

**MICHAEL N. FEUER**  
CITY ATTORNEY

REPORT NO. R 1 4 - 0 2 4 5  
MAY 19 2014

REPORT RE:

**APPROVAL OF CONTRACTS FOR BOND COUNSEL  
KUTAK ROCK LLP, HAWKINS DELAFIELD & WOOD LLP, SQUIRE SANDERS LLP  
for the  
LOS ANGELES HOUSING AND COMMUNITY INVESTMENT DEPARTMENT**

The Honorable Budget & Finance Committee  
Of the City of Los Angeles  
Room 1010, City Hall  
200 North Spring Street  
Los Angeles, CA 90012

Honorable Members:

This report recommends the approval of three-year contracts with the bond counsel firms of Kutak Rock, LLP (Kutak), Hawkins Delafield & Wood, LLP (Hawkins) and Squire Sanders (US) LLP (Squire Sanders) so that these firms may continue to assist the Los Angeles Housing and Community Investment Department (HCIDLA) in the issuance of housing revenue bonds in the City of Los Angeles (City). Two of the firms, Kutak and Hawkins, have had contracts with the City as bond counsel for HCIDLA. Squire Sanders is a new addition due to the transfer of the Community Redevelopment Agency (CRA) housing bonds to HCIDLA. All three firms have previously served as bond counsel to the CRA, and with the transfer of housing assets from CRA (through CRA/LA as the successor agency to the CRA) to HCIDLA these firms will be able to provide a continuum of service to the City with respect to these bonds. Execution of new contracts is necessary to permit Kutak, Hawkins, and Squire to provide bond counsel services for HCIDLA.

In the area of multifamily housing bonds, no appropriation of general funds is required. The fees are paid out of project proceeds by the developers. In the area of single family homeownership bonds, bond counsel fees are paid out of the Housing Department's Municipal Housing Finance Funds. In all instances, the fees are paid in accordance with a fixed payment schedule based on the size of the bond issue as negotiated by the parties. The fees are paid on a contingency basis; if the bonds fail to close, bond counsel will not be paid for legal services rendered or for expenses incurred.

Procurement of Outside Counsel:

On February 4, 2014, the City Attorney solicited bond counsel services for HCIDLA by issuing a RFP to outside law firms specializing in affordable housing finance. The firms solicited all have an extensive practice in affordable housing finance, and public finance and have served as lead bond counsel in a number of bond issues for the City, including the former CRA, the Housing Authority of the City of Los Angeles, the Department of Airports, the Department of Water and Power, and the Port of Los Angeles. Three of the firms solicited, Kutak, Hawkins, and Squire Sanders are particularly known for their work as lead bond counsel in taxable and tax-exempt multifamily housing bond issues and mortgage revenue (single-family) bond financings.

Required Experience:

The selected firms have demonstrated the following:

- Knowledge and expertise in representing housing bond issuers in California and providing advice to the City on new and complex financing structures.
- Service as lead bond counsel in California housing finances municipal financing closings within the most recent calendar years.
- Recognized expertise in the highly technical requirements of the Internal Revenue Code and the related regulations applicable to the issuance of tax exempt debt.
- Ability as a nationally recognized bond counsel to provide a written bond counsel opinion as to the legality of any bond, note or certificate issue.
- Ability to provide advice on bond disclosure issues as are required by law.
- Ability to provide an acceptable arbitrage certificate.
- Identified tax specialists knowledgeable on the federal requirements relating to the issuance of tax exempt debt.

Selection of Outside Counsel:

On March 26, 2014, and April 11, 2014, interviews were conducted with the applicants. Representatives from the City Attorney and HCIDLA's Affordable Housing Bond Program were present and participated in the interview and selection process.

Local Presence:

All of the recommended firms have a local presence with offices in downtown Los Angeles.

Recommendation:

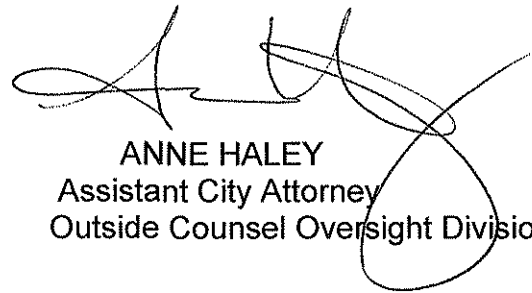
Based on the foregoing, this Office respectfully requests that the City Council approve new three-year contracts with Kutak Rock, LLP; Hawkins Delafield & Wood, LLP; and Squire Sanders (US) LLP.

If you have any questions regarding this matter, please contact Deputy City Attorney Gayle Takahashi at (213) 978-8100. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By:



ANNE HALEY  
Assistant City Attorney  
Outside Counsel Oversight Division

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