

# LADF

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LOS ANGELES DEVELOPMENT FUND

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

**The Los Angeles Development Fund**

***and***

**LADF Management, Inc.**

**October 30, 2015**

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

**OCTOBER 30, 2015**

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- BOARD MEMO regarding Strategy for 2015 NMTC Application

# **Tab 1**

**A G E N D A**

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

**CITY HALL, ROOM 1050  
200 N. SPRING STREET, LOS ANGELES, CA  
Friday, October 30, 2015 | 8:30am – 9:30am**

	<b>AGENDA ITEM</b>	<b>PRESENTER</b>	<b>TAB</b>
1	Welcome and Call to Order	Rushmore Cervantes	
2	Roll Call	Rushmore Cervantes	
3	Discussion Items	Sandra Rahimi	
	<ul style="list-style-type: none"> <li>Strategy for 2015 NMTC Application</li> </ul>		Tab 2
4	Action Items	Sandra Rahimi	
	<ol style="list-style-type: none"> <li>Request for Authorization of LADF staff to engage SZ Consulting, Novogradac, and Capital A Consulting to act as readers of LADF's application for the next round of NMTC allocation awards. Maximum estimated contract cost is \$45,000.</li> </ol>		Tab 2
5	Request for Future Agenda Items	Rushmore Cervantes	
	<ul style="list-style-type: none"> <li>Advisory Board New Member Appointments</li> </ul>		
6	Next Meeting Date and Time of Governing Board	Rushmore Cervantes	
	<ul style="list-style-type: none"> <li>November 12, 2015</li> </ul>		
7	Public Comment	Rushmore Cervantes	
8	Adjournment	Rushmore Cervantes	

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

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

# **Tab 2**

# MEMORANDUM

TO: LADF Board of Directors  
FROM: Sandra Rahimi, LADF Secretary  
DATE: October 30, 2015  
SUBJECT: Strategy for 2015 NMTC Application

## RECOMMENDATION

That the Los Angeles Development Fund ("LADF") Governing Board of Directors authorizes LADF staff to engage SZ Consulting, Novogradac, and Capital A Consulting to act as readers of LADF's application for the next round of the New Markets Tax Credit (NMTC) allocation awards. Maximum estimated contract cost is \$45,000.

## SUMMARY AND BACKGROUND

In 2011, LADF staff, using the accounting firm Novogradac as reader/reviewer, drafted a successful application for additional NMTC allocation. This application was awarded \$50 million in allocation.

In 2012 and 2013, LADF staff, again working with Novogradac, submitted unsuccessful applications. The debriefing letters for each of the unsuccessful applications indicated that LADF's application had received a score just below the minimum threshold required to qualify for an award.

In 2014, at a cost of \$45,000 LADF engaged SZ Consulting to re-write LADF's application for submission. Once again LADF was unsuccessful and the debriefing letter indicated that LADF's application had received a score just below the minimum threshold required to qualify for an award.

Most successful CDEs engage a consultant to assist in writing the application and use additional readers, often accountants and/or NMTC attorneys, to review the final product.

## 2015 APPLICATION

The NMTC application consists of five parts: Business Strategy, Community Outcomes, Management Capacity, Capitalization Strategy, and Information Regarding Previous Awards. In previous years, a minimum score was required in each of the first four parts (excluding Information Regarding Previous Awards) for a CDE to be considered for an award. After this initial selection process, the combined score in Business Strategy and Community Outcomes was used to determine the amount of allocation awarded, if any.

Starting with the 2014 application, only the Business Strategy and Community Outcomes sections were scored and used to advance CDEs to the pool of potential awardees. However, when determining the amount of allocation to be awarded to each of the CDEs in the pool, all five parts of the application will now be read by CDFI Fund staff.

## RFP PROCESS

In expectation of a short time period for working on the application, LADF staff accelerated the RFP process. Since January 2015 staff has conducted an informal RFP to identify alternative approaches to drafting the application.

Section 5.2 of LADF's Procedures Manual requires that LADF solicit at minimum three firms. Consultants were contacted, each of which assisted one or more CDEs in submitting a successful application in previous rounds. The following consultants were contacted regarding the RFP:

1. Sean Zielenbach, Ph.D.  
*President*  
**SZ Consulting, LLC**  
3 E. Bellefonte Avenue  
Alexandria, VA 22301  
Tel: (703) 465-0857  
Email: sziels@comcast.net
  
2. Diana R. Letsinger  
*Partner*  
**NOVOGRADAC & COMPANY LLP**  
249 East Ocean Blvd., Suite 900  
Long Beach, CA 90802  
Phone: (562)432-9483  
Email: Diana.letsinger@novogradac.com
  
3. Alison Paige  
*President*  
**Capital A Consulting, LLC**  
1633 Lyman Place, #4  
Los Angeles, CA 90027  
(310) 755-8685  
Email: alison@capitalaconsulting.com
  
