

7b. Please specify if the project will create a grocery store or other means of providing **access to healthy foods** for the community where access is low. Please also specify if the project will be located in a USDA-defined food desert.

Narrative: Not Applicable

8a. Will the project provide vital **community** goods and/or services to residents of the low-income community (healthcare / FQHC in a medically-underserved community, social service, educational service, cultural venue, etc.)? (Please explain.)

Narrative: OIC is filling a huge unmet need for medical services in this distressed community as there are no other specialty surgery centers or urgent care centers that specialize in pediatric orthopaedics in Los Angeles County. The ASC is a 13,711 square foot facility with two operating rooms and six pre and post-surgical suites. Two "overnight" rooms accommodate 23-hour stays, allowing for post-surgical monitoring of complicated cases. ASC will be materially integrated with OIC's existing pediatric trauma care program. This integration allows disadvantaged children to experience the same seamless, coordinated and continuous expert care – with the same physicians and clinical team throughout an entire episode of care – that they privately insured peers receive. In addition to displaced fractures and soft-tissue injuries, the anticipated case mix for ASC will consist of bone cysts, benign muscle tumors, scoliosis and craniofacial, clubfoot and hand care cases. A key additional benefit of the ASC is to strengthen OIC's medical education program which is also a pillar of OIC's mission. Historically, OIC has been unable to provide residents with exposure to critical treatment practices into their training due to the lack of an appropriate facility. Addressing this situation will provide a richer educational experience, helping to expand the knowledge base throughout the pediatric care delivery network. The 108,907 square foot Lowman building provides expanded urgent care, research facilities, clinical offices and administrative needs. The Lowman building was constructed in the 1960s and has reached the "end of life" status. It is in critical need of infrastructure upgrades and repositioning. The existing urgent care center was designed to treat 14,000 children/year and has exceeded not only its useful life, but also its capacity. While the entire building will endure infrastructure upgrades (ADA compliance, HVAC, elevators, roof, etc), the construction activity mainly focuses on the expansion of the Urgent Care Center on the first floor (11,243 square feet) and necessary, equipment upgrades, such as advanced diagnostic imaging equipment to better serve the patients. The improvements to the Lowman Building will also include the expansion of OIC's medical research department/lab to allow the OIC scientists to continue their state of the art research work in bio mechanics to supplement the clinical care and expansion of Administrative offices needed to service the additional patients. The renovation plan for the Urgent Care Center is child-centered with an increased number of patient bays, beds, and more advanced equipment to provide emergency medical services. Nursing stations will be stationed in the center of the room with bays around them. The space design for administrative use will increase staff efficiency by increasing density, and allowing for a better workflow. Upon completion, the building will have two ADA compliant entries – one into the main building, and the other directly into the Urgent Care Center.

8b. Is this a new program(s) or an expansion of an existing program(s)? How many additional individuals will be served by the program(s) and what percentage of those served is anticipated to represent low-income persons (patients served, daycare slots, etc.)? (Please explain.)

OIC's new Ambulatory Surgery Center is expected to provide services to over 600 low-income children in the first year of operation and the expanded urgent care facility and medical offices are expected to provide over 37,000 patient visits/year (14,000 new visits allowed from the expansion). It is estimated that greater than 94% of these patients are low-income children provided for as Medi-Cal managed population, uninsured and underinsured.

8. Does the project provide space for locally owned, minority or women-owned businesses or non-profit tenants? Is there an explicit set-aside for such tenants? If so, will such tenants receive reduced rents or other subsidies as a result of NMTC financing? (Please explain.)

Narrative: Not Applicable. OIC is operated as healthcare facilities and is not expected to lease to tenants.

