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CRA File No. 9230

Council District: 1

Contact Person: Jason Neville  
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Honorable Council of the City of Los Angeles  
John Ferraro Council Chamber  
200 N. Spring Street  
Room 340, City Hall  
Los Angeles, CA. 90012

**COUNCIL TRANSMITTAL:**

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on July 15, 2010, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

**VARIOUS ACTIONS RELATED TO:**

EXECUTE FUNDING AGREEMENT IN AN AMOUNT NOT TO EXCEED \$700,000 WITH THE LOS ANGELES RIVER REVITALIZATION CORPORATION AND RELATED BUDGET ACTIONS

**RECOMMENDATION**

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

**ENVIRONMENTAL REVIEW**

The recommended action does not constitute a "project" as defined by the California Environmental Quality Act "CEQA")

**FISCAL IMPACT STATEMENT**

There is no fiscal impact to the City's General Fund, as a result of this action.

  
\_\_\_\_\_  
Christine Essel, Chief Executive Officer



cc: Sharon Gin, Office of the City Clerk (Original & 3 Copies on 3-hole punch)  
Lisa Johnson Smith, Office of the CAO  
Ivania Sobalvarro, Office of the CLA  
Steve Ongele, Office of the Mayor  
Noreen Vincent, Office of the City Attorney  
Councilmember Ed Reyes, Council District 1

REVISED:

MEMORANDUM

10

Recommendation as underlined

DATE: JULY 15, 2010 CN3500

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTIES: DONALD R. SPIVACK, DEPUTY CHIEF OF OPERATIONS AND POLICY  
JASON NEVILLE, ASSOCIATE PLANNER

SUBJECT: FUNDING AGREEMENT IN AN AMOUNT NOT TO EXCEED \$700,000 WITH LOS ANGELES RIVER REVITALIZATION CORPORATION AND RELATED BUDGET ACTIONS

RECOMMENDATIONS

A. That the CRA/LA Board of Commissioners, subject to City Council approval, authorize the Chief Executive Officer or designee to:

1. Execute a Funding Agreement ("Agreement") with the Los Angeles River Revitalization Corporation ("RRC") to provide CRA/LA funds as working capital for the RRC; and
2. Transfer ~~\$249,000~~ \$700,000 from Citywide Non-Housing Los Angeles River budget of CRA/LA funds to the RRC, in two three installments, as working capital to allow it to implement revitalization efforts in the Los Angeles River corridor; and
3. Amend the FY2011 budget to recognize an additional carryover of \$228,200 in Citywide Non-Housing funds to the Los Angeles River budget

~~B. That the CRA/LA Board of Commissioners, subject to City Council approval, authorize the Chief Executive Officer or designee to:~~

- ~~1. Amend the FY2011 budget to recognize an additional carryover of \$228,200 in Citywide Non-Housing funds to the Los Angeles River budget; and~~
- ~~2. Transfer \$450,001 from Citywide Non-Housing Los Angeles River budget to the RRC to provide working capital to allow it to implement revitalization efforts in the Los Angeles River corridor.~~

SUMMARYInitial Funding of RRC

The recommended actions will provide initial funding for the RRC in the amount of \$700,000 to begin implementation of the real estate development goals of the Los Angeles River Revitalization Master Plan ("Master Plan"). The terms and schedule of disbursement of the initial funds are described in the Agreement (Attachment A hereto).

Although CRA/LA budgeted the full amount for this program in its FY2010 budget, only \$491,800 was carried over to the FY2011 budget. This was due to the expectation that the Agreement would be in place during FY2010 and that an initial payment would be made before June 30, 2010. Accordingly, staff is recommending that the FY2011 budget be amended to carry over \$228,200 from the FY2010 Los Angeles River Citywide Non Housing budget, leaving a balance of \$20,959.

The RRC's goal of sustainable, river-oriented development in the Los Angeles River corridor is wholly aligned with CRA/LA's mission to make strategic investments to create economic opportunity and improve the quality of life for people who live and work in its neighborhoods—specifically CRA/LA Strategic Plan goals 1.4.4 (form/partner new entities such as RRC), 2.2.1 (create publicly-accessible open spaces), and 2.2.3 (ensure development of LA River-related projects).

Funding Agreement with RRC

The Agreement will fund the RRC in the amount of \$700,000 to be provided as a grant. This grant shall be deposited with the RRC on the following schedule: a principal amount of no less than \$100,000 no later than ten (10) calendar days from the effective date of the Agreement and documentation that RRC has procured Directors and Officers Insurance. A second installment of \$149,999 no later than sixty (60) days from the first installment if such date precedes City Council approval of the CRA/LA Board action of July 15, 2010 authorizing this agreement, or half the remaining balance if such approval has occurred; and the balance no later than sixty (60) days thereafter, subject to the adoption of a work program, budget and spending plan by the RRC, and approval by the Los Angeles City Council of said Board actions.

