MEETING DATE: **12.05.11**

AGENDA ITEM: Consideration of a First Amendment to the Disposition and Development Agreement By and Between The Culver City Redevelopment Agency, The City of Culver City, and Tilden Terrace, L.P.

ATTACHMENTS

ATTACHMENT NO. 2

(Exhibit No. 3 to the DDA)

REVISED METHOD OF FINANCING

This is the Method of Financing attached to the Disposition and Development Agreement by and between The Culver City Redevelopment Agency (the "Agency"), The City of Culver City (the "City") and Tilden Terrace, L.P. (the "Developer"), as amended by that certain First Amendment to the Disposition and Development Agreement by and between the City and the Developer (collectively referred to herein as the "DDA"). The DDA relates to Developer's acquisition of the Site and development of a 33-unit multifamily housing project (including one manager's unit and approximately 10,700 square feet of commercial space), to be rented, at Affordable Rents, to Very Low Income and Low Income Households. Any reference in this Method of Financing to the Agency or the Agency Executive Director shall mean and refer to the City and the City Manager, respectively, when the City is carrying out the duties and obligations or exercising the rights and remedies of the Agency pursuant to Section 708(a) of the DDA. Any capitalized term not otherwise defined herein shall have the meaning ascribed to it in the DDA.

The Project will be financed by a combination of the Residential Loan, the Commercial Loan, the Senior Loan and Developer Equity derived in part from the syndication of the Nine Percent Tax Credit. The Residential Loan will be used to fund a portion of the Developer' Acquisition Costs for the Site in the approximate amount of $5,100,000, with the balance of the Residential Loan used to fund Project development costs during the Construction Period. Notwithstanding, however, and in accordance with the DDA, in no event shall the Residential Loan be used to fund other land costs relating to Off-Site Improvements or costs associated with the commercial component of the Project.

1. **Total Project Cost**. The parties estimate that the total Project Costs shall be approximately $23,985,000. Developer acknowledges that the Agency is relying on Developer's experience and expertise in establishing the Project Costs and Developer represents that the Project Budget is based on the best, good faith estimate of the Developer of the costs that are likely to be incurred for the Project.

2. **Sources of Construction Financing**. The parties anticipate that the Project Costs shall be financed during the Construction Period with the following combinations of funds. Developer must make every reasonable effort to structure the terms of the construction financing in a way that will minimize the amount of the Agency Loan.

(a) The Construction Loan in the estimated amount of $4,923,457.

(b) The Residential Loan in the amount of $11,805,000. The principal amount of the Residential Loan shall be reduced by an amount equivalent to the amount of AHP Funds awarded and received for the Project in accordance with Section 4 below.

(c) The Commercial Loan in the amount of $3,395,000.

(d) The Enterprise Housing and Green Grant in the amount of $40,000.

(e) Developer Equity consisting of each of the following:

(i) The withholding of a portion of the Developer Fee in the approximate amount of $1,171,543 ("Deferred Developer Fee"), which will be paid to the Developer incrementally as follows: (1) $217,886 upon the Completion of the Project; (2) $544,715 upon the Conversion Date at the Permanent Financing Event; (3) $108,942 upon the filing and acceptance of Form(s) 8609 for the Nine Percent Tax Credit; and (4) $300,000 (relating to the commercial component) to be paid in 20 monthly installments of $15,000 each commencing with start of construction of the Project. In the event the Limited Partner Capital Contribution payment amount set forth in (ii) and/or (iii) of this paragraph 2(e) is less than anticipated or in the event there are cost overruns not funded or contingencies not otherwise funded by the sources of funds as described in this Section 2, the funds proposed to pay the Deferred Developer Fee shall be re-allocated to fund the deficit in the Limited Partner Capital Contribution payment, any cost overruns not funded, and any contingencies not otherwise funded by the other sources of funds described in this Section 2, and that portion of the Deferred Developer Fee equal to the amount of funds re-allocated shall be foregone by the Developer; and

(ii) A Limited Partner Capital Contribution in the amount of $1,250,000 to be disbursed upon the Construction Financing Event in accordance with the Developer's Limited Partnership Agreement; and

(iii) An additional Limited Partner Capital Contribution in the amount of $1,400,000 to be disbursed upon Notice of Completion in accordance with the Developer's Limited Partnership Agreement; and

(iv) Developer shall be responsible during the Construction Period to provide funds, if and as needed, to pay for any cost overruns not funded and contingencies not otherwise funded by the sources of funds as described herein.

