

LADF

LOS ANGELES DEVELOPMENT FUND

**Meeting *of the*
Governing Board of Directors**

**The Los Angeles Development Fund
and
LADF Management, Inc.**

October 8, 2024

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

October 08, 2024

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 - LADF 2024 Application Consultant / Readers Memo

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.**
To Join in Person: City Hall, Room 1070 | 200 N Spring St, Los Angeles, CA 90012
To Join via Zoom: Dial (669) 444-9171 US | Meeting ID: 861 9648 2492
Tuesday, October 8, 2024 | 11:00am-12:30 pm

AGENDA ITEM	PRESENTER	TAB
Welcome and Call to Order	Carolyn Hull	
Roll Call	Sandra Rahimi	
Public Comment	Carolyn Hull	
1 Approval of Minutes for Board Meeting(s) on:	Carolyn Hull	
a. September 12, 2024		Tab 2
2 Discussion Items	Carolyn Hull	
a. Introduction of newly-appointed LADF Governing Board of Director: Tricia Keane		
3 Action Items	Sandra Rahimi	
a. Request for Authorization of LADF staff to issue a Letter of Interest to project Food Access LA for providing up to \$6 Million of New Markets Tax Credit Allocation . LADF will have the option to rescind the Letter of Interest if the sponsor cannot provide evidence that all leverage sources are identified and committed by December 31, 2024. LADF will also have the option to rescind the Letter of Interest if the proposed transaction has not closed by January 15, 2025.		Tab 3
b. Request for Authorization of LADF staff to issue a Letter of Interest to project Wadsworth Chapel at the West LA VA Campus for providing up to \$14.5 Million of New Markets Tax Credit Allocation . LADF will have the option to rescind the Letter of Interest if the sponsor cannot provide evidence that all leverage sources are identified and committed by July 15, 2024. LADF will also have the option to rescind the Letter of Interest if the proposed transaction has not closed by August 1, 2025.		Tab 4
c. Request for Authorization of LADF staff to issue a Letter of Interest to project Neighborhood Legal Services of Los Angeles' Pacoima Justice & Job Center for providing up to \$14.5 Million of New Markets Tax Credit Allocation . LADF will have the option to rescind the Letter of Interest if the sponsor cannot provide evidence that all leverage sources are identified and committed by September 15, 2025. LADF will also have the option to rescind the Letter of Interest if the proposed transaction has not closed by October 1, 2025.		Tab 5
d. Request for Approval of 2024 and 2025 LADF Budgets		Tab 6
e. Request for approval for LADF staff members Sandra Rahimi, Christopher Chorebanian, and Jiaqi Wu to attend Novogradac's NMTC Conference in New Orleans from October 23 to 25, 2024		Tab 7
f. Request authorization for LADF staff to (1) engage Novogradac to assist with drafting LADF's CY2024 NMTC Application, with a maximum contract cost of \$55,000; (2) engage Merrill Hoopengardner application review services, with a maximum contract cost of \$25,000; and (3) engage a third to-be-identified reviewer, with a maximum contract cost of \$25,000.		Tab 8
4 Closed Session Items		
a. Update regarding SEED LA project [closed in April 2021 with \$5.3mm of LADF's NMTC Allocation]		
5 Future Agenda Items		
a. LADF Microloan Program RFP Proposals Review		
b. LADF Employee Annual Performance Review		
6 Next Meeting Date and Time of Governing Board		
a. Thursday, November 14, 2024, 2:30-4:00 pm		
Public Comment	Carolyn Hull	
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 AND ADVISORY BOARD OF LADF AND LADF MANAGEMENT, INC.
Tuesday September 12, 2024
2:30pm-4:00pm

City Hall, Room 1060 | 200 N Spring St, Los Angeles, CA 90012
To Join via Telephone: Dial (669) 444-9171 US | Meeting ID: 893 2951 3283

LADF STAFF PRESENT:

- Sandra Rahimi
- Christopher Chorebanian
- Jiaqi Wu

WELCOME AND CALL TO ORDER – Los Angeles Development Fund (LADF) Carolyn Hull called the meeting to order at **02:38pm**.

ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Hull (Chairperson)
- Director Esparza
- Director Chavez

A QUORUM WAS PRESENT

The following Advisory Board directors were present at the meeting:

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

A QUORUM WAS PRESENT

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

a. May 21st, 2024

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

2. DISCUSSION ITEMS

a. Project Presentation:1. Food Access LA

- Alison Paige, the project representative, along with Executive director Jennifer Grissom presented the project and answered the questions raised by both the governing and advisory board
- Director Esparza requested further NMTC benefit budget breakdown from project Food Access LA.
- Advisory Board supported the proposed project.

b. Project Presentation:2. Wadsworth Chapel

- Alison Paige, the project representative, along with President Kent Trimble presented the project and answered the questions raised by both the governing and advisory board
- Advisory Board supported the proposed project.

c. Project Presentation:3. Neighborhood Legal Services of Los Angeles

- Paul Breckenridge, the project representative, along with President Yvonne Mariajimenez presented the project and answered the questions raised by both the governing and advisory board

- Advisory Board supported the proposed project.

d. LADF Pipeline Update

- Sandra Rahimi provided an update on LADF's current pipeline.

3. ACTION ITEMS

a. Request for Approval of 2024 LADF Budget

- The board postponed this item to the next meeting due to time constraints.

REQUEST FOR FUTURE AGENDA ITEMS

a. LADF Microloan Program RFP Proposals Review

b. LADF Employee Annual Performance Review

PUBLIC COMMENT

- None.

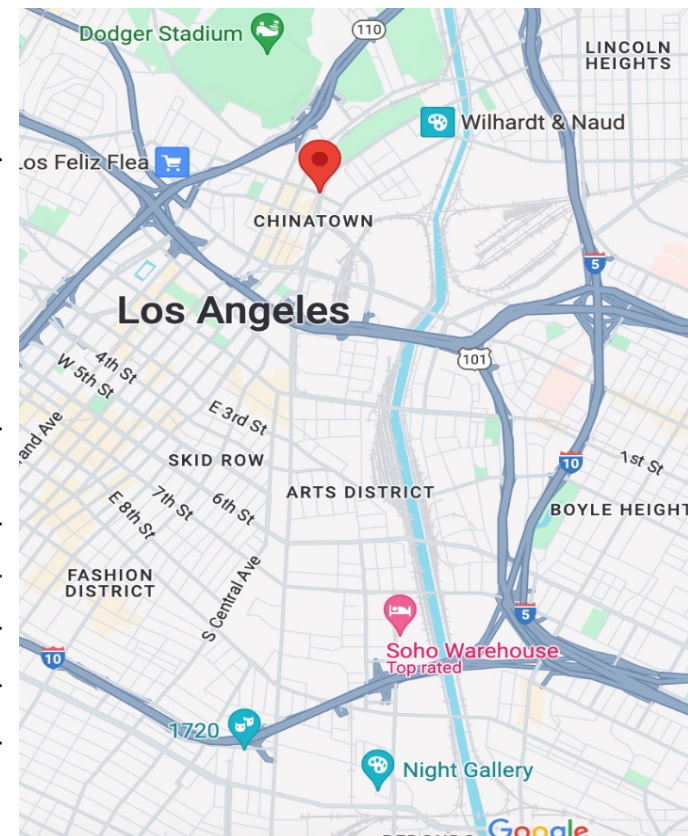
ADJOURNMENT

- Meeting was adjourned at **03:58 pm**.