The subject CRA/LA funds shall be used by the RRC for expenses it is legally permitted to incur, including but not limited to, compensation of CRA/LA for its services. The funds shall be deposited into one or more accounts in a bank mutually acceptable to CRA/LA and RRC. A separate CRA/LA Board action is pending to enter into a Services Agreement between CRA/LA and RRC for CRA/LA to perform certain administrative services until the RRC is able to undertake them on its own.

CRA/LA staff has helped the RRC to develop operational policies and procedures that provide sufficient checks and balances and to ensure transparency and integrity. (See Attachment B hereto.) These were adopted by the RRC Board on May 18, 2010.

RE

Initial Action

FUNDING SOURCE

CRA/LA General Revenue

PROGRAM AND BUDGET IMPACT

This action will amend the FY2011 Los Angeles River Citywide Non Housing budget to recognize an additional carryover of \$228,200. There is no impact on the City's General Fund.

ENVIRONMENTAL REVIEW

The recommended action does not constitute a "project" as defined by the CRA/LA California Environmental Quality Act Guidelines.

BACKGROUNDThe Mission of the RRC 07-1342 ✓

The City Council adopted the Master Plan on May 9, 2007, providing a framework for restoring the River's ecological function and for transforming it into an amenity for residents and visitors to the City. The Master Plan was developed by a multi-disciplined consultant team directed by the City Bureau of Engineering, assisted by a Technical Task Force of City, County, State, and Federal representatives, including CRA/LA. To implement the vision of a revitalized Los Angeles River, the Master Plan calls for creation of the RRC to direct public and private financing for River-related and neighborhood revitalization projects in the Los Angeles River Corridor. The intent and purpose of the RRC is to improve the quality of life in Los Angeles by revitalizing the Los Angeles River corridor through activities that advance urban revitalization, promote economic development and job creation, increase recreation opportunities, restore habitat, improve water quality, increase usable open space, and create community connectivity adjacent to the Los Angeles River. The Master Plan identified CRA/LA as the entity to create the RRC.

The City authorized creation of the RRC on February 25, 2009 (CF 07-1342-S6) to lessen the burdens of government by implementing the Master Plan with respect to revitalization and redevelopment of areas along the Los Angeles River within the City of Los Angeles.

CRA/LA Assistance to RRC

CRA/LA staff was asked to make recommendations on the specific roles and responsibilities of the RRC. Working with City staff, legal counsel, and various stakeholders, CRA/LA staff finalized those details and worked with outside legal counsel (Best Best and Krieger, LLC) to draft Articles of Incorporation and Bylaws for the RRC. The RRC was incorporated as a

501(c)(3) California nonprofit benefit corporation on October 16, 2009. The RRC's Board of Directors is appointed by the Mayor and the City Council. There are 9 seats on the Board, 8 of which are currently filled. The current membership of the RRC Board is shown on Attachment C. The RRC Board began meeting monthly in December 2009.

Since adoption of the Master Plan, CRA/LA staff has been providing technical and professional services to the RRC to assist in its formation and initial work program, such as planning, real estate development, appraisals, risk management, and legal services.

The RRC currently does not have any staff or funding. The transfer of \$700,000 to the RRC will greatly enhance its ability to achieve its goals of revitalizing the Los Angeles River Corridor.

Christine Essel  
Chief Executive Officer

By



Calvin E. Hollis  
Chief Operating Officer  
Real Estate and Economic Development

There is no conflict of interest known to me to exist with regard to any CRA/LA officer or employee concerning this action.

Attachment A	Funding Agreement
Attachment B	Administrative Procedures
Attachment C	RRC Board Members

**FUNDING AGREEMENT**

THIS AGREEMENT, effective as of the \_\_\_ day of \_\_\_\_\_ 2010, is entered into by and between THE LOS ANGELES RIVER REVITALIZATION CORPORATION, a California nonprofit public benefit corporation ("RRC") and THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, a public body, corporate and politic (the "CRA/LA").

**RECITALS**

- A. The City of Los Angeles ("City") authorized the creation of the RRC on February 25, 2009 (CF 07-1342-S6) to lessen the burdens of government by implementing the Los Angeles River Revitalization Master Plan with respect to the revitalization and redevelopment of areas along the Los Angeles River within the City of Los Angeles.
- B. The RRC was incorporated as a California nonprofit public benefit corporation October 16, 2009.
- C. The intent and purpose of the RRC is to improve the quality of life in Los Angeles by revitalizing the Los Angeles River corridor with sustainable land development projects. The primary goal is to implement the Los Angeles River Revitalization Master Plan through activities that advance urban revitalization, blight removal, economic development and job creation, facilitate recreation, habitat restoration, improved water quality, open space, and community connectivity adjacent to the Los Angeles River.
- D. The CRA/LA is a redevelopment agency organized and existing pursuant to the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.).
- E. The CRA/LA was contemplated by the City to assist the RRC and the City in meeting their goals and objectives under the Los Angeles River Revitalization Master Plan, adopted by the City Council on May 9, 2007.
- F. In furtherance of this, CRA/LA has budgeted funds to be used by and for the RRC in carrying out its responsibilities in its initial years until it identifies and secures separate funding (the "CRA/LA Financial Commitment").





## AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the CRA/LA and RRC agree as follows:

1. Grant to RRC; Payment for CRA/LA Services

- 1.1 The CRA/LA agrees to fund the RRC the amount of SEVEN HUNDRED THOUSAND DOLLARS (\$700,000) (the "CRA/LA Financial Commitment") to be provided as a grant to the RRC ("RRC Funds"). RRC Funds shall be deposited with the RRC on the following schedule: a principal amount of no less than ONE HUNDRED THOUSAND DOLLARS (\$100,000) shall be delivered no later than ten (10) calendar days from the effective date of this Agreement and documentation that RRC has procured Directors and Officers Insurance; a second installment of \$149,999 no later than sixty (60) days from the first installment if such date precedes City Council approval of the CRA/LA Board action of July 15, 2010 authorizing this agreement, or half the remaining balance if such approval has occurred; and the balance no later than sixty (60) days thereafter, subject to the adoption of a work program, budget and spending plan by the RRC, and approval by the Los Angeles City Council of said Board actions.
- 1.2 RRC Funds shall be used by the RRC for expenses it is legally permitted to incur, including but not limited to compensation of CRA/LA for services performed under this Agreement. The funds shall be deposited into one or more accounts in a bank mutually acceptable to CRA/LA and RRC. Nothing in this Agreement shall prevent the RRC from using funds available to it to compensate CRA/LA for services performed so long as such use is allowable under the terms and conditions affecting said funds.
- 1.3 An audit of RRC's financial statements shall be conducted annually by an independent certified accountant in accordance with generally accepted auditing standards within six months of the end of the RRC's fiscal year, which ends on June 30. RRC will contract for the services of an independent certified public accountant to perform its annual audits.

2. Miscellaneous Provisions

- 2.1 Indemnification. Except for the gross negligence or willful misconduct, the CRA/LA and RRC undertake and agree to defend, indemnify and hold harmless one another and any of their Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including damage or destruction of any property of either party hereto, arising in any manner by reason of the negligent acts, errors or omissions, or willful misconduct arising from the performance of this Agreement by the CRA/LA or RRC.
- 2.2 Audit Rights. All fiscal records of the RRC relating to this Agreement shall be maintained pursuant to generally accepted accounting standards, and other records shall be maintained to the extent necessary to clearly reflect actions taken and services performed. All records shall be retained and kept accessible for at least three years following the final payment made under this Agreement or all pending matters are closed, which ever is later. If an audit, litigation or other action involving this Agreement is started before the end of the three year period, the records shall be retained until all issues arising out of the action are resolved or until the end of the three year period, whichever is later.

The CRA/LA and its authorized representatives shall have the right to direct access to all of RRC's books, documents, papers and records related to this Agreement for the purpose of conducting audits and examinations and making copies, excerpts and transcripts. These records also include licensed software and any records in electronic form, including but not limited to computer hard drives, tape backups and other such storage devices.

- 2.3 Dispute Resolution. Both Parties have entered into this Agreement in good faith and in the belief that it is mutually advantageous to them. It is with that same spirit of cooperation that they pledge to attempt to resolve any dispute amicably without the necessity of litigation. Accordingly, they agree that if any dispute arises between them relating to this Agreement (the "Dispute"), they will first use the mediation procedures specified in this Article (the "Procedure") prior to commencing additional proceedings as defined below.
- a. The parties agree to participate in good faith in the mediation to its conclusion. If the Disputing Party (as defined below) are not successful in resolving the Dispute through mediation, then the Disputing Party agrees that the Dispute shall be settled by final, binding and confidential arbitration administered by JAMS, or any similar private arbitration/mediation service if JAMS shall no longer be in existence. The controversy or claim shall be settled by a single arbitrator, and all hearings shall be held in Los Angeles County,

California. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The arbitrator shall apply, as applicable, Federal or California law, without regard to the conflict of law rules. California Code of Civil Procedure Section 1283.05, which provides for certain discovery rights, shall apply to such arbitration. Notwithstanding anything to the contrary contained herein, each of the parties hereto shall have the right, without posting any bond or other security, to obtain injunctive and/or other equitable relief and may bring an action in any court of competent jurisdiction in connection therewith, and any party shall have the right to bring an action in any court of competent jurisdiction to compel arbitration hereunder or to enforce an arbitration award. ("Additional Proceedings").

