



SAN DIEGO  
HOUSING  
COMMISSION

## SPECIAL MEETING AGENDA

SAN DIEGO HOUSING COMMISSION  
SPECIAL MEETING AGENDA  
JUNE 3, 2016, 9:00 A.M.  
SMART CORNER  
4<sup>TH</sup> FLOOR CONFERENCE ROOM  
1122 BROADWAY  
SAN DIEGO, CALIFORNIA 92101

Chair Gary Gramling  
Vice Chair Roberta Spoon  
Commissioner Margaret Davis  
Commissioner Kellee Hubbard  
Commissioner Ben Moraga  
Commissioner Dorothy Surdi  
Commissioner Frank Urtasun

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### ITEMS

#### 10 CALL TO ORDER

#### 20 NON-AGENDA PUBLIC COMMENT

At this time, individuals may address the San Diego Housing Commission (Housing Commission) on any subject in its area of responsibility that is not presently pending before the Housing Commission. Communications are limited to three minutes. Pursuant to the Brown Act, the Housing Commission can take no action. Please fill out a Speaker Request Form and submit it to the secretary prior to the meeting.

#### 30 COMMISSIONER COMMENTS



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#### **40      REPORT BY THE PRESIDENT & CHIEF EXECUTIVE OFFICER**

##### **ADOPTION AGENDA – CONSENT**

Members of the public may cause an item to be pulled from the Consent Agenda by submitting a Speaker Request Form prior to the meeting. The item will then be discussed separately, and public testimony will be taken.

#### **100      HCR16-062    Mountain View Properties Ltd. General Partner Removal Request and Request for consent to substitute a new General Partner**

That the San Diego Housing Commission (Housing Commission) Board of Commissioners (Board) authorize and direct the following actions:

1. If all of the defaults under the terms of the loan documents, as amended, including but not limited to those defaults referenced below, are not timely cured by the Mountain View Properties Ltd. (Borrower) within the 30-day cure period, which cures include but are not limited to the reinstatement of the General Partner, San Diego Community Housing Corporation, and the payment of the Surplus Cash Deficiency, that the Housing Commission Board direct General Counsel and Staff to:
  - a. Provide notice of Acceleration of the Note to the Borrower; Record the necessary Notice of Default under the terms of the Deed of Trust; Proceed to foreclosure sale, while accelerating the entire amount due under the Note and Deed of Trust, including, the principal, interest and contingent interest. The defaults that must be cured, include, but are not necessarily limited to the, following:
    - i. The failure to pay Surplus Cash Payments under the terms of the Loan Documents in a timely manner and instead making distributions to the General Partner, the Special Limited Partner and Investor Limited Partner, all of which are breaches of the terms of the Loan documents, as amended;
    - ii. The unconsented [consent by the Housing Commission is required] removal of original General Partner, San Diego Community Housing Corporation, by the Special Limited Partner, in violation of the terms of the loan documents, as amended;
    - iii. The unconsented [consent by the Housing Commission is required] appointment of the Special Limited Partner as the new General Partner, a for-profit entity, without the advance written consent of the Housing Commission; and,
    - iv. Defaulting under the terms of the Federal Housing Administration (FHA) insured loan, by making payments to the General Partner, the Investor Limited Partner and the Special Limited Partner in violation of the terms of the FHA insured loan, concerning Surplus Cash Payments, which failure to timely make payments, constitutes a cross-default under the terms of the FHA insured first position loan.

