

**REQUEST FOR HOUSING AUTHORITY ACTION**  
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER:

CITY ATTORNEY

2. FROM: (ORIGINATING DEPARTMENT)  
SAN DIEGO HOUSING COMMISSION

3. DATE  
June 25, 1999

4. SUBJECT: ISSUANCE OF HOUSING REVENUE BONDS FOR THE SECOND IMPERIAL DEVELOPMENT

5. FOR INFORMATION, CONTACT: (NAME & MAIL STA.)  
JACK FARRIS MS49

6. TELEPHONE NO.  
525-3621

7. CHECK HERE IF BOX 1472A, "DOCKET SUPPORTING INFORMATION," HAS BEEN COMPLETED ON PAGE 2:

**COMPLETE FOR ACCOUNTING PURPOSES**

FUND	DEPT.	ORGANIZATION	OBJECT ACCOUNT	JOB ORDER	C.I.P. NO.	AMOUNT

9. ADDITIONAL INFORMATION / ESTIMATED COST:  
0

**ROUTING AND APPROVALS**

ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
1	CHIEF EXECUTIVE OFFICER	<i>Elizabeth C. Morris</i>			CITY MANAGER		
					AUDITOR		
				2	CITY ATTORNEY	<i>Prescilla Dyer</i>	7-1-99
				3	ORIGINATING DIVISION	<i>Patricia Getzel</i>	
					MGR. DOCKET COORD.		
					COUNCIL REP.		
					<input checked="" type="checkbox"/> RULES COMMITTEE	<input type="checkbox"/> CONSENT	
					<input type="checkbox"/> Refer to	<input checked="" type="checkbox"/> ADOPTION	Date 7-20-99

11. PREPARATION OF:  RESOLUTION(S)  ORDINANCE(S)  AGREEMENT(S)  DEED(S)

SETTING FORTH THE HOUSING AUTHORITY'S OFFICIAL INTENT TO ISSUE MULTIFAMILY HOUSING REVENUE BONDS TO FINANCE THE SECOND IMPERIAL DEVELOPMENT AND AUTHORIZING RELATED ACTIONS.

11a. EXECUTIVE DIRECTOR'S RECOMMENDATIONS:  
APPROVE THE RESOLUTION.

12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.)

HOUSING COMMISSION RECOMMENDATION: THE HOUSING COMMISSION BOARD APPROVED THIS ACTION ON JUNE 25, 1999.

COUNCIL DISTRICT(S): 8

COMMUNITY AREA(S): NESTOR

ENVIRONMENTAL IMPACT: NOT APPLICABLE

OTHER ISSUES: COMPANION ITEM TO CITY COUNCIL REPORT

CIVIL DIVISION  
JUN 30 1999

HOUSING AUTHORITY OF  
THE CITY OF SAN DIEGO

RESOLUTION NO. \_\_\_\_\_

ADOPTED ON \_\_\_\_\_

A RESOLUTION SETTING FORTH THE AUTHORITY'S OFFICIAL INTENT TO  
ISSUE MULTIFAMILY HOUSING REVENUE BONDS TO FINANCE THE  
SECOND IMPERIAL DEVELOPMENT AND AUTHORIZING RELATED  
ACTIONS.

WHEREAS, pursuant to Chapter 1 of Part 2 of Division 24 of the Health and Safety code of the State of California, as amended [the Act], the Housing Authority of The City of San Diego [the Authority] is authorized to issue revenue bonds for the purpose of financing the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing and for the provision of capital improvements in connection with and determined necessary to the multifamily rental housing; and

WHEREAS, the South Pointe Redevelopment, L.P., and/or related entities [the Borrower] have requested the Authority to issue and sell multifamily housing revenue bonds [the Bonds] pursuant to the Act for the purpose of financing the acquisition and rehabilitation of certain multifamily rental housing developments identified in Exhibit A hereto [the Project]; and

WHEREAS, the authority, in the course of assisting the Borrower in financing the Project, expects that the Borrower has paid and may pay certain expenditures [the Reimbursement Expenditures] in connection with the Projects within the period from the date 60 days prior to the adoption of this resolution to the date of issuance of the Bonds; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Projects with proceeds of a subsequent tax-exempt borrowing; and

WHEREAS, the Authority wishes to declare its intention to authorize the issuance of Bonds for the purpose of financing costs of the Projects (including reimbursement of the Reimbursement Expenditures, when so requested by the Borrower upon such terms and conditions as may then be agreed upon by the Authority, the Borrower, and the purchaser of the Bonds) in an aggregate principal amount not to exceed the amount with respect to the Project set forth in Exhibit A; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of division 1 of Title 2 of the California Government Code governs the allocation of the state ceiling among governmental units in the State of California having the authority to issue private activity bonds; and

WHEREAS Section 8869.85 of the California Government Code requires a local agency desiring an allocation of the state ceiling to file an application with the California Debt Limit Allocation Committee [CDLAC] for such allocation, and the Committee has certain policies that are to be satisfied in connection with any such allocation; NOW, THEREFORE,

BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of The City of San Diego, as follows:

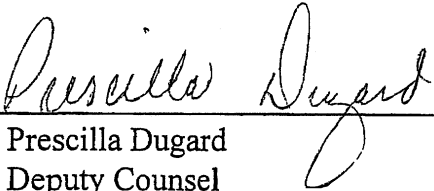
1. *Finding and Determination.* The above recitals, and each of them, are true and correct. The Authority determines that it is necessary and desirable to provide financing for the Projects (including reimbursement of the Reimbursement Expenditures) by the issuance and sale of Bonds pursuant to the Act in aggregate principal amounts not to exceed the amounts set forth in Exhibit A, subject to authorization of the issuance of the Bonds by resolution of the Authority at a meeting to be held for such purpose.

