ACTION
MINUTES OF THE REGULAR BOARD MEETING
OF THE
HOUSING AUTHORITY OF THE COUNTY OF MONTEREY
HELD OCTOBER 28, 2013

Commissioners met at the Central Office. Chair Elizabeth Williams called the meeting to order at 5:02 p.m. Present: Chair Elizabeth Williams, Vice Chair Charmaigne Scott, and Commissioners Alan Styles, Tom Espinoza, and Mary Jo Zenk. Absent: Commissioners Kevin Healy and Kathy Beuthin. Also Present: Jean Goebel, Executive Director; Lynn Santos, Director of Finance; Joni Ruelaz, Housing Programs Manager; Pat Wyatt, Human Resources Manager; Shannon Tonkin, Housing Management Manager; and Starla Warren, Fee-for-Service Director of Development. Recorder: Sandy Tebbs

COMMENTS FROM THE PUBLIC: None

PRESENTATION: Service Award

Chair Williams announced a service award for Carol Vargas for ten years of loyal service to the Housing Authority; the Board congratulates and thanks Ms. Vargas for her ten years of dedicated service.

CONSENT AGENDA:

A. Minutes – Approval of Minutes of the Regular Board Meeting held September 23, 2013
B. Resolution 2763: Revisions to Public Housing Program Admissions and Occupancy Plan
C. Resolution 2764: Contract with Employment Development Department for Verification of Income

The Clerk of the Board reported there was a correction to the September 23, 2013 minutes on pages 7 and 8, the names of Jose Acosta and Jose Alfaro should be reversed; Jose Alfaro should be on page 7 and Jose Acosta should be on page 8.

Upon motion by Commissioner Styles, seconded by Commissioner Scott, the Board approved the Consent Agenda with the correction to the Minutes. Motion carried with the following vote:

YES: Williams, Scott, Styles, Espinoza, Zenk
NOES: None
ABSENT: Healy, Beuthin

REPORTS OF COMMITTEES
Personnel Committee: Commissioner Styles reported everything was on the agenda
Finance/Dev Committee: Commissioner Espinoza reported everything was on the agenda.
Monterey County Housing, Inc.: Commissioner Zenk reported the MCHI Finance Committee reviewed the audits and 990’s for previous years and finally accepted them.
Affordable Acquisitions: Same as MCHI
Monterey County Housing Development Corporation and LP’s: Ms. Warren reported all these items are on the appropriate agendas.

REPORT OF SECRETARY
A. Executive Report:

Ms. Goebel reported that there is an envelope on the table with a letter also attached outside the envelope. The letter inside the envelope is from HUD indicating our PHAS substandard score required an action plan. The attached outside letter is our response stating that our scores have improved and that we are no longer substandard. Our scores from our 2013 year indicate that we are well above substandard at this point and we are a Standard Performer for occupancy. Staff is now waiting to hear back from HUD on our response. To query on the Portola Vista refinance, Ms. Santos responded that issue is being worked with the auditors which should be finished by the end of October. Staff will be discussing this issue and bringing it to the Board once there is some definitive guidance.
NEW BUSINESS

A. Resolution 2765: Authorization to submit Rental Assistance Demonstration Application to convert Public Housing at AMP 103-Gonzales Multi-family to Project Based Rental Assistance (RAD) Program

Ms. Warren stated this is the Rental Assistance Demonstration (RAD) Program that Staff has talked about in the past; we provided this same presentation to the HACM Finance/Development Committee with the exception of some number changes that occurred. We also had a request from a member of the committee to outline some pros and cons.

Ms. Warren noted she would first provide some background. The Housing Authority's Capital Fund and Operating Subsidy for Public Housing have been cut and will continue to be cut in years to come, which is creating a challenge for HACM to continue to operate this program. HUD issued a PIH notice about two months ago which removed a lot of the obstacles that were previously present and caused it not to be attractive to HACM at that time, but with the changes it has become a game changer.

