

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 9, 2017

CAO File No. 0220-00540-1239

Council File No. 09-0318-S1

Council District: Citywide

To: The Mayor
The Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer



Reference: Housing and Community Investment Department Transmittal dated April 12, 2017; Received by the City Administrative Officer on May 22, 2017; Additional information received on June 2, 2017

Subject: **REQUEST FOR AUTHORITY TO AMEND CONTRACT NO. C-115332 WITH GIRLS TODAY WOMEN TOMORROW TO CONVERT URBAN DEVELOPMENT ACTION GRANT LOAN REPAYMENT STRUCTURE FROM CASH PAYBACK TO SERVICE PAYBACK**

RECOMMENDATION

That the Council, subject to the approval of the Mayor:

1. Authorize an annual flat rate service payback amortization for the Federal Urban Development Action Grant (UDAG) loan for Contract No. C-115332 with Girls Today Women Tomorrow (GTWT) of \$100,000 per year;
2. Authorize the General Manager of the Housing and Community Investment Department (HCID), or designee to:
 - a. Negotiate and execute an amendment to Contract No. C-115332 and the accompanying Promissory Note to reflect the new service-payback loan repayment structure for the remaining loan balance of \$190,000, and extend the contract retroactively through July 30, 2017, subject to the approval of the City Attorney as to form, and compliance with the City's contracting requirements;
 - b. Retroactively apply the annual flat rate service payback amortization of \$100,000 per year to the UDAG loan for Contract No. C-115332, with a retroactive service payback amortization rate to commence on January 1, 2015, and fully amortize the balance of the loan as of December 31, 2016, thereby liquidating the remaining balance of the UDAG loan;
 - c. Immediately re-convey the Deed of Trust to GTWT; and,
 - d. Prepare Controller's instructions and make any necessary technical adjustments

consistent with the Mayor and City Council actions on this matter, subject to the approval of the City Administrative Officer, and request the Controller to implement the instructions.

SUMMARY

The General Manager of the Los Angeles Housing and Community Investment Department (HCID) requests authority to convert the remaining balance of \$190,000 from an existing City loan of \$500,000 to the Girls Today Women Tomorrow (GTWT) (Contract No. C-115332) into a service payback loan and negotiate and execute the necessary documents. In April 2009, the Community Development Department (now consolidated as part of the HCID) provided a short-term cash-payback loan of Federal UDAG funds in the amount of \$500,000 to GTWT under Contract No. C-115332 for the acquisition and renovation of two properties located at 1927 and 1929 East 2nd Street in the Boyle Heights community of Los Angeles. The 1927 East 2nd Street location continues to be used for the GTWT's administrative office and operation of the GTWT Community Empowerment Center. To date, the GTWT has repaid \$310,000 of the UDAG loan, and has a remaining loan balance of \$190,000 under this contract (C-115332). Federal Tax Returns demonstrate that the GTWT has been experiencing an ongoing budget deficit since 2013.

The GTWT's mission is to provide education, wellness, leadership, and service training programs specifically focused to teen-aged girls. Annually, GTWT provides direct services to more than 200 local girls, and staff provide outreach services to over 1,500 additional girls through school presentations, resource fairs, and small group workshops. Since 2009, the CDD (now HCID) has conducted ongoing quarterly desk reviews and bi-annual site visits of GTWT's program delivery, which has continuously demonstrated GTWT's ability to exceed their quarterly service goals.

The proposed service payback structure in HCID's report includes: 1) an extension of the term of the agreement retroactively through July 30, 2017; 2) service payback amortization of \$100,000 per year and application of service payback credit to begin retroactive to January 1, 2015, which would fully amortize the balance of the loan as of December 31, 2016; and 3) re-convey the Deed of Trust on the property to GTWT. This Office concurs with HCID's request. The recommendation in this report is in compliance with the City's Financial Policies in that there is no additional cost to the City.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund. The recommendations in this report are in compliance with the City's Financial Policies in that converting an existing cash-payback loan into a service payback loan to the Girls Today Women Tomorrow does not result in additional costs to the City.