3. **Sources of Permanent Financing**. The parties anticipate that, after the Conversion Date, the Project Costs shall be financed with the following combinations of funds. The Developer

must make every reasonable effort to structure the terms of the permanent financing in a way that will minimize the amount of the Agency Loan.

(a) The Permanent Loan in the approximate original principal amount of $1,710,000.

(b) The Residential Loan referenced in paragraph 2(b) above in the original principal amount of $11,805,000. If actual Project Costs, as set forth in the audited cost certification contained in the placed-in-service application submitted by Developer to the California Tax Credit Allocation Committee pursuant to Section 10322(i)(1) of Title 4 of the California Code of Regulations, are less than the total Project Costs set forth in the most recently approved Project Budget, the resulting cost savings shall be allocated to reduce the principal amount of the Residential Loan in accordance with Section 3(e) hereof. The principal amount of the Residential Loan shall be reduced by an amount equivalent to the amount of AHP Funds awarded and received for the Project in accordance with Section 4 below.

(c) The Commercial Loan referenced in paragraph 2(c) above in the original principal amount of $3,395,000.

(d) The Enterprise Housing and Green Grant in the amount of $40,000.

(e) Developer Equity consisting of each of the following:

(i) The Limited Partner Capital Contribution referenced in paragraph 2(e)(ii) above in the amount of $1,250,000; and

(ii) The additional Limited Partner Capital Contribution referenced in paragraph 2(e)(iii) above in the amount of $1,400,000; and

(iii) An additional Limited Partner Capital Contribution in the amount of $3,329,574 to be disbursed by Completion in accordance with the Developer's Limited Partnership Agreement; and

(iv) An additional Limited Partner Capital Contribution in the amount of $703,450 to be disbursed upon the Permanent Financing Event in accordance with the Developer's Limited Partnership Agreement; and

(v) An additional Limited Partner Capital Contribution in the approximate amount of $351,976 to be disbursed upon the filing and acceptance of Form(s) 8609 for the Nine Percent Tax Credit, which amount may be adjusted pursuant to the provisions and requirements of the federal Internal Revenue Code, the TCAC Regulatory Agreement and the provisions of the Limited Partnership Agreement and the Contribution Agreement. In the event the Limited Partner Capital Contribution, when added to the Permanent Loan, the Residential Loan, the Commercial Loan and the Enterprise Housing and Green Grant, is greater than the amount needed to pay the Project Costs, as set forth in the audited cost certification contained in the placed-in-service application submitted by Developer to the California Tax Credit Allocation Committee pursuant to Section 10322(i)(1) of Title 4 of the California Code of Regulations ("Placed-In-Service Application"), such funds shall be applied to reduce the amount of the Residential Loan. Developer shall submit to the Agency a copy of the Placed-In-Service Application, which must include a certification of the amount of tax credit equity raised and the syndication costs; and

(vi) Developer shall be responsible during the Permanent Period to provide funds, if and as needed, to pay for any cost overruns not funded and contingencies not otherwise funded by the sources of funds as described herein.

4, **AHP Funds**. The Developer shall seek to obtain a grant or loan for use toward the Project in the approximate principal amount of $330,000 awarded by a member bank of the Federal Home Loan Bank under the Federal Home Loan Bank Affordable Housing Program ("AHP Funds"). If awarded, the AHP Funds shall be subject to terms and conditions that are approved by the City Manager or designee. If awarded, the principal amount of the Residential Loan shall be reduced by an amount equivalent to the amount of AHP Funds received for the Project.

5. **Project Budget**. The parties anticipate that all Project Costs shall be as set forth in the Project Budget attached to DDA. The Project Budget shall be subject to change from time-to-time, subject to the prior written approval of the Agency Executive Director or designee (which approval shall not be unreasonably withheld or delayed), upon which approval the Project Budget shall be replaced by the approved revised Project Budget. Within the respective times provided therefor in the Schedule of Performance, the Developer shall demonstrate to the satisfaction of the Agency Executive Director that the Senior Loan and all Developer Equity will be available for payment or refinancing of Project Costs when and as required by this Method of Financing and that the Developer has sufficient funds available for payment of all Project Costs. The amounts set forth in Sections 2 and 3 hereof (excluding the amounts of the Residential Loan and the Commercial Loan) are subject to modification pursuant to the final approved Project Budget, which may reflect additional sources of funding subject to terms and conditions that are approved by the Agency Executive Director or designee.

