RESOLUTION AUTHORIZING THE PRESIDENT & CEO, OR DESIGNEE, TO EXECUTE AMENDMENT NO. 2 TO THE LEGAL SERVICES CONTRACT WITH GOLDFARB & LIPMAN, LLP (HA-2019-133NF) TO INCREASE THE MAXIMUM PAYMENT OBLIGATION BY $250,000 FOR A TOTAL CONTRACT AMOUNT NOT-TO-EXCEED $1,000,000

Purpose: To authorize a $250,000 increase in the maximum payment obligation under the legal services contract with Goldfarb & Lipman, LLP (Goldfarb) for the continuation of specialized legal services to the Housing Authority on an as-needed basis.

Issues: On October 1, 2019, the Housing Authority and Goldfarb entered into Contract HA-2019-133-NF for up to a five-year term in the amount of $500,000, pursuant to Board of Commissioners Resolution No. 9533 (the “Contract”). Goldfarb has significant experience with redevelopment transactions including those requiring multiple layers of HUD approval and utilizing Low Income Housing Tax Credit (LIHTC) financing, the HUD Rental Assistance Demonstration (RAD), and utilization of project-base vouchers (PBVs). Goldfarb is also uniquely qualified to assist the Housing Authority with the resyndications of Aliso Village I and II (aka Pueblo del Sol I and II) because it represented the Housing Authority in structuring the original Hope VI redevelopment of Aliso Village starting in 2001 and in all the subsequent redevelopment phases.

To date, Goldfarb has provided assistance with two primary matters, negotiating and drafting the Second Amendment to the Exclusive Negotiation Agreement and ancillary documents for the redevelopment of the Rancho San Pedro public housing community, and more recently, the resyndication of Pueblo del Sol I. The resyndication of Pueblo del Sol I involved substantial legal support. That support included providing legal assistance and tax advice for the exercise of the Aliso Village I purchase option agreement, helping safeguard the Housing Authority’s rights under the purchase option agreement, and drafting the Ownership Transfer Notification to the California Tax Credit Allocation Committee. In addition, Goldfarb helped determine the steps necessary and HUD approvals required to achieve a RAD conversion of the two phases of Aliso Village (2nd phase anticipated to close in 2021) and assisted the Housing Authority in preparing formation documents for the creation of a single asset entity with La Cienega LOMOD, Inc. as its sole member, and another single asset entity for the Housing Authority (HACLA PDS LLC). Other services included changing the name, amending the bylaws, formation documents and operating agreements for the former Aliso Village Housing Corporation, now Housing Promise Corporation, the disaffiliated entity required to effectuate the resyndications.

Completion of the Pueblo del Sol I resyndication also required an exchange of property with the Los Angeles Unified School District. Goldfarb assisted with these efforts by helping negotiate the property exchange terms and conditions which grew complex due to several title encumbrance issues. These efforts were successful and the resyndication closed in October.
The legal services performed by Goldfarb to date have led to significant utilization of the Contract. Contracting Officer authority was recently utilized to increase the Contract by $250,000 under its Amendment No. 1 but additional contracting authority is required to support continued use of Goldfarb.

A portion of Goldfarb legal expenses incurred in connection with the resyndication of Pueblo del Sol are recoverable from the Project’s financing. For example, $200,000 was reimbursed at the close of the Phase I resyndication. However, these funds cannot be restored to the Contract thereby necessitating an increase in contracting authority.

Over the Contract’s remaining four-year term, Goldfarb’s services are desired to help negotiate the best possible terms and to finalize the evidentiary documents for the resyndication of Phase II of Pueblo del Sol, prepare the necessary legal evidentiary documents, work with HUD legal staff on the Housing Authority’s behalf, achieve the RAD conversion, and handle various related acquisition, rehabilitation and resyndication activities. In addition, transactional legal assistance and opinions may be sought for HUD regulatory and program requirements, real estate and redevelopment matters, public and private financing and Public Works contracting.

The Housing Authority’s existing panel of legal services providers with similar expertise is very limited and most firms lack the knowledge and experience necessary to assist with the above matters. Moreover, Goldfarb’s attorney fee schedule is comparable to our other providers and, as discussed in the Procurement section below, has been determined price reasonable.

