



Sean Rogan
Executive Director

**HOUSING AUTHORITY
of the County of Los Angeles**

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Gloria Molina
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ADOPTED

BOARD OF COMMISSIONERS
HOUSING AUTHORITY

March 08, 2011

The Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

#1-H MARCH 8, 2011

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

**AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE THE FOURTH AMENDMENT TO THE
LIMITED PARTNERSHIP AGREEMENT OF SEGUNDO TERRACE, L.P.
(DISTRICT 2) (3 VOTE)**

SUBJECT

This letter recommends that the Board authorize the Executive Director to execute the Fourth Amendment to the Limited Partnership Agreement of Segundo Terrace, L.P., in order for the Housing Authority to formally withdraw from Segundo Terrace, L.P., a California limited partnership (the "Partnership").

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Executive Director or his designee to execute the Fourth Amendment to the Limited Partnership Agreement of the Partnership, and all other necessary documents related to the Housing Authority's withdrawal from the Partnership, following approval as to form by County Counsel.
2. Find that the execution of the Fourth Amendment to the Limited Partnership Agreement and related documents is not subject to the provisions of the California Environmental Quality Act (CEQA) because withdrawal from the Partnership is not defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to authorize the Executive Director or his designee to execute the Fourth Amendment to the Limited Partnership Agreement of the Partnership, and all other necessary documents related to the Housing Authority's withdrawal from the Partnership. The Housing Authority's participation in the Partnership is no longer necessary.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Segundo Terrace Apartments are located at 2200, 2242 and 2346 E. El Segundo Blvd., in the unincorporated Compton area. The development consists of 13 three-bedroom units and 12 four-bedroom units providing 25 units of affordable multi-family housing. All are reserved for very-low-income households earning no greater than fifty percent (50%) of the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for family size, as defined by the U.S. Department of Housing and Urban Development. The Segundo Terrace Apartments are owned by the Partnership and were developed by the Housing Authority in 1997 using HOME funds and tax increment funds, both from the Community Development Commission of the County of Los Angeles, as well as Low Income Housing Tax Credits financing, and a loan from Century Housing Corporation.

The original Partnership was created on February 28, 1997 between Sanwa Bank California, the Limited Partner, and the Housing Authority of the County of Los Angeles, as General Partner. The First Amendment to the Limited Partnership Agreement was executed on May 20, 1998. Its purpose was to revise the percentage interests of the Partners and the allocation of profits and losses, low-income housing credits and cash distributions to each of the Partners. On January 1, 2004 the Second Amendment to the Limited Partnership Agreement was executed, which admitted APH Corporation to the Partnership as Managing General Partner; changed the Housing Authority's capacity from General Partner to Special Limited Partner; and admitted Bank of the West as successor to Sanwa Bank. A Third Amendment to the Limited Partnership Agreement was executed on December 31, 2010, which facilitated Bank of the West's exit from the Partnership and Los Angeles County Housing Development Corporation's admission as Limited Partner.

The Housing Authority's involvement in the Partnership is no longer necessary. In order to reduce its exposure to potential liabilities, the Housing Authority seeks to withdraw from the Partnership. The Los Angeles County Housing Development Corporation and the APH Corporation have both approved the Housing Authority's withdrawal from the Partnership.

A proposed Fourth Amendment to the Limited Partnership Agreement of the Partnership is attached in substantially final form. On February 23, 2011, the Housing Commission recommended approval of the Amendment. The Amendment will be effective following approval as to form by County Counsel and execution by all parties.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment.

This action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

The Honorable Board of Supervisors

3/8/2011

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed actions would allow the Housing Authority to withdraw from the Segundo Partnership. Existing tenants and property operations would not be affected by the Housing Authority's withdrawal.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line extending to the right.