6. **Evidence of Financing**. The sum of the Construction Loan plus the Residential Loan plus the Commercial Loan plus the Developer's Equity plus the Enterprise Housing and Green Grant, as provided in Sections 2 and 3 above, shall, at all times, be sufficient to pay all Project Costs as set forth in the most recently approved Project Budget. Prior to the Construction Financing Event, Developer shall submit for Agency review and approval evidence of such financing, including: (a) copies of all loan documents required by the Construction Lender to obtain the Construction Loan; (b) the Limited Partnership Agreement and other documentation evidencing the availability of the Developer Equity, including the Limited Partner Capital Contribution; (c) a firm and binding commitment from the Permanent Lender to provide the Permanent Loan; (d) documentation evidencing the availability of the Enterprise Housing and Green Grant; and (e) any other documents reasonably required by the Agency. The Agency shall not unreasonably withhold its approval of the Developer's evidence of financing.

7. **Residential Loan**.

(a) In accordance with and subject to the terms and conditions of the DDA and this Method of Financing, the Agency agrees to make the Residential Loan to Developer and the Developer agrees to borrow such funds for the purpose of payment of Project Costs.

(b) The Developer hereby acknowledges that the Residential Loan is intended to be "gap" financing, not to exceed the amount needed to bridge the gap between the total Project Costs and the maximum Senior Loan obtainable by Developer plus the maximum amount of Developer Equity set forth above plus the maximum amount of the Enterprise Housing and Green Grant set forth above, but in any event not to exceed the respective dollar amounts of the Residential Loan set forth above. The Developer shall use all commercially reasonable efforts to maximize the amount of the Senior Loan and the Limited Partner Capital Contribution that will be available for the payment of Project Costs.

(c) The Residential Loan shall be used exclusively to pay Project Costs identified in the Project Budget, in accordance with the DDA and this Method of Financing.

(d) At the Construction Financing Event, the Agency and the Developer shall execute and deliver such instruments and documents as may be necessary to evidence and secure the affordability restrictions on the Site and to evidence and secure the Residential Loan, consistent with the terms of the DDA and this Method of Financing, and each in a form that is acceptable to the Agency, including the following:

(1) the Grant Deed;

(2) the Agreement Containing Covenants;

(3) the Notice of Affordability Restrictions;

(4) the Residential Note;

(5) the Residential Deed of Trust;

(6) the Assignment of Rents and Leases;

(7) the Assignment of Agreements;

(8) the Environmental Indemnity;

(9) the UCC1 Financing Statement (for State and County Filing);

(10) the Subordination Agreement;

(11) the Memorandum of City Option; and

(12) the Disbursement Agreement.

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8. **Commercial Loan**.

(a) In accordance with and subject to the terms and conditions of the DDA and this Method of Financing, the Agency agrees to make the Commercial Loan to Developer and the Developer agrees to accept such funds for the purpose of payment of Project Costs.

(b) The Commercial Loan shall be used exclusively to pay Project Costs identified in the Project Budget.

(c) At the Construction Financing Event, the Agency and the Developer shall execute and deliver such instruments and documents as may be necessary to evidence and secure the Commercial Loan, consistent with the terms of the DDA and this Method of Financing, and each in a form that is acceptable to the Agency, including the following:

(1) the Commercial Note;

(2) the Commercial Deed of Trust;

(3) the Assignment of Rents and Leases;

(4) the Assignment of Agreements;

(5) the Environmental Indemnity;

(6) the UCC1 Financing Statement (for State and County filing);

(7) the Subordination Agreement;

(8) the Memorandum of City Option; and

(9) the Disbursement Agreement.

9. **Subordination**. The Agreement Containing Covenants shall unconditionally be and at all times remain prior and superior to the lien created by the Senior Deed of Trust and any other of the Senior Loan Documents and all of the terms and conditions contained in the Senior Loan Documents. However, the Agency shall subordinate the Residential Loan Documents, the Commercial Loan Documents and the obligations contained in Sections 2.1, 2.2 and 2.3 of the Agreement Containing Covenants to the lien created by the Senior Deed of Trust and any other of the Senior Loan Documents and all of the terms and conditions contained in the Senior Loan Documents.

If the Developer demonstrates to the reasonable satisfaction of the Agency Executive Director or designee that the Developer will be unable to obtain the Construction Loan and/or the Permanent Loan without a modification of the affordability restrictions upon a foreclosure, then the Agency Executive Director or designee may allow the income and rent restrictions on the 30% and 40% tax credit units to float upward upon a foreclosure of the Senior Loan to the income and rent restrictions that apply to Very Low Income Units under Community Redevelopment Law.

