

# LADF

LOS ANGELES DEVELOPMENT FUND

**Meeting of the  
Governing Board of Directors of  
The Los Angeles Development  
Fund and LADF Management, Inc.**

**September 14, 2023**

**MEETING OF THE  
GOVERNING BOARD OF DIRECTORS OF THE  
LOS ANGELES DEVELOPMENT FUND AND LADF MANAGEMENT, INC.  
September 14, 2023**

Tab	Table of Contents
1	Board Meeting Agenda
2	LADF Board Meeting Minutes for meeting on July 13, 2023
3	Materials regarding Action Item A: Request approval for the NMTC Predevelopment Cost Loan Program proposal.
4	Materials regarding Action item B: Request approval for the JEDI Zone Micro Business Loan Program proposal.
5	Materials regarding Action item C: Request approval of LADF's capital investment strategy to retain the money in the Wells Fargo Premium Savings Account until LADF decides to appoint an active CFO.
6	Materials regarding Action item D and E: Item D: Request approval to create a Senior Finance Associate position. Item E: Request approval to hire Christopher Chorebanian as the Senior Finance Associate.
7	Materials regarding Action item F: Request for Approval of 2023 LADF Budget

# **Tab 1**

**A G E N D A**

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

**MEETING IN PERSON  
City Hall, ROOM 1050  
200 N Spring St, Los Angeles, CA 90012  
Thursday, September 14, 2023 | 02:30pm – 4:00pm**

	<b>AGENDA ITEM</b>	<b>PRESENTER</b>	<b>TAB</b>
	<b>Welcome and Call to Order</b>	Carolyn Hull	
	<b>Roll Call</b>	Sandra Rahimi	
1	<b>Approval of minutes for Board Meeting(s) on:</b> a. July 13, 2023	Carolyn Hull	Tab 2
2	<b>Action Item(s):</b> a. Request approval for the NMTC Predevelopment Cost Loan Program proposal. b. Request approval for the JEDI Zone Micro Business Loan Program proposal. c. Request approval of LADF's capital investment strategy to retain the money in the Wells Fargo Premium Savings Account until LADF decides to appoint an active CFO. d. Request approval to create a Senior Finance Associate position. e. Request approval to hire Christopher Chorebanian as the Senior Finance Associate. f. Request for Approval of 2023 LADF Budget	Carolyn Hull	Tab 3 Tab 4 Tab 5 Tab 6 Tab 6 Tab 7
3	<b>Closed Session Items</b> a. LADF employment policy and staffing	Carolyn Hull	Tab 6
4	<b>Request for Future Agenda Item(s)</b> a. LADF governing board to create an Employee Insurance Policy	Carolyn Hull	
5	<b>Next Meeting Date and Time of Governing Board</b> a. Thursday, October 12, 2023, 2:30pm – 4:00pm	Carolyn Hull	
	<b>Public Comment</b>	Carolyn Hull	
	<b>Adjournment</b>	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 JULY 13, 2023

**MEETING IN PERSON**  
(*City Hall, Room 1050*  
*200 N Spring St, Los Angeles, CA 90012* )

**LADF STAFF PRESENT:**

- Sandra Rahimi
- Jiaqi Wu

**WELCOME AND CALL TO ORDER** – Los Angeles Development Fund (LADF) Director Kalfayan called the meeting to order at **2:32pm**.

**ROLL CALL**

The following Governing Board directors were present at the meeting:

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

A QUORUM WAS PRESENT

**1. Approval of Minutes for Board Meeting(s) on:**

**a. April 19, 2023**

- Moved by Director Esparza. Seconded by Director Sewill.
- Roll Call: AYES: 3; NOS: 0; ABSENT: 2; ABSTAIN: 0; APPROVED.

**2. ACTION ITEMS**

**a. Request for Authorization for LADF President, or his or her delegate, to execute documents to effectuate a \$12,000,000 Sub-Allocation of New Markets Tax Credits for the Shakespeare Center of Los Angeles Project.**

- Moved by Director Esparza. Seconded by Director Sewill.
- Roll Call: AYES: 3; NOS: 0; ABSENT: 2; ABSTAIN: 0; APPROVED.

**REQUEST FOR FUTURE AGENDA ITEMS**

- a. The potential interest of LADF in participating as a funding source for JEDI Zone micro-loans.
- b. The potential to move LADF's capital to invest in a higher interest-bearing account.
- c. LADF governing board to create an Employee Insurance Policy

**NEXT MEETING DATE AND TIME**

- Sep 14, 2023 at 2:30pm

**PUBLIC COMMENT**

- None.

**ADJOURNMENT**

- Meeting was adjourned at **3:53 pm**.

# **Tab 3**

# MEMORANDUM

TO: LADF Board of Directors  
FROM: Sandra Rahimi, Manager  
DATE: September 14, 2023  
SUBJECT: Proposal for LADF NMTC Predevelopment Cost Loan Program

## RECOMMENDATION

Approve the proposal for LADF NMTC Predevelopment Cost Loan Program

## SUMMARY AND BACKGROUND

Currently, LADF holds \$3.5 million within a Wells Fargo Platinum Savings Account, sourced from placement fees accrued through previous transactions. These funds are allocated for community-focused projects. Past experiences have revealed challenges faced by borrowers in funding NMTC pre-development costs. In response, LADF proposes a program that assists low-income businesses in securing funding for their community projects with better rates and terms than what is available in the market.

## TARGET BORROWER

The loan program will be open to Sponsors who have qualified for LADF NMTC allocation, including initial presentation to and support from the Governing and Advisory Board. This program aims to provide assistance to projects that LADF is eager to promote and see progress. It is anticipated that the majority of borrowers will consist of non-profit organizations that are unable to meet the requirements for conventional lines of credit.

To qualify for this program, borrowers must have already explored all alternative sources of viable pre-development funds from third parties. Furthermore, these borrowers should be on track to finalize their projects and repay the pre-development line of credit within a two-year period. Additionally, the borrower should be able to demonstrate a historical cashflow that allows them to service any pre-existing debt as well as repay LADF's loan in the event that the NMTC transaction does not close within 2 years.

## LOAN PROGRAM DETAILS:

**Initial Program Funding:** \$1,500,000

**Eligibility Criteria:** Potential qualified borrowers must already be within LADF's pipeline and have a high probability of closing the NMTC transaction with 24 months.

**Eligible Uses:** Loan usage must align with NMTC's 24-month reimbursement restrictions. For more detailed information, please refer to Exhibit A.

