

**ACTION
MINUTES OF THE
JOINT SPECIAL BOARD MEETING
OF THE
HOUSING AUTHORITY OF THE COUNTY OF MONTEREY
BOARD OF COMMISSIONERS
AND
MONTEREY COUNTY HOUSING DEVELOPMENT CORPORATION
BOARD OF DIRECTORS
HELD OCTOBER 4, 2014**

Commissioners/Directors met at the Central Office. HACM Chair Elizabeth Williams opened the Joint meeting at 9:10 a.m. Present for HACM: Commissioners Elizabeth Williams, Vice Chair Kevin Healy and Commissioners Tom Espinoza, Kathy Beuthin, Mary Jo Zenk, Kathleen Ballesteros, and Viviana Gama. Also Present: Jean Goebel, Executive Director; Lynn Santos, Director of Finance; Joni Ruelaz, Housing Programs Manger; Pat Wyatt, Human Resources Manager; and Shannon Tonkin, Housing Management Manager. Present for HDC: Chair Tom Espinoza, Vice Chair Elizabeth Williams; and Directors Kevin Healy, Kathy Beuthin, Mary Jo Zenk, Kathleen Ballesteros, and Viviana Gama. Also Present: Starla Warren, CEO/President; Marilyn Rose, Senior Finance Officer; Carolina Sahagun, Senior Community Development Planner; and Nora Ruvalcaba, Administrative Assistant/Clerk of the HDC Board. Recorder: Sandy Tebbs

COMMENTS FROM THE PUBLIC: None

NEW BUSINESS

A. Strategic Planning

Commissioner Williams noted Staff had provided an agenda for the Strategic Planning Session on the table. She noted that she and Commissioner Espinoza would share the duties of Chair for this meeting. She stated these retreats are very important.

The Board addressed Where were we and Where have we gone?

Ms. Goebel reported Resolution 2732 reflects the Strategic Goals for Fiscal Years 2012-2013 for HACM.

1. Develop a Robust Marketing Plan – to be completed by December 31, 2012 – Completed.
 - Hire a marketing firm – Completed
 - Develop a fact sheet about HACM – Not completed.
 - Develop marketing materials - Have marketing materials for housing programs, but are marketing materials needed outside of housing programs?Improve and update the website – Not completed – ongoing process. Currently hosted at marketing firm.
2. Implement and conduct quarterly meetings with staff members – to start September 2012 and ongoing: Ongoing – moved to semi-annual meetings due to time needed to prepare for the meetings.
3. Obtain and maintain High Performer Status in SEMAP -- to be completed by December 31, 2012 – Completed; HACM has been High Performer for the last two years.
4. Obtain and maintain High Performer Status in PHAS – to be completed by December 31, 2013 – HACM is a Standard Performer due to timing with developments and converting to perm. The benefit of being a High Performer no longer exists. To query, Staff explained PHAS is about public housing and when HACM converts to RAD, we will not have that same scoring. Four things that we have some control with regards to sub-standard or troubled housing are: Physical inspections; MASS Score which is based on occupancy and financials; use of Capital Funds; and Financials. If any one of these score under 60% that puts makes us sub-standard. If

a construction loan is open during the process, it is considered a short-term liability and the way HUD has written the regulations there is no way around that as a liability. We will automatically lose significant points under this category and will be designated as troubled.

Commissioner Healy arrived at 9:20 a.m.

Ms. Warren provided HDC Goals:

1. Develop robust marketing plan – December 31, 2012 - Completed
2. Develop and Implement Staff Retention and Cross Training program – January to December 2013 - Retention - Completed but struggled with Construction Management position due to competitive private market. Cross-Training - Progressing with Ms. Ruvalcaba and her multitude of talents in property management and meeting crisis demands. Ms. Sahagun and Ms. Rose are currently cross-training in the construction management area. To query regarding a financial liaison to assist Ms. Santos from HDC, Staff explained both Staffs have figured out how to liaison between the two organizations and it doesn't seem a financial liaison is currently needed as previously thought in 2012. To query regarding succession plans for the HDC President and Financial Officer, Ms. Warren noted that had been informally requested and was on her list.
3. Expand market penetration by two new contracts outside this market – December 2013 - Completed - Assisting Santa Cruz Housing Authority to develop an RFP for a developer; currently reviewing an opportunity with the City of Hollister working with a private developer in a premier location in Hollister. To query, Staff replied that Oak Park falls under a new contract outside our market.