Subject to the terms and conditions of this Section 9, prior to the Construction Financing Event, the Agency shall execute subordination agreements to, among other things, subordinate the Residential Loan Documents and the Commercial Loan Documents to the Senior Deed of Trust and other Senior Loan Documents, provided, however, that such subordination agreements must contain provisions reasonably satisfactory to the Agency to protect the Agency's investment in the event of default.

10. **Recordation**. Upon the Construction Financing Event, the Title Company shall record the Grant Deed, the Agreement Containing Covenants, the Senior Loan Documents, the Commercial Loan Documents and the Residential Loan Documents in accordance with instructions provided by the Agency, the Construction Lender and the Developer, and shall be prepared to issue to the Agency and ALTA lenders policy of title insurance, insuring that each the Residential Deed of Trust and the Commercial Deed of Trust, respectively, is a valid lien encumbering the Site in the priority required by the Agency and in amounts and with endorsements as the Agency may require.

11. **Agency's Conditions Precedent to Construction Financing Event**.

(a) The Agency's obligation to fund the Residential Loan and the Commercial Loan and convey title to the Agency Parcel shall be conditioned and contingent upon satisfaction or the Agency's waiver of each of the following conditions precedent (collectively, the "Agency's Conditions to Closing"):

(i) Developer submits and the Agency approves evidence that the final working drawings have been approved by the City, and, to the extent required by the DDA, by the Agency;

(ii) Developer submits and the Agency approves the final bid set for construction of the Project;

(iii) Developer submits and the Agency approves a copy of the fully executed general construction contract with a licensed general contractor, covering all construction work required by the DDA and the approved final working drawings;

(iv) Developer shall have submitted to the City written confirmation (i) that all leases, rental agreements or similar use contracts or arrangements on, of or relating to the Developer Parcel, or any part thereof, have been terminated and concluded in their entirety, and (ii) that all tenants, lessees or occupants of the Developer Parcel, or any part thereof, have vacated the Developer Parcel and have no further right, interest or claim to occupancy, use or otherwise of or to the Developer Parcel, or any part thereof;

(v) Developer submits and the Agency approves the payment and performance bonds required by the Construction Lender, which must name the Agency and the City as additional obligees;

(vi) Developer delivers to the Agency and the Agency approves the asbestos and lead survey required by Section 417 of the DDA;

(vii) Developer submits and the Agency approves a final Project Budget, current as of the Construction Financing Event, demonstrating to the satisfaction of the Agency the availability of sufficient funds to pay all Project Costs;

(viii) Developer shall have deposited with the Escrow Agent any and all of the funds and duly executed instruments required of it by the DDA and this Method of Financing to close the Residential Loan and the Commercial Loan;

(ix) Developer submits evidence satisfactory to the Agency that Developer has satisfied all conditions precedent to the issuance of all Permits necessary for the Project, other than payment of fees (for which funds have been budgeted in the Project Budget);

(x) Developer submits and the Agency approves the Maintenance Program, including the Maintenance Budget, as required by the DDA;

(xi) Developer submits and the Agency approves the Annual Project Budget for the first year of operation, as required by the DDA;

(xii) Developer submits and the Agency approves the Management Plan, as required by the DDA;

(xiii) Developer, Senior Lender and the Agency enter into a Disbursement Agreement, consistent with the terms of this Method of Financing, setting forth the timing and conditions of the disbursement of the Developer Equity, the Senior Loan, the Residential Loan and the Commercial Loan;

(xiv) Title Insurance Company is prepared to issue the title insurance policies required by the Agency;

(xv) Developer submits to the Agency and the Agency approves the certificates of insurance and endorsements showing that the Developer has obtained the insurance policies required by the DDA;

(xvi) Developer deposits with the Escrow Agent all of the funds and duly executed instruments required of it by the DDA and this Method of Financing to close the Escrow;

(xvii) Developer delivers to the Agency and the Agency approves the final Construction Loan Documents;

(xviii) Developer delivers to the Agency and the Agency approves the Amended and Restated Limited Partnership Agreement;

(xix) Developer delivers to the Agency and the Agency approves the conveyance instrument for conveyance of the Developer Parcel from Los Angeles Housing Partnership, Inc. to Developer, which conveyance shall occur at the Construction Financing Event;

