

LADF

LOS ANGELES DEVELOPMENT FUND

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

The Los Angeles Development Fund
and
LADF Management, Inc.

March 10, 2016

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

MARCH 10, 2016

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Tab 1

A G E N D A

**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 1050
200 N. SPRING STREET, LOS ANGELES, CA
Thursday, March 10, 2016 | 3:00pm – 4:30pm**

	AGENDA ITEM	PRESENTER	TAB
1	Welcome and Call to Order	Rushmore Cervantes	
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8	Public Comment	Rushmore Cervantes	
9	Adjournment	Rushmore Cervantes	

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

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

Tab 2

LOS ANGELES DEVELOPMENT FUND
MINUTES OF THE MEETING OF THE GOVERNING BOARD OF LADF AND LADF MANAGEMENT, INC
THURSDAY, MARCH 13, 2014

LADF STAFF PRESENT:

- Sandra Rahimi (Secretary)
- Chris Chorebanian

1. **WELCOME AND CALL TO ORDER** – Los Angeles Development Fund (LADF) Director Cervantes called the meeting to order at **3:11 pm**.

2. ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Cervantes (Chairman)
- Director Perry
- Director Kalfayan
- Director Santana (*arrived at 3:13 pm*)

3. DISCUSSION ITEMS

➤ **DISCUSSION ITEM 1 – LADF PIPELINE UPDATE**

- Sandra Rahimi provided an update on the closing of LA Kitchen Prep, which is expected to close the following week.
- Ms. Rahimi also provided an update on the projects in LADF's pipeline.

➤ **DISCUSSION ITEM 2 – REVIEW OF NMTC ROUND TABLE EVENT HELD ON MARCH 10, 2014**

- Ms. Rahimi reviewed the attendance and outcomes of the NMTC Round Table co-hosted by LADF the previous week. She informed the board that the presentation materials are now available on LADF's website if they wished to direct prospective borrowers requesting information about the NMTC program.

4. ACTION ITEMS

1. **ACTION ITEM 1 – AUTHORIZE THE PRESIDENT AND SECRETARY OF LADF TO PREPARE AN AMENDMENT TO THE ARTICLES OF INCORPORATION OF LADF (AS PROVIDED IN ATTACHED LADF BOARD RESOLUTION), TO EXECUTE SUCH AMENDMENT AND TO FILE SUCH AMENDMENT WITH THE CALIFORNIA SECRETARY OF STATE**

- **Sandra Rahimi:** This is an action item to expand the mission of LADF to assist the city in economic development in addition to providing and managing the new market tax credit program for the city. I also recognize the fact that whatever role LADF plays, overall 60 percent of its activities have to be directed towards low income communities. So, in whatever way LADF helps economic development, the bulk of it has to be economic development in low income communities within the city of Los Angeles. We have a request to speak on this item.
- **Public Comment: Joyce Dillard**
 - I have a lot of problems with the wording of, "assist the implementation of economic development programs and activities of the municipal corporation of Los Angeles, including its departments and offices." What I think you're doing is opening it up wide, too wide. There are conflict of interest issues here because you're opening it up to industries. It's not restricted to a specific site. It opens it up to worldwide industries. It can be any department. You've already done that with DWP and it formed its own non-profit, and we have the convention center that's considered an economic development tool right now. There's a problem with that because it's no longer the convention center site. It's a whole industry of tourism. I've already been corresponding with the FPPC. I do that with conflicts of interest to let them know the change down here. With that I think you're really just opening up all the employees who have a wider conflict of interest. I haven't seen the conflict of interest policy for this entity. I don't know if you have one. I don't remember downloading it. I download things regularly, but it will also expand its jurisdiction. I'm having a lot of problems as a person that lives in these census tracts being cut out from things. There have been properties being discussed at USC. It's invitation only. Greenhouse gas, which is critical in these areas believe me. Part of why people may not come to LA is the air pollution of their industries. Also, there was a UCLA conference by invitation only. So on the whole, I think you need to get away from the

departments and the city running the show and make it open for people to come and even the common man to suggest something that would work. You have to have that opportunity really at a more middle level opportunity. So far I just see non-profit funding. I don't see where it's resulting in jobs. It's very disappointing. Clean Tech, I don't know if you know about it, but they're having an event Saturday at Cal Tech to have a showcase. I'm going to see if there are going to be any jobs in low income communities for it or even in Los Angeles because I really doubt it. The way things are setting up, this is a nice fund to give money away to the rich, but like I said, I think it can have a lot of benefit if it's really directed and with the declining CDBG monies. I'm hearing CDBG funds are declining and I'm also hearing that cities are at risk of losing their tax exempt bond status now. I haven't read it in the budget that came out from Obama that things are changing, but I think you need to keep this city a government agency. Now the convention center, just to let you know, Department of Finance denied the long range management plan as a government owned property. This puts the city in an odd position because they took it over without the legal jurisdiction of CRA. So I think you're going to just open a can of worms. So I wish you'd reconsider this amendment and limit LADF to what the CDFI Fund is about.

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

5. REQUEST FOR FUTURE AGENDA ITEMS

- Director Santana requested that at a future meeting the board discuss how to organize the work of providing the City will additional support for economic development.

6. NEXT MEETING DATE AND TIME

- April 10, 2014 at 3:00pm PT

7. PUBLIC COMMENT

- **Albert Lemus:**
 - So just by way of update, the project continues its efforts to deliver the first 75,000 square feet of industrial. The 108 loan has been funded and is being drawn. As of last week, we're expecting construction to begin in the middle of April on the first building which is Building Number 3 representing 45,000 square feet. The financing concept is to use the approximately \$8 million investment - \$6million, which is the 108 loan, and \$2 million of grant funds that have been put in - as the leverage loan for the project and to use the proceeds from that leveraged loan to build Building Number 2, which is an additional 25,000 square feet. So that concept has been consistent for the last 18-24 months. The current leasing focus has been on mid-size industrial users. The building can be demised for 3 tenants of approximately 20,000 to 25,000 square feet apiece. The delivery date for Building Number 3, which is the first 45,000 square feet, is targeting sometime in the end of the first quarter 2015. Since we're targeting more mid-size users rather than large industrial tenants, most of those folks make those decisions six to nine months before they relocate. It's very difficult. One of the challenges we've had is that most of our target tenants say to us, "Hey, we're interested." But when our delivery date is 18 or 24 months out, it is very difficult for us to secure commitments from them because, again, these are not huge companies that plan years in advance. I think the fact that CDD has made the commitment for the first six million is really huge because at this point the first building will be delivered at the end of the first quarter of next year and that will create quite a bit of leasing activity. We can actually tour people through the property, and that will generate the volume that we anticipated for our mid-size tenants. We expect increased activity in the third quarter of this year, when folks can come out, see it and they'll have a defined delivery date. So, that's our focus and that's the timeline that we're working towards. We've had continued meetings with LADF staff and continue to keep them updated of not only our plans for the project, but also in terms of how it could overlay with new markets. One of the challenges we have with New Market Tax Credits is the impact of the annual cycle. Without a cycle, we would say the right time for us to come out and pursue allocation would be sometime around the end of the year, first quarter of next year, given the leasing timelines, et cetera. That's a bit of a challenge given the fact that the allocations will be coming out end of May, first of June. So we're trying to work with folks and give them lots of information, let them know exactly the timing of the project, et cetera, but what we hope does not happen is that we slide into the 2015 cycle. If we do that it's going to drive the cost of the project up considerably because we would have had completed the first building already and have to remobilize construction, et cetera to build another one. So we're hoping that does not happen for the cost of the project.