**Loan Types:** Fixed-Rate payment-free Line of Credit that may convert to a 5-year amortizing term loan.

**Loan Term:** The initial term will be 2 years. If the NMTC transaction does not close within 2 years of closing the line of credit, the line of credit will convert to an amortizing term loan with a maximum term of



five years.

**Loan Amounts:** Each borrower is eligible for a line of credit of up to \$500,000.

**Fees:** No fees will be charged, but the borrower is responsible for any third-party costs associated with closing and monitoring the loan.

**Interest Rates:** A fixed interest rate of 1%.

**Loan Terms:** No payment is required for the first two years; however, interest will accrue during this period. Upon closing of the NMTC transaction, the line of credit will expire, and the outstanding balance of principal and accrued interest will be repaid from reimbursements disbursed at closing of NMTC transaction. In the event that the NMTC transaction does not close within 2 years and the line of credit converts to a 5-year term loan, loan payments will begin to amortize the principal balance and pay interest over the following 5 years.

**Draw procedure:**

- a) Request Submission: Draws will be in the form of reimbursements of NMTC acceptable expenditures. The borrower is allowed one draw per month. For each draw the Borrower will submit the draw request (See Exhibit B) with the supporting invoices.
- b) Evaluation and Approval: Within 5 Business Days, LADF staff will review the submission for completion and notify the Borrower of any issues. LADF will evaluate the request in accordance with NMTC's 24-month reimbursement restrictions and approve or deny any non-qualifying item within the specified timeframe.
- c) Disbursement: Within 48 hours of approval, LADF will disburse proceeds to the Borrower specified account.

**Application Process:** Prospective borrowers can initiate the application process by submitting their loan requests to LADF.

Documents required for approval:

- a. Budget with break out of proposed uses of the Line of Credit.
- b. Schedule of proposed draws
- c. List of efforts made to find other sources to finance predevelopment costs
- d. UCC search to identify all other outstanding debt
- e. Financial statements and two-year tax returns of borrower
- f. If non-profit, list of capital contributions during previous two years and list of any ongoing or future committed contributions
- g. If secured by real estate,
  - a. A broker's letter of value,
  - b. Environment report less than 12 months old

**Approval Process:** LADF staff will review the borrower's documents and create a comprehensive credit review memo. Final approval will be at the discretion of LADF's governing board.

**Security:** Preferably secured, can consider unsecured.

### Anticipated Expenditure

The loan program will be underwritten in-house at LADF. Loan documents will be standardized as much as possible, and the cost divided prorata among borrowers. For example, if the cost to provide standardized loan documents is \$90,000, the first \$500,000 line of credit will be charged \$30,000. Therefore, LADF will only recoup the initial outlay if and when the \$1,500,000 is fully disbursed.

### Risk Management

A potential risk associated with the loan program involves the possibility of borrowers defaulting on their loan repayments. To mitigate this, thorough credit assessments will be conducted prior to close. Post closing Borrower will provide and LADF staff will review borrower-prepared quarterly financial statements (cashflow and balance sheet), borrower annual financial statement, and borrower federal tax return.

### Example Scenario:

Shakespeare Center of Los Angeles (SCLA) was in LADF's pipeline since 2020. SCLA relies on fundraising events, government programs/grants, and private donations to fund its core programs, often leaving limited funds for significant projects like facility expansion.

In the SCLA NMTC transaction, the QALICB's parent company used \$690,000 of program reserves to fund the pre-development cost. These were reimbursed at the NMTC transaction closing. Because SCLA was depleting program reserves, there was increased pressure to close the SCLA NMTC financing rapidly and any delays in closing would have jeopardized the operation of their programs.

Please see loan tables below to demonstrate loan repayment schedule.

#### 1. Loan Table for Closing Within 24 Months

**Explanation:** We assume that the borrower withdraws \$62,500 day on the first day of every quarter. The borrower will use the entire line of credit by the 8th quarter and will repay the line of credit at the end of the 24th month after issuance, which coincides with the NMTC Closing date. To simplify the calculation, interest will compound quarterly with a payment of 25 basis points each quarter.

Quarter	Beginning Balance	Drawn Amount	Accured Interest (1%)	Total Payment	Ending Balance
1	\$0	\$62,500	\$156	\$0	\$62,656
2	\$62,656	\$62,500	\$313	\$0	\$125,469
3	\$125,469	\$62,500	\$470	\$0	\$188,439
4	\$188,439	\$62,500	\$627	\$0	\$251,566
Year#1 End					
5	\$251,566	\$62,500	\$785	\$0	\$314,852
6	\$314,852	\$62,500	\$943	\$0	\$378,295
7	\$378,295	\$62,500	\$1,102	\$0	\$441,897
8	\$441,897	\$62,500	\$1,261	\$0	\$505,658
Year#2 End					
One time payment at the NMTC Closing Date				\$505,658.00	

#### 2. Loan Table for an Extended 5-Year Term

**Explanation:** Assuming the borrower draws \$62,500 day 1 of every quarter, utilizing the entire line of credit by the 8th quarter, and unable to close within the 24-month period, resulting in the conversion to another 5-year amortized loan. The beginning balance of the 5-year loan will be the ending balance of the 24-month line of credit, which is \$505,658.