(xx) Developer delivers to the Agency and the Agency approves documentary evidence that the Developer and its general partners are in current good standing and that the Developer is duly authorized to execute the Residential Loan Documents and the Commercial Loan Documents and implement the DDA;

(xxi) Developer is in full compliance with the terms and conditions of the DDA and all documents and instruments referred to therein or executed by the Developer in furtherance of the DDA and all representations and warranties of the Developer contained therein and in this Method of Financing shall be true and correct in all material respects;

(xxii) Developer shall have satisfied all conditions precedent to the Construction Financing Event (as provided in the DDA and this Method of Financing);

(xxiii) Developer shall be in compliance with all applicable provisions of federal, state and local law;

(xxiv) The City shall have reviewed and approved the Escrow Agent's estimated statement of closing costs for the Construction Financing Event;

(xxv) Developer shall not be in default of any of its obligations under the DDA or any documents and instruments referred to therein or executed by the Developer in furtherance of the DDA; and

(xxvi) No litigation shall be threatened or pending which seeks to prevent the construction or operation of the Project, or any part thereof, according to the terms set forth in the DDA.

In the event any of the Agency's Conditions to Closing are not satisfied (or waived by the Agency) by the date set forth in the Schedule of Performance for the occurrence of the Construction Financing Event, the Agency may cancel the Escrow and terminate the DDA by delivering ten (10) calendar days' prior written notice to the Developer and the Escrow Agent. The Developer may nullify the notice to terminate if, within such ten (10) calendar day period, the Developer (at no cost to the Agency) cures any unsatisfied Conditions to Closing and notifies the Escrow Agent of such cure. In the event of termination pursuant to this paragraph, (i) the Escrow shall be cancelled and any funds deposited by the parties shall be returned to them with any interest earned on such funds; (ii) the Developer shall be responsible for any escrow cancellation fees imposed by the Escrow Agent; and (iii) the DDA shall be terminated and the parties shall have no further rights or obligations thereunder.

(b) Waiver of Conditions Precedent. Notwithstanding the foregoing, the Agency, in the sole discretion of the Agency Executive Director, may waive any of the foregoing conditions precedent to the Construction Financing Event. A waiver of any of the foregoing conditions shall not operate in any way as a waiver, or estoppel with respect to, any subsequent or other failure to comply with such condition, or any other condition contained in this Method of Financing, the DDA or any of the Residential Loan Documents or Commercial Loan Documents.

12. **Disbursement of Residential Loan and Commercial Loan.**

(a) The Residential Loan and the Commercial Loan shall be disbursed for the payment of Project Costs in accordance with a Disbursement Agreement and escrow instructions among the Agency, Senior Lender and Developer that are consistent with the terms of this Method of Financing and the DDA and are in form and substance that are mutually acceptable to the Agency Executive Director or designee, the Developer and the Senior Lender. The Disbursement Agreement shall, among other things, set forth the Agency's inspection and approval rights over draw requests, the use of the Project's contingency allowance, and change orders, including the Agency's control over approval of change orders and draw requests relating to the Off-Site Improvements, and shall assure the Agency's right to fully participate in monthly draw meetings.

(b) Disbursement of the Residential Loan shall occur as follows: First, $5,100,000 shall be funded at the Construction Financing Event to pay the Developer's Acquisition Costs for the Site. Next, a portion of the Residential Loan shall be disbursed to reimburse the Developer for reasonable out of pocket costs to bring the Leasing Office (the shell, electrical, plumbing and HVAC systems) into conformity with the City of Culver City Building Code and to pay lease payments for the Leasing Office, in amounts approved by the Agency and supported with reasonably detailed documentation. The Commercial Loan and the undisbursed balance of the Residential Loan shall be disbursed on a *pari passu* basis with the Construction Loan, provided that, no portion of the Residential Loan or the Commercial Loan shall be disbursed until the Agency's conditions to disbursement set forth in the Disbursement Agreement have been satisfied or waived, which shall include but not be limited to the Agency's approval of the Developer's draw requests. The Agency shall have no obligation to authorize disbursement during the Construction Period of any portion of the Residential Loan or the Commercial Loan until the Land Loan has been repaid in full and not less than 20% of the Limited Partner Capital Contribution described in Section 2(e)(ii) herein above has been fully funded. Disbursement of the Commercial Loan and that portion of the Residential Loan to be disbursed during the Construction Period shall each be subject to a ten percent (10%) retention (provided, however, that predevelopment costs shall not be subject to retention), which shall be released to the Developer upon Completion of the Project, provided that, if the reason for the Developer not achieving Completion is confined to the immediate availability of specific items or materials for landscaping, and/or minor items, the Agency will release the retention upon the posting of a bond by the Developer with the Agency in an amount representing the fair value of the work not yet completed.