8. ADJOURNMENT

- Moved by Director Perry. Seconded by Director Santana. Motion passed unanimously.
- Meeting was adjourned at **3:32 pm**.

LOS ANGELES DEVELOPMENT FUND
MINUTES OF THE MEETING OF THE GOVERNING BOARD OF LADF AND LADF MANAGEMENT, INC
TUESDAY, SEPTEMBER 16, 2014

LADF STAFF PRESENT:

- Sandra Rahimi

1. WELCOME AND CALL TO ORDER – Los Angeles Development Fund (LADF) Director Cervantes called the meeting to order at **8:57am**.

2. ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Cervantes (Chairman)
- Director Kalfayan
- Director Perry
- Director Santana

3. DISCUSSION ITEMS

➤ **DISCUSSION ITEM 1–2014 NMTC APPLICATION DISCUSSION WITH SEAN ZIELENBACH (CONSULTANT)**

Sean Zielenbach, the consultant writing LADF's application for additional allocation, presented the draft application. A discussion of the pipeline and business strategy proposed by the application ensued. Mr. Zielenbach also outlined the timeline for submitting the application, extension of the NMTC program, and announcement of awards.

4. ACTION ITEMS

1. ACTION ITEM 1 – AUTHORIZATION TO APPLY TO THE CDFI FUND FOR AN AMOUNT UP TO \$125 MILLION ALLOCATION IN THE CY 2014 ROUND OF NEW MARKET TAX CREDIT AWARDS

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

2. ACTION ITEM 2 – REQUEST FOR APPROVAL OF SANDRA RAHIMI AND CHRIS CHOREBANIAN TO REPRESENT LADF AT NOVOGRADAC'S NMTC CONFERENCE IN NEW ORLEANS ON OCTOBER 23 & 24, 2014

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

5. REQUEST FOR FUTURE AGENDA ITEMS

None

6. NEXT MEETING DATE AND TIME

To Be Determined

7. PUBLIC COMMENT

None

8. ADJOURNMENT

- Meeting was adjourned at **9:41am**.

LOS ANGELES DEVELOPMENT FUND
MINUTES OF THE MEETING OF THE GOVERNING BOARD OF LADF AND LADF MANAGEMENT, INC
THURSDAY, JANUARY 8, 2015

LADF STAFF PRESENT:

- Sandra Rahimi
- Chris Chorebanian

1. WELCOME AND CALL TO ORDER – Los Angeles Development Fund (LADF) Director Kalfayan called the meeting to order at **3:10 pm.**

2. ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Kalfayan (Acting Chairperson)
- Director Perry
- Director Santana

3. APPROVAL OF MINUTES

➤ **AUGUST 1, 2013 – GOVERNING BOARD SPECIAL MEETING**

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

4. DISCUSSION ITEMS

➤ **DISCUSSION ITEM 1 – LADF EQUITY INVESTMENT STRATEGY**

- LADF staff presented findings regarding potential investment opportunities for LADF's cash assets.

➤ **DISCUSSION ITEM 2 – LADF PIPELINE UPDATE**

- LADF staff presented an update on the pipeline presented to the Board in September 2014.

5. ACTION ITEMS

➤ **ACTION ITEM 1 – REQUEST FOR APPROVAL OF LADF STAFF TO ISSUE AN RFP TO IDENTIFY AN ACCOUNTING FIRM TO PROVIDE AUDIT AND TAX PREPARATION SERVICES TO LADF AND ITS SUBSIDIARIES**

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

➤ **ACTION ITEM 2 – REQUEST FOR APPROVAL OF LADF STAFF TO ISSUE AN RFQ TO IDENTIFY AND PRE-APPROVE UP TO FIVE LAW FIRMS TO PROVIDE LEGAL SERVICES TO LADF, INCLUDING PREPARATION AND REVIEW OF LEGAL DOCUMENTATION FOR NMTC TRANSACTIONS**

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

➤ **ACTION ITEM 3 – REQUEST FOR AUTHORIZATION OF THE LADF PRESIDENT, OR DESIGNEE, TO ENTER INTO A PURCHASE ORDER CONTRACT WITH JOSIE DIAZ TO PROVIDE ACCOUNTING SERVICES FOR A 24-MONTH PERIOD BEGINNING ON JULY 1, 2015 AND ENDING ON JUNE 30, 2017**

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

➤ **ACTION ITEM 4 – REQUEST FOR AUTHORIZATION OF THE LADF PRESIDENT, OR DESIGNEE, TO AMEND THE LEGAL SERVICES AGREEMENT WITH BERGMAN AND ALLDERDICE TO EXTEND ITS TERM THROUGH AUGUST 20, 2017 AND TO INCREASE THE HOURLY FEE RATE FROM \$250 TO \$300**

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

➤ **ACTION ITEM 5 – REQUEST FOR AUTHORIZATION OF THE PRESIDENT AND SECRETARY OF LADF TO EXECUTE AN AMENDMENT TO THE ARTICLES OF INCORPORATION OF LADF TO UPDATE BOARD POSITIONS FOR CDD AND LAHD TO EWDD AND HCID, RESPECTIVELY, AND TO FILE SUCH AMENDMENT WITH THE CALIFORNIA SECRETARY OF STATE**

- Director Perry recused herself; due to a lack of quorum, motion will be held until next meeting.

➤ **ACTION ITEM 6 – REQUEST FOR APPROVAL OF SANDRA RAHIMI AND CHRIS CHOREBANIAN TO REPRESENT LADF AT NOVOGRADAC'S NMTC CONFERENCE IN SAN DIEGO ON JANUARY 21 & 22, 2015**

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

6. REQUEST FOR FUTURE AGENDA ITEMS

- Action Item 5
- Staff to report on the NMTC conference in San Diego.

