

**THE LONG BEACH HOUSING DEVELOPMENT COMPANY
SPECIAL EXECUTIVE REVIEW COMMITTEE MEETING
November 10, 2009 at 9:00 a.m.**

MINUTES

Members Present: Patrick Brown, Chair
Stacy McDaniel, Vice Chair
Anna Ulaszewski, Projects Committee Chair

Absent: Michael McCarthy, Programs Committee Chair
Kevin Cwayna, Legislative/Advocacy Committee Chair

Staff Present: Dennis Thys, President
Ellie Tolentino, Vice President
Patrick Ure, Housing Development Officer
Meggan Sorensen, Development Project Manager
Pat Parga, Bureau Secretary

Guests: William Leach, Director of Acquisitions, Palm Desert
Development Company
Jeffrey Tartaglino, Director of Land Development, Palm Desert
Development Company

Prepared by: Pat Parga

1. Call to Order

Chair Brown called the meeting to order at 9:30 a.m.

2. Roll Call

All Committee members were present at roll call, except Michael McCarthy and Kevin Cwayna, who were absent.

3. Minutes

The minutes from the May 6, 2009 meeting were approved by consensus.

4. Loan Agreement between The Long Beach Housing Development Company and Palm Desert Development Company for a 61-unit Senior Rental Development located at 3290 East Artesia Boulevard (CD9).

Vice President Tolentino introduced Jeff Tartaglino and William Leach from Palm Desert Development Company. She stated that Palm Desert Development Company (Palm Desert) was a for-profit company and not a non-profit as indicated in the staff report.

Vice President Tolentino then reviewed the staff report.

AGENDA ITEM NO. 8A₁

Chair Brown asked what exactly was needed. Mr. Leach stated that they need a funding commitment stating that based on receiving tax credits and negotiating the proper agreement, the LBHDC will lend them money.

President Thys stated that Keyser Marston Associates did a cost analysis, and Palm Desert has agreed to some of the changes.

Chair Brown asked about their location and background. Mr. Leach stated that their office was in Palm Desert and then gave a brief background on the company.

Committee member Ulaszewski asked about their program/service coordinator and how their services are paid. Mr. Leach responded that they have on-site property management and security presence. He stated that they also have social services, which are managed, operated, and coordinated by Housing Corporation of America, which usually hires local non-profit or for-profit service providers paid for from the operation budget.

Chair Brown asked about the location of their properties completed in the last five years. Mr. Leach responded with a number of sites, including: Moreno Valley, and Hesperia. Vice Chair McDaniel asked if they did any projects in Long Beach or Los Angeles County. Mr. Leach stated that they did not, however, that they have a strong market share in the Inland Empire, and wanted to branch out. Further discussion ensued.

Vice Chair McDaniel asked what value their company added. Mr. Leach stated that the value they add to the project is that they find the site, get the community involved, get financing in-line, juggle the risk, put the entitlements together, and keep the process moving. Vice Chair McDaniel asked what their fee was for this project. Mr. Leach stated it would be \$2 million, however, they are deferring \$600,000 for ten years.

Boardmember Ulaszewski asked about the replacement for the Farmers and Merchants Bank. Mr. Leach replied that the bank wishes to stay in the community, but not at that site. Further discussion ensued.

Boardmember Ulaszewski asked about hiring a construction manager. Mr. Leach replied that will be American Multifamily, but they will also be overseeing the project because they have higher standards. Further discussion ensued.

Vice Chair McDaniel asked about references. Staff Ure stated that they have already contacted their references and they received good reviews.

Vice Chair McDaniel asked about social services. Mr. Leach stated that financial, health and life skills educational classes would be offered, along with case management. Further discussion ensued.

Vice Chair McDaniel asked how the project scored on a proforma basis for the tax credits. Mr. Leach explained how the project scored. Further discussion ensued.

Vice Chair McDaniel asked what the differences were in the assumptions between Keyser Marston and Palm Desert. Mr. Leach replied. Further discussion ensued.

Vice Chair McDaniel ask what the per-unit subsidy is for this project. Staff Ure stated that it was \$158,000 per unit, which is in-line, if not a little lower than our average. Further discussion ensued.

Mr. Leach and Mr. Tartaglino of Palm Desert Development left the meeting.

Vice Chair McDaniel stated she has had horrible experience with developers going outside their base of operations. Staff Ure stated that staff hires their own consultant to oversee construction. Further discussion ensued.

President Thys spoke about working with Parks, Recreation and Marine regarding providing classes. Further discussion ensued.

Staff Ure stated that the loan was conditioned on their getting tax credits.

President Thys stated that the City is concerned about this site's future if this project does not go through.

President Thys stated that Farmers & Merchants Bank spoke to Palm Desert about another location on Long Beach Blvd. Further discussion ensued.

Recommended Action:

Recommend that the Board:

1. Approve a loan of up to \$9,516,000 to Palm Desert Development Company to provide gap financing for the development of a 61-unit affordable senior rental project located at 3290 East Artesia Boulevard, with conditions;
2. Authorize the President or designee to negotiate and enter into an Agreement with Palm Desert Development Company; and
3. Authorize the President or designee to execute any and all document necessary to implement the Agreement.

MOTION TO APPROVE:
SECONDED:
UNANIMOUSLY APPROVED

Anna Ulaszewski
Stacy McDaniel

6. Project Update

Vice President Tolentino spoke about planning an open house for the Palace Hotel, however, no definite date has been set.

Staff Ure stated that construction for the Courtyards and the Palace Hotel should start toward the end of this year or the beginning of the new year. He also stated that they are still working with Brookfield regarding construction financing, and that the Meta project is ahead of schedule.

Vice Chair McDaniel asked about Olive Villas. Staff Ure stated that two market rate units have sold and there is interest by low-income buyers. Further discussion ensued.

7. Review Agenda for the next LBHDC Board Meeting – November 17, 2009

President Thys mentioned that November would be the LBHDC Board Retreat and December's meeting would be the annual holiday dinner. Further discussion ensued.

President Thys stated that the upcoming study session regarding local housing preference is scheduled as part of the January meeting. Also, the previously discussed Palm Desert loan and possibly the adoption of the local housing preference policy would be part of the January meeting.

Vice Chair McDaniel requested that staff present the local preference policy as a preference and some requirements. President Thys stated that there are already some requirements in place. Further discussion ensued.

8. Upcoming Meetings, Conferences and Workshops

This item was not discussed.

9. New Business

Vice Chair McDaniel asked about doing a developers fair to bring developers to the City.

10. Public Participation

No members of the public were present.

11. Adjournment

The meeting was adjourned at 10:33 a.m.