Part V: Addendum (to be completed by LADF)**Addendum A: Project Location - Distressed Criteria**

Please place an "X" in the appropriate boxes to indicate whether the project meets any of the following

Must have at least 1 of the following from Section A:

		Yes	No
A	Census tract with poverty rate greater than 30%	X	
	Census tract with median family income 60% or less of area median income	X	
	Census tract with unemployment rate at least 1.5 times the national average	X	
	Non-metropolitan census tract		X
	Projects serving qualified Targeted Populations	X	

OR Must have at least 2 of the following from Sections B:

B	One of the following:		
	Census tract poverty rate greater than 25%		
	Census tract with median family 70% or less of area median income		
	Census tract with unemployment rate at least 1.25 times the national average		
	SBA designated HUB Zone (to the extent QLICI will support HUB Zone certified businesses)		
	Federally designated Brownfield Redevelopment Area		
	Encompassed by HOPE VI redevelopment plan		
	Federally designated as Indian Reservations, Off-Reservation Trust Lands or Alaskan Native Village Statistical Areas, or Hawaiian Home Lands		
	Designated as distressed by Appalachian Regional Commission or Delta Regional Authority		
	Colonias designated area by HUD		
	Federally designated medically underserved areas (to the extent QLICI will support health related services in the area)		
	Federally designated Promise Zones, Impacted Coal Counties, base realignment and closure areas, State enterprise zone programs, or other similar state/local programs targeted towards particularly economically distressed communities	X	
	Counties for which FEMA has (a) issued a "major disaster declaration" and (b) determined that the county is eligible for both "individual and public assistance;" provided that the initial project investment was made within 36 months of the disaster declaration		
	A Food Desert, which must either be determined by 1) the USDA's Food Desert Locator Tool or 2) a methodology used by another governmental or philanthropic healthy food initiative (to the extent QLICI will increase access to healthy food).		



LOS ANGELES DEVELOPMENT FUND

New Markets Tax Credit - Intake Form

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Project Name: Anita May Rosenstein Campus

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If the project is located in a qualified census tract, the next step is to complete the questionnaire form below, to the best of your knowledge, and submit it to the LADF for initial review. The LADF is happy to help you complete this form, especially Section I. A screening form must be completed before a project is seriously considered for NMTC financing because documentation of the projected community/economic impacts is a critical regulatory component of this U.S. Treasury program. The LADF must fully understand the expected community impacts prior to moving forward.

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By:


STEPHEN BUAN

Date:

2/15/17

Part I: General Information

Contact for Follow Up Information:

Name: Stephen Burn
Phone Number: 323-993-7633
E-Mail Address: sburn@lalgbtcenter.org

Project Sponsor Overview

Since its founding more than 45 years ago, the Los Angeles LGBT Center has been dedicated to supporting the lesbian, gay, bisexual and transgender communities through a comprehensive range of direct services. Today, the Center provides the broadest array of LGBT services and programs available anywhere. Over 500 employees and 900 volunteers serve an economically and ethnically diverse population at a rate of approximately 42,000 client visits each month. The Center offers medical, legal, cultural, educational and social services – most of them free or at low cost – to people who cannot afford them elsewhere.

The Los Angeles LGBT Center serves a broad range of clients, from homeless and vulnerable LGBT youth to isolated and low-income seniors. It is a federally qualified health center and provides Department of Mental Health beds as well as emergency overnight beds and transitional living places for young people aged 18-24. The Center offers primary care facilities, extensive mental health services and is a nationally renowned HIV/AIDS care provider and research institute. It is a powerful non-profit force for LGBT civil rights and home to the largest array of free or low cost health, legal, employment, educational, cultural and social programs designed specifically for LGBT people.

Project Description

Nature of project for which financing is being requested:

<input checked="" type="checkbox"/>	Real Estate
<input type="checkbox"/>	Business
<input type="checkbox"/>	Other

Dollar amount of financing being requested: \$10,000,000

Project Timeline: Closing and construction start scheduled for April 1, 2017

Borrowing Entity: AMR Campus QALICB, Inc.

Please provide a description of the project in the space below. (You may attach additional information as necessary.) If applicable, please describe the use of the real estate (office, retail, industrial, housing, community facility and the projected tenant mix.)