Quarter	Beginning Balance	Drawn Amount	Accured Interest (1%)	Total Payment	Ending Balance
1	\$0	\$62,500	\$156	\$0	\$62,656
2	\$62,656	\$62,500	\$313	\$0	\$125,469
3	\$125,469	\$62,500	\$470	\$0	\$188,439
4	\$188,439	\$62,500	\$627	\$0	\$251,566
Year#1 End					
5	\$251,566	\$62,500	\$785	\$0	\$314,852
6	\$314,852	\$62,500	\$943	\$0	\$378,295
7	\$378,295	\$62,500	\$1,102	\$0	\$441,897
8	\$441,897	\$62,500	\$1,261	\$0	<b>\$505,658</b>
Year#2 End					
	Beginning Balance	Interest	Principal	Total Payment	Ending balance
1	<b>\$505,658.00</b>	\$1,259.43	\$24,689.88	\$25,949.00	\$480,968.12
2	\$480,968.12	\$1,197.94	\$24,751.37	\$25,949.00	\$456,216.75
3	\$456,216.75	\$1,136.29	\$24,813.02	\$25,949.00	\$431,403.73
4	\$431,403.73	\$1,074.49	\$24,874.82	\$25,949.00	\$406,528.91
Year#3 End					
5	\$406,528.91	\$1,012.53	\$24,936.78	\$25,949.00	\$381,592.13
6	\$381,592.13	\$950.42	\$24,998.89	\$25,949.00	\$356,593.24
7	\$356,593.24	\$888.16	\$25,061.15	\$25,949.00	\$331,532.09
8	\$331,532.09	\$825.74	\$25,123.57	\$25,949.00	\$306,408.52
Year#4 End					
9	\$306,408.52	\$763.1	\$25,186.14	\$25,949.00	\$281,222.38
10	\$281,222.38	\$700.43	\$25,248.88	\$25,949.00	\$255,973.50
11	\$255,973.50	\$637.55	\$25,311.76	\$25,949.00	\$230,661.74
12	\$230,661.74	\$574.50	\$25,374.81	\$25,949.00	\$205,286.94
Year#5 End					
13	\$205,286.94	\$511.30	\$25,438.01	\$25,949.00	\$179,848.93
14	\$179,848.93	\$447.95	\$25,501.36	\$25,949.00	\$154,347.57
15	\$154,347.57	\$384.43	\$25,564.88	\$25,949.00	\$128,782.69
16	\$128,782.69	\$320.76	\$25,628.55	\$25,949.00	\$103,154.13
Year#6 End					
17	\$103,154.13	\$256.92	\$25,692.39	\$25,949.00	\$77,461.75
18	\$77,461.75	\$192.93	\$25,756.38	\$25,949.00	\$51,705.37
19	\$51,705.37	\$128.78	\$25,820.53	\$25,949.00	\$25,884.84
20	25884.84	64.47	25884.84	\$25,949.00	0
Year#7 End					

## Exhibit A

### **New Market Tax Credit Qualified Reimbursement Requirement:**

**Restrictions on Use of QLICI Proceeds:** There are limitations on using QLICI (Qualified Low-Income Community Investment) proceeds to repay or refinance debt or equity providers, or their affiliates, whose capital was used, directly or indirectly, to fund a QEI (Qualified Equity Investment).

- **Time Restrictions:** Beginning with the CY 2015-2016 round, these debt or equity providers, or their affiliates, can receive QLICI proceeds to repay or refinance reasonable expenditures related to the qualified business of the QALICB (Qualified Active Low-Income Community Business) if:

- The expenditures were incurred no more than 24 months before the QLICI transaction's closing date.

- The expenditures represent no more than 5% of the total QLICI proceeds from the QEI.

- **Expenditure Definition:** Reasonable expenditures are those incurred for a legitimate business purpose during the normal course of operation. They should be similar in amount and scope to expenditures by a similar entity for a similar project under similar circumstances.

- **Refinancing Definition:** Refinancing includes transferring cash or property directly or indirectly to the debt or equity provider or their affiliate.

- **IRS Guidance:** The IRS has not issued guidance on what costs can be repaid or refinanced with QLICI proceeds under IRC §45D. Until such guidance is issued, the CDFI Fund recommends using the parameters mentioned for transactions involving repayment or refinancing of expenditures.

- **Documentation:** CDEs (Community Development Entities) must be able to document past expenditures and their corresponding payments in accordance with CDFI regulation. The documentation requirement involves a thorough process, including obtaining expenditure invoices, verifying payments, and confirming compliance with regulatory and operational standards, ensuring accurate reimbursement determination.



# **Tab 4**

# MEMORANDUM

TO: LADF Board of Directors  
FROM: Sandra Rahimi, Manager  
DATE: September 14, 2023  
SUBJECT: Proposal for LADF Microloan Program

## RECOMMENDATION

Approve as proposed.

## SUMMARY AND BACKGROUND

Currently, LADF holds \$3.5 million within a Wells Fargo Platinum Savings Account, sourced from placement fees accrued through previous transactions. These funds are allocated for community-focused projects. LADF proposes this program to assist businesses located in low-income communities secure funding for improvements with better rates and terms than what is available in the market.

In 2020 the City Council approved the JEDI Zone establishment policy. This policy provides a framework to encourage commercial and industrial growth in underserved communities by facilitating enhancements to the City's permitting and regulatory processes, focusing the City's economic development efforts to more effectively utilize available resources, and, where appropriate, providing financial incentives to attract development to the targeted area(s). LADF's proposed microloan program would contribute to City objectives.

Since this is a pilot program for LADF we recommend focusing on a limited area for implementation. Such limitation will allow LADF to better assess the program's impact on the communities in which it has invested.

There are various criteria for establishing a JEDI Zone, but the main target areas are low to moderate income communities. Please see attached for summary of the JEDI Zone policy.

## Los Angeles Business Steering Committee (LABSC) Report 07/10/2023

ED4 established LABSC and contemplates the establishment of a Small Business Cabinet by Sept 22, 2023. In addition to making LA more business friendly, the Mayor's vision is to have LABSC champion SBEs, WBEs, and MBEs. The Mayor wishes to create opportunities and spotlight resources for these minority-owned businesses, women-owned businesses, and microenterprises. These are the businesses

that LADF's program hopes to reach.

The Mayor's plan includes long-term solutions related to fees, permitting, and licensing, but she is also looking for solutions that can be implemented in the near future to support businesses immediately. Because of LADF's streamlined processes and its goal of deploying its excess funds to aid low-income communities, we have an opportunity to initiate programs to help the targeted businesses relatively quickly once a third-party administrator selected.

## **TARGET BORROWER**

The loan program will be open to small businesses (defined as businesses with less than \$3 million in annual revenues) located in City-established JEDI Zones. Preference will be given to businesses that are also in NMTC qualifying census tracts. However, businesses within a JEDI Zone but not in an NMTC qualifying census tract will be considered on a case-by-case basis. Target businesses are those that have not qualified for traditional financing from commercial banks or CDFIs.

## **LOAN PROGRAM DETAILS:**

**Initial Program Funding:** \$1,000,000

**Eligibility Criteria:** Potential businesses must be located within City designated JEDI Zones with preference given to those also located in NMTC qualifying census tracts.

### **Additional Eligibility Criteria:**

- Examples of eligible Borrowers: Microenterprises (5 employees or less, including owner), ESOPs (Employee Stock Ownership Plans), startups with less than 2 years of operating history, and other small business owners
- Business location: in approved JEDI Zones
- Credit Score: No minimum score but borrower/ guarantor(s) must have reasonable credit history.
- Revenue: Up to \$3 million
- Cash Flow Ratio: 1.1 : 1.0
- Bankability: Borrower does not qualify for other financing with economically feasible rates and fees
- Experience: Must have at least 2 years of experience in the industry; in the case of ESOPs the employees must demonstrate an acceptable management team.