The Board next considered the following goals:

A. Marketing:

1. HDC to market to other Housing Authorities for development opportunities.
2. HACM to market to other agencies within Monterey County.
3. Community Relations Marketing:
 - Building Community Relations from last Retreat
 - Presentation to Councils
4. Website - December 2014
5. HACM's 75th Anniversary (March 17, 2016)

Commissioner Healy reminded the overall goal is an attempt to increase our sustainability and potential financial stability going forward and to position the Housing Authority relative to any potential large scale housing consolidation. The other track would be to leverage the skills and expertise that HACM has for potential revenue source and possibly HDC soliciting to other jurisdictions and at the same time noting their sister organization, HACM, and their services. Ms. Goebel explained that the State Attorney General has stated that Housing Authorities can no longer work out of their jurisdictions and Legal Counsel recommends we be careful with this new ruling. Ms. Warren noted that a Joint Powers Agreement may be a way to work outside the County.

Commissioner Williams requested Appointment to Ad Hoc Marketing Committee be placed on the HACM October Board meeting agenda. She further requested a sheet with the goals and deadline dates be provided as information starting with the November Board agenda and that the goals be annotated when completed. Commissioner Espinoza stated that sheet can be a tool that the Ad Hoc Committee uses to oversee the goals set today.

Commissioner Healy noted the Ad Hoc Committee will be commenting about the marketing campaign, goal setting, achievements, and then there will be other areas associated with goals for finances in other areas; he suggested those other areas be reviewed quarterly and not monthly.

Commissioner Espinoza recommended that key members be included in the HACM information. Commissioner Beuthin reminded that two clients have previously shared their stories at open events and might be willing to be part of the marketing process for HACM.

The Board took a break from 10:46 a.m. to 11:01 a.m.

The Board next considered:

- B. Rental Assistance Demonstration (RAD) and how this will affect HACM, HDC and our clients.

Staff explained that RAD will be a very intense process for both HACM and HDC and recommends that HACM not take on any more property management during this process. There will be seven projects consisting of 485 occupied units and each property will have a different amount of work to be done; this will involve a complete integration between HACM and HDC. HDC will start a project and then HACM will wait for it to come online and then they will do their portion. Ms. Warren stated Staffs will have to meet three times a week for two months to develop a plan on how to approach and finish each project and which one to start with and where the swing space will be needed. Ms. Goebel agreed that with the rigid timeliness with the RAD process for 180 days to meet all the timeliness will not allow for HACM taking on more property management during this process. To queries, Staff explained RAD is for Public Housing only and a CHAP is a Conditional Housing Assistance Payment Contract and is achieved at the end of the 180 day process.

To queries on capacity and possible need for additional people, Staff explained that there are vendors familiar with tax credit applications and some of our departments are already cross-training in order to have more time for the RAD process. Some things cannot be passed to temporary employees. Ms. Warren noted that HUD funds at certain periods of time so when critical repairs are completed, one gets 50% funding and then when everything is done, you get the balance of the funding; therefore, it is imperative that everything moves along quickly so we are not negatively impacted from a cash flow perspective.

To query on whether there will be a market for our development service with regard to RAD, Ms. Warren replied in the affirmative. To the process for RAD, she further explained that we start Project 1 and then just before it is completed, we start Project 2; not all projects will be brought on line at the same time. She stated the Board has decided to do RAD and Staff has moved forward and now it has to be done; Staff will be doing the planning together so the Board will be shown how it is going to be identified through the planning process. Once we get approved, the planning will begin in earnest. Ms. Goebel reminded that RAD is better than staying in Public Housing with all the cuts being made to this funding.

Ms. Warren stated Staff wanted to make sure the Board understands this is a big undertaking and Staff will be very focused on being successful in doing it but adding other issues may stretch Staff too thin.

To query, Staff explained that the benchmarking process will be brought back to the Board in February after the planning process has been thoroughly discussed between HACM and HDC and the planning process is completed.

Commissioner Zenk recommended the marketing firm be contacted regarding media issues with regards to RAD. Ms. Warren noted that the residents have been notified and their main concern was that their rent would still be based on their income.

Commissioner Healy noted that it was mentioned that whenever presenting budgets to the Board, goals should be reflected in the budget. Commissioner Espinoza stated another issue is for HDC to have monthly budget reports. Ms. Ruelaz responded to query that her department focus is to get leased-up by the end of the year. Ms. Goebel stated Staff is looking at possibly doing a lottery when the wait list is opened.

The Board decided that term limits for the goals would be three years for Long Term, two years for Mid Term, and one year for Short Term. It was suggested that milestones could be developed and set by the Ad Hoc Committee.

Commissioner Beuthin noted that any changes to the HACM logo should be looked at professionally by the marketing experts and could be considered in the planning of the HACM 75th Anniversary. Staff recommended this issue be placed under the Ad Hoc Committee also because it will take a long time to plan for this type of anniversary.

