ACTION
MINUTES OF THE REGULAR BOARD MEETING
OF THE
HOUSING AUTHORITY OF THE COUNTY OF MONTEREY
HELD NOVEMBER 22, 2010

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 and Andrew Jackson. Also Present: Jim Nakashima, Executive Director; Jerome Politzer, Chief Operations and Finance Officer; Jean Goebel, Director of Asset Management and Compliance; Lynn Santos, Director of Finance; Shelley Giancola, Director of Administrative Services; Norm McCollough, Housing Management Manager; Joni Ruelaz, Housing Programs Manager; and Tom Griffin, Legal Counsel. Recorder: Sandy Tebbs

COMMENTS FROM THE PUBLIC: None

PRESENTATION:

President of Sunrise House Board of Directors, Kevin Healy, presented a plaque to the Housing Authority for supporting Sunrise House.

Chair Williams presented a five-year Housing Authority pin and certificate of service to Alejandra Sanchez; the Board thanked Ms. Sanchez for her service to the Housing Authority.

CONSENT AGENDA

A. Minutes - Approval of Minutes of the Special Board Meeting held October 7, 2010
B. Minutes – Approval of Minutes of the Regular Board Meeting held October 25, 2010
C. Resolution 2681: Approval of application for funding FSS Program Coordinator salary from HCV 2010 Administrative Fees

Upon motion by Commissioner Styles, seconded by Commissioner Espinoza, the Board approved the Consent Agenda without the minutes of the Special Board meeting held on October 7, 2010. Motion carried with the following vote:

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

REPORTS OF COMMITTEES

Personnel Committee: Commissioner Espinoza reported everything was on the agenda
Finance/Development Committee: Commissioner Styles reported everything was on the agenda.
Monterey County Housing, Inc.: Mr. Rose reported MCHI and HACM had come to some decisions on a couple different things specific to Jardines del Monte and Yardi. MCHI is narrowing their focus on potential Board members with low income as well as expertise by focusing on groups of people; basically focusing on the rotary clubs within the county because there are many involved in this organization. Hopefully by this time at your next meeting we'll have something positive to report with that respect. Chair Williams asked Mr. Rose if he was happy with the report he got from Mr. McCollough; Mr. Rose responded yes. Chair Williams stated to Mr. McCollough that she thought he did an excellent job and thanked Mr. McCollough.
Affordable Acquisitions: Same as MCHI.
Resident Advisory Board: Ms. Goebel reported the RAB didn’t meet this month, but Stuff will be scheduling a meeting with the RAB officers to talk about options for the RAB.
Monterey County Housing Development Corporation and LP’s: Mr. Rose reported that HDC will be meeting next Monday.

REPORT OF SECRETARY

A. Executive Report

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Mr. Nakashima reported he had nothing to add to his report.

OLD BUSINESS

A. Resolution 2678: Acceptance of Audited Finance Statements for Year Ending June 30, 2009

In a lengthy presentation, Mr. John Gibbons, Auditor with Hayashi & Wayland, answered the questions that the Commissioners had provided to him earlier. He also explained the two letters submitted by Hayashi and Wayland regarding HACM's audit and noted that it was unqualified opinion which was good. Mr. Gibbons further explained the financial statements.

Commissioners Stewart and Jackson arrived at 5:09 p.m.

During his presentation, Mr. Gibbons stated the more difficult area is now on the limited partnerships; they all have to be consolidated into the Housing Authority. The Generally Accepted Accounting Principles require that. That's been in place for three years now, but what makes it difficult is most of the partnerships are on a December year end where the Housing Authority is on a June year end. So trying to bring that information forward creates a lot of work.

Upon a motion made by Commissioner Styles, seconded by Commissioner Stewart, the Board adopted Resolution 2678, acceptance of the audited financial statements for the year ending June 30, 2009. Motion carried with the following vote:

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

B. Request from the Conflict Resolution and Mediation Center of Monterey County

During discussions regarding the cases and period of time that the Conflict Resolution and Mediation Center has been servicing the Housing Authority, it was determined that going forward HACM should reimburse the Mediation Center $100 for each case. Commissioner Stewart strongly emphasized how long the Mediation Center had been serving the Housing Authority and recommended a donation be made to the Mediation Center for $5,000. Staff explained the history that former HACM employee, Ulysses Pollard donated time at the center in the beginning of our association, but once he retired there was no one qualified to replace him. The Mediation Center does not charge.