7. NEXT MEETING DATE AND TIME

- To Be Determined

8. PUBLIC COMMENT

- Comment by Joyce Dillard regarding Discussion Item 2 – LADF Pipeline Update:
- **Joyce Dillard:** Several of these projects are good old CDBG ones, like Lanzit and District Square, and they're getting old, so I think there comes a point when they're not going to execute or you have to see what other demands are made on the other funding that's come through on them. CDBG, as you know, has kind of clamped down on things. I hate to see it go on and on because I have old files from Lanzit from way back, so it's really hard.
- But on the new ones, the problem I have with Legacy L.A. is they did not have an RFP. That was a Villaraigosa gift, if you recall. Very controversial in the area. They're not happy with them. And I don't think you could do that under federal guidelines. Procurement issues on federal money may not hit you up front; it'll hit you in an audit. You know how audits go. So unless it goes out to RFP, I don't think it's good. And also, the principal of this is on the LAHSA board, over Ramona. I think you've got conflicts. I think you've got enough controversy that you're gonna make a lot of people angry out there. And, again, it's Recs and Parks property not handled well by the former mayor.
- I have a problem with L.A. River revitalization and the clean water campus. Who owns the property? Do they have site control? I participate in Prop O, and Director Santana is on Prop O. And he knows that I've said in that meeting that they're coming in but they really don't have the authority. So this looks to me like city property, but I'm not sure, until I look it up myself. Is the City trying to come in and do something with the Bureau of Sanitation? And this is my neighborhood; it's mostly city property yards around there. And I just don't think it will fly, and you're going to have enough controversy, and I'm going to start putting a clasper on. I haven't been writing to the feds yet on this. I think I'm going to start clamping down a little bit more because this can't go on where the tax credits get used for what the city should fund. You can't mix the City with LADF. You have to be very careful. It's about creating jobs, and all you're doing is creating more city projects, using it as a cover, and I think you really, really need to look at the graphs coming out at SCAG that shows the poverty level. The income dropped, so you're not solving anything. It has to be laid over with other facts to really show a benefit. I mean, I'm an old tax person, so I can see some benefit of this program, but not with the projects I see.

9. ADJOURNMENT

- Meeting was adjourned at **3:58 pm**.

LOS ANGELES DEVELOPMENT FUND
MINUTES OF THE MEETING OF THE GOVERNING BOARD OF LADF AND LADF MANAGEMENT, INC
THURSDAY, APRIL 9, 2015

LADF STAFF PRESENT:

- Sandra Rahimi
- Chris Chorebanian

1. **WELCOME AND CALL TO ORDER** – Los Angeles Development Fund (LADF) Director Cervantes called the meeting to order at **3:03 pm**.

2. **ROLL CALL**

The following Governing Board directors were present at the meeting:

- Director Cervantes (Chairperson)
- Director Kalfayan
- Director Perry
- Director Montes (*arrived at 3:08 PM*)

- **Sandra Rahimi:** Let the record show that Director Perry, Cervantes, and Kalfayan are present, so we do have a quorum.

3. **APPROVAL OF MINUTES**

- **SEPTEMBER 4, 2013 – JOINT BOARD SPECIAL MEETING**
- **OCTOBER 16, 2013 – GOVERNING BOARD SPECIAL MEETING**
- **DECEMBER 5, 2013 – JOINT BOARD SPECIAL MEETING**

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

4. **DISCUSSION ITEMS**

- **DISCUSSION ITEM 1 – LADF PIPELINE UPDATE**

- Sandra Rahimi and Chris Chorebanian provided an update on the roundtable co-hosted by LADF and LADF's pipeline.

5. **ACTION ITEMS**

- **ACTION ITEM 1 – REQUEST FOR AUTHORIZATION OF THE LADF PRESIDENT, OR DESIGNEE, TO ENTER INTO A PURCHASE ORDER CONTRACT WITH NOVAGRADAC & CO. TO PROVIDE EXTERNAL AUDITING AND TAX PREPARATION SERVICES TO LADF AND ITS SUBSIDIARIES. THE TERM OF THE PURCHASE ORDER WILL BE FOR TWO YEARS WITH TWO 12-MONTH EXTENSION OPTIONS. THE PURCHASE ORDER TOTAL IS NOT TO EXCEED \$750,000.**

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

- **ACTION ITEM 2 – REQUEST FOR AUTHORIZATION OF THE LADF PRESIDENT, OR DESIGNEE, TO ENTER INTO LEGAL SERVICES AGREEMENTS WITH FIVE (5) FIRMS TO PROVIDE TRANSACTIONAL LEGAL SERVICES AS NEEDED. THE TERMS OF THE AGREEMENTS WILL BE FOR FIVE YEARS WITH NO EXTENSION OPTIONS.**

- **Director Montes makes a motion** to approve the action item with an amendment to a two year contract with three, one year renew options. Seconded by Director Perry. Motion passed unanimously

- **ACTION ITEM 3 – REQUEST FOR APPROVAL OF SANDRA RAHIMI TO REPRESENT LADF AT COHNREZNICK'S NMTCC CONFERENCE IN MIAMI ON MAY 12 & 13, 2015**

- **ACTION ITEM 4 – REQUEST FOR APPROVAL OF SANDRA RAHIMI TO REPRESENT LADF AT THE NMTC COALITION’S POLICY CONFERENCE IN WASHINGTON D.C. ON JUNE 9, 2015**
- **ACTION ITEM 5 – REQUEST FOR APPROVAL OF SANDRA RAHIMI TO REPRESENT LADF AT NOVOGRADAC’S NMTC CONFERENCE IN WASHINGTON D.C. ON JUNE 11 & 12, 2015**
- **ACTION ITEM 6 – REQUEST FOR APPROVAL OF LADF EXTENDING ITS MEMBERSHIP IN THE NMTC COALITION**

- Moved by Director Perry. Seconded by Director Montes. Motions 3 - 6 passed unanimously.

6. REQUEST FOR FUTURE AGENDA ITEMS

- Action item to amend articles of incorporation of LADF to update board positions for CDD and LAHD to EWDD and HCID, respectively

7. NEXT MEETING DATE AND TIME

- To Be Determined

8. PUBLIC COMMENT

- None

9. ADJOURNMENT

- Meeting was adjourned at **3:58 pm.**

LOS ANGELES DEVELOPMENT FUND

MINUTES OF THE MEETING OF THE GOVERNING BOARD AND ADVISORY BOARD OF LADF AND LADF MANAGEMENT, INC
THURSDAY, JULY 9, 2015

LADF STAFF PRESENT:

- Sandra Rahimi
- Chris Chorebanian

1. **WELCOME AND CALL TO ORDER** – Los Angeles Development Fund (LADF) Director Cervantes called the meeting to order at **3:02 pm**.

2. ROLL CALL

The following Governing Board directors were present at the meeting:

- Rushmore Cervantes (Chairperson)
- Karen Kalfayan
- Jan Perry
- Miguel Santana (*arrived at 3:06 PM, departed at 3:41 PM*)

The following Advisory Board directors were present at the meeting:

- Libby Williams (Chairperson) (*arrived at 3:14 PM*)
- Rudy Espinoza (*arrived at 3:03 PM*)
- Tunua Thrash-Ntuk (*arrived at 3:14 PM*)

3. APPROVAL OF MINUTES

- **FEBRUARY 13, 2014 – GOVERNING BOARD SPECIAL MEETING**
- **JULY 3, 2014 – JOINT BOARD SPECIAL MEETING**

- [**Gov. Board**] Moved by Director Perry. Seconded by Director Kalfayan. Motion passed unanimously.
- [**Adv. Board**] Moved by Director Espinoza. Seconded by Director Williams. Motion passed unanimously.