The Los Angeles LGBT Center seeks NMTC financing for construction of Anita May Rosenstein Campus (the "Campus"), a landmark 211,000 SF mixed-use development that will provide critical services and housing for at-risk seniors and youth, among the most vulnerable populations in the LGBT community. The Campus will also include a new headquarters for the Los Angeles LGBT Center, the world's largest provider of programs and services for lesbian, gay, bisexual and transgender people. Upon completion of the Campus, the Los Angeles LGBT Center is expected to service 50,000 client visits each month at this and its other sites – an increase of 8,000 client visits per month.

The Campus will occupy a 1.7-acre site on Santa Monica Boulevard in Hollywood. The project includes:

- New headquarters for the Los Angeles LGBT Center, thereby allowing for expanded FQHC health services at the Center's current headquarters building;
- Program space for youth services;
- Program space for senior services;
- 100 affordable apartments for seniors and 35 affordable apartments targeted for Transition-Aged Youth in the LIHTC-funded portion of the Campus;
- 40 beds for the Emergency Overnight Bed Program, providing safe short-term housing for homeless youth;
- 60 beds of transitional accommodations for young people aged 18-24;
- Institutional kitchen; and
- Street-level neighborhood-serving commercial retail space.

The Los Angeles LGBT Center serves thousands of people each month who have nowhere else to turn for medical and social services. This project will allow the Center to meet the growing need for those services, while creating a vital addition to the cultural and educational life of the neighborhood, the city and the entire LGBT community.

Project Location

Street: 1116 & 1118 N. McCadden Place
City: Los Angeles
State: CA
Zip Code: 90038

Additional Project Location Information

Is the borrower an SBA certified business, and will the project be located in an SBA designated HUB Zone?

Will the project be located in a federally designated Brownfield Redevelopment Area?

Is the project associated with a HOPE VI redevelopment plan?

Is the project associated with an enterprise zone program or similar programs targeted towards economically distressed areas?

Yes	No
	X
	X
	X
X	

Promise Zone

Relationship Information

Relationships with NMTC Parties

1. Is the borrower currently engaged in conversation with other allocatees or investors?

Yes, we have signed reservation letters with four CDEs including LADF, and with Wells Fargo for the NMTC equity and debt.

2. Has the borrower engaged the services of an NMTC consultant, accountant, or attorney?

Yes, we're working with Breckenridge Consulting Services as NMTC consultant, Bocarsly Emden as NMTC attorney, and Novogradac as NMTC accountant.

Part II: Borrowing Entity Qualification

1. Are any of the following business conducted by the borrower or at the subject real estate?

Please place an "X" in the appropriate boxes. Please mark an answer for each business type.

	Yes	No
Massage parlor		X
Hot tub facility		X
Suntan facility		X
Country club		X
Racetrack or other facility used for gambling		X
Store whose principal purpose is the sale of alcoholic beverages for consumption off premises		X
Development or holding of intangibles for sale		X
Private or commercial golf course		X

Note: If you answered "Yes" to any of the above business activities, the project is NOT eligible for NMTC financing.

2. Do any revenues of the borrowing entity come from residential rental property (apartments or live/work units)?

Yes	No
	X

If yes, estimate the percentage for each building from the borrower's pro-forma or underwritten revenues:

If yes, what percentage of each building's units will be affordable:

Note: Revenues from residential rental real estate must be 80% or less of each building's total revenues to qualify for NMTC.

Note: If residential rental real estate is included, at least 20% of units must be affordable to qualify for NMTC.

Part III: Identification of Financing Sources

Total Project Cost:

\$78,349,441

Amount of NMTC Financing Being Requested (from Part I above)

\$10,000,000

Please provide an estimated project budget (i.e. Sources & Uses of funds)*

Source	Amount	Use	Amount
Donation from LA LGBT Center	\$30,789,481	Acquisition	\$8,955,102
Additional Temporary Donation for Housing Parking	\$5,500,000	Hard Costs	\$50,376,546
QLICI Proceeds	\$42,060,000	Hard Costs - Affordable Hsng Parking	\$5,500,000
		Soft Costs	\$9,711,684
		NMTC Fees and Closing Costs	\$1,309,000
		Cash Reserves	\$2,497,108
	\$78,349,481		\$78,349,440

*please balance the sources and uses totals to match and identify any financing gap

Please describe the status and timing for each of the sources of funds listed above.

