

MINUTES

**SAN DIEGO HOUSING COMMISSION
MINUTES OF THE SPECIAL MEETING
SEPTEMBER 11, 2009, 9:00 AM
SMART CORNER
SAN DIEGO, CALIFORNIA**

ATTENDANCE

Present were Chair Salas and Commissioners Sam Guillen, Gary Gramling and Allen Sims. Also present were Chuck Christensen, General Counsel and President and CEO Richard Gentry. Commissioners Adams-Brooks, Basir and Waring were absent.

10 CALL TO ORDER

Chair Salas called the meeting to order at 9:14 a.m.

20 PUBLIC COMMENT

Tom Scott, Executive Director of the San Diego Housing Federation, announced their 18th Annual Affordable Housing & Community Development Conference scheduled for October 15, 2009.

30 COMMISSIONER COMMENT

Commissioner Gramling briefly remembered today's historic and tragic event of 9/11/2001.

40 REPORT BY PRESIDENT & CHIEF EXECUTIVE OFFICER

Mr. Gentry acknowledged two San Diego Housing Commission employees, John Impson and Jeffrey Howard, who administered the Heimlich Maneuver on September 10, 2009 to a co-worker, Linda Brown, who was choking in the SDHC lunchroom. The Board recognized the swift action by Mr. Impson and Mr. Howard and applauded them for their heroic action.

Mr. Gentry announced that Standard & Poor's has issued a AA- rating for the Housing Commission. This is Standard & Poor's second highest rating and is the highest that Standard & Poor's grants to a local housing agency.

Mr. Gentry announced that the City's Land Use and Housing Committee recently instructed that the Housing Commission revisit the City's linkage fee issue and provide a report to City Council concerning the Linkage Fee Ordinance by July, 2010.

Mr. Gentry announced that the state has announced preliminary approvals of awards of tax credit allocations to two of the three projects approved by the Housing Commission in July, Riverwalk and Arbor Village.

Regarding NAHRO, Mr. Gentry announced that the Pacific Southwest region will be represented by the Housing Commission in the Housing America public relations forum later this year. Maria Velasquez, Vice President of Community Relations and Communications, briefly described the campaign as, "What it means to have a home," explaining that staff is in the planning stages and very excited about the agency's involvement in the campaign. Mr. Gentry reminded us that Sal Salas will receive the National Commissioner of the Year award at the October 5th NAHRO conference; and that Renaissance at North Park, a Housing Commission development, will receive one of four NAHRO design awards.

CONSENT AGENDA

MOTION BY GUILLEN TO APPROVE THE FOLLOWING ITEMS ON CONSENT:

100 HCR09-082 Award of Contract for the Homeless Prevention and Rapid Re-Housing Program

Recommendation: That the San Diego Housing Commission approves a new one-year contract with Townspeople, at an amount not to exceed \$221,000. The contract includes an option to extend the contract for two (2) additional one-year periods, based on performance, coincidental to the term of the program. The total three-year program term amount is not to exceed \$630,000.

101 HCR09-087 Actions Establishing President & Chief Executive Officer Compensation for Period September 19, 2009 through September 19, 2010

Recommendations:

The Performance Evaluation Ad Hoc Committee recommends that the CEO receive a bonus payment, totaling \$20,000, plus a salary increase of 5% of the CEO's current salary, bringing the salary to \$252,000.00.

In addition, the Performance Ad Hoc Committee recommends that a \$9,600 annual car allowance because no separate auto allowance is currently being paid to the CEO, a full 457 Plan funding for the CEO by the Commission, as was previously and historically provided to the prior CEO, health care benefits for the CEO and the CEO's spouse, at the Commission's expense, and full vesting in the Commission's Retirement Plan in one (1) year rather than in four (4) years for the CEO. In addition, all other benefits provide for in the Employment Agreement as well as those normally provided to Executive/Management staff by the Housing Commission shall continue to be provided to the CEO.

**102 HCR09-088 Authorization to Amend the FY2010 Budget
(Council Districts 3, 4, and 7)**

Recommendation: Forward for Housing Authority approval a request to amend the Housing Commission FY2010 Budget (Attachment 1) incorporating \$2,484,000 in CDBG funds for rehabilitation of 83 affordable rental units at Euclid Court Apartments, National Avenue Apartments, San Diego Apartments, and Trojan Avenue Apartments.