Ms. Warren stated that staying in public housing is an option. HACM can hope for funding dynamic changes, but we don't think that's going to happen given the current administrative dysfunction that's going on in Congress. HACM can maintain the status quo and just be in public housing, but will continue to experience reductions in the Operating Subsidy as well as in Capital Fund. She stated some of the disadvantages to staying in public housing is the Operating Subsidy and Capital Fund have already had a 10% cut over a couple of years and it looks like there will be approximately an 8% cut per year going forward. That's not a very rosy picture.

Ms. Warren further stated in addition to the funding being cut, they're actually not giving you everything that they've cut. If HUD says we're going to cut you by 10% and by the way you only get 90% of that which includes the 10% cut. Their funding right now is at 82%. That's the HUD game and it's not like they owe you that, the funding is just not there. Therefore, your percentage of cut is actually much larger than outlaid in a couple bullet points in this presentation. Ms. Warren stated we've looked at every site and done an assessment plus we have looked at the capital needs assessments that were performed five or six years ago. We also have looked at what we've done in terms of capital improvements. We have met with HACM Property Management and taken all this data and assimilated it together to find what the capital needs would be on each one of these sites. We are coming in at about $9.5M. At current funding levels, it would take us 14 years of Capital Fund to affect these changes. Obviously that's going to start showing up in increased operating costs because of deteriorating properties and will likely change our image in the community because our properties will start to show signs of aging that we cannot readily fix. And HACM will be unable to access any Net Operating Income (NOI). It is restricted by HUD so if you have unused money in Public Housing, HACM never gets it. That money goes into a reserve and has to be used for Public Housing only. If HACM had some issue where they had interrupted funding from other programs, when they needed some cash to cover administrative overhead, they could not access this money. This information is about staying in Public Housing.

Ms. Warren next addressed converting to RAD. Some of the pros to doing that are: you cap your Operating Subsidy and Capital Funding at 2012 levels, and if you put your application in by December, HACM is guaranteed the 2012 funding levels. If HACM doesn't do that then you will be looking at 2013 or 2014 funding levels, which are going to be significantly reduced. She noted that's the carrot that HUD put out there in this latest PIH notice to say do it now because they're really struggling to get their 60,000 cap. Since this PIH notice came out, all kinds of housing authorities have said let's do it. So now there's a rush to make sure they get in under that cap year's authorization. Although, it's fully intended that next year the authorization will probably add another 60,000 units, if you wait, you'll be at a lower funding level going in.

Ms. Warren reported that the other advantage is you can access $9.2M in equity and loans to complete all the capital needs within an estimated two year period. You also increase tenant mobility and that is a major piece of RAD that the tenant isn't stuck there but can stay there and then can leave after a certain time; therefore, it does increase tenant mobility which is a plus for
our residents. It also can provide $3.2M in repositioning capital which is Board restricted in some fashion, but not HUD restricted. She emphasized that is a significant action to consider. HACM will also be able to access the NOI to pay seller take back notes resulting in unrestricted HACM cash flow and will be able to receive annual rent increases. Currently, we're stuck with nothing and we can expect more nothing. In this new environment we could anticipate increases in the rent structures.

Ms. Warren noted as we've gone through discussions with HACM, there were some key components that they were concerned about. One is that they maintain the property management role at the higher PHA property management fee. For example, the public housing environment generates a higher fee than does the private sector. Therefore, in these particular models we have kept that fee at the higher PHA levels. The other thing is to receive the assignment from the General Partner (GP) for the first right of refusal, an option to purchase at year 15. The third issue was that all NOI that's available after debt service goes to make the payment on a seller take back note. These are the three things that the HACM really wants to make sure happen.

Ms. Warren next addressed RAD versus tax credits. She stated all of these columns (on the PowerPoint) don't add up exactly so don't look at a column and think that it's not necessarily right. A lot of different information is provided and Ms. Warren noted she would go through it.

Ms. Warren stated at the very top are the scopes of work for these properties. What we did and are allowed to do is combine together to the extent that it makes better sense to make a larger project. On AMP's (Asset Management Project) 105 and 112 these are combined because they both are elderly sites located in Greenfield and Gonzales. She stated you can also see El-Gin Village and Natividad, 107 and 119, have also been combined to create a greater economy of scale. Other than those, all the AMP's remain the same.