In discussion regarding sustainability, Ms. Goebel noted that it is not all about consulting work such as quality control is doing, but getting income off of properties that we have control of either through property management fees or through ownership and residual receipts. The question is what can we do differently than we have been doing to increase the revenue for both agencies to maintain our viability.

To query regarding HACM building, Staff replied the RFP closes October 4th, and multiple contractors will be needed; HDC will be the general contractor for this project.

To query regarding Tynan Village, Staff explained the Tynan family owns the land and HACM leases the land from them; Tynan Village Inc. leases the land from HACM. Ms. Warren explained there is so much soft debt on this project and there is a significant deferred developer fee forthcoming out of the waterfall and once that happens, then HACM can be paid the lease payments.

The Board took a brief lunch break at 12:15 p.m. to 12:25 p.m. The Board reconvened to retreat session at 12:25 p.m. for a working lunch.

Commissioner Healy noted Staff needs to demystify the economics around the HDC transactions; Staff suggested the first presentation of transactions should be Rippling River in November and then skip December due to the holidays. Commissioner Espinoza reminded that HDC was created to assist in the sustainability of HACM by providing financial opportunities for HACM through their developments.

The Board added a Board Goal: Education for the Board on Financial Transactions

Next the Board discussed cash reserves for both organizations and decided on an added goal for HACM and HDC as follows: Develop appropriate cash policy regarding unrestricted cash reserves for HACM and HDC

The Board also added another Board Goal: Set unrestricted cash reserve levels

To query regarding personnel compensation surveys and evaluations, Staff explained a new software program is being researched for evaluations because the current one cannot be updated. A compensation survey is due within the next few years. Commissioner Espinoza emphasized that the goals for HACM and HDC are not personally specific to the Executive Director and President, but to the organization. Commissioner Healy commented the Board needs to have a better understanding of the interactions of the Fee-for Service personnel between the two organizations. With regards to cross-training, Staff explained that each department has their own cross-training schedules.

The Board added another Board Goal: NAHRO Commissioner Certifications for all Board members

Ms. Goebel stated the NorCal Conference held in January is working on providing one of the Commissioner courses..

The Board lastly added goal: Find Board self-evaluation tool and complete by June 2015

To summarize the goals:

HACM:

- Develop a Robust Marketing Plan – to be completed by December 31, 2012 – Completed.
- Hire a marketing firm – Completed
- Develop a fact sheet about HACM – Not completed.

- Develop marketing materials - Have marketing materials for housing programs, but are marketing materials needed outside of housing programs?
- Improve and update the website – Not completed – ongoing process. Currently hosted at marketing firm.

HDC:

1. Develop robust marketing plan – December 31, 2012
2. Develop and Implement Staff Retention and Cross Training program – January to December 2013
3. Expand market penetration by two new contracts outside this market – December 2013

Board created new goals for HACM / HDC:

1. HDC to market to other Housing Authorities for development Opportunities - < 3 – Long Term
2. HACM to market to other agencies within Monterey County - < 3 – Long Term
3. Community Relations marketing with Ad Hoc Committee – < 3 – Short Term
4. Website to be completed by December 31, 2014 – Short Term
5. The 75th HACM Anniversary – Create Ad Hoc Committee - < 2 – Short Term
6. HACM/HDC to educate the Board on deal structure, one transaction at a time – Monthly Beginning November 2014 – pass in December – Start again in January 2015 – Ongoing
7. Develop appropriate cash policy regarding unrestricted cash reserves for HACM and HDC

Board Goals:

1. Monitor completion of Staff goals.
2. Education for Board on Financial Transactions
3. NAHRO Commissioner Certifications for all Board members
4. Set unrestricted cash reserve levels
5. Plan 75th HACM Anniversary
6. Find Board self-evaluation tool and complete by June 2015

COMMISSIONER COMMENTS

Commissioner Beuthin thanked Staff for all their input into the meeting today; it was really helpful to take the time to get a different point of view; it contributes to the Board's progress.

Ms. Warren suggested it might be beneficial if the Board members created a mechanism where they could shadow a Staff member for two to four hours to get a better understanding of how they work. She also recommended future Committee and Board meetings be joint meetings to lessen the number and multiplicity of meetings; this issue has also been passed to Legal Counsel for recommendation.