2. *Declaration of Official Intent.* This resolution is being adopted by the Authority solely for purposes of establishing compliance with the requirements of Section 1.103-8(a) (5) and Section 1.150-2 of the Treasury Regulations. In such regard, the Authority declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures. This action is taken expressly for the purpose of inducing the Borrower to undertake the Projects, and nothing contained herein shall be construed to signify that the Projects comply with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority, the City or any officer or agent of the City will grant any such approval, consent or permit that may be required in connection with the acquisition and rehabilitation of the Projects, or that either the authority or the city will make any expenditure, incur any indebtedness, or proceed with the financing of the Projects.

3. *Application to CDLAC.* The officers and/or the program managers of the Authority are authorized and directed to apply to CDLAC for an allocation from the state ceiling of private activity bonds to be issued by the Authority for each of the Projects in an amount not to exceed the amounts set forth in Exhibit A, and to take any and all other actions as may be necessary or appropriate in connection with such application, including but not limited to the

payment of fees, the posting of deposits and the provision of certificates, and any such actions heretofore taken by such officers and program managers are ratified, approved and confirmed.

APPROVED: CASEY GWINN, General Counsel

By   
\_\_\_\_\_  
Prescilla Dugard  
Deputy Counsel

PD:cdk -  
6/ 30/99  
Or.Dept:Hsg.Comm.  
Aud.Cert:N/A  
HA-99-46  
Form=ha&t.frm

**EXHIBIT A**

**EXHIBIT A**

**DESCRIPTION OF PROJECT**

Project Location	Number of Units	Maximum Bond Amount
2002 Rimbey Avenue	240	\$14,000,000



# REPORT

DATE: For the Housing Commission Agenda of June 25, 1999  
REPORT NO: HCR 99 – 071  
SUBJECT: Inducement of Multifamily Housing Revenue Bonds for Second Imperial  
(Council District 8)

## SUMMARY

**Issue No. 1:** Should the Housing Commission recommend that the Housing Authority and the City Council take the Initial steps toward Issuance of taxable and tax-exempt revenue bonds in the approximate amount of \$14,000,000 to finance the acquisition and rehabilitation of the 240 multifamily rental unit Second Imperial project located at 2002 Rimbey Avenue by South Pointe Redevelopment, L.P.?

**Recommendation No. 1:** It Is recommended that the Housing Commission recommend that:

1. The Housing Authority approve a bond inducement resolution and an application to the State for an allocation of bond issuing authority for the project; and
2. The City Council hold a public hearing ("TEFRA" hearing) and approve a resolution approving the issuance of bonds for the project by the Housing Authority.

**Issue No. 2:** Should the Housing Commission approve the financing team to work on preparing the proposed bond Issuance?

**Recommendation No. 2:** It is recommended that the Housing Commission approve CSG Advisors, Incorporated and CIC Research, Inc. (MBE - 20 percent) as financial advisor; Orrick, Herrington & Sutcliffe and Oden, Greene, Murray & Thompson (MBE/DBE -20%), as bond counsel; and Banc One Capital as bond underwriter.



**Fiscal Impact** - None. Approval of the resolutions does not commit the Housing Authority to issue bonds.

**Housing Affordability Impact** - As proposed, the entire 240 units in the project will be set aside for occupancy by low-income renters. Ten percent of the units would be affordable to households earning 50% of Area Median Income (AMI); the remainder would be affordable at 60% AMI.

**Previous Related Action(s)** - None.

**Future Related Action(s)** - A specific authorization to issue bonds for the project will be sought from both the Housing Commission and the Housing Authority at future dates.

## **BACKGROUND**

A General description of the Housing Commission's Multifamily Bond Program and actions that must be taken by the Housing Authority and by the City Council to initiate the proposed financing are described in Attachment 1.

The developer wishes to meet the California Debt Limit Allocation Committee's (CDLAC's) application filing deadline of August 1, 1999 and be considered for an allocation of bonding authority at its September 1999 meeting (refer to Attachment 1 for description of Bond Allocation process). The demand for calendar year 1999 bond allocation is far in excess of the available supply. Thus, there is the possibility that this project might not receive an allocation, and would reapply for the year 2000 allocation.

## **DISCUSSION**

### Project Narrative

This proposal is for the acquisition and rehabilitation of 240 apartment units, located at 2002 Rimbey Avenue (at Saturn Blvd.) in the Nestor area of San Diego, 13 miles south of Downtown. The 8.4 acre site abuts a residential neighborhood and is close to an elementary school. The site is easily accessible to Interstate 5 at Palm Avenue. The intersection of Saturn and Palm, located approximately one mile north of the subject site, provides the retail support for the neighborhood. There is little development south of the property. The Tijuana River National Preserve is one-half mile south of the site; the Imperial Beach Naval Auxiliary landing field is one half mile west; and the Mexican border is less than two miles south. The neighborhood is configured in city blocks with courts and cul-de-sacs, indicating a newer suburban area of San Diego. The project location map is included as Attachment 2.

