LADF

LOS ANGELES DEVELOPMENT FUND

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

<u>The Los Angeles Development Fund</u>
and
<u>LADF Management, Inc.</u>

May 19, 2017

SPECIAL MEETING *of the*

GOVERNING BOARD OF DIRECTORS *and* ADVISORY BOARD OF DIRECTORS *of*

THE LOS ANGELES DEVELOPMENT FUND *and* LADF MANAGEMENT, INC.

MAY 19, 2017

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AGENDA

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

CITY HALL, ROOM 1070
200 N. SPRING STREET, LOS ANGELES, CA
Friday, May 19, 2017 | 1:00pm – 2:00pm

	AGENDA ITEM	PRESENTER	TAB
	Welcome and Call to Order	Karen Kalfayan	
	Roll Call	Karen Kalfayan	
1	Discussion Items	Sandra Rahimi	
	a. 2017 NMTC Application		
	b. LADF Pipeline Update		Tab 2
2	Action Items	Sandra Rahimi	
	a. Request for Approval of $10 Million Sub-Allocation of New Markets Tax Credits for the Anita May Rosenstein Campus Project		Tab 3
	b. Request for Authorization of LADF staff to issue a Letter of Interest to the **Thai Town Marketplace** project for providing: 1) up to $4.0 Million of New Markets Tax Credit Allocation and 2) up to $370,000 loan – but no more than the sum of LADF's Placement Fee, Asset Management Fees, and expense reimbursements for the NMTC Compliance Period – to Sponsor to-be-used as a Leverage Loan source in the NMTC transaction. The LADF loan to Sponsor is to be fully amortizing and have a term of up to 8 years. LADF will have option to rescind the Letter of Interest if **by June 30, 2017** a) the project has not provided commitment letters from all other financing sources and b) project has not made substantial progress on all other LADF readiness criteria.		
	c. Request for Approval of Sandra Rahimi to attend the NMTC Coalition Board Meeting and represent LADF at the NMTC Coalition policy conference in Washington D.C. on June 6 & 7, 2017		Tab 4
	d. Request for Approval of Sandra Rahimi to represent LADF at Novogradac's NMTC conference in Washington D.C. on June 8 & 9, 2017		Tab 4
	Request for Future Agenda Items	Karen Kalfayan	
	Next Meeting Date and Time of Governing Board • Thursday, June 8, 2017	Karen Kalfayan	
	Public Comment	Karen Kalfayan	
	Adjournment	Karen Kalfayan	

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.

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PIPELINE PROFILES

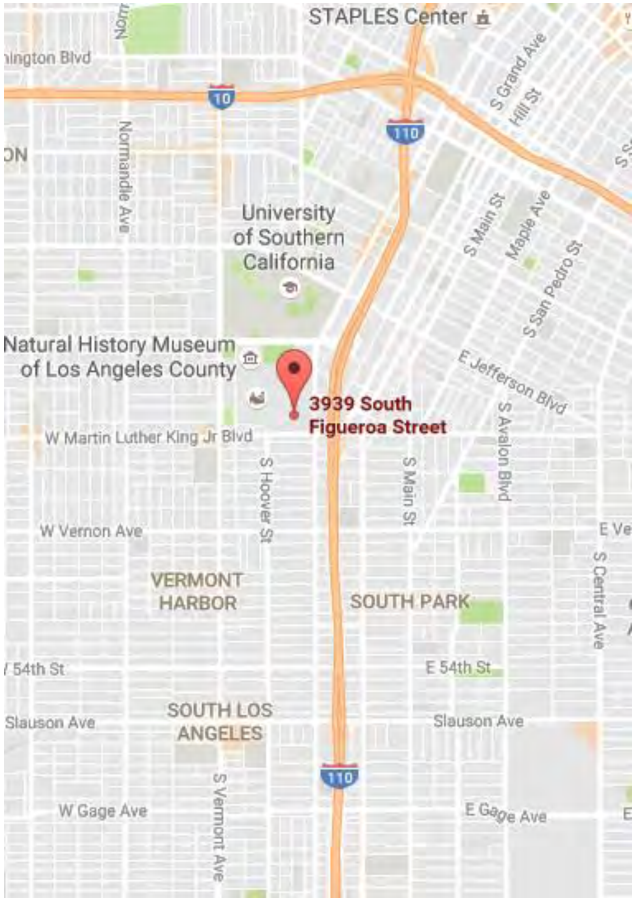
LADF Board Meeting
May 19, 2017

THAI TOWN MARKETPLACE

Developer:	Thai Community Development Center		
Project Type:	Food & Retail Community Market, Rehabilitation		
Description:	Tenant improvement build-out for **4,500 SF interior** & **2,700 SF exterior** retail space for a new innovative community market. Project will **incubate 18 food and retail small business vendors**. The small businesses will receive **entrepreneurship training** through the API Small Business Program and **ongoing technical assistance & shared office equipment**. Sponsor will educate vendors on accepting WIC, food stamps, and other benefit programs. Project aims to create the first "Health and Wealth Zone" that links health outcomes with economic outcomes by helping low-income residents start their first business, creating jobs, and teaching financial & health literacy.		
Location:	5448 Hollywood Blvd., Los Angeles, CA 90027 (**CD 13 - O'Farrell**)		
Census Tract Eligibility (2010):	➢ **41.5%** of Metro/State Median Income (*less than 60%*) ➢ Located in a ***Federal Promise Zone***		
Estimated TDC/ NMTC Allocation:	$ 4,700,000 (*approximate*)	Total QEI: LADF QEI:	$ 3,850,000 $ 3,850,000
Potential Sources of Funds:	Sponsor - *fundraising, cash*	$ 957,000	**Lev. Loan Eligible**
	City: CDBG:	$ 892,000	**Lev. Loan Eligible**
	City: CD13 Excess Bond Funds:	$ 764,000	**Lev. Loan Eligible**
	City: AB 1290 Funds:	$ 436,000	**Lev. Loan Eligible**
	Proposed LADF Bridge Loan:	$ 331,000	**Lev. Loan Eligible**
	NMTC Equity ($0.88 / NMTC):	$ 1,320,000	
Projected Closing:	July 2017		
Current Status:	➢ Sponsor controls site through a lease executed in July 2016 ➢ Entitlements completed, construction is 30% complete		
Community Benefits/Impact:	➢ Job Creation: **40** Permanent – **20** Construction ➢ Promote entrepreneurship & job opportunities for minorities, as well as ex-offenders and chronically underemployed individuals.		

LA FOOTBALL CLUB

Developer:	Los Angeles Football Club
Project Type:	Retail / Restaurant / Events Center, New Construction
Description:	Construction of **70,000 SF** of facilities, comprised of 20,000 SF of conference space, 5,000 SF sports-themed retail and a 30,000 SF food hall. Also proposed is public open spaces and community gathering spaces. The NMTC funding would finance the 30,000 SF food hall, which consists of 8 food stalls on the first floor and a large restaurant on the second floor. The site is located adjacent to the new stadium on a 15-acre site of the L.A. Memorial Sports Arena in Exposition Park next to the Los Angeles Memorial Coliseum in South L.A.
Location:	3939 S. Figueroa Street, Los Angeles, CA 90037 (**CD 9 - Price**)
Census Tract Eligibility (2010):	➢ <u>**42.5%**</u> Poverty Rate (*greater than 30%*) ➢ <u>**37.0%**</u> of Metro/State Median Income (*less than 60%*) ➢ <u>**2.8x**</u> National Avg. Unemployment (*greater than 1.5x*)
Estimated TDC:	$ 56,000,000 (*full build out*) $ 34,000,000 (*food hall only*)
Estimated NMTC Allocation:	Total QEI: $ 20,000,000 LADF QEI: $ 10,000,000
Potential Sources of Funds:	Sponsor Equity: $ 49,214,000 (*full build*) $ 27,214,000 (*food hall*) **Lev. Loan Eligible** NMTC Equity ($0.87 / NMTC): $ 6,786,000
Projected Closing:	TBD
Current Status:	➢ Sponsor controls site via 97-year lease with USC ➢ All entitlements obtained, demolition has commenced
Community Benefits/Impact:	➢ Job Creation: **100** Permanent – **17** Construction (*food hall only*) ➢ **50%** of hiring targeted to low- and middle-income persons ➢ **35** jobs will pay LA City living wage, **15** jobs will pay 42% higher ➢ **1 of 8** stalls to be used as restaurant incubator space ➢ **24** Community Events will be held in Community Open Space



HEART OF LOS ANGELES

Developer:	Heart of Los Angeles (HOLA)
Project Type:	Community Facility, New Construction
Description:	Project is a 25,000 SF arts, enrichment and recreation center, located in a City park, that will be used by HOLA for its academic, arts, music, and community engagement programs. NMTCs will also be used to provide working capital to HOLA for its operations. Heart of Los Angeles (HoLA) provides underserved youth with free, programs in academics, arts and athletics within a nurturing environment, empowering them to develop their potential, pursue their education and strengthen their communities. Of all the youth HoLA provides services to 97% live in poverty. HOLA has helped 95% of these youth finish high school and enter college.
Location:	625 S. Lafayette Park Place, Los Angeles, CA 90057 (**CD 10**)
Census Tract Eligibility (2010):	➢ **<u>66.9%</u>** of Metro/State Median Income (*less than 80% and 70%*) ➢ Located in a ***State Enterprise Zone*** and ***Federal Promise Zone***
Estimated TDC:	$ 13,800,000
Estimated NMTC Allocation:	Total QEI: $ 13,800,000 LADF QEI: $ 2,000,000
Potential Sources of Funds:	Capital Campaign (rec'd): $ 2,000,000 **Lev. Loan Eligible** Bridge Loan (*Cap. Campaign*): $ 7,120,000 **Lev. Loan Eligible** NMTC Equity ($0.87 / NMTC): $ 4,680,000
Projected Closing:	July 2017
Current Status:	➢ Ground lease expected to be finalized/approved by July 2017 ➢ Design is complete and the GC provided a preliminarily bid, which was higher than the Sponsor's original projected cost ➢ Project has commitment for $11.8M NMTC Allocation from a CDE
Community Benefits/Impact:	➢ Job Creation: **10** Permanent – **100** Construction ➢ Increase Sponsor's capacity from serving 500 students per day and 2,300 persons per year to **800 students per day** and **4,000 persons per year**

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PROJECT PRIORITIZATION MATRIX

PROJECT INFORMATION UPDATED AS OF: 5/19/2017

PROJECT NAME	IN APPLICATION/ NOT IN APPLICATION	ESTIMATED CLOSING	JOB CREATION (*Permanent/Construction*)	JOBS PAYING 2016 L.A. LIVING WAGES OR BETTER	OTHER COMMUNITY BENEFITS	TOTAL QEI REQUESTED	OTHER CDE INTEREST	ALLOCATION GAP	LADF ALLOCATION REQUESTED	LADF STAFF RECOMMEND-ATION	COUNCIL DISTRICT
Thai Town Marketplace Status: *Under Construction*	Not In Application	Jul-2017	40 / 20	N/A	•ACCESSIBLE JOBS (*LOCAL HIRE*) •COMMERCIAL GOODS/SERV •FINANCING MINORITY BIZ •FLEXIBLE LEASE RATES	$ 4,000,000	$ -	$ 4,000,000	**$ 4,000,000**	**$ 4,000,000**	13
LA Football Club Status: *Under Construction*	Not In Application	Jul-2017	100 / 17	50 (50%)	•ACCESSIBLE JOBS (*LOCAL HIRE*) •COMMERCIAL GOODS/SERV •SUSTAINABILITY (*LEED*)	$ 20,000,000	$ 10,000,000	$ 10,000,000	**$ 10,000,000**	**TBD**	9
Heart of Los Angeles Status: *Ground lease approval (Rec & Parks), entitlements, permits, and GC contract execution expected Mid-July*	Not In Application	Jul-2017	10 / 100	10 (100%)	•COMMUNITY GOODS/SERV •FINANCING MINORITY BIZ	$ 13,800,000	$ 11,800,000	$ 2,000,000	**$ 2,000,000**	**TBD**	10

