

# 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.**

**January 18, 2018**

**SPECIAL MEETING *of the***  
**GOVERNING BOARD OF DIRECTORS *of***  
**THE LOS ANGELES DEVELOPMENT FUND *and* LADF MANAGEMENT, INC.**  
**JANUARY 18, 2018**

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  - 2018 LADF Budget
  - Projected LADF Schedule of Revenues
  
- 3**     Materials regarding Action Item B:
  - MEMO regarding NMTC Conference Attendance in San Diego

# **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 1070  
200 N. SPRING STREET, LOS ANGELES, CA  
Thursday, January 18, 2018 | 2:30pm – 3:00pm**

	<b>AGENDA ITEM</b>	<b>PRESENTER</b>	<b>TAB</b>
	<b>Welcome and Call to Order</b>	Rushmore Cervantes	
	<b>Roll Call</b>	Rushmore Cervantes	
<b>1</b>	<b>Discussion Items</b>	Sandra Rahimi	
	a. LADF Pipeline Update		
<b>2</b>	<b>Action Items</b>	Sandra Rahimi	
	a. Request for Approval of 2018 LADF Budget		Tab 2
	b. Request for Approval of Sandra Rahimi to represent LADF at Novogradac's NMTC conference in San Diego on January 25 & 26, 2018		Tab 3
	<b>Request for Future Agenda Items</b>	Rushmore Cervantes	
	<b>Next Meeting Date and Time of Governing Board</b>	Rushmore Cervantes	
	• Thursday, February 8, 2018		
	<b>Public Comment</b>	Rushmore Cervantes	
	<b>Adjournment</b>	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		PROPOSED	ADOPTED	UNAUDITED	
Budget (In Full Dollars)		BUDGET	BUDGET	ACTUALS	
Fiscal Year Ending 12/31/18		2018	2017	2017	
Budget Items		Annual Totals			Variance
<b>Revenues</b>					
Placement Fees (2015-2016 Allocation)	1	537,550	1,000,000	533,640	(466,360)
SubCDE Asset Mgmt Fees (2015-2016 Allocation)	1	347,490	112,500	99,670	(12,830)
SubCDE Asset Mgmt Fees (Prior Allocations)		321,350	375,000	390,275	15,275
Fund Mgmt Fees (Prior Allocations)		36,000	36,000	41,333	5,333
Expense Reimbursement		168,500	126,700	138,270	11,570
Interest Income (Thai CDC Loan)		3,470	0	0	0
Interest Income (Savings Accounts)		30	20	50	30
Investment Income		200	200	150	(50)
<b>TOTAL REVENUES</b>		<b>1,414,590</b>	<b>1,650,420</b>	<b>1,203,388</b>	<b>(447,032)</b>
<b>Expenses</b>					
Reimbursable Expenses:					
-Audit /Tax Services (SubCDEs, IFs)		118,500	94,500	95,500	1,000
-Other Reimbursable Expense		50,000	32,150	32,630	480
Audit /Tax Services (LADF)		15,000	15,000	14,000	(1,000)
Capital Contributions (Due to Affiliates)		925	5,000	3,075	(1,925)
Consultant - Compliance (Ariel Ventures)		12,000	12,000	12,000	0
Consultant - Accounting (J Diaz)		50,000	50,000	36,480	(13,520)
Consultant - AM / Compliance (C Chorebanian)		15,600	0	0	0
Consultants - NMTC Application		50,000	30,000	8,104	(21,896)
Corp Taxes and Fees		7,245	12,870	10,498	(2,372)
Insurance - D&O		4,520	4,520	4,520	0
Insurance - Workers comp		2,200	2,200	2,193	(7)
Lease Expense (EWDD)	2	9,760	4,880	0	(4,880)
Legal - Organizational Counsel		12,000	10,000	10,730	730
Marketing Expense (Conferences)		10,000	16,500	4,849	(11,651)
Marketing Expense (Website, Social Media)	3	84,000	32,500	32,500	0
Other Administrative Expense		2,500	2,500	3,194	694
Payroll Expenses (inc payroll tax)	4	232,270	357,270	357,907	637
<b>TOTAL EXPENSES</b>		<b>676,520</b>	<b>681,890</b>	<b>628,180</b>	<b>(53,710)</b>
<b>Budget Surplus / (Deficit)</b>		<b>738,070</b>	<b>968,530</b>	<b>575,208</b>	
		<b>\$1,169,958</b>			
Actual Cash as of Jan. 1, 2017		<b>\$1,482,557</b>			
Actual Cash as of Jan. 1, 2018		<b>\$2,220,627</b>			
Projected Cash as of Jan. 1, 2019					

