

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.

April 8, 2021

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

APRIL 8, 2021

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 - March 11, 2021 – Governing Board Meeting Minutes
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 - Reimagining LADF – Staff Report
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 - 2021 LADF Budget

Tab 1

AGENDA

**MEETING of the
GOVERNING BOARD OF DIRECTORS and ADVISORY BOARD OF DIRECTORS of
THE LOS ANGELES DEVELOPMENT FUND and LADF MANAGEMENT, INC.
MEETING BY TELECONFERENCE (AUTHORIZED EXCEPTION TO THE BROWN ACT):
To join via telephone, dial this number: (669) 900-6833 US
Meeting ID: 870 1786 1792**

Thursday, April 8, 2021 | 2:30pm – 3:30pm

AGENDA ITEM	PRESENTER	TAB
Welcome and Call to Order	Carolyn Hull	
Roll Call	Sandra Rahimi	
1 Approval of Minutes for Board Meeting(s) on:	Carolyn Hull	
a. March 11, 2021 – Governing Board Meeting		Tab 2
2 Discussion Items		
a. LADF Pipeline Update	Sandra Rahimi	
b. Reimagining LADF	Sandra Rahimi	Tab 3
3 Action Items	Sandra Rahimi	
a. Request for Approval of 2021 LADF Budget		Tab 4
Request for Future Agenda Items	Carolyn Hull	
Next Meeting Date and Time of Governing Board	Carolyn Hull	
• Thursday, May 13, 2021, 2:30pm – 4:00pm (via Zoom)		
Public Comment	Carolyn Hull	
<u>NOTE:</u> When it is time for public comment:		
1. If you joined by phone only. Please press *9 on your phone keypad to raise your hand to be acknowledged for Public Comment		
2. If you joined by clicking on the meeting link and have joined us online, please click the participant icon at the bottom of your screen. This will launch a participant panel, where you will see the "raise hand" icon on the far right side. Please click "raise hand" to be acknowledged for Public Comment.		
Adjournment	Carolyn Hull	

The LADF's Board Meetings are open to the public. Accommodations such as sign language interpretation and translation services can be provided upon 72 hours notice. Contact LADF @ (213) 808-8959.

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

Tab 2

LOS ANGELES DEVELOPMENT FUND
MINUTES OF THE MEETING OF THE GOVERNING BOARD OF LADF AND LADF MANAGEMENT, INC.
THURSDAY, MARCH 11, 2021

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

LADF STAFF PRESENT:

- Sandra Rahimi

WELCOME AND CALL TO ORDER – Los Angeles Development Fund (LADF) Director Hull called the meeting to order at **2:34pm**.

ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Hull (*Chairperson*)
- Director Chavez
- Director Esparza
- Director Kalfayan
- Director Sewill

A QUORUM WAS PRESENT

The following Advisory Board directors were present at the meeting:

- Director Williams (*Chairperson*)
- Director Albert
- Director Espinoza

A QUORUM WAS NOT PRESENT

Approval of Minutes for Board Meeting(s) on:

- a. October 29, 2020 – Joint Board Meeting
Moved by Director Esparza. Seconded by Director Sewill.
Roll Call: AYES: 5; NOS: 0; ABSENT: 0; ABSTAIN: 0; APPROVED.

1. DISCUSSION ITEMS

➤ **DISCUSSION ITEM (A) – LADF PIPELINE REPORT**

- Sandra Rahimi presented an update and summary of pipeline projects.

2. ACTION ITEMS

➤ **ACTION ITEM (A) – REQUEST FOR AUTHORIZATION FOR LADF PRESIDENT, OR HER DELEGATE, TO EXECUTE DOCUMENTS TO EFFECTUATE A \$5,283,334 SUB-ALLOCATION OF NEW MARKETS TAX CREDITS FOR THE SEED LA CHARTER SCHOOL PROJECT.**

- Moved by Director Esparza. Seconded by Director Sewill.
- Roll Call: AYES: 5; NOS: 0; ABSENT: 0; ABSTAIN: 0; APPROVED.

➤ **ACTION ITEM (B) – REQUEST FOR AUTHORIZATION TO RENEW NMTC COALITION MEMBERSHIP AT A COST OF \$750**

- Moved by Director Esparza. Seconded by Director Chavez.
- Roll Call: AYES: 5; NOS: 0; ABSENT: 0; ABSTAIN: 0; APPROVED.

REQUEST FOR FUTURE AGENDA ITEMS

- Presentation of 2021 budget
- Discuss how the Governing Board engages with the Advisory Board
- Strategy of deploying future allocation
- Expansion of services offered by LADF
- RFP for website maintenance

NEXT MEETING DATE AND TIME

- **April 8, 2021 @ 2:30pm**

PUBLIC COMMENT

- Anita Landecker of ExED spoke on behalf of the SEED LA project.

ADJOURNMENT

- Meeting was adjourned at **2:57 pm**.