4. DISCUSSION ITEMS

- **DISCUSSION ITEM 1 – ONE DAY LOANS AND SELF-LEVERAGE**

- Sandra Rahimi provided an overview of the concerns IRS and the CDFI Fund have expressed over the use of the one-day loan and self-leverage in NMTC transactions. Discussion of the issues followed.

- **DISCUSSION ITEM 2 – 2014 FYE FINANCIAL AUDIT FOR LADF AND LADF MANAGEMENT, INC.**

- Chris Chorebanian provided a summary of LADF's audit and financial performance in 2014.

- **DISCUSSION ITEM 3 – LADF PIPELINE UPDATE**

- Sandra Rahimi provided and update on LADF's pipeline.

- **DISCUSSION ITEM 4 – ADDING MEMBERS TO THE LADF ADVISORY BOARD**

- Chris Chorebanian provided an overview on the history of distribution of NMTC allocation awards.
- Sandra Rahimi compared LADF's success at winning awards to the general market and to its closest comparables (local and municipally controlled CDEs). Ms. Rahimi also made some recommendations to make LADF more competitive based on the success rates of comparable (local and municipal) CDEs.

- This included a discussion of expanding LADF's Advisory Board membership, including such elements as method of appointment, ideal new appointees, and role of the expanded Advisory Board.

➤ **DISCUSSION ITEM 5 – STRATEGY FOR 2015 ROUND NMTC APPLICATION**

- After discussion of past strategies for writing LADF's NMTC applications, Ms. Rahimi recommended that the board consider allocating up to \$30,000 for up to five readers of LADF's upcoming application.

5. ACTION ITEMS

➤ **ACTION ITEM 1 – REQUEST FOR AUTHORIZATION OF THE PRESIDENT AND SECRETARY OF LADF TO EXECUTE AN AMENDMENT TO THE ARTICLES OF INCORPORATION OF LADF TO UPDATE THE BOARD POSITION FOR THE “GENERAL MANAGER OF THE COMMUNITY DEVELOPMENT DEPARTMENT OF THE CITY OF LOS ANGELES” TO THE “GENERAL MANAGER OF THE ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT OF THE CITY OF LOS ANGELES” AND TO FILE SUCH AMENDMENT WITH THE CALIFORNIA SECRETARY OF STATE.**

- Director Perry recused. Moved by Director Santana. Seconded by Director Cervantes. Motion passed unanimously.

➤ **ACTION ITEM 2 – REQUEST FOR AUTHORIZATION OF THE PRESIDENT AND SECRETARY OF LADF TO EXECUTE AN AMENDMENT TO THE ARTICLES OF INCORPORATION OF LADF TO UPDATE THE BOARD POSITION FOR THE “EXECUTIVE OFFICER OF THE LOS ANGELES HOUSING DEPARTMENT OF THE CITY OF LOS ANGELES” TO THE “GENERAL MANAGER OF THE HOUSING AND COMMUNITY INVESTMENT DEPARTMENT OF THE CITY OF LOS ANGELES” AND TO FILE SUCH AMENDMENT WITH THE CALIFORNIA SECRETARY OF STATE.**

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

6. REQUEST FOR FUTURE AGENDA ITEMS

- Authority to budget up to \$30,000.00 for five readers of upcoming NMTC Allocation Application
- Action item to approve expansion of LADF Advisory Board.

7. NEXT MEETING DATE AND TIME

- August 13, 2015 at 3:00pm

8. PUBLIC COMMENT

- None

9. ADJOURNMENT

- Meeting was adjourned at **4:16 pm**.

Tab 3

LIBBY WILLIAMS (CHAIRPERSON)

PROGRAM MANAGER, USC CENTER FOR ECONOMIC DEVELOPMENT

Elizabeth "Libby" Williams has over 20 years of economic development experience working in Southern California. Ms. Williams currently works at the USC Center for Economic Development where she is the program manager for the Advanced Manufacturing Partnership for Southern California (AMP SoCal). Her role is to help support and strengthen the aerospace and defense manufacturing ecosystem by providing needed support services through the partnership. More recently she was the Managing Director of the Office of Small Business, for the City of Los Angeles Mayor's Office of Economic & Business Policy where she served as an advocate for the Los Angeles small business community within City Hall.

Prior to working for the City of Los Angeles, Ms. Williams was Director of the Small Business Program at the Los Angeles Unified School District (LAUSD). In 2007, Ms. Williams became the Executive Director of the Los Angeles Economy and Jobs Committee, a private-sector advisory board created by Los Angeles Mayor Antonio Villaraigosa to work with him on key issues of economic development and quality job creation in Los Angeles. From 1996 to 2006, Ms. Williams worked for the Los Angeles County Economic Development Corporation in the Business Assistance Program, and was responsible for identifying opportunities and developing community economic development programs and initiatives to stimulate economic growth.

Ms. Williams has a BA and an MPA from California State University at Long Beach and a Master in Leadership from the University of Southern California. She has also completed the USC Lusk Center for Real Estate Ross Program in Real Estate.

TUNUA THRASH-NTUK – LOW-INCOME COMMUNITY REPRESENTATIVE **EXECUTIVE DIRECTOR, LOCAL INITIATIVES SUPPORT CORP.-LOS ANGELES**

Tunua Thrash-Ntuk is the Executive Director of the Los Angeles LISC office. A native Angelino, Ms. Thrash-Ntuk is an established leader in the city's community and economic development industry. Before coming to LISC, she spent twelve years at the prominent West Angeles Community Development Corporation, where she was executive director for five years.

Her strengths range from community advocacy to asset and real estate development around neighborhood revitalization. She has already led a number of important urban initiatives in Los Angeles focused on affordable housing and commercial development as well as transit-oriented projects.

After doing her undergraduate studies at University of California at Berkeley, Ms. Thrash-Ntuk continued her education at the Massachusetts Institute of Technology where she received a master's degree in city planning with a focus on urban economic and real estate development. With her passion for the industry, Ms. Thrash-Ntuk is poised to lead LA LISC into a new era of helping low-income families and LA neighborhoods.

RUDY ESPINOZA – *LOW-INCOME COMMUNITY REPRESENTATIVE*
EXECUTIVE DIRECTOR, LEADERSHIP FOR URBAN RENEWAL NETWORK

Rudy Espinoza is the Executive Director of LURN and an urban planner with a passion for neighborhoods, entrepreneurship, and financial empowerment. He specializes in designing and managing place-based initiatives, identifying profitable investment opportunities in low-income communities, building private/nonprofit partnerships, and training the working poor to participate in the socio-economic revitalization of their neighborhoods.