13. **Repayment Terms**. The repayment terms of the Residential Loan and the Commercial Loan shall be as set forth in the Residential Note and the Commercial Note, respectively.

14. **Distribution of Cost Savings and Solar Rebates**

To induce the Agency to make the Residential Loan, the Developer covenants and agrees as follows:

(a) Distribution of Cost Savings

If, on the date of the conversion of the Construction Loan to the Permanent Loan, the sum of all Project Funds disbursed (as the term “Project Funds” is defined in the Disbursement Agreement), plus any retention amounts then owing to contractors and others, plus any unpaid Project Costs set forth in the most recent approved Project Budget which the Agency and Construction Lender agree are to be disbursed subsequent to the Completion date (such as, by way of example only and without limiting the generality of the foregoing, costs associated with funding final Tax Credit Equity Investor capital contributions) is less than $23,985,000 (the amount of such savings being referred to herein as the “Cost Savings”), then to the extent of fifty percent (50%) of the Cost Savings, any undisbursed amount of the Permanent Loan plus any undisbursed amount of the Residential Loan plus any undisbursed amount of the Commercial Loan plus any undisbursed capital contributions by the Developer’s Limited Partner shall be released or retained, as the case may be, to the Agency.

(b) Distribution of Solar Rebates or Awards

It is the intent of the parties that if any additional funds beyond the amounts shown in the Project Budget are obtained by the Developer as a benefit of the Project’s photovoltaic system, such as solar rebates or an in-lieu grant pursuant to Section 1603 of the American Recovery and Reinvestment Tax Act of 2009, then fifty percent (50%) of such funds shall be used to pay down the Residential Loan.

ATTACHMENT NO. 3

(Exhibit No. 6 to the DDA)

REVISED PROJECT BUDGET

SOURCES OF ACQUISITION AND CONSTRUCTION FUNDS:

Construction Loan	$ 4,923,457
Residential Loan	$ 11,805,000
Commercial Loan	$ 3,395,000
Enterprise Housing and Green Grant	$ 40,000
Limited Partner Capital Contribution (Closing)	$ 1,250,000
Limited Partner Capital Contribution (Completion)	$ 1,400,000
Deferred/Withheld Developer Fee	$ 1,171,543
TOTAL SOURCES:	$23,985,000

SOURCES OF PERMANENT FUNDS:

Permanent Loan	$ 1,710,000
Residential Loan	$ 11,805,000
Commercial Loan	$ 3,395,000
Enterprise Housing and Green Grant	$ 40,000
Limited Partner Capital Contribution (Closing)	$ 1,250,000
Limited Partner Capital Contribution (Completion)	$ 4,729,574
Limited Partner Capital Contribution (Permanent)	$ 703,450
Limited Partner Capital Contribution (8609)	$ 351,976
TOTAL SOURCES:	$23,985,000

PROJECT COSTS:

Property Acquisition	$ 5,100,000
Other Land Related Costs (Incl. Off-Site Improvements)	$ 604,500
Fees, Permits & Studies	$1,436,350
Direct Construction Costs	$ 13,772,000
Indirect Construction Costs	$ 789,000
Developer Fee	$ 1,389,429
Rent-Up Costs	$ 80,000
Capitalized Operating Reserves	$ 200,000
Financing Costs	$ 613,721
TOTAL PROJECT COSTS:	$ 23,985,000

CITY MANAGER'S OFFICE

CITY OF CULVER CITY

9770 CULVER BOULEVARD, CULVER CITY, CALIFORNIA 90232-0507

ATTACHMENT 3

(310) 253-6000
•
FAX (310) 253-6010

JOHN M. NACHBAR
City Manager

October 26, 2011

Via Certified Mail, Return Receipt Requested

Ms. Marva Smith Battle-Bey, Chairperson Tilden Terrace, L.P.
c/o Los Angeles Housing Partnership
1200 Wilshire Boulevard, Suite 307
Los Angeles, CA 90071

Subject: Disposition and Development Agreement By and Between Tilden Terrace, L.P., The Culver City Redevelopment Agency and The City of Culver City; Significant Changes in Management and Control of Developer's General Partner

Dear Ms. Battle-Bey:

