



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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MEMORANDUM

TO: The Governing Board

FROM:  Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: May 6, 2009

SUBJECT: **Agenda Item XI: Consideration of resolution authorizing entering into a sole source agreement, at no cost to the public, with George Wallach to solicit private funding to complete the acquisition of six lots under an option agreement at the southwest corner of Laurel Canyon Boulevard and Mulholland Drive, Hollywood.**

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing entering into a sole source agreement, at no cost to the public, with George Wallach to solicit private funding to complete the acquisition of six lots under an option agreement at the southwest corner of Laurel Canyon Boulevard and Mulholland Drive.

Background: The Mountains Recreation and Conservation Authority (MRCA) has had the six acres of open space at the intersection of Mulholland Drive and Laurel Canyon Boulevard under option since December 2007. To date \$250,000 of Assessment District Area D funding has gone into the transaction. The private contribution has been \$150,000. Councilmember Jack Weiss has contributed \$15,000. On May 1st the City Council is agendized to vote on two Weiss-Greuel motions to contribute an additional \$97,513 to the acquisition. This funding will cover a June \$25,000 option payment, cover \$9,500 owed on the May payment, and will secure an additional conservation easement not contemplated until last month. The funding will also extend the option period into mid-July.

On the hope that the City approves the funding from the two Council offices' Real Property Trust Funds, there will finally be a moderately extended time period to put efforts into seeking a large donor to complete the transaction. Without a large donor, it is likely that the deal will dissolve and the MRCA will retain three conservation easements. The timing is crucial to turn to motivated individuals to finish the deal.

For over seven months George Wallach has been working independently and with staff to develop a marketing strategy to attract a big donor seeking naming and signage rights for the park. His proposal to the MRCA is to give him exclusive rights to market the property's naming and signage rights. The MRCA will owe approximately \$4,490,000 on the property in the middle of July. To provide incentive to him and his team to find a donor, they have requested that the price to buy the park naming and signage rights be set at an amount ten percent higher. The MRCA's agreement would be to not accept less than this amount from any party seeking naming and signing rights. If any donor is found and the property is completely paid for within the exclusivity period, the MRCA would pay George Wallach ten percent of the privately raised funds.

The first phase of the exclusivity period would run from the time an agreement is signed until the July 2009 cut off period. If funding is found to extend the option period that is not attributable to George Wallach, the exclusivity period, with the ten percent addition on top of the remaining balance and any interest, could be extended at staff's discretion. If funding is found to extend the option period that is attributable to George Wallach, the exclusivity period, with the ten percent addition on top of the remaining balance and any interest, would be extended for as long of a period as Mr. Wallach's donors keep the option agreement funded.

Mr. Wallach has shown great commitment and is the only individual who has come forward with these intentions over the past year and a half. His team members are exceptionally professional and creative. His offer is a wise move to take at a critical time at no public cost.

Any additional public funding put into the deal would directly reduce the principle balance and not be subject to the ten percent mark up.