Tab 3

FOOD ACCESS LA

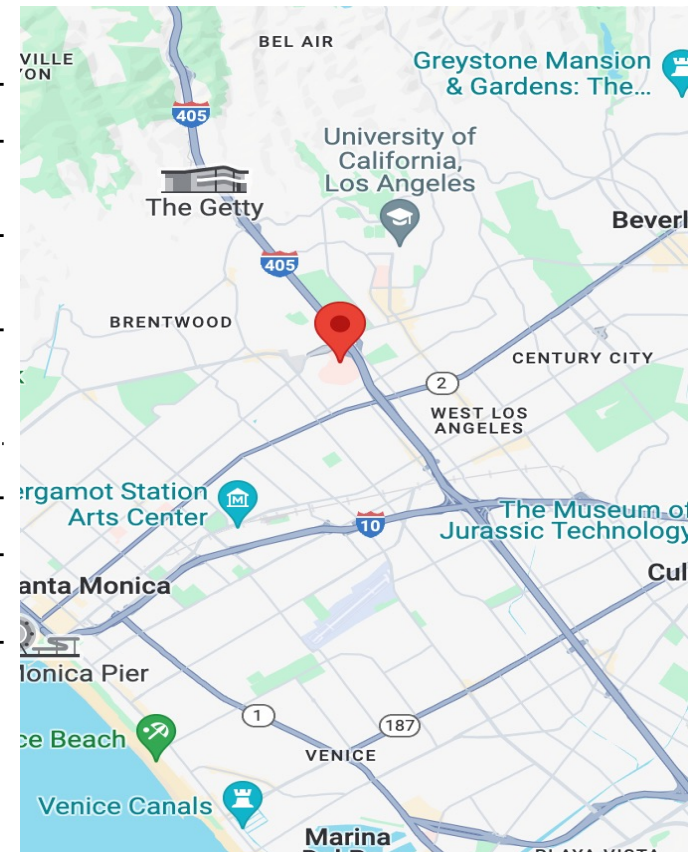
Developer:	Food Access LA								
Project Type:	Non-Real Estate; Working Capital								
Description:	<p>Food Access LA operates 8 farmers markets and provides healthy food and vendor education in low-income areas of Los Angeles. NMTC funding will enable Food Access LA to avoid closing two long-standing South LA markets by the end of September, expand market operations, enhance their EBT match program, grow educational and vendor support initiatives, and establish strategic partnerships. Proposed NMTC transaction would fund a portion of the business (POB) of FALA representing 5 of their 8 farmers markets. All of the 5 markets in the POB are in low-income communities and 4 of the 5 are located in USDA-designated Food Deserts. Food Access LA also offers programs in nutrition education, urban agriculture, small food-business entrepreneurship, and an online ordering platform that enhances access to food assistance benefits.</p> <p>Their "Market Match" program allows those with EBT/SNAP to come to the market, use their EBT/SNAP, and get a cash match for use at the market (<i>up to \$10 currently; FALA's goal is to increase to \$30 match</i>). Their "Urban Ag" program is focused on helping community members set up their own gardens and possibly become urban farmers/business owners. Their goal is to add 20 vendors per year to their farmers markets through the Urban Ag program.</p> <p>NOTE: 2 of the 5 markets (Watts/Willowbrook and Compton) are not located in the City of LA. LADF staff proposes its funding excludes the Compton market. The Watts/Willowbrook market's proximity to the City of LA warrants consideration for LADF's funding.</p>								
Location and Census Tract Eligibility (2016-2020 ACS Poverty Rate / % of AMI / Unemp Rate):	<p>HQ Office [incl. in POB]: 1231 N. Spring St, Los Angeles, CA 90012 (CD 1) – 30% / 44% / 2.6x</p> <p>Farmers Markets included in the POB for the NMTC transaction [all in Severely Distressed CTs]:</p> <ul style="list-style-type: none"> ➤ Central Ave – 4301 S Central Ave, Los Angeles, CA 90011 (CD 9) – 31% / 54% / 1.6x ➤ Hollywood – 1600 Ivar Ave, Los Angeles, CA 90028 (CD 13) – 37% / 73% / 1.4x ➤ LA River – 1245 N Spring St, Los Angeles, CA 90012 (CD 1) – 30% / 44% / 2.6x ➤ Watts/Willowbrook – 1670 East 120th Street, Los Angeles, CA 90059 (L.A. County Unincorp.) – 12% / 67% / 2.0x ➤ Compton College – 1111 E Artesia Blvd, Compton, CA 90221 [NOT FUNDED BY LADF] – 7% / 80% / 1.7x 								
Estimated TDC & NMTC Allocation:	<table border="0"> <tr> <td>Budget:</td> <td>\$ 12.5 million</td> <td>Total QEI:</td> <td>\$ 12.5 million</td> </tr> <tr> <td></td> <td></td> <td>LADF QEI:</td> <td>\$ 6.0 million</td> </tr> </table>	Budget:	\$ 12.5 million	Total QEI:	\$ 12.5 million			LADF QEI:	\$ 6.0 million
Budget:	\$ 12.5 million	Total QEI:	\$ 12.5 million						
		LADF QEI:	\$ 6.0 million						
Potential Sources of Funds:	<table border="0"> <tr> <td>1-Day Loan (<i>reimb. of prior expenses</i>)</td> <td>\$ 8,600,000</td> <td>Lev. Loan Eligible</td> </tr> <tr> <td>NMTC Equity (\$0.80 / NMTC):</td> <td>\$ 3,900,000</td> <td></td> </tr> </table>	1-Day Loan (<i>reimb. of prior expenses</i>)	\$ 8,600,000	Lev. Loan Eligible	NMTC Equity (\$0.80 / NMTC):	\$ 3,900,000			
1-Day Loan (<i>reimb. of prior expenses</i>)	\$ 8,600,000	Lev. Loan Eligible							
NMTC Equity (\$0.80 / NMTC):	\$ 3,900,000								
Projected Closing:	Ready to close upon securing NMTC Allocation								
Current Status:	➤ Genesis LA is considering providing a \$6.5 million allocation								
Community Benefits/Impact: (5 markets in the POB)	<ul style="list-style-type: none"> ➤ Job Creation: 30 FTEs Retained 3 FTEs Created (775 vendor jobs supported) ➤ Number of People Served: 8,000 visitors/week (>50% low-income). ➤ Small Businesses Supported: 225-300 vendors annually (>50% BIPOC-owned) 								