<sup>1</sup> Projections for Placement Fees and SubCDE Asset Management Fees assume that \$30.75mm of LADF's \$50mm 2015-2016 allocation is invested in 2017, and the remaining \$19.25mm 2015-2016 allocation is invested in 2018

<sup>2</sup> LADF's 2018 Budget assumes that the Lease Agreement with the City of LA's EWDD is executed at the start of the year. Lease expense reflects half of projected \$9,757 annual rental expense, assuming that the EWDD Lease Agreement receives City Council approval and LADF Board approval by June 30, 2017 and LADF moves into the EWDD offices by July 1, 2017.

<sup>3</sup> LADF's 2018 Budget assumes that the social media and website consulting contract with Karen Brooks is executed at the start of the year. Marketing expense reflects the contract maximum of \$7,000 per month for 12 months.

<sup>4</sup> Payroll Expense presented in the 2018 budget does not include payroll for to-be-filled LADF Associate position.

**Los Angeles Development Fund**  
**Projected Fee Revenue**  
**Years 2016 through 2025**

Year	FEE REV. TOTAL <sup>1</sup>		2015-2016 Allocation PLACEMENT FEES <sup>2</sup>		2015-2016 Allocation SUB-CDE MGMT FEES <sup>3</sup>		Prior Allocations SUB-CDE MGMT FEES		Prior Allocations FUND MGMT FEES	
	Totals	% Change	Totals	% Change	Totals	% Change	Totals	% Change	Totals	% Change
2016	461,000	-	0	-	0	-	425,000	-	36,000	-
2017 <sup>4</sup>	1,043,550	126.4%	533,640	-	98,910	-	375,000	-11.8%	36,000	0.0%
2018	1,223,657	17.3%	537,550	0.7%	347,490	251.3%	321,350	-14.3%	17,267	-52.0%
2019	639,210	-47.8%	0	-100.0%	364,830	5.0%	260,720	-18.9%	13,660	-20.9%
2020	461,505	-27.8%	0	-	364,830	0.0%	96,675	-62.9%	0	-100.0%
2021	387,885	-16.0%	0	-	364,830	0.0%	23,055	-76.2%	0	-
2022	364,830	-5.9%	0	-	364,830	0.0%	0	-100.0%	0	-
2023	364,830	0.0%	0	-	364,830	0.0%	0	-	0	-
2024	265,920	-27.1%	0	-	265,920	-27.1%	0	-	0	-
2025	17,340	-93.5%	0	-	17,340	-93.5%	0	-	0	-
<b>TOTALS</b>	<b>5,229,727</b>	<i>10-year</i>	<b>1,071,190</b>		<b>2,553,810</b>		<b>1,501,800</b>		<b>102,927</b>	
	<b>522,973</b>	<i>Avg / year</i>								

<sup>1</sup> This fee revenue schedule assumes that LADF is not awarded any additional NMTC Allocation after its 2015-2016 Allocation Award.

<sup>2</sup> Projected Placement Fees accrue and are paid at time of closing of each transaction. LADF charges 2% Placement Fees on its allocation.

Except that LADF is charging a 3.75% Placement Fee the \$4.068mm allocation invested in the Thai Town Marketplace transaction.

<sup>3</sup> Projected Sub-CDE Asset Management Fees accrue and are paid quarterly over the 7-year NMTC Compliance Period. LADF charges an annual rate of 0.75% on its allocation for Sub-CDE Asset Management Fees. Except that LADF is charging an annual Sub-CDE Asset Management Fee of 0.5% on its \$4.068mm allocation invested in the Thai Town Marketplace transaction. Total Sub-CDE Asset Management Fees collected for the 7-year NMTC Compliance Period will equal 5.1% on its allocation (*averaging 0.73% x 7 years*).

