

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.**

July 14, 2022

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

July 14, 2022

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- 4** LADF Board Meeting Minutes for meeting on June 9, 2022
- 5** BOARD MEMO regarding LADF capital interim investment strategy
- 6** LADF Pipeline Project Presentation Slides – Go For Broke

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: 865 5792 2633

Thursday, July 14, 2022 | 2:30pm – 4:00pm

AGENDA ITEM	PRESENTER	TAB
Welcome and Call to Order	Carolyn Hull	
Roll Call	Sandra Rahimi	
Findings to Continue Teleconference Meetings Pursuant to AB 361	Carolyn Hull	
<p>The Governing Board of the Los Angeles Development Fund and of LADF Management, Inc. to consider a determination in accordance with AB 361 Section 3(e)(3) that, while the state of emergency due to the Covid-19 pandemic, as originally proclaimed by the Governor on March 4, 2020, remains active and/or state or local officials have imposed or recommended measures to promote social distancing, this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members of these Boards, and the ability of the members of all of these Boards' advisory bodies, including, but not limited to, the Advisory Board of the Los Angeles Development Fund, as well as the public who might attend these meetings, to meet safely in person and/or state or local officials continue to impose or recommend measures to promote social distancing.</p>		
1 Special Action Item(s):	Carolyn Hull	
<p>a. That the Governing Board of the Los Angeles Development Fund and of LADF Management, Inc. here determine, in accordance with AB 361 Section 3(e)(3), that this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members to meet safely in person, and/or state or local officials continue to impose or recommend measures to promote social distancing.</p>		
2 Approval of Minutes for Board Meeting(s) on:	Carolyn Hull	
a. April 14, 2022		Tab 2
b. May 12, 2022		Tab 3
c. June 9, 2022		Tab 4
3 Discussion Item(s):		
a. Account changes for LADF's savings account held at Wells Fargo Bank	Sandra Rahimi	Tab 5
b. Pipeline Project Presentation: Go For Broke	Project Rep.	Tab 6
4 Closed Session Item(s):	Carolyn Hull	
a. General LADF employment policies		
Request for Future Agenda Items	Carolyn Hull	
Next Meeting Date and Time of Governing Board	Carolyn Hull	
a. Thursday, August 11, 2022, 2:30pm – 4:00pm (via Zoom)		
Public Comment	Carolyn Hull	
<p>NOTE: When it is time for public comment: If you joined by phone only. Please press *9 on your phone keypad to raise your hand to be acknowledged for Public Comment. 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.</p>		
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 APRIL 14, 2022

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 2:35pm.

ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Hull (*Chairperson* – left 3:10pm)
- Director Chavez (*Acting Chairperson*)
- Director Kalfayan
- Director Sewill
- Director Esparza (arrived 3:00pm)

A QUORUM WAS PRESENT

1. Findings to Continue Teleconference Meetings Pursuant to AB 361

The Governing Board of the Los Angeles Development Fund and of LADF Management, Inc. to consider a determination in accordance with AB 361 Section 3(e)(3) that, while the state of emergency due to the Covid-19 pandemic, as originally proclaimed by the Governor on March 4, 2020, remains active and/or state or local officials have imposed or recommended measures to promote social distancing, this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members of these Boards, and the ability of the members of all of these Boards' advisory bodies, including, but not limited to, the Advisory Board of the Los Angeles Development Fund, as well as the public who might attend these meetings, to meet safely in person and/or state or local officials continue to impose or recommend measures to promote social distancing.

Special Action Item(s): That the Governing Board of the Los Angeles Development Fund and of LADF Management, Inc. here determine, in accordance with AB 361 Section 3(e)(3), that this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members to meet safely in person, and/or state or local officials continue to impose or recommend measures to promote social distancing.

- Moved by Director Kalfayan. Seconded by Director Chavez.
- Roll Call: AYES: 4; NOS: 0; ABSENT: 1; ABSTAIN: 0; APPROVED.