4. Cam Turner  
*Principal*  
**United Fund Advisors  
Portland Family of Funds**  
24 NW First Avenue, Suite 470 Portland, Oregon 97209  
Tel: (503) 546-2639  
Cell: (503) 459-8330  
Web: [unitedfundadvisors.com](http://unitedfundadvisors.com)  
Web: [portlandfunds.com](http://portlandfunds.com)
  
5. Michael Fitzpatrick  
**Baker Tilly Virchow Krause**  
10 Terrace Court  
Madison, WI 53718  
Tel: (608) 240-2609  
Cell: (608) 513-2880  
Fax: (608) 249-8532  
Web: [Bakertilly.com](http://Bakertilly.com)

## RESULTS OF RFP

The five proposals received by LADF staff were evaluated based on each firm's qualifications and experience with the NMTC program and proposed costs for services. Based on experience and overall

cost staff recommends engaging Sean Zielenbach, President of SZ Consulting; Diana Lestinger, Partner of Novogradac; and Alison Paige, President of Capital A Consulting as readers.

Cost:

Estimated cost will be between \$40,000 and \$45,000, depending on the number of rewrites and reviews. The breakdown is as follows:

SZ Consulting: \$15,000  
Novogradac: \$10,000  
Capital A Consulting: \$15,000

**RECOMMENDED CONSULTANTS:**

*Sean Zielenbach, President, SZ Consulting*

Qualifications:

Sean Zielenbach has been working on issues related to economic development and development finance for the past 24 years. He spent four years at the U.S. Treasury's Community Development Financial Institutions (CDFI) Fund, where he developed a model for underwriting CDFIs, created a framework for assessing the economic and social impacts of these organizations, and was integrally involved with the design and development of the NMTC program.

Mr. Zielenbach currently consults for a number of Community Development Entities (CDEs) throughout the country on issues of strategic planning, impact measurement, and program and product development. He works closely with both for-profit and nonprofit CDEs in the design and evaluation of their NMTC programs, as well as in the refinement of successful allocation applications. Since the NMTC program's inception, he either has written or helped develop 53 successful NMTC applications that collectively resulted in nearly \$3.4 billion of allocation authority. Some of Mr. Zielenbach's former CDE clients include LISC, Enterprise, Clearinghouse and National Development Council.

Services:

Mr. Zielenbach will provide a detailed, question-by-question substantive review – with specific suggestions for improvement – of the 2014 application, as well as provide a detailed review and commentary on two full drafts of the 2015 application and a third draft, as desired, of specific questions.

*Diana Letsinger, Partner, Novogradac & Company*

Qualifications:

Diana Letsinger has been a partner in the Long Beach, CA office of Novogradac & Company LLP since 1997. She specializes in community development and affordable housing, including the NMTC, low-income housing tax credit, historic rehabilitation tax credit and renewable energy tax credit industries. Ms. Letsinger works with investors, syndicators and developers on structuring, financing and maximizing the benefits of combined tax credit structures. She is a technical editor for Novogradac's New Markets Tax Credit Handbook, a frequent speaker at industry sponsored conferences and workshops, and a regular NMTC contributor to the Novogradac Journal of Tax Credits. She also serves as reader/reviewer for NMTC applications for several Southern California CDEs. She is licensed in California as a certified public accountant.

Services:

Ms. Letsinger will provide a detailed, question-by-question substantive review – with specific suggestions for improvement – of the 2014 application as well as review multiple drafts of the application and provide detailed comments on LADF edited responses.



*Alison Paige, President, Capital A Consulting*

Qualifications:

Ms. Paige is the President of Capital A Consulting, LLC, an economic development consulting firm specializing in NMTC and HTC services. She has over 15 years of experience bringing equity and grant capital to low-income communities nationwide. Ms. Paige has written three winning NMTC applications, successfully assisted CDE partners with their applications, and served as an NMTC application reviewer for the CDFI Fund. She specializes in helping CDEs turnaround unsuccessful applications. Ms. Paige has also deployed over \$650 million in NMTC and HTC capital to over 50 projects as a Project Manager for US Bank, a leading NMTC and HTC investor. She holds an M.B.A. from the Anderson School at UCLA and a B.A. in Political Economy from UC Berkeley.

Services:

Ms. Paige will provide a topical review of the 2014 NMTC Application followed by a brief conversation with LADF to discuss key thoughts on areas for improvement. She will conduct two full reviews of Sections 1 and 2 in drafts of the 2015 NMTC Application, including the data in the Exhibits (to the extent available). She will provide a written mark-up of each draft and hold two strategy-focused meetings with LADF after her review of each draft; these meetings will include Ms. Paige's overarching impression of Sections 1 and 2, strategic advice on how to improve scoring, any deficiencies/ways to address them, and Q&A.