Ms. Ruelaz agreed with Ms. Warren on a Board member shadowing a Staff person because her department feels the Board doesn't know what they do; it will also show that the Board is interested in what they do. Commissioner Espinoza recommended a sign-up schedule be set up based on who Staff feels the Board should shadow and for how long. Ms. Goebel reminded that many staff deals with clients and confidential information and should not be shadowed. Commissioner Espinoza stated shadowing is to get a better sense of what everyone does. Commissioner Healy commented great suggestion to shadow. To query on shadowing an employee, Staff noted that Ms. Goebel and Ms. Warren will be working out the details.

HACM Chair Williams requested those in attendance comment on today's meeting:

Ms. Tebbs thought it was a good retreat; she thought a lot was accomplished today.

Ms. Ruvalcaba had no comments.

Ms. Sahagun had no comments.

Ms. Rose had no comments.

HDC Chair Espinoza thanked everyone again for taking their Saturday to be at the retreat. He stated even though the Board may not understand what everybody does in their job, they truly do respect each employee and believe they are committed to what they are doing.

Commissioner Gama thinks it was a very productive retreat and she learned a lot today.

Commissioner Ballesteros commented she kept reading the Mission Statement (for HACM) and stated that is what the Board has to uphold. She stated she has family and friends who are low income and it is very hard for them; they don't have money, a job or housing. Commissioner Ballesteros further stated it is a burden she carries because she feels for these people that she sees every day where she lives; four and five families living in one house and the children in the schools; the school district tries their best to feed the children. She thanked Commissioner Healy for bringing up the issue of the stress level that the employees are going to be experiencing with RAD; she stated she understands that as an employee and how stress affects your health and family. She stated she learned a lot today and thanked Staff for their professionalism. Commissioner Ballesteros noted that the Board has to make decisions and she doesn't take it lightly; it is very important. She thanked everyone for all they do.

Commissioner Zenk thanked Commissioner Ballesteros on her comments about our Mission Statement. A lot of us are here because we believe in the mission and we need to remind ourselves of that during our meetings. She thanked Staff for their professionalism and their ability to work together and to see the growth and synergy in the fact that Staff understands what is going to happen with RAD and have figured out what needs to get done and what can't be done. Commissioner Zenk stated she wants Staff to know that the Board members are sensitive to the stress that is going to happen with RAD and if it becomes a capacity issue, to please let them know. The Board wants to support what Staff is doing but it is a huge effort and will have a major impact on both organizations going forward. She thanked everyone for being at the meeting today.

Commissioner Healy commented it has been worthwhile today/ Even though the same format of the last retreat wasn't followed, the Board managed to put down some guidelines that will be beneficial. He noted we are all here for the same reason which is to try to improve what we are doing and to try to be better and more efficient at facilitating the issues. Commissioner Healy further commented he is glad to have been part of it today. He thanked Chairs Williams and Espinoza for quasi-facilitating the discussions throughout. If there are criticisms of what could have been done better or what didn't work, please filter that through the Executive Director and President because he would be interested in those comments that people are not willing to share in this venue.

Ms. Tonkin had no comment but thanked everyone.

Ms. Wyatt commented she really appreciated the support Staff receives from the Board.

Ms. Ruelaz commented she thought it lacked focus on more departmental goals and how they work together with the Board goals.

Ms. Santos reiterated what everyone has said and she believes there are difficult times ahead but together if both organizations focus on the goal, we will get there.


Ms. Goebel thanked all Staff people for being in attendance because she knows they would much rather be doing something else on a Saturday. Go Giants!

Commissioner Williams thanked everyone for being at the retreat. She thanked Commissioner Espinoza for co-facilitating. She stated for those of us who were here in 2012 that this was a totally different type retreat and that is not to say it wasn't as good or better but many things needed to be said at the last retreat that had never been said before. Now that has been done, some of the goals have been carried out, and some things have been completed. She stated it is a tribute to the Staff and the Board that we got to what we came up with today. Commissioner Williams stated to her fellow Board members she can't say enough about how appreciative she is of each one and the support they give to her as the Chair of HACM. She noted the Board is not perfect and the idea from Commissioner Healy on self-evaluation is a great one. Commissioner Williams stated the Board needs to know what Staff thinks and if they don't speak up and tell the Board, they will not know. She thanked everyone again for coming and for their comments. The


Mission Statement is very important and there isn't a Commissioner on the Board that hasn't come here to help the people in our community who do not have housing. She noted Commissioner Ballesteros stated it correctly - there have been times here at HACM when she has heard people be disgruntled with an employee and she thought about how thankless the job can be sometimes but on the other hand it is a very thankful job. We support affordable housing in the community. Our wait lists are frustrating to all of us because there are more on the lists than we can house. She thanked everyone again for attending the retreat meeting today. Go Giants!

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:50 p.m.


Chairman

ATTEST:


Secretary

11-18-14
Date