**Ineligible businesses:** Any business engaged in activities ineligible for NMTC financing such as businesses owning or operating any private or commercial golf course, country club, massage parlor, hot



tub facility, suntan facility, race track or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off the premises.

Examples of ineligible business include, but are not limited to:

- 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 companies, such as life, auto, home, bail bonds and other similar entities
- 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

**Eligible Uses:** Following is a non-exhaustive list of eligible uses.

- Working capital
- Equipment
- Inventory
- Business acquisition, with a focus on ESOPs
- Start-up capital
- Capital / Tenant improvements (subject to an environmental review)
- Refinance of high interest loans (must provide evidence that current interest payments are a burden to operations)

**Ineligible uses:** Funds may not be for personal use or for paying off personal or business tax liens.

**Loan Types:** Fixed-Rate loan with no payments for the first 12 months of the loan term. Interest accrual during the first year will be added to the principal loan balance. After the first year, interest and principal payments will be required to fully amortize the loan during the remaining term.

**No prepayment penalty**

**Loan Term:** Terms of 1 to 5 years depending on borrower needs and ability to repay within the loan term. Up to 7-year term when using funds to purchase new equipment.

**Loan Amounts:** Each borrower is eligible for a loan of \$10,000 to \$50,000 based on need and ability to repay during the proposed loan term.

**Fees:** No fees will be charged, but the borrower is responsible for any third-party costs associated with closing and monitoring the loan. Third-party fees will be paid by the borrower prior to loan funding or can be deducted from the first draw.

**Interest Rates:** A fixed interest rate of 1% plus the servicing fee required by the third-party loan underwriter and loan servicer.

**Default rate:** 10%

**Security:** Preferably secured, although we can consider unsecured. Potential collateral types:

- Personal guaranty (at minimum the business owner(s) will be required to provide a personal guaranty)
- Uniform Commercial Codes (UCC) filing
- Equipment
- Intellectual property
- Other assets as available

**Public Benefit:** The business must demonstrate one or more of the following benefits:

1. Job creation/retention
2. 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

3. Business meets NMTC Targeted population criteria by providing at least 60% of jobs or goods and services to low-income individuals. Q2

**Application Process:** Prospective borrowers can initiate the application process by submitting their loan requests to LADF or its designated loan servicer.

Documents required for approval:

- a. Budget with break out of proposed uses of the loan funds.
- b. Cashflow projection for the proposed loan term
- c. List of efforts made to find other sources to finance proposed uses
- d. Most recent personal and business financial statements and two-year tax returns of business and guarantor(s).
- e. Resume(s)
- f. Business Plan or Summary
- g. If non-profit, list of capital contributions during previous two years and list of any ongoing or future committed contributions
- h. If secured by real estate,
  - a. A Broker Price Opinion (BPO) or a recent appraisal, if available,
  - b. Environment report less than 12 months old

**Approval Process:** LADF will engage a third party to review the borrower's documents and underwrite the transaction. Final approval will be at the discretion of LADF staff with any significant exceptions to the

above terms presented to LADF Governing Board for approval.

**Loan Docs:**

1. Loan Agreement
2. Promissory Note
3. Collateral Security Agreement
4. Personal Guaranty
5. Corporate Guaranty (if/when applicable)

**Risk Management**

A potential risk associated with the loan program involves the possibility of borrowers defaulting on their loan repayments. To mitigate this, thorough credit assessments will be conducted prior to closing. Post closing Borrower will provide and third-party managers will review borrower-prepared quarterly financial statements (cashflow and balance sheet), borrower annual financial statement, and borrower federal tax return. LADF will be notified of any significant decline in the borrower's financial condition.

**Anticipated Expenditure**

The loan program will be underwritten and managed by a third party. Their fees will be built into the interest rate or added to the initial principal balance, depending on borrower's needs and ability to service the loan. Loan documents will be standardized. The cost of drafting the initial standardized documents will be paid for by LADF and not be reimbursed by the borrowers.

If approved, LADF staff will conduct an RFP for the third-party administrator for the program. Fees charged/proposed by the third-party administrator must be reasonable.

To understand the potential range of fees LADF reached out several CDFIs. It seems we could expect underwriting fees between \$250 and \$1,000 per transaction, based on the complexity of underwriting required. Annual servicing fees would range from 0.50% to 2% of the loan amount.



# CITY OF LOS ANGELES

## JOBS AND ECONOMIC DEVELOPMENT INCENTIVE (JEDI) ZONES

### BACKGROUND

Economic and Workforce Development Department (EWDD) was tasked with the creation and feasibility of a Jobs and Economic Development Incentive Zones (JEDI) Zones Establishment Policy and related incentives. EWDD updated list of City economic development programs, incentives and services (65) currently provided by the City, and also outlines economic development programs and incentives that are successful in other jurisdictions. CF #13-0934-S2

### WHAT IS A JEDI ZONE?

A JEDI Zones created from a predefined area where local economic incentives can be used to both enhance existing and attract new businesses and industry to the City of Los Angeles ("City") which will result in economic development and growth in areas that have been historically underinvested.

### WHAT IS THE JEDI ESTABLISHMENT POLICY?

The JEDI Zones establishment policy provides a framework that may accommodate commercial and industrial growth by facilitating enhancements to the City's permitting and regulatory processes, focusing the City's economic development efforts to more effectively utilize available resources, and, where appropriate, providing financial incentives to attract development to the targeted area(s).

If the proposed JEDI Zone Establishment Policy is approved, existing and new businesses operating in a JEDI Zone can lower operating expenses and increase profits by taking advantage of the incentives, enhanced services, and programs available in the JEDI Zones.

### WHAT IS THE JEDI ZONES ELIGIBILITY CRITERIA?

Boundaries for the JEDI Zones will be established based on a defined set of criteria. EWDD recommended each of the JEDI Zones meet at least one of the following primary eligibility criteria:

#### Primary Qualifying Criteria

1. Within a Federally designated Opportunity Zone; or
2. Designated Promise Zone Community; or
3. City-established EIFD District; or
4. City-established CRIA District; or
5. Focus Area designated by Citywide Economic Development Strategy or
6. Economic assessment establishing five criteria in secondary needs assessment.