The development of Second Imperial, which occurred in 1970, was funded partially by a mortgage under the HUD 236 program. In addition to the below market interest rate

mortgage, HUD provided Section 8 assistance to renters earning less than 50 percent of the area median income. The project currently receives project-based rental assistance that, unless renewed by the owner prior to June 30th of each year, expires after that date. The new owner is eligible to renew the project based rental assistance. Should the new owner elect to not renew the project based rental assistance, or the Department of Housing and Urban Development (HUD) not grant a renewal of the assistance, HUD would provide income-eligible tenants Section 8 vouchers that are administered by the San Diego Housing Commission. The Section 8 vouchers are eligible for re-certification on an annual basis.

As an incentive to attract developers into the original Section 236 program, participants were given the right to prepay their subsidized mortgage after 20 years. The current owner, Second Imperial Manor, a Limited Partnership, will prepay the HUD 236 mortgage at the close of sale. Information about the seller is included in Attachment 4.

#### The Applicant

The applicant and the developer is South Pointe Redevelopment, L.P., the principals of which are Larry N. Gough and David A. Gough, President and Vice-President, respectively, of Gough & Gough, Inc. This limited partnership will also consist of tax credit investors. The developer is currently seeking a nonprofit who would act as a co-general partner in the development. The developers experience includes new construction and rehabilitation of 2,414 units in fifteen projects. The developer recently closed the San Diego Housing Authority bond financed North Park Properties project, which involved the acquisition and rehabilitation of 166 apartment units, located on two separate, non-contiguous parcels. Just prior to that, the developer closed on another San Diego Housing Authority bond-financed project, Bridgeport Properties, which involved the acquisition and rehabilitation of 421 units located over 53 scattered sites. The Developers Statement for Public Disclosure is included as Attachment 3.

#### Financing Structure

The developer will purchase the property for approximately \$12,000,000 from the current owner. The developer plans to invest another \$2,000,000 to renovate the property. The combined costs will produce a \$14,000,000 bond issue.

It is anticipated that the bond-financed loan will be underwritten using FHA mortgage insurance with a resulting "AAA" rating on the bonds. Should the issuance of bonds for the project be authorized in the future under a separate action by the Housing Authority, the bonds would not constitute a debt or liability of the Housing Authority or the City of San Diego; neither the faith and credit nor the taxing power of the City or the Authority would be pledged to the payment of the bonds because the security for the bond repayment is limited to the value of the property, project revenue sources, and the FHA mortgage insurance. The developer is responsible for the payment of all costs under the financing, including the Housing Commission's annual fees.

In addition, bond financing will automatically qualify the project for the allocation of four percent low-income tax credits as a contribution of project equity.

Selection of the Financing Team Members

The financing team members for the proposed financing have been selected in accordance with the existing policy for the issuance of bonds. The designation of bond underwriters is made based upon recommendation by the developer with approval of the Chief Executive Officer, and financial advisors and bond counsels are designated on a rotating basis from the firms selected under the program through a competitive RFP process. The recommended firms are listed above in the Summary section of this report.

Rents and Affordability Levels

The entire 240 units in the project will be set aside for occupancy by low-income renters. Of that total, 90 percent, or 216 units, will be reserved for households earning 60 percent or less of the area median income (\$31,500 for a family of four). The remaining ten percent of the units, 24 units, will be set aside for occupancy by low-income tenants earning 50 percent or less of the area median income (\$26,250 for a family of four). The affordability restrictions will remain in place for the greater of 15 years or so long as the bonds are outstanding. Should the bonds be paid off before 30 years, the 50 percent restricted units would convert to the 60 percent median area income level for the remainder of the 30 years. The restricted rents would also apply if the units are occupied by Section 8 tenants.

The proposed rent schedule for the project is outlined in the following chart.

Type	Sq. Ft.	Number of Units	Restrictd Rent	Market Rate	Savings
2 Bedroom @ 50% AMI	900	20	\$560	\$725	\$165
2 Bedroom @ 60% AMI	900	180	\$678	\$725	\$47
3 Bedroom @ 50% AMI	1,198	4	\$618	\$945	\$327
3 Bedroom @ 60% AMI	1,198	36	\$750	\$945	\$195
Total:		240			

Design and Condition

The property consists of 19 buildings, with a unit mix that provides a total of 200 two bedroom units ranging from 892 to 908 square feet and 40 three-bedroom units ranging from 1180 to 1215 square feet. Each building is comprised of two-story walk-up wood frame construction, stucco exterior, slab on grade, flat roof and strong aluminum frame windows. The units contain wall-to-wall carpeting and/or vinyl floor coverings, and kitchens with appliances. The site also has an office and five laundry rooms scattered throughout. There are 269 parking spaces serving the residents.

Planned Repairs

The rehabilitation budget is approximately \$2,000,000. Of the 240 units, occupancies are reported to be 99 percent. While all the units are in rentable condition, they are in need of rehabilitation. The developer does not anticipate any relocation of the existing tenants. Immediate rehabilitation will focus on roof repair or replacement, exterior stairwells, window and patio door replacement. With regard to interior upgrades and repairs, each unit will receive new appliances (stove, oven, microwave, dishwasher, refrigerator, and disposal); kitchens will receive new laminate countertops and cabinets; bathroom vanities will be replaced; doors, trim, and hardware will be replaced as needed; a new uniform mini-blind package will be introduced with the new windows; and each unit will be recarpeted and repainted as they become vacant.

