



MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE SPECIAL MEETING
JULY 23, 2003, 9:00 A.M.
SOLOMON CONFERENCE ROOM
SAN DIEGO, CALIFORNIA**

ATTENDANCE

Present: Commissioners Grinchuk, Adams-Brooks, Robles, Tumminia and Yip. Also present were Chief Executive Officer Elizabeth Morris and Charles Christensen, General Counsel. Chair Salas and Commission Cramer were absent.

10 CALL TO ORDER

Acting Chair Tumminia called the meeting to order at 9:08 a.m.

20 PUBLIC COMMENT

None.

30 COMMISSIONER COMMENTS

None.

ACTION AGENDA

100 HCR03-053 - Approval of Purchase and Sale Agreement for the Housing Commission's Proposed Office Development (District 2)

Steve Snyder, Asset Manager, provided a staff report.

Ms. Morris thanked Mr. Snyder, Keyser Marston Managing Partner Gerald Trimble, and General Counsel for their efforts and in working closely with the Centre City Development Corporation and the developers. Ms. Morris stated Mr. Trimble's report concludes that Smart Corner is the best option, and she noted this transaction is contingent upon receiving an interest rate of 7 percent or less.



Commissioner Yip asked Mr. Trimble to confirm that the value of the project is not included in the determination of net present value. Mr. Trimble stated that the appreciation on the new building would be higher than the existing building.

Mel Shapiro requested a copy of the October 24, 2003 Gradient Engineers report relating to hazardous substances. Ms. Morris remarked the report would be made available to him before July 29, 2003.

MOTION BY YIP TO

RECOMMENDATION 1A: THE HOUSING COMMISSION RESCIND ITS APPROVAL OF THE INITIAL DRAFT OF THE PURCHASE AND SALE AGREEMENT (PSA) FOR SMART CORNER, VOTED ON JUNE 28, 2002, AND REFERENCED IN HOUSING COMMISSION REPORT NO. HCR 02-063 IN CONJUNCTION WITH THE HOUSING COMMISSION'S PROPOSED NEW OFFICE FACILITY.

RECOMMENDATION 1B: THE HOUSING COMMISSION RECOMMEND HOUSING AUTHORITY APPROVAL OF A NEW PSA (ATTACHMENTS 1 AND 2A AND 2B) WITH LANKFORD & ASSOCIATES, INC., OR A LIMITED LIABILITY COMPANY OF WHICH LANKFORD & ASSOCIATES, INC. IS THE MANAGING MEMBER OWNING NOT LESS THAN 51% OF THE COMPANY, PROVIDED THAT THE COMPOSITION OF THE LIMITED LIABILITY COMPANY IS APPROVED BY THE HOUSING COMMISSION'S CEO, OR DESIGNEE AND GENERAL COUNSEL, AND AUTHORIZE THE CEO TO EXECUTE A PSA AS APPROVED BY GENERAL COUNSEL TO EFFECTUATE THE PURCHASE FOR AN ACQUISITION COST NOT TO EXCEED \$23,846,160.

RECOMMENDATION 1C: THE HOUSING COMMISSION RECOMMEND THE HOUSING AUTHORITY APPROVE A TOTAL DEVELOPMENT BUDGET OF \$26,532,510, AUTHORIZE THE CEO TO EXPEND UP TO THIS AMOUNT, AND DELEGATE THE RESOLUTION OF ALL CARDINAL ISSUES RELATED TO THE ACQUISITION OF THE PROPOSED NEW OFFICE FACILITY TO THE BOARD OF THE HOUSING COMMISSION, SO LONG AS INITIAL ANNUAL PRINCIPLE AND INTEREST COSTS DO NOT EXCEED \$1,754,000.