- b. The Party seeking to initiate the Procedure (the "Initiating Party") shall give written notice to the other Party (the "Disputing Party") describing in general terms the nature of the Dispute, the Initiating Party's claim for relief, and identifying one or more individuals with authority to settle the Dispute on such Party's behalf. The individuals so designated shall be known as the "Authorized Individuals."
- c. The Authorized Individuals shall have thirty (30) business days from the date of the Disputing Party's written response to the Initiating Party to select a mutually agreeable mediator. In consultation with the mediator selected, the Authorized Individuals shall promptly designate a mutually convenient time and place for the mediation, and unless circumstances require otherwise, such time to be not later than forty-five (45) days after selection of the mediator.
- d. In the mediation, each Disputing Party shall be represented by an Authorized Individual and may be represented by counsel. The Disputing Party agrees to sign a document that provides that the mediator shall be governed by the provisions of California law and such other rules as the mediator shall prescribe. The Disputing Party commits to participate in the proceedings in good faith with the intention of resolving the Dispute if at all possible.
- e. The Disputing Party agrees to participate in the mediation procedure to its conclusion. The mediation shall be terminated (i) by the execution of a settlement agreement by the Disputing Party, (ii) by a declaration of the mediator that the mediation is terminated, or (iii) by a written declaration of a Disputing Party to the effect that the mediation process is terminated at the conclusion of one full day's mediation session. Even if the mediation is terminated without a resolution of the Dispute, the Disputing Party agrees not to commence any Additional Proceedings prior to the expiration of five (5) days following the mediation. Notwithstanding the foregoing, any Disputing Party may commence Additional Proceedings within such

five-day period if the Dispute could be barred by an applicable statute of limitations.

- 2.4 Notice. Whenever a notice is required under this Agreement, such notice shall be in writing and shall be sufficient if delivered to the addresses specified below. Notice shall be effective on the next business day after delivery by whatever means prior to 5:00 p.m. to the addresses specified below. Any change of address shall be given in writing in accordance with this Section.

**RRC:**

354 S. Spring Street, Suite 700,  
Los Angeles, California 90013  
Attn: Harry Chandler, Board Chair  
Daniel Tellalian, Board Secretary

After September 1, 2010, the RRC address for notices shall be:  
1200 W. Seventh Street, Suite 200  
Los Angeles, CA 90017  
Attn: Harry Chandler, Board Chair  
Daniel Tellalian, Board Secretary

**CRA/LA:**

The Community Redevelopment Agency of the City of Los Angeles  
354 South Spring Street, Suite 700  
Los Angeles, California 90013  
Attn: Donald R. Spivack, Deputy Chief of Operations and Policy

After September 1, 2010, the CRA/LA address for notices shall be:  
The Community Redevelopment Agency of the City of Los Angeles  
1200 W. Seventh Street, Suite 200  
Los Angeles, CA 90017  
Attn: Donald R. Spivack, Deputy Chief of Operations and Policy

- 2.5 Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or defining or limiting the scope of any provision of this Agreement.
- 2.6 Consent. Whenever in this Agreement any consent or approval is required it shall be made in writing.
- 2.7 Law Governing. This Agreement is made in the State of California under the constitution and laws of the State of California and is to be so construed and interpreted in accordance with the laws of the State of California. Any legal disputes arising from or related to this Agreement shall be resolved in the State of California by an administrative or judicial body.
- 2.8 Amendments. This Agreement may be amended at any time, or from time to time, by one or more supplemental written agreements executed by the parties to this Agreement either as required in order to carry out any of the provisions of this Agreement or for any other purposes of this Agreement.

- 2.9 Severability. Should any part, term or provision of this Agreement be deemed by any court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby and shall remain in full force and effect.
- 2.10 Waiver. Neither the failure nor the delay by any party hereto in exercising any right, power or privilege will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege.
- 2.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute one and the same Agreement.
- 2.12 Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of each of the parties to this Agreement, respectively. No party may assign any right or obligation hereunder without the written consent of the other party.
- 2.13 Authorization. Each individual who executes this Agreement on behalf of a party represents and warrants to the other party that he or she is duly authorized to execute and deliver this Agreement as the binding act of the party on whose behalf such individual so executes.
- 2.14 Entire Agreement. This Agreement constitutes the entire agreement between the parties, and supersedes all prior or contemporaneous agreements, negotiations, representations and understandings, oral or written, between the parties hereto with respect to the subject matter of this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, each and all of the parties hereto have executed this Agreement as of the day and year first above written.