Tab 3

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NEW MARKETS TAX CREDITS INVESTMENT REPORT

TO:	LADF Board of Directors
FROM:	Sandra Rahimi, Secretary
DATE:	May 19, 2017
SUBJECT:	Request to Approve a **$10,000,000** New Markets Tax Credits Allocation to AMR Campus QALICB, Inc. ("**QALICB**") for the Anita May Rosenstein Campus ("**Project**")

SUMMARY

Project Name:	Anita May Rosenstein Campus ("**AMR Campus**")
Location:	Hollywood / Central Hollywood Neighborhood (CD 4 – David Ryu)
Project Description:	78,300 SF / New Construction / Community Facility
Sponsor / Developer:	Los Angeles LGBT Center ("**Sponsor**", or "**LGBT Center**")
Ownership:	• Sponsor owns *Land, Building, and Improvements* • Property to-be-transferred to QALICB at closing
NMTC Investor:	Wells Fargo Bank ("**Investor**")
Total Project Cost:	$ 91,075,500 (*$66.6 million construction costs – commercial only*)
Total Allocation / QEI: *LADF Allocation / QEI*:	$ 43,000,000 $ 10,000,000 (*2015-2016 Allocation*) • LADF XI, LLC *(Certified Sub-Allocatee)*
Job Creation (*Direct*):	**80** Permanent Jobs, **330** Construction Jobs
Site Eligibility Criteria:	2010 Census Tract No. 06037191901 • NMTC Eligible and Targeted Distressed Community (*per 2015-16 Allocation Agmt*)**:** • 74.0% AMI Households (*less than 80%*) – Section 3.2(h)(ii) • 1.35x National Avg. Unemployment Rate (*greater than 1.25x*) – Section 3.2(h)(vi) • Federally designated Promise Zone – Section 3.2(h)(xiv)
Community Benefits:	• Increasing Sponsor's capacity by **8,000 client visits per year** • Add **40** emergency overnight and **60 t**ransitional living beds for homeless youth • Expand services for homeless/at-risk LGBT youth and low-income seniors

Key Compliance Criteria under the 2015-2016 Allocation Agreement:

☑ Sect. 3.2(a):	Investments in, or loans to, QALICBs	☑ Sect. 3.2(b):	Located within Service Area
☑ Sect. 3.2(c):	Approved/Certified Sub-Allocatee	☑ Sect. 3.2(d):	QLICI made to Unrelated Entity
☑ Sect. 3.2(f):	Flexible Product	☑ Sect. 3.2(h):	Targeted Distressed Community
☑ Sect. 3.2(j):	100% QEI Investment Usage	☑ Sect. 3.3(j):	Monetize Only Eligible Existing Assets

Projected Residual Value of LADF QLICI that may be obtained by the QALICB: $ 3,393,000

CONTENTS

SITE ANALYSIS

The project site is approximately 1.7 acres and located in the Central Hollywood neighborhood of Central Los Angeles. The site is located at the following contiguous address locations:

- 1116 & 1118 N. McCadden Place, Los Angeles, CA 90038
- 6725 Santa Monica Boulevard, Los Angeles, CA 90038

The site is under the jurisdiction of Council District 4 of the City of Los Angeles, represented by Councilmember David Ryu. Additionally, the site lies within the following designated economic development areas:

• *Promise Zone*:	Central Los Angeles Promise Zone
• *State Enterprise Zone*:	Los Angeles State Enterprise Zone
• *Revitalization Zone*:	Central City
• *Business Improvement District*:	Hollywood Media District

The site is 1.5 miles away from the US-101 Freeway. The site is considered a transit-oriented development and is 0.8 miles from the Hollywood / Highland Metro Red Line rail station. Public bus transportation is located nearby on Highland Ave. and Santa Monica Blvd.

The existing, economically obsolete improvements on the site were demolished in the first quarter of 2017. The site is currently vacant land without any improvements or uses. The land uses adjacent to the site include retail and community uses (L.A. LGBT Center site) to the west, light industrial to the north, creative media education (SAE Institute) to the south, and retail (7-Eleven anchored strip center) to the east.

Site Control

The Los Angeles LGBT Center ("**LGBT Center**", or "**Sponsor**") currently owns the site, and purchased it in 2014 for $12.7 million. Per new NMTC regulations, the land value will not be capitalized in this financing.

PROJECT DESCRIPTION

The LGBT Center will use the NMTC financing to fund the new construction of the AMR Campus. Construction is expected to begin in May 2017 and be completed in December 2018.

The AMR Campus project will be a 78,300 SF community facility – including a two-story subterranean parking garage – specifically focused on providing transitional living beds, emergency overnight beds, and critical social services for at-risk youth and low-income seniors.

At one of its other seven sites the Sponsor operates an Emergency Overnight Bed program, which offers a bed in a dormitory-like space for up to 90 days. Completion of AMR will allow the Sponsor to offer an additional 40 beds with similar programming to provide safe short-term housing for homeless youth. The AMR Campus will also add 60 beds of transitional accommodations in rooms housing up to four people for a maximum stay of 18 months for young people aged 18 to 24.

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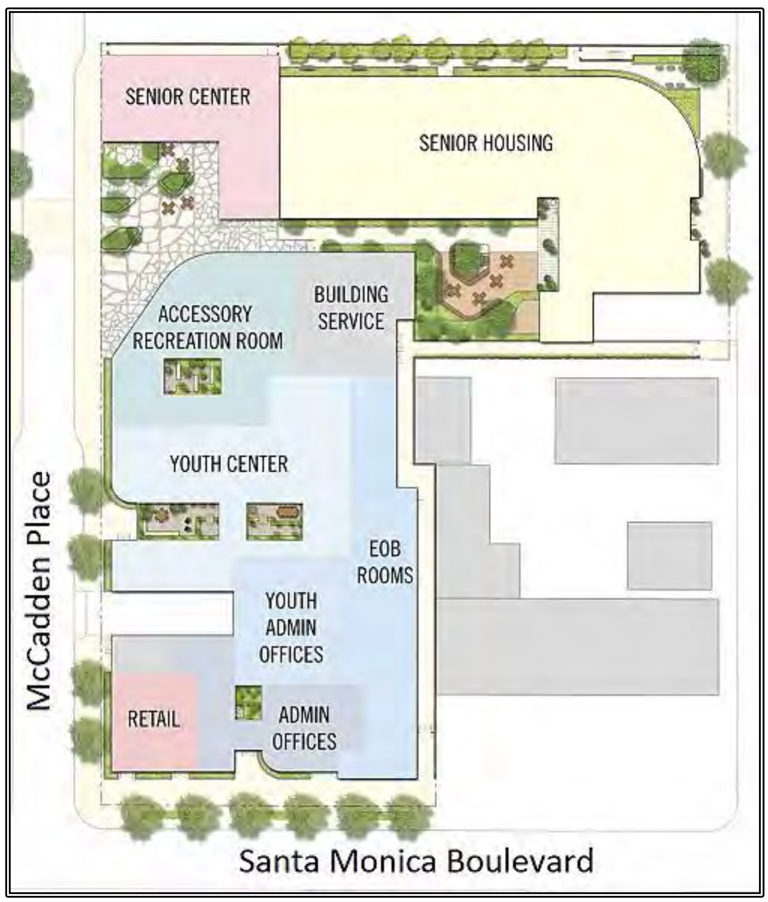
The project will also house the headquarter office space for the LGBT Center and incorporate a neighborhood-serving retail component. The relocation of the LGBT Center's headquarter offices to the new AMR Campus from its current location will allow for the Sponsor to expand its Federally Qualified Health Center, operating out of the same building as the Sponsor's current headquarter offices. The FQHC operated by the Sponsor offers primary care facilities, extensive mental health services and is a nationally renowned HIV/AIDS care provider and research institute.

The proposed mix of uses for the AMR Campus project's 78,300 SF of space is as follows:

• Transitional Living Beds (*60 beds*) / Emergency Overnight Beds (*40 beds*)	18,000 SF – *23.1%*
• LGBT Center HQ/Administrative Offices	17,000 SF – *21.7%*
• Youth Center	15,450 SF – *19.7%*
• Senior Center	7,050 SF – *9.0%*
• Accessory Recreational Space	5,200 SF – *6.6%*
• Neighborhood-Serving Retail	2,000 SF – *2.6%*
• Kitchen / Service Area	4,500 SF – *5.7%*
• Outdoor Improved Space	9,100 SF – *11.6%*
• *Subterranean Parking Garage*	*256 Stalls*
	78,300 SF

The LGBT Center, in partnership with housing developer Thomas Safran & Associates, will also develop an affordable housing project for low-income seniors (*100 units*) and youth aging out of foster care (*35 units*), located on the same site and adjacent to the AMR Campus project. Construction of the residential project will not be funded through the NMTC financing. The site will be sub-divided into two separate legal parcels, one for the NMTC project and one for the residential project. The sub-division will occur when financing sources for the residential portion have been committed.

Since the two projects will be sharing the two-story subterranean parking garage, the LGBT Center will contribute $5.5 million to the NMTC project for the construction of the residential portion of the parking garage. Once the residential project is fully funded, it will reimburse the NMTC project for this expenditure.



COMMUNITY AND ECONOMIC BENEFITS

The primary community benefits created by the NMTC transaction are the following:

Job Creation/Retention:	• Creating: **80** Permanent Jobs and **330** Construction Jobs • Retaining: **190** Permanent Jobs
Quality Jobs:	• **100%** of all permanent jobs will be provided with livable wage jobs based on MIT's Living Wage for the City of L.A. at $13.08 ($27,206 annually) • **100%** of the permanent jobs will be provided with the following benefits: Medical, Dental, Vision Care, Paid Time Off, Paid Holidays, Retirement and/or 401(k) Benefits, and Educational Stipend • **100%** of the permanent jobs will be provided opportunities for training and advancement • Construction hires will also be provided with livable wages and benefits described above (*% of construction jobs not yet negotiated for this requirement*)
Accessible Jobs:	• Required to interview Low-Income Community Residents ("**LICR**") or Low-Income Persons ("**LIP**")/minorities/military veterans for every permanent job created or filled (*% or # of individuals not yet negotiated for this requirement*) • Required to hire LICRs or LIPs/minorities/military veterans for construction jobs (*% of construction jobs not yet negotiated for this requirement*)
Community Goods/Services to Low-Inc. Communities:	• Increase Sponsor capacity for providing critically needed programs, services, and transitional housing options for low-income LGBT youth and seniors by **8,000 client visits per month** (*increasing Sponsor's total capacity to 50,000 client visits each month at this and Sponsor's other sites*) • Project will result in increased access to community services for Low-Income Persons and low-income community residents as follows: o **Youth Services**. Project will house services and programs to support and empower at-risk LGBT youth. The Sponsor's **youth academy**, home to its extensive educational and job training programs, will be located at the project site, along with the Sponsor'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. o **Senior Services**. Project will include direct services for low-income and at-risk seniors.[1] 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. Sponsor will provide individual case management services for seniors, as well as extensive opportunities for seniors to

[1] Senior Services will move its offices and most of its program space to the Project (*from its current location at the Sponsor's other site, the Village*) to be more accessible to residents of the new senior housing complex to be built on the subject site but not funded by NMTC financing.

interact with other people through its life and health enriching programs. Sponsor expects it will be able to **serve 3,600 additional seniors**.

  - **Healthcare Services**. With the relocation of the Sponsor's existing youth programs and administrative headquarters to the project site, the Sponsor will be able to significantly expand its healthcare services in its existing headquarters, the McDonald/Wright Building, including its **Transgender Health Program** and the **Lesbian Health Program**. With the relocation of the non-medical programs to the Project, the Project Sponsor will add at least eight new exam rooms at the McDonald/Wright Building, accommodating four additional physicians and allowing the Project Sponsor to serve more than 3,300 additional patients a year.