#### Secondary Needs Assessment Criteria

1. Qualifies as low and moderate-income (LMI) area as defined by the U.S. Department of Housing and Urban Development (HUD). The area must have at least fifty-one percent (51%) of the residents be LMI persons.
2. An average unemployment rate that is at least three percent (3%) higher than the Citywide average.
3. Deteriorated commercial structures, based on the physical deterioration of buildings/improvements; abandonment of properties; chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings; significant declines in property values or abnormally low property values relative to other areas in the community; or known or suspected environmental contamination.
4. More than fifty percent (50%) of the buildings in the area are zoned for commercial, retail, or industrial uses.
5. Contains at least one City priority project, defined at the time the JEDI Zone is created.
6. Within the boundary of a Community Redevelopment Area that was active at the time of the dissolution of the Community Redevelopment Agency of the City of Los Angeles (CRA/LA).

## WHAT IS THE PROCESS FOR ESTABLISHMENT OF ZONE?

1. In order to establish a JEDI Zone, Mayor and/or City Council Offices need to formally put forth a motion to evaluate an area for JEDI Zone designation.
2. Once EWDD receives request, EWDD staff will evaluate the following factors during their baseline assessment:
  - Verify the identified area meets at least one of the primary qualifying criteria for a JEDI Zone designation.
  - Evaluate factors indicating distress (Secondary Needs Assessment).
  - Assign priority to areas based on need.
3. After completing the baseline and secondary needs assessments, EWDD will submit a transmittal to City Council and Mayor with findings and recommendations for action. The report will contain the JEDI Zone's final geographic borders, the types of incentives and enhanced services that would be most appropriate for that zone, the fiscal impact of the zone's establishment, and the basis for the determined order of priority of the areas within the zone.

## WHAT HAPPENS ONCE AREA IS APPROVED?

Upon approval of the JEDI Zone designation by City Council and Mayor, a coordinated and branded campaign to promote the package of targeted incentives to stakeholders in the JEDI Zone will be launched by EWDD. The JEDI Zone branded campaign will include publications, visualizations, and presentations, where appropriate. EWDD will organize information and services valuable to each stakeholder and determine the most effective methods to implement the incentives and enhanced services. EWDD will strategically partner with the appropriate Council Office and City departments to create plans for each zone to direct and prioritize EWDD staff outreach efforts. EWDD will conduct outreach in the JEDI Zones in the order of the area's established priorities, and will also conduct biennial performance reports to review the activities and benefits resulting from the JEDI Zone Program.

## HOW LONG WILL A JEDI ZONE LAST?

The JEDI Zone designation will be established for a period of five years. With an option submit to City Council and Mayor a recommendation for a renewal of the JEDI Zone designation for an additional 5 years. The maximum duration of a JEDI Zone designation will be 10 years.

## WILL THERE BE ANY EVALUATIONS OF JEDI ZONES?

EWDD will report Biennially to City Council and Mayor on the JEDI Zone's progress and performance. The report will include a summary of activity in a designated area and a determination of whether adjustments to the JEDI Zone Program are needed.

At the conclusion of the five-year designation, EWDD will conduct an assessment of the JEDI Zone detailing the impact to the area, including the following:

- Number of new and relocating businesses in zone.
- Number of pre-existing businesses participating in JEDI Incentives.
- The overall percent of businesses helped within JEDI Zone.
- Number of new jobs created as a result of JEDI incentives.

## WHAT IS THE JEDI ZONES NEW AND ENHANCED BUSINESS INCENTIVES PLAN?

1. **JEDI Zones Priority Support Program** – Proactively market City Programs to businesses and provide a customized package of incentives and services to help reach their goals.
2. **JEDI Zones Business Development Support** – Case management and coordination between businesses and City departments during all phases of development, including entitlement, permitting, and construction, if applicable.
3. **JEDI Zones Fee Reductions for Development Permits** – Reduce expediting and/or permitting fees incurred through the development permitting process.
4. **JEDI Zones Façade Improvement Program** – provide funds to improve the appearance of eligible businesses to make them more inviting to walk and shop.

5. **JEDI Zones Employer's Connection** – Provide compensation to employer during staff training.
6. **JEDI Zones Compliance Assistance** – Facilitate resources to help businesses maintain compliance with codes and regulations.
7. **JEDI Zones Access to Capital** – Connect businesses with lenders actively seeking to invest and bring funding opportunities to the area.
8. **JEDI Zone Loan Program Fee and Interest Reduction** – Reduce interest rate and fees of Microloan program and/or extend payment schedule.

\\22fshare\groups\eddall\jedi\fact sheet.docx

# **Tab 5**



# MEMORANDUM

TO: LADF Board of Directors  
FROM: Sandra Rahimi, Manager  
DATE: September 14, 2023  
SUBJECT: LADF Capital Investment Strategy

## RECOMMENDATION

We recommend retaining the money in the Wells Fargo premium savings account until LADF decides to appoint an active CFO.

## SUMMARY AND BACKGROUND

LADF currently holds \$3.5 million in a Wells Fargo Platinum Savings Account, earning an annual interest rate of 2.5%. Over the past year, the federal prime rate has increased by 3 percent. While our priority is to avoid assets that entail risk, we now have the chance to invest these funds in higher interest-earning assets with a negligible risk factor. We should maintain liquidity so that we can use the funds for initiatives that allow us to deploy the fund within the community. The investment strategy will be tailored to achieve 100% liquidity while maintaining a resolute risk-averse stance.

## FISCAL IMPACT

Mutual funds have volatile outcomes regardless of their investment profile (*e.g. bonds only, stocks only, or a mix of debt and equity products*). The cumulative return of Vanguard's mutual fund that invests solely in bonds (VBTLX), despite being considered to have the lowest risk profile, was 2.91% over the past 21 years. It is too low of a return to warrant accepting any of the risk associated with that product for LADF's capital. A mutual fund investing in only stocks would present even greater risk and volatility.

Certificates of Deposit ("CDs") and Savings Accounts are largely considered riskless assets. The traditional CD product has the limitation of a fixed term and withdrawal penalty.

