



REPORT

DATE ISSUED: January 24, 2003 **ITEM 105**

REPORT NO.: HCR03-012
For the Agenda of January 31, 2003

SUBJECT: Finance Brokerage Consultant Contract for the Proposed Housing Commission Office Facility

SUMMARY

Issue: Should the Housing Commission delegate authority to the Chief Executive Officer (CEO) to enter into a contract with the most qualified finance brokerage consultant to assist the Housing Commission in obtaining financing for a proposed office facility?

Recommendation: Authorize the Chief Executive Officer to execute a contract in a form acceptable to General Counsel with the most qualified finance brokerage consultant for the proposed Housing Commission office facility.

Fiscal Impact: It is anticipated that approximately \$5,000 in fees will be expended in the creation of an offering prospectus. An additional commission, typically one percent of the loan amount, will be required at closing.

Certificate of Funding Availability:

Certificate No:	03-099
Amount:	\$5,000 OUSA 307 (\$200,000 – Loan Proceeds)
Revenue Source:	Local
Division:	Asset Management
Line Item:	4120 – Professional Consultants



Equal Opportunity Statement: The current Request for Qualifications public solicitation process requires the successful respondent to identify if they are a Minority or Women Owned Business Enterprise during the contracting process.

Previous Related Action: The Housing Commission previously heard and approved a Purchase and Sale Agreement for the Housing Commission's proposed office facility at its June 28, 2002 meeting (HCR02-063).

Future Related Action: Staff will return to the Housing Commission in March for approval of a revised Purchase of Sale Agreement and financing plan and, if approved, will seek Housing Authority approval of the project.

BACKGROUND

On June 28, 2002, the Housing Commission approved a Purchase and Sale Agreement with Lankford and Associates for a new office facility to be located at 12th and "C" Streets in San Diego. The facility is to include a mid-rise, five-story office building with ground floor retail and a four level below grade parking structure. The Housing Commission intends to occupy and utilize three stories as its main offices. In June 2002, it was anticipated that bonds would be issued to finance the project. Due to current market conditions, staff believes that conventional financing may be more advantageous and is seeking a consultant to assist in obtaining this funding.

DISCUSSION

A Request for Qualifications (RFQ) was issued on January 17, 2003 seeking a consultant to locate and assist the Housing Commission in obtaining the most advantageous financing commitment from a capital source in accordance with the following terms and conditions:

TYPE OF FINANCING:	Forward Commitment for Permanent Financing
FINANCING AMOUNT:	Approx. \$20,000,000
INTEREST RATE:	Lowest Available
TERMS OF FINANCING:	10 years with 25-year amortization (minimum)

The selection committee for the RFQ will include Housing Commission staff, Mr. Sal Salas, Chairman of the Housing Commission Board of Commissioners, and one additional member of the Board of Commissioners. Responses will be evaluated based on the following criteria:

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- Qualifications (30%)
- Knowledge of Capital Sources (30%)
- Knowledge and Experience of Forward Commitments (30%)
- Public Sector Experience (10%)

ALTERNATIVE

Do not authorize the Chief Executive Officer to enter into a contract with a property finance broker consultant on or about February 8, 2003. This is not recommended because it would delay the requisition of these important services.

Respectfully submitted,

Approved by,

Signature on File with Original Document

Steve Snyder
Asset Manager

Elizabeth C. Morris
Chief Executive Officer