**RISKS AND MITIGATIONS**

Approval of the resolutions does not commit the Housing Authority to issue bonds. The recommended actions do not represent any commitment by the Housing Commission, Housing Authority or the applicant to proceed with the tax-exempt financing of the project. When eventually issued, the financing risks would be minimal since repayment of the bonds would be guaranteed by a third party.

If the recommended actions are not taken, the project will not be able to benefit from the tax-exempt below-market financing and the applicant would have to seek alternative financing sources for the project. At the same time, an opportunity would be lost to work in cooperation with the private sector to preserve 240 affordable units to low-income renters in the City.

Respectfully submitted,



Patricia M. Getzel  
Manager, Housing Finance &  
Development

Approved by,



Elizabeth C. Morris  
Chief Executive Officer

AKOBUNDU:\BONDS\GOUGH\SNDIMP.DOC

- Attachments: 1. Bond Program Description and Actions to be Taken  
2. Project Location Map  
3. Developer's Statement for Public Disclosure  
4. Seller Information

## Attachment 1

### **General description of the Housing Commission's Multifamily Bond Program.**

The Housing Commission's multifamily bond program provides below market financing (based on tax exemption of bond interest) for developers willing to set aside a portion of the units in their projects as affordable housing. At the present time, nearly \$400 million in outstanding bonds provides permanent financing for more than 6,900 multifamily rental units in the City, of which 2,373 units are restricted at various levels of affordability.

The Housing Commission's policy for the issuance of bonds requires a minimum "A" rating, which is typically achieved through the provision of an outside credit enhancement by participating financial institutions who underwrite the project loans and guarantee the repayment of bonds.

### **Actions that must be taken by the Housing Authority and by the City Council to initiate the proposed financing of the Second Imperial project.**

#### 1. Bond Inducement

The adoption of an "Inducement resolution" is an initial step required by the Internal Revenue Service to initiate a possible new-money bond issuance. It does not represent any commitment by the Housing Commission, Housing Authority or the applicant to proceed with the financing. Rather, it establishes, through public record, the date from which project costs incurred may be determined, to be reimbursable from bond proceeds. Generally, the bond inducement amount is higher than the estimated bond amount to reflect a 10-15 percent contingency. The adoption also authorizes staff to work with the selected financing team to perform a due diligence process to determine the feasibility of the financing, the level of affordability of the set-aside units and structure a resulting proposal for the issuance of bonds.

#### 2. TEFRA Hearing and Approval

In order for interest on the bonds to be tax-exempt and in accordance with the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982, Section 147(f) of the Internal Revenue Code of 1986, the issuance of bonds must be approved by representatives of the governmental unit with jurisdiction over the area in which the project is located after a public hearing for which a reasonable public notice was given. Therefore, federal regulations require that the issuance of bonds by the Housing Authority be approved by the City Council, as the elected legislative body of the City. A notice of public hearing to be held by the City Council with respect to the proposed issuance of bonds will be published in the San Diego Daily

Transcript at least fourteen days prior to the scheduled meeting. The purpose of such public hearing is to provide an opportunity for interested persons to provide their views on the proposed bond issuance and on the nature and location of the project.

### 3. Bond Allocation

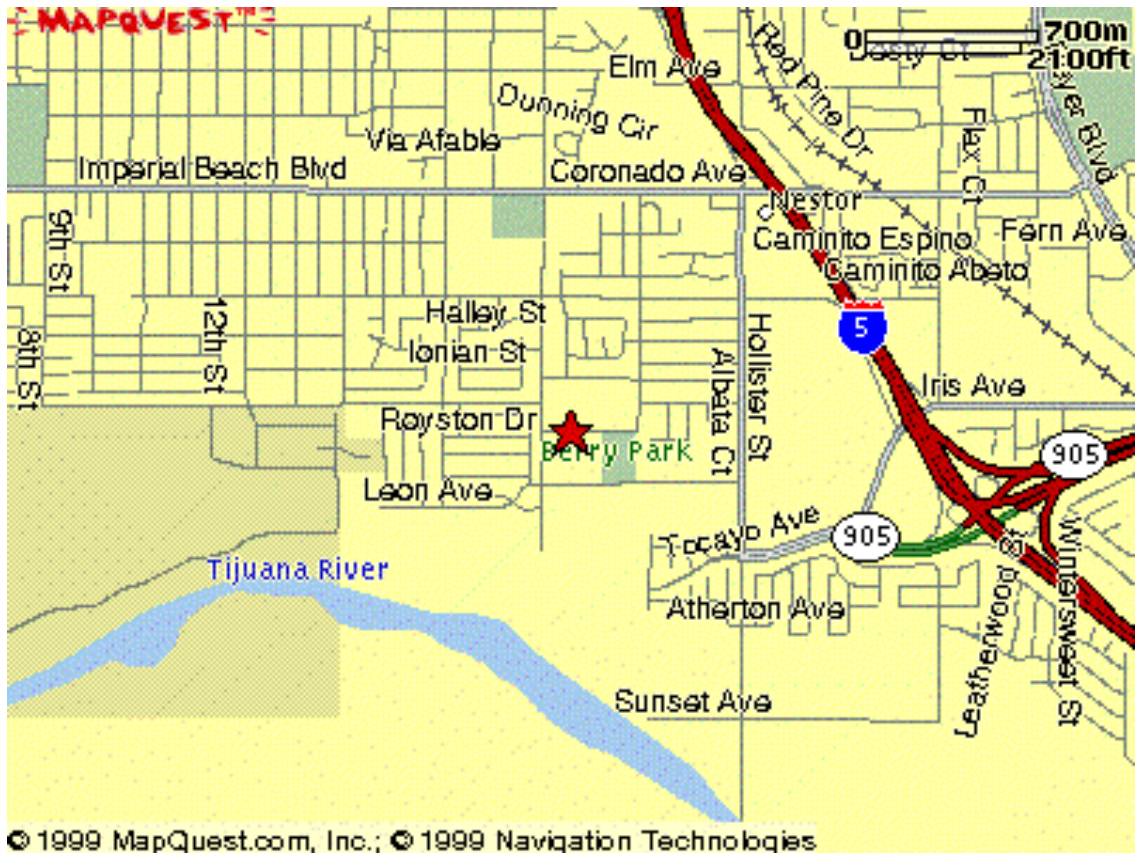
The issuance of bonds for projects owned by private developers (i.e., projects owned by private developers or by nonprofit sponsors with for profit investor participation - "private activity bonds") requires an allocation of a bond Issuing authority from the State of California. In order to apply for the bond allocation, an application approved by the Housing Authority and supported by an adopted inducement resolution and by proof of credit enhancement (or bond rating) must be filed with the California Debt Limit Allocation Committee (CDLAC). In addition, evidence of a TEFRA hearing and approval must be submitted prior to the CDLAC meeting.