RECOMMENDATION 1D: THE HOUSING COMMISSION FORM A NEW OFFICE FACILITY ADVISORY AD-HOC COMMITTEE TO BE COMPRISED OF COMMISSIONERS SALAS, YIP AND ADAMS-BROOKS TO PROVIDE HOUSING COMMISSION STAFF DIRECTION AND RESOLVE NON-CARDINAL ISSUES RELATED TO THE ACQUISITION OF THE PROPOSED NEW OFFICE FACILITY. "NON-CARDINAL" ARE THOSE ISSUES NOT INVOLVING CHANGES TO THE ESSENTIAL ELEMENTS OF THE TRANSACTION, BUT INCLUDING ALL OTHER TYPES AND KINDS OF

ISSUES RELATED TO THE TRANSACTION. UPON THE ADVICE OF THE NEW OFFICE FACILITY ADVISORY AD HOC COMMITTEE AND GENERAL COUNSEL, THE AUTHORITY TO MAKE DECISIONS CONCERNING NON-CARDINAL ISSUES SHALL BE VESTED IN THE CEO OF THE HOUSING COMMISSION.

RECOMMENDATION 2A: THE HOUSING COMMISSION REJECT FINANCING TERM SHEETS PROVIDED BY BUCHANAN STREET PARTNERS, L.P. IN CONJUNCTION WITH THE IR CONTRACT AS FINANCIAL ADVISORS TO THE HOUSING COMMISSION. A SUMMARY OF PROPOSED TERMS IS INCLUDED IN ATTACHMENT 4.

RECOMMENDATION 2B: THE HOUSING COMMISSION RECOMMEND HOUSING AUTHORITY ACCEPT THE FINANCING TERM SHEET PROVIDED BY US BANK DIRECTLY TO THE HOUSING COMMISSION (ATTACHMENT 5), AND AUTHORIZE THE CEO, WITH ADVICE AND CONCURRENCE OF GENERAL COUNSEL AND THE COMMISSIONERS' NEW OFFICE FACILITY ADVISORY AD HOC COMMITTEE, TO SEEK A FIRM FINANCING COMMITMENT CONSISTENT WITH THAT TERM SHEET, AND AUTHORIZE EXECUTION OF ALL REQUIRED DOCUMENTS TO SECURE A 2-YEAR FORWARD COMMITMENT FOR FINANCING AND 5-YEAR PERMANENT FINANCING IN AN AMOUNT NOT TO EXCEED \$21 MILLION AT A FIXED INTEREST RATE OF NO GREATER THAN 7 PERCENT.

SECONDED BY GRINCHUCK AND CARRIED ON A UNANIMOUS VOTE OF 5-0 WITH CHAIR SALAS AND COMMISSIONER CRAMER ABSENT.

CLOSED SESSION

The Commission recessed and convened in closed session with the following agenda:

- I. Conference with Legal Counsel - anticipated (threatened) litigation, pursuant to Government Code Section 54956.9(b)(1), (b)(3)(A) and (C), and 54954.5(c):

One (1) matter – In re the matter of San Diego Housing Commission v. Northwestern Mutual Life Insurance Company, Pacifica Companies, North Bonita Partners, N.B. Partners, So. Cal Development, Inc., George Fermanian and Rodney Stone; and/or Commonwealth Land Title Insurance Company, Northwestern Mutual Life Insurance Company, Pacifica Companies v. San Diego Housing Commission

BY A VOTE OF 5-0 WITH CHAIR SALAS AND COMMISSIONER CRAMER ABSENT,
COMMISSIONERS GAVE INSTRUCTION TO COUNSEL CONCERNING POTENTIAL
SETTLEMENT OF ANTICIPATED LITIGATION.

II. Real Property Negotiations

- (a) Conference with Real Property Negotiator - Pursuant to California
Government Code Section 54954.5(b) and 54956.8:

Property: A 60,000 square foot block bounded by
C Street, 11th and 12th Avenues, and
Broadway, also known as parcel
number 534, 194, 01 through 04, and 09
owned by the San Diego
Redevelopment Agency, and parcel
number 08 currently owned by the San
Diego Metropolitan Transit Authority.

Agency Negotiators: Sal Salas, Elizabeth Morris, Carrol
Vaughan, Steve Snyder and Jack Farris
for the San Diego Housing Commission

Negotiated Parties: Lankford Associates, Inc.

Under Negotiation: Price and Terms of Payment

THIS ITEM WAS NOT DISCUSSED.

ADJOURNMENT

Acting Chair Tumminia adjourned the special meeting at 10:53 am.

Respectfully submitted,

Approved by,

Signature on File with Original Document

Angie Risotti

Elizabeth C. Morris

Executive Assistant to CEO

Chief Executive Officer