“RRC”

THE LOS ANGELES RIVER REVITALIZATION CORPORATION

By: \_\_\_\_\_

Name: Harry Chandler

Its: Chairman

Date: \_\_\_\_\_

“CRA/LA”

THE COMMUNITY REDEVELOPMENT AGENCY OF  
THE CITY OF LOS ANGELES, CALIFORNIA

By: \_\_\_\_\_

Name: Christine Essel

Its: Chief Executive Officer

Date: \_\_\_\_\_

APPROVED AS TO FORM:  
CARMEN TRUTANICH  
City Attorney

By: \_\_\_\_\_

CRA/LA General Counsel

Date: \_\_\_\_\_





## Introduction and Background

The Los Angeles River Revitalization Corporation (RRC) is a California nonprofit organization created by the City of Los Angeles on February 25, 2009 (Council File 07-1342-S6) to lessen the burdens of government by implementing the Los Angeles River Revitalization Master Plan (LARRMP) adopted by the City Council on May 9, 2007 with respect to the revitalization and redevelopment of areas along the Los Angeles River within the City of Los Angeles within the boundaries of the special use district known as the Los Angeles River Improvement Overlay District (RIO) and any other similar district established by City Council. The RRC was incorporated on October 16, 2009.

Pursuant to a Management Services Agreement between the RRC and the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) dated \_\_\_\_\_, 2010, the CRA/LA is RRC's Management Agent responsible for supporting specific aspects of RRC's operations and work program.

## Administrative Procedures

### 1 Purpose

The purpose of these policies and procedures is to provide clear guidance about key operational areas of the RRC to ensure that it complies with all regulations governing its operations, including but not limited to California Nonprofit Corporation Law and federal 501(c)(3) requirements.

### 2 Annual Financial Review or Audit

An independent financial review or audit shall be conducted annually of the RRC's combined financial statements within six months of the end of the RRC's fiscal year, which ends on June 30. RRC will contract for the services of an independent certified public accountant to perform its annual fiscal reviews or audits.

The reviews or audits shall include, but not be limited to:

- The accurate compilation of financial statements
- A review of accounting and revenue accuracy practices
- A review of internal financial controls

### 3 Insurance Requirements

#### 3.1 RRC Organizational

At all times, the RRC must maintain, at minimum, Directors and Officers Liability Insurance, in minimum limits of at least \$1,000,000.00, covering all RRC directors and officers.

### 3.2 RRC Property Coverage

At such time as the RRC becomes the owner of real property the RRC shall obtain and thereafter maintain property insurance in appropriate limits and type based on the valuation of the property, to be determined at that time.

### 3.3 RRC Crime Coverage (Fidelity Bond)

The RRC shall obtain and maintain crime coverage to protect against crimes involving the theft of money and securities committed by Employees (including Directors and Officers) of the RRC for acts such as check alteration, embezzlement, forgery, fraud (including computer fraud), mysterious disappearance of money, robbery, theft, etc. Such limits shall be determined at the time of submittal of appropriate financial records, budget, revenues, etc.

### 3.4 RRC Workers' Compensation Coverage

At such time as the RRC employs staff, the RRC shall obtain and thereafter shall maintain Workers' Compensation in accordance with State Compensation laws, the RRC shall carry Workers' Compensation and Employers' Liability Insurance for all persons employed.

### 3.5 RRC Commercial Liability

At such time as the RRC should occupy its own facilities, the RRC shall carry Commercial General Liability (Bodily Injury and Property Damage) Insurance in an amount of not less than \$1,000,000 per occurrence, with a \$2,000,000 aggregate combined single limit.

### 3.6 RRC Automobile Liability Insurance

Should the RRC purchase vehicles, the RRC shall obtain and carry Automobile Liability Insurance in limits to be determined at the time based upon the review and recommendation of the CRA/LA Risk Manager.

### 3.7 RRC Borrowers, Sponsors and Guarantors

From time to time the RRC may enter into agreements with private and other public entities to facilitate the acquisition, development and disposition of property. RRC requires its borrowers to have appropriate insurance because significant financial losses can impair a borrower's ability to repay their loans. Insurance coverage must be in place at the time of closing of any RRC financing or financial participation and must be verified. Until such time as RRC shall adopt other guidelines, or grant an agreement-specific exception, the RRC shall follow the CRA/LA Underwriting Guidelines.

### 3.8 RRC Vendors, Contractors and Consultants

Per RRC's Standard Terms and Conditions, each RRC Contractor, Vendor or Consultant (collectively, "Contractor") must provide:

- **Workers' Compensation:** In accordance with State Compensation laws, the Contractor shall carry Workers' Compensation and Employers' Liability Insurance for all persons employed in the performance of services to on or behalf of the RRC. The Contractor shall provide the RRC with a certificate verifying such coverage acceptable to the RRC before commencing services. Such policy shall require thirty (30) days notice to the RRC in writing prior to cancellation, termination or expiration of any kind or modification of any of the coverage there under.
- **Liability (Bodily Injury and Property Damage):** The Contractor shall carry Commercial General Liability Insurance (Bodily Injury and Property Damage) in limits of (1) for

professional and technical services if a provider of goods and services, not less than \$1,000,000 per occurrence with a \$2,000,000 aggregate, combined single limits, or (2) if a developer or construction Contractor, in limits based upon a risk assessment by the CRA/LA Risk Manager. The Contractor shall provide the RRC with certificates verifying such coverage acceptable to the RRC before commencing services. The certificate must be followed within sixty (60) days by an additional insured endorsement to the insurance policy naming the RRC, the CRA/LA and the City of Los Angeles as additional insured. Such policy shall require thirty (30) days notice to the RRC in writing prior to cancellation, termination or expiration of any kind or modification of any of the coverage thereunder. All Commercial General Liability insurance policies shall name the RRC, the CRA/LA and the City of Los Angeles as additional insured.