Commercial Goods/Services to Low-Inc. Communities:

- *Healthy Foods*: Create approximately **2,000 SF of street-level retail space**, to-be- occupied by a commercial coffee shop or café, serving healthy food options for local neighborhood residents, and also providing employment opportunities for the project's residents

Housing Units:

- The Project will include the following housing opportunities for homeless and low-income persons:
  - **40 Beds for the Emergency Overnight Bed Program**, providing safe short-term housing for homeless youth; and
  - **60 beds for the Transitional Living Program**, providing up to 18 months of housing, along with case management for homeless LGBT youth aged 18-24.

Environmentally Sustainable Outcomes:

- Pursue **LEED Silver certification** for the project.
- Project is a **transit-oriented development**, with immediate access to the Metro Line and DASH bus service.

The community benefits discussed in this section will be required of the QALICB and Sponsor by way of a Community Benefits Agreement ("**CBA**"). The CBA will require the QALICB to use commercially reasonable efforts to achieve the impacts. The CBA will include a biannual reporting requirement for tracking the quantifiable community impacts. As of the time of this report, the CBA is still under negotiation. If there are any material or significant changes to the CBA, as presented in this memo, during the course of the negotiation, LADF staff will inform the LADF Governing Board of such changes and seek reaffirmation of approval.

DEVELOPMENT TEAM

Real Estate QALICB: AMR Campus QALICB, Inc.

AMR Campus QALICB, Inc. is a 509(a)(3) California nonprofit public benefit corporation and supporting organization of the Sponsor that was formed on February 2, 2017. This entity will serve as the Qualified Active Low Income Community Business ("**QALICB**") for the NMTC transaction purposes. The entity was established for the purposes of owning and managing the real estate interests in the project, including land, building, and improvements. The QALICB will enter into a lease agreement with the Sponsor to operate the AMR Campus.

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The QALICB is controlled by a seven-member Board of Directors, of which two are concurrently serving as senior officers and one is concurrently serving as the Co-Chair of the Board of the LGBT Center. The officers of the QALICB include David Bailey as President and Chair of the Board (*also Co-Chair of the LGBT Center*) and Lorri Jean as Secretary (*also Chief Executive Officer of the LGBT Center*). The joint LGBT Center and QALICB management team will carry out the development of the project and be responsible for management and maintenance of the subject property.

An Agreed-Upon Procedures report[1] will not be required for the QALICB because it is a mission-driven, real estate entity.

The entity will be considered a "real estate" QALICB for NMTC purposes. It will have no employees and maintain at least 85% of its tangible property within the low-income community where the project is located during the seven-year NMTC compliance period.

Since this is a newly-formed company, there are no financial statements to review. The company will be the beneficiary of the NMTC and direct project financing sources, which the LGBT Center originally solicited.

Developer/Sponsor: Los Angeles LGBT Center ("**Sponsor**", or "**LGBT Center**")

LGBT Center is a 501(c)(3) nonprofit corporation founded in 1969 for the purpose of serving the lesbian, gay, bisexual, and transgender (*LGBT*) communities. The LGBT Center is building a world where LGBT people thrive as healthy, equal, and complete members of society. Since its founding, the LGBT Center has been dedicated to supporting the LGBT communities through a comprehensive range of dedicated services.

The LGBT 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. It is a powerful nonprofit force for LGBT civil rights and home to the largest array of free or low-cost medical, legal, employment, educational, cultural, and social services designed specifically for LGBT people.

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 LGBT Center for basic survival needs have been abandoned by their families. Studies also 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 LGBT Center serves a broad range of clients, from homeless and vulnerable LGBT youth to isolated and low-income seniors. The LGBT Center offers primary care facilities, extensive mental health services, and is a nationally renowned HIV/AIDS care provider and research institute. The LGBT Center is also an essential provider of transgender-specific healthcare in Los Angeles. However, there is a large unmet need in the LGBT community. The wait to see the LGBT Center's providers is currently 30 days. In the LGBT Center's mental health practice, the wait to see a therapist can be more than a month. The Center's FQHC 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

[1] Agreed-Upon Procedures engagements are carried out by auditors to report factual findings, which in an NMTC transaction relates to the nature of the business of the QALICB and its compliance with NMTC regulation. Compliance is determined for the QALICB as of the closing date, and expectations for compliance during the seven-year NMTC compliance period.

them. With expansion projects such as the AMR Campus, the LGBT Center aims to increase its capacity to meet this need in this underserved community.

With regards to this NMTC transaction, the LGBT Center will be providing certain guaranties and indemnities. The assets of the company will be available to support any guaranties or indemnities. For further discussion see the section entitled "COLLATERAL AND GUARANTEES".

FINANCIAL STATEMENT ANALYSIS

LADF has reviewed the consolidated audited financial statement for LGBT Center for the fiscal years ending June 30, 2014, June 30, 2015, and June 30, 2016. The company had a total of $25.1 million in cash and $90.8 million in total assets (*including the subject real estate*) as of June 30, 2016. Additionally, the company has $25.8 million in liquid short-term investments whose use is mostly unrestricted, consisting of mutual funds, equity securities and structured equity products, and fixed income securities. In conjunction with financing this project, the Sponsor has raised $36.4 million in pledges through a capital campaign within the last 36 months.

General Contractor: Swinerton Builders

The GC selected for the AMR Campus project is Swinerton Builders. Swinerton provides commercial construction services, including professional consulting services, throughout the Western United States and Ontario, Canada. As of September 30, 2016, Swinerton reported a cash position of $142.4 million and total assets of $1.0 billion.

Swinerton will provide a Guaranteed Maximum Price contract, which is expected to be executed prior to NMTC closing.

Architect: Killefer Flammang Architects

Killefer Flammang Architects ("**KFA**") is the architect of record for the AMR Campus project and will bill approximately $2.5 million for its services. Founded in 1975, KFA offers full architectural services, including programming, master planning, design, construction documents, and construction administration. The firm has over 60 employees, over 25% of which have been at KFA for more than 10 years. Of their architectural staff, 50% are licensed and 55% are female.

The firm has provided services to 151 housing projects – comprised of 15,205 residential units, 3,436 affordable housing units, 904 units for the homeless on Los Angeles's skid row, and 4,416 adaptive reuse units – as well as 18 school projects, 12 recreation projects, 11 libraries, 4 fire stations, and 11 buildings listed on the national register of historic places.

PROJECT FEASIBILITY

Property Valuation

The total development costs for the project, excluding the $7 million payoff of the Sponsor's acquisition loan and the $5.5 million construction cost of the residential portion of the subterranean parking, is $78.6 million.

A broker opinion of value letter has been provided by the brokerage firm Cushman & Wakefield to determine market value of the fee simple interest in the property after project completion. The letter indicates a valuation of the as-built project in the range of $700 to $800 per square foot. The project size is

78,300 SF, which equates to a valuation range of $54.8 million to $62.6 million. This results in a Loan-to-Cost ratio between 143% to 126%. It is common for NMTC projects, located in Low-Income Communities, to have a significant shortfall between project cost and project valuation. This is one of the more common criteria under which a project meets the "but for" test for NMTC financing.

Additionally, the broker opinion of value letter indicates the property could attract tenants at a lease rate in the range of $4.50 to $5.00 per square foot monthly (*modified gross, inclusive of taxes and insurance*), or $54 to $60 per square foot annually. The QALICB will master lease the property to the Sponsor at a very low rate of $4.03 per square foot annually, escalating at 3% annually. Given that the project will be 100% Sponsor-occupied and that the NMTC structure will be self-leveraged, the rental payments only need to be enough to cover the below-market interest on the QLICIs at the lower tier and the same below-market interest on the Sponsor leverage loan at the upper tier.

Environmental Inspections

A Phase I environmental report of the subject property was produced by California Environmental Geologists & Engineers, Inc. dated March 2017. The report concluded that the assessment revealed no evidence of recognized environmental conditions (RECs), historical recognized environmental conditions (HRECs), or controlled recognized environmental conditions (C-RECs) in connection with the subject property.

A reliance letter will be provided naming LADF XI, LLC (*LADF's Sub-CDE*) as a party that may rely on the Phase I report.

Construction Feasibility

The QALICB will be responsible for developing the project and has elected officers and directors that are all either senior officers, board members, or staff of the Sponsor. The QALICB will enter into the GMP contract with the GC.

A costing analysis of the project will be completed by a third-party firm, Lenders Quality Assurance, prior to NMTC closing. Lenders Quality Assurance will also inspect progress and work done during the construction period, and the firm will provide monthly reports to Wells Fargo and the Sub-CDE lenders.

The project's disbursement process will be coordinated by Wells Fargo in its role as the disbursement servicer. Wells Fargo's role will include obtaining a full draw package from the QALICB, inspection report from Lenders Quality Assurance, and subsequent approvals from the Sub-CDE lenders and Wells Fargo as NMTC Investor. The Sub-CDE lenders will have full approval rights over each draw. The full draw package submitted by the QALICB will require also that the Sub-CDE lenders receive date down endorsements from the title company and lien waivers from the GC and all subcontractors.

Probable Maximum Loss Report

A Probable Maximum Loss (PML) study may be performed upon finalizing plans and design. However, it is unlikely given that the project is new construction. It is a reasonable expectation that the design will reflect the most current seismic design standards which would result in a PML of 20% or less.

Financial Feasibility

SOURCES		USES	
NMTC Sources		**NMTC Uses**	
Leverage Loan Sources:		Reimbursement of Incurred Costs[1]:	3,063,500
- Sponsor Capital Campaign	14,463,200	*Construction Costs:*	
- Sponsor Equity (*cash reserves*)	14,446,900	- Hard Costs (*May 2017 - Apr 2018*)	32,548,200
NMTC Investor Equity ($0.87/TC):		- Soft Costs (*May 2017 - Apr 2018*)	2,385,800
- NMTC Equity (**LADF QEI**)	3,393,000	Interest Exp. (*May 2017 - Apr 2018*):	271,400
- NMTC Equity (LIIF QEI)	2,714,400	*Closing Costs, Fees, & Reserves:*	
- NMTC Equity (Telacu QEI)	5,089,500	- Legal/Accounting/Consulting Fees	1,294,000
- NMTC Equity (Genesis QEI)	3,393,000	- **LADF** CDE Placement Fee	200,000
		- **LADF** Asset Mgmt. Fee Reserve	525,000
		- **LADF** Expense Reserve	104,000
		- Other CDE Upfront Fees	1,240,000
		- Other CDE Expense Reserve	1,868,100
Sub-Total (NMTC Sources):	$43,500,000	***Sub-Total (NMTC Uses):***	$43,500,000
Non-NMTC Sources at Closing		**Non-NMTC Uses at Closing**	
Sponsor Donation (*land, incurred costs*)	9,242,200	Acquisition (*net donation*):	9,242,200
Sponsor Equity (*NMTC reimbursement*)	3,063,500	Repayment of WF Acquisition Loan:	7,000,000
Sponsor Equity (*cash reserves*):	3,053,100	Wells Fargo Loan Fees:	195,000
Wells Fargo (*Bridge Loan*):	1,078,400		
Sub-Total (Non-NMTC Sources):	$19,500,700	***Sub-Total (Non-NMTC Uses):***	$19,500,700
Non-NMTC Sources thru Construction[2]		**Non-NMTC Uses thru Construction**	
Wells Fargo (*Bridge Loan*):	8,921,600	*Construction Costs:*	
Wells Fargo (*Term Loan*):	16,716,700	- Hard Costs (*Apr 2018 - Dec 2018*)	22,984,300
Sale of Parking to Housing Project:	5,500,000	- Soft Costs (*Apr 2018 - Dec 2018*)	1,684,700
		- FF&E (*inc. contingency*)	753,400
		- Residential Parking Build-out	5,500,000
		Interest Exp. (*Apr 2018 - Dec 2018*):	215,900
Sub-Total (Non-NMTC Sources):	$31,138,300	***Sub-Total (Non-NMTC Uses):***	$31,138,300
Total Project Sources	**$ 91,075,500**	**Total Project Uses**	**$ 91,075,500**
Summary Construction Sources	***Commercial Only***	***Summary Construction Uses***	***Commercial Only***
Sponsor Equity (*campaign, cash*):	30,755,500	Construction Hard Costs:	55,532,500
NMTC Equity:	14,589,900	Construction Soft Costs:	5,116,200
Wells Fargo Loan (*Bridge Loan*):	4,500,000	NMTC Financing Costs:	5,718,400
Wells Fargo (*Term Loan*):	16,716,700	Other Financing Costs:	195,000
	$ 66,562,100		**$ 66,562,100**

[1] Reimbursement is limited to costs incurred 24 months prior to closing of the NMTC transaction, per NMTC guidance.
[2] Direct financing sources to the Project will be donated to the QALICB by Sponsor on a monthly basis after NMTC sources have been expended, currently expected to occur in April 2018.

