

## REPORT OF THE PRESIDENT

December 16, 2021

**RESOLUTION AUTHORIZING THE PRESIDENT OF LOS ANGELES LOMOD SOUTH OR HER DESIGNEE TO EXECUTE AMENDMENT NO. 1 TO AGREEMENT OF LIMITED PARTNERSHIP OF 1753 ORCHID PARTNERS, LP WITH PV HIGHLAND, LLC A LIMITED LIABILITY COMPANY AND AFFILIATE OF PATH VENTURES AND THE EXECUTION OF RELATED DOCUMENTS AND AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH**




---

Tina Smith-Booth  
President




---

Lisette Belon  
Secretary

---

**Purpose:** Approve and adopt the Resolution authorizing the President, Secretary and/or Treasurer of Los Angeles LOMOD South, Inc. a California nonprofit public benefit corporation (“LOMOD South”) to enter into Amendment No. 1 (the “Amendment”) to Agreement of Limited Partnership of 1753 Orchid Partners, LP, (“LPA”) with PV Highland, LLC, an affiliate of Path Ventures, in order to amend material terms of the LPA.

Adopting this resolution (Attachment 1) will authorize the President or her designee to execute the Amendment which will change LOMOD South’s ownership interest from 30% to 70% and will change the guarantor from Path Ventures to LOMOD South. LOMOD South’s increased control of the ownership of the Orchid property located at 1753 Orchid, Los Angeles CA 90028 (“Orchid” or the “Property”), will enable LOMOD South to assist in financing the property in the short and long-term, to oversee rehabilitation of the Property, and provide property and asset management oversight services. This greater level of control improves the Authority’s overall position financially while meeting its mission to provide deeply affordable housing to the residents of Los Angeles.

**Issues:**

**Background:** LOMOD South is a nonprofit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law and is an instrumentality of the Housing Authority of the City of Los Angeles (“Authority”). LOMOD South currently owns 63 properties in the Asset Management portfolio, which includes all the properties not required to have single-purpose entity ownership as a bond financing requirement. LOMOD South will continue to be the Administrative General Partner (“AGP”) of 1753 Orchid Partners (the “Partnership”).

PATH Ventures is a California public benefit corporation, missioned with acquiring and developing property for affordable housing and providing and coordinating social services. PATH Ventures created PV Highland

LLC, who serves as Managing General Partner (“MGP”) for the Partnership, and for which PATH Ventures acts as the Limited Partner and is responsible for coordinating services for residents.

On October 29, 2020, the HACLA Board of Commissioners (“BOC”) by Resolution No. 9654, authorized the Authority’s purchase by its instrumentality, LOMOD South to purchase the Property through Project Homekey funding. Also, on October 29, 2020, the LOMOD South Board of Directors (“BOD”) by Resolution No 2020-02, authorized LOMOD South to enter into the LPA with Path Ventures or an affiliate to purchase the Property.

*Developer/  
Ownership*

LOMOD South will remain as the AGP of the Limited Partnership, PV Highland LLC remains as the MGP and Path Ventures remains as the Limited Partner. The draft Amendment to the LPA is provided as Attachment 2 and includes the option for both partners to assign their rights to other entities as long as those entities are wholly owned or managed by either PATH Ventures or HACLA, respectively. It also provides for the partners to exit the partnership with each other’s consent through sale or transfer of the rights and to have the opportunity to buy out each other’s position in the partnership.

LOMOD South, as the AGP, will now hold a 70% majority ownership and receive 70% of all cashflow annually and at capital events, described and defined in the document as the Development Management Fee. PV Highland LLC will hold 30% ownership interest and receive 30% of the Development Management Fee. With the transfer of the majority interest to LOMOD South, HACLA will now provide any guarantees in favor of any Lender (to the extent such Lender requires such guaranty) as part of any financing or refinancing.

**Funding:** No funds are required for this action.

**Attachment:** 1. Resolution  
2. Amendment 1 to the Agreement of Limited Partnership

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AUTHORIZING THE PRESIDENT OF LOS ANGELES LOMOD SOUTH OR HER DESIGNEE TO EXECUTE AMENDMENT NO. 1 TO AGREEMENT OF LIMITED PARTNERSHIP OF 1753 ORCHID PARTNERS, LP WITH PV HIGHLAND, LLC A LIMITED LIABILITY COMPANY AND AFFILIATE OF PATH VENTURES AND THE EXECUTION OF RELATED DOCUMENTS AND AGREEMENTS AND THE UNDERTAKING OF VARIOUS ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, Los Angeles LOMOD South, Inc (“LOMOD South”) is a nonprofit public benefit corporation duly created, established and authorized to transact business and exercise powers under and pursuant to the provisions of the Nonprofit Public Benefit Corporation Law, consisting of Part 2 Division 2 of Title 1 of the California Corporations Code (the “Act”);