Tab 4

WADSWORTH CHAPEL

Developer:	U.S. VETS		
Project Type:	Renovation; Mental and Spiritual Wellness Center for veterans.		
Description:	<p>The Wadsworth Chapel, the oldest building on Wilshire Boulevard, was built in 1902 and is located at the entrance of the West LA VA Campus. Damaged by an earthquake in 1971, it has been fenced off and is deteriorating. A transformative redevelopment is planned for the site as part of a broader initiative involving a consortium including U.S. VETS. Founded in 1996, U.S. VETS is a leading non-profit serving 20,000 homeless and at-risk veterans annually with housing, employment, and mental health services, and is redeveloping the West LA VA Campus to provide 1,200 housing units. This project aims to rehabilitate the 7,500 SF Wadsworth Chapel, which will become The Center for Spiritual Wellness & Moral Injury Recovery, operated by Volunteers of America (VOA). It will feature programs designed to alleviate veterans' emotional distress and homelessness, including a Moral Injury Recovery Program for 360 veterans annually and a non-denominational spiritual space hosting 250 events each year.</p>		
Location:	11301 Wilshire Blvd, Los Angeles, CA 90073 (federal land within CD 11)		
Census Tract Eligibility (2016-20):	<ul style="list-style-type: none"> ➤ 62.2% Poverty Rate (<i>greater than 20% and 30%</i>) ➤ 50.39% of Metro/State Median Income (<i>less than 80% and 60%</i>) 		
Estimated TDC & NMTC Allocation:	Budget: \$ 32 million	Total QEI: \$ 28.5 million	LADF QEI: \$ 14.5 million
Potential Sources of Funds:	Capital Campaign, Historic Tax Credits (bridged), and 2023 CPF Grant from HUD	\$ 19,600,000	Lev. Loan Eligible
	NMTC Equity (\$0.80 / NMTC):	\$ 8,900,000	
Projected Closing:	Q2 2025		
Current Status:	➤ Project is on the Historic Register. CA State Historic Preservation Office (SHPO) approval anticipated by the end of 2024.		
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Job Creation: 10 Permanent & 60 part-time contractors – 150 Construction ➤ Mental & Spiritual Care for Veterans & Homeless Veterans – The project will serve 360 people per year on-site with its life-changing Moral Injury Recovery Programs (<i>historically the program has served >70% low-income, >60% homeless, 76% BIPOC</i>). 		



