

ACTION
MINUTES OF THE REGULAR BOARD MEETING
OF THE
HOUSING AUTHORITY OF THE COUNTY OF MONTEREY
HELD JANUARY 24, 2011

Commissioners met at the Central Office. Chair Elizabeth Williams called the meeting to order at 5:05 p.m. Present: Chair Elizabeth Williams, Vice Chair Alan Styles, and Commissioners Josh Stewart, Tom Espinoza, Kevin Healy (Teleconference), and Andrew Jackson. Also Present: Jean Goebel, Acting Executive Director; Lynn Santos, Director of Finance; Joni Ruelaz, Housing Programs Manager; Pat Wyatt, Interim Human Resources Manager; Starla Warren, Fee for Service Director of Development; and Tom Griffin, Legal Counsel. Recorder: Sandy Tebbs

The Commission wished Happy Birthday to Commissioner Stewart.

COMMENTS FROM THE PUBLIC: None

PRESENTATIONS: Service Awards

Chair Williams presented a 15 year certificate/pin to Carmen Martinez and the Commission thanked her for her service to HACM. Chair Williams also noted that Loreta Lozada was to receive a 10 year certificate/pin tonight but wasn't able to be here; the Commission thanked her also for her service to HACM.

CONSENT AGENDA

- A. Minutes - Approval of Minutes of the Regular Board Meeting held November 22, 2010
- B. Minutes – Approval of Minutes of the Regular Board Meeting held December 13, 2010
- C. Minutes – Approval of Minutes of the Special Board Meeting held December 27, 2010
- D. Minutes – Approval of Minutes of the Special Board Meeting held January 15, 2011
- E. Revised Job Description- Housing Programs Supervisor
- F. Resolution 2686: Agreement for Use of Los Ositos Community Center (33-12) as a Senior Nutrition Site

The Clerk of the Board stated the minutes for November 22, 2010 were on the table; she stated Legal Counsel had reviewed them.

Commissioner Stewart requested Consent Agenda item A be pulled.

Upon motion by Commissioner Styles, seconded by Commissioner Stewart, the Board approved Consent Agenda items B, C, D, E, and F. Motion carried with the following roll-call vote:

AYES: Williams, Styles, Stewart, Espinoza, Healy, Jackson
NOES: None
ABSENT: None

Staff requested the Human Resources Report be moved forward on the agenda to accommodate the Interim Human Resources Manager.

- B. Human Resources Report /Summary of Activity – December 2010

Ms. Goebel introduced Pat Wyatt, Interim Human Resources Manager; the Board welcomed Ms. Wyatt to the meeting. Ms. Wyatt reported there were no position revisions and no new position recommendations. Under vacant positions there were four and now we only have three because we have an acceptance from Sandra Kandell who will be our Executive Assistant; she will be starting on January 31, 2011. The Director of Administrative Services screening has been completed and interviews will be starting next week; the Executive Director position is under Executive Search; and the Housing Management Manager position deadline has been extended to February 4th to get a wider range of candidates.

Ms. Wyatt continued reporting, there are no new appointments; we had three voluntary terminations, the Executive Director, Director of Administrative Services, and the Chief Operations & Finance Officer. There was one involuntary termination, Operations Planner/Scheduler, and there were no layoffs. She further stated there are two personnel in an Acting Capacity: Antonio Franco Building Trades Worker working as Skilled Trades Technician, and Jean Goebel, serving as Acting Executive Director. Ms. Wyatt stated she is listed as Temporary Staff as the Acting Human Resources Manager. There are no Interns at this time; we have two Cal-Works and two Work Alternatives.

Ms. Wyatt further reported that the Workers' Compensation section has been updated since a couple of claims have been closed. There is no general information to report. No action required.