### ***Passive Investment Strategy***

A strategy that is better aligned with LADF's risk profile would be to place a desired portion of LADF's capital into a high yield saving account or a tradable brokerage CD account of various term. After inquiring with several banks, Charles Schwab offered the best rates for high yield saving account, stated below:

Bank	APY Interest	Term	Account Type	Fee
Wells Fargo	2.5% as of 08/04/2023	No fixed term: Rates fluctuate according to the market.	Saving account	No maintenance fee
US Bank	4.5% as of 08/04/2023	4.5 percent (for balances less than 1 million). 4.75% (for balances greater than 1 million) for the first 6 months, and it will return to 1.15% after 6 months.	Money Market account	No maintenance fee

Live Oak Bank	4.00% as of 08/04/2023	No fixed term: Rates fluctuate according to the market.	High yield saving account	No maintenance fee; no branch in California; only online banking service
NBKC Bank	2.00% as of 08/04/2023	No fixed term: Rates fluctuate according to the market.	Money Market Account	No maintenance fee; no branch in California; only online banking service
Merrill Lynch	5.02% as of 08/04/2023	No fixed term: Rates fluctuate according to the market.	Brokerage account	300\$ annual fee
Charles Schwab	5.25% as of 08/04/2023	No fixed term: Rates fluctuate according to the market.	Money Market Account	No maintenance fee
JP Morgan Chase	3.25% as of 08/18/2023	No fixed term: Rates fluctuate according to the market.	Interest-Bearing Account.	No maintenance fee

## ***LADF Active Investment Strategy***

Alternatively, LADF's capital could be invested in Certificates of Deposit (CDs) through Charles Schwab's CD OneSource service or Merrill Lynch's brokerage account. This service enables users to explore various banks' offerings for the best CD rates both at the time of initial purchase and upon rollover. While Schwab and Merrill do not provide their own CDs, they operate as brokers and earn fees from lenders when clients purchase CDs through their platforms.

Here is one of the structures<sup>1</sup> proposed by the financial advisor from Merrill Lynch to maximize the FDIC-insured amount (for example, \$2 million fund in total):

Preferred deposit @ 5.02% APY \$250,000.00  
1 Month CD @ 5.222% APY \$250,000.00  
2 Month CD @ 5.210% APY \$250,000.00  
3 Month CD @ 5.197% APY \$250,000.00  
4 Month CD @ 5.239% APY \$250,000.00  
6 Month CD @ 5.268% APY \$250,000.00  
9 Month CD @ 5.284% APY \$250,000.00  
12 Month CD @ 5.300% APY \$250,000.00

These CDs can be arranged to automatically roll over into a CD with the same term. However, if LADF aims to maximize returns, someone must monitor the institutions offering the best CD rates at each CD's rollover time. Ideally, this task would suit LADF's CFO, but unfortunately, LADF is currently without an active CFO.

I have consulted with LADF's accountants, who have advised that maintaining \$500,000 in cash within the LADF checking account will furnish sufficient working capital, accounting for quarterly project reimbursements. I will conduct quarterly reviews of the checking account balances, post reimbursements, to ensure ample funds are available.

Moreover, any placement fees acquired from future NMTC transactions will be transferred to the new investment account, in alignment with the previously outlined investment strategy.

## ***Third-party-Managed Active Investment Strategy***

We've consulted with two wealth management firms to prepare for future long-term investment solutions.

Westmount, which specializes in addressing the financial needs of individuals and organizations, provides personalized solutions for non-profit organizations. They manage approximately \$5.1 billion in assets, crafting investment strategies tailored to unique client objectives. Their minimum portfolio size is \$5 million, and fees range from 1% to .25% based on portfolio size. (1% on the first 5M, .75% on the next 5M, .50% on the next 10M and .25% above 20M)

Northern Trust, a market leader in wealth management for high-net-worth clients. Their comprehensive solutions encompass financial planning, private banking, trust services, and philanthropy. With \$1.1 trillion managed asset as of June 30, 2023, and a full-service bank, Northern Trust sets a minimum portfolio size of \$10 million. Their fees include an advisory fee

---

<sup>1</sup> Fees are included in the interest rate, and there are no additional trading costs. If there is a need to sell the CD, it is important to consider the potential minimal principal loss, while also being vigilant about potential fluctuations in the value of the CD over the holding period.

for investment management, nonprofit advisory services, and custody, at 50 basis points (\$50,000 for a \$10 MM portfolio), along with a separate product-level fee for investment products charged by fund managers.

## **RECOMENDATION**

After evaluating investment options in the market, if we were to move the money to a high-interest savings account, JP Morgan Chase offers the best rate at 3.25%. On the other hand, if we were to consider a brokerage or money market account, Charles Schwab and Merrill Lynch provide the best rates at 5.25% and 5.02%, respectively. However, it's important to note that all rates are subject to fluctuations according to market changes.

Based on this assessment, we conclude that the convenience of retaining our funds in the same bank as our operating accounts outweighs the potential gain of 75 basis points annually. As a result, we recommend maintaining the funds in Wells Fargo's premium savings account until LADF reaches a decision regarding the hiring of an active CFO.

# Tab 6

# MEMORANDUM

TO: LADF Board of Directors  
FROM: Sandra Rahimi, LADF Secretary  
DATE: September 14, 2023  
SUBJECT: LADF Staffing

## RECOMMENDATION

That the Los Angeles Development Fund (“LADF”) Governing Board of Directors approves creating a new staffing position with title of Senior Finance Associate and approves submitting an employment offer to Chris Chorebanian for the Senior Finance Associate position.

## SUMMARY AND BACKGROUND

Since 2011, LADF has operated with two dedicated staff members; Sandra Rahimi was an employee of the CRA/LA and Chris Chorebanian was contracted with through a staffing agency at the time. Then, in February 2013, the LADF Governing Board of Directors approved an action item for LADF to directly employ Sandra Rahimi as Manager and Chris Chorebanian as Associate of LADF. From 2011 through January 2018, LADF operated with these two staff members.

Chris departed from his position at LADF in January 2018, during which time LADF contracted out its asset management and compliance tasks to Ariel Ventures (third-party service provider). Since this time, LADF has continued to engage Chris on a contract basis for providing support in underwriting, NMTC application writing, and other tasks.

In November 2022, after several years of searching and posting of the open position, LADF hired Jiaqi Wu for its Finance Associate position.

### Current Staffing Consideration

LADF is currently staffed with two dedicated positions filled by Sandra Rahimi as Manager and Jiaqi Wu as Finance Associate. LADF continues its engagement with Ariel Ventures for asset management and compliance support.

### Proposed Staffing Plan

This action item proposes the following changes to the current staffing status:

- Add a new position at LADF for a Senior Finance Associate;
- Remove asset and loan management tasks out of the scope of services contracted with Ariel Ventures, limiting its services provided to LADF to only compliance matters; and
- LADF staff will complete asset and loan management tasks internally.

