

**ACTION
MINUTES OF THE REGULAR BOARD MEETING
OF THE
MONTEREY COUNTY HOUSING AUTHORITY
DEVELOPMENT CORPORATION
HELD FEBRUARY 28, 2011**

Directors met at 123 Rico Street, Salinas, CA 93907. The meeting was called to order by Chair Alan Styles at 6:00 p.m. Present: Chair Alan Styles, Vice Chair Elizabeth Williams, and Directors Josh Stewart, Tom Espinoza, Kevin Healy and Andrew Jackson. Also Present: Starla Warren, President/CEO HDC and Jean Goebel, Acting Executive Director HACM. Also in attendance HACM Staff: Lynn Santos, Director of Finance. HDC Staff: Carolina Sahagun, Senior Community Development Planner and Marilyn Rose, Senior Finance Officer. Recorder: Kimmy Nguyen

COMMENTS FROM THE PUBLIC: None

CONSENT AGENDA

- A. Minutes—Approval of Minutes of the Regular Board Meeting held January 24, 2011
- B. Resolution MDC-58: Approve Modifications to Personnel Policy

Upon motion by Director Healy, seconded by Director Williams, the Board approved the Consent Agenda items A & B. Motion carried with the following vote:

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

- C. Resolution MDC-63: Consider a Resolution to Implement a Director Stipend Program and to Consider Implementing a Budget Line Item for Commissioner Training within the HDC Operational Budget

Ms. Warren stated that it was suggested that there be a stipend program similar to the Housing Authority. Ms. Warren had done some research relative to the IRS and the 49% interested party item which entailed that HDC can move forward with the policy. Ms. Warren commented that HACM does not have a stipend policy but it is covered in the Health & Safety Code. She stated that HDC will write up a brief policy and mirror whatever HACM's procedure is now. The other part of the discussion was that a budget line item should be created for Director training. Ms. Warren stated that HDC is willing to share half of the budget and also recommended that the Board attend training that is relative to development.

Director Williams commented that this has been on the backburner for quite some time. She suggested that this should be retroactive to January 1, 2011 of this year. She stated that if the Board is going to receive mileage to and from the meetings, it should be split between HACM & HDC. She felt that if the Board is going to training to attend a seminar at NAHRO that has something to do with HDC then HDC should split the bill with HACM. She commented that it would take some of the load off of HACM's budget. Ms. Warren stated that HDC does have funding for this. Director Healy commented that he would be perfectly content in approving an adjustment to how the HDC training budgets are allocated but he looks at these stipends as just excess. He stated that he thinks this going forward is perfectly acceptable to allocate the training budgets based on development verses HACM. He doesn't see any need to pile on in a financially trying situation in the world that we live in today with an additional \$50.00. Director Healy continued stating that he supports an amendment to the policy but as this point he would not support it as it's written. Director Williams disagreed with Director Healy. Director Espinoza suggested that since HACM had paid \$50.00 to the Commissioners all these years, he felt that it should be switched over to HDC to pay for the year. Director Stewart commented that Directors do not have to take the stipend and they can donate it if they don't want it.

Please note that the HDC Clerk to the Board mistyped resolution number MDC-63 which had been previously used. Therefore Resolution MDC-63 to implement a Director Stipend Program and implementing a budget line for Commissioner Training within the HDC Operation Budget

was amended with a letter "B" (MDC-63-B) to the title. A memo has been placed along with the resolution for record.

Upon motion by Director Williams, seconded by Director Stewart, the Board approved the Consent Agenda item C. Motion carried with the following vote:

Motion carried with the following vote:

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

NEW BUSINESS

A. Resolution MDC-64: Consider a Resolution to Assume the "HACM Note" on Tynan Village and Execute Documents to Reflect Note Payable to HACM

Ms. Warren stated that this is accepting the note in full in the amount of \$3.9M due from Tynan Village, Inc. and executing a note in favor of HACM for \$503K.

Upon motion by Director Williams, seconded by Director Jackson, the Board approved Resolution MDC-64 to assume the "HACM Note" on Tynan Village and execute documents to reflect note payable to HACM.