As you are aware, Tilden Terrace, L.P. ("Developer"), the Culver City Redevelopment Agency ("Agency") and the City of Culver City ("City") entered into a Disposition and Development Agreement dated March 21, 2011 ("DDA") for the Developer's development and operation of a thirty-three (33) unit affordable rental housing complex, together with 10,700 square feet of ground floor retail, office and community space, on property located at 11042-11056 West Washington Boulevard, Culver City, California (collectively referred to herein as the "Project"). The Agency has recently been advised that there have been significant changes in management and control of Los Angeles Housing Partnership ("LAHP"), the general partner of the Developer, Tilden Terrace, L.P. Specifically, the Agency has been advised that the positions of Executive Director and Chief Financial Officer have become vacant, and the persons who previously occupied such positions have left LAHP's employ.

Please be advised that Section 206(e) of the DDA allows the Agency to terminate the DDA and to exercise any and all available remedies if there is any significant change in membership, ownership, management or control of the Developer or its general partner without the prior written consent of the Agency. Since LAHP is the Developer's managing general partner, the recent departure of the former Executive Director and Chief Financing Officer from LAHP constitutes significant changes in the management and control of LAHP that required the Agency's prior written consent pursuant to the DDA.

In connection with its review and approval rights set forth in the DDA and in an effort to determine the impact of the aforementioned changes in management and control of LAHP on the Project and the respective interests of the Agency and the City in connection therewith, and while reserving all rights and remedies available to the Agency and the City pursuant to the DDA and associated documents entered into by the parties, the City, on behalf of itself and the Agency in accordance with the DDA, respectively seek the following information and documents from the Developer, at the Developer's sole cost and expense:

1. Current audited financial statements of LAHP prepared by a certified public accountant;

2. Bank statements of LAHP for the immediate preceding six (6) months;

3. Annual tax returns for LAHP for the year 2010; and

4. Curriculum vitae and/or statement of qualifications of the persons serving as the Interim Executive Director and Interim Chief Financial Officer of LAHP.

Please provide the above-referenced information and documents to the City no later than ten (10) calendar days' from the date of this letter. We understand that the Developer has a deadline of December 19, 2011 for the Construction Financing Event (as defined in the DDA). Thus, time is of the essence for the City's receipt of the requested items.

In addition, for the same purposes stated above, the City respectfully requests that the Developer provide to the City in advance the curriculum vitae and/or statement of qualifications of the persons proposed to be appointed as the Executive Director and Chief Financial Officer of LAHP prior to LAHP's appointment of same.

The City reserves all rights and remedies available to the Agency and the City pursuant to the DDA and associated documents entered into by the parties, including without limitation the right to seek additional information from the Developer in connection with the change in management and control of the Developer and its general partner LAHP.

The City appreciates your immediate attention and cooperation regarding the above matters.

Sincerely,

John M. Nachbar
City Manager

cc: The Honorable Mayor and Members of the City Council
Sol Blumenfeld, Agency Assistant Executive Director
Carol A. Schwab, City Attorney
Heather S. Baker, Assistant City Attorney
Kyle Arndt, Esq., Bocarsly Emden Cowan Esmail & Arndt LLP
Joseph A. Macari, Hudson Housing Capital, LLC

Los Angeles Housing Partnership

November 3, 2011

John M. Nachbar
City Manager
City of Culver City
9770 Culver Boulevard
Culver City, California 90232-0507

Via Federal Express

Re: Disposition and Development Agreement (DDA) By and Between Tilden Terrace, L.P., The Culver City Redevelopment Agency and The City of Culver City; Significant Changes in Management and Control of Developer's General Partner

Dear Mr. Nachbar:

This letter is in response to your letter dated October 26, 2011 wherein you reference the section of the DDA for Tilden Terrace that requires notification to the City by Los Angeles Housing Partnership of any significant changes in management and control of the developer general partner.

As you are aware, on October 11, 2011, Board Member and former President & CEO of LAHP, Lou Bernardy, Interim Executive Director Genette Foster and LAHP Project Management staff ,met with Sol Blumenfeld, John Fisanotti and Tevis Barnes at City Hall. The purpose of the meeting was for Mr. Bernardy, on behalf of the Board, to introduce Ms. Foster, report on the recent changes in LAHP management and to communicate the Board of Director's plan for recruiting a new Finance Officer and a new Executive Director. In addition, Mr. Bernardy wanted to personally communicate assurances to the Agency and City staff that LAHP remains fully committed and capable of moving forward with the Tilden Terrace development in all respects.

