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REAL ESTATE

SPECIAL COVERAGE: Real Estate

Despite a sagging market, California has seen some major real estate developments in the past year.



THOMPSON



Sheppard Mullin partner steers cash-strapped universities toward creative partnerships with clients

Thompson recently negotiated an innovative public-private partnership arrangement to get a \$250 million housing and retail project off the ground at UC Davis. He sees the deal as symbolic of the way future major development deals are likely to be conducted for universities and other public entities.

Thompson crafted a “master lease” for developer West Village Community Partnership with the University of California for a sprawling 200-acre residential, retail and recreational project called UC Davis West Village. Under the agreement, the developer committed to build the project and rent it back to the university for decades. Thompson is in the process of structuring a series of “sub-phase” leases for later stages of work on the campus extension.

Robert A. Thompson
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San Francisco
Cost of development: \$250 million

He said university officials, increasingly grappling with budget cuts, are more often eschewing the traditional “design-bid-build” process in favor of public-private partnerships to get projects done.

“One of the reasons is that in difficult times, it’s not always easy to come up with the upfront investment, which a private developer will do to get long-term benefits,” said Thompson, a partner in the Real Estate, Land Use and Environmental Practice Group in Sheppard Mullin’s San Francisco office. “The developer builds to suit for use by the agency, and the agency’s rent to the developer is sufficiently credit-worthy that it can be used to get private financing” or long-term bonds.

In a similar deal, Thompson last year led a team of Sheppard Mullin lawyers in representing UC San Francisco and

the nonprofit Campus Facilities Improvement Association in developing a \$200 million Neurosciences Research and Clinical facility at the university’s Mission Bay campus. Under that agreement, a private developer committed to build the facility and rent it back to the university for 30 years.

Plans for the UC Davis development include student housing with space for 1,900 beds; more than 350 single-family homes for students; faculty and staff; and retail and recreational facilities. It is expected to be built over the next several years.

The project will be the largest so-called “zero net energy” development in the U.S., meaning it will annually put back into the electrical grid as much energy as it consumes.

Sheppard Mullin attorneys assisting Thompson included Aaron J. Sobaski and Matthew W. Baker.

— Jason W. Armstrong