MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee
Executive Director

SUBJECT: Authorizing a Professional Services Contract with Jones Hall, a Professional Law Corporation, for Bond Counsel Services in an amount not to exceed $93,500 related to the proposed change proceedings regarding Hunters Point Shipyard, Community Facilities District No. 7 and Community Facilities District No. 8, and refunding of special tax bonds regarding Community Facilities District No. 7, in each case pursuant to the Hunters Point Shipyard Phase 1 Disposition and Development Agreement; Hunters Point Shipyard Redevelopment Project Area

Authorizing a Personal Services Contract with Goodwin Consulting Group, Inc., a California Corporation, for Special Tax Advisory Services in an amount not to exceed $55,000 related to the change proceedings regarding Hunters Point Shipyard, Community Facilities District No. 7 and Community Facilities District No. 8, and refunding of special tax bonds regarding Community Facilities District No. 7, in each case, pursuant to the Hunters Point Shipyard Phase 1 Disposition and Development Agreement; Hunters Point Shipyard Redevelopment Project Area

EXECUTIVE SUMMARY

The Hunters Point Shipyard Phase 1 developer has requested, pursuant to the Hunters Point Shipyard Phase 1 Disposition and Development Agreement ("Phase 1 DDA"), that the Office of Community Investment and Infrastructure ("OCII"), as successor to the San Francisco Redevelopment Agency, issue Community Facilities District ("CFD") Refunding Bonds to refinance the outstanding $34.5 Million CFD No. 7 bonds in order to avoid project costs and risk associated with the expiration of the letter of credit backing those bonds. In addition, certain changes need to be made to the Rate and Method of Apportionment ("RMA") documents for both CFD No. 7 and the park maintenance district CFD No. 8. To accomplish the bond refunding and change proceedings, OCII needs the services of specialized outside consultants, including a Special Tax Advisor and Bond Counsel.

OCII staff issued a Request for Proposals ("RFP") for Bond Counsel services for its proposed CFD No. 7 refunding bond. Six firms responded to the invitation with respect to the OCII's bond issue. A panel was convened to consider the responses and, after an evaluation, selected Jones Hall for Bond Counsel. The Special Tax Advisory Services contract with Goodwin Consulting Group, Inc. ("Goodwin") was procured on a sole source basis in compliance with the Purchasing Policy (more on this below).

Entering into contracts with Jones Hall and Goodwin is a necessary implementation action to fulfill OCII enforceable obligations under the Hunters Point Shipyard Phase 1 DDA, with HPS Development Co., L.P., ("Lennar") and OCII.
Compensation for Jones Hall for Bond Counsel services and CFD 7 change proceedings will be paid from bond proceeds deposited, at the closing of the bond sale, into a Cost of Issuance account within the Trust set up under the Bond Indenture. Compensation for Jones Hall for change proceedings with respect to CFD No.8 will be paid by CFD No. 8 with funds contributed by Lennar as provided for in the Phase 1 DDA. Together, both scopes of service (CFD No. 7 and CFD No. 8) have a not to exceed amount of $93,500.

Compensation for Goodwin for Special Tax Advisory Services associated with the bond refunding (not to exceed $35,000) will be payable from bond proceeds deposited, at the closing of the bond sale, into a Cost of Issuance account established under the bond documents. Compensation for Special Tax Advisory Services associated with the RMA change-of-scope proceedings (not to exceed $20,000) will be payable from special tax revenues as an administrative expense with respect to CFD No. 7 and with respect to CFD No. 8 will be paid by CFD No. 8 with funds contributed by Lennar as provided for in the Phase 1 DDA. Together, both scopes of service (CFD No. 7 and CFD No. 8) have a not to exceed amount of $55,000.

*Staff recommends authorization of a professional service contract with Jones Hall for Bond Counsel services effective until such time as the financing is complete for a total contract amount not to exceed $93,500.*

*Staff further recommends authorization of a professional services contract with Goodwin Consulting Inc., effective until such time as the financing is complete for a total Contract amount not to exceed $55,000 to serve as OCII's Special Tax Consultant for the two bond series.*

**DISCUSSION**

**Solicitation Process**

*Bond Counsel*: On February 28, 2014 OCII staff issued a RFP for Bond Counsel services for the proposed d CFD No. 7 refunding bond. On the submission deadline of March 6, 2014, six firms had responded to the invitation with respect to OCII’s bond issue. An evaluation panel was convened comprised of Deputy Director Leo Levenson, Interim General Counsel James Morales and Senior Financial Analyst John Daigle.

