



LONG BEACH REDEVELOPMENT AGENCY

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November 6, 2006

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Recommendation to approve and authorize the Executive Director to enter into a contract with White Zuckerman Warsawsky Luna Wolf Hunt LLP. (All Project Areas – Citywide)

DISCUSSION

In recent years the Redevelopment Agency (Agency) has entered into agreements with developers that include clauses for Agency participation in the developers profits in exchange for sharing in the initial risk of a project. The terms of participation vary depending on the specific agreement, but typically the Agency is entitled to a share of the developer's profits above an established return. Participation agreements also specify when participation is triggered, such as when 95 percent of the units in a residential project are sold or after ten years of leasing retail space.

The participation elements of the Agency's agreements with two developers have recently been triggered: Coventry Long Beach Plaza LLC, the CityPlace project, and Lofts Development Inc., the Insurance Exchange renovation. As a result, Agency staff has sought the services of a certified public accountant to verify the eligibility of reported project costs and the accuracy of the profit participation calculations.

Staff recommends entering into a contract with White Zuckerman Warsawsky Luna Wolf Hunt LLP to provide the necessary auditing services. William Wolf, a firm partner and the project manager for the firm's services to the Long Beach Redevelopment Agency, specializes in real estate accounting. Mr. Wolf has completed audits for real estate joint ventures, leading to the identification of funds due his clients. Mr. Wolf has also served as a witness giving testimony on analysis of profitability and partnership in California Superior Court, U.S. District Court and U.S. Court of Federal Claims.

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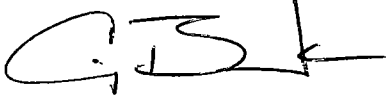
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The proposed agreement would have a one-year term for an amount of \$150,000, with the possibility of two one-year extensions upon written approval of the Redevelopment Agency's Executive Director.

SUGGESTED ACTION:

Approve recommendation.

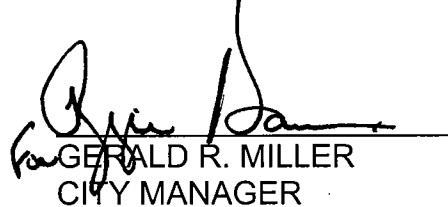
Respectfully submitted,



for PATRICK H. WEST
EXECUTIVE DIRECTOR

PHW:CB:LAF

APPROVED:



GERALD R. MILLER
CITY MANAGER