### 4. Final Bond Approval

The Housing Authority retains absolute discretion over the issuance of bonds through adoption of a final resolution authorizing the issuance. Presently, the information about the proposed tax-exempt financing of the project is preliminary. If the recommended actions are approved, a due diligence process conducted by staff and financing team members will generate additional information and analysis. Prior to final consideration of the proposed bond issuance by the Housing Authority, the project will have to comply with all the program's financing and affordability requirements, and undergo all required planning procedures/reviews by local planning groups, etc.

Attachment 2

2002 Rimbey Avenue  
San Diego, CA 92154



**Attachment 3**

DEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE

(add extra sheets if you need more space)

1. Name of developer: South Pointe Redevelopment L.P.
  
2. Address, phone number and ZIP Code:  
1620 Country Club Road, Suite D  
Valparaiso, Indiana 46383  
(219) 477-6883, ext. 32
  
3. IRS Number of Developer:  
applied for
  
4. If the developer is not an individual doing business under his own name, the developer has the status indicated below and is organized or operating under the laws of California as:  
  
\_\_\_\_\_ A corporation  
\_\_\_\_\_ A nonprofit or charitable institution or corporation  
 A partnership known as: South Pointe Redevelopment L.P.  
\_\_\_\_\_ A business association or a joint venture known as \_\_\_\_\_  
\_\_\_\_\_ A Federal, State or local government or instrumentality thereof.  
\_\_\_\_\_ Other (explain)
  
5. If the developer is not an individual or a government agency or instrumentality, give date of organization: To be formed
  
6. Names, addresses, phone numbers, title of position (if any) and nature and extent of the interest of the officers and principal members, shareholders, and investors of the developer, other than a government agency or instrumentality, are set forth as follows:

**SEE ATTACHMENT #1**

DISCLOSURE STATEMENT: PAGE 2

- a. If the developer is a corporation, the offers, directors or trustees, and each stockholder owning more than 10 % of any class of stock.

N/A

- b. If the developer is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body.

N/A

- c. If the developer is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest.

SEE ATTACHMENT #1

- d. If the developer is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest.

N/A

- e. If the developer is some other entity, the officers, the members of the governing body, and each person who has an interest of more than 10 %.

<u>Name, Address &amp; Zip Code</u>	<u>Phone Number</u>	<u>Position Title (if any) and percent of interest or description of character and extent of interest</u>
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N/A

7. Name, address and nature and extent of interest of each person or entity (not named in response to Item 6) who has a beneficial interest in any of the shareholders or investors named in response to Item 6 which gives 'such person or entity more than a computed 10% interest in the developer (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the developer; or more than 50% of the stock in a corporation which holds 20 % of the stock of the developer):

Name, Address and <u>Zip Code</u>	Description of character and <u>extent of interest</u>
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N/A

8. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 6 or Item 7 above:

N/A

9. Is the developer a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? If yes, list each such corporation or firm by name and address, specify its relationship to the developer, and identify the officers and directors or trustees common to the developer and such other corporation or firm.

**SEE ATTACHMENT #1**

10. The financial condition of the developer, as of \_\_\_\_\_ is reflected in the attached financial statement.

New Entity to be formed - no financial statement

11. If funds for the development are to be obtained from sources other than the developer's own funds, a statement of the developer's plan for financing the development:

See attached Sources of Funds

12. Sources and amount of cash available to developer to meet equity requirements of the proposed undertaking: N/A

- a. In banks:

<u>Name, Address and ZIP Code of Bank</u>	<u>\$ Amount</u>
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b. By loans from affiliated or associated corporations or firms:

<u>Name, Address and ZIP Code of Source</u>	<u>\$ Amount</u>
---	------------------

c. By sale of readily salable assets:

<u>Description</u>	<u>Market Value</u>	<u>Mortgages or Liens</u>
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13. Name and addresses of bank references: Dale Clapp, Vice President  
 Mercantile National Bank  
 3500 Calumet Avenue  
 Valparaiso, Indiana 46383  
 Phone: (219) 462-1819  
 Fax: (219) 462-7599

14. Has the developer or any of the developer's officers or principal members, shareholders or investors, or other interested parties, been adjudged bankrupt, either voluntary or involuntary, within the past 10 years? Yes \_\_\_\_\_ No X  
 If yes, give date, place, and under what name.