Ms. Warren went back to the scope of work for AMP's 103 and 112 and stated the first AMP is the Gonzales site needs a major exterior rehab for the 20 units.

Ms. Warren next reported that the elderly site in Greenfield is in pretty good condition; it has been rehabbed recently. She pointed out the line under the 70 units, and noted where you see 2010/2004, those are the dates of the latest substantial rehabilitation. Therefore, the Gonzales site had a substantial rehabilitation in 2010. Ms. Warren commented that in 2004 Casa De Oro had a substantial rehabilitation and in 2009 Los Ositos received a full solar and a full roof along with some heating and energy upgrades. Therefore, those two sites are good to go from an interior perspective because they have elderly population and do not have a lot of wear and tear. There is some exterior work that needs to be done in the amount of $812K. To query on amount, Ms. Warren responded for both sites.

Ms. Warren next addressed AMPs 107 and 119, El-Gin Village and Natividad which were rehabbed in 2008/2009, but they both need a roof and one of these properties needs substantial playground equipment installed and out of that $1.4M for rehab it will cost approximately $1M for the roofs and playground equipment. The two sites also need about $415K largely in exterior work.

Ms. Warren pointed out AMP 108 and stated that is four sites in the East Alisal area that is being called Sanborn. These sites total 89 units and were rehabbed in 2008 so these sites need minor rehab in the amount of approximately $880K. Ms. Warren stated one of the issues is that when we go in with the RAD application, it is critical that our numbers are pretty close to the CAN because if we said in 2008 it was completely rehabbed, we don't need to do anything, and elected to not do anything; that could change because we have to do a third party CNA (capital needs assessment) and this non-rehab is likely to come up as an issue. Therefore, Staff has gone ahead and programmed for that. Now is your time where HACM can get equity to do the work and as you are doing this transition, rehabilitation is definitely something that is recommended.

Ms. Warren further reported on AMP 111, which is Montecito and Watson, which they were rehabbed in 2006 and consist of 13 units. She noted she can't do much with 13 units in terms of getting a new loan or doing anything else; therefore, we are telling HUD that we want a straight dispo and to just give us the RAD rents. It doesn't require us to do anything, but we have identified $67K worth of rehab. Ms. Warren further stated that Staff is programming $195K out of the existing public housing reserves to assist this site in order to stabilize its cash flow.
Ms. Warren referred back to AMP 119, Natividad, and noted it may have additional interior work and we have programmed $400K out of the public housing reserve account to be capitalized in a replacement reserve. She next noted on AMP 105, Gonzales site, that Staff has $150K programmed out of that same reserve.

Ms. Warren next addressed AMP 114, which is Northridge Plaza with 80 units. This site was substantially rehabbed in 2006, but we have allocated $160K out of the public housing reserve and identified rehab of $2.6M; therefore, this is a major rehabilitation on this particular property.

Ms. Warren stated the last AMP on this slide is 120, which are 15 scattered sites primarily located within a four block area in East Alisal. This small grouping is relatively close together and totals 114 units for these 15 scattered sites. Staff has identified $2.2M in rehabilitation; this rehabilitation is on the moderate side with a cost of about $20K per unit.

Ms. Warren stated that kind of summarizes the work that needs to be done, the scope of that work, some sources, the historical rehabilitation on the sites, and the amount in dollars of rehabilitation needed.

Ms. Warren next addressed the Repositioning Capital line and noted that reflects how much money will be available at close after doing the tax credit equity and getting the loans. To query regarding the total for Repositioning Capital of $3.5M, Ms. Warren responded that was the result of their expenses in the RAD tool kit because they were not adding up to what Ms. Santos had in the 2014 budget but we were able to go back and reduce some expenses as a result of that and program for additional borrowing.

Ms. Warren then reviewed the section without 4% tax credits and noted the deficit numbers basically let you know that you are not going to be able to get any of the rehab work done that is needed and HUD would likely deny your application if you elected not to do any work on your properties. She mentioned there was a conversation with RAD about whether a little bit of rehab work needed could be left out in the application, but the application would be rejected because the CNA would not support that. The properties will be inspected by a third party who will determine if the site needs any work and that is why Staff spent so much time on these numbers and therefore are confident in them. She reminded that typically we would access RDA, HOME, and CDBG funds but they are not any available now. The State has not back filled RDA money for about 18 months and the City of Salinas has $500K in HOME that would equal about $1,000 per unit which wouldn’t get anything done.