LADF
LOS ANGELES DEVELOPMENT FUND

DEVELOPMENT PRO FORMA

The total project cost is estimated to be $91.1 million, $43.5 million of which will be leveraged through the NMTC structure to make $42.3 million in Qualified Low-Income Community Investment ("**QLICI**") loans to the project. The QLICI funds will be disbursed as follows at closing:

- $3.1 million – Reimbursement of pre-closing development costs incurred within the last 24 months
- $1.5 million – Pay NMTC and Other Closing Costs
- $2.5 million – Fund the CDE-Controlled Fee and Expense Reserve Accounts
- $35.2 million – Fund the CDE-Controlled Construction Disbursement Account

The QLICI proceeds that fund the CDE-controlled construction disbursement will be fully expended prior to the Sponsor contributing the remainder of the capital needed (*$31.1 million*) to complete the project. This approach will help the QALICB avoid exceeding the allowable threshold of 5% of assets in for Non-Qualified Financial Property, as provided for by NMTC regulation[1]. The Sub-CDE lenders will remain part of the draw process until improvements are complete. Please see the section entitled "RISKS AND MITIGANTS" for a discussion about risks associated with the delayed borrower funding.

NMTC-related reserves held by the QALICB will total $2.5 million and be held for the payments of asset management fees and expense reimbursements to the Sub-CDEs. The Sub-CDEs will require that their ongoing fees and expense reimbursements for the entire NMTC Compliance Period be held in separate reserve accounts, including $629,000 held in an account pledged to LADF for LADF's fees and expense reimbursements.

OPERATING PRO FORMA

The project's operating revenues will consist of rental payments made to the QALICB by the Sponsor as under its master lease of the building. The rental rates to be paid by the Sponsor are projected at $4.03 per square foot, or $315,500 annually, starting in Jan. 2019 after construction completion, and escalating 3% per year thereafter. After accounting for operating expenses, the QALICB's debt service coverage for the Project is estimated at 1.0x (*per the current financial projections dated March 28, 2017*). Since the project will be 100% Sponsor-leased and the NMTC transaction is funded with a leverage loan that is 100% Sponsor equity, there is minimal risk of the QALICB not making its debt service payments.

Project Timeline

The following list represents the milestone items and the project's completion and expected completion dates (*as of May 16, 2017*):

- March 2017: Demolition completed
- April 2017: Design Development & Construction Drawings completed
- May 2017: Foundation Permit approval and GC Contract execution
- *Late* May 2017: **NMTC Transaction Close**
- May-June 2017: Building Permit approval
- May-June 2017: Construction Commencement (*post-NMTC closing*)
- December 2018: Construction Completion (*approx. 20-month construction schedule*)

[1] Less than 5% of the average of the aggregate unadjusted bases of the entity's property may be attributable to nonqualified financial property. The term nonqualified financial property means debt, stock, partnership interests, options, futures contracts, forward contracts, warrants, notional principal contracts, annuities and other similar property. The definition does not include reasonable amounts of working capital held as cash, cash equivalents, or debt instruments with term of 18 months or less. Further, proceeds of a capital or equity investment or loan by a CDE that will be expended for construction of real property within 12 months after the date the investment or loan is made are treated as a reasonable amount of working capital.

LADF
LOS ANGELES DEVELOPMENT FUND

FINANCING PARTNERS

The project-level costs of the QALICB will be funded in whole by the QLICI loans and the Sponsor direct contribution dollars (*Sponsor will use equity and debt sources to fund its direct contributions to the project*). The financing parties to the NMTC structure will include one NMTC Investor at the upper tier, as well as four NMTC allocatees, or Community Development Entities ("**CDEs**"), making the QLICI loans to the project through their Subsidiary CDEs ("**Sub-CDEs**") at the lower tier. Additionally, the leverage loan at the upper tier will be sourced from the Sponsor (*Sponsor will use capital campaign funds raised and its own unrestricted cash reserves to fund the leverage loan*).

NMTC Investor

Wells Fargo Community Investment Holdings, LLC ("**Investor**"), a subsidiary of Wells Fargo Bank, is the NMTC Investor that will provide the equity contribution to the Investment Fund. Wells Fargo provides tax credit equity to low- and moderate-income communities through community development lending and equity investments.

LADF has closed one previous transaction with Wells Fargo as Investor. The transaction was for the Bobrick Washroom Equipment manufacturing facility project, which closed in December 2012.

CDE Lenders

The AMR Campus Transaction will include four CDE allocatees providing NMTC allocation and making QLICI loans to the project through their Sub-CDE special purpose entities. The following table lists the CDE allocatees, along with their Sub-CDEs, and the Qualified Equity Investment ("**QEI**") associated with their NMTC allocations:

CDE Allocatee	Sub-CDE	Sub-Allocation Amount
Los Angeles Development Fund	*LADF XI, LLC*	$10,000,000
Low Income Investment Fund	*LIIF Sub-CDE XL, LLC*	$8,000,000
Genesis LA CDE LLC	*GLA Sub-CDE XX, LLC*	$10,000,000
New Markets Community Capital, LLC	*New Markets Community Capital XX, LLC*	$15,000,000
	Total NMTC Allocation	$43,000,000

Low Income Investment Fund

Low Income Investment Fund ("**LIIF**") is a certified CDE located in San Francisco, California, and has received nine NMTC allocations totaling $458 million: 2007-$44mm, 2008-$50mm, 2009-$45mm, 2010-$21mm, 2011-$50mm, 2012-$55mm, 2013-$48mm, 2014-$60mm, and 2015-2016-$85mm. LIIF uses its allocation of NTMCs to support community facilities that address its mission of poverty alleviation. LIIF has $85 million in NMTC allocation remaining, all from its 2015-2016 allocation, with a multi-state service area covering California, Illinois, Indiana, Louisiana, New York, Oregon, and Texas. This will be the first transaction that LADF has closed with LIIF.

Genesis LA CDE LLC

Genesis LA CDE LLC ("**Genesis**") is a certified CDE located in Los Angeles, California, and has received six NMTC allocations totaling $265 million: 2005-$80mm, 2006-$50mm, 2009-$40mm, 2013-$20mm, 2014-$30mm, and 2015-2016-$45mm. Genesis was established in 1998 to advance economic opportunity in Los Angeles County. The organization uses allocation to invest in community facilities and commercial and mixed-use real estate projects that deliver programs, goods, services, and quality jobs to the county's low-income communities. Genesis has $45 million in NMTC allocation remaining, all from its 2015-2016 allocation, with a local service area covering Los Angeles County, California. This will be the second transaction that LADF has closed with Genesis as a partner CDE. In 2011, LADF co-invested NMTC allocation with Genesis in the One Santa Fe retail and office project. Additionally, in 2014, LADF invested NMTC allocation in the L.A. Prep food production facility, which Genesis also participated in as leverage lender using its CDFI program funds.

NEW MARKETS COMMUNITY CAPITAL, LLC

New Markets Community Capital, LLC ("**Telacu**") is a certified CDE located in Los Angeles, California, and has received seven NMTC allocations totaling $260 million: 2002-$30mm, 2008-$40mm, 2009-$55mm, 2011-$20mm, 2012-$25mm, 2014-$35mm, and 2015-2016-$55mm. Telacu utilizes tax credits to provide substantially below-market financing for qualified commercial, retail and industrial developments. Telacu has $55 million in NMTC allocation remaining, all from its 2015-2016 allocation, with a statewide service area covering the State of California. This will be the second transaction that LADF has closed with Telacu as a partner CDE. In 2012, LADF co-invested NMTC allocation with Telacu in the Dream Center community facility project.

Leverage Lenders

The NMTC Transaction will be self-leveraged by the Sponsor using $28.9 million from its capital campaign contributions received and unrestricted cash reserves. For discussion about the Sponsor, refer to the section entitled "DEVELOPMENT TEAM".

FINANCING STRUCTURE

The project's total development cost will be funded by the $43.0 million QEI generated and an additional $500,000 Sponsor equity (*to cover fees at the upper tier*) through the NMTC leverage structure, and the following project sources outside the NMTC structure: (1) $9.2 million Sponsor net contribution of land and pre-closing development costs to the QALICB, (2) $11.6 million Sponsor equity, and (3) $26.7 million from two separate loan facilities provided by Wells Fargo. For a full diagram showing the flow of funds at closing, please refer to Exhibit A.

The Sponsor equity for the NMTC leverage loan will be fully advanced prior to, or at, closing of the NMTC transaction. The Sponsor equity contributed outside the NMTC structure will be donated to the QALICB on a monthly basis, after NMTC funds have been expended, to cover the remainder of the project costs until completion. Please see the section entitled "DEVELOPMENT TEAM" for further discussion about the financial capacity of the Sponsor and the Foundation.

NMTC Financing

There will be one investment fund established for the NMTC transaction. Wells Fargo will be the NMTC Investor Member and own 100% of the investment fund. The equity contribution at the upper tier by Wells Fargo will total $14.6 million. In exchange, Wells Fargo will receive $16.8 million in tax credits that will be generated through the Fund (39% of the total $43.0 million QEI). This exchange of equity for tax credits reflects a pricing of $0.87 per tax credit dollar for QEIs associated with LADF's, LIIF's, Genesis's, and Telacu's allocations.

The $28.9 million leverage loan provided to the investment fund by the Sponsor as the Leverage Lender will be interest-only for seven years during the NMTC compliance period and bear an interest rate of 1.0%. After the end of the interest-only period, the self-leverage loan will amortize over the following 17 years.

Wells Fargo's tax credit equity contributions combined with the leveraged loan will be used to capitalize the investment fund with $43.5 million in total. Upon closing of the NMTC transaction, the investment fund will use its capital to make a $10 million QEI to the LADF Sub-CDE, an $8 million QEI to the LIIF Sub-CDE, a $10 million QEI to the Genesis Sub-CDE, a $15 million QEI to the Telacu Sub-CDE, and pay $500,000 in NMTC costs charged at the upper tier.

In exchange for its contributions, the investment fund will receive a 99.99% membership share in each Sub-CDE. The four Sub-CDEs will use the contributed capital to make QLICIs to the QALICB totaling $42.3 million after $740,000 in upfront fees charged at the Sub-CDE tier.

With regards to LADF's Sub-CDE, LADF Management, Inc. (*LADF's subsidiary entity*) will contribute $1,000 to capitalize the LADF Sub-CDE and own 0.01% share in the LADF Sub-CDE. LADF will earn $75,000 in annual income related to management services it provides on behalf of the Sub-CDE.

Each Sub-CDE will provide two QLICI notes – matching one with the leverage loan ("**A note**") and the other with the NMTC equity component ("**B note**"). The A notes will have interest rates of 1.33% and 30-year terms with interest-only payments for the first seven years during NMTC compliance period. The B notes will have the same loan terms as the A notes.