Commissioner Stewart stated he was a little bit disappointed in the fact that he had suggested that the Board take a stronger look in reference to new hires in the top level positions. Commissioner Williams reminded that only two employees work directly for the Board and those are the Executive Director and the Clerk of the Board. During further discussion, Commissioner Stewart also emphasized his concern about HACM's personnel policies and procedures because communities are looking at discriminatory issues and he wants to be sure that HACM is following policies and procedures.

REPORTS OF COMMITTEES

Personnel Committee: Commissioner Espinoza reported everything is on the agenda.

Finance/Development Committee: Commissioner Styles reported everything is on the agenda.

Monterey County Housing, Inc.: Mr. Rose reported the MCHI Board has not had a quorum for several meetings due to one of their Board members' absence because of a family member's serious illness; the next Board meeting is scheduled for February 16th. This lack of a quorum has accelerated their search to fill the vacant Board positions; this search is being done through service organizations that work with low income people. The press releases (on their Board vacancies) should go out later this week requesting applicants apply through an online acrobat program that will assist applicants in filling out the required forms. This acrobat program will further create an applicant pool for future vacancies.

Affordable Acquisitions: Same as MCHI.

Resident Advisory Board: Ms. Goebel reported the RAB was on the agenda.

Monterey County Housing Development Corporation and LP's: Ms. Warren reported that the updates are either on the HACM or HDC agendas.

REPORT OF SECRETARY

A. Executive Report

Ms. Goebel reported she likes to keep the Commission informed on what Staff is working on in terms of large projects. Staff has finished the NRA reconciliation. A letter from HUD has been received by HACM notifying us that we are definitely a troubled agency and that our rescoring was not successful to take us out of the troubled status. HUD will be contacting us to sign an MOA with them regarding this status; we will have to come up with solutions to meet the standards that they expect us to reach. In addition to these things, a phone call came in last week from the Office of the Inspector General letting us know they are coming on February 7th to start an audit of the ARRA funds that we received for capital funds for public housing. The Annual Plan is out for public comment for the required 45 day period. There will be a Resident Advisory Board meeting in February regarding the Annual plan and Ms. Warren will be talking about the capital fund portion in case the residents have any questions.

Commissioner Williams noted that she liked the format of Ms. Goebel's report; it was nice to see all the things taking place. She also stated she would be here to greet the Inspector General auditors on February 7th. To Board query, Staff responded that the Union contract opens for negotiations in June but ends around November time frame.

NEW BUSINESS

A. Resolution 2687: Authorization of contract award and Procurement Policy Waiver

Upon motion by Commissioner Stewart, seconded by Commissioner Styles, the Board adopted Resolution 2687, authorization to award contract to Val's Plumbing, and to approve the deviation from Procurement Policy relative to the Payment and Performance bond requirement. Motion carried with the following roll-call vote:

AYES: Williams, Styles, Stewart, Espinoza, Healy, Jackson
NOES: None
ABSENT: None

B. Resolution 2688: Resolution of Commendation for James S. Nakashima

Upon motion by Commissioner Stewart, seconded by Commissioner Jackson, the Board adopted Resolution 2688, Resolution of Commendation for James S. Nakashima. Motion carried with the following roll-call vote:

AYES: Williams, Styles, Stewart, Espinoza, Healy, Jackson
NOES: None
ABSENT: None

C. Resolution 2689: Recognition of the Dissolution of the Resident Advisory Board

Upon motion by Commissioner Styles, seconded by Commissioner Espinoza, the Board adopted Resolution 2689, recognizing the dissolution of the existing Resident Advisory Board. Motion carried with the following roll-call vote:

AYES: Williams, Styles, Espinoza, Healy, Jackson
NOES: None
ABSENT: None
ABSTAIN: Stewart

D. Resolution 2690: Adoption of Annual Plan Advisory Board Policies

Upon motion by Commissioner Styles, seconded by Commissioner Espinoza, the Board adopted Resolution 2690, approving the Annual Plan Advisory Board policies. Motion carried with the following roll-call vote:

AYES: Williams, Styles, Espinoza, Healy, Jackson
NOES: None
ABSENT: None
ABSTAIN: Stewart

E. Resolution 2691: Salary Adjustment for Acting Executive Director

Upon motion by Commissioner Styles, seconded by Commissioner Espinoza, the Board adopted Resolution 2691, to adjust the Acting Executive Director's salary of \$105,000 per year if it is extended beyond March 14, 2011. Motion carried with the following roll-call vote:

AYES: Williams, Styles, Stewart, Espinoza, Healy, Jackson
NOES: None
ABSENT: None

F. Laguna Haciendas Disposition and Redevelopment Issues

Commissioner Espinoza explained that this item was placed on the agenda to clarify whether or not the redevelopment project for Laguna Haciendas should or should not move forward.

Ms. Warren provided the history of Laguna Haciendas regarding the costs and problems with this property. She also provided a hand-out to the Board on capital funds as well as a letter from the County Assessor's office dated October 25, 2005, valuation for Rippling River, for comparison with this project.

Commissioner Espinoza summarized that this project can be stopped at HUD level up to the construction closing when the transfer of title is recorded; to query regarding the title, Ms. Warren stated that after transfer, the title will go from HUD/HACM to HDC to the Limited Partner. She further explained that this project expects a 90% equity partner and if the proformas and documentation don't line up appropriately there couldn't be that type of lender. She further reminded that \$500K has already been invested in this property and that would be lost if a decision is made to not move forward on this project.

Ms. Warren reported that since they were not awarded in the July 2010 tax credit round that they will reapply in the 9% tax credit round this coming March, but the project will change to two phases instead of just one which might create a better chance of being awarded if it is two smaller pieces. This project will be 100 units and after redevelopment the property would be a multi-family structure for Section 8 Project Based voucher holders. She explained that she has to move forward on development projects to generate cash in order to have fees available to assist in defraying HACM's exposure to the Tynan Village land lease. Ms. Warren also stated it is currently one of the hottest markets for redevelopment; there were more than 145 applicants in the last tax credit round. She stated there would be no cash requirement for HACM on this project.

During a lengthy discussion, it was noted that this property is already considered the cornerstone of the City of Salinas' redevelopment project for that area and without this development, the City's project could not move forward and this would be a loss to the community and the City. Ms. Warren reminded that there are already resolutions passed by the Housing Authority that reflects our participation to the City's project based on our initial assessment that Haciendas needs to be redeveloped. She further stated that this is an opportunity for HACM to have new and more energy efficient units and also to contribute to the community.

Ms. Warren explained there will be no cash requirement from HACM, but this is going to be a development that HACM will want to manage so that will generate revenue to offset some of the overhead issues that are currently going on for HACM.

HACM Staff expressed their concerns that this project could turn into a problem like Tynan Village, but the Commission explained that shouldn't happen because this is a different project with different parameters and there were lessons learned on the Tynan project. Staff reiterated that once this project is removed from public housing, there is no avenue to return this property back to public housing. Commissioner Styles emphasized that the Board is more aware of issues from previous lessons learned and will be checking possible issues on this project as it goes forward. Commissioner Williams emphasized that she wants to see all the proformas and documentation on this project.

Ms. Goebel asked what does the reverter clause say; Ms. Warren stated the reverter clause says that if the property is not used for its intended purposes that it reverts back to the Housing Authority because it is not being used for the purpose it was intended. Commissioner Espinoza stated he read that it was encouraged to include the reverter language in the disposition application to the Special Applications Center (SAC); Ms. Warren explained that would be a different document and would be done in the Limited Partner Agreement's first right of refusal and option to buy. She further explained that the HUD attorneys typically want to write the reverter clause. Ms. Goebel noted currently it is a declaration of trust on the land and HACM is listed on it as well as HUD and the land would go back to HUD if we violate the agreement.