Ms. Warren next addressed the Net Operating Cash Flow slide. These are the same sites already discussed and we will be looking at some issues relative to Net Operating Income (NOI).

Ms. Warren pointed out AMP 103 (Gonzales) and stated that she and Ms. Santos have talked and there are some anomalies which will have to be sorted out later. This site is receiving $80K in public housing and in RAD would get $19,860. The next AMPs 105 and 112 (Gonzales and Greenfield Elderly) receive $8,125 in public housing and would receive $94,480 in the RAD environment. She next addressed the bottom line in public housing cash flow for $191,918 and stated that it is restricted and cannot be used freely, but under the RAD environment it would be $289,745 annually. Ms. Warren emphasized that the name of the game is to ensure the documents are written in such a fashion that any excess NOI goes to pay the Seller Take Back financing and that, in turn, will get it back into the HACM coffers.

Ms. Warren noted as an example of how things can swing if HACM were able to achieve a 5% reduction in operating costs resulting from the rehab, the first year’s cash flow would increase to $300K with an average of $460K. Therefore, instead of that $289,745, if some things were done operationally, HACM could bump it up to $460K. She reminded keep in mind that this NOI is based on a 5% vacancy rate that you must use in the HUD underwriting; our vacancy rate runs probably between 1% and 2%; and that is also cash that is going to come through this waterfall. She emphasized for the purpose of the HUD underwriting, HACM has to show a 5% vacancy. She noted her point is the proformas will likely be much better than what is on these slides. To query that HACM only has to show the 5% when applying, Staff replied in the affirmative when you apply. Ms. Warren stated in reality it will be 1% or 2% and that is just going to flow down.
Ms. Warren further explained that this next slide shows balance sheet impacts. On the first line, is the Current Net Book Value as public housing and the next line shows what the Seller Take Back (STB) Note for land and improvements would be that HACM would sell to the Limited Partnership and receive payments. She next pointed out the last column of the Net Book Value in public housing is $30M; once you do the transaction on RAD that $30M changes to $70M. Therefore, HACM is not negatively impacting the balance sheet. Then over time that $3.5M reflected for repositioning capital is what the cash out at close will be; the $4.3M is cash flow over a 15 year period. Ms. Warren stated she is showing these numbers to reflect HACM is not taking that note down much at all plus that it is without interest being accrued. Over that 15 year period, the LP would only be paying down $7.8M of a $70M debt. And at the end of 15 years, HACM gets the property back, they forgive their own debt, and can do whatever they want to do with the property. This also shows, regardless of the ownership structure, HACM is the gorilla in the room, so to speak, with that much debt.

To query on whether there would be interest on the seller take back notes, Ms. Warren replied in the affirmative but that it would be reflected in another revenue stream but you have to see how it flows; she further emphasized HACM can tweak it if you don’t want to take it from yourself. She explained if you charge too much interest, when that interest gets paid then your NOI is lower. It is just how it is structured, but the cash is going to be there. You also want to know how your equity partner feels about that, but from experience she noted the equity partner is going to want to see interest on it so they can have a bigger loss. She noted these are things still need to be defined.

Ms. Warren further explained in total the limited partner would borrow $7.7M based on these projections because that’s the revenue that it can support that much debt. After you submit your RAD application, if you determine that we programmed $2.5M in a rehab and the CNA comes in at $2M then this is how much we can absolutely borrow. If we want to ratchet it down so there’s more NOI, we can do that too; RAD is flexible in that plus they will let you change your financing. The only thing they are critiquing is whether it works and is your project upside down and if it is then are your numbers realistic and your projections correct. We are projecting at the top end so it could go down if need be.