If there should be a return of capital during the seven-year NMTC compliance period, the order of capital redeployment will be as follow:

1. LIIF Sub-CDE – first $7.8 million of capital redeployment
2. Telacu Sub-CDE – next $14.7 million of capital redeployment
3. Genesis Sub-CDE – next $9.8 million of capital redeployment
4. LADF Sub-CDE – next $10.0 million of capital redeployment

Upon a return of capital during the seven-year NMTC compliance period, a CDE has 12-months to redeploy the capital in a qualifying NMTC project or it becomes a "Recapture Event" and triggers a loss of the tax credits as well as penalties for the Investor. As in its other NMTC investments, LADF will have nine months to work with Wells Fargo to identify for reinvestment a project within the City of Los Angeles that is acceptable to both entities; thereafter Wells Fargo Bank can remove LADF Management, Inc. as managing member of LADF XI, LLC and choose an investment without LADF's input. However, it must still be within Los Angeles County per LADF's 2015-2016 Allocation Agreement. With Wells Fargo's strong presence in the City of Los Angeles, and LADF's close relations with City partners, it is expected that nine months should be sufficient time to identify an alternative investment acceptable to both.

PROJECT READINESS

The project is expected to be ready for NMTC closing on or before May 26, 2017. Pursuant to LADF's policies and procedures, the readiness of the project is determined as follows:

- *Control of Site*: Site owned by the Sponsor, to-be-transferred to QALICB at closing
- *Entitlement Process*: Completed
- *Design/Pre-Development*: Completed
- *Working Drawings*: Completed
- *Value Engineering*: Completed
- *Permits*: Expected by late April or first week of May 2017
- *Tenant Leases*: Leaseback to Sponsor to-be-executed concurrent with NMTC closing

- *GMP Construction Contract*: GC contract is in final form, execution expected in May 2017 (*pending Wells Fargo's review*)
- *Financing Commitments*: LOIs have been issued by LIIF, Genesis, Telacu, and Wells Fargo Bank (*as NMTC Investor*). The Sponsor has committed capital campaign funds and cash reserves for the Leverage Loan and direct project contributions (*to-be-donated after NMTC proceeds are expended*).
- *Outstanding 3rd Party Issues*: Required insurance policies have been ordered and will be provided prior to NMTC closing.

NMTC ELIGIBILITY AND COMPLIANCE

The subject site is located in the 2010 Census Tract 06037191901. The population within the Census tract is 3,355 individuals per the 2010 Census. Based on the CDFI Fund's GeoCode Report for the site, LADF has determined that the site is located in a Qualified Census Tract based on one qualifying measure:

- Median Family Income of 74.0% of the greater Metro area (*less than 80%*)

Further, the site also qualifies under Section 3.2(h) of LADF's 2015-2016 Allocation Agreement as a Targeted Distressed Community based on the two qualifying measures listed:

- Unemployment Rate that is 1.35x the National Unemployment Rate (*greater than 1.25x*)
- Located in a Federally designated Promise Zone

QALICB Analysis

The AMR Campus QALICB, Inc. special purpose entity will satisfy the requirements for QALICBs and will be considered a business engaged in "Real Estate Activities", as defined by LADF's 2015-2016 Allocation Agreement[1], because its sole business activities are the development of the project and leasing of the completed improvements to the Sponsor.

The QALICB will meet the Non-Qualified Financial Property ("NQFP") Test since 100% of the QLICI proceeds will be expended for development of the project within 18 months of closing. The NQFP test requires that less than 5% of the average of the annual aggregate unadjusted basis of the property held by the QALICB is attributable to NQFP which includes debt, stock, etc.

Since 100% of the tangible property of the QALICB will be within a qualifying Low-Income Community ("**LIC**") census tract, the Tangible Property, Services Performed, and Gross Income Tests are all satisfied. In addition, less than 50% of the QALICB will be controlled by any entity having an interest in any Sub-CDEs, so there is no Related Party entity issue.

LADF 2015-2016 Allocation Agreements Compliance

This transaction will use $10 million in allocation from LADF's 2015-2016 Allocation award from the CDFI Fund. With the closing of this transaction, the 2015-2016 Allocation award will be 40% invested.

The LADF has determined that the transaction complies with the authorized uses of its NMTC allocation under Section 3.2 of its 2015-2016 Allocation Agreement, evident through the following characteristics of the transaction:

- §3.2(a) –LADF's allocation will be used to make a loan to a QALICB
- §3.2(b) – Project is located in the County of Los Angeles

[1] "Real Estate Activities" is the development (including construction of new facilities or rehabilitation/enhancement of existing facilities), acquisition, management or leasing of real estate by a business.

- §3.2(c) – LADF XI, LLC is a listed Subsidiary Allocatee in Schedule I of the Allocation Agreement
- §3.2(d) – QALICB is controlled 100% by persons unrelated to LADF
- §3.2(e) – LADF must issue $10 in additional QEIs to meet the 60% threshold by Dec. 31, 2019
- §3.2(f) – LADF's QLICI provides flexible terms (*discussed below*)
- §3.2(h) – The subject site is located in a Targeted Distressed Community (*discussed above*)
- §3.2(j) – 100% of QEI will be passed down as a QLICI

Section 3.2(g) (*Non-Metropolitan Counties*), 3.2(i) (*Loan Purchases Reinvestment*), and Section 3.2(l) (*Innovative Investments*) are marked "Not Applicable" in LADF's 2015-2016 Allocation Agreement.

Section 3.2(k) (*Affordable Housing*) is also marked "Not Applicable" in LADF's 2015-2016 Allocation Agreement. As this relates to the AMR Campus project, the transitional and emergency overnight bed programs in the proposed uses would be considered housing. However, this does not put LADF out of compliance with Section 3.2(k) of its allocation agreement. Per guidance issued by the CDFI Fund in April 2017 in its updated Compliance FAQ:

"All Allocatees may use their QLICIs to develop/rehabilitate housing units so long as the projects fall within one or more of the Qualified Low-Income Community Investments listed in section 3.2(a) of the Allocation Agreement and otherwise meet the terms of the Allocation Agreement… In cases where section 3.2(k) is marked "Not Applicable" in an Allocation Agreement, it is the CDFI Fund's preference that if an Allocatee uses its QLICIs to finance the development or rehabilitation of housing units, the Allocatee should ensure that at least 20 percent of the aggregate housing units that the Allocatee financed are affordable housing units (e.g. affordable to persons with income less than 80 percent of area median family income)."

The transitional and emergency overnight beds at the AMR Campus will be considered 100% affordable units since they will be provided only to homeless and very low-income individuals. An additional consideration is that this project was included in the pipeline presented in LADF's 2015-16 application and therefore this financing is in accord with the business strategy presented by LADF.

As the transaction relates to Section 3.2(f) (*Flexible Products*) of the 2011 Allocation Agreement, LADF must comply with the following:

"All of the Allocatee's QLICIs must (a) be equity or equity-equivalent financing, (b) have interest rates that are 50 percent lower than either the prevailing market rates for the particular product or lower than the Allocatee's current offerings for the particular product, or (c) satisfy at least 5 of the indicia of flexible or non-traditional rates and terms, as listed in Section 3.2(f)[1]."

LADF's QLICI notes bear interest rates of 1.33% and satisfy part (b) of this paragraph. To support the compliance with this provision, LADF references a market rate lending terms letter provided by Berkadia Commercial Mortgage LLC, which was ordered to support the flexible terms of LADF QLICI notes in another transaction closed on April 10, 2017 (*Orthopaedic Institute for Children*). This letter states that the market interest rate for the transaction (*which is similar in project type as the subject AMR Campus transaction*) is between 5.5% to 6.0%.

[1] Flexible or non-traditional rates and terms listed in Section 3.2(f) include: (i) Below market interest rates; (ii) Lower than standard origination fees; (iii) A longer than standard period of interest only loan payments; (iv) Higher than standard loan to value ratio; (v) A longer than standard amortization period; (vi) More flexible borrower credit standards; (vii) Nontraditional forms of collateral; (viii) Lower than standard debt service coverage ratio; or (ix) Subordination.

Reimbursement of Costs

As part of guidance published by the CDFI Fund in December 2015 – after LADF's last allocation award in the 2011 Allocation round – a new provision, Section 3.3(j), was incorporated into all allocation agreements after that time pertaining to monetizing existing assets in NMTC transactions. Section 3.3(j) reads as follows:

The Allocatee shall not use the proceeds of a QEI to make a QLICI in a QALICB where such QLICI proceeds are used, in whole or in part, to repay or refinance a debt or equity provider whose capital was used to fund the QEI, or are used to repay or refinance any Affiliate of such a debt or equity provider, except where:

(i) the QLICI proceeds are used to repay or refinance documented reasonable expenditures that are directly attributable to the qualified business of the QALICB, and such expenditures were incurred no more than **24 months** prior to the QLICI closing date; or

(ii) no more than **5%** of the total QLICI proceeds from the QEI are used to repay or refinance documented reasonable expenditures that are directly attributable to the qualified business of the QALICB.

LADF's QLICI will comply with Section 3.3(j)(i) since none of the QLICI proceeds will be used to reimburse any costs incurred by the QALICB's affiliate, LGBT Center, prior to the 24-month period ending on the NMTC closing. Additionally, the QALICB and LGBT Center will execute a cost reimbursement certification agreement, for the benefit of the CDE lenders, certifying to that point.

DEMONSTRATED NEED FOR NMTC FINANCING ("BUT FOR" TEST)

The equity generated through the NMTC structure will provide an estimated $9.4 million in subsidy (*net of NMTC closing costs, placement/origination fees, management fees, and on-going expenses*) to the project, approximately 21.8% of the $43.0 million QEI in the transaction, 14.1% of the $66.6 million of total construction costs (*commercial only*), and 10.3% of the $91.1 million of total project costs. The LADF Sub-CDE's portion of the total net subsidy is approximately $2.6 million.

Given the nonprofit Sponsor and social service nature of the proposed facility, the Project could not move forward without the NMTC equity injection. Community facilities projects such as AMR Campus historically have relied on public funding sources and capital campaigns to provide funds for development costs. The Sponsor already has expended and reserved a significant amount of equity (*approx. $42.8 million*), using the unrestricted portion of its endowment, and secured a significant amount of debt for the project. Its ability to raise an additional $9.4 million for this project is highly unlikely and would take a substantial amount of time. The Project could not move forward without the NMTC equity injection.

COLLATERAL AND GUARANTEES

The LADF's QLICI loan, along with the QLICI loan from the LIIF Sub-CDE, Genesis Sub-CDE, and Telacu Sub-CDE, will be secured *pari passu* by a Second Deed of Trust on the QALICB's fee interest in the subject property. The QLICI loans will be subordinate to an existing $8 million loan made on the property by the New Generation Fund. It is expected that the New Generation Fund will waive any rights to construction oversight of the NMTC project. Additionally, the New Generation Fund loan will be assigned to the residential portion of the project after the site is sub-divided between the NMTC project and the residential project into separate parcels. Additional collateral for the QLICI loans will consist of guaranties from the QALICB and Sponsor and a security interest in the reserve accounts.

The QALICB and Sponsor will provide an indemnity to the CDE lenders, including LADF XI, LLC (*LADF Sub-CDE*), for environmental losses. The QALICB and Sponsor will also provide an indemnity to the Investor for reimbursement of lost tax credits and losses related to loss of tax credits. The QALICB and Sponsor will also provide the CDE lenders a completion guaranty for construction of the Project.

LOAN REPAYMENT ANALYSIS/EXIT STRATEGY

At the end of the seven-year NMTC compliance period, the LADF's Sub-CDE will distribute the QLICI notes to the investment fund. Additionally, the QLICI B Note, which is tied to the NMTC Investor's equity amount, may be forgiven at the end of the compliance period by way of an option agreement described below.