Tab 5

NLSLA JUSTICE CENTER



Developer:	Neighborhood Legal Services of Los Angeles County (NLSLA)		
Project Type:	Sponsor's HQ Office & Justice Center, New Construction		
Description:	<p>This project is the new construction of a 25,000 SF Justice Center in the Pacoima area. The Sponsor, NLSLA, is a nonprofit organization with a 55-year track record of providing legal help to Los Angeles' low-income communities. The new Justice Center will allow NLSLA to significantly increase the number of people the organization serves across Los Angeles County. NLSLA's current office in Pacoima – which will be acquired by L.A. Metro for the construction of a much-needed light rail extension – was first opened in 1965 by a group of attorneys looking to expand access to healthcare, housing, and justice in the San Fernando Valley. The Justice Center will accommodate approx. 100 NLSLA staff and the following services: NLSLA Health Consumer Center, housing and homelessness services, family law/domestic violence advocacy, and disaster legal assistance programs.</p>		
Location:	13411 Van Nuys Blvd, Pacoima, CA 91331 (CD 7)		
Census Tract Eligibility (2016-20):	<ul style="list-style-type: none"> ➤ 23.7% Poverty Rate (<i>greater than 20% and 30%</i>) ➤ 49.2% of Metro/State Median Income (<i>less than 80% and 60%</i>) ➤ 1.63x National Avg. Unemployment (<i>greater than 1.5x</i>) 		
Estimated TDC & NMTC Allocation:	Budget:	\$ 40,500,000	Total QEI: \$ 36,000,000 LADF QEI: \$ 14,500,000
Potential Sources of Funds:	Public Funding Sources:	\$ 12,000,000	Lev. Loan Eligible
	Private Capital Campaign:	\$ 17,250,000	Lev. Loan Eligible
	NMTC Equity (\$0.80 / NMTC):	\$ 11,250,000	
Projected Closing:	Q2/Q3 2025		
Current Status:	➤ project has been delayed until May 2025. Genesis has agreed to provide allocation of 15 million.		
Community Benefits/Impact:	<ul style="list-style-type: none"> ➤ Job Creation: 106 Permanent (77 ret. / 29 new) – 40 Construction ➤ NLSLA Provides training and employment opportunities, including internships and professional development. ➤ NLSLA serves over 116,000 low-income individuals and families annually, with the new facility expanding their reach by 50% ➤ NLSLA is a minority-controlled nonprofit organization. 		



Tab 6

Los Angeles Development Fund Summary Budget (In Full Dollars) Fiscal Years Ending 12/31/24 and 12/31/25		LADF	Audited	Variance	Unaudited	Proposed	Proposed	Annual Budget Projections								
		Budget	P & L		P & L	BUDGET	BUDGET	2026	2027	2028	2029	2030	2031			
		2023	2023	2024	2024	2025	2026	2027	2028	2029	2030	2031				
Budget Items		Annual Totals			01/01 - 06/30	Annual	Annual									
Revenues																
	NMTC Placement Fees	1	440,000	440,000	-	601,333	721,333	580,000	-	-	-	-	-	-	-	-
	NMTC SubCDE Asset Mgmt Fees	1	1,179,330	1,255,716	76,386	698,235	1,362,994	1,312,320	1,306,875	975,125	842,458	709,875	573,000	300,125		
	NMTC Expense Reimbursements		222,000	153,769	(68,231)	55,317	250,000	254,000	202,000	202,000	135,000	122,000	103,000	84,000		
	Principal Repayments (Loan to Thai CDC)		57,041	-	(57,041)	-	57,613	58,191	58,775	50,260	-	-	-	-		
	Other Income	2	2,825	91,781	88,956	47,120	91,133	90,655	90,070	89,200	89,200	89,200	89,200	89,200		
	TOTAL REVENUES		1,901,196	1,941,266	40,071	1,402,005	2,483,073	2,295,166	1,657,720	1,316,585	1,066,658	921,075	765,200	473,325		
Expenses																
	NMTC Reimbursable Expenses (SubCDE audit, tax, other)		222,000	153,769	(68,231)	55,317	250,000	254,000	202,000	202,000	135,000	122,000	103,000	84,000		
	3rd-Party Consultants - Compliance, Acctg, NMTC App, etc	3	345,525	358,765	13,240	67,750	331,800	383,485	375,542	316,835	284,466	255,535	201,259	186,462		
	Payroll Expenses (inc payroll tax)		457,368	463,138	5,770	294,917	597,976	600,174	600,170	600,170	600,170	600,170	600,170	600,170		
	Insurance - D&O and Workers Compensation		31,720	30,077	(1,643)	1,419	31,720	32,670	33,650	34,660	35,700	36,780	37,880	39,010		
	Other Administrative Expense		15,520	11,085	(4,435)	15,850	26,632	23,960	21,090	21,120	21,150	21,180	21,220	21,260		
	TOTAL EXPENSES		1,072,133	1,016,835	(55,299)	435,253	1,238,128	1,294,290	1,232,452	1,174,785	1,076,486	1,035,665	963,529	930,902		
	Budget Surplus / (Deficit)		829,062	924,432	95,369	966,753	1,244,945	1,000,876	425,268	141,800	(9,827)	(114,590)	(198,329)	(457,577)		
			Audited			Actual										
	Cash as of January 1st		\$5,162,770			\$6,087,202	\$6,087,202	\$7,332,147								
	JEDI Zone Microloan Fund - Cash Flows	4					\$0	(\$1,105,000)	\$58,085	\$177,880	\$194,340	\$212,135	\$113,360	\$0		
	Cash as of December 31st	5	\$6,087,202			\$7,053,955	\$7,332,147	\$7,228,023	\$7,711,376	\$8,031,056	\$8,215,569	\$8,313,114	\$8,228,145	\$7,770,568		
	As of:		12/31/23			06/30/24	12/31/24	12/31/25								