- **Modifications to Insurance Coverage:** The RRC reserves the right at any time to change the amounts and types of insurance required by giving the Contractor a minimum thirty (30) days advance written notice of such change. If such change(s) should result in substantial additional cost to the Contractor, the RRC agrees to negotiate additional compensation proportional to the increased benefit to the RRC. Any increase to the compensation to be paid shall be accomplished by amendment to the contract with the Contractor, which may require approval by the Board of Directors.
- **Waiver of Insurance Requirement:** For contracts under \$25,000, Contractors may sign a waiver or agreement indemnifying the RRC, in lieu of carrying insurance for the contract.

#### 4 Organizational Compliance, Reporting and Record Keeping

##### 4.1 Compliance with the Ralph M. Brown Act

Per its Bylaws, the RRC shall comply with the Ralph M. Brown Act as it relates to Board of Directors meetings, for which the public may obtain meeting minutes and other materials.

##### 4.2 Tax Reporting

The RRC is required to complete:

- A Form 990, Return of Organization Exempt from Income Tax or Form 990EZ on an annual basis.
- Any other reports required by Internal Revenue Service or Franchise Tax Board in order to remain in compliance with its status as a tax-exempt organization.

RRC's Management Agent shall cause to be prepared such tax documents and reports as are required within the time frames specified in the applicable codes, and shall obtain the signature of the RRC President or the designated RRC Board Member (in most cases, the Treasurer) for submittal.

##### 4.3 Other Reporting

Additional reporting for RRC may be required to other entities, including but not limited to California Secretary of State.

RRC's Management Agent shall cause to be prepared such reports as are required within the time frames specified in the applicable codes including but not limited to ethics and conflict of interest filings.

#### **4.4 Record Keeping**

Official records, including the articles of incorporation, bylaws, confirmation of tax exempt status, resolutions, tax filings, documentation of compliance with ethics and records retention requirements of the RRC, etc., shall be maintained in a locked room in a fireproof file cabinet. RRC's Management Agent shall be responsible for such record keeping.

### **5 RRC Contracts Policy**

#### **5.1 Vendor Solicitation**

All RRC Vendor Solicitations for amounts in excess of \$5,000.00 will be conducted via a competitive bidding process. Requests for Proposals (RFPs) or Requests for Qualifications (RFQs) will be used whenever RRC wishes to enter into a contract or do business with any business, firms, consultants or organizations as required to fulfill RRC's needs. These vendors may include, but are not limited to:

- Auditor
- Engineering and Geotechnical
- Environmental
- General Legal Counsel
- Management Consultants
- Marketing Consultants
- Real Estate Consultants
- Strategic Planning Consultants
- Suppliers of Goods and Services
- Transaction and Tax Legal Counsel
- Transaction Structuring and Underwriting Consultants

In some cases, an individual consultant will be selected to perform the scope of work. In other cases, RRC may create pre-qualified pools of firms to ensure maximum flexibility in engaging consultants as needs arise.

#### **5.2 Vendor Approval Process**

Staff will prepare a scope of work and Request for Proposals.

- RRC Staff will solicit firms for interest. A minimum of three firms shall be solicited. For solicitations for goods and services less than \$15,000.00 (less than \$25,000.00 if selection is from a pre-qualified pool) a documented verbal or email solicitation shall suffice. For solicitations for amounts of \$15,000.00 and above (\$25,000.00 and above if from a pre-qualified pool) a written solicitation and response shall be required.

- RRC Staff will submit a recommendation to RRC Board for authority to execute a contract with one or more selected vendors. Such recommendations will include information on the firm's qualifications and basis for selection, and key contract terms such as maximum dollar amount, scope of work and termination date. For pools, such request will include information on the firms' qualifications and maximum budget authority for the pool. RRC Board has the authority to approve a staff-recommended vendor or select and approve a different vendor who has been solicited following the procedures set forth herein.
- Following approval by the RRC Board, staff will draft a contract for the solicited services and obtain signatures from the vendor's authorized signature party, verify appropriate insurance is in place, verify that funds for the contract have been encumbered or otherwise segregated to assure availability for payment, and obtain the signature of the Board's authorized signature party.
- Once a contract is in place, Staff will manage vendor contracts and process vendor invoices and payments. A staff member shall be designated as the Contract Officer for each contract, except for contracts specifically for services managed by the Board or a Board member.
- At the completion of the contract, staff will evaluate the Contractor's performance, document the completion of the contract and perform any close-out functions required by the contract.
- When public (federal, state or local) or foundation funding is the source of payment for the contract, staff shall assure that the appropriate solicitation, contracting and documenting procedures required by the fund source have been followed and that appropriate records are kept to meet the funding entity's audit and compliance requirements.