In his professional career, he works for Emerging Markets, Inc. where he engages financial institutions to invest in low-income neighborhoods. He has also worked with the AARP Foundation in designing asset-building programs for low-income people over 50. Mr. Espinoza holds a Masters in Urban Planning from UCLA and a B.S. in Business Administration.

LURN operates a purpose-driven innovation lab (LURN Labs) that focuses on developing solutions for real issues that affect people in urban areas. LURN Advisors is the organization's in-house consulting team that is dedicated to helping other organizations of all types develop and implement strategies to help fight poverty, build sustainable economies, and house low-income families. LURN also manages an equity fund to invest in small businesses in Low-Income Communities.

MIGUEL LUNA – *LOW-INCOME COMMUNITY REPRESENTATIVE*
BOARD MEMBER (CHAIRPERSON), ANAHUAK YOUTH SPORTS ASSOCIATION

Miguel Luna is the Chairperson of the Board for the ANAHUAK Youth Sports Association, a 20-year-old nonprofit organization based in Los Angeles working within low-income communities. ANAHUAK uses sports as a mechanism to engage youth and their families to encourage civic participation and build their capacity on issues that have an impact in their lives. Their mission is to provide youth with an opportunity to grow as citizens through a development of soccer that will provide them with strong fundamentals that will lead them to an opportunity in collegiate education and athletic participation. ANAHUAK provides structured league play for 2,000 children ages 5 to 17.

Mr. Luna specializes in cultivating relationships with and between community-based organizations, businesses, elected officials, environmental organizations, academia, governmental agencies, and individual stakeholders at the grass-roots level. Mr. Luna is sought after and respected locally, regionally and statewide for his expertise in working with diverse communities and for his ability to utilize community reconnaissance in order to develop and implement effective outreach tools and community engagement mechanisms for building grass-roots coalitions and consensus. For over a decade, Mr. Luna has focused his work on issues related to water, the environment, and social justice.

Mr. Luna is a member of several boards and committees, including, among others, CicLAvia, Los Feliz Charter School for the Arts, and the Clean Water Bond Measure Community Oversight Advisory Committee for the City of Los Angeles.

CARL CADE – *LOW-INCOME COMMUNITY REPRESENTATIVE*
BOARD MEMBER, LOS ANGELES NEIGHBORHOOD LAND TRUST

Carl Cade sits on the Board for the Los Angeles Neighborhood Land Trust, a nonprofit whose mission is to grow healthier, safer and stronger communities by creating urban parks and gardens that help remedy the critical lack of green and recreational spaces in Los Angeles' low-income communities, and to ensure participation and collaboration among low-income residents throughout the process. The organization has played an important role in the creation, renovation and opening of nine parks and gardens, seven of which are managed and programmed by the organization and local community management committees. The organization plans to launch four new projects annually to fulfill its vision for every Los Angeles area resident to live within walking distance of a park or garden.

In 2004, Mr. Cade partnered with the Low Income Investment Fund (LIIF), the NCB Development Corporation and Prudential Social Investing to successfully launch the California Charter School Association's working capital loan fund financing the growth of 2,132 of high quality charter school seats across the state. Additionally, Mr. Cade served as Senior Deputy for School Construction and Budget for the Los Angeles Unified School District (LAUSD) Board. Mr. Cade played a key role in the planning and implementation of the district's school facilities building program. He has led numerous major infrastructure and commercial real estate projects at LAUSD, Westfield LLC and other firms.

BRIAN ALBERT – *LOW-INCOME COMMUNITY REPRESENTATIVE*
BOARD MEMBER, PROYECTO PASTORAL

Brian Albert is a Board Member for Proyecto Pastoral, a community-driven nonprofit that provides unique services which would otherwise be unavailable, including: 1) two Early Childhood Education Centers for 105 children, ages 18 months to 5 years; 2) after-school and summer academic enrichment program for 250 youth; 3) management of the Aliso Pico Recreation Center, which offers sports, music, and other activities for youth and families; 4) Comunidad en Movimiento (Community in Action) for community public safety and civic engagement; and 5) Guadalupe Homeless Project, which operates a 30-day men's shelter and job training program at Dolores Mission Church. In addition, there is a women's catering cooperative to teach food service skills. Proyecto Pastoral is also the lead agency in a 14-agency collaborative, Promesa Boyle Heights, seeking to implement a comprehensive Promise Neighborhoods education program with a direct focus on Mendez High School and soon to expand to neighboring middle and elementary schools.

In his role as Board Chair of Proyecto Pastoral, Mr. Albert has helped expand the community-based organization's service outreach, more than double its budget (while staying in balance) and developed a unique strategic vision through a number of core identity and planning initiatives. Mr. Albert is also a co-founder of Civic Enterprise Development, a real estate development company responsible for L.A. Prep, a food production facility for small- and medium-sized food companies. L.A. Prep, financed with NMTCs (including \$10MM in LADF allocation), supports over 200 jobs with more than 67% women- and/or minority-owned businesses. Prior to the founding of Civic Enterprise, Mr. Albert oversaw the development of affordable residential housing projects at New Economics for Women.

COLLEEN MOONEY – *LOW-INCOME COMMUNITY REPRESENTATIVE*
EXECUTIVE DIRECTOR, SOUTH BAY CENTER FOR COUNSELING

Colleen Moony is the Executive Director of South Bay Center for Counseling (SBCC), which has been operating for more than 40 years and currently serves over 10,000 low-income families in Los Angeles. SBCC coordinates a network of 40 partner organizations to deliver family well-being programs, including family development coaching and counseling services. SBCC also provides child development and early education. Preschool Without Walls is a participatory, parent-child early learning program with 20 preschool sites. Their after-school tutoring programs provide high quality tutoring and after-school services to elementary and middle-school age children in Math, Reading, Language Arts, Science, and more. SBCC also provides several programs to support self-sufficiency of the families, children, and adults it serves. These include immigration and legal services, financial and tax preparation services, job training in the industrial sector, community gardens and at-home gardening workshops, as well as GED and ESL classes. Ms. Mooney and SBCC are deeply involved in the communities they serve, and SBCC supports over 100 resident organization, or Neighborhood Action Councils.

Ms. Mooney has been at SBCC for 38 years. When she took the position of Executive Director, the total agency budget was \$75,000 and they operated one program. Over the years, she has grown the organization significantly, now with a budget of over \$6 million and four program areas (with several initiatives in each impact area).