Upon motion by Commissioner Stewart, seconded by Commissioner Jackson, the Board approved a donation in the amount of $5,000 to the Conflict Resolution and Mediation Center. Motion carried with the following vote:

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

Commissioner Styles suggested since the donation is now at $5,000, the payment for each case should be $150.

C. Christmas Dinner

Commissioner Healy motioned that the Board refuse all the stipends--the whole package. If we're in these dire (financial) straits then he would like to volunteer to reissue his stipend, mileage, Christmas Dinner, travel--the entire compensation package with whatever funds they are. After a short discussion, this motion died for lack of a second.

In further discussion, the Board decided to not change their original motion to have a Christmas Dinner at Tarpy's with the HDC and MCHI Boards and Staffs as done in previous years. The Clerk of the Board was asked to set this dinner up as done last year.
D. Status Report: Attorney’s Discussion with HACM and HDC Personnel Regarding Clarification of Separation Issues - Continuation

Mr. Griffin explained that the question he had been asking about the exact number that is owed between HACM and HDC was addressed by Ms. Santos and it was to be the starting balance point. He stated, the questions to Mr. Gibbons were somewhat different and more difficult tonight but the discussions were important so if the Board wants something more than just to come back with that number, he would need more guidance from the Board.

Mr. Griffin responded to query from the Board, that in his opinion and given the progress that has been made and the discussion that is ongoing, bringing in a consultant on the separation between HACM and HDC is not necessary at this time. To another query, Mr. Griffin explained that the number he was referring to was actually an accounting of the ins and outs specifically by the parties that are familiar with the numbers for each entity, HACM and HDC.

The Board tabled this item for the January Special Board meeting.

NEW BUSINESS

A Tenant Commissioner Vacancy

Commissioner Espinoza reported that Mr. Politzer brought this issue up during a discussion regarding the Resident Advisory Board and the lack of participation by the residents and what to do with the existing RAB. Ms. Goebel also provided a summary of the requirements for the RAB. Mr. Politzer wanted to dove-tail this issue with the Tenant Commissioner vacancy at the same time information on the RAB is sent out to tenants so the Personnel Committee decided to put this item on the Board agenda for discussion.

Commissioner Williams explained there is an Ad Hoc Committee that consists of two Board of Supervisors and two HACM Board members. Currently this Committee consists of Supervisors Potter and Parker along with Commissioner Styles and herself. She stated she would contact Supervisor Potter for a meeting and that the Ad Hoc Committee makes the decision on what to do next. At that point, the applications go out to the tenants and once returned and reviewed, then the interview process takes place. Commissioner Williams stated this meeting will not take place until after the first of the year. Staff noted this would be the Tenant Commissioner to represent families.

B. Commissioner Meetings for November 2011

Upon motion by Commissioner Stewart, seconded by Commissioner Styles, the Board accepted moving the November 2011 Commissioner meetings up one week to accommodate the Thanksgiving holiday. Motion carried with the following vote:

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

INFORMATION

A. Financial Report: Finance Update

Commissioner Healy stated the concerns on this report give a grave situation from his interpretation and he would like to hear the discussion around this report that took place at the Finance Committee. Ms. Santos replied that she was not at the committee meeting because she was at a REAC training.

In further discussion, Commissioner Styles stated these concerns have been discussed many times. Ms. Santos emphasized they had been discussed but not addressed and she wished Ms. Warren were present at this meeting; she stated that this is part of her frustration that issues are being discussed but they are not discussed with all of us at the same time so there is no resolution. She stated for instance the homes that were transferred to HDC were planned for
homeownership, but the timing was not right and homeownership did not work out. In the meantime, the homes remained vacant resulting in a loss of revenue to HACM. Commissioner Williams stated those homes were supposed to be leased; Staff responded that they are now leased, but were vacant for two years.