SECONDED BY GRAMLING AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH ADAMS-BROOKS, BASIR AND WARING ABSENT.

ACTION AGENDA

103 HCR09-085 Finance Plan for Acquisition of New Affordable Housing Units

Public comment was made by Jay Powell, of City Heights Community Development Corporation, regarding the delay of HUD's CDBG-R funds.

Staff report was presented by Senior Vice President, Larry Clemens and Supervising Project Manager, Debbie Ruane.

Discussion ensued regarding market-rate rents, Section 8 Voucher rent rates, current and future market stability.

Ken Sauder, President of Wakeland Housing and Development Corporation, spoke in support of the finance plan. Tom Scott, Executive Director of the San Diego Housing Federation also spoke in favor of the finance plan, supporting the innovative finance program as presented.

MOTION BY SIMS TO APPROVE THE FOLLOWING RECOMMENDATIONS:

- 1) APPROVE A FINANCING PLAN THAT WOULD UTILIZE UP TO \$200 MILLION OF LOAN PROCEEDS GENERATED BY PLACING DEBT ON THE SAN DIEGO HOUSING COMMISSION'S REAL ESTATE PORTFOLIO (FORMERLY PUBLIC HOUSING) AND NEW ACQUISITIONS, UTILIZING THE FOLLOWING FINANCING MECHANISMS:
 - a) FANNIE MAE CONVENTIONAL MORTGAGE,
 - b) FHA 221(D)(4) PROGRAM (NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION) OR FHA 223(F) PROGRAM (MINOR REHABILITATION), ALLOWING THE FINANCING TO QUALIFY FOR AN AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 STIMULUS PROGRAM "BUILD AMERICA BONDS ('BABS')," WHICH FINANCING IS ONLY AVAILABLE TO GOVERNMENTAL ENTITIES FOR A LIMITED PERIOD OF TIME AND PROVIDES A DIRECT FEDERAL SUBSIDY EQUAL TO 35% OF THE INTEREST

COST OF SUCH FINANCING THEREBY REDUCING THE COST OF DEBT, AS FURTHER DETAILED IN THIS REPORT.

- 2) AUTHORIZE THE SAN DIEGO HOUSING COMMISSION TO REFINANCE THE AFFORDABLE HOUSING THAT IS ACQUIRED, REHABILITATED OR CONSTRUCTED AND THAT HAVE BEEN ACQUIRED AS 100% CASH ACQUISITIONS, THEREBY ALLOWING THE SAN DIEGO HOUSING COMMISSION TO PLACE MORTGAGES ON THESE NEW AFFORDABLE UNITS TO FURTHER LEVERAGE THE CASH PURCHASES AND UTILIZE THE BABS PROGRAM ON THESE FURTHER REFINANCINGS SECURED BY SUCH NEW UNITS (AN ELIGIBLE USE OF THE PROGRAM) BEFORE THE SUNSET OF THE PROGRAM ON DECEMBER 31, 2010.
- 3) APPROVE THE PARAMETERS FOR FINANCING AS REFERENCED WITHIN THE FINANCING PLAN AS COORDINATED BY NORTHMARQ REALTY SERVICES, INC. (SDHC'S FINANCIAL ADVISOR) AND ANALYZED BY KEYSER MARSTON ASSOCIATES ("KMA") AS REFERENCED WITHIN THIS REPORT.
- 4) AUTHORIZE THE SAN DIEGO HOUSING COMMISSION TO FORM WHOLLY OWNED LIMITED LIABILITY COMPANIES (LLCS) AND/OR 501 (C)(3) NON PROFIT CORPORATIONS OR SIMILAR "SPECIAL PURPOSE ENTITIES" AS AND WHEN REQUIRED BY FANNIE MAE AND/OR FHA AS A CONDITION OF FINANCING AND AS REQUIRED FOR FINANCING.
- 5) AUTHORIZE A THREE-YEAR CAPITAL EXPENDITURE BUDGET OF UP TO \$200 MILLION TO INCLUDE THE FINANCING PROCEEDS FOR THE PURPOSES OUTLINED IN THIS REPORT, WITH THE RESULTING DEBT SERVICE AND OPERATING COSTS ASSOCIATED WITH THE CAPITAL EXPENDITURE ACTIVITY TO BE REFLECTED IN THE SAN DIEGO HOUSING COMMISSION'S ANNUAL BUDGET WHICH IS PRESENTED TO THE HOUSING AUTHORITY FOR APPROVAL.
- 6) AUTHORIZE THE SAN DIEGO HOUSING COMMISSION TO REIMBURSE ALL THIRD PARTIES EITHER DIRECTLY OR THROUGH THE SELECTED UNDERWRITERS ASSOCIATED WITH THE FINANCING OF THE ACQUISITIONS, INCLUDING COMPENSATION FOR THE FINANCE TEAM AS REFERENCED WITHIN THIS REPORT.
- 7) AS DETAILED IN THIS REPORT:
 - a) CONFIRM THE RETENTION OF NORTHMARQ REALTY SERVICES, INC. ("NORTHMARQ") AS A FINANCIAL ADVISOR AND AUTHORIZE PAYMENT OF FEES TO NORTHMARQ UPON THE CLOSING OF FINANCINGS AS REFERENCED WITHIN THE REPORT;
 - b) AUTHORIZE THE RETENTION OF PNC AND GREYSTONE AS UNDERWRITERS AND/OR LENDERS AND AUTHORIZE PAYMENT OF COMPENSATION TO SUCH ENTITIES UPON THE CLOSING OF THE FINANCINGS;
 - c) AUTHORIZE RETENTION OF ORRICK HERRINGTON & SUTCLIFFE AS ATTORNEYS TO BE INVOLVED IN THE ISSUANCE OF BONDS AND/OR FINANCING ON BEHALF OF THE HOUSING COMMISSION; AND,