LILIANA MONGE – *LOW-INCOME COMMUNITY REPRESENTATIVE*
BOARD MEMBER, DIY GIRLS

Liliana Monge is a Board Member for DIY (“Do-It-Yourself”) Girls, which strives to increase girls’ interest and success in technology, engineering and creating through innovative educational experiences and mentor relationships. DIY Girls develops and implements educational programs and events designed to encourage engagement with technology, promote self-confidence and support aspiration to technical careers. DIY Girls offers afterschool programs, summer camps, and workshops for girls in elementary and middle school. Through these programs, girls design and make toys, program their own video games, design creative inventions with conductive paint and make wearable electronics products, in addition to other hands-on engineering and technical exploration. DIY Girls also offers one-day workshops for teachers to build off projects their students have worked on in DIY’s programs described above.

In her role with DIY Girls, Ms. Monge has played a critical role in assisting with fundraising efforts, which increased services offered to low-income community youth tenfold. Previously, she was a New Markets Tax Credit advisor with Lowe Enterprises, where she facilitated the closing of over \$125 million in NMTC transactions, which provided services to thousands of low-income persons throughout California. Ms. Monge is a member of the Wellesley College Alumni Association and the A Better Chance Alumni Association, where she plays an active role in increasing access to higher education and quality high schools to low-income individuals throughout the country.

MARK WILSON – *LOW-INCOME COMMUNITY REPRESENTATIVE*
EXECUTIVE DIRECTOR, COALITION FOR RESPONSIBLE COMMUNITY DEVELOPMENT

Mark Wilson co-founded the Coalition for Responsible Community Development (CRCD) in 2005 and has served as CRCD's Executive Director for a decade. Raised in South Los Angeles, he previously served as the Director of the Youth Empowerment Project with the Southern Christian Leadership Conference/Martin Luther King Legacy Association, and the Director of Community Development with the Dunbar Economic Development Corporation.

Today, Mr. Wilson directs CRCD's comprehensive community development services in housing, education, and jobs for primarily Latino and Black youth aged 18-24 in the Vernon-Central Los Angeles community. He provides leadership on local and national levels to improve the policies, systems, and long-standing neighborhood conditions that impact young people's lives. In a high-poverty community, Mr. Wilson spearheads effective collaborations with residents, businesses, nonprofits, community college, government, and foundations to create real opportunities for youth to stabilize and pursue their dreams. Since 2005, Mr. Wilson has strategically grown CRCD into an agency running 6 housing complexes, a high school, a YouthSource Center, WorkSource Center, and launched a social enterprise – CRCD Enterprises. Mr. Wilson serves on the board of the Southern California Association of Nonprofit Housing and on the LA Community College District Community Advisory Board (representing LATTC). He was recently honored with a YouthBuild USA Rising Star award.

NANCY VOLPERT – *LOW-INCOME COMMUNITY REPRESENTATIVE*
DIRECTOR OF PUBLIC POLICY, JEWISH FAMILY SERVICES OF LOS ANGELES

Nancy Volpert is the Director of Public Policy for the Jewish Family Services of Los Angeles (JFS), a multi-service Agency whose goals are to strengthen and preserve individual, family and community life by providing a wide range of needed human services to people in the community at every stage of the life cycle, especially those who are poor and disadvantaged. JFS serves more than 100,000 individuals of all ages, ethnicities and backgrounds each year and distributes over 3 million pounds of groceries to low-income persons annually. JFS helps survivors of domestic violence regain their independence and self sufficiency and provides counseling, case management, nutrition and compassionate care for 30,000 older adults each year. JFS' neighborhood centers provide recreational activities, educational programs, mental health services, care management and more.

In her role with JFS, Ms. Volpert is responsible for the development and management of JFS' advocacy, public policy and strategic initiatives and building relationships with community partners. She is also leading the agency's strategic planning process. Ms. Volpert works directly with Board and staff members to advocate on behalf of JFS clients and programs at the local, state and federal level. She also previously directed media relations and outreach for JFS.

Among other activities, Ms. Volpert is an Adjunct Lecturer at American Jewish University, teaching a course on Social Justice and Civic Engagement. She serves as an appointed member of the Los Angeles City Domestic Violence Task Force (DVTF) and chair of the DVTF Legislative Committee. She is also a member of the Los Angeles Aging Advocacy Coalition's Steering Committee. Ms. Volpert has an extensive background in community relations, as well as fund and board development in the Los Angeles non-profit community.

**YOLANDA ANGUIANO – *LOW-INCOME COMMUNITY REPRESENTATIVE*
JOB TRAINING COORDINATOR, MEND (MEET EACH NEED WITH DIGNITY)**

Yolanda Anguiano is a Job Training Coordinator with MEND (Meet Each Need with Dignity). MEND serves an average of 38,500 and as many as 49,000 poverty-level clients each month. It is the largest, most efficient and comprehensive poverty-relief organization in the San Fernando Valley neighborhood of Los Angeles. MEND takes a holistic approach to relieve the effects of poverty by providing basic human needs while giving their clients the tools, education, training, support and opportunities that foster self-reliance. Through its vast array of programs, MEND provides food; clothing; medical, dental and eye care; job training; classes for adults in English as a Second Language, literacy, computers, office skills, sewing and parenting; math, reading and science tutoring for kids; showers and other services for the homeless; a home garden training program for 109 families in 2014; and an annual Holiday Basket Program for 1,200 families in need. Additionally, MEND has 81 transitional employees in its job training program, which is part of the GAIN, CalWORKS Welfare-to-Work Program.

In her role with MEND, Ms. Anguiano is leading the Job Center in providing 220 job training opportunities to clients. Before joining MEND, Ms. Anguiano was a nutrition policy advocate with California Food Policy Advocates (CFPA). There she strengthened the connection between health and nutrition policies to decrease Los Angeles families' experiences of food insecurity. Ms. Anguiano is a lifetime member of Comision Femenil and Los Angeles City Commissioner to North Valley Area Planning Commission.

Tab 4

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, Secretary
DATE: March 10, 2016
SUBJECT: Authorize the President of LADF and LADF Management, Inc. to execute documents related to the Purchase and Sale of One Santa Fe (“Project”) by 1SF-C, LLC (“Original Borrower”) to BMPP OSF-C, LLC (“New Borrower”)

BACKGROUND AND SUMMARY

On December 2, 2011, the LADF Governing Board approved a \$15 million allocation of New Markets Tax Credits (“NMTC”) to finance construction of the One Santa Fe Project, located in the Arts District neighborhood of Downtown Los Angeles. The transaction subsequently closed on December 20, 2011.

The Project was split into two components, a commercial component and residential component, which were subdivided into separate legal parcels and separately financed. The NMTC transaction provided the Original Borrower with a total of \$38 million in NMTC allocation to finance the total development cost for the commercial component. LADF partnered with two other Community Development Entities (“CDE”), Clearinghouse and Genesis LA, which together provided an additional \$23 million NMTC allocation (collectively with LADF, the “Lenders”). The commercial development was funded by \$10.3 million in tax credit equity, a \$14.6 million HUD 108 loan, and \$13.1 million in sponsor equity.

