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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R10-0338
OCT 01 2010

**PROPOSED LEGAL SERVICES AGREEMENT FOR
ASSISTANCE WITH NEW MARKET TAX CREDITS
AT THE COMMUNITY DEVELOPMENT DEPARTMENT**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, CA 90012

Honorable Members:

This report recommends that a contract with the law firm of Meyers Nave be approved so that the firm might advise and assist with the application of New Market Tax Credits, as leveraged by Section 108 Loans and CDBG funds, for the Community Development Department (CDD). CDD has assured that the contract will be funded from grant funds and no general fund money will be expended.

Background

The use of New Market Tax Credit (NMTC) is a relatively new way to leverage financing for economic development projects. The City Council has authorized the Community Development Department (CDD) to use NMTC to help finance the Pico Hauser project and the District Square project. The City does not have any experience with this financing mechanism and is therefore in need of the expertise of outside counsel to ensure that the NMTC loans are made in compliance with tax laws and other state and federal requirements. The CDD is hoping to close the loans as quickly as possible so that the projects may move forward. The CDD has identified grant funds in the amount of \$300,000 to pay for outside counsel on these projects, as well as other NMTC funded projects that will be approved in the future.

Selection of Outside Counsel

The Community Redevelopment Agency (CRA) issued a Request for Proposal in order to establish a panel of outside law firms. City Council approved the panel on 08-2563. Meyers Nave is one of the law firms on the panel and has the requisite expertise to provide advice on NMTC. The firm will provide its services for the City at the hourly rate authorized by City Council, which is \$300 per hour for partner. Pursuant to the City Charter, Section 371(e) (8), the City may use the contracts of other governmental entities, without the need to conduct a separate competitive process.

Recommendation

Based on the foregoing, this Office respectfully request that the City Council:

- 1) Authorize the City Attorney to amend an outside counsel contract with Meyers Nave to add up to \$300,000 and to revise the scope of services to add advice for New Market Tax Credit.
- 2) Authorize the Controller to establish new account G200 Meyers Nave and appropriate \$300,000 within Section 108 Fund No. 43F.
- 3) Authorize the Community Development Department to prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with this action subject to the approval of the CAO and instruct the Controller to implement these instructions.

If you have any questions regarding this matter, please contact Sr. Assistant City Attorney Noreen Vincent at 213-978-8209. She or another member of this Office will be present to answer any questions you may have when you consider this matter.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 

ANNE HALEY
Assistant City Attorney

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