Motion carried with the following vote:

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

B. Resolution MDC-65: Amendment to the Fee-For-Service Agreement Between the Housing Authority of the County of Monterey and the Monterey County Housing Authority Development Corporation

Ms. Warren stated that this is a resolution that HACM recently passed on their Consent Agenda on Amendment #1 Fee-For-Service agreement between HDC & HACM.

Upon motion by Director Styles, seconded by Director Williams, the Board approved Resolution MDC-65 with the changes to the signature page on the Fee-For-Service agreement.

Motion carried with the following vote:

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

C. Resolution MDC-66: Authorize Execution of Documents and Approve Specific Actions Related to the Haciendas, LP Development

Ms. Warren commented that this is for our 9% Tax Credit Application for Haciendas & Oak Park due on March 23rd. She stated that the Board previously passed Resolution MDC-55 along the exact same lines. Ms. Warren reported that a \$1.2M application was submitted to the City of Salinas for HOME funds on Haciendas. She stated that HDC anticipates receiving the award but may have a timing issue which may have to come back to the HDC Board for a placeholder guarantee. Ms. Warren stated that if that does happen, she will be able to demonstrate to the Board what funds we do have to cover that. Director Williams commented that she had requested a proforma for Haciendas and has not seen one. Ms. Warren will send the proforma to all Directors, Ms. Goebel & Ms. Santos.

Ms. Warren gave a lengthy explanation in regards to the funding round. She commented that 9% transactions are pretty lucrative. She stated that she is confident that HDC will be funded but if it doesn't happen, HDC will go into the September round.

Upon motion by Director Williams, seconded by Director Stewart, the Board approved Resolution MDC-66 authorizing execution of documents and approve specific actions related to the Haciendas, LP Development.

Motion carried with the following vote:

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

D. Resolution MDC-67: Authorize Execution of Documents and Approve Specific Actions Related to the Oak Park 1, LP Development

Ms. Warren stated that this item is the same background as Resolution MDC-66.

Upon motion by Director Williams, seconded by Director Jackson, the Board approved Resolution MDC-67 authorizing execution of documents and approve specific actions related to the Oak Park 1, LP Development.

Motion carried with the following vote:

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

E. Resolution MDC-68: Consider a Resolution to Reserve Cash Payments to the Housing Authority of the County of Monterey (HACM) for Expenditures Related to Tynan Village

Ms. Warren stated that this is a combination of the summit (January 15, 2011 joint HACM/HDC meeting) and discussions relative to HACM's cash issue. Ms. Warren prepared a short term analysis of cash available and mentioned that the memo does not list all the cash available to HDC. According to Ms. Santos, HDC has \$1.1M in cash. Ms. Warren stated that HDC has a Fanoe note that is getting read to be paid, some Solar money on Benito Affordable and the developer fee final pay-in which will leave HDC with \$2M. After subtracting 1 year operations expenses for HDC, it would leave HDC with \$1.1M. Ms. Warren explained that the following list is anticipated predevelopment cost of \$510K, which would leave HDC with some cash available to assist HACM. Ms. Warren stated that HDC can carve out \$189K for one year on the land lease payment on behalf of HACM. Furthermore, HDC can make a payment on the \$503K note that was just accepted, which HDC will pay \$103K on that. HDC can carve out \$159K for the commercial lease for Tynan for the next year. Ms. Warren recommended that the \$103K be paid to HACM right away. She stated that the \$159K and \$189K can be paid in increments over time. Ms. Warren commented that HACM staff has agreed to that. Director Healy requested an explanation as to why we maintain such a high reserve? Ms. Warren explained that once you get your tax credit funding for Phase 1 on Paso Robles, it will go to Phase 2 which will have predevelopment cost. She continued to explain that you would need a sizable amount for that activity for future developments. HDC has paid \$1.2M in predevelopment costs which HDC will get back at construction close. A lengthy conversation ensued in regards to the developer fee.

Director Espinoza commented that when they went over this item at the Finance/Development Committee Meeting, he felt that this ongoing summary of where the money is going is really helpful. He thanked Ms. Warren for creating it.

