

MINUTES OF THE SPECIAL MEETING
BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
HELD WEDNESDAY, NOVEMBER 9, 2005

The Oakland Housing Authority Board of Commissioners convened a Special Meeting /Work Session at 1619 Harrison Street, Oakland, California on the above date. Chair Moses L. Mayne, Jr. called the meeting to order at 6:37 p.m.

I. Roll Call

Commissioners present were Joe L. Brown, Robert J. Pittman, Jr., Jacqueline M. Taylor, Ramon J. Terrazas and Chair Moses L. Mayne, Jr. Commissioner Alfred Lee was excused.

II. Modifications to the Agenda

There were none.

III. New Business

A. Briefing on Coliseum Gardens costs for the Lion Creek Crossings HOPE VI Revitalization.

Mr. Jon Gresley, Executive Director, gave a brief report of sources and uses for those costs in the various agreements for the Lion Creek Crossings HOPE VI Revitalization. He said this deal includes bond financing in Phase 2. Mr. Gresley indicated staff would provide an overview of the funding as it exists, and he said the funding changes as the project evolves. However, he said that there are two things not expected to change: the size of the HOPE VI grant, which is \$34.5 million, and the size of the commitment of local funds from the Authority to the overall development, which is about \$7 million. He also discussed the things that change like inflation and sources of funds. Mr. Gresley noted that the costs of Phase 2 resulted in a funding gap of \$3 million which had been reduced to \$1.8 million because of additional tax credit equity. He called upon Mr. Phil Neville, Director of Development, to provide further details.

Mr. Neville noted that Phase 1 is about 75% complete. He then introduced Mr. Joshua Simon from the East Bay Asian Local Development Corporation (EBALDC), Ms. Peg Stone, Financial Advisor from CSG Advisors, and Mr.

Steve Hoppe, HOPE VI Program Manager of the OHA Development Department. Mr. Neville directed the Commissioners' attention to the road map for the sources and uses of the Lion Creek Crossings HOPE VI revitalization and discussed the sources of funding of Phases 1, 2 and 3 and their Total Development Costs (TDC). He continued his discussion on the Transitional Block, Subtotal Residential, Average HUD/OHA, EPA Sites 1, 2 and 3, Streets and Infrastructure, and Replacement Park. Mr. Neville also discussed the Summary of Land Acquisition Costs listing the properties already acquired and the properties to be acquired. He noted that the appraised value of each of the properties is close to budget. He said that the Authority has paid 99.45% of the appraised values of the properties. Mr. Gresley added that a portion of the HOPE VI funds goes to the services for the residents and are not part of these construction development costs. He also said that some funds have been spent for the replacement of the 21 units in the Foothill Family Apartments. Mr. Neville noted that Phase 2 would close this month and Phase 3 would close in May 2006.

Discussion ensued. Commissioner Terrazas asked where the gap financing was. Mr. Neville said it was on the next item. Commissioner Terrazas asked how close they were to acquiring the remaining properties. Mr. Hoppe said there were five properties left. Three of them are owned by an elderly woman, and staff was not successful yet in convincing her sons to sell the properties. Staff has not worked yet on one single family residence, and the last one is the railroad piece of property that staff has been working on for about four years now. Chair Mayne asked if the projected costs are based on the adjustments that have been made on Phases 1 and 2. Mr. Neville asked Mr. Simon and Ms. Stone for their answers. Mr. Simon said the figures are the latest updates. He pointed out that all of the EPA funds have been received and are being expended now. They are also underway with spending the infrastructure money on the roads. Chair Mayne asked if there was going to be more relocation money to be spent. Mr. Neville said they were estimating some additional costs. Mr. Hoppe noted that they have not included the estimates on the relocation costs in this report. The relocation costs vary widely, and it depends on the income of the people they relocate for which there is no information yet. Commissioner Terrazas asked if there are extra steps in order to acquire the remaining properties. Mr. Hoppe indicated the Authority may need to exercise the power of eminent domain. Mr. Gresley suggested that the discussion should be continued in Closed Session. The discussion continued with the Commissioners asking questions and staff providing the answers.

