

LADF

LOS ANGELES DEVELOPMENT FUND

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

The Los Angeles Development Fund

and

LADF Management, Inc.

June 15, 2017

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

JUNE 15, 2017

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 - BOARD MEMO regarding engaging Manatt, Phelps & Phillips, LLP (“Manatt”) to represent LADF in the Heart of Los Angeles transaction

Tab 1

AGENDA

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

**CITY HALL, ROOM 1050
200 N. SPRING STREET, LOS ANGELES, CA
Thursday, June 15, 2017 | 1:00pm – 2:00pm**

	AGENDA ITEM	PRESENTER	TAB
	Welcome and Call to Order	Rushmore Cervantes	
	Roll Call	Rushmore Cervantes	
1	Discussion Items	Sandra Rahimi	
	a. 2017 NMTC Application and Pipeline Update		
2	Action Items	Sandra Rahimi	
	a. Authorization to Apply to the CDFI Fund for an amount up to \$80 million allocation in the CY 2017 Round of New Market Tax Credit Awards		
	b. Request for Approval to obtain commercial liability insurance (\$751 per year) as a requirement to enter into a sublease agreement with EWDD		Tab 2
	c. Request for Authorization of LADF staff to issue a Letter of Interest to provide \$3 Million of New Markets Tax Credit Allocation to Heart of Los Angeles (HOLA) project. LADF will have option to rescind if by July 14, 2017 1) the project has not provided commitment letters from all other financing sources and 2) the project has not made substantial progress on all other LADF readiness criteria.		Tab 3
	d. Request for Authorization of LADF and LADF Management, Inc. to engage Manatt as LADF's transaction counsel for the Heart of Los Angeles (HOLA) transaction		Tab 4
	Request for Future Agenda Items	Rushmore Cervantes	
	Next Meeting Date and Time of Governing Board	Rushmore Cervantes	
	• Thursday, July 13, 2017		
	Public Comment	Rushmore Cervantes	
	Adjournment	Rushmore Cervantes	

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

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

Tab 2



**Nonprofits OWN
NEW BUSINESS
QUOTATION
Q1-2017-51945**

Applicant: (51945)
Los Angeles Development Fund (The)
1200 W. 7th St.
Los Angeles, CA 90017

Producer: (02004)
 Merriwether & Williams Ins.
 550 Montgomery Street, Suite 550
 San Francisco, CA 94111

Proposed Effective Date: 05/25/2017	
General Liability	\$ 751
Liquor Liability	Included
Terrorism Coverage (Certified Acts)*	\$ 34

Annual Premium with Terrorism coverage: \$785

Annual Premium without Terrorism coverage: \$751

GENERAL CONDITIONS

- See the attached Index of Forms.
- For coverages not quoted, contact your Underwriter.
- A written request to bind coverage must be submitted to our office prior to the proposed effective date. Please use the bind order checklist located on the secure broker website to bind coverage.
- We must write the General Liability in order to write any other line of business.
- The attached Terrorism Disclosure **MUST** be delivered to the nonprofit agency.
- We can only insure 501(c)(3) nonprofits.
- **Broker Commission is 10.0%.**

SPECIAL CONDITIONS

since they have been around since 2008 we will need a signed no known loss/incident letter to issue a policy-

THE COVERAGE OFFERED IN THIS QUOTATION MAY DIFFER FROM THAT REQUESTED IN THE APPLICATION. FAILURE TO PROVIDE THE REQUESTED COVERAGE SHALL IMPOSE NO LIABILITY ON NIAC.

Underwriter: Randy Gorman
 E-Mail: rgorman@niac.org
 Direct Phone: (831) 621-6020, Direct Fax: (831) 621-6104
 (800) 359-6422, Ext. 6020

Underwriting Assistant: Sonja Marino
 E-Mail: smarino@niac.org
 Direct Phone: (831) 621-6075, Direct Fax: (831) 459-0853
 (800) 359-6422, Ext. 6075

* Terrorism premium may adjust slightly due to changing ISO rates.

www.insurancefornonprofits.org



**LIABILITY QUOTATION
SCHEDULE OF PROPOSED
COVERAGES AND LIMITS
Q1-2017-51945**

Control Number: 51945

Applicant: Los Angeles Development Fund (The)

	<u>Limits</u>			<u>Limits</u>
General Aggregate	\$ 2,000,000	Liquor Liability		
Products-Completed Operations Aggregate	\$ 2,000,000	Aggregate/Common Cause		\$1,000,000/\$1,000,000
Personal and Advertising Injury	\$ 1,000,000			
Each Occurrence	\$ 1,000,000			
Damage to Premises Rented to You	\$ 500,000			
Medical Expense	\$ 20,000			