All of the sources of funds required to build the project are fully committed and we are targeting a financial closing on April 1.

Project Need for NMTC Financing

NMTC program guidance includes a provision that projects financed would not otherwise occur without the benefit of the NMTC financing subsidy. Please detail the following.

1. How is the NMTC subsidy essential to the project's success? (Detail how the project would not move forward or could not provide the degree of services/community impacts without the benefits of the credits)

NMTC subsidy in at least the amount projected is essential for the project to move forward. As construction costs have escalated, the Center has had to stretch both its fund raising and borrowing capacity to the absolute limits. In addition, the Center has had to value engineer out elements of the project that it can not afford with the debt, capital campaign and NMTC funding that is currently available for the project. The Center hopes to add back in some of these items if additional fundraising resources are secured during construction, but at this time they will not be included in the construction contract that will be entered into in April. The Center is extremely grateful for LADF's participation and support that is helping to allow this project to move forward.

2. What value will the tax credits bring to the project? (Include specifics for increased community impacts, project enhancements or improved credit underwriting)

The Center will net approximately \$9.3MM from the \$43MM of NMTC allocation that is currently committed to the project. As discussed above, the NMTC is essential for the project to move forward. All of the community impacts that are discussed in the following section are dependent on NMTC subsidy of at least \$9.3MM.

Part IV: Description of Community Impacts

A major component of the NMTC Program is to provide financing that will generate significant impacts to benefit Low-Income Communities and low-income persons. Please address the following questions and provide any supplemental information that would be helpful in evaluating the community impact of the project.

1. Demonstrated Support of Local Community (You may attach additional materials as necessary such as community letters of support.)

We have previously provided LADF with letters of support from: (1) West Hollywood Community Housing Corporation, (2) Central Hollywood Neighborhood Council, (3) 27 individual neighbors or community stakeholders, (4) Paul Lerner, former board member of Mid-City West Community Council and former member of the LAPD Wilshire Division Community Police Advisory Board. In addition, the project has received strong support from Councilmember David Ryu's office, which has contributed \$50,000 to the project. Councilmember Ryu's comments from the December 7 City Council approval of the projects entitlements are also attached.

2. Developer's Historical Track Record - What is the developer's involvement in this or similar communities? (Please explain.)

As discussed above, the Center is the largest provider of services to the low income LGBT community in the world. The Center owns several real estate assets in Los Angeles, but is not really a developer per se.

3. Contribution to Long Term Development of Community (Please indicate how this project contributes to other community and regional development initiatives.)

The Center's vision for the campus is to provide affordable housing for seniors and youth with a particular emphasis on providing homes for people with special needs or those who would otherwise be homeless. Public funds, through Low Income Housing Tax Credits (LIHTC) and other sources, have been applied for to help build the affordable housing components of the campus. In addition, the development of program space for the Center's youth and senior clients, as well as the provision of emergency shelter beds for youth clients, will attract public initiatives to support those service provisions.

4. Is this project likely to catalyze additional investment in the community? (Please explain.)

The Los Angeles LGBT Center is a founding partner in the City's Promise Zone (PZ) initiative. The new campus is located within that PZ and is part of the Mayor's plan to transform and regenerate the area. As part of this process, a neighboring development has recently been approved that will see more than 600 apartments and extensive commercial and retail units built by 2019.

5. Environmental Soundness - Does the project create environmentally sustainable outcomes through green building concepts, location near mass transit, adaptive reuse of existing building or materials, etc.? Will the building be LEED certified? Is this project likely to catalyze additional investment in the

The Center is pursuing LEED Silver certification for the Campus.

The Campus is a transit oriented development, with immediate access to the Metro Line and DASH bus service.

6a. Job Creation/Retention (Please populate chart below.)