To query on what is the process after HUD approves RAD, Ms. Warren replied the properties will be transferred into seven limited partnerships. To another query on who is the general partner, Ms. Warren replied HDC would be the general partner but Staff hasn’t really gotten that far in the discussions. Staff does have a scenario that would be used which is the HA LLC where HDC is the managing member and HACM is the other member. We have a lot of tools available to us and Staff will figure these things out. To a query on what if tax credits are used, Staff replied they would have to be transferred to a limited partnership and then HDC, who is a 501(c)3, would be the general partner in order to get the property tax exemption that is critical in these projects. To query on whether there would be an advantage to do this as one limited partnership, Ms. Warren replied in the negative because HACM would be selling the tax credits in the market place and investors are generally focused on one project. These projects are in different geographic areas and the partners might have different investment requirements so putting them together in one limited partnership is not a good idea. Ms. Goebel noted from a PBRA (Project Based Rental Assistance) standpoint, HUD is going to look at the market where these properties are located and if we lump them all into one big project that might not provide quite as much rent. She also noted that the Office of Housing might not like it if we lumped them all together either. Ms. Warren commented that fair market rents in geographic areas may be different.

To another query regarding the Monterey property, money was being put in public housing reserves because the property would not cash flow, Ms. Warren replied that property is having a bit of a problem cash flowing but once PBRA is situated, we can ask for an increase from a financial perspective and they will definitely give an increase for that. Then at a later date, a year or two later, if HACM wants to they can do something different like get a conventional loan. She emphasized on this particular property she thinks it is best to just say this is a dispo, give us RAD because we’re going to do all of our public housing units and that is our bargaining chip. To query, Staff responded that property is Montecito-Watson with 13 units.
Ms. Warren stated assuming the Board approves this action, then Ms. Goebel and she would get busy getting resident meetings together in the next couple of weeks, have those meetings and take comments, respond back to those comments, and those are the thresholds that we need to submit for RAD.

To query on whether there were many housing authorities at the NAHRO Conference in Cleveland that had done RAD or were opposed to RAD, Ms. Warren replied there were two transactions that have closed. Ms. Goebel responded there were three or four people that had applications in process, but there are a lot of agencies that have put in applications but have not heard back because of the government shutdown. HUD accepted the applications and date stamped them as they came in during the shutdown, but it is really a matter of where one falls within that process because it is a first-come first-serve basis. Ms. Warren emphasized time is of the essence in terms of getting applications in. Ms. Goebel further noted there were a lot of people at the conference that were interested but it depended on the part of the nation they were located in and what their land and property values were. Our property values are relatively high in our area so if we were to do a cash out, we would get some money. An Executive Director in the central valley stated it doesn’t pencil out for their housing authority to do RAD. Staff further commented that you have to look at your jurisdiction, the condition of your properties and what it is you want to do with that property, and whether you can sustain reductions in your Operating and Capital Funds. To query, Ms. Santos responded there were a lot of housing authorities that came to the conference for the RAD training and a lot of them were selective about which properties they wanted to do RAD on. Each had their own parameters and it had to do with the individual tools and what their properties could do.

To query on HACM’s situation and it was all or none, Ms. Warren explained the carrot was to get all your properties in by December so they could be capped at the 2012 funding levels and those housing authorities who are not doing their whole portfolio now will not get capped at the 2012 levels. There are a lot of nuances and some housing authorities may not understand all the nuances but this is one that is very important. To another query that the main nuisance is that the funding is going to continually decrease, Staff responded in the affirmative but we will not be increasing in RAD right away but we will be holding the line by not taking the 2013 cut plus we should be eligible for rent increases in January. To further query regarding $30M versus $70M and will HACM increase by that $70M, Ms. Warren replied in the affirmative but noted HACM will not get that in cash but in value; it is a paper transaction intended to show that RAD is not going to be detrimental to your balance sheet. Ms. Santos explained it is still very fluid and at the conference the RAD folks stated you can change your financing plan as you go through the process. If we get approved and it turns out the CNA comes back with a lower cost for a rehab, we can adjust our financing and we can decide not to do tax credits on all the properties. This would happen after our application has been approved. The main thing at this point is to get the application in because changes can still be made. Ms. Goebel reiterated at the conference they were very clear that changes can be made.