A Put-Call Option Agreement will be entered into by the Sponsor and Wells Fargo Bank (*as the Investor*). Wells Fargo Bank may exercise its put option and sell its respective interest in the Fund to the Sponsor for $1,000. If Wells Fargo Bank chooses not to exercise its put option, the Sponsor may exercise its call option. Upon exercising of either put or call option by the respective parties, the Sponsor would own all of the debt associated with the proposed transaction.

RISKS AND MITIGANTS

There will be limited credit and recapture risk. All significant NMTC compliance issues have been or will be addressed. The QALICB is an eligible entity, the project is located in an eligible highly distressed census tract, LADF's Sub-CDE is certified, there are no related party issues, and the transaction has been structured to meet the Substantially-All Test.

RISK: TOTAL PROJECT SOURCES NOT FUNDED IN WHOLE AT NMTC CLOSING

The total of all financing sources needed to complete the project will not be funded at NMTC closing; only the QLICI loans will be funded at closing. Once the QLICI proceeds are fully expended, the Sponsor will make contributions to the QALICB using additional equity and proceeds from two Wells Fargo loans in order to complete the project. Though this poses a risk of funding availability to complete the project, the risk is mitigated by the following factors:

- Project will be 100% Sponsor-leased and the NMTC transaction is funded with a leverage loan that is 100% Sponsor equity, so there is assurance that the Sponsor is highly-motivated to complete the project;
- Sponsor contributions made after the QLICI proceeds are expended will be required to flow through the QLICI Disbursement Account, such that the CDE lenders will have oversight over their use;
- Sponsor has a strong balance sheet and is very capable in fundraising, which provides assurance that the Sponsor will be able to cover any unforeseen cost overruns; and
- The two Wells Fargo loans, which the Sponsor will be drawing from after QLICI proceeds are expended, will close concurrent with the NMTC closing and be restricted for use on this project.

RISK: GENERAL

The QALICB, Sponsor, and LADF have taken and will take measures to prevent a Recapture Event. Such measures include:

- LADF has obtained a license for specially-designed compliance software to assure that all required reporting to the CDFI Fund is completed in a timely manner. This will prevent the LADF from losing its certification with the CDFI Fund.
- No principle amortization or prepayment will be allowed during the seven-year NMTC compliance period. This will prevent putting the project in violation of the Substantially All Test, which states

that 85% of the QEI must be continuously invested in QLICIs during the 7-year NMTC compliance period.

- The transaction will be structured to ensure that up-streamed distributions of cash flow cannot be interpreted as redemption of capital (i.e. a return of equity). While return of equity to the NMTC Investor Member is not permitted, return on equity is permitted. Therefore, all cash flow up-streamed to the NMTC Investor would be structured as return on equity and would be recognized as income. If there is a return of capital, LADF is fourth in the waterfall (*after LIIF Sub-CDE, Telacu Sub-CDE, and Genesis Sub-CDE*) and would receive a return of capital only after **$33 million** was returned.
- To mitigate the possibility that a portion of the QEI is returned via bankruptcy and/or foreclosure on the subject site, through the seven-year NMTC compliance period, the QALICB will be required to commit to maintaining operations at the subject location or providing for an acceptable alternative entity to do so in order to maintain the NMTC structure. Transaction documentation will include legal opinions that all aspects of the transaction comply with the NMTC regulations.

The economic and real estate risks of the project will be borne by the QALICB and Sponsor in their capacities as guarantors and indemnitors, and the Sponsor in its capacity as leverage lender. However, the project-related risks are largely mitigated by the experienced development team assembled for the project as well as the feasibility of the project. The Sponsor has the organizational and financial capacity to access sufficient liquidity to cover reasonable cost overruns and move the project to completion.

LADF FEE LOAD AND RESERVES

The LADF will receive the following fees from the transaction:

- Placement Fee – 2% of QEI (equates to $200,000). LADF will receive fee in lump sum at closing.
- CDE Servicing & Compliance Fee – 0.75% of QEI per year for $10 million of 2015-2016 Allocation
  - This equates to $525,000 (quarterly installments of $18,750 paid out of QLICI interest received for 7 years)
- CDE Expense Reimbursements – estimated at $13,000 annually per CDE for 8 years (equates to $104,000). QALICB will be responsible for paying all ongoing costs incurred by the Sub-CDE related to the transaction, which will consist primarily of audit and tax expenses.

All of LADF's CDE Servicing and Compliance Fees and CDE Expense Reimbursements for the entire Compliance Period, which total approximately $629,000, will be placed in a separate, controlled reserve account at close of the transaction.

POLICY EXCEPTIONS

LADF is authorized by its Board of Directors to engage five law firms for transactional counsel. Those five firms are Bergman and Allderdice, BuchalterNemer, Butler Snow LLP, Kutak Rock LLC, and Nixon Peabody LLP. For this transaction, LADF will be engaging Manatt as legal counsel. LADF's four other partner CDEs in the transaction have an established relationship with Manatt and have identified Manatt as their counsel for this transaction. In an effort to keep transactional costs low, increase efficiency in closing, and provide the maximum benefit to a low-income community project, LADF will proceed to engage Manatt for this transaction as well.

At its special meeting on January 18, 2017, the LADF Governing Board approved engaging Manatt for the AMR Campus transaction.

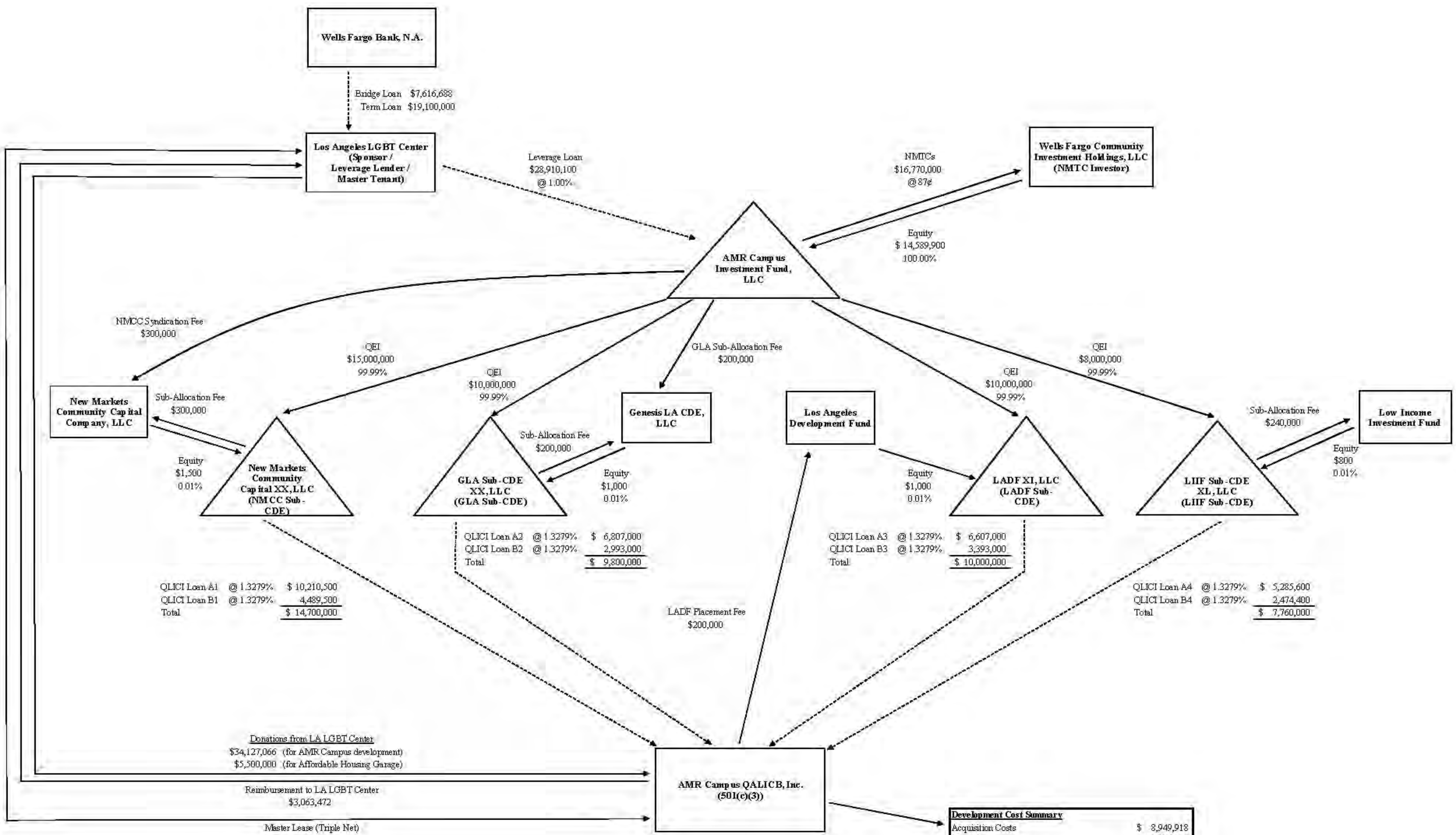
RECOMMENDATION

Approval of this funding request is recommended based on the project's feasibility, readiness and community benefits.

ATTACHMENTS

EXHIBIT A: AMR Campus Flow of Funds (*as of March 28, 2017*, Final Projections Pending)

EXHIBIT A: AMR Campus Flow of Funds (*as of March 28, 2017*, Final Projections Pending)



Development Cost Summary	
Acquisition Costs	$ 8,949,918
Hard Costs	55,532,546
Hard Costs - Affordable Housing	5,500,000
Soft Costs	7,898,494
NMTC Fees and Closing Costs (less: LADF Placement Fee)	1,309,000
Cash Reserves	2,497,108
Total Development Costs	$ 81,687,066

RESOLUTIONS

of the

Board of Directors
of
THE LOS ANGELES DEVELOPMENT FUND

At a meeting of the Board of Directors of **The Los Angeles Development Fund,** a California nonprofit public benefit corporation (the "Corporation"), duly convened and held on [May ___, 2017], at which a quorum was present and acting throughout, the following resolutions were adopted:

WHEREAS, pursuant to that certain New Markets Tax Credit Program Allocation Agreement dated effective as of February 9, 2017, among the Community Development Financial Institutions Fund, a wholly owned government corporation within the U.S. Department of Treasury (the "CDFI Fund"), the Corporation, LADF XI, LLC, a Delaware limited liability company (the "CDE"), and certain other subsidiary allocatees of the Corporation, the Corporation received a 2015-2016 New Markets Tax Credit Allocation in the amount of $50,000,000 (the "NMTC Allocation") for New Markets Tax Credits under Section 45D of the Internal Revenue Code;

WHEREAS, the Corporation formed the CDE for the purpose, among other matters, of receiving a transfer of a portion of the Corporation's allocation of New Markets Tax Credits from the CDFI Fund as hereinafter set forth in these resolutions;

WHEREAS, the Corporation is currently a Class A Member of the CDE and will withdraw as a Class A Member of the CDE as hereinafter set forth in these resolutions;

WHEREAS, the Limited Liability Company Agreement of the CDE has been or will be amended and restated pursuant to the Amended and Restated Limited Liability Company Agreement, and the Board of Directors has had to opportunity to review and discuss the form of the Amended and Restated Limited Liability Company Agreement;

WHEREAS, in order to induce Wells Fargo Community Investment Holdings, LLC, a Delaware limited liability company or an affiliate thereof (the "Investor"), to invest in AMR Campus Investment Fund, LLC, a Delaware limited liability company, and for such entity, in turn, to make one or more qualified equity investments in the CDE, the Corporation is required to indemnify the Investor against certain conditions as set forth in the New Markets Tax Credit Compliance Indemnification Agreement (the "Indemnification Agreement"), among the Corporation, LADF Management, Inc., a Delaware corporation and the managing member of the CDE, and the CDE, as the indemnifying parties thereunder, and the Investor, as the beneficiary of such indemnification, which the Board of Directors has had to opportunity to review and discuss the form of the Indemnification Agreement; and

WHEREAS, the Bylaws of the Corporation provide at Section 4.2 that the officers of the Corporation shall be chosen by the Board.