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

a. March 10, 2022 – Governing Board Meeting

- Moved by Director Sewill. Seconded by Director Kalfayan.
- Roll Call: AYES: 4; NOS: 0; ABSENT: 1 ABSTAIN: 0; APPROVED.

3. DISCUSSION ITEMS

a. **DISCUSSION ITEM (A) – SCOPE OF WORK FOR RFP RELATED TO IDENTIFYING A CONSULTING FIRM TO (1) IDENTIFY NEIGHBORHOODS AND/OR INDUSTRIES THAT LADF SHOULD PRIORITIZE IN ITS NMTC INVESTMENTS AND (2) DESIGN AND OPERATIONALIZE A NEW LOAN PROGRAM FOR LADF CAPITAL.**

b. **DISCUSSION ITEM (B) – SCOPE OF WORK FOR RFP RELATED TO IDENTIFYING HOW LADF CAN IMPLEMENT ITS MISSION TO ASSIST WITH THE CITY OF LOS ANGELES' ECONOMIC DEVELOPMENT GOALS AND THE STEPS NECESSARY.**

- Discussion was postponed to later meeting.

4. ACTION ITEMS

- a. **Request for Authorization of LADF staff to issue a Letter of Interest to the Shakespeare Center of Los Angeles project for providing up to \$12 Million of New Markets Tax Credit Allocation. LADF will have option to rescind the Letter of Interest if the proposed transaction has not closed by August 31, 2022.**
- Moved by Director Sewill. Seconded by Director Kalfayan.
 - Roll Call: AYES: 4; NOS: 0; ABSENT: 1 ABSTAIN: 0; APPROVED.

REQUEST FOR FUTURE AGENDA ITEMS

- Discussion of proposed Scope of Work of the two RFPs

NEXT MEETING DATE AND TIME

- May 12, 2022 at 2:30pm

PUBLIC COMMENT

- None.

ADJOURNMENT

- Meeting was adjourned at **3:32 pm**.

Tab 3

LOS ANGELES DEVELOPMENT FUND
MINUTES OF THE JOINT MEETING OF THE GOVERNING BOARD OF LADF AND LADF MANAGEMENT, INC.
AND THE ADVISORY BOARD OF LADF AND LADF MANAGEMENT, INC.
THURSDAY MAY 12, 2022

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 **2:32pm**.

ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Hull (*Chairperson* – left 2:58pm)
- Director Chavez (*Acting Chairperson*)
- Director Esparza (left 3:00pm)

A QUORUM WAS PRESENT UNTIL 2:58

The following Advisory Board directors were present at the meeting:

- Director Williams (*Chairperson*)
- Director Albert
- Director Luna
- Director Thrash-Ntuk (arrived 2:40pm)
- Director Volpert (arrived 2:34pm)

A QUORUM WAS PRESENT

1. Findings to Continue Teleconference Meetings Pursuant to AB 361

The Governing Board of the Los Angeles Development Fund and of LADF Management, Inc. to consider a determination in accordance with AB 361 Section 3(e)(3) that, while the state of emergency due to the Covid-19 pandemic, as originally proclaimed by the Governor on March 4, 2020, remains active and/or state or local officials have imposed or recommended measures to promote social distancing, this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members of these Boards, and the ability of the members of all of these Boards' advisory bodies, including, but not limited to, the Advisory Board of the Los Angeles Development Fund, as well as the public who might attend these meetings, to meet safely in person and/or state or local officials continue to impose or recommend measures to promote social distancing.

Special Action Item(s): That the Governing Board of the Los Angeles Development Fund and of LADF Management, Inc. here determine, in accordance with AB 361 Section 3(e)(3), that this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members to meet safely in person, and/or state or local officials continue to impose or recommend measures to promote social distancing.