Full Time			Part Time		
Total	Local Residents	Low-Mod Income	Total	Local Residents	Low-Mod Income
80	80	TBD			
330	330	TBD			

of Permanent Jobs Likely to be Created by this Project

of Permanent Jobs Likely to be Retained Due to this Project

of Construction Jobs Likely to be Created by this Project

6b. What percentage of jobs will be quality jobs offering Los Angeles Living Wages, benefits and advancement opportunities? (please explain)

100% of Los Angeles LGBT Center (Center) employees earn wages above the living wage standard, based upon the MIT Living Wage Calculator for a single adult in the City of Los Angeles. In addition, the Center provides outstanding benefits for its employees, including health insurance, a 403B program, disability, paid vacation, and educational stipends. In November, the Center received the highest possible ranking from Charity Navigator for sound fiscal management, accountability and transparency.

6c. What percentage of jobs will target local, low-income or otherwise disadvantaged workers? Will job training opportunities be offered? (please explain)

It is estimated that more than 80% of the new employees will be local, low income or otherwise disadvantaged. The Center will provide job training and education programs as described below:

- In house GED prep
- 5 Keys Charter School, which currently serves 25 youth that have dropped out of public school
- Collaboration with LAUSD, which has two representatives (PSA's) that visit the Center on a weekly basis to provide transcripts, counsel and help youth complete HS and secure a HS diploma
- Wrap around program with a goal of getting kids their high school accreditation and more
- Post-secondary program that provides college and course research, assistance with applying for financial aid, application and enrollment, and on-going support and tutoring
- Currently 200 enrolled annually in all education programs, which is expected to grow to 300 at the Campus
- Partner with the LA City on their YouthSource Center program
- Partner with the LA City on Hire LA Youth Initiative to provide summer internships for disconnected youth
- Extensive soft skills training – many of Center's homeless clients require communication and other basic tools before they're ready to be employed.
- Career exposure and exploration – career days, speakers, mentors that allow kids to see what's out there
- Internship program – Center provides 60 paid internships annually in various different departments
- Currently 400 enrolled annually in workforce training programs, which is expected to grow to 600 at the Campus
- In addition, the Center will start vocational training programs at the Center. Concepts include pet grooming, culinary, hospitality; the latter two will be supported by the commercial kitchen at the Campus.

7a. Will the project provide vital commercial goods and/or services to residents of the low-income community (grocery store, pharmacy, banking or other financial service provider, sit-down restaurant, etc.)? (Please explain.)

The Campus project will include approximately 2,000 SF of street-level retail space, located on the corner of McCadden Place and Santa Monica Boulevard. The expectation is that this space will be occupied by a commercial coffee shop or café, serving healthy food options for local neighborhood residents, and also providing employment opportunities for Campus residents. Also under consideration is a cosmetology store that would provide training in beauty treatments, skin care and cosmetics for our youth clients as well as providing associated products and treatments to the local community.

7b. Please specify if the project will create a grocery store or other means of providing access to healthy foods for the community where access is low. Please also specify if the project will be located in a USDA-defined food desert.

N/A

8a. Will the project provide vital community goods and/or services to residents of the low-income community (healthcare / FQHC in a medically-underserved community, social service, educational service, cultural venue, etc.)? (Please explain.)

The Campus project will result in increased access to community services for low-income persons and low-income community residents as follows:

- Youth Services. In Los Angeles, 40% of the 6,000 homeless youth on the city's streets, every day, identify as LGBT. Most of the LGBT youth who depend on the Los Angeles LGBT Center for basic survival needs have been abandoned by their families. In addition to the wide range of short- and long-term housing options for low-income youth to be provided at the Campus, the Campus will house a number of services and programs to support and empower at-risk LGBT youth. The Center's youth academy, home to the Center's extensive educational and job training programs, will be located at the site, along with the Center's LifeWorks youth leadership development and mentoring programs. The facility will also house an institutional kitchen (shared with the Senior Services program) and a large community dining room, classrooms, shower facilities and a recreational drop-in center.