Procurement:

Although the Contract is not federally-funded, it was secured in conformity with U.S. Department of Housing and Urban Development (“HUD”) procurement requirements. HUD encourages housing agencies to purchase common goods and services that are routine in nature under contracts awarded by other public agencies through a "cooperative purchasing" procedure to realize greater economy, efficiencies and reduce costs.

Goldfarb provides legal representation to numerous public agencies and several cooperative purchasing opportunities existed. Staff determined that a Goldfarb legal services contract procured by the Richmond Housing Authority was the most economical cooperative purchasing opportunity. The Richmond Housing Authority went through a competitive solicitation for legal services in January 2018. The solicitation was advertised on various Bar Association websites. As result of the outreach, over thirty (30) proposals were submitted. Following an extensive review and vetting including price reasonableness determination, the Richmond Housing Authority Board of Commissioners adopted Resolution No. 2076 authorizing the contract award to Goldfarb in December 2018. Thereafter, the Richmond Housing Authority executed a contract with Goldfarb for an initial three-year term with two one-year options to extend on December 19, 2018. Goldfarb’s attorney fee schedule was analyzed and determined price reasonable as compared to other law firms on our panel. In addition, Goldfarb has agreed to hold its rates without increase over the next five years so that the additional Contract funding remains price reasonable.
Current Request:

To authorize the President & CEO, or designee, to execute an amendment to the contract for a total contract amount of $1,000,000 and to restore the President and CEO’s contracting authority of up to $250,000 should the Contract require further amendment.

Vision Plan:  PATHWAYS Strategy #7: Identify opportunities to reduce operating and administrative costs so that scarce resources are maximized.

Securing the services of Goldfarb at rates locked for the next five years helps reduce outside legal counsel expenses and the legal representation provided including negotiating assistance with the resyndication of Pueblo del Sol helps ensure Housing Authority resources are safeguarded and maximized.

Funding:  The Chief Administrative Officer confirms the following:

Source of Funds: The costs for services rendered by Goldfarb will be paid by non-federal funds realized through uncommitted Rent Subsidy proceeds.

Budget and Program Impact: The necessary funds are available and are included in the 2020 operating budget and will be budgeted in subsequent years as required.

Section 3:  Goldfarb has made a commitment to contribute up to three percent (3%) of amounts paid under the Contract to the Authority’s Section 3 Fund for youth scholarship purposes.

Attachment: Resolution
RESOLUTION NO._____________

RESOLUTION AUTHORIZING THE PRESIDENT & CEO, OR DESIGNEE, TO EXECUTE AMENDMENT NO. 2 TO THE LEGAL SERVICES CONTRACT WITH GOLDFARB & LIPMAN, LLP (HA-2019-133NF) TO INCREASE THE MAXIMUM PAYMENT OBLIGATION BY $250,0000 FOR A TOTAL CONTRACT AMOUNT NOT-TO-EXCEED $1,000,000

WHEREAS, the Housing Authority of the City of Los Angeles (the “Authority”) requires certain specialty legal services;

WHEREAS, on October 1, 2019, the Authority and Goldfarb & Lipman, LLP (“Goldfarb”) entered into Contract HA-2019-133-NF for up to a five-year term in the amount of $500,000, pursuant to Board of Commissioners Resolution No. 9533 (the “Contract”);

WHEREAS, Amendment No. 1 to the Contract was executed on November 15, 2020 under Contracting Officer authority increasing the contracting amount by an additional $250,000 for a total current Contract amount of $750,000;

WHEREAS, for the reasons set forth in the Report of the President and CEO of the same date herewith, the Board of Commissioners (the “Board”) desires to increase the Contract’s maximum payment obligation by an additional $250,000 for a total Contract amount of $1,000,000; and

WHEREAS, the Board also desires to confirm that the Contracting Officer is authorized to increase the Contract by up to an additional $250,000 pursuant to the authority to increase any Board-approved contract by said amount as provided under the Authority’s Procurement Policy.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners authorizes the President & CEO, or designee, to execute Amendment No. 2 to the Contract to increase the maximum payment obligation by $250,000 for a total contract amount of $1,000,000.

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

APPROVED AS TO FORM:    HOUSING AUTHORITY OF THE
JAMES JOHNSON    CITY OF LOS ANGELES

BY: _________________________    BY: _________________________
GENERAL COUNSEL    CHAIRPERSON BEN BESLEY

DATE ADOPTED: ______________________