

REPORT OF THE PRESIDENT

October 22, 2020

RESOLUTION AUTHORIZING THE PRESIDENT OF LOS ANGELES LOMOD SOUTH, INC., TO ACCEPT THE OWNERSHIP TRANSFER OF THE HACLA PROPERTIES LOCATED AT 136 E. 120TH ST., 140 E 120TH ST., HARBOR RIVIERA, 303 MCDONALD, 312 W. 120TH ST., 6108 VICTORIA AVE, 732-739 LACONIA ST., 819 E. 120TH ST., CLEMSON MARKET, PARTHENIA, SYLMAR APARTMENTS (THE “CHASE PROPERTIES”), BARBARA ANN APARTMENTS, BRITANIA APARTMENTS, GLENALBYN APARTMENTS, SEPULVEDA APARTMENTS, WYANDOTTE APARTMENTS, YOSEMITE APARTMENTS (COLLECTIVELY THE “REFLECTION PROPERTIES”), RESEDA EAST, RESEDA MANOR (“THE RESEDAS”), DANA ST. APARTMENTS AND GIBRALTAR APARTMENTS (COLLECTIVELY, THE “TRANSFERRED PROPERTIES”) FROM THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES TO THE CORPORATION AND THE EXECUTION OF RELATED DOCUMENTS AND AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH



Tina Booth
President



Lisette Belon
Secretary

Purpose: In order to consolidate ownership of Asset Management properties with the Housing Authority (“Authority”) instrumentalities to effectuate greater efficiency and minimize potential liability risk, adopting the resolution (Attachment 1) will authorize the President to accept the ownership of the Transferred Properties from the Authority and the execution of related documents and agreements and the undertaking of various actions in connection therewith

A recorded Grant Deed for each property will document the transfer of ownership and LOMOD South will execute a Certificate of Acceptance for the Properties after this Board of Directors approves the transfer by Resolution on October 22, 2020.

Background: Los Angeles LOMOD South, Inc. (“LOMOD South”) is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law under the direct control of the Housing Authority. LOMOD South currently owns 52 properties in the Asset Management portfolio, which includes all of the properties not required to have single-purpose entity ownership as a bond financing requirement. The ownership change will result in increased efficiency in the administration and operation of the Transferred Properties, as well as minimizing potential liability to the Authority.

On October 22, 2020, the Housing Authority Board of Commissioners approved the ownership transfer of the HACLA properties to LOMOD South, in an effort to improve efficiency and minimize liability risk.

Issues: Several of the Transferred Properties have outstanding debt, (the Chase and Reflections Properties), that will be transferred or assigned to LOMOD South, and some of the Transferred Properties have current HAP contracts with the Authority and HUD.

Chase Properties

The Chase Properties were originally financed with private placement debt from WaMu Bank whose interests were subsequently transferred to J.P. Morgan Chase, N.A. ("Chase"). Pursuant to the current Financing Agreement ("Financing"), any transfer of these properties requires written consent from Chase. The loan on the Chase-financed properties is in effect until January 2037 with an outstanding balance of \$12,917,347.

The properties that are financed under the Financing are:

- 136 E. 120th St. Apartments
- 140 E 120th St. Apartments
- Harbor Riviera Apartments
- 303 McDonald Apartments
- 312 W. 120th St. Apartments
- 6108 Victoria Ave. Apartments
- 732-739 Laconia St. Apartments
- 819 E. 120th St. Apartments
- Clemson Market Apartments
- Parthenia St. Apartments
- Sylmar Apartments

Reflections Properties

The Reflections Properties currently have outstanding loans with the California Housing Financing Agency ("CalHFA") in the aggregate amount of \$4,229,134 and which terminate in March 2025. Pursuant to the various Loan Agreements, CalHFA must provide written approval of the ownership change from the Housing Authority to the Corporation before the transfer may occur. CalHFA will provide a list of requirements for the Authority to fulfill before they will provide written consent for the ownership transfer to an Authority instrumentality. CalHFA expects that the approval will take approximately ninety (90) days.

The Reflections Properties that currently have loans with CalHFA are:

- Barbara Ann Apartments
- Brittonia Apartments
- Glenalbyn Apartments
- Sepulveda Apartments
- Wyandotte Apartments
- Yosemite Apartments

HAP Contracts with the Authority

The Reflections Properties listed above are currently under a PBV HAP contract with the Authority. This contract will be transferred to LOMOD South.

HAP Contracts with Contract Administrators

The following Reseda properties no longer have loans with CalHFA, however, CalHFA currently serves as the HAP Contract Administrator. HUD has indicated that it will approve an Assignment and Assumption of HAP Contract to Lomod South and will consent to the HAP Assumption. The Resedas will continue to be

administered by CalHFA at the discretion of HUD.