The Project comprises an 81,300 SF commercial office and retail center, a separately financed rental residential component that includes 438 units within five floors atop the commercial ground floor, and one level of subterranean parking. The Project received its Certificate of Occupancy and began operations in March 2015. As of the present date, the office space (35,000 SF total) is fully leased to MTA and the retail space (46,300 SF total) is 78% leased to 16 tenants.

The Original Borrower informed the Lenders in April 2015 of its intention to sell the Project, both commercial and residential components, to the New Borrower (the “Sale”). Since December 2015 the Original Borrower, the New Borrower and the Lenders have been negotiating the various agreements necessary for the Sale. Butler Snow, the Lender’s legal counsel for this relationship, is reviewing these documents to ensure conformity with NMTC regulations. This includes ensuring that the original Qualified Low-Income Community Investment (“QLICI”) remains a QLICI per NMTC regulations, that the New Borrower is deemed to be a Qualified Active Low-Income Community Business (“QALICB”), and that none of the language or provisions in the new documents compromise the Lenders’ CDE-status or compliance with NMTC regulations.

Additionally, the Lenders have negotiated a new Community Benefits Agreement (“CBA”) with the New Borrower. The new CBA acknowledges the Project’s delays in meeting all of the community outcomes contemplated in the original CBA¹ and sets new terms for achieving the original projected outcomes. The new CBA has been fully-negotiated and is further discussed in the following narratives.

TRANSACTION STRUCTURE

The sale of One Santa Fe will transfer all of the rights and interests in the property, including the commercial and residential components and parking garage. With regards to the MTA ground lease and all

¹ The most notable deficiency is in job creation. Upon completion the project was required to create 293 FTE, but because leasing has been slower than projected, as of December 9, 2015 the project had created only 173 FTE.

of the financing in-place, the New Borrower and Original Borrower have agreed to an assignment and assumption of all agreements.

The NMTC financing agreements assigned to the New Borrower include: the QLICI loan agreement, twelve (12) promissory notes, leasehold deed of trust, guaranty agreement, intercreditor agreement, and four (4) account pledge and control agreements. Additionally, the two junior leverage loans that were made by affiliated entities of the Original Borrower and funded with developer equity will also be assigned to the New Borrower.

The New Borrower will also enter into a new CBA with the Lenders. The new CBA, which contains substantive changes from the original CBA, is further discussed in the sub-section entitled "Community Benefits Agreement".

All of the documents necessary to complete the sale have been fully-negotiated and are in substantially final form.

Required Approvals and Consent

For the commercial component, the sale of the property and assignment of the financing requires consent from the following parties to the transaction:

- Three Lenders (LADF, Clearinghouse, and Genesis LA) that provided \$37.5 million NMTC loans to the project
- City of LA's Economic Workforce and Development ("EWDD") as the Senior Leverage Lender that provided \$14.6 Million HUD loan to the investment fund
- Goldman Sachs ("NMTC Investor") that provided \$10.3 million tax credit equity to the investment fund

An omnibus consent and mutual release agreement will be entered into among the New Borrower, Original Borrower, NMTC Investor and three Lenders to provide consent to the transfer of property and all assignments of agreements related to the NMTC financing. This consent and release agreement will also release the Original Borrower from liability to the Lenders on matters occurring after the sale, as well as release the CDE Lenders from liability to the Original Borrower for any matters occurring after the sale.

For the assignment of the ground lease, the Original Borrower will obtain consent from the Los Angeles County MTA. For the residential component, the assignment of the financing requires consent from the California Housing Finance Agency (provided two housing bonds for approx. \$86 million), as well as the U.S. Department of Housing and Urban Development ("HUD") and the City of LA's Housing and Community Investment Department ("HCID") (provided Low-Income Housing Tax Credit financing).

Community Benefits Agreement

The new CBA negotiated between the three Lenders and the New Borrower as part of the sale of One Santa Fe acknowledges the terms of the original CBA, the deficiencies in achieving the impacts contemplated, and a new approach to achieving those originally agreed upon impacts. The original CBA that was entered into when the NMTC loans were originated in 2011 stipulates that the project achieve the following:

1. Create 293 full-time jobs at living wages with full benefits
2. 51% of jobs created made available to low- and moderate-income persons
3. List all job openings with the WorkSource or OneSource centers
4. Provide opportunities for minorities, women and small businesses to participate in the construction and operation of the project
5. 15,000 SF occupied by grocery store tenant
6. 3,300 SF occupied by local arts-oriented nonprofit tenant

7. Create public plaza space with pedestrian connection to the new metro station stop to-be-built
8. Make public improvements along 1,500 linear feet of Santa Fe Avenue, including new curbs, sidewalks and street trees

The new CBA modifies the language to acknowledge the two impacts that have not been achieved to-date. Specifically, the impacts that have not been fully achieved are #1 and #5. Regarding those two goals, the following has been achieved to-date: (#1) Created 173 full-time jobs at living wages with full benefits and (#5) 5,339 SF occupied by grocery store tenant (Grow Market).

With regards to job creation, the Original Borrower has provided support to show that the project will eventually achieve the 293 jobs originally contemplated. These supporting documents show that approximately 90 jobs are to be created by retail tenants who have already executed a lease but that have not yet begun operations on-site, approximately 90 additional new jobs are to be created in the 35,000 SF of office space leased and occupied by MTA, and approximately 60 jobs are to be created when the 10,100 SF of retail that is currently vacant is leased out and occupied. By these estimations, the project will create more than the 293 full-time jobs originally anticipated.

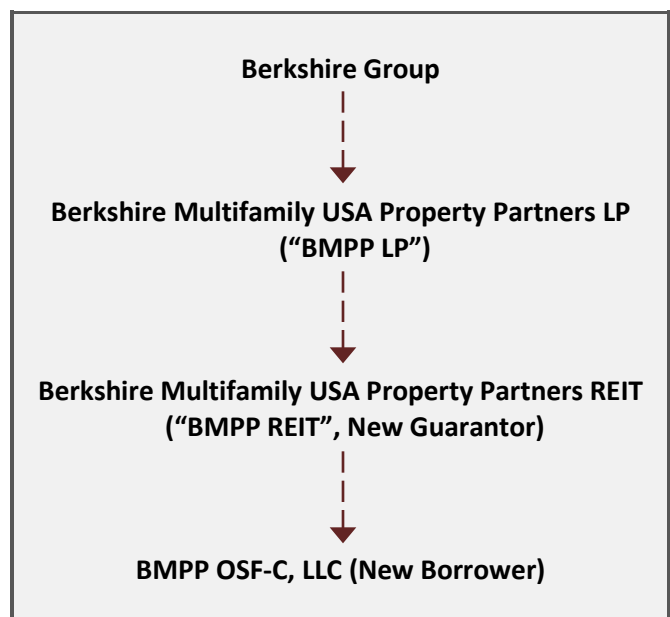
With regards to the grocery store tenant, during construction the Original Borrower communicated the challenges they were facing in identifying a grocery store tenant for the site. The Original Borrower identified and began talks with Grow Market, an operator of smaller format grocery stores. The Lenders accepted this tenant as a suitable alternative to a 15,000 SF grocery store tenant. The new CBA includes language that requires the New Borrower to work in good faith to identify a grocery store tenant that meets the 15,000 SF stipulation in the event that Grow Market terminates its lease.