After due consideration the panel unanimously chose Jones Hall because of its knowledge and experience in CFD financings, redevelopment law and CFD No. 7 in particular. Jones Hall and Chris Lynch, the lead attorney under the contract, were counsel responsible for the legal work in the creation of CFD No. 7 and the issuance of the 2005A Bonds and the 2008 Amendment and change proceedings.

*Special Tax Advisor*: The Purchasing Policy, Section IX. (D) allows the Executive Director to solicit a proposal from only one source under certain conditions (“Sole Source”). In order to meet the Sole Source standard, at least one of the Sole Source conditions must be met. The Sole Source procurement for Goodwin meets the following conditions:

1. The proposed contractor has previously provided the needed Goods or Services to OCII and, in doing so, has performed satisfactorily and gained specific information and experience making the proposed Contractor uniquely qualified to provide the needed Goods or Services.
Goodwin is a State General Services Administration certified woman owned small business enterprise ("SBE") Goodwin has provided satisfactory services to OCII as the CFD Administrator since 2005 when $34.5 million in 2005A Bonds were issued under CFD No. 7. Goodwin has developed a deep understanding of the complexities of the Hunters Point Shipyard project, the finances and operations of CFD No. 7 and CFD No. 8 and their associated resources and obligations and thus is uniquely qualified to assist the Agency.

Scope of Services

1. **Bond Counsel:** Jones Hall will perform services, issue opinions regarding the legality and tax exempt status of the bonds and all other services customary in the practice of the Bond Counsel role. Bond Counsel will be compensated on a transaction basis contingent upon the closing of the bond sale(s) as follows: a) bonds: $75,000; b) change proceedings for CFD No.7 and CFD No.8 $15,000; and c) expenses not to exceed $3,500 with respect to the bond counsel work and the change proceedings work. The contract will remain in effect until the completion of the financing unless terminated under its terms. The total amount of the contract shall not exceed $93,500.

2. **Special Tax Advisor:** Goodwin will review final maps, land use plans, and other documents to confirm the development status and to track changes in ownership and parcel configuration that occur prior to release of the Official Statement for the bonds. Among other tasks, Goodwin will compile the percentage of maximum special tax obligation carried by each property owner, assessed value information, and parcel by parcel value-to-lien ratios. Goodwin will prepare special tax projections that will be used in evaluating special tax coverage, available bonding capacity, and anticipated burdens on undeveloped property after the bond sale. Goodwin will work closely with the disclosure counsel, financial advisor, and underwriter to prepare tables and charts needed to disclose information to potential bond investors in the Official Statement.

Contract Costs

The CFD No. 7 bond work and change proceedings will be paid solely from bond proceeds and payment will be contingent upon the issuance of bonds. The CFD No.8 change proceedings work will be paid by CFD No. 8 with funds contributed by Lennar as provided for in the Phase 1 DDA.

Enforceable Obligation

Under the Redevelopment Dissolution Law Successor Agencies only have the authority to enter into new contracts in compliance with enforceable obligations that existed prior to June 28, 2011 and in accordance with Health and Safety Code 34177.3 (a). OCII has determined that the proposed Personal Services Contracts are required to perform an existing enforceable obligation, as follow:

1. The Phase 1 DDA is an enforceable obligation of OCII and in Recital L provides for the issuance of Mello-Roos CFD bonds. The Personal Services Contracts are necessary in order for OCII to perform its obligation to issue bonds.

2. The costs of the CFD No. 7 change proceedings and the bond issuance will be paid from the Refunding Bond Cost of Issuance Account with District bond proceeds.
Community Outreach
OCII staff provided a briefing for the Mayor’s Hunters Point Shipyard Citizens Advisory Committee (“CAC”) and the community at the CAC’s March 24, 2014 Executive Subcommittee meeting and there was consensus to move this item forward to the Commission.

California Environmental Quality Act
Authorization of the contracts with Jones Hall and Goodwin are not “projects,” as defined by the California Environmental Quality Act (“CEQA”) in CEQA Guidelines Section 15378(b) (5), because the action will allow for the provision of specialized legal and special tax advisory services for OCII, and will not change the physical conditions at the Hunters Point Shipyard, will not independently result in a physical change in the environment and therefore is not subject to environmental review under CEQA.