To query on tenant mobility, Ms. Warren explained that for housing authorities who had a Project Based Voucher Section 8 program, tenants can leave in a year. In the RAD environment, the tenants must stay for two years so as not to negatively impact the properties. Ms. Goebel responded they have also set another limit on it which is another reason to do RAD the way we are doing it, and that is each property can be capped at no more than 15% of the unit’s turnover in one year; it is subject to availability of vouchers so if there are no vouchers available, the tenant can’t request one. Staff emphasized tenant mobility will be subject to availability of vouchers.

Ms. Warren concluded that this presentation covers all seven resolutions on this agenda, all the memorandums are the same with the exception of the properties being denoted. Commissioner Zenk emphasized she is encouraging Staff to spend some time creating the right message with the PR folks because we don’t want the wrong message in the media.

Ms. Warren stated the good news is that the elderly sites are considered the most active sites from that perspective and Staff has been meeting with them over the last two or three years about restructuring, redevelopment, or repositioning their properties; therefore, they are very familiar with this issue. For the other properties, it really is about refinancing. Ms. Goebel stated the biggest stress for residents is their subsidy and it is a 20 year contract for the Project Based
Rental Assistance contracts and that is a long term contract for rental assistance subsidies, which the tenants don’t get right now. Ms. Warren commented that Staff can work with their PR firm on the right message to put out to the media. Commissioner Williams thanked Staff for the pros and cons. Commissioner Zenk stated she appreciates the first resolution which includes all the thinking and intent from the Housing Authority’s view.

Upon motion by Commissioner Styles, seconded by Commissioner Espinoza, the Board adopted Resolution 2765, authorization to submit Rental Assistance Demonstration Application to convert Public Housing at AMP 103, Gonzales Multi-family, to Project Based Rental Assistance (RAD) Program. Motion carried with the following vote:

YES: Williams, Scott, Styles, Espinoza, Zenk
NOES: None
ABSENT: Healy, Beuthin

B. Resolution 2766: - AMP 105/112 Elderly Sites in Gonzales and Greenfield

Upon motion by Commissioner Espinoza, seconded by Commissioner Scott, the Board adopted Resolution 2766, authorization to submit Rental Assistance Demonstration Application to convert Public Housing at AMP 105/112, Elderly Site in Gonzales and Greenfield, to Project Based Rental Assistance (RAD) Program. Motion carried with the following vote:

YES: Williams, Scott, Styles, Espinoza, Zenk
NOES: None
ABSENT: Healy, Beuthin

C. Resolution 2767: - AMP 107 & 119 El Gin and Natividad in Salinas

Upon motion by Commissioner Styles, seconded by Commissioner Espinoza, the Board adopted Resolution 2767, authorization to submit Rental Assistance Demonstration Application to convert Public Housing at AMP 107 and 119, El-Gin and Natividad in Salinas, to Project Based Rental Assistance (RAD) Program. Motion carried with the following vote:

YES: Williams, Scott, Styles, Espinoza, Zenk
NOES: None
ABSENT: Healy, Beuthin

D. Resolution 2768: - AMP 108 Scattered Sites on Sanborn in Salinas

Upon motion by Commissioner Scott, seconded by Commissioner Zenk, the Board adopted Resolution 2768, authorization to submit Rental Assistance Demonstration Application to convert Public Housing at AMP 108, Scattered Sites on Sanborn in Salinas, to Project Based Rental Assistance (RAD) Program. Motion carried with the following vote:

YES: Williams, Scott, Styles, Espinoza, Zenk
NOES: None
ABSENT: Healy, Beuthin

E. Resolution 2769: - AMP 111 Montecito/Watson in Monterey

Upon motion by Commissioner Zenk, seconded by Commissioner Styles, the Board adopted Resolution 2769, authorization to submit Rental Assistance Demonstration Application to convert Public Housing at AMP 111, Montecito/Watson in Monterey, to Project Based Rental Assistance (RAD) Program. Motion carried with the following vote:

YES: Williams, Scott, Styles, Espinoza, Zenk
NOES: None
ABSENT: Healy, Beuthin
F. Resolution 2770: - AMP 114 Wheeler in Salinas

