

EXHIBIT B

Los Angeles Development Fund JEDI Microloan Loan Program Proposed Term Sheet	
<p>Program Summary:</p> <p>The program is dedicated to aiding businesses in low-income communities by offering them financing for enhancements under more favorable terms and rates than the prevailing market conditions.</p> <p>Aligned with the 2020 City Council-approved JEDI Zone Policy, this initiative aims to foster growth in underserved areas and provide financial incentives for development.</p> <p>Implemented as a pilot program, the loan primarily targets small businesses located in City-established JEDI Zones, with a preference for those in NMTC qualifying census tracts, providing crucial support to these businesses.</p>	
PROPOSED LOAN TERM	
Target Borrower	Small businesses in City-established JEDI Zones, with preference for NMTC qualifying census tracts.
Initial Program Funding	<p>\$1,000,000. Capital will be contributed by LADF and administered by the selected RFP respondent.</p> <p>In addition to this amount, LADF will set aside capital to finance the costs of technical assistance to businesses, potential and actual borrowers.</p> <p>Note: A maximum of six (6) loans or \$150,000 total loan amounts may be funded per JEDI zone in the first nine-month period from program launch.</p>
Eligibility Criteria	<ul style="list-style-type: none"> - Located in City designated JEDI Zones (preference for NMTC qualifying census tracts) - Must be registered with a City of Los Angeles Business Source Center - Microenterprises, ESOPs, startups (<2 years), non-profits, and other small business owners - No minimum credit score, reasonable credit history - Up to \$3 million in revenue - Cash Flow Ratio: 1.1 : 1.0 - Borrower must not qualify for other financing with economically feasible rates and fees - Two (2) years of industry experience (or acceptable ESOP management)

Eligible Uses	<ul style="list-style-type: none"> - Working capital - Equipment, inventory - Business acquisition (focus on ESOPs) - Startup capital - Improvements (subject to environmental review) - Loan refinancing, including personal credit cards and automobile loans, provided that documentation is provided demonstrating that the original use was for business operations - Developing a professional social media presence and marketing plan
Ineligible Uses	<ul style="list-style-type: none"> - Personal use - Paying off personal/business tax liens
Loan Types	<ul style="list-style-type: none"> - Fixed-Rate loan with no payments for the first 12 months - Interest accrues in the first year
Loan Term	<ul style="list-style-type: none"> - 1 to 5 years (up to 7 years for equipment purchase).
Loan Amounts	\$10,000 to \$50,000 per borrower.
Fees	<ul style="list-style-type: none"> - Application Fees: \$0 - Origination Fees: \$0 - Closing Fees: Respondents to the RFP should assume that closing fees and interest payments on microloans will pay for all of the selected vendor's costs, excluding charges related to technical assistance which will be paid directly by LADF (<i>see below</i>). Closing fees should be structured to be paid by the microloan fund at closing of each microloan and included in the borrower's loan principal for repayment. - Technical Assistance Fees: Fees and costs of the selected vendor for providing technical assistance services to borrowers will be billed (monthly) directly to LADF, as opposed to the other services listed in the Exhibit A: Scope of Work which will be provided in exchange for closing fees and interest payments received from operations of the microloan fund. The selected vendor will provide technical assistance and charge LADF with the associated fees only to the extent that borrowers are unable to receive technical assistance through the City of Los Angeles Business Source Centers with which they are registered. <p>Respondents to the RFP MUST include an hourly rate for providing technical assistance as well as an estimated total reserve to cover technical assistance charges for the initial</p>