15. Has the developer or anyone referred to above as "principals of the developer been indicted for or convicted of any felony within the past 20 years? Yes \_\_\_\_\_  
 No X

If yes, give for each case (1) date, (2) charge, (3) place, (4) Court, and (5) action taken. Attach any explanation deemed necessary.

16. Undertakings, comparable to the proposed project, which have been completed by the developer including identification and brief description of each project and date of completion:

Park Villas	Rehab	268 units	National City, CA	12/98
North Oaks	Rehab	398 units	Indianapolis, IN	12/98
Kingsmill	Rehab	304 units	Indianapolis, IN	5/99

17. If the developer or a parent corporation, a subsidiary, an affiliate, or a principal of the developer is to participate in the development as a construction contractor or builder:

- a. Name and address of such contractor or builder: **SEE ATTACHMENT #1**
- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?  
 Yes \_\_\_\_\_ No  X  If yes, explain:

c. Total amount of construction or development work performed by such contractor or builder during the last three years: \$ 92,446,572

General description of such work:

New Construction - 728 units  
 Rehabilitation - 735 units

d. Construction contracts or developments now being performed by such contractor or builder:

<u>Identification of Contract or Development</u>	<u>Location</u>	<u>Amount</u>	<u>Date to be Completed</u>
North Park Partners	San Diego, CA	\$ 9,650,000	June 2000
Bridgeport Properties	San Diego, CA	\$31,579,260	Nov. 1999
Monitor Apartments	Grand Rapids, MI	\$13,869,477	March 2001

e. Outstanding construction-contract bids of such contractor or builder:

<u>Awarding Agency</u>	<u>Amount</u>	<u>Date</u>
<u>Opened</u>		

NONE

18. Brief statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the proposed project, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

**SEE ATTACHMENT #1**

19. Does any member of the governing body of the San Diego Housing Commission, to which the accompanying proposal is being made, or any officer or employee of the San Diego Housing Commission who exercises any functions abilities or responsibilities in connection with the carrying out of the project covered by the developer's proposal, have any direct or indirect personal financial interest in the developer or in the proposed contractor? Yes \_\_\_\_\_ No  X   
If yes, explain.
20. Statements and other evidence of the developer's qualifications and financial responsibility (other than the financial statement referred to in Item 10) are attached hereto and hereby made a part hereof as follows:

CERTIFICATION

I (We) Larry N. Gough  
certify that this Developer's Statement for Public Disclosure and the attached evidence of  
the developer's qualifications and financial responsibility, including financial statements,  
are true and correct to the best of my (our) knowledge and belief.

Date: May 21, 1999

Date: \_\_\_\_\_

  
\_\_\_\_\_  
Signature  
Larry N. Gough  
South Pointe Redevelopment, L.P.  
Title: Manager

\_\_\_\_\_  
Signature  
Title: \_\_\_\_\_

Address & ZIP Code

1620 Country Club Road, Suite D

\_\_\_\_\_

Valparaiso, Indiana 46383

\_\_\_\_\_

San Diego Housing Commission - Developer's Statement for Public Disclosure

**PAGE 2 - QUESTION 6(e)**

Limited Partnership

South Pointe Redevelopment, L.P.

General Partner

South Pointe Management, LLC - .01%

Limited Partner

Key Investment Fund, Limited Partnership, XIII - 99.09%

1620 Country Club Road, Suite D

Valparaiso, Indiana 46383

(219) 477-6883

**PAGE 3 - QUESTION 9**

Larry N. Gough serves as President and David A Gough, Vice-President of the following related entities.-

Gough.& Gough, Inc.

Specific services: Construction

Gough Properties Management, Inc

Specific services: Property Management

Gough Properties Limited Liability Corporation

Specific services: Development

**PAGE 5 - QUESTION 17**

General Contractor

Gough & Gough., Inc.

1620 Country Club Road, Suite D

Valparaiso, Indiana 46383

(219) 477-6883, ext. 32

**GOUGH & GOUGH, INC. - Resume**

For over 40 years GOUGH & GOUGH, INC. has maintained a presence In Northwest Indiana, and since 1990 expanded into Michigan and California. Gough & Gough, Inc. and Gough Properties Management Inc. have assembled an experienced, integrated TEAM whose strengths include Property Analysis, Economic/Community Development Real Estate/Tax Law, Property Development Real Estate Investments, Land Planning Market and Financial Analysis,

GOUGH & GOUGH, INC. has thirteen affordable housing developments, totaling 2,580 units in Indiana, Michigan and California. Throughout its history, GOUGH & GOUGH, INC. has worked with area municipalities and government agencies in an effort to economically benefit the regions in which they do business, Local charities and organizations are of special interest to Gough, where the executives have held positions on the boards of Trade Winds Rehabilitation Center, United Way, St Anthony Community Center Council, Corporate Wellness Council Northwest Indiana Forum, and the Small Business Association. Gough has a combined staff of over 36 people Including the following individuals who act as primary members of the Management Team:

**LARRY N. GOUGH**

President, Chief Operating Officer

President of Gough & Gough, Inc. since 1986, Mr. Gough manages all company operations and administers its numerous divisions. He is personally involved In all projects from their initial planning concept through financing, implementation and Management.

