RESOLUTION NO. 208-2005

Adopted December 20, 2005

AUTHORIZING A PERSONAL SERVICES CONTRACT WITH C.H. ELLIOTT & ASSOCIATES, A SOLE PROPRIETOR, TO PROVIDE REAL ESTATE CONSULTING SERVICES FOR A TERM OF 1 YEAR, IN AN AMOUNT NOT TO EXCEED $40,000; HUNTERS POINT SHIPYARD REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. In June 1999, the Redevelopment Agency of the City and County of San Francisco’s (the “Agency”) Commission authorized exclusive negotiations with Lennar-BVHP, LLC (the “Developer”) to be the master developer of the Hunters Point Shipyard (the “Shipyard”). On July 22, 2003, the Commission approved a Conceptual Framework for Development, or Term Sheet (the “Phase I Conceptual Framework”), containing the key business terms that became the basis of the Disposition and Development Agreement (the “DDA”) for the first phase of the Shipyard development (“Phase I”), which was approved on December 2, 2003.

2. In July 1999, after an extensive Request for Proposals (“RFP”) process, the Commission selected Jones Lang LaSalle Americas, Inc. (“JLL”) and sub-consultant Seifel Consulting Inc. to be the Agency’s real estate and fiscal economics advisors during the negotiations toward a DDA. Colin Elliott led the JLL team throughout its engagement on the Shipyard transaction. Mr. Elliott was a national director at JLL and was the head of the San Francisco Land Group until an internal reorganization eliminated that group in 2001. Mr. Elliott continued to work on the Shipyard transaction, as contract project leader for JLL, until the original JLL contract expired at the end of August 2002.

3. In order to maintain professional continuity, the Agency entered into a one-year Personal Services Contract (the “PSC”) directly with Mr. Elliott, now doing business as C.H. Elliott & Associates, a sole proprietor (“C.H. Elliott”), on September 1, 2002 for $46,000. Under this contract, Mr. Elliott continued his role as the Agency’s real estate advisor for the Shipyard and assisted the negotiating team in a number of important ways, including finalizing the Phase I Conceptual Framework, supporting the negotiations with the Developer, and analyzing the Developer’s preliminary pro forma operating budgets for Phase I.

4. At the time the Agency entered into contract with C.H. Elliott, Agency and City staff expected to be close to signing a DDA with the Developer by mid-2003. However, due to unforeseen changes in project timing and phasing, in part caused by changes in the anticipated terms of land conveyance from the United States Department of the Navy (the “Navy”), negotiations with the Developer were extended and grew in
complexity. The Commission authorized a First Amendment to the PSC with C.H. Elliott on July 29, 2003. The First Amendment provided for an additional $46,000 to complete the work related to these negotiations and the finalization of transaction documents, including the DDA. The term of the PSC was also extended by an additional 12 months to August 31, 2004.

5. In December 2004, the Navy conveyed the 75-acre Parcel A to the Agency. At that time, it was the desire of the Agency and City to expedite the transfer of Parcel A to the Developer in order to meet the timeframe for issuing the Mello-Roos bonds necessary to pay for the Phase I public infrastructure improvements. Therefore, the Agency and the Developer mutually agreed to address certain transaction-related issues that were anticipated to be addressed in the DDA as closing conditions to transfer of Parcel A to the Developer. Therefore, the Agency still required Mr. Elliott's expertise and knowledge of the transaction in order to successfully complete the Parcel A transfer. On August 17, 2004, by Resolution No. 99-2004, the Commission authorized a Second Amendment to C. H. Elliott's PSC to extend the contract term by an additional 12 months to August 31, 2005. No additional funds were allocated to the contract at that time.

6. The DDA sets forth several Developer obligations and options that may affect the pro forma budget, revenue sharing plan, and overall development phasing and housing tenure split (the number of for-sale versus for-rent units of housing) for Phase I. The Developer must meet these obligations and decide whether to exercise these options by the deadlines outlined in the DDA - many of which must be addressed during the 1st quarter in 2006. In preparation for negotiations with the Developer on these deal points, staff has begun to review the financial, transactional and development impacts that these potential modifications may have on the transaction.

7. As a result of his indepth prior experience with the complex real estate issues related to the Phase I development; Mr. Elliott possesses specialized knowledge of the intricacies of the transaction that would assist Agency staff tremendously in assessing the economic impacts that the potential modifications discussed above may have on the overall Phase I development and related transactional documents. Additionally, the Agency and City negotiators will require his strategic advice in reaching agreement with the Developer on the terms and conditions resulting from these potential modifications.

8. Therefore, Agency staff would like to enter into a PSC with C.H. Elliott pursuant to Section XII.B.4.1. of the Agency's Interim Purchasing Policy and Procedures, which allows for non-competitive negotiations, or sole source contracts, when a service is available only from a single source. Mr. Elliott's provision of real estate consulting services under the proposed PSC will bring C.H. Elliott's total aggregate contract amount for provision of real estate consulting services for Phase I to an amount not to exceed $132,000.
RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to enter into a Personal Services Contract with C.H. Elliott & Associates, a sole proprietor, to provide real estate consulting services for a term of one year, in an amount not to exceed $40,000, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:

[Signature]

James B. Morales
Agency General Counsel