The proposed new Senior Finance Associate position will add a middle tier in the hierarchy of LADF’s staff, such that (1) the Finance Associate will report to and be trained by the Senior Finance Associate and (2) the Senior Finance Associate will report to and be trained by the Manager.

The purpose of adding this new position is to diversify the experiences, background, and skills available to LADF as it approaches various types of NMTC projects and expands services and programs offered to low-income communities. Bringing asset and loan management as well as 100% of loan underwriting back in-house, LADF also strengthens its image in its annual financial report and with the CDFI Fund.

Most importantly this new position will create a stronger succession plan for LADF. Currently Sandra Rahimi performs all duties that require NMTC experience. The Real Estate Finance Associate required no previous NMTC experience and she is still in training. This new position provides an interim level of staffing that requires sufficient NMTC experience to underwrite and close transactions independently or with minimal assistance.

Although LADF would normally post the opening and seek candidates, given the experience in filling the current Finance Associate position, which required only minimal real estate experience, it is unlikely that we would find another candidate with the level of Chris Chorebanian's NMTC experience.

### Ariel Ventures Reduction in Services

The purpose of reducing the scope of the contract with Ariel Ventures is to negate the cost of adding the new staffing position, and in turn creates greater productive capacity for LADF staff.

The new Senior Finance Associate will be tasked with the following primary responsibilities:

- Transactional Underwriting and Training Finance Associate in Transactional Underwriting
- Transactional Negotiations and Closing Documents Review
- Complete Construction Draw Reviews (*upon receiving training by Manager*)
- Support Manager in NMTC Application Preparation
- Oversee and Train Finance Associate in Loan Portfolio and Partnership Management
- Support Financial Audits and Tax Preparation by External Accounting Firms
- Developing Pipeline and Advising Los Angeles Projects
- Promoting LADF and Los Angeles Projects with NMTC Industry Partners

### Proposed Hiring of New Senior Finance Associate Position

This action item also proposes to approve an employment offer to Chris Chorebanian to fill the new position of Senior Finance Associate. Chris was a full-time employee at LADF from 2011 to 2018 and continued work with LADF on a contract basis from 2018 until the present time in 2023. He is familiar with the business matters of LADF and has already worked in the past year to train Jiaqi. Chris will report to Sandy and Sandy will train Chris in the construction draw review process. Jiaqi will report to Chris and Chris will train Jiaqi in transaction underwriting, as well as in asset and loan management tasks.

### **FISCAL IMPACT**

Upon review of the costs associated with the hiring of the Senior Finance Associate position and cost savings related to reducing the scope of the Ariel Ventures contract, the proposed LADF staffing plan will not have a material impact on LADF's expected cash flow.

The proposed salary offer to Chris Chorebanian for the Senior Finance Associate position is \$125,000 annually, which represents a total annual employment cost to LADF of \$146,800 (*upon health insurance and retirement benefits inuring*). The cost savings that would be realized by LADF in 2024 by reducing the scope of the Ariel Ventures contract is projected to be \$84,000, calculated by summing the total cost for asset management (*\$1,000 upfront after closing and \$1,000 per year per QALICB*) and loan servicing (*\$3,600 per SubCDE per year*) for 18 SubCDEs. Additionally, with hiring Chris Chorebanian, LADF would eliminate the cost of Chris Chorebanian's contract (scope of work includes underwriting and asset management support). The cost savings for eliminating this contract, based on an average of billings in 2022 and 2023 (annualized), would be \$12,000.

With an employment cost of \$146,800 less a cost savings of \$96,000 total, by approving the action items discussed in this memo LADF will incur a net annual cost of \$50,800.

Please see the Budget Scenarios included in the board book. Scenario 1 provides a summary of the impact of creating the new position and reducing Ariel Ventures' services. Scenario 2 provides a summary of the impact of no changes to staffing or consulting. Please note that both scenarios assume that LADF receives no additional allocation in the next 7 years.

# **Tab 7**



SCENARIO #1 - Add new position, reduce AV contract scope

Los Angeles Development Fund

Summary Budget (In Full Dollars)

Fiscal Years Ending 12/31/22 and 12/31/23

Budget Items	Approved	Unaudited	Variance	01/01 - 06/30	CY 2023	Annual Budget Projections							
	Budget	P & L		Unaudited	Proposed	2024	2025	2026	2027	2028	2029	2030	
	2022			2023									
	Annual Totals			Actual	Projected								
<b>Revenues</b>													
Placement Fees (2017-2020 Allocations)	1	710,000	470,000	(240,000)	200,000	440,000	301,333	-	-	-	-	-	-
SubCDE Asset Mgmt Fees (All Allocations)	1	1,042,455	1,056,424	13,969	549,665	1,179,330	1,265,174	1,046,070	931,875	600,125	467,458	334,875	173,000
Expense Reimbursements		216,000	130,160	(85,840)	117,969	222,000	248,000	196,000	144,000	144,000	77,000	64,000	45,000
Principal Repayments (Loan to Thai CDC)		57,041	-	(57,041)	-	-	57,041	57,613	58,191	58,775	50,260	-	-
Other Income		2,825	12,185	9,360	44,177	77,805	52,233	39,155	26,070	25,200	25,200	25,200	25,200
<b>TOTAL REVENUES</b>		<b>2,028,321</b>	<b>1,668,769</b>	<b>(359,552)</b>	<b>911,811</b>	<b>1,919,135</b>	1,923,781	1,338,838	1,160,136	828,100	619,918	424,075	243,200
<b>Expenses</b>													
Reimbursable Expenses (SubCDE audit, tax, other)		216,000	130,160	(85,840)	117,969	222,000	248,000	196,000	144,000	144,000	77,000	64,000	45,000
Third-Party Consultants - Compliance, Acctg., NMTC App., etc	2	392,050	301,057	(90,993)	168,783	345,525	295,270	303,364	278,828	243,682	248,137	207,378	192,363
Payroll Expenses (inc payroll tax)	3	365,630	339,326	(26,304)	215,923	461,911	576,260	579,010	579,010	579,010	579,010	579,010	579,010
Insurance - D&O and Workers Compensation	4	29,500	29,082	(418)	980	31,720	32,670	33,650	34,660	35,700	36,780	37,880	39,010
Other Administrative Expense	5	16,870	6,311	(10,559)	9,905	15,520	14,847	13,370	13,400	13,430	13,460	13,490	13,520
<b>TOTAL EXPENSES</b>		<b>1,020,050</b>	<b>805,936</b>	<b>(214,114)</b>	<b>513,561</b>	<b>1,076,676</b>	1,167,046	1,125,394	1,049,898	1,015,822	954,387	901,758	868,903
<b>Budget Surplus / (Deficit)</b>		<b>1,008,270</b>	<b>862,833</b>	<b>(145,437)</b>	<b>398,250</b>	<b>842,460</b>	756,734	213,444	110,238	(187,722)	(334,469)	(477,683)	(625,703)
		<i>Actual</i>			<i>Actual</i>	<i>Projected</i>							
Cash as of January 1st		<u>\$4,316,045</u>			<u>\$5,178,878</u>	<u>\$5,178,878</u>							
Cash as of December 31st		<u>\$5,178,878</u>			<u>\$5,577,128</u>	<u>\$6,021,338</u>	<u>\$6,778,072</u>	<u>\$6,991,516</u>	<u>\$7,101,754</u>	<u>\$6,914,032</u>	<u>\$6,579,563</u>	<u>\$6,101,881</u>	<u>\$5,476,177</u>