Mr. Gough's background in Mathematical Analysis and logical Problem Solving has served him well in attaining significant expertise In financial analysis and project structuring. Combined with years of multi-faceted construction experience, he leads the development through the initial concept planning, financing and implementation. His significant knowledge of construction design costs, scheduling and completion serves to assure all development projects are designed and constructed to meet the superior standard set by Gough & Gough, Inc.

Since 1991, Mr., Gough has utilized his knowledge and experience to concentrate on Section 42 Tax Credit Developments. In 1998, efforts to focus on acquisition and rehabilitation resulted over 900 units being added to the owner/management portfolio of Gough.

Mr. Gough is an active member of the Northwest Indiana Forum, Merrillville Chamber of Commerce, St. Anthony Community Council, Chancellor's Council of Purdue University-Calumet, and a Director of the Small Business Development Commission of the Northwest Indiana Forum.

**NEVILLE J. GOUGH**

Chairman of the Board

Mr. Gough brings forty years of construction industry experience to the firm. Mr. Gough spent twenty-two years as a partner in one of the largest masonry businesses In Northwest Indiana. As Chairman of the Board, Mr. Gough maintains partnership relationships within the commercial operations of Gough. Mr. Gough is the founder of seventeen 10-minute oil change facilities that were ultimately sold to Jiffy Lube International.

**DAVID GOUGH**

Vice President, Section 42 Compliance Officer

Mr. Gough holds a Bachelor of Science Degree in Business Administration from St. Joseph College. He began his career with Gough in the property management division with responsibilities in property maintenance, accounting, and staff supervision for over 30 commercial properties. With the Implementation of Section 42 Affordable Housing developments, Mr. Gough concentrated on this specialized field of management as the initial Property Manager of Gough's first Section 42 project he achieved successful initial tax credit lease up within the first compliance period.

Mr. Gough has seven years of experience in overseeing tax credit compliance for file approval on 800 units. He has overseen the lease up on these units and is currently involved with the management. He is also involved in not-for-profit activities which include: grants for the properties lease up, outreach, and social services for residents, Mr. Gough reviews over 4,000 applications annually.

**DONNA NOVAK**

Chief Financial Officer

Mrs. Novak received her Bachelor of Science Degree in Accounting from Indiana University and is a Certified Public Accountant. prior to joining Gough, Mrs. Novak was a manager in the tax department of the Northwest Indiana Office of Crowe,

Chizek & Company, (CPA's). Mrs. Novak is a member of the American Institute of Certified Public Accountants, and has served as a Director for the Calumet Chapter of the Indiana CPA Society. She is also an active member of the National Exchange Club (a Community Service Club) when she formerly served for three years as the Northwest Indiana District Treasurer. Mrs. Novak is currently President of the Valparaiso Exchange Club.

Mrs. Novak has several years of experience in tax compliance for real estate developers including a specialization in Section 42 compliance for low-income housing developments. She is responsible for all aspects of accounting (including cash flow management) and financial and tax reporting requirements for Gough's corporate entities, commercial trust properties, and multi-family residential developments. She is also responsible for the long-term investment management of our Residential portfolio including Section 42 Compliance.

She also serves as Director of Operations and is instrumental in directing the succession and estate planning for Gough & Gough, Inc. and its principals.

#### JEFF BUHR

Director of Finance

Mr. Buhr holds a Masters of Business Administration from Texas Christian University with concentration in Finance and Accounting. Upon graduation in 1984, Mr. Buhr entered the banking field in Fort Worth, Texas for the what is now known as Nations Bank. Overall, Mr. Buhr spent 13 years in banking, the last three as head of the Northern Indiana Real Estate Lending Division for KeyBank. Additionally, Mr. Buhr's career included working for AMRESKO after NCNB Texas (Nations Bank) purchased the largest bank in Texas from the FDIC. His primary responsibility in Texas focused on loan workouts.

In 1991 he returned to the Midwest to organize and manage a loan workout group for Ameritrust Bank in Elkhart, Indiana. Upon the bank's purchase by Society Bank (subsequently Key Bank), Mr. Buhr's increased responsibilities included management of both groups and covering all of Northern Indiana.

Mr. Buhr's background in loan workouts and Commercial Real Estate lending is a unique combination that provides an intimate knowledge of all aspects of real estate including understanding complex legal and environmental issues, real estate finance and underwriting (both construction & permanent), and managing and selling real estate. Mr. Buhr also holds an Indiana Real Estate license. His leading experience includes arranging financing for all property types using tax exempt bonds and conventional financing for apartments (both market & Section 42) Mr. Buhr also has extensive experience in arranging permanent loans including working with Fannie Mae, Conduits, Life Companies and others.

#### GARY R. SATERBAK

Director of Development

Mr. Saterbak brings 17 years of architectural design experience to the firm. He was general partner and founder of seven limited partnerships acquiring sites and entitlements for the development of 2,369 apartment units over eleven years. Mr. Saterbak is a Professional Building Designer recognized by the American Institute of Building Designers. His projects have been showcased in "Ranch and Coast" and Eastern Airlines' Horizons Magazine. He has received numerous awards for his public and private design work including presentations by City of San Diego Mayor Susan Golding and State of California Congresswoman Lynn Schenk.