Upon motion by Commissioner Espinoza, seconded by Commissioner Scott, the Board adopted Resolution 2770, authorization to submit Rental Assistance Demonstration Application to convert Public Housing at AMP 114, Wheeler located in Salinas, to Project Based Rental Assistance (RAD) Program. Motion carried with the following vote:

YES: Williams, Scott, Styles, Espinoza, Zenk
NOES: None
ABSENT: Healy, Beuthin

G. Resolution 2771: - AMP 120 Fifteen (15) Scattered Sites in Salinas

Upon motion by Commissioner Scott, seconded by Commissioner Styles, the Board adopted Resolution 2771, authorization to submit Rental Assistance Demonstration Application to convert Public Housing at AMP 120, Fifteen (15) Scattered Sites located in Salinas, to Project Based Rental Assistance (RAD) Program. Motion carried with the following vote:

YES: Williams, Scott, Styles, Espinoza, Zenk
NOES: None
ABSENT: Healy, Beuthin

Chair Williams thanked Staff very much for the in-depth presentation and for going back over this – I feel that we did—I feel we had the most info that we could get from anywhere—anytime—and I think we made the decision based on that.

H. Appointments to Committees

Chair Williams appointed Commissioner Espinoza to Chair the Finance/Development Committee with Commissioners Styles and Healy as members to this committee.

Chair Williams appointed Commissioner Scott to Chair the Personnel Committee with Commissioners Beuthin and Zenk as members to this committee.

Chair Williams stated she hopes each Commissioner will take their appointments seriously and will bring to the Board in-depth information from the Committee meetings because the other Commissioners will not be getting the knowledge that they will in these meetings. She noted that her knowledge goes from being high to being low because she will no longer be on a committee. She encouraged the Committee members to make sure they discuss the issues well in committee and to make recommendations as they see fit. She thanked the Commissioners for their participation.

I. Holiday Dinner

During a short discussion, the Board agreed to have a Holiday dinner after the Board meetings on December 16th and they further selected Element Restaurant on River Road as the restaurant for this Holiday dinner.

The Board next convened to Closed Session at 5:54 p.m.

CLOSED SESSION

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

A. Government Code Section 54957.6: CONFERENCE WITH LABOR NEGOTIATORS AGENCY DESIGNATED REPRESENTATIVES: Lynn Santos, Pat Wyatt, Joni Ruelaz, and Jean Goebel

EMPLOYEE ORGANIZATION: Service Employees International Union 521

ACTION: No action taken under Closed Session.

The Board reconvened to regular session at 7:01 p.m.
J. Discussion/Action on Tentative Agreement with SEIU 521

Upon motion by Commissioner Espinoza, seconded by Commissioner Styles, the Board approved the tentative agreement reached with SEIU 521 and authorized payment of retroactive COLA and reduction of retirement contribution for SEIU members effective 11/1/2013 which will be reflected in the final contract to be submitted to the Board at the November 2013 meeting. Motion carried with the following vote:

YES: Williams, Scott, Styles, Espinoza, Zenk
NOES: None
ABSENT: Healy, Beuthin

INFORMATION

A. Finance Report

Ms. Santos reported we had lengthy discussions on this report at the Finance/Development Committee meeting. To query regarding Portola Vista monthly payment, Ms. Santos replied the loan payment from the prior Portola Vista to the new Portola Vista is basically the same but that is HACM’s exposure that we still have to make a loan payment even if we are not being processed the subsidy; the government is back in session now so we have until February before we might have to go through this again.

B. Human Resources Report: Ms. Wyatt reported she had nothing to add to her report.

C. Development Report: Ms. Warren reported she had nothing to add to her report.

D. Property Management Report: Ms. Tonkin reported she had nothing to add to her report.

E. Housing Programs Report

Ms. Ruelaz reported the payment standards are attached to her report; Staff is proposing lowering the payment standards for South County by going down to 90%. We are having issues with the rents being so low in South County that our families are leasing larger size bedroom units and sometimes this causes them to rent rooms out and we want to deter that kind of activity.

Ms. Ruelaz further reported HACM received notification from HUD today that we did get the High Performer status for SEMAP. The Board congratulated Staff on the High Performer status.