¹ Projections for Placement Fees and SubCDE Asset Management Fees assume that LADF is not awarded additional NMTC Allocation and that the remaining \$35mm of 2022 Allocation is invested as follows: \$6.0mm in Q4 2024, \$14.5mm in Q1 2025, and \$14.5mm in Q3 2025.

² LADF cash reserves produced significantly higher interest income due to higher interest rates on LADF's savings account.

³ Higher 3rd party consultant costs in 2025 are related to the Ariel Ventures fees, which increase due to 3 additional NMTC transactions closing. At the time of NMTC closings, Ariel Ventures charges a one-time fee for incorporating new transactions into its compliance and accounting software.

⁴ Projected cash flows for the JEDI Zone Microloan Fund are detailed in a separate schedule attached hereto.

⁵ LADF's cash balance as of 6/30/2024 includes fee amounts accrued and paid to LADF's sub-CDEs but not yet transferred to LADF.

Los Angeles Development Fund
JEDI Zone Microloan Fund
Projected Cash Flows
Years 2024 through 2030

<u>Year</u>	<u>CASH FLOW TOTAL</u>	<u>Microloans¹ Funded</u>	<i>Scheduled</i>		<u>LADF⁴ 1% Int.</u>	<u>LADF Legal Exp.</u>	<u>LADF⁵ T.A. Exp.</u>
			<u>Amortizing² Payments</u>	<u>Default Rate³ (5%)</u>			
2024	0	0	0	0	0	0	0
2025	(1,105,000)	(1,000,000)	0	0	0	(30,000)	(75,000)
2026	58,085	0	110,300	(5,515)	3,300	0	(50,000)
2027	177,880	0	232,400	(11,620)	7,100	0	(50,000)
2028	194,340	0	249,200	(12,460)	7,600	0	(50,000)
2029	212,135	0	267,300	(13,365)	8,200	0	(50,000)
2030	113,360	0	140,800	(7,040)	4,600	0	(25,000)
TOTALS	(349,200)	(1,000,000)	1,000,000	(50,000)	30,800	(30,000)	(300,000)

¹ Amounts for microloans funded include closing fees charged by the selected 3rd-party administrator, which will be paid by the fund at closing, and repaid by Borrowers through amortizing loan payments in Years 2-5 of their loans.

² This projected cash flow schedule assumes that loan principal returned to LADF through amortizing payments is not re-deployed into funding new microloans.

³ LADF assumes that its microloan fund will realize a default rate of 5%.

⁴ LADF assumes it will charge a 1% rate on all microloans funded, which will be included in the program interest rate.

⁵ LADF estimates that legal fees to produce standard legal documents for the microloan program will total \$30,000 and that technical assistance fees charged by the selected 3rd-party administrator will total \$300,000 for the initial 6-year term of the Fund.