(Originated by John Daigle, Sr Financial Analyst)

Tiffany Bohce
Executive Director

Attachment A: Personal Services Contract with Goodwin Consulting, Inc

Attachment B: Professional Services Contract with Jones Hall
AUTHORIZING A PERSONAL SERVICES CONTRACT WITH JONES HALL, A PROFESSIONAL LAW CORPORATION, FOR BOND COUNSEL SERVICES IN AN AMOUNT NOT TO EXCEED $93,500 RELATED TO THE PROPOSED CHANGE PROCEEDINGS REGARDING HUNTERS POINT SHIPYARD, COMMUNITY FACILITIES DISTRICT NO. 7 AND COMMUNITY FACILITIES DISTRICT NO. 8, AND REFUNDING OF SPECIAL TAX BONDS REGARDING COMMUNITY FACILITIES DISTRICT NO. 7, IN EACH CASE PURSUANT TO THE HUNTERS POINT SHIPYARD PHASE 1 DISPOSITION AND DEVELOPMENT AGREEMENT; HUNTERS POINT SHIPYARD PROJECT AREA

WHEREAS, Subject to Oversight Board and Department of Finance (“DOF”) approval, the Office of Community Investment and Infrastructure (“OCII”), as successor to the Redevelopment Agency of the City and County of San Francisco is planning to seek approval of the Commission for an amendment and restatement of the current rate and method of apportionment of special tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) (“CFD No. 7”) and Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance) (“CFD No. 8”), that along with other actions, will be in furtherance of a bond issuance to accomplish a conversion of variable rate bonds to fixed rate bonds to pay for infrastructure and parks at the Hunters Point Shipyard, as required by the Hunters Point Shipyard Phase 1 Disposition and Development Agreement (“Phase 1 DDA”); and,

WHEREAS, In order to complete the bond conversion, OCII staff sought specialized legal advice to assist during the bond conversion process (“Bond Counsel”); on February 28, 2014 Agency staff issued a Request for Proposal (“RFP”) for Bond Counsel services for the proposed CFD No. 7 refunding bond; Section IX.C.5 of the Purchasing Policy authorizes OCII staff to select a Contractor from a City panel that was established using the City’s competitive selection process, to the same extent that OCII staff may select a Contractor from an OCII panel authorized under the Purchasing policy; and,

WHEREAS, Six firms responded to the RFP by the submission deadline and an OCII panel reviewed the proposals according to objective scoring criteria and determined that Jones Hall was the highest scoring respondent; and,

WHEREAS, OCII staff recommend entering into a professional services contract (“Contract”) with Jones Hall for Bond Counsel services related to the proposed change proceedings regarding Hunters Point Shipyard, Community Facilities District No. 7 and Community Facilities District No. 8, and refunding of special
WHEREAS, Under the Redevelopment Dissolution Law Successor Agencies only have the authority to enter into new Contracts in compliance with enforceable obligation that existed prior to June 28, 2011 and in accordance with Health and Safety Code 34177.3 (a). The Successor Agency has determined that the proposed Bond Counsel contract complies with existing enforceable obligations created by the Phase I DDA; and,

WHEREAS, Payments under this Contract will be provided from proceeds of any potential CFD No. 7 bond issuance and from Special Tax Revenue from CFD No. 8; and,

WHEREAS, A copy of the Contract is on file with the Secretary of the Commission; and,

WHEREAS, Authorization of the Contract with Jones Hall is not a project, as defined by the California Environmental Quality Act ("CEQA") in CEQA Guidelines Section 15378(b)(5), will not independently result in a physical change in the environment and is not subject to environmental review under CEQA; now, therefore, be it

RESOLVED, That the Commission approves, and authorizes the Executive Director to execute a Contract with Jones Hall, a professional law corporation, for Bond Counsel services related to the proposed change proceedings regarding Hunters Point Shipyard, Community Facilities District No. 7 and Community Facilities District No. 8, and refunding of special tax bonds regarding Community Facilities District No. 7, in each case pursuant to the Hunters Point Shipyard Phase I Disposition and Development agreement in the form of the Contract lodged with the Secretary of the Commission for an amount not to exceed $93,500; and, be it further

RESOLVED, The Commission authorizes the Executive Director of OCII to take such actions as may be necessary or appropriate, to effectuate the purpose or intent of this resolution.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of April 1, 2014.