Ms. Ruelaz stated her staff is working really hard right now on the two projects that will be opening up possibly on November 1st, the Gateway Project which is the senior complex on Market Street, and then the Gabilan RAD Project which we hope gets approved for November 1st also. Eligibility folks have been interviewing families for these two projects.

Ms. Ruelaz further stated the Job Fair was a huge success, there were approximately 200 participants who attended this event. KSBW and KION television stations were there and provided some great clips on their stations about the job fair. She noted this was good PR.

Ms. Ruelaz emphasized that the FSS Coordinator and FSS Specialist as well as our CSUMB Intern did all the work in getting the job fair to take place; it was a great job.

CLOSED SESSION: See Closed Session before New Business item J.

COMMISSIONER COMMENTS

Commissioner Zenk congratulated the Staff for the High Performer status for SEMAP. She also thanked the Staffs of HACM and HDC for all the work they did on the analyses for RAD. She emphasized that this is a very important step for HACM and she really appreciates the level and the thoroughness of their analyses.

Commissioner Espinoza stated he concurs with Commissioner Zenk and in terms of the RAD project that the collaboration and the ongoing collaboration between HDC and HACM are greatly appreciated. He further stated, it is much appreciated in terms of your joint efforts on everything across the board. He also thanked the negotiating team for their efforts, extra work and time, as well as their commitment on reaching that tentative agreement.

Commissioner Scott thanked Staff; she concurs with her colleagues. She stated that she appreciated the demonstration and images on RAD because it allowed the Board to see what the differences were in the levels of value of the properties that we have. And what we cannot expect from the government which will make us even more self-sufficient as a Housing
Authority. Commissioner Scott stated she sees a lot of value from the negotiations and the outcomes.

Commissioner Styles thanked the negotiating team; He stated it has been a long, tough road, but Staff has done an excellent job. He was happy to see the tentative agreement. He congratulated Staff on being a High Performer again; we are finally back where we should be. Commissioner Styles next thanked Staff that worked as the RAD group; he stated what a tremendous amount of work they have put into that. He knows it has been long hours as they put all these numbers together to make it work. Good job. Based on the report, RAD looks like it is going to work and he is real happy about that.

Commissioner Styles commented on the NAHRO Cleveland Conference that he was on the evaluation team for the CEO of NAHRO and there is probably going to be some issues coming out of that evaluation in the near future. He further commented that there are discussions going on about how many conferences NAHRO is going to have plus there may be a change to the Legislative Conference where it will just be for the leadership folks; the new Chair of the Commissioners Committee also wants to make Commissioners more visible and much more needed in the NAHRO group to include possibly running one of our Commissioners as the Senior Vice President, which has never been done. The conference was good. Chair Williams requested the support for these committees be put on the Board agenda next month.

Commissioners Williams thanked the negotiating team for their hard work through a tough and long period; she stated she is very appreciative for all they did. She reiterated to the Commissioners on the Committees to please take it seriously and learn everything they can and bring the information to the Board because the Board depends on their recommendation. Commissioner Williams thanked everyone for her birthday cake. She further commented that she attended the job fair because she feels it is important for the Board Chair to make appearances at things that are important to HACM. Commissioner Williams stated Ms. Ruelaz and her staff did a wonderful job; there were a lot of people and it was well organized and run; even the vendors knew exactly where they were to set up. She stated that Ms. Bremand was quite a PR person and the spots on KSBW and KION were great and probably did more for HACM than anything we could have done this year. She congratulated Ms. Ruelaz and her staff for a job well done. These are the kinds of things that she and Commissioner Styles have been talking about regarding PR.

Commissioner Williams further thanked those that worked on the RAD because the Finance/Development Committee really drilled Staff and all the suggestions including the pros and cons were addressed tonight and the Commission appreciates that more than Staff can know. She noted when the committee questioned Staff on RAD, they responded this was being done for the benefit of HACM and she feels comfortable with that answer and what the Board did on RAD tonight. Any Board in the future can’t come back and say we weren’t well informed on this decision and she appreciates that. It means a lot to her to know that down the road 20 or 30 years, that future Board is going to be able to live with our decision today. She thanked Staff for all their hard work.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:16 p.m.

ATTEST:

Chairman

Secretary

Date

12-17-2013