To question on developer fee, Ms. Warren responded that would be HDC's income as the developer. Mr. Griffin suggested that there could be sharing in the developer fees between HACM and HDC.

Commissioner Espinoza requested opinions from other Commissioners regarding going forward or not going forward on this project since he has not been through one of these transactions

before. Commissioners Styles, Stewart, and Williams responded that there are risks in any development situation, but they stated they would like to move this project forward. Commissioner Styles stated if we do not go forward then there will be no income coming to HACM because that is not our business. He noted that Ms. Santos provided information showing what the loss in revenue will be while the development is taking place but this is an opportunity to help make HACM whole again. Commissioner Espinoza thanked the Commissioners for their insights.

To concerns about moving forward on this project, Ms. Warren explained that this project is different than the Tynan Village project. Commissioner Williams stated that her concerns are to make sure HACM is protected; we want to make sure if HACM is giving away an asset such as the land, then HACM is entitled to something in return such as a share in the developer fees and that the money gets back to HACM. Commissioner Espinoza reiterated to Commissioner Healy that what he heard at this meeting is that this Board has learned from the past and in looking at the future is more sophisticated in evaluating these projects as the Board goes forward and if the Board gets to a point where the project needs to stop then the Board can do that. Commissioner Healy stated that from his perspective he felt the Board should be open minded enough to stop before making any additional investments. He further reminded that it is important to maintain the same level of open mindedness relative to all options and to be open minded to all scenarios as they will benefit the mission. He also reiterated that June would be the drop dead date for backing out of this deal if the Board chose to do so.

Commissioner Espinoza summarized that what he also is hearing at this meeting is that if the Board doesn't move forward it is going to be financially detrimental to both HACM and HDC. Ms. Warren stated in further discussion that a lender will not provide a commitment letter to go forward on a project if they do not feel the project is viable as presented in the model. She stated the big risk would be leasing it up at the end of the development but most of the current residents will probably move back in.

Commissioner Healy congratulated Ms. Warren and her staff for earning a good reputation amongst the partners.

Ms. Santos stated what she is hearing at this meeting sounds like we are turning a corner from the past in that HACM is going to be involved in the planning of these projects going forward which was not indicated in the previous two projects. It is also good news that HACM is going to be managing these properties and participating in the developer fee to a greater extent than 7%. Commissioner Williams commented that issue is not up for discussion yet.

Ms. Santos stated she would like the Board to be aware that if the Board's decision is to move forward that this project will have to have Section 8 Project Based vouchers and there has been no discussion on what HUD's plans are on the Section 8 voucher program. She recommended that the Board review the construction and operating proformas on all projects.

Commissioner Williams re-emphasized that she wants to see all proformas on this project.

No action required; discussion item only.

G. Schedule for Annual Plan – Information Only

This was an informational item only; no action required.

H. Executive Search

Commissioner Healy reported that the Ad Hoc Search Committee selected Avery Associates Search firm out of Los Gatos for the Executive Director search. Mr. Paul Kimura will be our Representative from Avery Associates and has already spoken with Ms. Goebel.

Ms. Goebel stated that Mr. Kimura has contacted her and they have been working on a contract and she asked for direction from the Board on who should sign this contract. Commissioner Styles responded that the Chair of the Board would be the one to sign this contract.

Chair Williams returned to the item pulled from the Consent Agenda.

CONSENT AGENDA

A. Minutes - Approval of Minutes of the Regular Board Meeting held November 22, 2010

Upon motion by Commissioner Styles, seconded by Commissioner Stewart, the Board approved the minutes of the Regular Board meeting held November 22, 2010 with the note that the minutes are subject to correction. Motion carried with the following roll-call vote:

AYES: Williams, Styles, Stewart, Espinoza, Healy, Jackson
NOES: None
ABSENT: None

The Board recessed to a break at 7:17 p.m. and returned to regular session at 7:30 p.m.