<u>Loc #</u>	<u>Address</u>	<u>Class Code(s)</u>	<u>Exposure</u>	<u>Premium</u>
1	1200 W..7th Street 8th Floor Los Angeles, CA 90017	47366	33,600 (p)	\$220
		61227	972 (a)	\$472



**LIABILITY QUOTATION
SCHEDULE OF PROPOSED
COVERAGES AND LIMITS**

Q1-2017-51945

Increased Aggregate		\$59
	General Liability subtotal:	<hr/> \$751
Liquor Liability		Incl.
	TOTAL LIABILITY PREMIUM:	<hr/> \$751

**INDEX OF FORMS THAT WILL BE ATTACHED TO
THE POLICY IF COVERAGE IS BOUND**

Q1-2017-51945

APPLICANT: Los Angeles Development Fund (The)

FORM NUMBER/EDITION DATE

DECLARATION PAGES AND SCHEDULES

Commercial General Liability Coverage Part Declarations	NIAC-GL-NPO
Commercial Liquor Liability Coverage Part Declarations	NIAC-LL-NPO
Commercial General Liability Class Code Schedule	SCHEDULE G 01 80
Commercial General Liability Location Schedule	SCHEDULE L 01 80

LIABILITY FORMS AND ENDORSEMENTS

Commercial General Liability Coverage Form	CG 00 01 04 13
Liquor Liability Coverage Form	CG 00 33 04 13
Additional Insured - Owners, Lessees or Contractors	CG 20 10 04 13
Additional Insured - Managers or Lessors of Premises	CG 20 11 04 13
Additional Insured - State or Political Subdivisions - Permits	CG 20 12 04 13
Additional Insured - Mortgagee, Assignee or Receiver	CG 20 18 04 13
Additional Insured - Charitable Institutions	CG 20 20 11 85
Additional Insured - Volunteers	CG 20 21 07 98
Additional Insured - Designated Person or Organization	CG 20 26 04 13
Additional Insured - Lessor of Leased Equipment - Automatic Status - Lease	CG 20 34 04 13
Additional Insured - Owners, Lessees or Contractors - Completed Operations	CG 20 37 04 13
Exclusion - Unmanned Aircraft	CG 21 09 06 15
Designated Professional Services Exclusion	CG 21 16 04 13
Cap on Losses from Certified Acts of Terrorism	CG 21 70 01 15
Exclusion - Fiduciary or Representative Liability of Financial Institutions	CG 22 38 07 98
Health or Cosmetic Services Exclusion	CG 22 44 11 85
Products/Completed Operations Hazard Redefined	CG 24 07 01 96
Amendment - Aggregate Limits of Insurance (Per Location)	CG 25 04 05 09
Liability Arising Out of Lead Exclusion	CG 77 94 04 93
Common Policy Conditions	IL 00 17 11 98
California Changes - Cancellation and Nonrenewal	IL 02 70 09 12
Disclosure Of Premium for Certified Acts of Terrorism Coverage	IL 09 99 01 15
Fireworks Exclusion	NIAC-E11 07 92
Nuclear Energy Liability Exclusion Endorsement	NIAC-E12 05 92
Blood Testing Exclusion	NIAC-E15 01 17
Asbestos Exclusion	NIAC-E22 08 95
Additional Insured - Designated Person or Organization	NIAC-E25 12 15
Waiver of Transfer of Rights of Recovery Against Others	NIAC-E26 04 17
Property Damage to Personal Property in the Care, Custody or Control of the Insured	NIAC-E28 01 99
Employee Personal Auto Reimbursement	NIAC-E29 12 09
Member Criteria	NIAC-E3 01 17
Mold, Fungus Exclusion	NIAC-E33 01 17
Nuclear, Chemical and Biological Hazard Exclusion	NIAC-E42 01 17

If coverage is bound as quoted, the forms shown on the index will be attached to the policy.
Additional coverages and/or exclusions may be added at the time of issuance.

**INDEX OF FORMS THAT WILL BE ATTACHED TO
THE POLICY IF COVERAGE IS BOUND
Q1-2017-51945**

APPLICANT: Los Angeles Development Fund (The)

FORM NUMBER/EDITION DATE

LIABILITY FORMS AND ENDORSEMENTS

Trampoline Bounce House Exclusion	NIAC-E5 07 15
Privacy Liability and Cyber Coverage	NIAC-E52 07 13
Liberalization - GL, SSP, EBL	NIAC-E56 01 17
Liberalization - LL	NIAC-E59 02 12
Volunteer Medical Payments	NIAC-E60 07 12
Additional Insured - Primary and Non-Contributory Endorsement for Public Entities	NIAC-E61 12 15
Exclusion of Coverage for Claims By and Related to Past and Present Employees	NIAC-E7 10 04
Fundraiser Endorsement	NIAC-E70 12 15
Other Insurance - Coverage C	NIAC-E72 01 17
Mental Anguish Endorsement	NIAC-E74 03 14
Nonprofits' OWN Enhancement Endorsement	NIAC-NPO-001 01 17
Improper Sexual Conduct and Physical Abuse Exclusion	NIAC-X1 01 17