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

2. DISCUSSION ITEMS

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

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

➤ **DISCUSSION ITEM (B) – PIPELINE PROJECT PRESENTATION – SHAKESPEARE CENTER OF LOS ANGELES**

- Dana Goland of SCLA presented an update and summary of SCLA.

- Advisory Board supported and investment of LADF in SCLA.

3. ACTION ITEMS

- a. **Request for Authorization for LADF President, or his or her delegate, to execute documents to effectuate a \$11,000,000 Sub-Allocation of New Markets Tax Credits for the Vermont Manchester Center Project.**
 - Moved by Director Esparza. Seconded by Director Chavez.
 - Roll Call: AYES: 3; NOS: 0; ABSENT: 2; ABSTAIN: 0; APPROVED.

REQUEST FOR FUTURE AGENDA ITEMS

- Draft RFP for NMTC consultant.

NEXT MEETING DATE AND TIME

- June 9, 2022 at 2:30pm

PUBLIC COMMENT

- None.

ADJOURNMENT

- Meeting was adjourned at **3:03 pm**.

Tab 4

LOS ANGELES DEVELOPMENT FUND
MINUTES OF THE MEETING OF THE GOVERNING BOARD OF LADF AND LADF MANAGEMENT, INC.
THURSDAY JUNE 9, 2022

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 **2:37pm**.

ROLL CALL

The following Governing Board directors were present at the meeting:

- Director Chavez (*Acting Chairperson*)
- Director Kalfayan
- Director Esparza

A QUORUM WAS PRESENT

1. Findings to Continue Teleconference Meetings Pursuant to AB 361

The Governing Board of the Los Angeles Development Fund and of LADF Management, Inc. to consider a determination in accordance with AB 361 Section 3(e)(3) that, while the state of emergency due to the Covid-19 pandemic, as originally proclaimed by the Governor on March 4, 2020, remains active and/or state or local officials have imposed or recommended measures to promote social distancing, this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members of these Boards, and the ability of the members of all of these Boards' advisory bodies, including, but not limited to, the Advisory Board of the Los Angeles Development Fund, as well as the public who might attend these meetings, to meet safely in person and/or state or local officials continue to impose or recommend measures to promote social distancing.

Special Action Item(s): That the Governing Board of the Los Angeles Development Fund and of LADF Management, Inc. here determine, in accordance with AB 361 Section 3(e)(3), that this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members to meet safely in person, and/or state or local officials continue to impose or recommend measures to promote social distancing.

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

2. DISCUSSION ITEMS

- a. **NONE**

3. ACTION ITEMS

- a. **NONE**

REQUEST FOR FUTURE AGENDA ITEMS

- Discussion of proposed Scope of Work of the two RFPs

NEXT MEETING DATE AND TIME

- July 14, 2022 at 2:30pm

PUBLIC COMMENT

- None.

ADJOURNMENT

- Meeting was adjourned at **2:39 pm**.

Tab 5

MEMORANDUM

TO: LADF Board of Directors
FROM: Sandra Rahimi, Manager
DATE: July 14, 2022
SUBJECT: Interim Investment Strategy, LADF Capital

RECOMMENDATION

None.

SUMMARY AND BACKGROUND

LADF currently has \$4 million cash held in a non-interest bearing checking account. Although we do not want to place these funds into assets that present risk, we have the opportunity to place them into interest-earning assets that present negligible risk.

FISCAL IMPACT

Certificates of Deposit (“CD”) and Savings Accounts are largely considered riskless asset. By example, the following is the performance of Vanguard's Bond Fund:

	1-yr	3-yr	5-yr	10-yr	Since inception 11/12/2001
VBTLX	-8.33%	-0.16%	5.90%	17.71%	103.35%
Benchmark3	-8.26%	0.12%	6.16%	18.64%	—

Mutual funds will have volatile outcomes regardless of their investment profile (*e.g. bonds only, stocks only, or a mix of debt and equity products*). The cumulated return of Vanguard's mutual funds that invest in bonds only, though considered to be the lowest risk profile, over the past 21 years was 3%. 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.