Tab 7

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, LADF Secretary
DATE: October 10, 2024
SUBJECT: Novogradac's NMTC Conference in New Orleans on October 23 to 25, 2024

RECOMMENDATION

That the Los Angeles Development Fund (LADF) Governing Board of Directors authorizes the LADF team to join the Novogradac's NMTC conference in New Orleans, Louisiana on October 23 to 25, 2024. Cost for the conference would be paid from LADF's marketing budget.

SUMMARY AND BACKGROUND

Novogradac 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 LADF's previous NMTC applications.

Cost

The main conference is officially scheduled for October 24 and 25, inclusive; many networking events are scheduled for October 23rd, the evening before the main conference's official commencement, so the LADF team would require two nights of hotel (October 23 and 24 night) and two days of travel (October 23 and 25). The total cost for the New Orleans conference is currently estimated at \$4,499.85, calculated as follows:

Description	Cost (\$)/ Person	Cost (\$) For LADF Team (3 Person)
Conference Fee ¹	\$ 0	\$0
Airfare	\$ 500	\$1,500
Baggage Fee	\$ 80	\$240
Hotel (<i>approx. \$249+tax per night for 2 nights</i>)	\$582.70	\$1,748.1
Taxi	\$ 200	\$600
<i>Per diem</i> ²	\$ 137.25	\$411.75
TOTAL	\$ 1,499.95	\$4,499.85

DISCUSSION

At the conference, QALICBs and consultants will be discussing projects looking for allocation from the upcoming round. The conference will assist LADF in identifying a strong pipeline in preparation for the upcoming double-round application, as well as for additional City of Los Angeles projects beyond its current pipeline for investment from LADF's existing allocation. It will also help LADF stay informed on industry news related to NMTC.

¹Novogradac has agreed to waive the \$775 conference fee.

² Based on U.S. General Services Administration per diem amounts (2024) for meals and incidental expenses in New Orleans, LA (excluding breakfast for both conference days and lunch on the day of the full conference) Calculations: \$55.50(first day of travel) +\$34 (conference day dinner) +\$5 (conference day incidental expenses) +\$42.75(Last day of travel) = \$137.25/per person.

Tab 8

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, LADF Secretary
DATE: October 8, 2024
SUBJECT: Request to engage Novogradac and Merrill Hoopengardner and approve provisioning for a third reviewer for LADF's CY2024 NMTC Application.

RECOMMENDATION

LADF staff requests authorization to engage Novogradac for NMTC application drafting support at a maximum contract cost of \$55,000 and to engage Merrill Hoopengardner for application review services at a maximum cost of \$25,000. LADF staff also requests approval to engage a third reviewer (not yet identified) as needed for up to a maximum cost of \$25,000.

SUMMARY AND BACKGROUND

The New Markets Tax Credit (NMTC) program will have a combined \$10 billion allocation round for calendar years 2024 and 2025, creating a greater opportunity for more organizations to receive allocations. Novogradac has been a long-term partner in assisting the LADF with drafting their applications. Diana Letsinger, a partner at Novogradac, has worked with LADF in the past and is highly familiar with LADF's pipeline, historical data, organizational structure, and overall business strategy.

LADF intends to continue its collaboration with Novogradac while bringing in up to two additional reviewers to provide fresh perspectives and strengthen its position in the upcoming allocation round. Merrill Hoopengardner has been selected as the first reviewer to analyze LADF's previous application from the 2023 round and provide feedback. LADF is also seeking a third reviewer, as needed, to evaluate the new draft application for the combined 2024-2025 round to assess alignment with updated CDFI requirements.

LADF has already identified a potential third reviewer, Joseph Crugnale, to serve in this role. However, due to scheduling conflicts, his availability cannot be confirmed at this time. Thus, LADF is still actively searching for a third reviewer to assist with the upcoming application.