After a lengthy discussion and many frustrations on various actions between HACM and HDC, Mr. Griffin stated it is important to look in the rear view mirror so you know where you're going forward, but the right question is what are we going to do going forward and how are these two entities going to work together in a cooperative manner.

Mr. Politzer mentioned the Haciendas transaction and the possibility of HACM leasing the land so there would be a revenue stream for HACM; Staff noted that money would go back into public housing to support other programs. This could be a win-win situation.

The Board emphasized their frustration that they could not understand why the two Staffs cannot get together and negotiate and give and take to make this work. Commissioner Williams strongly stated, we will resolve this issue of the separation.

The Board requested the Clerk of the Board set up a Special Joint meeting in early January; Staff suggested it be held off site so the employees would not be disturbed. Commissioner Espinoza stated he knew of a location in Monterey that he would check for this meeting.

No action required.

B. Human Resources Report /Summary of Activity – September 2010

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


Ms. Rose reported in the absence of Ms. Warren that there was nothing to add to the report.; no action required.

D. Status Report: Monthly Property Management Report

During a lengthy discussion regarding property management responsibilities being returned to HACM as was originally planned, as the property management company of record, Mr. McCollough explained that he was researching ways to bring in revenue to help HACM's financial difficulties. He explained that his recommendations also follow HACM's Strategic Plan. He further explained his Profit Improvement Points as noted in his report. Commissioner Styles strongly asked whether HACM can do it cheaper and as good as the John Stewart Company. Mr. McCollough responded in the affirmative.

Commissioner Healy stated that he would like to make a motion that Mr. McCollough, or whoever the appropriate staff member would be, to move forward to bring the properties as referenced in the letter in his agenda item be brought back under the HACM management authority. After further discussion, this motion died for a lack of a second.

Commissioner Espinoza motioned that HACM and HDC present their individual pros and cons regarding HACM versus the John Stewart Company as property managers for the properties noted in the letter in Mr. McCollough's report, and that the information be brought to the Special Joint meeting in January. Commissioner Williams requested it be done on a property by property basis because they would need to be reviewed and decided upon individually. The Board further noted this item would go through the Finance/Development Committee also. In further discussion, it was noted this was an information item and may not be decided upon without being agendized. Commissioner Espinoza withdrew his motion.

Commissioner Williams emphasized that Staff had strongly suggested that the Board needed the whole picture before making decisions.
There was some discussion on Haciendas but Mr. McCollough stated he would bring this same information to the next meeting. Some Commissioners expressed their frustration with not having all the information and not being able to make recommendations on important issues.

No action required.


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

F. Status Report: Eligibility/Section 8 Reports

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

G. Status Report: Administrative Report

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

H. Media Update

Chair Williams stated the Media Update was in the packet. No action required.

I. Chief Operations and Finance Officer Report

Mr. Politzer pointed out the supplement to his report regards the reconciliation differences for the numbers for HDC. No action required.

PRESENTATIONS

Commissioner Williams noted that there were other employees who were to receive service awards this evening but were unable to attend, but she wanted to acknowledge their service and congratulate them: Jose Alfaro for ten years of service; Vicky Esteban for five years of service, Fred Quitevis for five years of service, and Barbara Mulholland for five years of service.

The Board took a break at 8:16 p.m. and reconvened to Closed Session at 8:25 p.m.

CLOSED SESSION

The Board met in Closed Session for the following purpose and reason:

A. Closed Session: Government Section 54957: Personnel Matters: Executive Director

ACTION: The Board of Commissioners has accepted Jim Nakashima's letter of resignation for retirement. The Board instructed Legal Counsel to draft the specifics for approval at the next Board meeting.

Commissioner Williams stated it is a happy day and a sad day. It's a happy day for Mr. Nakashima because he goes on to another part of his life and on to bigger and better things. It is a sad day for the Housing Authority for all of the years of friendship and all of the hard work and dedication he's given to us over the years and we thank him!

The Board reconvened to regular session at 9:30 p.m.