SEAN ROGAN
Executive Director

SR:cr

Enclosures

**FOURTH AMENDMENT TO THE LIMITED PARTNERSHIP AGREEMENT OF
SEGUNDO TERRACE, L.P.,
a California limited partnership**

This FOURTH AMENDMENT TO THE LIMITED PARTNERSHIP AGREEMENT of Segundo Terrace, L.P., a California limited partnership (the "Partnership"), dated as of February ____, 2011 (the "Amendment") is made by and between A.P.H. Corporation, a California nonprofit public benefit corporation (the "Managing General Partner"), as the managing general partner ("Managing General Partner), Los Angeles County Housing Development Corporation, a California nonprofit public benefit corporation, as limited partner ("Limited Partner"), and the Housing Authority of the County of Los Angeles, a public body, corporate and politic (the "Withdrawing Partner"), together with the Managing General Partner and the Limited Partner, the "Partners").

W I T N E S S E T H:

WHEREAS, the Partnership was formed as a limited partnership under the laws of the State of California pursuant to that certain Certificate of Limited Partnership filed with the California Secretary of State ("SOS") on February 13, 1997, as File No. 9704400003, as amended by that certain Amendment to Certificate of Limited Partnership, filed with the SOS on June 25, 2007 (collectively, the "Certificate");

WHEREAS, the Withdrawing Partner and Sanwa Bank California, a California chartered bank ("Sanwa"), entered into that certain Limited Partnership Agreement of the Partnership, dated as of February 28, 1997 ("the Original Partnership Agreement"), as amended by that certain First Amendment to the Limited Partnership Agreement of the Partnership, dated May 20, 1998 (the "First Amendment"), as further amended by that certain Second Amendment to the Limited Partnership Agreement of the Partnership, dated as of January 1, 2004, by and between the Managing General Partner, the Withdrawing Partner and Bank of the West, a California banking corporation, as successor in interest to Sanwa ("BOTW"), and as further amended by that Third Amendment to the Limited Partnership Agreement of the Partnership, dated as of December 31, 2010, by and between the Managing General Partner, the Withdrawing Partner, BOTW and the Limited Partner (the "Third Amendment, together with the Original Partnership Agreement, the First Amendment, and the Second Amendment, the "Existing Partnership Agreement"). The Existing Partnership Agreement, together with this Amendment, shall be referred to hereinafter as the "Partnership Agreement");

WHEREAS, the Withdrawing Partner wishes to withdraw from the Partnership (the "Withdrawal"), and assign to the Managing General Partner, and the Managing General Partner wishes to accept and assume, all of Withdrawing Partner's right, title and interest in and to the Partnership (the "Assignment");

WHEREAS, the Partners desire to further amend the Existing Partnership Agreement in order to (i) reflect the Withdrawal, (ii) effect the Assignment, and (iii) further set forth the rights and obligations of the parties hereto.

NOW, THEREFORE, in consideration of the mutual covenants, concessions and agreements herein contained, and other valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT:

1. The Certificate. The Partners hereby agree that the Managing General Partner shall cause a Restated Certificate of Limited Partnership (form LP-10) to be filed with the Secretary of State of California, reflecting the Withdrawal.

2. The Assignment. The Withdrawing Partner hereby transfers, conveys and assigns to the Managing General Partner, effective as of the date hereof, all of the Withdrawing Partner's right, title and interest in and to the Partnership and all of its rights under the Partnership Agreement, including without limitation, (i) all rights of the Withdrawing Partner to receive monies, fees, distributions and other property or assets due and/or to become due to the Withdrawing Partner under the Partnership Agreement and all other Project Agreements, and (ii) all rights of the Withdrawing Partner to compel performance, vote or otherwise exercise all remedies under the Partnership Agreement and other Project Agreements (collectively, the "Partnership Interest"). The Incoming Limited Partner hereby acquires the Partnership Interest effective as of the date hereof. From and after this date, any reference to "Special Limited Partner" or "HACOLA" shall be deemed a reference to the Managing General Partner. The Withdrawing Partner represents, warrants and covenants, to the Managing General Partner, the Limited Partner and the Partnership, that the Withdrawing General Partner has the full power, capacity and authority, and the unrestricted right to convey, transfer and assign the Partnership Interest pursuant hereto.