- Senior Services. In addition to the 100 permanent affordable apartments for low-income LGBT seniors at the new facility, the Campus will include a number of direct services for low-income and at-risk seniors. Senior Services will move its offices and most of its program space to the new site (from its current location at the Village) to be more accessible to residents of the senior housing complex. The program space will include a dedicated drop-in center, recreation area and meeting rooms as well as meal services and flexible dining facilities, which can be shared with youth or dedicated to seniors, as required. Studies show that two out of every ten LGBT seniors live on \$20,000 or less per year. Discrimination prevented many from advancing in their careers and that same prejudice leaves them feeling unwelcome in assisted living facilities. The Campus will provide individual case management services for seniors, as well as extensive opportunities for seniors to interact with other people through its life and health enriching programs. Upon completion of the Campus, the Center expects it will be able to serve 3,600 additional seniors – three times the number it currently serves.

- Healthcare Services. With the relocation of the Center's existing youth programs and administrative headquarters to the Campus, the Center will be able to significantly expand its healthcare services in its current headquarters, the McDonald/Wright Building, including its Transgender Health Program and the Lesbian Health Program. The Center is an essential provider of transgender-specific healthcare in Los Angeles; the wait to see the Center's providers is currently 30 days. In the Center's mental health practice, the wait to see a therapist can be more than a month. The Center is also seeing an escalating number of first-time HIV-positive patients in even poorer health because they are delaying care and/or have been discharged from other facilities that no longer have the funding to care for them. With the relocation of the non-medical programs to the Campus, the Center will add at least eight new exam rooms at the McDonald/Wright Building, accommodating four additional physicians and allowing the Center to serve more than 3,300 additional patients a year.

8b. Is this a new program(s) or an expansion of an existing program(s)? How many additional individuals will be served by the program(s) and what percentage of those served is anticipated to represent low-income persons (patients served, daycare slots, etc.)? (Please explain.)

This project will allow the Center to expand existing programs. The Center, as the world's largest provider of programs and services for lesbian, gay, bisexual and transgender people, serves an economically and ethnically diverse population at a rate of approximately 42,000 client visits per month. The Campus will result in a substantial increase in critically needed programs, services and transitional and permanent housing options for low-income LGBT youth and seniors, and will allow for approximately 8,000 additional client visits each month – nearly a 20% increase in the Center's total capacity. Nearly 100% of these additional services will be provided to low income persons.

8. Does the project provide space for locally owned, minority or women-owned businesses or non-profit tenants? Is there an explicit set-aside for such tenants? If so, will such tenants receive reduced rents or other subsidies as a result of NMTC financing? (Please explain.)

N/A

Part V: Addendum (to be completed by LADF)

Addendum A: Project Location - Distressed Criteria

Please place an "X" in the appropriate boxes to indicate whether the project meets any of the following

Must have at least 1 of the following from Section A:

		Yes	No
A	Census tract with poverty rate greater than 30%		X
	Census tract with median family income 60% or less of area median income		X
	Census tract with unemployment rate at least 1.5 times the national average		X
	Non-metropolitan census tract		X
	Projects serving qualified Targeted Populations	N/A	

OR Must have at least 2 of the following from Sections B:

B	One of the following:		
	Census tract poverty rate greater than 25%		X
	Census tract with median family 70% or less of area median income		X
	Census tract with unemployment rate at least 1.25 times the national average	X	
	SBA designated HUB Zone (to the extent QLICI will support HUB Zone certified businesses)		X
	Federally designated Brownfield Redevelopment Area		X
	Encompassed by HOPE VI redevelopment plan		X
	Federally designated as Indian Reservations, Off-Reservation Trust Lands or Alaskan Native Village Statistical Areas, or Hawaiian Home Lands		X
	Designated as distressed by Appalachian Regional Commission or Delta Regional Authority		X
	Colonias designated area by HUD		X
	Federally designated medically underserved areas (to the extent QLICI will support health related services in the area)		X
	Federally designated Promise Zones, Impacted Coal Counties, base realignment and closure areas, State enterprise zone programs, or other similar state/local programs targeted towards particularly economically distressed communities	X	
	Counties for which FEMA has (a) issued a "major disaster declaration" and (b) determined that the county is eligible for both "individual and public assistance;" provided that the initial project investment was made within 36 months of the disaster declaration		X
	A Food Desert, which must either be determined by 1) the USDA's Food Desert Locator Tool or 2) a methodology used by another governmental or philanthropic healthy food initiative (to the extent QLICI will increase access to healthy food).		X