PROPOSED ENGAGEMENT OVERVIEW

- **Novogradac**
 - **Scope:** Continuation of comprehensive NMTC application consulting services.
 - **Financial Cap:** Maximum of \$55,000.
 - **Hourly Rate:** Diana R. Letsinger (Partner, \$435/hour) and various professional staff (\$117-\$310/hour) will review multiple drafts of the application, comment on client-edited responses, assist in drafting narrative responses, and participate in numerous conference calls.
 - In the past three rounds, including the successful application for the 2022 allocation, LADF exclusively used Novogradac as a consultant. The average engagement quote was \$51,666, while the average actual bill received was \$44,366.
- **Merrill Hoopengardner**
 - **Level I Review:** Review of Parts 1 and 2, together with A and B Tables. Includes a memorandum providing overall assessment and comments on each scored question, focusing on potential scoring deficiencies, and a 1-hour Q&A debriefing conversation.
Fee: \$15,000.
 - **Level II Review:** Includes all Level I services, along with three outline templates to improve weaker responses. **Fee:** \$25,000.

- **Third Reviewer**

- LADF staff is seeking approval for up to a \$25,000 budget to be spent towards an additional engagement, as needed, with a third reviewer to review LADF's 2024-2025 round draft application upon completion.
- LADF staff has currently identified one potential application consultant to fill this role, Joseph Crugnale, but continues to search for other possible selections.

BACKGROUND OF DIANA LETSINGER

Diana Letsinger is a partner in the Long Beach, California, office of Novogradac. She specializes in community development and affordable housing, including the New Markets Tax Credit (NMTC), low-income housing tax credit and historic rehabilitation tax credit. She provides audit, tax and consulting services to nonprofit organizations including community development financial institutions and has considerable experience with U.S. Department of Housing and Urban Development. Letsinger works in the Opportunity Zones industry. In addition, Letsinger advises investors, syndicators and developers on structuring, financing and maximizing the benefits of combined tax credit structures. She is a frequent speaker at industry-sponsored conferences and workshops and the technical editor of the NMTC content in the Novogradac Journal of Tax Credits. Letsinger graduated from the University of California, Berkeley, with a bachelor's degree in business administration. She is a member of the company's executive committee and is licensed in California as a certified public accountant.

BACKGROUND OF MERRILL HOOPENGARDNER

Merrill Hoopengardner has been involved in the New Markets Tax Credit (NMTC) program since Round 2 in 2003-2004 and has extensive experience across multiple roles. She has advised Community Development Entities (CDEs) both as an attorney and a business leader, including as President and CEO of a successful CDE and tax credit syndicator. Over her career, she has been involved in drafting or consulting on over 60 winning NMTC applications, and she served as the primary author for four successful awards totaling \$225 million. Additionally, in the past two years, Merrill has acted as a reviewer of NMTC applications for the CDFI Fund, making her highly familiar with the scoring criteria and application trends for recent rounds

BACKGROUND OF JOSEPH CRUGNALE

Joseph Crugnale specializes in community development finance and real estate impact investing. He has over 10 years of experience in helping organizations acquire and deploy impact-based real estate investment. He combines experience working in US community development tax credit programs including the New Markets Tax Credit (NMTC) with a global real estate outlook. He previously worked for the National Trust Community Investment Corporation (NTCIC) where he provided data analysis for three successful NMTC applications that awarded NTCIC \$170 million in NMTC allocation, helped launch an impact-based real estate fund, and led overall real estate impact reporting efforts. Before joining NTCIC he was at Enterprise Community Investment where he served as a lead reporting contact in five funds that raised \$510 million in tax credit equity for affordable housing development. He has presented his experience in evaluating real estate impacts at events hosted by the United Nations Environment Program Finance Initiative (UNEP FI) and the Swiss chapter of the Royal Institution of Chartered Surveyors (RICS). He has a Master of Science in Real Estate from Johns Hopkins University and a Bachelor of Arts in International Affairs from Northeastern University. Additionally, he acted a reviewer of NMTC applications for the CDFI Fund in the 2019 round, and has provided NMTC application consulting services to CDEs since this time.

CONCLUSION

By leveraging Novogradac's expertise and incorporating additional reviewers, LADF aims to submit a highly competitive application that maximizes its chances of securing an NMTC allocation. The estimated cost for Novogradac's services is \$55,000, and LADF plans to engage Merrill Hoopengardner for Level 1 services at \$15,000, with an option to extend up to \$25,000 to include her Level 2 services if needed. If LADF engages a third reviewer, it is projected to cost up to \$25,000, bringing the total maximum preparation cost for the upcoming double round to \$100,500. This investment will refine LADF's application strategy and strengthen its position for future opportunities.