- B. Consideration and approval of the revision of local funds loan terms for the Construction of Phase 2 of the Coliseum Gardens HOPE VI Revitalization.

Mr. Gresley called upon Mr. Neville. Mr. Neville noted that the construction bids have come in approximately \$3 million higher than originally estimated. The podium units were estimated at about \$15 million, and the tax credit equity would cover \$1.2 million of the increased costs, leaving a funding gap of \$1.8 million. Mr. Neville said that the developer partners and the financial advisors have been in contact with staff of the Leased Housing Department about the idea of leasing 18 units of Section 8 Project-based vouchers in the project. He said that with that approach, the Authority would be able to borrow additional funds from the California Housing Finance Agency. Mr. Neville also said that they planned to increase the number of units in Phase 2 which currently has 146 units. Mr. Neville recommended that the Board authorize the Executive Director to execute a Local Funds Loan Agreement, Promissory Note and Deed of Trust in the amount of up to \$2,472,471 with Lion Way Housing Partners, L.P. as borrower, for construction financing, and up to \$1,843,266 for permanent financing for Phase 2 of the Coliseum Gardens HOPE VI Revitalization.

A discussion followed. Chair Mayne asked where the gap financing will be taken from. Mr. Neville went back to the road map sources and uses and directed the Commissioners to the OHA local funds of \$988,266 in Phase 2 and \$591,408 in Phase 3. Then he directed attention to the Demo and Abatement column in which the OHA local funds is \$1,076,508. Commissioner Terrazas asked whether staff has looked into the possibility of turning to commercial banks for closing the financial gap. Mr. Neville said no and noted that lenders keep changing their interest rates. Ms. Peg Stone, Financial Advisor added that if they turned to commercial banks, it would generate a lot of documents that would lead to huge legal costs. Ms. Stone would like to keep the transaction costs down. Mr. Neville added that banks would charge higher interest rates. Mr. Simon from EBALDC provided additional comments.

Commissioner Pittman moved approval of the recommendation. Commissioner Brown seconded and the Board voted unanimous approval.

C. Consideration and approval of authorization to negotiate and execute a contract to provide architect and engineering services to design and construct the Tassafaronga Development Site.

Mr. Gresley indicated to the Board that at the end of last week, staff received a notification from HUD that their HOPE VI application for Tassafaronga was not funded this year. He said that HUD funded a total of seven projects and gave the names of the housing authorities that received funds. Mr. Gresley said that they need to keep the project going, and expected to have another Notice of Funding Availability (NOFA) out soon from the City of Oakland. He said staff

intends to submit an application to the City of Oakland next week in order to keep moving forward. He said that staff initiated some procurement to find various consultants. Mr. Gresley called on Mr. Neville for additional information.

Mr. Neville said that the recommendation was to negotiate and enter into a contract with David Baker + Partners, Architects to design and construct the Tassafaronga Development Site, including a contract for the scope of services in Phase 1 of the RFP in the amount of \$101,500, and for the scope of services in Phase 2. The Authority issued a Request for Proposals (RFP) on September 20, 2005. The RFP was published in the Oakland Tribune, emailed and mailed to 39 architecture firms, as well as placed on the Authority's website. Twenty-one firms were represented at a pre-proposal conference held on October 3, 2005, and an Addendum to the RFP was issued on October 10, 2005. Thirteen firms submitted proposals, and an Evaluation Panel was formed and met on October 26, 2005 to review and score the proposals. David Baker + Partners, Architects received the highest score, closely followed by WRT Solomon ETC and Michael Willis Architects respectively.

The fees for architecture and engineering services proposed by David Baker were based on the assumption that 120 units would be developed with a construction budget of \$30 million. The proposed fee for Phase 1 is \$101,500. Discussion followed. Chair Mayne asked if any of the housing authorities that received HOPE VI grants were MTW designees. Mr. Gresley said Portland and Atlanta were. Chair Mayne asked whether the fees of \$101,500 charged for Phase 1 are estimated costs or construction budget. Mr. Neville said the proposal is an estimated cost based on the \$30 million construction. If the construction budget was \$130 million, fees for David Baker Architects and the whole team of engineers would be \$1.7 million.