### **5.3 Pre-Qualified Pool Section Process**

- Staff will identify services for which pre-qualified pools may be suitable, draft and seek RRC Board authorization to release a Request for Proposals or Qualifications for such pools. Individual firms, partnerships, joint ventures and other clustering of firms may be allowed to respond if appropriate to the services being solicited. A written solicitation and response shall be required.
- A designated Board Committee and staff will review proposal submissions and submit a recommendation to RRC Board for authority to qualify a pool; RRC Board shall make final selection. Such request will include information on the firms' qualifications, reasons for selection and maximum budget authority for the pool.
- Pools can be approved for a period of up to three years with two one-year extensions.

### **5.4 Vendor Payment Process**

A clear cash management and loan disbursement process is critical for transparency and efficiency. To accomplish this goal, vendor payments will be made as follows:

- All vendor invoices will be approved by Contract Officer as consistent with the Contract and as being of acceptable quality and content

- All payments will be processed according to policies approved by the RRC Board. No invoice or other request for payment shall be paid unless and until the RRC Management Agent has verified that the required insurance is in place and in effect.

## **6 Fiscal Controls**

### **6.1 General**

Access to accounts payable and vendor management software and systems shall be restricted to authorized personnel duly approved by the RRC Management Agent. Only approved and authorized personnel shall have access to checks. RRC Staff who have access to the accounting system shall not have access to checks. Critical financial schedules and documents, checks and other financial instruments shall be kept in a secure location and form, and access to keys and/or safe combinations shall be limited to not more than designated persons. Revenue receipts shall be deposited promptly and records verified and secured.

Fiscal policies shall be reviewed annually by the RRC Board for potential areas of improvement.

Key RRC personnel, once the RRC has its own staff, are required to file appropriate conflict of interest statements, and annually to affirm that they understand and follow all adopted policies and procedures.

### **6.2 Annual Budget**

RRC Staff on an annual basis shall prepare a budget and work program for consideration and adoption by the RRC Board, based on and consistent with the RRC's business plan. The budget preparation shall include a review of projected and actual revenues, projected and actual expenditures, and projected and actual accomplishments. The budget shall be drafted, reviewed and adopted during the fourth fiscal quarter.

Within 30 days of the completion of the fiscal year a reconciliation and closing of the books of the prior fiscal year shall be completed by the RRC Management Agent.

### **6.3 Monthly and Quarterly Budget Review and Reconciliation**

On a monthly basis the Management Agent shall review and reconcile the accounts payable trial balance and the general ledger, review the monthly accruals for accuracy, and review monthly projected versus actual for significant variances. Any such variances shall be investigated promptly by the appropriate level of RRC Management.

### **6.4 Daily and Weekly Budget Review and Reconciliation**

Payable transactions shall be reviewed and compared to evidence such as invoices or contracts prior to being coded and entered into the accounts payable trial balance, and mathematical accuracy of invoices checked. Supporting documentation and invoices shall be marked "paid" once handled to assure they are not subject to reuse. All journal entries shall be supported by appropriate records and reviewed weekly by the Controller or equivalent.

## **7 RRC Payment Processing**

The RRC shall pay all vendor invoices in a timely manner when all requirements for payment have been met.

### **7.1 Routing of Invoices**

Invoices shall be routed in the following manner:

- All invoices should be submitted to RRC's Management Agent for review and processing, including verification that the invoice is consistent with an approved and executed contract and that the Contract officer has approved the work product. Upon receipt, the reviewer shall complete a Payment Request Form and attach it to the approved invoice with any other supporting documentation that may be required.
- The Payment Request Form should then be forwarded to the RRC Treasurer for review and approval.
- Approved Payment Request Forms should be submitted to the Accounting Department of RRC's Management Agent for logging and processing. The Accounting Department will create an accounts payable record for each invoice.

## 7.2 Invoice Processing

Invoices received by the RRC for goods and services authorized by a valid purchase authorization shall be reviewed, approved and paid according to the following process:

### i. Recording Invoices

All invoices received by RRC's Management Agent are to be stamped with the date received and an accounts payable record created for each invoice.

