



MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE SPECIAL MEETING
MAY 28, 1999
9:00 A.M.
1625 NEWTON AVENUE
SOLOMON CONFERENCE ROOM
SAN DIEGO, CALIFORNIA**

Attendance: Present: Commissioners Grinchuk, Hills (for Closed Session only), Oxberry, Steinke and Tumminia. Also present were: Ms. Elizabeth Morris, Chief Executive Officer, and Charles Christensen, General Counsel. Absent: Chairman Arthur, Commissioner Dick.

The meeting was chaired by Commissioner Oxberry.

10 CALL TO ORDER

Chair Oxberry called the meeting to order at 9:15 a.m.

20 PUBLIC COMMENT

None.

30 COMMISSIONER COMMENTS

None.

40 REPORT BY THE CHIEF EXECUTIVE OFFICER

Elizabeth Morris informed the Commissioners of the May 24-27 HUD audit of the Commission's public housing program. Ms. Morris reported that the HUD review team had congratulated the Commission on the superior quality of its public housing and resident services, and lauded the staff for their work and cooperation.

50 APPROVAL OF THE MINUTES

It was noted that the Minutes of the May 7, 1999 Housing Commission meeting will be considered at the June 4, 1999 Housing Commission meeting.

ADOPTION AGENDA - CONSENT

NO ITEMS.

ADOPTION AGENDA - ACTION AGENDA

100 HCR99-063 — Proposed Restructuring of the Housing Authority Revenue Bonds for Paseo Point Apartments, La Cima Apartments and Nobel Court Apartments (Council District 1)

Staff report was presented by Financial Specialist Jack Farris, outlining the proposed amendments to documentation supporting approximately \$108 million in bonds for three projects - the Nobel Court Apartments, Paseo Point, and Chairman Drive. Mr. Farris explained that this special meeting had been called to meet the June expiration date of the existing credit enhancements on the bonds and underscored the value of preserving the 290 affordable units provided by these projects.

Financial Advisor Joe Litten spoke in support of the recommendation, detailing the structure of the proposed financing and negotiated affordability. Mr. Litten drew attention to the fact that there are a couple issues that are as yet undecided. The bonds will be issued as variable rate, but could be swapped to a fixed rate, depending on market conditions; the developers are not yet settled on what structure to use in the Freddie Mac program; and there may be a taxable component of the financing not done as a bond, but as secondary mortgage financing, not through the Commission.

Commissioner Steinke asked why the expiration of the letters of credit had inspired a reconfiguration of the financing structure and not a simple extension of the existing letters of credit. Mr. Farris deferred to the owner, Mr. Thomas Moran, who explained that the proposed changes would bring more stability and long-term commitment to the financing structure. Commissioner Oxberry offered his personal knowledge and experience in support of Mr. Moran's assessment of the current market and subsequent strategy.

MOTION MADE BY COMMISSIONER TUMMINIA TO

RECOMMENDATION 1: SUPPORT THE AMENDMENTS TO THE BOND DOCUMENTS FOR NOBEL COURT APARTMENTS, PASEO POINT, AND CHAIRMAN DRIVE BY RECOMMENDING THAT:

- 1) THE CITY COUNCIL HOLD A PUBLIC HEARING TO PROVIDE AN OPPORTUNITY FOR INTERESTED PERSONS TO PRESENT THEIR VIEWS ON THE PROPOSED RESTRUCTURING OF THE BONDS IN ACCORDANCE WITH THE TAX EQUITY AND FISCAL RESPONSIBILITY ACT ("TEFRA") OF 1982; AND
- 2) THE HOUSING AUTHORITY APPROVE THE FOLLOWING AMENDMENTS TO THE EXISTING BONDS TO ACCOMMODATE THE PROPOSED CREDIT ENHANCEMENT PROVIDER, THE FEDERAL HOME LOAN MORTGAGE CORPORATION ("FREDDIE MAC"):
 - A) MODIFICATION OF THE BOND DOCUMENTATION TO ALLOW FOR INTEREST ONLY PAYMENTS OF THE EXISTING BONDS, THEREBY ELIMINATING PRINCIPAL PAYMENTS UNTIL THE BONDS ARE RETIRED;
 - B) EXTENSION OF THE BOND MATURITY FROM DECEMBER 1, 2008 TO DECEMBER 1, 2022; AND
 - C) EXTENSION OF THE TERM OF THE REGULATORY AGREEMENT TO THE LATER OF DECEMBER 1, 2005 OR WHEN THE BONDS ARE RETIRED.

RECOMMENDATION 2: IT IS RECOMMENDED THAT THE HOUSING COMMISSION APPROVE THE FINANCING TEAM CONSISTING OF LITTEN FINANCIAL AND KOSMONT & ASSOCIATES, INC. (MBE-20%), FINANCIAL ADVISOR; STRADLING YOCCA CARLSON & RAUTH AND ROBINSON & PEARMAN (MBE-20%), BOND COUNSEL; AND PAINEWEBBER INCORPORATED, BOND REMARKETING AGENT.

MOTION SECONDED BY COMMISSIONER GRINCHUK AND CARRIED ON UNANIMOUS VOTE OF 4-0, WITH COMMISSIONERS ARTHUR, DICK, AND HILLS BEING ABSENT.

CLOSED SESSION

COMMISSIONER HILLS ARRIVED.

- I. Conference with Legal Counsel - anticipated litigation pursuant to Government Code Section 54956.9(c) and 54954.5(c):

One matter.

DIRECTION GIVEN TO COUNSEL ON VOTE OF 5-0, WITH CHAIR ARTHUR AND COMMISSIONER DICK BEING ABSENT.

ADJOURNMENT

Chair Oxberry adjourned the meeting at 9:45 a.m.

Respectfully submitted,

Margaret H. Hill
Executive Secretary

Approved by,

Elizabeth C. Morris
Chief Executive Officer