- d) AUTHORIZE RETENTION OF WADE NORRIS OF EICHNER & NORRIS AS A FINANCING ATTORNEY TO BE INVOLVED IN THE FHA AND BABS FINANCINGS.
- 8) AUTHORIZE THE PRESIDENT AND CEO, OR DESIGNEE, OF THE SAN DIEGO HOUSING COMMISSION AND THE EXECUTIVE DIRECTOR OF THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO TO EXECUTE ANY AND ALL DOCUMENTS AND TO PERFORM ANY AND ALL ACTS REASONABLY NECESSARY TO IMPLEMENT THE FINANCING PLAN, PROVIDED, HOWEVER, THAT EACH ACQUISITION PROJECT SHALL BE APPROVED BY THE BOARD OF COMMISSIONERS OF THE SAN DIEGO HOUSING COMMISSION UNDER THE TERMS OF THE ACQUISITION POLICY PREVIOUSLY APPROVED BY THE HOUSING AUTHORITY OF THE CITY OF SAN DIEGO. SECONDED BY GRAMLING AND CARRIED ON A UNANIMOUS VOTE OF 4-0 WITH ADAMS-BROOKS, BASIR AND WARING ABSENT.

CLOSED SESSION

The San Diego Housing Commission convened in closed session.

- a. Conference with Real Property Negotiators-Negotiation with Real Property Negotiator pursuant to subdivision (b) of 54954.5 Government Code and Section 54956.8:
Property: Chollas Creek, 49th Street and Charles Lewis Way, San Diego, California, Parcel Nos. 547-330-64 and 547-330-65

Agency Negotiator: Rick Gentry, Carrol Vaughan and Larry Clemens San Diego Housing Commission
Negotiating Parties: Chollas Creek 31, LLC a California limited liability company and the San Diego Housing Commission

Under Negotiation: Real Property Negotiator(s) will seek direction from the Commission concerning price and terms of payment.

DIRECTIONS WERE GIVEN TO NEGOTIATORS ON CHOLLAS CREEK MATTER BY A VOTE OF 4-0 WITH COMMISSIONERS ADAMS BROOKS, BASIR AND WARING ABSENT.

- b. Conference with Legal Counsel-Anticipated Litigation pursuant to subdivision (c) of 54954.5 Government Code and subdivision (c) of Section 54956.9:

Number of cases: One (1) or more

Counsel's Description of General Nature of Closed Session:

The Commission will discuss whether to initiate litigation based on existing facts and circumstances.

NO ACTION WAS TAKEN ON THIS MATTER.

ADJOURNMENT

Chair Salas adjourned the special meeting at 11:55 a.m.

Respectfully submitted,



Bridgit Alexander
Docket Coordinator

Approved by,



Richard C. Gentry
President and CEO