He asked Mr. Peter MacKenzie and Mr. Daniel Simons from David Baker for a graphic presentation of one of their completed projects. Mr. McKenzie and Mr. Simons showed and discussed photos of their completed project at Folsom Street, between 9th and 10th Streets in San Francisco. A brief discussion followed after the presentation. Commissioner Terrazas moved approval of the recommendation. Commissioner Pittman seconded and the Board voted unanimous approval.

D. Consideration and approval of recommendation for the purchase of Authority Police vehicles.

Mr. Gresley said the Authority has a need for four vehicles: two new Police

cruisers and two used sedans to replace some of its aging fleet. He said that they used the Small Purchase Procurement for under \$100,000 to find competition within the City of Oakland. However, Federal rules provide that if there was not sufficient competition, they have to expand the area for competitive bids. The bid date was extended from October 7, 2005 to October 28, 2005, and two police vehicle dealers located outside the City of Oakland were invited to bid. A total of three responsible bids were submitted and the lowest responsive, responsible bid was from Serramonte Ford, with a bid of \$64,925.00.

A brief discussion ensued. Commissioner Taylor asked how old the vehicles to be purchased are. Chief Carel Duplessis said that the year of the two cruisers is 2006. He did not know the years of the two used sedans. Commissioner Terrazas asked if there was cost associated with making the vehicles fit as police cars. Chief Duplessis said yes. Commissioner Taylor asked what would happen to the replaced cars. Mr. Robert Chavez, Manager of CCGS Division, said that the cars would go to auction. Commissioner Terrazas moved approval of the recommendation to purchase the cars. Commissioner Taylor seconded and the Board voted unanimous approval.

IV. Recognition of people wishing to address the Commission.

There were none.

V. Executive Director's Report

Mr. Gresley said there were two scheduled meetings left for this year: the Regular Meeting on Monday, November 28, 2005, and the Special Meeting on Friday, December 16, 2005 from 10:00 a.m. to 3:00 p.m. The Special Meeting on December 16, 2005 would be a "retreat-like" meeting to be held at the Waterfront Plaza Hotel in Oakland, with the senior staff to be invited.

The Holiday Splendor will be held on Wednesday, December 7, 2005, 5:00 – 8:00 pm at the Lake Merritt Garden Center. Mr. Gresley invited the Commissioners.

The Employees Recognition Event will be held on Thursday, December 15, 2005 at 3:00 pm in the Commissioners Room at 1619 Harrison Street. Mr. Gresley said that during that event, Mr. Richard E. Winnie would be presented with recognition for his service on the Commission.

Mr. Gresley introduced Ms. Ann Clegg, Administrative Assistant who recently joined the Executive Office. Ms. Clegg has worked at the Police Department for 14 years. Mr. Gresley introduced Ms. Joyce Roberson, who is filling in on an interim basis as

Director of Housing Management. Mr. Gresley introduced Mr. Barry Nann filling in the Directorship of Facilities Management vacated by Mr. Rod Roche. He noted that Mr. Nann worked as a consultant in Facilities Management a few years ago.

Mr. Gresley announced to the Commission that Mr. Walter Kawecki, Jr., Director of Human Resources, would be retiring at the end of March, 2006.

Mr. Gresley had a handout passed to the Commissioners that pertains to the Mandela Gateway being named Readers' Choice Awards "Best Urban Project" by the *Affordable Housing Finance* Magazine in their November Issue.

Chair Mayne welcomed Ms. Ann Clegg, Ms. Joyce Roberson, and Mr. Barry Nann.

Chair Mayne indicated that the Authority has not received many awards from NAHRO lately. He noted that staffs who do the work should be the ones to receive the awards so that they would be motivated. Mr. Gresley indicated that staff did not submit any application for the awards last year. He indicated that he would be pleased to send staff to receive the awards.

VI. Adjournment.

The meeting was adjourned at 8:15 pm.

Chair

Secretary