<sup>4</sup> Projections for 2017-2018 assume LADF will close on its \$50mm 2015-2016 Allocation Award as follows:

\$20mm-Q2 2017 (*closed*), \$2.75mm-Q3 2017 (*closed*), \$8mm-Q4 2017 (*anticipated*), \$10mm-Q1 2018 (*anticipated*), and \$9.25mm-Q2 2018 (*anticipated*).

# **Tab 3**



# MEMORANDUM

TO: LADF Board of Directors  
FROM: Sandra Rahimi, LADF Secretary  
DATE: January 18, 2018  
SUBJECT: Novogradac & Co.'s NMTC Conference in San Diego on January 25 & 26, 2018

## RECOMMENDATION

That the Los Angeles Development Fund (LADF) Governing Board of Directors authorizes Sandra Rahimi to represent LADF at Novogradac's NMTC conference in San Diego on January 25 & 26, 2018. Cost for the conference would be paid from LADF's marketing budget.

## SUMMARY AND BACKGROUND

Novogradac & Co. is one of the two largest CPA firms in the NMTC industry. Its conferences are well attended by all categories of industry experts and staff attendance will provide invaluable marketing opportunities for the LADF. The conferences are attended by developers, investors, CDFI Fund staff and other NMTC allocatee partners. The conferences also provide up-to-date information on the status of the NMTC program and industry best practices. They are also a great opportunity to hear about projects and build relationships with the potential partners active in the NMTC world. LADF has developed a presence at these industry conferences, where LADF representatives often attend several meetings to voice City support of projects located in Los Angeles. This industry exposure resulted in a very strong LADF pipeline for the most recent 2017 NMTC application round.

### Cost

The main conference is officially scheduled for January 25<sup>th</sup> and 26<sup>th</sup>, inclusive; many networking events are scheduled for January 24<sup>th</sup>, the evening before the main conference's official commencement, so Ms. Rahimi would require two nights of hotel (24<sup>th</sup> and 25<sup>th</sup>) and two days of travel (24<sup>th</sup> and 26<sup>th</sup>). She would attend the conference and networking events on behalf of LADF. The total cost for the San Diego conference is currently estimated at \$1,672, calculated as follows:

Description	Cost (\$)
Conference Fee <sup>1</sup>	\$ 0
Mileage <sup>2</sup> (137 miles each way @ 54.5 cents/mi)	\$ 150
Hotel ( <i>approx. \$279+tax per night</i> )	\$ 629
Parking (\$50 per day)	\$ 100
<i>Per diem</i> <sup>3</sup>	\$ 118
<b>TOTAL</b>	<b>\$ 997</b>

## DISCUSSION

At the conference, QALICBs and consultants will be discussing projects looking for allocation from the most recent round. The conference will expose LADF to additional City of Los Angeles projects beyond its current pipeline both for existing allocation and in anticipation of the next application to be released in Spring 2018. These projects will provide alternatives if the projects in LADF's pipeline stall and build a future pipeline in the event LADF is awarded additional NMTC.

<sup>1</sup> Novogradac has agreed to waive the \$425 conference fee.

<sup>2</sup> Based on IRS Standard Mileage Rates (rev 12/13/2017) for business miles driven

<sup>3</sup> Based on U.S. General Services Administration per diem amounts (Jan-2018) for meals and incidental expenses in San Diego, CA (excluding breakfast for both conference days and lunch on the day of the full conference)

Additionally, investors, QALICBs and consultants have requested that LADF staff assist in promoting projects in the City of Los Angeles. Such promotion by a local CDE is especially important for sourcing allocation from national CDEs that are not necessarily aware of the needs of our communities. LADF, as a CDE controlled by the City of Los Angeles, adds additional value in these efforts. This conference, which has attendance drawn nationwide, is an important venue for this work.

**ATTACHMENTS**

Novogradac NMTC Conference San Diego – Agenda