1200 Wilshire Boulevard, Suite 307, Los Angeles, California 90017
Telephone: 213.629.9172 www.lahousingpartnership.com

Mr. Bernardy discussed the following plan of action adopted by LAHP's Board of Directors:

1. Assign individual board members and third party consultants to work with staff on real estate projects and core administrative tasks;
2. Assign individual board members to meet with or otherwise communicate with LAHP's partners, lenders, supporters, and other key stakeholders;
3. Insure the financial integrity of the organization through the review of the organization's finances by LAHP's independent auditor;
4. Identify and hire an Interim Executive Director with the skills and experience to effectively lead the real estate development operations for LAHP;
5. Recruit, interview and hire a new Finance Director by November 30, 2011.
6. Recruit, interview and hire a new Executive Director by January 31, 2012.

While the resignation of LAHP's former Finance Director was unfortunate and unexpected by the Board, I want to reiterate that it was not the result of any malfeasance, misappropriation or inappropriate actions. We will keep the City informed of our recruitment process and will share with you and staff the qualifications of the persons that the Board chooses to fill the Finance Director and Executive Director positions.

My colleagues and I on the Board of Directors have served as volunteer members of the LAHP Board for well over 15 years. There is significant experience and leadership on the board of Los Angeles Housing Partnership and this leadership has been clearly demonstrated by our immediate intervention in day-to-day management during the past 10 weeks. The Board is comprised of seasoned real estate professionals, affordable housing developers, community economic development specialists and executive directors of major community based nonprofit corporations, with a combined 120 years of experience. We have successfully led organizations and companies and served on numerous boards of public and private organizations and institutions over the years. We are committed to supporting LAHP staff and ensuring the ongoing success of the organization. We are confident that LAHP and will continue to build on its many achievements and exceptional work over the past twenty years.

Currently, Ms. Foster, under the direction of the Board, is working with the LAHP project management staff, the City and the Tilden Terrace development team to compete all tasks required to achieve the initial closing by December 19, 2011 and commencing construction. The construction and permanent lenders as well as the investor limited partner for the project have been identified and are working toward the December 19th goal. The General Contractor has been selected and negotiation of the construction contract is underway.

Pursuant to your request, attached please find the following LAHP corporate documents and information:

Financial Statements:

- FYE 2009 Audited Financial Statement
- FYE 2010 Audited Financial Statement
- FYE 2011 Unaudited Financial Statements (Audit is underway
- FYE 2011-2012 Interim Financial Statement

Tax Returns:

- FYE 2010 Form 990
- FYE 2010 Form 990

Bank Statements:

- All LAHP Accounts – immediate past 6 months

Personnel and Recruitment:

- Curriculum vitae – Interim Executive Director, Genette Foster
- Job Description – Finance Director, LAHP
- Job Description – Executive Director, LAHP

We have complete confidence in our team and assure you, the Mayor and members of the City Council, and everyone who has been involved and supportive of the project and our combined efforts, that LAHP will continue to perform and will successfully complete the Tilden Terrace development.

Sincerely,

Marva Smith Battle-Bey

Marva Smith Battle-Bey, Chairperson
Board of Directors

cc: The Honorable Mayor and Members of the City Council
Sol Blumenfeld, Agency Assistant Executive Director
Carol A. Schwab, City Attorney
Heather Baker, Assistant City Attorney
Kyle Arndt, Esq., Bocarsly Emden Cowan Esmail & Arndt, LLP
Joseph Macari, Hudson Housing Capital, LLC
Genette Foster, Interim Executive Director, LAHP

ATTACHMENT 5

WELLS FARGO

Wells Fargo Bank, N.A.
Community Lending and Investment

MAC E2818-181
707 Wilshire Blvd., Suite 1800
Los Angeles, CA 90017
213 614-4010 Fax

November 29, 2011

Tilden Terrace, L.P.
c/o Los Angeles Housing Partnership
1200 Wilshire Boulevard, Suite 307
Los Angeles, CA 90017

Re: Tilden Terrace
<u>11042-11056 Washington Blvd., Culver City, CA</u>

Ladies and Gentlemen:

As you know, Wells Fargo Bank, National Association agreed to make a construction loan to Tilden Terrace, L.P., subject to the terms and conditions of a commitment letter dated March 18, 2011.

Please be advised that Wells Fargo is unwilling to close its construction loan pending a favorable resolution by the California Supreme Court of the issues relating to recent changes in California redevelopment law.

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: Norma Dominguez
Name: Norma Dominguez
Title: Vice President

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