Tab 3

Reimagining LADF

April 8, 2021

LADF Current Status

- LADF is a certified Community Development Entity
- Municipally-controlled entities are specifically barred from becoming CDFIs
- Use of NMTC allocation is restricted by regulations to commercial and mixed-use projects
- CDE's use of its reserves of accumulated fees generated from NMTC lending is unrestricted provided that 60% of the CDE's activities benefit low-income communities and low-income individuals. This includes using reserves for housing projects
- LADF currently has \$3.8 million cash reserves and without new allocation, annual fee income of approximately \$1,000,000 for each of the next 2 years
- By 2024, LADF is projected to have \$5.7 million in cash reserves from fees generated from its existing awards.
- While LADF's current operating structure has been successful, in this time of unprecedented crisis, LADF's current operations are not optimizing its potential to assist the City in its recovery

Small Business Loans

Background

- Prior to COVID 19 there was an unmet demand of \$60 billion in capital annually for small businesses in LA County with a pronounced lack of traditional and alternative lending in neighborhoods with concentrations of POC.
- Industries hit hardest by COVID 19 are overrepresented by businesses owned by POC— notably food service, and personal and laundry services. Also hard hit have been clothing and accessory stores, and health and personal care businesses.
- Nationwide businesses owned by POC faced high closure rates due to COVID 19 – 41% of Black-owned businesses, 32% of Latino-owned businesses, and 26% of Asian-owned businesses closed permanently.
- Cash balances and revenues of businesses owned by POC declined significantly more than those of white-owned businesses.

How LADF Could Help

- Create a \$500,000 small business loan pool
- Partner with an existing lender providing small business loans to manage the pool (“Pool Manager”)
- Direct the Pool Manager to identify and underwrite loans between \$10,000 and \$25,000
- Final approval of loans to be at the discretion of LADF Governing Board LADF President, or the LADF’s President’s discretion
- Loan documentation to be standardized to minimize closing costs
- Fees to be limited to closing costs
- Interest Rate to be 2% fixed for 3 to 5 years.

Where LADF Can Help

To address the inequities that have been exacerbated by COVID 19 LADF would direct the Pool Manager to focus LADF pool to the following category of needs:

1. Partner with Non-profit provider of Technical Assistance to small businesses (“TA”) to develop resiliency, with a focus on creating or expanding online presence. LADF would provide financing for the capital outlays recommended by the TA provider, including hiring consultants to design and/or update websites
2. Identify a limited transit-oriented corridor in a low-income neighborhood and offer loans for façade improvements or other capital improvements necessary to accommodate the “new normal” required for retail and eating businesses. Goal is to create a dining and retail hub for a low income community

Pool Manager

There are two possible sources of Pool Managers

- LADF could contract with CDFIs or other non-profits that currently manage similar small loan pools
 - a) Advantage – distance from possible political influence
 - b) Disadvantage – pool management fees would go to the third-party manager
- LADF could enter into an MOU with a City department that currently manages similar small loan pools
 - a) Advantage – pool management fees would stay within the City family and leverage the expertise of existing City staff
 - b) Disadvantage – possibility of political influence

Tab 4

Los Angeles Development Fund
Summary Budget (In Full Dollars)

Fiscal Years Ending 12/31/20 and 12/31/21

Budget Items	Approved BUDGET		Proposed BUDGET		Annual Budget Projections						
	2020 ¹	2021	2022	2023	2024	2025	2026	2027	2028		
Revenues											
Placement Fees (2017 & 2018 Allocations)	2 1,168,000	317,000	-	-	-	-	-	-	-	-	
SubCDE Asset Mgmt Fees	2 892,830	975,205	1,002,330	1,002,330	909,674	671,070	556,875	225,125	39,625		
Expense Reimbursements	192,000	204,000	204,000	192,000	192,000	192,000	144,000	96,000	96,000		
Principal Repayments (Loan to Thai CDC)	44,080	44,080	44,970	45,420	45,870	67,860	-	-	-		
Other Income	3,420	3,420	2,540	2,090	1,640	1,180	220	220	220		
TOTAL REVENUES	2,300,330	1,543,705	1,253,840	1,241,840	1,149,184	932,110	701,095	321,345	135,845		
Expenses											
Reimbursable Expenses	192,000	204,000	204,000	192,000	192,000	192,000	144,000	96,000	96,000		
Third-Party Consultants - Compliance, Acctg., NMTC App., etc	3 424,850	390,000	350,000	340,000	330,000	290,000	260,000	230,000	190,000		
Payroll Expenses (inc payroll tax)	227,270	227,270	227,270	227,270	227,270	227,270	227,270	227,270	227,270		
Insurance - D&O and Workers Compensation	22,200	22,270	22,940	23,630	24,340	25,070	25,830	26,610	27,410		
Other Administrative Expense	9,185	20,000	13,500	13,600	13,700	13,800	13,900	14,100	14,200		
TOTAL EXPENSES	875,505	863,540	817,710	796,500	787,310	748,140	671,000	593,980	554,880		
Budget Surplus / (Deficit)	1,424,825	680,165	436,130	445,340	361,874	183,970	30,095	(272,635)	(419,035)		
Actual Cash as of January 1st	\$2,364,185	\$3,809,670									
Projected Cash as of December 31st	\$3,789,010	\$4,489,835	\$4,925,965	\$5,371,305	\$5,733,179	\$5,917,149	\$5,947,244	\$5,674,609	\$5,255,574		

¹ The budget for calendar year 2020 includes actuals through September 30, 2020.

² Projections for Placement Fees and SubCDE Asset Management Fees assume that the remaining \$15.85mm of 2018 Allocation is invested in 2021.

³ 2020 Budget reflects previous social media and website contract with Karen Brooks that ended in March 2020, and the new contract proposal of \$13,500 upfront payment in 2020 and \$3,750 per month in 2021.