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2. If the major defaults listed in Recommendation 1 a. i. through iv., are timely cured, within the cure period, to the satisfaction of the President & Chief Executive Officer (President & CEO) of the Housing Commission, or designee, then it is recommended and directed that the following actions be taken by the Housing Commission President & CEO, or designee:
  - a. After San Diego Community Housing Corporation has been timely reinstated retroactive to the date of its removal, conditionally approve the removal of the San Diego Community Housing Corporation, on the express condition that immediately and simultaneously with the removal, a new nonprofit general partner, as approved by the President & CEO, or designee of the Housing Commission, be admitted as the General Partner of the Borrower, as described below. The Special Limited Partner shall make its written election as to which of the options listed in subparagraphs 2.a.i. or 2.a.ii., that it elects to pursue, which election shall be in writing and delivered to the Housing Commission in sufficient time during the cure period, to permit all actions listed in subparagraphs 2.a.i. or 2.a.ii. to be effectuated during the cure period. The written election shall be delivered to the Housing Commission, by the Special Limited Partner, within the cure period:
    - i. The admittance of Community Resident Services, Inc. is conditionally approved, but only upon the condition that a local nonprofit also be admitted as a co-General Partner. Such local nonprofit General Partner, must be as approved by the Housing Commission's President & CEO, upon advice of the General Counsel. The local General Partner may include Housing Development Partners, the Housing Commission's nonprofit affiliate, or any other local nonprofit with which the Housing Commission has worked well in the past, as shall be determined in the sole discretion of the President & CEO, or designee. The co-General Partner, may, in the alternative, also include any other entity that would allow for the reinstatement of the Revenue & Taxation Code Section 214(g) exemption, as approved by the President & CEO, or designee of the Housing Commission. In the alternative, at the written election of the Special Limited Partner, the substitution of a new nonprofit General Partner as referenced within subsection ii, below, is also conditionally approved; or,
    - ii. The admittance of a local nonprofit, as the sole General Partner of the Borrower, provided that the local nonprofit is acceptable to the Housing Commission, this may include Housing Development Partners, the Housing Commission's nonprofit affiliate, or any other local nonprofit with which the Housing Commission has worked well in the past as shall be determined in the sole discretion of the President & CEO, or designee. The approval of the local nonprofit is delegated to the President & CEO of the Housing Commission, or designee, including, without limitation, the Executive Vice President and Chief Operating Officer, in

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- the event, that Housing Development Partners is to be involved, should the Special Limited Partner elect this option, in writing, during the cure period. The election and replacement of the General Partner must occur during the cure period; time is of the essence.
- b. The Special Limited Partner shall also provide the Housing Commission, in writing, during the cure period, a document executed by the authorized officials from the United States Department of Housing and Urban Development (HUD), and an authorized official of the FHA, office of the Commissioner of the FHA, warranting that the default under the terms of the FHA insured loan, including, without limitation, the Second Amendment to the Commission Loan, has been cured and/or has been waived. Time is of the essence in completing the cure within the cure period, including delivering the cure documents to the Housing Commission, which are acceptable to the Housing Commission, as determined by the President & CEO, or designee of the Housing Commission.
  3. Authorize the President & CEO, or designee, as described above, to execute such documents, as approved by General Counsel, that are necessary and/or appropriate to carry out the recommendations and actions referenced above.
  4. Authorize the President & CEO, or designee, as described above, to perform such acts as are necessary and/or appropriate to implement the actions authorized above.
  5. Authorize General Counsel of the Housing Commission to initiate any and all legal proceedings and/or to defend such actions as may be filed to protect the interests of the Housing Commission and to take such actions as are necessary to implement the actions referenced above in coordination with the President & CEO, or designee.

**CLOSED SESSION**

**It is anticipated that the San Diego Housing Commission will convene in closed session on Friday, June 3, 2016, at 9:00 a.m. with the following agenda:**

- I. Announcement by Counsel of the Matters to be discussed in Closed Session and the basis upon which each will be discussed, as referenced within the Brown Act.**
- II. Public Testimony and Comment, if any, concerning any matter on the Closed Session Agenda.**
- III. Commissioner comments, if any.**
- IV. Commission will convene in closed session to consider the following agenda:**
  - A. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION pursuant to subdivision (c) of section 54954.5 of the Government Code and pursuant to subdivision (d)(2) of section 54956.9:**



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**One (1) potential matter.**

**Counsel's Description of General Nature of Closed Session:**

Counsel will discuss potential litigation arising out of property/project identified as the Mountain View Project. This will include a status update for the Board at time General Counsel will seek further direction.

**B. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION pursuant to subdivision (c) of section 54954.5 of the Government Code and pursuant to subdivision (d)(1) of section 54956.9:**

**Four (4) matters:**

*Lawanda M. Tucker vs. San Diego Housing Commission, et al.*, Superior Court of California, County of San Diego, Case No. 37-2015-00018608-CL-MC-CTL;

*Marcus Bollinger, et al. vs. Smart Corner Owners Association, Smart Corner Owners Association vs. San Diego Housing Commission, et al.* Superior Court of California, County of San Diego, Case No. 37-2015-00025175-CL-BC-CTL; and

*San Diego Housing Commission vs. PERB*, Superior Court of California, County of San Diego, Case No. 37-2012-00087278-CU-WM-CTL.

*Quashana Simmons vs. San Diego Housing Commission*, Superior Court of California, County of San Diego, Case No. 37-2016-00014888-CU-PO-CTL

**Counsel's Description of General Nature of Closed Session:**

Counsel will discuss the existing litigation, will report on status and will seek direction from the Commission concerning the same.

**V. Announcement of Actions Taken in Closed Session.**

**VI. Adjournment.**

**ADJOURNMENT**