**WHEREAS**, the Act authorizes LOMOD South to make and execute contracts and other instruments necessary or convenient for the exercise of its powers;

**WHEREAS**, the Orchid Villas (the “Property”) is comprised of 40 units of permanent supportive housing in a residential development with amenities, of which up to thirty-nine (39) units as Project Based Vouchers (“PBV”) units;

**WHEREAS**, on October 29, 2020, the Housing Authority Board of Commissioners (“BOC”) approved, by Resolution No. 9654, the Authority’s purchase either by itself or its instrumentality, LOMOD South, the purchase of the Property through available Project Homekey funding;

**WHEREAS**, on October 29, 2020, the LOMOD South Board of Directors (“BOD”) by Resolution No 2020-02, authorized LOMOD South to enter into a limited partnership agreement (“LPA”) with Path Ventures or an affiliate to purchase the Property;

**WHEREAS**, LOMOD South is the Administrative General Partner (“AGP”) of 1753 Orchid Partners, LP, a California limited partnership (the “Partnership”), PV Highland, LLC a California limited liability company is the Managing General Partner (“MGP”) and Path Ventures is the Limited Partner;

**WHEREAS**, LOMOD South’s participation as the AGP of the Partnership has been renegotiated to improve LOMOD South’s standing in ownership and participation;

**WHEREAS**, in order to memorialize the renegotiated terms of the LPA, LOMOD South, PV Highland LLC and Path Ventures will enter into Amendment No. 1 to Limited Partnership of 1753 Orchid Partners, LP (the “Amendment”);

**WHEREAS**, LOMOD South will continue to serve as the AGP of the Partnership and will also now perform those responsibilities as the guarantor/indemnitor pursuant to a guaranty agreement or indemnity agreement in favor of any Lender related to a

financing or refinancing (to the extent such Lender requires a guaranty) and will oversee the day-to-day management of the Property; and

**WHEREAS**, LOMOD South will now have an 70% ownership interest in the Property and will receive 70% of Development Management Fees and the MGP and Path Ventures combined will now have a 30% ownership interest in the Property and will receive 30% of any Development Management Fee generated;

**WHEREAS**, the Board of Directors of LOMOD South must approve the execution of the Amendment and all applicable financing and ownership documents related to the Property acquisition and financing, in order to consummate the successful closing, financing and operation of the Property.

**NOW, THEREFORE, BE IT RESOLVED** the Board of Directors of LOMOD South, does hereby authorize and approve as follows:

**Section 1.** The President, the Secretary, or the Treasurer of LOMOD South (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 closings, notes, financing, or ownership documents, including the Amendment and any subsequent amendments to the Limited Partnership Agreement, with such changes approved by counsel, and all other documents or actions which they may deem necessary or advisable in order to consummate, carry out, give effect to and comply with the terms and intent of this Resolution and the consummation of the transactions contemplated hereby. All actions heretofore taken by the officers, employees, attorneys and agents of LOMOD South, and each of them, are hereby authorized and directed to do any and all things necessary and to enter into and execute, acknowledge and deliver any and all agreements, assignments, certificates and other documents that they or counsel may deem necessary or advisable to consummate the development and financing of the Project and to otherwise to effectuate the purposes of this Resolution without further approval of LOMOD South.

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

APPROVED AS TO FORM:  
JAMES JOHNSON

Los Angeles LOMOD South, Inc.

BY: \_\_\_\_\_  
General Counsel

BY: \_\_\_\_\_  
Chairperson Castro

DATE ADOPTED: \_\_\_\_\_

**AMENDMENT NO. 1  
TO  
AGREEMENT OF LIMITED PARTNERSHIP OF 1753 ORCHID PARTNERS, LP**

This Amendment No. 1 (this “**Amendment**”) to Agreement of Limited Partnership of 1753 Orchid Partners, LP dated November 2020 (the “**Existing Agreement**”), entered into as of November \_\_, 2021 (the “**Effective Date**”), is by and among PV Highland LLC, a California limited liability company (“**Managing General Partner**”), Los Angeles LOMOD South, Inc., a California nonprofit public benefit corporation (“**Administrative General Partner**”), and PATH Ventures, a California nonprofit public benefit corporation (“**Limited Partner**”, and together with the Managing General Partner and Administrative General Partner are sometimes collectively referred to herein as the “**Parties**” and individually as a “**Party**”).

**RECITALS**

**WHEREAS**, the undersigned Parties desire to amend the Existing Agreement, as more fully set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. **Definitions; Incorporation of Recitals.** All capitalized terms used and not expressly defined in this Amendment have the respective meanings assigned to such terms in the Existing Agreement. The Recitals set forth above are true and correct and are incorporated into and form a part of this Amendment.

