

DATE ISSUED: October 5, 2005 REPORT NO. CCDC-05-35

ATTENTION: Honorable Chair and Members of the Redevelopment Agency

Docket of October 11, 2005

SUBJECT: Disclosure Counsel Service

Centre City and Horton Plaza Redevelopment Projects

REFERENCE: Nossaman Guthner Knox & Elliott, LLP and

Adorno Yoss Alvarado & Smith Joint Agreement
Orrick Herrington & Sutcliffe LLP Agreement

STAFF CONTACT: Susan Schade, Senior Financial Analyst/Accountant

David Allsbrook, Manager - Contracting and Public Works

SUMMARY

<u>Issue</u> - Should the Redevelopment Agency approve agreements with Nossaman Guthner Knox & Elliott, LLP ("Nossaman") and Adorno Yoss Alvarado & Smith ("Adorno") jointly and Orrick Herrington & Sutcliffe LLP ("Orrick") for a period of three (3) years, to serve as disclosure counsels relating to the sale of tax allocationbonds in the Centre City and/or Horton Plaza redevelopment projects?

<u>Staff Recommendation</u> - That the Redevelopment Agency approve agreements with Nossaman and Adorno jointly and Orrick for a period of three (3) years.

<u>Centre City Development Corporation Recommendation ("CCDC")</u> – On August 24, 2005, the CCDC Board voted in 7-0 in favor of the recommendation.

Other Recommendations - None.

<u>Fiscal Impact</u> - Funds for these Agreements will be provided from the proceeds of the sale of bonds. The compensation for disclosure counsel services, including reimbursement of out-of-pocket expenses, exclusive of printing costs, is contingent upon and payable at the time of a successful completion of a financing. Compensation for services is structured as follows for each bond sale:

<u>Fee</u> - There will be a fixed fee of \$35,000 per bond series. For transactions which involve multiple series of different credits (such as senior/subordinate structures or multiple project areas) or utilize derivative products (such as swaps or auction rate structures), there will be an additional fee of no greater than \$17,000 per bond series.

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BACKGROUND

On July 19, 2005, the Redevelopment Agency approved the Agreements with Nossaman Guthner Knox & Elliott, LLP ("Nossaman") and Adorno Yoss Alvarado & Smith ("Adorno") jointly and Orrick Herrington & Sutcliffe LLP ("Orrick") for a period of three (3) years, to serve as bond counsels relating to the sale of tax allocation bonds in the Centre City and/or Horton Plaza Redevelopment Projects. The Request for Qualifications ("RFQ") for bond counsel services that resulted in the preceding contracts did not include disclosure counsel scope of work. At the time of the issuance of the bond counsel RFQ, staff was still determining whether the Redevelopment Agency should hire a disclosure counsel or have this service remain with Redevelopment Agency's underwriter's counsel.

In reviewing the proposals for bond counsel services, all the firms included their experience as bond counsel, underwriter's counsel, and disclosure counsel. The selection committee for bond counsel, Corporation Board member Wayne Raffesberger, Deputy City Attorney Sharon Matthews, and Corporation staff Frank Alessi and Susan Schade, agreed that the selected firms of Nossaman, Adorno and Orrick were the most qualified to provide disclosure counsel services as well. Since two teams of bond counsel firms were hired, it is believed that the firm not chosen to provide bond counsel services for a particular bond issuance could provide disclosure counsel services.

Since all the firms that submitted proposals in response to the bond counsel RFQ included all of their municipal finance experience, including disclosure counsel services, a separate RFQ for disclosure counsel services would be duplicative. Therefore, an additional disclosure counsel RFQ would not produce any additional advantage and is unnecessary for the selection of a qualified disclosure counsel.

In accordance with Section §22.3212 (e) and Section §22.3037 of the San Diego Municipal Code, the Corporation requested and received approval from the Agency Assistant Executive Director to use a sole source for entering into two contracts for disclosure counsel.

CONSULTANT FIRMS

The consultant firm is comprised of the following principals and primary contacts:

ROLE/FIRM	CONTACT	OWNED BY
Nossaman Guthner Knox & Elliott LLP (OBE)	Jeff A. Stava (Partner) Barney Allison (Partner) David Tan (Partner)	64 Partners (Privately Owned)
Adorno Yoss Alvarado & Smith	Ruben A. Smith (Partner) Thomas A. Zeigler	Raymond G. Alvarado Ruben A. Smith

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Co-bond Counsel	(Partner) Maurice Sanchez		
(MBE)	Jeffrey D. DeCarlo	John M. Sorich	
	(Partner)	(Privately Owned)	

EQUAL OPPORTUNITY

SUBCONTRACTING FIRM & DESCRIPTION	CONTACT	OWNED BY
Law Offices of Samuel Norber (Non-Certified SBE)	Samuel Norber	Samuel Norber (Privately Owned)

ROLE/FIRM	CONTACT	OWNED BY
Orrick Herrington & Sutcliffe LLP (OBE)	William Bothwell (Partner) Larry D. Sobel (Partner) M. Kevin Hale (Associate)	248 Partners (Privately Owned)

Nossaman submitted a Work Force Report on May 12, 2005, which indicates a total of 293 employees in their Orange County office, of which 185 are female, and 67 are members of an under represented ethnic group:

- 2 African-American Males
- 10 African-American Females
- 6 Hispanic Males
- 20 Hispanic Females
- 9 Asian Males
- 18 Asian Females
 - 2 American Indian Females

On September 1, 2005, City of San Diego staff approved an Equal Employment Opportunity ("EEO") plan describing equal employment policies and practices to remedy the identified under-representations.

Adorno submitted a Work Force Report on May 13, 2005, which indicates a total of 36 employees in their Orange County Office, of which 17 are female, and 25 are members of an under represented ethnic group:

- 10 Hispanic Males
- 12 Hispanic Females
 - 2 Asian Males
 - 1 Asian Female

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On August 24, 2005 City of San Diego staff approved an EEO Plan describing equal employment policies and practices to remedy the identified under representations.

Orrick submitted a Work Force Report on May 4, 2005, which indicates a total of 126 employees in their Los Angeles office, of which 61 are female, and 59 are members of an under represented ethnic group:

- 2 African-American Males
- 8 African-American Females
- 5 Hispanic Males
- 20 Hispanic Females
- 8 Asian Males
- 15 Asian Females
- 1 American Indian Female

City of San Diego staff has requested an updated EEO Plan describing equal employment policies and practices to remedy the identified under representations. The original EEO Plan was approved by the City of San Diego in April 2003.

SUMMARY/CONCLUSION

There is no conflict of interest known to me regarding any Agency or Corporation officer or employee regarding this agreement.

Respectfully submitted,		
Susan Schade Senior Financial Analyst/Accountant	Peter J. Hall President	
David Allsbrook Manager - Contracting and Public Works	_	

Attachments:

- Nossaman Guthner Knox & Elliott, LLP and Adorno Yoss Alvarado & Smith Joint Agreement
- · Orrick Herrington & Sutcliffe LLP Agreement

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