Chair Williams asked Mr. Nakashima if he had anything to say. Mr. Nakashima responded that he would be leaving on January 1st and that he would maintain full confidentiality. He stated he knows there are some that think he may poison the well, but he won't do that; that's not him. He stated he will do it the ordinary way. The only thing he would request is that the Board truly value how good this Staff is. He thought it was best for this organization and HACM can move on with whoever they would like to move on with and he thinks that is best. He stated he thought it was time for him to move on and he appreciated the Board accepting his offer.
COMMISSIONER COMMENTS

Commissioner Healy stated he was sorry to see Mr. Nakashima go. He stated to Mr. Nakashima, thank you for getting me to the point where I am at and (helping me in) understanding my role as Commissioner. I hope that our friendship lasts beyond this organization. He stated he doesn't want to take away from that subject, but there were two things in the Board report that he thought were worth sharing. One is relative to the Christmas party. He suggested that the Board cancel the Christmas Party and use that money to go along with the donation to the Mediation Center. Second he wanted to let everyone know of an idea he had heard recently so instead of getting everyone Christmas gifts, he would make a donation on everyone's behalf to Sunrise House.

Commissioner Espinoza stated to Mr. Nakashima, He was sorry to see him go; Mr. Nakashima was very gracious when he first started by showing him all the wonderful things about the Housing Authority. Mr. Nakashima always focused on the mission and the mission statement. He stated he got to hear about the early years and the wonderful things that Mr. Nakashima had done as the Executive Director and so it is a mixed bag in terms of his resignation. Commissioner Espinoza wished Mr. Nakashima well in all his future endeavors; it's a new chapter like everything one does in life. He stated you know I wish you well!

Commissioner Styles stated it is a sad day, but for Mr. Nakashima, it's a very happy day. He stated he plans to join him in that happy day sometime in April this coming year. He thanked Mr. Nakashima for bringing this Housing Authority as far as he had and really making this Housing Authority a model across the Country. He stated to Mr. Nakashima, you know that's true—you go to the conferences just like he does—you go to Washington DC just like he does and they always point to Monterey. He stated to Mr. Nakashima, you can hang that on your belt because you created that. He further stated, I am going to miss you, but I wish you well on your retirement and maybe we can go fishing—oh wait a minute, you work at the aquarium.

Commissioner Jackson stated to Mr. Nakashima that he was sorry to see him go; he stated he really didn't get a chance to know him, but Mr. Nakashima always treated him well when he came to HACM. He stated he tried to show me that I was crazy about being here; I didn't take heed but anyway I know you already have your plans and you're a good individual who doesn't make a move unless you know what you're sticking your foot into so it seems like it is all planned so I wish you the best. He stated he was sorry he didn't get the chance like a lot of people to get to know Mr. Nakashima. Maybe somewhere down the road I'll see you again. Thank you.

Commissioner Stewart stated it is a sad day for all of us. He stated, I remember when we interviewed Mr. Nakashima. He could outtalk anybody. And getting a chance to know him and the differences, he stated not only do I consider you as an Executive Director but also as a friend. It will be different—I didn't think that you would ever, ever leave this Authority because this Authority was you. Wherever I go or wherever we go—if you say from Monterey, they say Mr. Nakashima. He continued, you have made this a well-respected, well-organized machine that is really—you are really going to be missed. But like I said, we are going to see you again for a couple more times and that's going to be good.

Chair Williams invited Mr. Griffin to say a few words.

Mr. Griffin commented that he was very appreciative of Mr. Nakashima helping him to be selected as the HACM Attorney; Mr. Nakashima was instrumental in doing that. He stated, here at HACM, I have had a lot of opportunity to develop an area of the law that I couldn't say that I was particularly knowledgeable about doing and that was specifically with Housing Authorities. At that time, I really considered myself more of a person who does employment litigation and property issues—unlawful detainers—all of the things that I thought (I was) being hired to do—recognizing that all of those things are unique, when one is trying to do them in an agency such as HACM with all of the HUD regulations and other regulations that apply that are simply not present in the usual situations. So, professionally, it's been very good for me—personally, it's been very good for me and I think that we've got a tough road ahead of us and we've got a great
path behind us that Mr. Nakashima helped create.