INFORMATION

A. Financial Report: Finance Update

Ms. Santos reported we finally received the final PHAS score on which we were asking for the appeal and we were found to still be a troubled housing authority financially (only in that one component). She stated that we did do exactly what HUD had asked us to do. Ms. Santos stated that she had even recalculated the formula manually and didn't think the score was going to change; however, it actually did, it went down from 15.6 to 10.7. The portion that reduced the score was the part for long term debt. Ms. Santos stated that she recalculated for 2010 also and it appears we will still be troubled. No action required.

Commissioner Williams thanked Ms. Santos for all the hard work that was put into this issue of the troubled status.

B. Human Resources Report /Summary of Activity -- December 2010

The Human Resources Report was moved up on the agenda to accommodate the Interim Human Resources Manager; please see this report after the Consent Agenda.

C. Status Report: Monthly Development Report

Ms. Warren reported that she had a conversation with the Director from multi-family housing and USDA regarding Castroville. The NOFA that is out right now is for new construction; however, they have some special funds set aside that they are willing to work with us on. They are going to put us in contact with the program person and send us an application for Castroville. No action required.

D. Status Report: Monthly Property Management Report

Ms. Goebel reported she had nothing to add to this report. No action required.

E. Status Report: Monthly Asset Management Report

Ms. Goebel reported she had nothing to add to her report. No action required.

F. Status Report: Eligibility/Section 8 Reports

Ms. Ruelaz pointed out the new format on her report; at the beginning of January they combined all the programs, Section 8, Eligibility, and FSS, into one department called Housing Programs so the report now reflects that. No action required

G. Status Report: Administrative Report

Ms. Goebel pointed out that we have been working on problems with the heating system for this building. She further noted that next month there will be an agenda item for the flooring in the building. No action required.

H. Media Update

Chair Williams noted that the Commissioners received their Media information. No action required.

The Board convened to Closed Session at 7:38 p.m.

CLOSED SESSION

The Board met in Closed Session for the following purposes and reasons:

- A. Government Code Section 54956.8: Conference with Starla Warren
Re: negotiations concerning the note and property at: 30 East
Market Street, Salinas, CA

ACTION: The Board authorized Ms. Warren to proceed with protecting and enforcing HACM's interest in the outstanding Note with MCHI including foreclosure with respect to the property at 30 East Market Street, Salinas, CA

- B. Government Code Section 54956.9(b)(2): Conference with Legal Counsel

ACTION: No action to report.

The Board reconvened to regular session at 8:28 p.m.

COMMISSIONER COMMENTS

Commissioner Espinoza thanked Ms. Warren and Ms. Mercado for the delicious dinner and everyone for staying so late this evening.

Commissioner Styles thanked everybody for their input and the great discussion we had; he thinks it is pushing us in the right direction.

Commissioner Jackson commented as long as we get off on the right foot; quit half-stepping and get it done.

Commissioner Stewart commented it has been two times in a row that he is speechless; he thanked everyone.

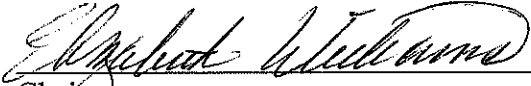
Commissioner Healy commented he would reiterate thank you to everybody for all the work that has been put into what we discussed tonight and even to the Board in terms of discussion in spite of some of these items being so rich. He thinks that's what Staff and the public would want from the Board so he is excited to be apart of it. He wished he could be here in person tonight.

Commissioner Williams commented that last Wednesday that she and Ms. Goebel met with the Maintenance staff and they asked some good questions; between she and Ms. Goebel they answered their questions and the feedback on this meeting seems to be positive. On February 2nd Commissioners Styles and Espinoza along with herself will meet with Supervisors Potter and Parker to talk about the Tenant Commissioner vacancy.

January 24, 2011


ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 8:31 p.m.



Chairman

ATTEST:



Secretary

3-1-2011
Date