

**DATE: OCTOBER 27, 2011**

**FROM: EXECUTIVE OFFICE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVE THE AGREEMENT  
AMONG THE CITY OF LOS ANGELES HARBOR DEPARTMENT, CCF  
COMMUNITY INITIATIVES FUND AND THE HARBOR COMMUNITY  
BENEFIT FOUNDATION**

**SUMMARY:**

Staff recommends that the City of Los Angeles Harbor Department (Harbor Department) enter into an agreement among the CCF Community Initiatives Fund (CIF), a nonprofit entity operated by the California Community Foundation (CCF), and the Harbor Community Benefit Foundation (HCBF) to have the CIF provide fund management services for the Port Community Mitigation Trust Fund, established by the TraPac Memorandum of Understanding (MOU). The proposed agreement satisfies one of the Harbor Department's obligations under the Operating Agreement of the TraPac MOU by retaining the CIF to hold the Port Community Mitigation Fund and release funds to the HCBF as projects or other distributions are approved by the Board of Harbor Commissioners (Board).

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve the proposed restricted fund services and management agreement with the CCF Community Initiatives Fund and the Harbor Community Benefit Foundation;
2. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed restricted fund services and management agreement; and
3. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background – On December 6, 2007, the Board certified the Final Environmental Impact Report (EIR)/Environmental Impact Statement (EIS) for the Berth 136-147 (TraPac) Container Terminal and approved the TraPac Project. Subsequent to that project approval, certain entities, individuals, and organizations (TraPac Appellants)

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appealed the certification/project approval to the City Council under the provisions of the California Environmental Quality Act (CEQA). On April 2, 2008, the Board approved a Memorandum of Understanding (TraPac MOU) between the City of Los Angeles and the TraPac Appellants (Transmittal 1 – Attachment A). The TraPac MOU provides for settlement of the appeals and creation of a Port Community Mitigation Trust Fund (PCMTF) to be operated by a nonprofit entity established for the purpose of overseeing grants from the PCMTF. The nonprofit created for this purpose is the Harbor Community Benefit Foundation (HCBF).

Operating Agreement – The Board approved the organizational documents of the HCBF on October 20, 2010. Among these organizational documents was the Operating Agreement, which is the guiding document that provides for the establishment of the Nonprofit and provides the framework for how the Nonprofit will operate to ensure consistency with the MOU, the Tidelands Trust, and the City of Los Angeles (City) requirements. The Operating Agreement contemplates establishment of the PCMTF with the California Community Foundation or other appropriate financial manager that shall receive, hold, and release funds from the PCMTF in accordance with the Operating Agreement.

California Community Foundation – The California Community Foundation (CCF) is a Los Angeles-based public nonprofit organization founded in 1915 with more than \$1 billion in assets. As a public charity, CCF is unique in focusing its philanthropic and civic engagement efforts locally, on the dynamic needs of Los Angeles County. For nearly a century, CCF has partnered with donors and their families, financial and business advisors, and nonprofits and corporations to effect lasting positive change in the greater community of Los Angeles and beyond. CCF Community Initiatives Fund (CIF) is a California non-profit public benefit corporation operated, supervised and controlled by the CCF.

The CIF would be acting as an escrow agent of the PCMTF. The CIF will provide monthly reports of the PCMTF to the HCBF and to the Harbor Department. The CIF will invest the funds in its two investment pools, the investment policies of which have been reviewed by the Harbor Department's Chief Financial Officer. The CIF may only disburse the PCMTF to HCBF upon and in accordance with approval of the release of funds by the Board after HCBF has requested such of the Board.

Description of the Fund Services and Management Agreement – The Restricted Fund Services and Management Agreement (Transmittal 1) has a 3-year term and establishes that the CIF shall hold, manage, invest and reinvest the PCMTF funds. It also provides instructions for disbursement of funds to the HCBF, pursuant to the Operating Agreement. It establishes a set administrative fee for regular fund management services at one half of one percent (0.50%) per annum which is paid from the PCMTF. It requires monthly accounting statements to be provided and preserves

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the right for the Harbor Department or the HCBF to audit the Fund at any time.

HCBF Board - On October 18, 2011, the HCBF Board approved the CCF Funding Agreement (Transmittal 2).

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of an Agreement with CCF Community Initiatives Fund for fund management services for the PCMTF, established by the TraPac MOU. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Administration of the PCMTF will be managed by the CIF. The agreement term is three years. The CIF charges administrative fees to cover general operating costs. These operating costs will be charged for reasonable and proper compensation for services and expenses by the CIF to the PCMTF. The administrative fee for this PCMTF will be one-half of one percent (0.50%) of contributions received by the CIF for the PCMTF, and notification of any intended change to the fee will be provided prior to the change. Investment management and consulting fees are charged separately and will also be deducted from the PCMTF balance, as well as any additional fees agreed to by the Harbor Department and HCBF.

The PCMTF balance in Account 21958 Center 7000 Program 000 as of September 30, 2011 is approximately \$10 million. This includes funding from projects outlined under the TraPac MOU. This amount also includes interest income of approximately \$680,505 along with payments made by the Harbor Department to Mission Infrastructure, the Interim Entity, in the amount of \$576,914. This amount does not include a payment for the September and October invoices from Mission Infrastructure in the amount of \$23,430.

**ECONOMIC BENEFITS:**

Approval of the proposed Agreement will have no employment impact for the five-county region.

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**CITY ATTORNEY:**

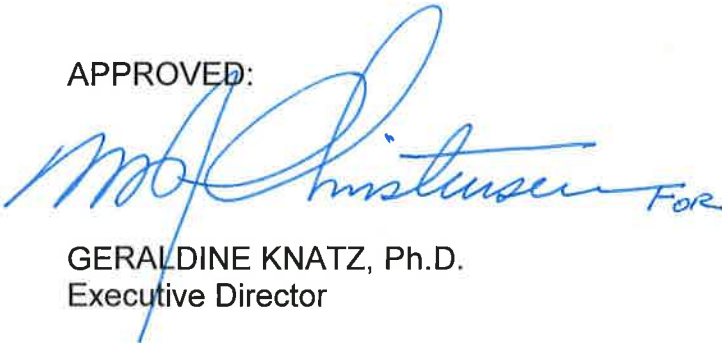
The Office of the City Attorney has reviewed and approved the agreement as to form and legality including conformance with the TraPac MOU and Operating Agreement.

**TRANSMITTALS:**

1. Restricted Fund Services and Management Agreement
2. HCBF Board Approval for CCF Funding Agreement

FIS Approval: EF (initials)  
CA Approval: RV (initials)

APPROVED:



GERALDINE KNATZ, Ph.D.  
Executive Director