Commissioner Williams thanked Mr. Nakashima; she stated when she came into this agency she knew nothing about public housing, only the fact that I knew we needed some housing. She stated Mr. Nakashima spent many, many hours with her—teaching her what she needed to know, sometimes it was a crash course and sometimes it wasn’t. She stated, I thank you very much for the respect you’ve always shown me as a Commissioner and as a friend. She stated, I want you to know that I will miss you and that I will also cherish the time that we were able to talk about your military career and how I feel about the military. And I know that retirement is everything it's cracked up to be and it really is—I hope you will take the time and enjoy yourself; enjoy your grandchild because they grow up too fast and they need grandpa there too. I want to thank you again for what you've done for this Housing Authority. And I would also like to thank you from the bottom of my heart for one of my most precious prized possessions—my flag that was flown over The Arizona. So this is not goodbye, but it's until we meet again. Thank you.

Mr. Nakashima stated my promise is that I will not interfere with the Housing Authority nor will I give advice—Commissioner Stewart knows how I work things. I will be moving on; I will take the 30 day convalescent leave then I will be moving on. And as I do so, you guys have a tough road—you've made some good decisions—you listened. I was proud of the fact that you as a Board all listened because that voice has been fading for a long time. I know everybody was tired and I appreciate you taking my request and I do thank you for that. You didn't have to, but I do appreciate it. But as you move forward—for the two new Commissioners, truly look at both sides—look at the long term ramifications because the last words I was told by Milan Ozdinec was the future is so uncertain at HUD right now; they don't know what's going to happen. But you guys are the watchdogs—you may think NAHRO or all these organizations know, but I will tell you right now that I worked with the OMB and with the who had it right 90% of the time. That's how we were able to stay out of trouble—because they always looked at the long term. And they brought me back into focus and now it's going to be on your shoulders to keep that. You need to look strategically and tactically, and you've got a good attorney by your side—he's got a tough road ahead of himself too to pull it together but I think it was best that I leave because I'm sure the focus was on me—now basically you got to get it back together and be one team. The decision I made was based upon that fact. But you're going to have to help that one team get together.

Mr. Nakashima further stated, and the last thing—you as a Board can't say is you're tired of hearing about all this. You are professionals—you're the leaders—you have to look at the Staff—take their information, analyze it and get more. You know there's a lot of anger but my leaving I think will alleviate some of that because I know I was the focus. I do want to say on behalf of HACM—I want to say this so you understand that this is not to point fingers but I will tell you the information flow was not both ways but you have got to get it to flow both ways. With me gone, they may think on both sides they're going to have to get together and whether you like it or not, Mr. Griffin, it does fall on your shoulder. And it takes your leadership as a Board Chair to get them together. Because I will tell you if they don't work together, you're going to have a bigger problem coming down the road and it's not just this Housing Authority. I know you can do it. We've been down that path, haven't we Commissioner Stewart. Commissioner Stewart replied we certainly have.

Mr. Nakashima continued, with the Commissioners who started with me, it was nice that they gave me one year of untethered authority but we got it done in three years. The bottom line is now it's on your shoulders, which is the way it should be. I've been trying to but the real authority lies with you and you have only one employee—that's the ED. The next employee you have has to keep an eye on the ball and that's your job to make sure they stay on the mission. If they stay on it then together I think you guys will come out even better, but make sure that you always look at where the money is—and the programs—and the people—and they need you—5,500 now—that's all I can say. Because you're the only margin of faith they have—and be proud of the fact that you saved 800 of those—that's a pretty good legacy for a start. So continue on. Thank you Mr. Griffin; thank you Commissioner Williams, Chair; and thank you to the rest of the Board.

Commissioner Williams thanked the Clerk of the Board for the dinner items and her hard work.
ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 9:50 p.m.

November 22, 2010

[Signature]
Chairman

ATTEST:

[Signature]
Secretary

January 25, 2011

Date