	<p>term of the loan fund. The estimated total reserve is for informational purposes. The vendor will be paid for actual hours spent and will not be capped at the estimated reserve.</p>
Interest Rates	<p>Fixed at 1.0% (<i>LADF's portion of the interest charge</i>) plus proposed rate by respondents to pay for third-party servicing fee and administrative fees (<i>selected vendor's portion of the interest charge</i>).</p> <p>In the first 12 months of the microloan term, interest will accrue but payments will be deferred during this period and added to the loan principal to amortize over the loan term.</p>
Security	<p>Preferably secured, with collateral options including:</p> <ul style="list-style-type: none"> - Personal guaranty - UCC filing - Equipment - Intellectual property - Other assets
Public Benefit	<p>Must meet at least ONE of the following public benefit(s):</p> <ul style="list-style-type: none"> - Job creation/retention - Location in an area with - Poverty rate equal to or greater than 30%, or - Median income equal to or less than 60% of Area Median Income (AMI), or - Unemployment rate of 1.5x the national average or greater - Borrower meets NMTC Targeted population criteria by providing at least 60% of jobs or goods and services to low-income individuals.
Approval Process	<ul style="list-style-type: none"> - The selected vendor and LADF will agree on underwriting parameters and loan terms within which the selected vendor may close and fund loans. - Third-party Selected vendor completes review and underwriting. - Selected vendor approves and funds proposed loans that meet the pre-determined parameters and loan terms. - Final approval required by LADF staff or Governing Board if proposed loan and/or borrower has merit but does not meet program standard guidelines.
Loan Documents	<ul style="list-style-type: none"> - Loan Agreement - Promissory Note - Collateral Security Agreement - Personal Guaranty

	<ul style="list-style-type: none"> - Corporate Guaranty (if applicable) <p>To reduce closing costs, LADF, in conjunction with the selected vendor and LADF legal counsel, intends to establish a standard set of loan documents to be used for the program. The legal fees associated with creating standard documents will be paid by LADF. Any legal fees associated with adapting the standard loan documents to a specific loan may be included in the microloan's Closing Fee and paid accordingly. Based on discussions with LADF legal counsel the cost of drafting standard loan documents is estimated to be \$30,000.</p>
Risk Management	<ul style="list-style-type: none"> - Credit assessments - Quarterly financial statement reviews - Monitoring to mitigate default risks
Ineligible Businesses	<p>Any business engaged in activities ineligible for NMTC financing, such as:</p> <ul style="list-style-type: none"> - Golf courses (private or commercial) - Country Clubs - Massage parlors - Hot tub facilities - Suntan facilities - Racetracks or gambling facilities - Stores primarily selling alcoholic beverages for off-premises consumption <p>Additional Ineligible Businesses</p> <ul style="list-style-type: none"> - Home-based businesses - Rideshare businesses - Landlords/Schedule E Passive Income - Businesses or companies held in trust - Businesses that do not have a physical location, using P.O. Boxes as a business address - Businesses engaged in illegal activities, such as selling drug paraphernalia or operating a motel that permits prostitution - Cannabis businesses or businesses that support cannabis businesses - Corporate-owned franchises (a corporation is responsible for operations, profit and loss, business decisions and quality control; corporate hires and oversees all store staff) - Publicly traded companies - Private social clubs that limit the number of memberships for reasons other than capacity - Payday loan stores, pawnshops and other firms involved in lending activities, such as banks, finance companies and any other firm whose stock in trade is money Insurance

	<p>companies, such as life, auto, home, bail bonds and other similar entities</p> <ul style="list-style-type: none">- Astrology, palm reading, tarot, etc.- Liquor stores and smoke shops- Night clubs- Adult bookstores- Businesses and Sole proprietors that provide massage services- Businesses that present live performances of a prurient sexual nature and/or derive revenue through the sale of products or services of a prurient sexual nature- Gambling businesses (i.e., track wagering facilities, casinos, bingo parlors)- Trailer-storage yards and junkyards- Gun or ammunition stores- Multi-sales distribution- Firms involved in speculative activities (i.e., day trading, stock market exchange facilitators)- Dealers of rare coins and stamps- Lobbying firms or businesses that dedicate 50% or more of their time or resources to lobbying activities- Churches or other religious organizations- Government offices or agencies
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