### ii. Invoice Review

Invoices should be reviewed as follows:

- **Comparison to Purchase Authorization.** Invoices should be compared to the original authorization document to ensure the validity of the invoice and assigned account code.
- **Verification of Receipt.** The reviewer shall verify that the invoiced goods or services were received and accepted by the RRC. Invoices for progress payments for ongoing services shall be reviewed to verify invoiced expenses, time charges and material costs are reasonable in light of the reviewer's knowledge of the status of the work.
- **Auditing Invoices.** Invoices should be reviewed to verify the accuracy of mathematical computations, item descriptions, unit prices, quantities received, F.O.B. points, discount terms, applicable taxes, remittance address and any other requirements specified in the purchase authorization.
- **Discrepancy Resolution.** Discrepancies between vendor invoices and RRC purchase authorizations or delivered goods and services shall be resolved by the designated RRC representative. When invoicing discrepancies are discovered, the invoice shall not be paid until the issue is resolved with the vendor.

### iii. Check Preparation

RRC's Management Agent will prepare all checks to pay approved invoices.

### iv. Check Authorization

All checks in the amount of \$250.00 or more require the signatures of RRC President and RRC Treasurer. For checks less than \$250.00, only the RRC Treasurer's signature is required. In the event one of these individuals is not available, the RRC Board Chair is authorized to sign checks and/or approve Payment Request Forms.

**v. Issuing Checks**

Signed checks will be returned to RRC Management Agent and sent to vendors via U.S. mail. The RRC will make all reasonable efforts to mail checks on the same day that they are prepared. Checks that are not mailed on the day they are prepared and signed shall be secured overnight in a locked safe or cabinet, for which not more than two designated officials of the RRC Management Agent shall have access. The RRC Management Agent shall be responsible for knowing the designated staff and verifying that keys or safe combinations are properly protected.

**7.3 Processing by Accounts Payable**

The Accounting Department of the RRC Management Agent completes the following steps before payment is made (i.e. checks are prepared) on approved invoices:

**i. Three-Point Match**

The Accounting Department shall perform a three-point match for each invoice, verifying that the approved invoice corresponds to the purchase authorization and proof of receipt and acceptance.

**ii. Budget Availability**

Before a check can be prepared to pay a vendor's invoice, the Accounting Department shall verify that RRC funds are available to make the payment in the account identified by the invoice reviewer. If sufficient funds are not available to make the payment, the Accounting Department shall contact the person preparing the payment request to resolve the payment issue.

**7.4 Petty Cash Fund**

A petty cash fund for incidental expenses shall be established in the RRC's name as a separate bank account in an amount not to exceed \$500.00. The account will include an associated debit card, in the custody of the RRC Treasurer. Signature cards will be made available to all RRC Board members. Recharging of the Petty Cash fund to its full \$500.00 amount requires that all expenditures be reconciled, and a vote of the RRC Board.



### Appointed Board Members of the River Revitalization Corporation

Name:	Email:	Phone:	Officer Position:	Terms:	Committee:	Appointing Individual:
Harry B. Chandler	<a href="mailto:harry@dreamcity.com">harry@dreamcity.com</a>	(323) 466-4970	Chairperson	5 yrs (2014)	Marketing Committee Funding/Financing Committee Audit Committee	Mayor Antonio Villaraigosa
Dennis Martinez	<a href="mailto:dennymar@aol.com">dennymar@aol.com</a>	(323) 359-5557	Vice Chairperson	4 yrs (2013)	Marketing Committee Chair Real Estate Committee	Council President Eric Garcetti
Bruce Saito	<a href="mailto:bsaito@lacorps.org">bsaito@lacorps.org</a>	(213) 362-9000 x203 (213) 503-7344 (cell)	Treasurer	4 yrs (2013)	Funding/Financing Committee	Council President Eric Garcetti
Daniel Tejlalian	<a href="mailto:dtellalian@emergingmarkets.us">dtellalian@emergingmarkets.us</a>	(323) 465-0406	Secretary	5 yrs (2014)	Real Estate Committee Chair Audit Committee	Councilmember Ed P. Reyes
Ms. Daphne Zuniga	<a href="mailto:hittsdaisy1@gmail.com">hittsdaisy1@gmail.com</a>	(310) 713-1734	n/a	3 yrs (2012)	Marketing Committee	Mayor Antonio Villaraigosa
A. Christian Hart	<a href="mailto:hart@thecbg.com">hart@thecbg.com</a>	(626) 797-3888 x201 (626) 298-0334 cell	n/a	3 yrs (2012)	Funding/Financing Committee Chair Real Estate Committee Audit Committee Chair	Mayor Antonio Villaraigosa
Renata Simril	<a href="mailto:RenataSimril@forestcity.net">RenataSimril@forestcity.net</a>	(213)-488-0010	n/a	5 yrs (2014)	Real Estate Committee	Council President Eric Garcetti
Michael Garcia	<a href="mailto:michaelsantaana@sbcglobal.net">michaelsantaana@sbcglobal.net</a>	(714) 309-1104 cell	n/a	TBD	Funding/Financing Committee	Mayor Antonio Villaraigosa