NOW THEREFORE, BE IT RESOLVED, that the following persons are appointed to the offices of the Corporation set forth opposite his or her name, to serve for a term not longer than two (2) years:

Name:	Title:
Rushmore Cervantes	President
Sandra Rahimi	Secretary

RESOLVED FURTHER, that the President of the Corporation acting alone (the "Authorized Officer"), be authorized, on behalf of the Corporation, to enter into certain transaction documents in connection with the above describe transaction and "qualified low-income community investments" that are necessary to evidence and govern such transactions;

RESOLVED FURTHER, that the transfer by the Corporation to the CDE of a portion of the Corporation's NMTC Allocation in the amount of $10,000,000 (the "Sub-Allocation") is hereby authorized and approved, and the Authorized Officer is authorized and directed to execute such documents and take all necessary steps to effectuate such transfer of the Sub-Allocation to the CDE;

RESOLVED FURTHER, that the officers of the Corporation are authorized and directed to take all necessary action to cause the Corporation to withdraw as a Class A Member of the CDE;

RESOLVED FURTHER, that the forms of the Amended and Restated Limited Liability Company Agreement of the CDE and the Indemnification Agreement that have been reviewed by the Board of Directors (such documents are referred to herein as the "Transaction Documents") are approved, and the Authorized Officer of the Corporation is authorized and directed to execute and deliver the Transaction Documents on behalf of the Corporation in substantially the forms currently before the Board of Directors but with such changes thereto as such Authorized Officer may approve, their execution and delivery being conclusive evidence of such approval;

RESOLVED FURTHER, that the Authorized Officer of the Corporation is authorized on behalf of the Corporation to execute, deliver and perform such further agreements, certificates, filings, financing statements, instruments and other documents as may be necessary or appropriate in connection with the transaction contemplated by the Transaction Documents; and

RESOLVED FURTHER, that any and all documents, instruments, and other writings previously executed and delivered or acts performed by the Authorized Officer, in the name and on behalf of the Corporation and its affiliates, in connection with the transactions contemplated herein, be and the same hereby are, consented to in all respects and hereby ratified, confirmed and approved.

The above resolutions were passed by the necessary majority of those present and voting in accordance with the Bylaws and Articles of Incorporation of the Corporation.

The original executed copy of this document shall be filed in the minute book of the Corporation and become a part of the records of the Corporation.

*   *   *

IN WITNESS WHEREOF, these Resolutions are hereby executed as of the date first written above.

SECRETARY'S CERTIFICATE

I HEREBY CERTIFY that I am the duly elected and acting Secretary and keeper of the records of The Los Angeles Development Fund, a California nonprofit public benefit corporation (the "Corporation"); that the aforementioned is a true and correct copy of resolutions duly adopted by the Board of Directors of the Corporation (collectively, the "Resolution"); that the Resolution does not conflict with the corporate charter or bylaws of the Corporation, nor has the Resolution been in any way altered, amended or repealed, and that it is in full force and effect, unrevoked and unrescinded, as of this day, and has been entered upon the regular minute book of this Corporation, as of the aforementioned date, and that the Board of Directors of the Corporation has, and at the time of adoption of the Resolution, had, full power and lawful authority to adopt the Resolution and to confer the powers thereby granted to the officers and staff therein named who have full power and lawful authority to exercise the same.

____
Sandra Rahimi, Secretary

LADF XI, LLC

WRITTEN CONSENT
OF THE MANAGING MEMBER

[May __, 2017]

LADF Management, Inc., a Delaware corporation, being the managing member ("Managing Member") of **LADF XI, LLC,** a California limited liability company ("Company"), does hereby, consent to, adopt and approve the following resolutions.

APPROVAL OF ADMISSION OF INVESTOR MEMBER, DESIGNATION OF QEI, LOANS TO BORROWER AND TRANSACTION DOCUMENTS

RESOLVED, that the Managing Member declares it advisable that the Company admit AMR Campus Investment Fund, LLC, a Delaware limited liability company ("Investor Member"), as the investor member in the Company; and further

RESOLVED, that the Managing Member is authorized on behalf of the Company to accept the capital contribution of the Investor Member in the amount of $10,000,000 and designate such contribution as a Qualified Equity Investment as defined in Section 45D of the Internal Revenue Code of 1986, as amended; and further

RESOLVED, that the Managing Member hereby approves on behalf of the Company of the acceptance of a sub-allocation of new markets tax credits in the amount of $10,000,000 to the Company from The Los Angeles Development Fund, a California nonprofit public benefit corporation ("LADF"); and further

RESOLVED, that the Managing Member hereby approves the making of Qualified Low-Income Community Investment ("QLICI") loans to AMR Campus QALICB, Inc., a California nonprofit public benefit corporation ("Borrower"), in the aggregate principal amount of $10,000,000, as evidenced by Promissory Notes designated as A-3 and B-3 (or other designations approved by the Managing Member) in the aggregate principal amount of $10,000,000 (collectively, "Loans"); and further

RESOLVED, that the Managing Member hereby approves the forms of the Amended and Restated Operating Agreement of the Company; the New Markets Tax Credit Compliance Indemnification Agreement by the Managing Member, the Company, and LADF, in favor of Wells Fargo Community Investment Holdings, LLC; and the Loan Agreement by and among the Company (in its capacity as a lender thereunder), GLA Sub-CDE XX, LLC (in its capacity as a lender thereunder), New Markets Community Capital XX, LLC (in its capacity as a lender thereunder), LIIF Sub-CDE XL, LLC (in its capacity as a lender thereunder) and Borrower (collectively, "Transaction Documents") in the forms currently before the Managing Member; and further

RESOLVED, that the Managing Member is hereby authorized, empowered and directed to execute and deliver the Transaction Documents on behalf of the Company but with such changes thereto as the Managing Member may approve, such execution and delivery by the

Managing Member being conclusive evidence of such approval of the Managing Member; and further

RESOLVED, that the Managing Member is authorized on behalf of the Company to execute, deliver and perform such further agreements, certificates, filings, financing statements, instruments and other documents as may be necessary or appropriate in connection with the transaction contemplated by the Transaction Documents and the making of the Loans to the Borrower.

RESOLVED, that any and all documents, instruments, and other writings previously executed and delivered or acts performed by the Managing Member, in the name and on behalf of the Company, in connection with the transaction contemplated herein, be, and the same hereby are, consented to in all respects and are hereby ratified, confirmed and approved.

IN WITNESS WHEREOF, the undersigned, hereby consents to and evidences its approval of the actions set forth above as of the date first written above.

APPROVED AND SIGNED:

LADF MANAGEMENT, INC., a Delaware corporation, as Managing Member of LADF XI, LLC

By______________________________________
Rushmore Cervantes, President

RESOLUTIONS

of the
Board of Directors
of
LADF Management, Inc.

At a meeting of the Board of Directors of **LADF Management, Inc.**, a Delaware corporation ("Corporation"), duly convened and held on [May ___, 2017] at which a quorum was present and acting throughout, the following resolutions were adopted:

WHEREAS, the Corporation is the managing member of LADF XI, LLC, a Delaware limited liability company (the "CDE");

WHEREAS, the limited liability company agreement of the CDE has been or will be amended pursuant to the Amended and Restated Limited Liability Company Agreement applicable to the CDE, and the Board of Directors has had to opportunity to review and discuss the form of the Amended and Restated Limited Liability Company Agreement;

WHEREAS, in order to induce Wells Fargo Community Investment Holdings, LLC, a Delaware limited liability company or an affiliate thereof ("WF"), to invest in AMR Campus Investment Fund, LLC, a Delaware limited liability company ("Fund"), and for the Fund to make one or more qualified equity investments in the CDE, the Corporation is required to indemnify WF against certain conditions specified in the New Markets Tax Credit Compliance Indemnification Agreement, among the Corporation, the Los Angeles Development Fund and the CDE, as the indemnifying parties thereunder, and WF, as the beneficiary of such indemnification ("Indemnification Agreement"), in substantially the form attached hereto; and

WHEREAS, the Bylaws of the Corporation provide at Section 4.2 that the officers of the Corporation shall be chosen by the Board.

NOW THEREFORE, BE IT RESOLVED, that the following persons are appointed to the offices of the Corporation set forth opposite his or her name, to serve for a term not longer than two (2) yearslified:

Name:	Title:
Rushmore Cervantes	President
Sandra Rahimi	Secretary

RESOLVED FURTHER, that the President of the Corporation acting alone (the "Authorized Officer"), be authorized, on behalf of the Corporation, to enter into certain transaction documents in connection with the above describe transaction and "qualified low-income community investments" that are necessary to evidence and govern such transactions;

RESOLVED FURTHER, that the Corporation is hereby authorized to do and perform or cause to be done and performed all such acts and things deemed necessary, advisable or appropriate as Managing Member of the CDE, including execution of resolutions constituting one or more Written Consents of the Managing Member of the CDE relating to the transaction contemplated by the Transaction Documents (as hereinafter defined) and contemplated by that certain Loan Agreement by and among the CDE (in its capacity as a lender thereunder), GLA Sub-CDE XX, LLC (in its capacity as a lender thereunder), New Markets Community Capital XX, LLC (in its capacity as a lender thereunder), LIIF Sub-CDE XL, LLC (in its capacity as a lender thereunder) and AMR Campus QALICB, Inc., a California nonprofit public benefit corporation (in its capacity as the borrower thereunder);

RESOLVED FURTHER, that the forms of the Amended and Restated Limited Liability Company Agreement of the CDE and the Indemnification Agreement (collectively, "Transaction Documents") that have been reviewed by the Board of Directors are approved, and the Authorized Officer of the Corporation is hereby authorized and directed to execute and deliver the Transaction Documents on behalf of the Corporation in substantially the forms currently before the Board of Directors but with such changes thereto as such Authorized Officer may approve, their execution and delivery being conclusive evidence of such approval; and,

RESOLVED FURTHER, that the Authorized Officer of the Corporation is authorized on behalf of the Corporation to execute, deliver and perform such further agreements, certificates, filings, financing statements, instruments and other documents as may be necessary or appropriate in connection with the transaction contemplated by the Transaction Documents.

RESOLVED FURTHER, that any and all documents, instruments, and other writings previously executed and delivered or acts performed by the Authorized Officer, in the name and on behalf of the Corporation and its affiliates, in connection with the transactions contemplated herein, be and the same hereby are, consented to in all respects and hereby ratified, confirmed and approved.

The above resolutions were passed by the necessary majority of those present and voting in accordance with the Bylaws and Articles of Incorporation of the Corporation.

The original executed copy of this document shall be filed in the minute book of the Corporation and become a part of the records of the Corporation.

*　*　*

IN WITNESS WHEREOF, these Resolutions are hereby executed as of the date first written above.

SECRETARY'S CERTIFICATE

I HEREBY CERTIFY that I am the duly elected and acting Secretary and keeper of the records of LADF Management, Inc., a Delaware corporation (the "Corporation"); that the aforementioned is a true and correct copy of resolutions duly adopted by the Board of Directors of the Corporation (collectively, the "Resolution"); that the Resolution does not conflict with the corporate charter or bylaws of the Corporation, nor has the Resolution been in any way altered, amended or repealed, and that it is in full force and effect, unrevoked and unrescinded, as of this day, and has been entered upon the regular minute book of this Corporation, as of the aforementioned date, and that the Board of Directors of the Corporation has, and at the time of adoption of the Resolution, had, full power and lawful authority to adopt the Resolution and to confer the powers thereby granted to the officers and staff therein named who have full power and lawful authority to exercise the same.