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Commission Secretary
Commission on Community Investment and Infrastructure

RESOLUTION NO. 23-2014

AUTHORIZING A PERSONAL SERVICES CONTRACT WITH GOODWIN CONSULTANT GROUP, INC., A CALIFORNIA CORPORATION, FOR SPECIAL TAX ADVISORY SERVICES IN AN AMOUNT NOT TO EXCEED $55,000 RELATED TO PROPOSED CHANGE PROCEEDINGS REGARDING HUNTERS POINT SHIPYARD, COMMUNITY FACILITIES DISTRICT NO. 7 AND COMMUNITY FACILITIES DISTRICT NO. 8, AND REFUNDING OF SPECIAL TAX BONDS REGARDING COMMUNITY FACILITIES DISTRICT NO. 7, IN EACH CASE PURSUANT TO THE HUNTERS POINT SHIPYARD PHASE 1 DISPOSITION AND DEVELOPMENT AGREEMENT; HUNTERS POINT SHIPYARD PROJECT AREA

WHEREAS, Subject to Oversight Board and Department of Finance ("DOF") approval, the Office of Community Investment and Infrastructure ("OCII"), as successor to the Redevelopment Agency of the City and County of San Francisco is planning to seek approval of the Commission for an amendment and restatement of the current rate and method of apportionment of special tax for Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) ("CFD No. 7") and Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 8 (Hunters Point Shipyard Phase One Maintenance) ("CFD No. 8"), that along with other actions, will be in furtherance of a bond issuance to accomplish a conversion of variable rate bonds to fixed rate bonds to pay for infrastructure and parks at the Hunters Point Shipyard, as required by the Hunters Point Shipyard Phase 1 Disposition and Development Agreement ("Phase 1 DDA"); and

WHEREAS, In order to complete the bond conversion, OCII staff requires specialized tax advice to assist during the bond conversion process ("Special Tax Advisor"); the OCII is seeking to procure Special Tax Advisor services from Goodwin Consulting Group Inc. ("Goodwin") on a sole source basis; and

WHEREAS, The Purchasing Policy, Section IX.(D) allows the Executive Director to solicit a proposal from only one source (a "Sole Source") under certain conditions. In order to meet the Sole Source standard, at least one of the Sole Source conditions must be met.

WHEREAS, The Sole Source procurement for Goodwin meets the following condition: the proposed contractor has previously provided the needed Goods or Services to the Agency and, in doing so, has performed satisfactorily and gained specific information and experience making the proposed Contractor uniquely qualified to provide the needed Goods or Services. Goodwin is a State General Services Administration certified woman owned small business enterprise ("SBE"). Goodwin has provided satisfactory services to OCII as the CFD Administrator since 2005 when $34.5 million in 2005A Bonds were issued under CFD 7.
Goodwin has developed a deep understanding of the complexities of the Hunters Point Shipyard project, the finances and operations of CFD No. 7 and CFD No. 8 and their associated resources and obligations and thus is uniquely qualified to assist OCII and can do so in the most cost-effective manner; and

WHEREAS, OCII staff recommends entering into a personal services contract ("Contract") with Goodwin to provide Special Tax Advisory services associated with a CFD No. 7 bond conversion and to assist in making related and conforming changes to CFD No. 8; and

WHEREAS, Under the Redevelopment Dissolution Law Successor Agencies have the authority to enter into new Contracts to perform enforceable obligations that existed prior to June 28, 2011 and in accordance with Health and Safety Code 34177.3 (a). The Successor Agency has determined that the proposed Contract is required to perform existing enforceable obligations created by the Phase 1 DDA; and

WHEREAS, Payments under this Contract will be provided from proceeds of any potential bond issuance and from CFD No.7 and from Special Tax Revenue from CFD No. 8;

WHEREAS, Authorization of the Contract with Goodwin is not a project, as defined by the California Environmental Quality Act ("CEQA") in CEQA Guidelines Section 15378(b)(5), will not independently result in a physical change in the environment and is not subject to environmental review under CEQA; now, therefore, be it

RESOLVED, That the Commission approves, and authorizes the Executive Director to execute a Contract with Goodwin Consulting Group, Inc., a California Corporation, for Special Tax Advisor services related to the proposed change proceedings regarding Hunters Point Shipyard, Community Facilities District No. 7 and Community Facilities District No. 8, and refunding of special tax bonds regarding Community Facilities District No. 7, in each case pursuant to the Hunters Point Shipyard Phase 1 Disposition and Development agreement in the form of the Contract lodged with the Secretary of the Commission for an amount not to exceed $55,000; and, be it further

RESOLVED, The Commission authorizes the Executive Director of OCII to take such actions as may be necessary or appropriate, to effectuate the purpose or intent of this resolution.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of April 1, 2014.

Commission Secretary