Tab 3

LADF

LOS ANGELES DEVELOPMENT FUND

PIPELINE PROFILES

**LADF Board Meeting
June 15, 2017**

HEART OF LOS ANGELES

Developer:	Heart of Los Angeles (HOLA)		
Project Type:	Community Facility, New Construction		
Description:	<p>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.</p> <p>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.</p>		
Location:	625 S. Lafayette Park Place, Los Angeles, CA 90057 (CD 10)		
Census Tract Eligibility (2010):	<ul style="list-style-type: none"> ➤ 66.9% of Metro/State Median Income (<i>less than 80% and 70%</i>) ➤ Located in a State Enterprise Zone and Federal Promise Zone 		
Estimated TDC:	\$ 14,800,000		
Estimated NMTC Allocation:	Total QEI:	\$ 14,800,000	
	LADF QEI:	\$ 3,000,000	
Potential Sources of Funds:	Capital Campaign (rec'd):	\$ 2,000,000	Lev. Loan Eligible
	Bridge Loan (<i>Cap. Campaign</i>):	\$ 7,780,000	Lev. Loan Eligible
	NMTC Equity (\$0.87 / NMTC):	\$ 5,020,000	
Projected Closing:	July 2017		
Current Status:	<ul style="list-style-type: none"> ➤ 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:	<ul style="list-style-type: none"> ➤ 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 		



Tab 4

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, Secretary
DATE: June 15, 2017
SUBJECT: Engage Manatt, Phelps & Phillips, LLP (“Manatt”) to represent LADF in the Heart of Los Angeles (“HOLA”) transaction

RECOMMENDATION

That the Los Angeles Development Fund (LADF) Governing Board of Directors authorize Staff to engage Neil Faden at Manatt, Phelps & Phillips, LLP to represent LADF in the Heart of Los Angeles transaction

BACKGROUND AND SUMMARY

Concurrently with Action Item C regarding LADF Staff issuing a Letter of Interest (“LOI”) to provide \$3 million New Markets Tax Credits (“NMTC”) to finance construction of the Heart of Los Angeles (“HOLA”) project (“Project”), LADF Staff is also proposing this Action Item D regarding LADF’s legal counsel for the transaction. Development costs for the Project total approximately \$14.8 million. New Markets Community Capital, LLC (“TELACU”) has issued an LOI for \$11.8 million NMTC allocation and has already begun the closing process, including drafting of several of the transactional documents.

TELACU has engaged Neil Faden at Manatt as their legal counsel on the transaction. In an effort to increase economies of scale, thereby providing a greater subsidy to the Project, LADF Staff request authorization to engage Manatt for this transaction. This request is for Manatt to represent LADF in the lower-tier (*i.e. QLIC loan*) documents. For representation of upper-tier documents (*i.e. agreements between the Sub-CDE and Investor*), LADF will engage one of the Board-approved approved firms (*listed below under Policy Exceptions*).

LADF engaged Manatt, as a Board-approved policy exception, in the AMR Campus transaction, which is currently ongoing and expected to close by the end of June 2017.

POLICY EXCEPTION

At its April 9, 2015 meeting, the LADF Governing Board selected the following five (5) law firms to provide transactional legal services to the LADF for a five-year period, with no extensions options:

Bergman & Allderdice (Beth Bergman and Michael Allderdice), Buchalter Nemer (Sarah C. Perez), Butler Snow LLP (A. Ann Hered and Thane Hodson), Kutak Rock LLC (John A. Henry, Jr.), and Nixon Peabody LLP (Sonia Nayak).

LADF’s policy is to engage attorneys only from the pre-approved list; therefore engaging Manatt for representation on the lower-tier documents constitutes an exception to that policy.

RISKS AND MITIGANTS

Manatt, established in 1965, is a national law firm with over 450 employees. They have offices in Los Angeles, Costa Mesa, Palo Alto, San Francisco, Sacramento, Washington, D.C., New York and Albany. Manatt has been involved with the NMTC program since the program’s inception in 2000. Their attorneys have represented clients acting all areas of the program – Investors, QALICBs and CDEs.

Neil Faden, the Manatt attorney who would represent LADF and TELACU in the HOLA transaction (*also representing LADF and its partner CDEs in the AMR Campus transaction*), has been with Manatt since 1996. He focuses on finance matters related to the New Markets Tax Credit program and closed his first NMTC transaction in 2004. His practice includes the representation of community development entities, investors, lenders and borrowers.

ATTACHMENTS

None.