A strategy that is better aligned with LADF's risk profile would be to place a desired portion of LADF's capital into CDs of various terms. After inquiring with several banks, Capital One offered the best rates, stated below:

Capital One CD Terms	Capital One CD Annual Interest Rates
6 months	0.75%
1 year	1.5%
2 year	2.1%
5 year	2.6%

There is an early withdrawal penalty for all of these instruments.

Alternatively, LADF's capital could be placed into CDs through Charles Schwab's CD One Source service, which allows users to shop around with different banks offering the best CD rate at the time of

initial purchase and at the time of roll over. Schwab does not offer its own CDs but acts as broker and receives a fee from lenders when a client buys their CD through Schwab.

These CDs can be set up to automatically roll over into a CD with the same term, but if LADF wanted to maximize return, someone would have to monitor which institution is offering the best rate on CDs at the time of roll over of each CD. This task would be best suited for LADF's CFO, but unfortunately at this time LADF does not have an active CFO.

In the interim, I put \$3.5 million in a Wells Fargo Platinum Savings Account which, because of LADF's long-term relationship with Wells, will earn a more favorable rate of 0.02% interest annually.

I have conferred with LADF's accountants who have advised that holding \$500,000 cash in the LADF checking account will provide LADF with sufficient working capital, after considering quarterly reimbursements from projects. I will review the checking account balances quarterly, after reimbursements, to verify that there are sufficient funds in the checking account. Additionally, any placement fees collected from future NMTC transactions will be transferred to the Platinum Savings account. The Platinum Savings account has an upper limit of \$5 million earning interest.

Tab 6

First Street North

NMTC Request



LTSC Overview

- 43-year track record of providing affordable housing and social services.
- Programs
 - Community development and organizing
 - Senior services
 - Affordable housing development
 - Children and family services
- 1000 affordable housing units and 180,000 SF of community and commercial space
- Previously partnered with LADF on Terasaki Budokan NMTC financing



First Street North

Larger First Street North project includes:

1. 248 affordable housing units
2. 20,000 SF of urban green spaces
3. 10,000 SF performance space for East West Players
4. 20,000 SF commercial space for local minority-owned businesses
5. 10,000 SF space for Go for Broke National Education Center

Only #4 and #5 are included in \$23MM NMTC financing.





Community Outcomes

Outcome	
Construction jobs	43 FTE
Permanent Jobs Created	20
Permanent Jobs Retained	40
Percent Accessible	90%
Below Market Commercial Space	20,000 SF
Cultural Space	10,000 SF
Financing Minority Businesses	30,000 SF
Environmental Outcomes	Targeting LEED Silver



Community Involvement

- Decades-long campaign for community control of underdeveloped property
- Critical site that will provide pedestrian pathways connecting major cultural institutions



Preliminary Site Plan for Go For Broke/First Street North Apartments



Legacy Small Businesses

- The project is targeting legacy small businesses as tenants.
- We have received LOIs from businesses such as Fugetsu-Do, Suehiro and Rafu Bussan.
- Fugetsu-do is the oldest confectionary in the City of Los Angeles. (since 1903)
- Suehiro is a 50 year old restaurant.
- Rafu Bussan will be celebrating its 64th anniversary this year.
- Rents to the small businesses will be below market-rate projected at \$3 per square feet.





Timeline

- Entitlements received in July 2021.
- Projected to receive RTI/Permits in December 2022.
- Finalize general contractor selection by December 2022.
- Ground lease with the City will be amended prior to construction closing.
- All residential permanent financing committed aside from low-income housing tax credits (LIHTC).
- First of two tax credit application submitted in June 2022. Second application to be submitted in August 2022.
- Finalize commercial financing by late Fall 2022.
- Projected construction closing in April 2023.