3. The Withdrawal. The Withdrawing Partner hereby withdraws from the Partnership effective as of the date hereof. Except as provided herein, from and after the date hereof, neither the Withdrawing Partner nor its respective affiliates, members, directors, officers, employees, designees, assignees or beneficiaries shall have any right to any distributions, allocations or other payments or benefits from the Partnership or its Partners nor shall they have the right to the return of any capital contributions or advances. The execution hereof shall constitute the consent of the Partnership, the Managing General Partner and the Limited Partner to the Withdrawal and Assignment by the Withdrawing Partner.

4. Mutual Release and Discharge. The Managing General Partner, the Limited Partner and the Partnership hereby release and forever discharge the Withdrawing Partner and each of its respective past and future partners (general or

limited), shareholders, affiliates, members, directors, officers, employees, designees, assignees and beneficiaries, and (ii) the Withdrawing Partner hereby releases and forever discharges the Managing General Partner, the Limited Partner and the Partnership and each of their respective past and future partners (general or limited), shareholders, affiliates, members, directors, officers, employees, designees, assignees and beneficiaries from any and all claims, demands, damages, losses, liabilities, actions, causes of action, or suits of any kind or nature whatsoever, arising from or relating in any way to (i) the Partnership and the ownership, operation and activities thereof of the Partnership and the Project, (ii) the Partnership Agreement and each of the other documents executed in connection with the Partnership Agreement, (iii) any advances, capital contributions or loans made to the Partnership; provided, however, that each party remains responsible for any claims, demands, actions, losses, or damages arising or resulting from the terms and conditions of this Amendment and as set forth in Section 8 of that certain Assignment and Assumption Agreement, effective December 31, 2010, by and between the Partnership, the Managing General Partner, the Withdrawing Partner, the Limited Partner and BOTW. Each party represents that they have not assigned or transferred any claim that is the subject of the release in the preceding sentence.

5. Percentage Interests. The Percentage Interests of the Partners as of the date hereof, following the Withdrawal and Assignment, shall be as follows:

- i. with respect to the Managing General Partner, one tenth of one percent (0.10%); and
- ii. with respect to the Limited Partner, ninety-nine and nine-tenths percent (99.99%).

6. Defined Terms. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Existing Partnership Agreement

7. Continuation. Except as amended hereby, the Existing Partnership remains in full force and effect.

8. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of California.

9. Headings. Any headings in this Amendment are merely for purposes of convenience, and shall have no meaning whatsoever.

10. Severability. In the event any portion of this Amendment shall be declared by any court of competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from this Amendment, and the remaining parts hereof shall remain in full force and effect, as though such invalid or unenforceable portions had never been part of this Amendment.

11. Counterparts. This Amendment may be executed in several counterparts and all such executed counterparts shall together constitute a single agreement binding on all of the parties hereto.

(document continues on following page)

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

MANAGING GENERAL PARTNER:

A.P.H. Corporation, a California nonprofit public benefit corporation

By: _____

Name: Sean Rogan

Title: President

(signature pages continue on next page)

LIMITED PARTNER:

Los Angeles County Housing Development Corporation, a California nonprofit public benefit corporation

By: _____

Name: Richard R. Wirth

Title: Chairman & Chief Executive Officer

(signature pages continue on next page)

WITHDRAWING PARTNER:

The Housing Authority of the County of Los Angeles,
a public body, corporate and politic

By: _____

Name: Sean Rogan

Title: Executive Director

APPROVED AS TO FORM:

Andrea Sheridan Ordin,
County Counsel

By: _____

Name: Behnaz Tashakorian

Title: Deputy

(end of signature pages)