As of 6/30/23

CASH POSITION		12/31/2023
Unrestricted Cash		3,521,338
Restricted - Microloan program		1,000,000
Restricted - Predevelopment loan program		1,500,000
<b>TOTAL CASH</b>		<b><u>\$6,021,338</u></b>

<sup>1</sup> Projections for Placement Fees and SubCDE Asset Management Fees assume that the remaining \$15.1mm of 2020 Allocation is invested in Q1 2024.

<sup>2</sup> The budget for Third-Party Consultants reflects the reduced scope for Ariel Ventures' contract starting in 2024 and later years. The 2023 budget reflects the full scope for Ariel Ventures' contract.

<sup>3</sup> 2023 Projections for Payroll Expenses assume that the LADF Sr. Finance Associate position begins on October 1, 2023 and the LADF Executive Director position is not filled.

<sup>4</sup> D&O insurance premium for 2023 of \$28,000 will be paid in July. Actual amount spent for D&O insurance through June 30, 2023 is \$0.

<sup>5</sup> The "Other Administrative Expenses" budget line item reflects \$800 of CA Franchise Tax Board annual taxes paid for each of LADF's Sub-CDE entities that have not been utilized in any transaction.

SCENARIO #2 - Staffing unchanged, AV contract unchanged

Los Angeles Development Fund

Summary Budget (In Full Dollars)

Fiscal Years Ending 12/31/22 and 12/31/23

Budget Items	Approved	Unaudited	Variance	01/01 - 06/30	CY 2023	Annual Budget Projections							
	Budget	P & L		Unaudited	Proposed	2024	2025	2026	2027	2028	2029	2030	
	2022			2023									
	Annual Totals			Actual	Projected								
<b>Revenues</b>													
Placement Fees (2017-2020 Allocations)	1	710,000	470,000	(240,000)	200,000	440,000	301,333	-	-	-	-	-	-
SubCDE Asset Mgmt Fees (All Allocations)	1	1,042,455	1,056,424	13,969	549,665	1,179,330	1,265,174	1,046,070	931,875	600,125	467,458	334,875	173,000
Expense Reimbursements		216,000	130,160	(85,840)	117,969	222,000	248,000	196,000	144,000	144,000	77,000	64,000	45,000
Principal Repayments (Loan to Thai CDC)		57,041	-	(57,041)	-	-	57,041	57,613	58,191	58,775	50,260	-	-
Other Income		2,825	12,185	9,360	44,177	77,805	52,233	39,155	26,070	25,200	25,200	25,200	25,200
<b>TOTAL REVENUES</b>		<b>2,028,321</b>	<b>1,668,769</b>	<b>(359,552)</b>	<b>911,811</b>	<b>1,919,135</b>	1,923,781	1,338,838	1,160,136	828,100	619,918	424,075	243,200
<b>Expenses</b>													
Reimbursable Expenses (SubCDE audit, tax, other)		216,000	130,160	(85,840)	117,969	222,000	248,000	196,000	144,000	144,000	77,000	64,000	45,000
Third-Party Consultants - Compliance, Acctg., NMTC App., etc		392,050	301,057	(90,993)	168,783	345,525	384,140	388,234	348,838	294,832	299,287	230,953	206,508
Payroll Expenses (inc payroll tax)		365,630	339,326	(26,304)	215,923	427,957	432,197	432,197	432,200	432,200	432,200	432,200	432,200
Insurance - D&O and Workers Compensation	2	29,500	29,082	(418)	980	31,720	32,670	33,650	34,660	35,700	36,780	37,880	39,010
Other Administrative Expense	3	16,870	6,311	(10,559)	9,905	15,520	14,847	13,370	13,400	13,430	13,460	13,490	13,520
<b>TOTAL EXPENSES</b>		<b>1,020,050</b>	<b>805,936</b>	<b>(214,114)</b>	<b>513,561</b>	<b>1,042,722</b>	1,111,854	1,063,451	973,098	920,162	858,727	778,523	736,238
<b>Budget Surplus / (Deficit)</b>		<b>1,008,270</b>	<b>862,833</b>	<b>(145,437)</b>	<b>398,250</b>	<b>876,413</b>	<b>811,927</b>	<b>275,387</b>	<b>187,038</b>	<b>(92,062)</b>	<b>(238,809)</b>	<b>(354,448)</b>	<b>(493,038)</b>
		<i>Actual</i>			<i>Actual</i>	<i>Projected</i>							
Cash as of January 1st		<u>\$4,316,045</u>			<u>\$5,178,878</u>	<u>\$5,178,878</u>							
Cash as of December 31st		<u>\$5,178,878</u>			<u>\$5,577,128</u>	<u>\$6,055,291</u>	<u>\$6,867,217</u>	<u>\$7,142,604</u>	<u>\$7,329,642</u>	<u>\$7,237,580</u>	<u>\$6,998,771</u>	<u>\$6,644,324</u>	<u>\$6,151,286</u>
					<i>As of 6/30/23</i>								

<sup>1</sup> Projections for Placement Fees and SubCDE Asset Management Fees assume that the remaining \$15.1mm of 2020 Allocation is invested in Q1 2024.

<sup>2</sup> D&O insurance premium for 2023 of \$28,000 will be paid in July. Actual amount spent for D&O insurance through June 30, 2023 is \$0.

<sup>3</sup> The "Other Administrative Expenses" budget line item reflects \$800 of CA Franchise Tax Board annual taxes paid for each of LADF's Sub-CDE entities that have not been utilized in any transaction.