Tab 4

**EXHIBIT A
STATEMENT OF WORK**

BUSINESS STRATEGY CONSULTING SERVICES

SCOPE OF SERVICES

The proposal and the final products should include, but are not limited to, the services in the list below. Your firm should add appropriate items based on your experience and what you believe will be provide the best direction and results for the LADF:

1. Interview relevant individuals, such as the members of the LADF Governing Board and the LADF Advisory Board, LADF staff, City staff and other stakeholders with the following goals in mind:
 - a. Identification of the LADF's current business strategy.
 - b. Identification of the economic development goals of the LADF's Governing Board and Advisory Board.
 - c. Identification of the City's current economic development goals, objectives and initiatives.
 - d. Identification and inclusion of community outreach in the analysis and development of the LADF's business strategy, such as the Chamber of Commerce, the Business Improvement Districts (BIDs) and local Community Development Corporations and Economic Development Corporations.
2. Development of new economic development goals and business strategy for the LADF.
3. Identification of tools for the LADF to measure the outcome and success of the new economic development goals and business strategy.

Reports to be Issued

1. **Reports Issued**

- A. Following the completion of its analysis, the consultant shall issue a draft report that includes:
 - Details of a new business strategy for the LADF.
 - An analysis of how this new strategy supports the goals, objectives and initiatives of the LADF Governing Board, the LADF Advisory Board, and the City of Los Angeles.
 - Metrics to measure the outcome and success of the LADF in achieving the stated business goals.

-
- B. The consultant will incorporate comments from the LADF to produce a report in its final form to be presented by consultant at a joint meeting of the LADF Governing and Advisory Boards. This meeting will be open to the public.

2. Interim Reporting to the Board of Directors

From time to time, the LADF may request that the consultant attend one of the regularly scheduled meetings of LADF's Board of Directors to provide progress reports and updates.

DRAFT

3. EVALUATION AND SELECTION PROCESS

3.1. Qualifications Required

3.1.1. Understanding of the New Markets Tax Credit (NMTC) program, preferably experience advising Community Development Entities (CDEs) with NMTC allocations, particularly municipally-controlled CDEs.

3.1.2. Experience identifying and negotiating public/private financing strategies, preferably leveraging NMTC equity with public funding sources, such as the HUD Section 108 Loan Guarantee Program and Property Tax Increment and other non-traditional leverage sources such as grants and Program Related Investments (PRIs) preferred.

3.1.3. Experience creating realistic, practical and actionable economic development strategies for local and regional governments in collaboration with elected officials, government managers and staff, task forces, boards, staff, nonprofits, and the business community.

3.1.4. Experience integrating economic analysis, economic development, strategic planning, public financing, and organizational design for government and nonprofit organizations.

3.1.5. Familiarity with the City of Los Angeles, especially City departments and City initiative, and its relationships with county, state and federal government.

3.1.6. Experience making presentations to elected officials, City managers, the business community and the public.

3.1.7. Experience analyzing and compiling data and producing reports quickly.

3.2. LADF Evaluation Criteria.

3.2.1. The LADF will evaluate all proposals received in response to this RFP based on the following criteria:

3.2.1(a) Qualifications, skills, education, and experience of the firm and the personnel who would be assigned to perform the services required herein.

3.2.1(b) Documented past performance in terms of quality of services, product, timeliness, responsiveness, and completeness.

3.2.1(c) Proposed costs and fees, including overall financial feasibility of cost proposal.

3.2.1(d) Quality of the proposal, including thoroughness, logic, completeness, clarity, and methodology/approach, appropriate level of detail and overall responsiveness.