____
Sandra Rahimi, Secretary

Tab 4

MEMORANDUM

TO:	LADF Board of Directors
FROM:	Sandra Rahimi, LADF Secretary
DATE:	May 19, 2017
SUBJECT:	LADF attendance at NMTC Coalition and Novogradac June conferences in Washington DC

RECOMMENDATION

ACTION ITEM #2(c): That the LADF Governing Board of Directors authorizes Sandra Rahimi to attend the NMTC Coalition Board Meeting and represent LADF at the NMTC Coalition's policy conference in Washington D.C. on June 6 & 7, 2017.

ACTION ITEM #2(d): That the LADF Governing Board of Directors authorizes Sandra Rahimi to represent LADF at Novogradac's NMTC conference in Washington D.C. on June 8 & 9, 2017.

Cost for the conference for Action Items #2(c) and #2(d) would be paid from LADF's marketing budget.

SUMMARY AND BACKGROUND

Novogradac is one of the 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 2015-6 NMTC application round. The conference will provide opportunities to bolster LADF's pipeline for the current 2017 NMTC application round.

The NMTC Coalition is also holding its board meeting and policy conference in Washington D.C. right before the Novogradac conference. At its November 10, 2016 meeting, the LADF Governing Board approved Sandra Rahimi's acceptance of a position on the NMTC Coalition Board. This June meeting will be her first official board meeting.

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 115th Congress and budget negotiations. 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:

- NMTC Coalition Board Meeting & Policy Conference (Washington, D.C.) – 2 nights hotel stay and 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.).

ACTION ITEM #2(C) – NMTC COALITION'S BOARD MEETING & CONFERENCE IN WASHINGTON D.C. ON JUNE 6 & 7, 2017

Description	**TOTAL COST**
Conference Fee[1]	$ 275
Airfare	$ 900
Baggage fee	$ 100
Hotel (*approx. $469 per night*)	$ 937
Taxi	$ 200
Per diem	$ 140
TOTAL	**$ 2,552**

ACTION ITEM #2(D) – NOVOGRADAC'S CONFERENCE IN WASHINGTON D.C. ON JUNE 8 & 9, 2017

Description	**TOTAL COST**
Conference Fee[2]	$ 0
Airfare	$ 0
Baggage fee	$ 0
Hotel (*approx. $343 per night*)	$ 685
Taxi	$ 0
Per diem	$ 76
TOTAL	**$ 761**

DISCUSSION

At the conferences, QALICBs and consultants will be discussing projects for inclusion in the current application for the 2017 round.The conferences provide opportunity for LADF to discover additional City of Los Angeles projects beyond its current pipeline. In addition to projects for the application, these projects will provide alternatives if any of LADF's current pipeline projects stall.

[1] The NMTC Coalition conference fee of $275 is discounted for members that register by May 19, 2017. For members that register after May 19, 2017, the rate increases to $325.

[2] Novogradac has waived the conference fee for Sandra Rahimi. The discounted conference fee for not-for-profit is $575.

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

EVENTS

Home / Events

2017 NMTC Coalition June Policy Conference

The

NMTC Coalition will hold its annual policy conference on June 7, 2017 in Washington, D.C. at the Capital Hilton. Registration for the conference is now open.This year's event will take place at the Capital Hilton located at 1001 16th Street Northwest. The one-day conference opens with breakfast on June 7th and closes with a Capitol Hill Reception at 7:00pm. The Coalition is inviting senior Treasury and CDFI Fund staff to participate, as well as other NMTC industry experts. In addition, the Coalition will release its new 2017 NMTC Progress Report.

- Register Online Now

Early Bird registration is $275 for NMTC Coalition Members and $325 for non-members. After May 19th, registration fees will increase to $325 for members and $375 for non-members.

Please note that all registration fees are non-refundable after May 19, 2017.

Congressional Visits and Capitol Hill Reception

The Coalition has set aside time for attendees to visit their Members of Congress during the Policy Conference from 2:30 to 5:30 pm. If you need assistance in identifying the tax staff for your Representative or Senator, please contact Sam Rapoza at sam@rapoza.org. The Coalition will provide Hill materials for your visits. From 5:30 to 7:00 pm, attendees are invited to attend a Capitol Hill reception, located in room 385 of the Russell Senate Office Building. An invitation is below for you to invite your Members of Congress and their staff.

- June 2017 Capitol Hill Reception Invitation Final

2017 NMTC Policy Conference Agenda Outline

8:00 a.m. — Registration and Breakfast

8:30 a.m. — Welcome by NMTC Coalition President Robert W. Davenport

8:40- 9:00 a.m. — Release of the 2017 NMTC Progress Report

9:15-9:30 a.m. — Keynote: Annie Donovan, CDFI Fund Director

9:30-10:30 a.m. — CDFI Fund Panel

10:30-10:45 a.m — Coffee Break

10:45-11:45 a.m. — NMTC and the Law Roundtable

12:00-1:30 p.m. — Luncheon Plenary and Report on Capitol Hill

1:30-2:15 p.m. — Investor Roundtable

2:30-5:30 p.m. — Congressional Visits

5:30-7:00 p.m. — Capitol Hill Reception and Close of the Conference

Novogradac 2017

New Markets Tax Credit Spring Conference

June 8-9

Hyatt Regency Washington on Capitol Hill
Washington D.C.

Conference Agenda

THURSDAY, JUNE 8
AGENDA SUBJECT TO CHANGE

6:45–7:45 A.M. (OPTIONAL)

Wellness and Refreshment Social

8–9 A.M.

Registration and Breakfast

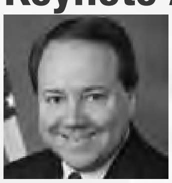
GENERAL SESSIONS
9–9:15 A.M.

Welcome

NICOLO PINOLI
Novogradac &
Company LLP

9:15–9:40 A.M.

Keynote Address



Rep. Pat Tiberi (R-Ohio)

9:45–10:45 A.M.

Inside the Beltway

With the Trump administration and the Republican Congress nearly halfway through their first year, hear the latest information on tax reform and the New Markets Tax Credit Extension Act of 2017.

MICHAEL NOVOGRADAC
Novogradac &
Company LLP

BOB RAPOZA
Rapoza
Associates

LAUREN O'BRIEN
Akin Gump
Strauss Hauer &
Feld LLP

10:45–11 A.M.

Break

11 A.M.–NOON

Treasury Department Outlook

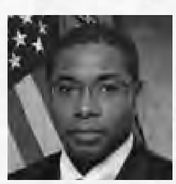
Treasury experts share the latest information on guidance, regulations, reporting requirements and the status of the 2017 NMTC allocation round, as well as updates to the 2018 allocation application.

NICOLO PINOLI
Novogradac &
Company LLP

CDFI Fund Representatives:

GREG BISHACK
Financial Strategy and
Research

BOB IBANEZ
New Markets Tax Credit
Program



TREFOR HENRY
Certification, Compliance,
Monitoring and Evaluation

MARCIA SIGAL
Capital Magnet Fund

NOON–1:30 P.M.

Lunch

Conference Agenda

THURSDAY, JUNE 8
AGENDA SUBJECT TO CHANGE

1:45–2:45 P.M.

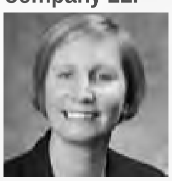
Mid-Year Investor Review

The specter of tax reform and the general economy both play roles in the NMTC market and this session discusses what's happening and what will likely occur over the final half of 2017.

OWEN GRAY
Novogradac & Company LLP

ZOILA JENNINGS
Chase

GINA NISBETH
Citi Community Capital



LAURA VOWELL
U.S. Bancorp Community Development Corporation

RYANNE SHUEY
PNC Bank

2:45–3 P.M.

Break

3–4 P.M.

Adjusting to Recent Changes from the CDFI Fund

The CDFI Fund released new guidance this year concerning when QLICI proceeds can be used to repay or refinance a debt or equity provider. Hear how this and other issues affect your investment and development plans.

BRAD ELPHICK
Novogradac & Company LLP

DONNA RODNEY
Bryan Cave LLP

SCOTT LINDQUIST
Dentons

CHRIS PERKOWSKI
Stinson Leonard Street LLP

4–4:10 P.M.

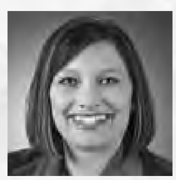
Break

CONCURRENT SESSIONS

4:10–5 P.M.

Twinning HTCs and NMTCs

More and more developers are using both the NMTC and the historic tax credit (HTC) to help finance their properties. Hear about the best practices and potential hurdles while using this method.

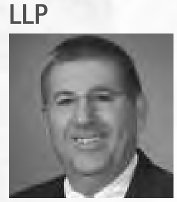


AMANDA READ
Novogradac & Company LLP

ANDREW POTTS
Nixon Peabody LLP

SCOTT DEMARTINO
Dentons

JOSEPH BREDEHOFT
Husch Blackwell



ERIK RICKARD
Barnes & Thornburg LLP

OR

Conference Agenda

THURSDAY, JUNE 8
AGENDA SUBJECT TO CHANGE

4:10–5 P.M.

Combining Government Financing Tools with the NMTC

Some NMTC developers use such tools as Small Business Administration 7(a) and 504 loans, USDA Business and Industry loan guarantees and other opportunities to maximize their investment pool. Learn about opportunities you may be missing and how you can add these to your toolbox.

FRANK BUSS
Novogradac & Company LLP

JIM HOWARD
Dudley Ventures

ROBERT LABES
Squire Patton Boggs

WALT POSTLEWAIT
Craft3

OR

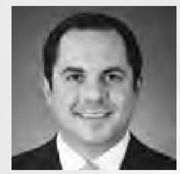
4:10–5 P.M.

Tax Issues You Need to Know

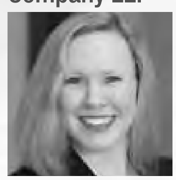
Hear tax experts discuss the issues that affect both your developments and your bottom line when dealing with NMTC properties. Find out what you should be doing now to prepare for a financially secure future.

JOHN SCIARRETTI
Novogradac & Company LLP

MICHAEL SANDERS
Blank Rome LLP



DAVID BRENNER
Husch Blackwell



MEGAN CHRISTENSEN
Manatt, Phelps & Phillips LLP

5–6:30 P.M.

Reception

Conference Agenda

FRIDAY, JUNE 9

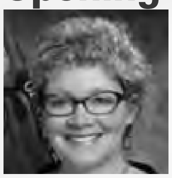
AGENDA SUBJECT TO CHANGE

8–9 A.M.

Registration and Breakfast

9–9:30 A.M.

Opening Address



Annie Donovan, CDFI Fund

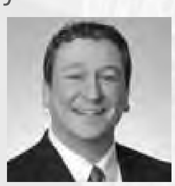
9:30–9:40 A.M.

Break

9:40–10:30 A.M.

NMTC Success Stories: The Credit at Work in Communities Across America

The NMTC is the best tool for investment in America's communities, whether they're rural, urban or anywhere in between. Hear inspiring examples of how the NMTC changes people's lives and makes a lasting difference–and gain ideas to help your next development.



TOM FANTIN
Novogradac & Company LLP

KERMIT BILLUPS
Greenline Ventures

MARIE CERVAY
Bank of America Merrill Lynch

SPENCER GAGNET
Capital One

CHIMEKA GLADNEY
Enterprise Community Partners, Inc.

CHRIS SEARS
SunTrust

KANDI JACKSON
NTCIC

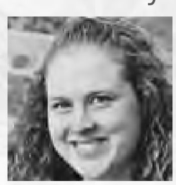
10:30–10:40 A.M.

Break

10:40–11:30 A.M.

Advocating for the NMTC

In a year with tax reform looming large, hear what you can do to assure the industry remains healthy on a national and local level. Learn what you can do now to assure the future of America's strongest community development program.



REBECCA DARLING
Novogradac & Company LLP

PETER LAWRENCE
Novogradac & Company LLP

AYRIANNE PARKS
Rapoza Associates

JEFF MCMILLEN
Akin Gump Strauss Hauer & Feld LLP

10:40–11:30 A.M.

Conference Concludes