Since joining Gough & Gough, Inc. in 1994, Mr. Saterbak has been instrumental in securing over twenty development projects. In addition to new construction developments, Mr. Saterbak also is instrumental in location of properties for acquisition and rehabilitation. Mr. Saterbak has an excellent ability to locate potential development opportunities. His area of focus also includes planning and coordination with community officials and leaders to address their local needs. Upon choosing a site, Mr. Saterbak oversees completion of the design and development through the construction process.

#### STEVEN NICKSIC

Director of Market Analysis

Mr. Nicksic graduated from the University of Dallas with a Bachelor of Arts Degree in Philosophy. Currently, a candidate for the Certified Commercial Investment Member designation (CCIM), Mr. Nicksic began with Gough & Gough, Inc. in 1989 where he concentrated on the leasing and sales of retail/service storefront properties and site selection for retail users. In July of 1993, Mr. Nicksic accepted a position with the development side of the business where he has been involved in all aspects of property development from the entitlement process to tenancing, financing, and sales.

Mr. Nicksic is primarily responsible for determining the market depth and feasibility of each multifamily project and plays an integral part in the site selection process.

In addition, Mr. Nicksic holds an Indiana Real Estate Broker License and serves as Principle and Managing Real Estate Broker for Northwind Realty Inc., a division of Gough & Gough, which supervises the leasing, asset management, and sales of commercial properties which includes Gough & Gough's own portfolio of over 300,000 square feet of office and retail space.

<b>TOTAL SOURCES OF FUNDS</b>	<b>17,046,950</b>
SOURCES OF FUNDS	
GENERAL PARTNER EQUITY	1,000
L.P. CAPITAL CONTRIBUTION-L.I.H.T.C.	3,717,599
L.P. CAPITAL CONTRIBUTION-HISTORIC TAX CREDIT	0
BRIDGE LOAN PROCEEDS	
BOND PROCEEDS - "A" ISSUE--(tax-exempt bond)	12,485,500
GENERAL PARTNER LOAN (SECOND MORTGAGE)	
L.P. CONTRIBUTION FUNDED DURING LEASE-UP	
NEGATIVE ARBITRAGE DEPOSIT REFUND	360,000
AHP FUNDS	
NET CASH FLOW (PRE-PERMANENT LOAN)	482,851
DEFERRED DEVELOPMENT/CONTRACTOR FEES	0

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## **South Pointe Redevelopment LP**

### **Project Narrative**

This proposal is for the acquisition and rehabilitation of 240 apartment units, located at 2002 Rimbey Ave. (at Saturn Blvd.) in the Nestor area of San Diego, 13 miles south of Downtown. The 8.4 acre site abuts a residential neighborhood and is adjacent and to the west of the GC Berry Elementary school.

The two story walk-up property was built in 1970, financed through the HUD 236 program. The unit mix provides a total of (i) 200 - two bedroom one bath units at 892 to 908 square feet, (ii) 40 - three bedroom two bath units from 1180 to 1215 square feet. There are 269 parking spaces serving the residents.

### **Surrounding Neighborhood**

This neighborhood is configured in city blocks with courts and cul-de-sacs indicating a newer urban area of San Diego. The Tijuana River National Preserve is one-half mile south of the site and the Imperial Beach Naval Auxiliary landing field is one half mile west. The site is easily accessible to Interstate 5 at Palm Ave. The intersection of Saturn and Palm provides the retail support for the neighborhood approximately 1 mile north of the subject site. The Mexican Border is less than two miles south and there is very little development south of the property.

### **Construction and Design**

There are 19 buildings, each comprised of two-story wood frame construction, stucco exterior, slab on grade with flat roofs. All windows are sliding aluminum frame. All units feature wall to wall carpeting and/or vinyl floor coverings, and kitchens with appliances. There is an office and 5 laundry rooms scattered throughout the site.

### **Planned Exterior Upgrades**

The units are approximately 20+ years old and all units are in rentable condition. Of the 240 total units, occupancies are reported to be 99%. The projects do need rehabilitation, which will take place immediately. The immediate rehabilitation will focus on roof repair or replacement, exterior stairwells window and patio door replacement.

### **Interior Upgrades and Repairs**

Each unit will receive new appliances (stove, oven, microwave, dishwasher, refrigerator, and disposal). Also, laminate countertops and new cabinets in the kitchen and bathroom vanities will be replaced. Doors, trim, and hardware will be replaced as needed. A new uniform mini-blind package will be introduced with the new windows. Each unit shall be recarpeted and repainted as units are turned.

## South Pointe Redevelopment LP

### Targeted Rents

Type	AREA	Number of Units	Restricted Rent	Market Rate Rent	Savings
2 Bedroom 1 bath @ 50%	900 sf	48	\$ 537	\$ 725	\$ 188
2 Bedroom 1 bath @ 60%	900 sf	152	\$ 655	\$ 425	\$ 70
3 Bedroom 2 bath @ 60%	1198 sf	40	\$ 819	\$ 945	\$ 126

Attachment 4

Second Imperial Manor, a Limited Partnership  
15760 Ventura Boulevard  
Encino, California, 91436