2. **Amendments to Existing Agreement.** As of the Effective Date, the Existing Agreement is hereby amended as follows:

(a) In Article VII, the first sentence is deleted in its entirety and replaced with the following sentence:

“Profits and losses for any year shall be allocated to the Limited Partner and General Partners in accordance with their respective Percentage Interest.”

(b) In Section 8.4, the last sentence is deleted in its entirety and replaced with the following sentence:

“Finally, both General Partners shall be entitled to receive the Development Management Fee, which shall be split in accordance with the Development Management Fee Percentage, but such fee shall only be paid after the Initial Loan has been successfully refinanced with a new Loan.”

(c) Section 9.2 is deleted in its entirety and replaced with the following:

“The Administrative General Partner shall serve as the guarantor / indemnitor pursuant to a guaranty agreement or indemnity agreement in favor of any Lender (to the extent such Lender requires such guaranty), in form and substance acceptable to the Administrative General Partner in its sole discretion (“**Guaranty**”).”

(d) Section 11.1(a)(iv) is deleted in its entirety and replaced with the following:

“Fourth, so long as replacement financing has been obtained for the Initial Loan and a new Loan has been obtained by the Partnership, to the payment of the Development Management Fee due to the General Partners in accordance with the Development Management Fee Percentage.”

(e) In Section 11.3(a)(ii), the second sentence is deleted in its entirety and replaced with the following sentence:

“Upon dissolution of the Partnership, after any allocations under Article VII and the distributions pursuant to this subparagraph (ii), each Partner shall contribute to the capital of the Partnership the lesser of (i) its negative capital account balance, if any, or (ii) the amount which when added to its prior contributions equals its Percentage Interest of the aggregate contributions of all Partners.”

(f) In Schedule A, the following definition shall be added:

““Development Management Fee Percentage” means 30% with respect to the Managing General Partner and 70% with respect to the Administrative General Partner.”

(g) Schedule B is deleted in its entirety and replaced with a new Schedule B as attached hereto as Exhibit 1.

3. **Reaffirmation**. The Parties hereby acknowledge and reaffirm their respective rights and obligations under the Agreement, as amended hereby.

4. **Effective Date of Amendment; Limited Effect**. This Amendment is effective as of the Effective Date. Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and effect and are hereby ratified, confirmed and approved by the Parties. Without limiting the generality of the foregoing, the amendments contained herein shall not be construed as an amendment to or waiver of any other term or provision of the Existing Agreement or as a waiver of or consent to any further or future action on the part of any Party that would require the waiver or consent of any other Party. On and after the Effective Date, each reference in the Existing Agreement to “this Agreement,” “the Agreement,” “hereunder,” “hereof,” “herein,” or words of like import shall mean and be a reference to the Existing Agreement as amended by this Amendment.

5. **Miscellaneous**.

(a) This Amendment (and the rights and obligations of the Parties to this Amendment) is and shall be governed by and construed and interpreted in accordance with the

laws of the State of California without regard to the conflict of laws rules or provisions of such State.

(b) This Amendment shall inure to the benefit of and be binding upon each of the Parties to this Amendment and each of their respective permitted successors and permitted assigns.

(c) The headings in this Amendment are for reference only and do not affect the meaning or interpretation of this Amendment or any section or provision of this Amendment.

(d) This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument and agreement. Executed counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature or signatures.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Parties, intending to be legally bound, have executed this Amendment as of the Effective Date.

**MANAGING GENERAL PARTNER:**

PV HIGHLAND LLC,  
a California limited liability company

By: PATH Ventures,  
a California nonprofit public benefit corporation,  
it sole member and manager

By: \_\_\_\_\_  
Name:  
Title:

**ADMINISTRATIVE GENERAL PARTNER:**

LOS ANGELES LOMOD SOUTH INC.,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Name: Tina Smith-Booth  
Title: President

**LIMITED PARTNER:**

PATH Ventures,  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT 1**

**SCHEDULE B**

Partners

<u>Name</u>	<u>Mailing Address</u>	<u>Agreed Value of Capital Contribution</u>	<u>Percentage Interest</u>
PV Highland LLC	c/o PATH Ventures 340 N. Madison Ave. Los Angeles, CA 90004 Attn: Lois Starr, acting Executive Director	\$29.99	29.99%
Los Angeles LOMOD South, Inc.	c/o The Housing Authority of the City of Los Angeles 2600 Wilshire Blvd., 4th Fl. Los Angeles, CA 90056 Attn: Tina Smith-Booth, President	\$70	70%
PATH Ventures	340 N. Madison Ave. Los Angeles, CA 90004 Attn: Lois Starr, acting Executive Director	\$0.01	.01%
		<b>\$100</b>	<b>100%</b>