

# LADF

LOS ANGELES DEVELOPMENT FUND

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

**The Los Angeles Development Fund**

***and***

**LADF Management, Inc.**

**January 13, 2022**

**MEETING of the  
GOVERNING BOARD OF DIRECTORS of  
THE LOS ANGELES DEVELOPMENT FUND and LADF MANAGEMENT, INC.  
JANUARY 13, 2022**

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- BOARD MEMO regarding modifications to the Hollywood Arts Collective and Career Center project's capitalization

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## A G E N D A

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

**MEETING BY TELECONFERENCE (AUTHORIZED EXCEPTION TO THE BROWN ACT):**

To join via telephone, dial this number: (669) 900-6833 US

**Meeting ID: 896 6066 1880**

**Thursday, January 13, 2022 | 2:30pm – 3:30pm**

AGENDA ITEM	PRESENTER	TAB
Welcome and Call to Order	Carolyn Hull	
Roll Call	Sandra Rahimi	
<b>1 Discussion Items</b>	Sandra Rahimi	
a. LADF Pipeline Update		
<b>2 Action Items</b>	Sandra Rahimi	
a. Request for Approval of modifications to the Hollywood Arts Collective and Career Center project's capitalization and reaffirm authorization for the President of LADF and LADF Management, Inc. to execute documents related to LADF investing \$12.5 million of its NMTC Allocation into the project.		Tab 2
<b>Request for Future Agenda Items</b>	Carolyn Hull	
<b>Next Meeting Date and Time of Governing Board</b>	Carolyn Hull	
• Thursday, February 10, 2022, 2:30pm – 4:00pm (via Zoom)		
<b>Public Comment</b>	Carolyn Hull	
<i>NOTE:</i> When it is time for public comment:		
1. If you joined by phone only. Please press *9 on your phone keypad to raise your hand to be acknowledged for Public Comment		
2. If you joined by clicking on the meeting link and have joined us online, please click the participant icon at the bottom of your screen. This will launch a participant panel, where you will see the "raise hand" icon on the far right side. Please click "raise hand" to be acknowledged for Public Comment.		
<b>Adjournment</b>	Carolyn Hull	

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) 808-8959.

**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**

# MEMORANDUM

TO: LADF Board of Directors  
FROM: Sandra Rahimi, LADF Secretary  
DATE: January 13, 2022  
SUBJECT: Hollywood Arts Collective and Career Center NMTC Transaction Modifications

## RECOMMENDATION

That the Los Angeles Development Fund (“LADF”) Governing Board of Directors approves the modifications to the Hollywood Arts Collective and Career Center project’s capitalization and reaffirms its authorization for the President of LADF and LADF Management, Inc. to execute documents related to LADF investing \$12.5 million of its NMTC Allocation into the project.

## SUMMARY AND BACKGROUND

On December 9, 2021, the LADF Governing Board approved a \$12.5 million of NMTC Allocation for the Hollywood Arts Collective and Career Center project. The project is currently expected to close in January 2021. Due to unforeseen increase to construction costs of up to \$2.0 million, The Actors’ Fund of America (“Sponsor”) will be increasing its direct equity contribution to the project to fund the additional costs. The Sponsor is finalizing the numbers this week but is expecting over \$1.8 million, and at most \$2.0 million, in cost overruns.

### Proposed Modification

LADF and Genesis LA, the CDE lenders in the approved NMTC Transaction, require the funds to be reserved for the project prior to closing of the NMTC Transaction. The Sponsor is receiving a source loan from TD Bank to fund its leverage loan to the Investment Fund in the NMTC financing structure. In order to maintain compliance with TD Bank’s underwriting criteria for its loan, this additional Sponsor equity must be reserved in a bank account held by the Sponsor (and not by the QALICB or other entity) and may not be pledged to the CDE lenders. Thus, the Sponsor proposes to hold this additional Sponsor equity in a separate Sponsor bank account not pledged to the CDEs. As a condition to approving any construction draws from the NMTC loans, for each draw the Sponsor must provide evidence that the reserve account remains fully funded until all of the QLICs have been disbursed to the QALICB. After all of the QLICs have been disbursed, the Sponsor’s reserved funds will be transferred to the QALICB into the QLICI disbursement account, which is pledged to and controlled by the CDEs. The remainder of the construction costs will then be funded utilizing this additional paid-in capital in the QLICI disbursement account.

## POLICY EXCEPTION

In order to assure that the construction of the project is completed, LADF typically requires that the total project costs are fully funded at closing and deposited in a CDE-controlled account. In order for the HACCC project to close this NMTC Transaction, the CDE lenders will need to approve that the additional Sponsor equity (needed to fund increases to construction costs) may be held by the Sponsor without CDE control. Although this represents an exception to LADF’s general requirements in NMTC transactions, the potential risks of approving this structure are mitigated by the following:

1. The GC and Sponsor have executed a GMP contract which minimizes the possibility of future additional cost overruns.
2. The Sponsor will demonstrate that the necessary funds are being held in a separate, dedicated account at NMTC closing and for every draw request during construction.
3. The Sponsor has strong financials with \$29.0 million in cash and \$128 million in total assets as of September 30, 2021. Additionally, the Sponsor has a strong track record of successful

capital campaigns. Through October 2021, the organization had raised \$20.6 million (2021 year-to-date) from 28,000 gifts across the country to fund its various programs (not including funds raised for the Project and not including grants and other revenue sources that support its operations).

**ATTACHMENTS**

None.