The new CBA also adds new language that will require action by the New Borrower if the contemplated community impacts are not achieved. This includes meeting with the Lenders, submitting a written plan (discussed and mutually agreed upon with the Lenders) to remedy the deficiencies in achieving the impacts, and later submitting progress reports to track implementation of the new plan. If the New Borrower does not perform under the requirements of these provisions, a penalty of \$500 per day will be imposed until the New Borrower performs. Any penalties collected would be set aside for local community groups serving low-income individuals that would otherwise have been served by the Project.

NEW BORROWER AND GUARANTOR

The New Borrower purchasing One Santa Fe will be BMPP OSF-C, LLC. This is a special purpose entity that was established for the ownership of the project and to ensure compliance under NMTC regulation as a QALICB. The entity's sole asset will be the commercial component of the One Santa Fe project, and another special purpose entity will be the owner of the residential component.

The New Borrower is a subsidiary of Berkshire Multifamily USA Property Partners REIT ("BMPP REIT"). BMPP REIT will provide the tax credit guaranty to the NMTC Investor and the environmental guaranty to the Lenders ("New Guarantor"). The acronym "REIT" stands for Real Estate Investment Trust. The National Association of Real Estate Investment Trusts provides the following definition:



“A REIT, or Real Estate Investment Trust, is a company that owns or finances income-producing real estate. Modeled after mutual funds, REITs provide investors of all types regular income streams, diversification and long-term capital appreciation. REITs typically pay out all of their taxable income as dividends to shareholders. In turn, shareholders pay the income taxes on those dividends.”

The New Guarantor is a subsidiary REIT of Berkshire Multifamily USA Property Partners LP (“BMPP LP”), which is one of seven investment funds created and managed by Berkshire Group. BMPP LP, through its subsidiaries, invests in select development opportunities across the U.S., with a focus on the top 20 major metro markets. Its current portfolio is geographically diversified, with assets in 7 metro markets.

As of September 30, 2015, BMPP LP had total assets of \$936 million and unrestricted cash of \$27 million. The New Guarantor reported total assets of \$346 million and cash balance of \$5.3 million on its 2014 tax return.

NMTC COMPLIANCE

The subject site is located in a Qualified Census Tract based on the criteria originally identified in 2011 at origination of the QLICI loans.

The New Borrower will be a special purpose entity that satisfies the requirements of a Qualified Active Low-Income Community Business for purposes of complying with NMTC regulations. The New Borrower will meet the Non-Qualified Financial Property Test since 100% of the QLICI proceeds will stay invested in the project. Since 100% of the tangible property of the New Borrower will remain within a qualifying Low-Income Community census tract, the Tangible Property, Services Performed, and Gross Income Tests are all satisfied. In addition, less than 50% of the New Borrower is owned by any entity having an interest in any of the Lenders, so there is no Related Party entity issue. The New Borrower’s legal counsel will issue a tax opinion to all parties assuring the qualified status of the New Borrower.

The LADF has determined that this project remains in compliance with its 2007 Allocation Agreement, evident through the following characteristics of the transaction, which remain unchanged by the Sale:

- 100% push down of QEI to QALICB
- QLICI provides flexible terms
- Project is located in a Targeted Distressed Community

COLLATERAL AND GUARANTEES

The LADF’s QLICI loan, along with the QLICI loans from Clearinghouse and Genesis LA, will continue to be secured *pari passu* by a First Deed of Trust on the New Borrower’s ground leasehold interest in the subject property. Additional collateral for the QLICI loans will consist of guaranties from the New Borrower and New Guarantor and a security interest in the reserve accounts.

The New Borrower and New Guarantor will provide an indemnity to the Lenders, including LADF (Allocatee) and LADF IV, LLC (Sub-CDE), for environmental losses. The New Borrower and New Guarantor will also provide an indemnity to the NMTC Investor for reimbursement of any lost tax credits and related costs. Repayment of the QLICI loans provided through the NMTC structure will be guaranteed by the New Guarantor. The New Guarantor will not be required to assume the completion guaranty because the project is substantially completed. The only remaining construction is related to the build-out of the currently vacant 10,100 SF of retail.

LOAN REPAYMENT ANALYSIS/EXIT STRATEGY

The exit strategy will remain the same as that contemplated at close of the loans in December 2011. At the end of the seven-year NMTC compliance period in December 2018, the LADF's Sub-CDE will distribute the QLICI notes to the investment fund. Additionally, the QLICI A and B Notes, which are tied to the Leverage Loans provided by the City of LA's HUD 108 loan and sponsor's equity, respectively, will convert to amortizing payments with maturity dates of December 2031 (QLICI A Note) and December 2041 (QLICI B Notes). The QLICI C Note, which is tied to the NMTC Investor equity amount, may be forgiven at the end of the compliance period.

A Put-Call Agreement, originally entered into between an affiliate of the Original Borrower and the NMTC Investor, will be assigned to and assumed by the New Guarantor. The NMTC Investor may exercise its put option and sell its respective interest in the Fund to the Leverage Lender. If the NMTC Investor chooses not to exercise its put option, the New Guarantor may exercise its call option. Upon exercising of either put or call option by the respective parties, the New Guarantor would control all of the debt associated with the Project.

RISKS AND MITIGANTS

There will be limited credit and recapture risk. All significant NMTC compliance issues have been or will be addressed. The New Borrower 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 is structured to meet the Substantially-All Test.

RISK: GENERAL

The New Borrower, New Guarantor, 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 principal amortization or prepayment will be allowed during the remainder of 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 seven-year NMTC compliance period.
- The transaction is structured to insure 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 would receive a return of capital *pari passu* in accordance with its **40.1%** share of the total NMTC financing.
- To mitigate the possibility that a portion of the QEI is returned via bankruptcy and/or foreclosure on the subject site, through the remainder of the seven-year NMTC compliance period, the New Borrower is assuming the commitment to maintain operations at the subject location or provide 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 New Borrower and New Guarantor, in their capacities as guarantors and indemnitors, as well as the leverage lenders. However, the project-related risks are largely mitigated by the experienced management team assembled for the project as well as the feasibility of the project. The New Guarantor has the organizational and financial capacity to access sufficient liquidity to cover unforeseen losses in the project's operations.

POLICY EXCEPTIONS

None.

RECOMMENDATION

Approval of this Purchase and Sale of One Santa Fe is recommended based on the transaction's conformance with NMTC regulation, the financial strength of the New Borrower and New Guarantor, as well as the New Borrower's willingness to achieve the community benefits originally anticipated for the Project.

ATTACHMENTS

None.