The Resedas with a HAP Contract administered by CalHFA are:

- Reseda East
- Reseda Manor

Timeline: The process of transferring the properties will begin in stages upon approval of this Resolution and will be completed by June 2021 as follows:

Property	Unit Count	Transfer month
Glenalbyn Apartments	58	Nov-2020
Gibraltar Apartments	24	Feb-2021
Dana Apartments	10	
Brittania Apartments	43	
Clemson Market	16	
Parthenia Apartments	22	Apr-2021
Sylmar Apartments	32	
140 E 120th St. Apartments	7	
6108 Victoria Ave. Apartments	7	
136 E 120th St. Apartments	7	
312 W 120th St. Apartments	6	
819 East 120th St. Apartments	8	
732-739 Laconia Blvd. Apartments	13	
303 McDonald Ave. Apartments	11	
Harbor Riviera	21	
Yosemite Apartments	100	Jun-2021
Barbara Ann Apartments	64	
Sepulveda Apartments	51	
Wyandotte Apartments	78	

Legal Counsel

In-house counsel serve as LOMOD South's legal counsel for this transaction.

Attachments:

1. Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT OF LOS ANGELES LOMOD SOUTH, INC., TO ACCEPT THE OWNERSHIP TRANSFER OF THE HACLA PROPERTIES LOCATED AT 136 E. 120TH ST., 140 E 120TH ST., HARBOR RIVIERA, 303 MCDONALD, 312 W. 120TH ST., 6108 VICTORIA AVE, 732-739 LACONIA ST., 819 E. 120TH ST., CLEMSON MARKET, PARTHENIA, SYLMAR APARTMENTS (THE “CHASE PROPERTIES”), BARBARA ANN APARTMENTS, BRITANIA APARTMENTS, GLENALBYN APARTMENTS, SEPULVEDA APARTMENTS, WYANDOTTE APARTMENTS, YOSEMITE APARTMENTS (THE “REFLECTION PROPERTIES”), RESEDA EAST, RESEDA MANOR (“THE RESEDAS”), DANA ST. APARTMENTS AND GIBRALTAR APARTMENTS (COLLECTIVELY, THE “TRANSFERRED PROPERTIES”) FROM THE HOUSING AUTHORITY OF THE CITY OF LOS ANGELES AND THE EXECUTION OF RELATED DOCUMENTS AND AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH

WHEREAS, Los Angeles LOMOD South, Inc. (“LOMOD”) is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law under the direct control of the Housing Authority (“Authority”) and which currently owns 52 properties in the Authority’s Asset Management portfolio;

WHEREAS, the Authority now wishes to transfer, and LOMOD wishes to accept, certain other properties from the Authority in order to consolidate ownership of Asset Management properties with the Authority’s instrumentalities to effectuate greater efficiency and minimize potential liability risk;

WHEREAS, a recorded Grant Deed for each property will document the transfer of ownership and LOMOD will execute a Certificate of Acceptance for the Properties concurrently with the approval of this Resolution;

WHEREAS, on October 22, 2020, the Housing Authority Board of Commissioners approved the ownership transfer of the HACLA properties to LOMOD;

WHEREAS, several of the Transferred Properties (as defined above) have outstanding debt, (the Chase Properties and the Reflections Properties), that will be transferred or assigned to LOMOD, and some of the Transferred Properties have current HAP contracts with the Authority and HUD;

WHEREAS, the Chase Properties (defined above) were originally financed with private placement debt from WaMu Bank, until January 2037, whose interests were subsequently transferred to J.P. Morgan Chase, N.A. (“Chase”), which debt is currently outstanding in the amount of \$12,917,347 and pursuant to the current Financing Agreement (“Financing Agreement”), any transfer of these properties requires written consent from Chase and there are no assurances that Chase will approve the transfer;

WHEREAS, The Reflections Properties currently have outstanding loans with the California Housing Financing Agency (“CalHFA”), until March 2025, in the aggregate amount of \$4,229,134 and pursuant to the various Loan Agreements, CalHFA must provide written approval of the ownership change from the Housing Authority before the transfer may occur and CalHFA has indicated that the approval will take approximately 90 days;

WHEREAS, The Reflections Properties currently have outstanding loans with the California Housing Financing Agency ("CalHFA"), until March 2025, in the aggregate amount of \$4,229,134 and pursuant to the various Loan Agreements, CalHFA must provide written approval of the ownership change from the Housing Authority before the transfer may occur and CalHFA has indicated that the approval will take approximately 90 days and

WHEREAS, The Reflections Properties are currently under a PBV HAP contract with the Authority which will be transferred or assigned to LOMOD South, and

WHEREAS, although the Resedas no longer have loans with CalHFA, CalHFA currently serves as the HAP Contract Administrator and the Department of Housing and Urban Development ("HUD") has indicated that it will approve an Assignment and Assumption of HAP Contract to LOMOD and will consent to the HAP Assumption and the Resedas will continue to be administered by CalHFA at the discretion of HUD; and

WHEREAS, the process of transferring the properties will begin upon approval of this Resolution and is expected to be completed by June 2021; and

WHEREAS, these transactions are an administrative action for which any minimal funds required will be covered by the unrestricted Asset Management Rent Subsidy portfolio.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of LOMOD does hereby accept the transfer of the Transferred Properties as follows:

The President, the Secretary or the Treasurer or LOMOD (collectively, the "Authorized Representatives") and each of their respective designees, are each hereby authorized and directed, to do any and all things necessary and to execute, deliver and perform any and all documents that may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution, including Certificate(s) of Acceptance, all as approved by legal counsel.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:
JAMES JOHNSON

James Johnson
11/2/20

LOS ANGELES LOMOD SOUTH, INC.

BY: _____
GENERAL COUNSEL

BY: _____
CHAIRPERSON

DATE ADOPTED: _____