Upon motion by Director Healy, seconded by Director Williams, the Board approved Resolution MDC-68 to consider a Resolution to reserve cash payments to the Housing Authority of the County of Monterey (HACM) for expenditures related to Tynan Village

Motion carried with the following vote:

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

OLD BUSINESS

A. Change of Officers

The Board had a discussion on whether to go forward with this item or holding it off again. Director Williams and Director Espinoza felt that we should go forward with this item. Director Healy requested to see the Bylaws and Ms. Warren will email them to all the Directors for review. The Directors would like to review the Bylaws before making any decision on appointing any Officers. The Board recommended that this item be brought to the Personnel Committee Meeting and then to the next HDC Board Meeting.

B. Haciendas Project Name

Director Williams recommended the name "Las Casas de Natividad" (The Houses of Natividad) for Haciendas. Director Williams explained that when Natividad was a whole area, it was a grant and that's how she came up with the name. Director Styles stated that we can't do anything with it since it is an Information only item. Ms. Warren thanked Director Williams for recommending the name.

C. Resolution MDC-59: Open Bank Accounts and Delegation of Signature Authority

Ms. Warren commented that she had mentioned at the Finance & Development Committee Meeting that she doesn't see this account being an account as writing checks out to cover operational expenses. She stated that we need to establish an account with the bank for the future purposes of doing a potential credit line. Ms. Santos commented that after discussions, maybe the stipends would be something that should come out of the HDC account and would further discuss that with Ms. Warren. Ms. Warren stated that she would not see this account being funded anymore than \$30,000.

Director Espinoza recommended that the second signature required for Level 2 should state Vice-President and Secretary/Treasurer and not the Chair and Vice-Chair of the Board of Directors. Director Styles reiterated what Director Espinoza recommended and advised also to make the changes in the resolution.

Upon motion by Director Healy, seconded by Director Espinoza, the Board approved Resolution MDC-59 with the recommended changes to the memo and resolution.

Motion carried with the following vote:

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

INFORMATION

A. Monthly Development Report – Feb 2011

Ms. Warren commented that she doesn't have much to add to the report but pointed out the Power Point from the Center on Budget and Policy Priorities. She stated that it spoke about the continuing resolution that was in the House and its process to be passed on to the Senate and Obama's budget for 2012. Ms. Warren mentioned that there was also a letter that was faxed to every Senator which basically talked about preserving those CDBG and HOME voucher programs, public housing and operating subsidies. She commented that we are trying to put more of a face on what their actions are doing by talking about the people that we have helped and some of the conditions that these residents are in. She stated that we are trying to make an overall case to continue to fund those things that will promote and stimulate the economy as well as provide a housing safety net to residents.

Director Healy requested an update on the meeting with the City. Ms. Warren commented that the meeting went really well and a large reason why was because they never really knew what their Section 108 Program was. For instance, if they are getting \$2M a year in a CDBG allocation, the Section 108 Program allows them to leverage that 5 times and they can get \$10M, create a revolving loan fund and have all their money now. Ms. Warren stated that we are using

our project to train them on the Section 108 Program and how it works. It also created an interface between the City, HUD and HDC. Ms. Warren mentioned that they met with Mr. Jeffrey Weir, Ms. Grace Aston, Mr. Alan Stumpf and our HDC staff. She also talked to Gayle Goldman at HUD who is a staff person of Ms. Maria Kramer.

Director Healy requested an update on Single Family Units. Ms. Warren explained that the Single Family Units will be on our agenda for the next month. One of her concerns was that we had disposition approval for quite some time and they remain in HACM's PIC and she thinks it's imperative that we get them out of there before we get some other kind of finding. She mentioned that she has been pursuing guidance on exactly what HACM needs to do and will help HACM do that. She stated that she will meet with Ms. Goebel and outline what has to be done. She would like to enlist Ms. Goebel to participate in that process so she understands it and understands the next steps.

Director Stewart commented that he noticed that the Power Point mentioned that Ms. Marilyn Dorman is leaving the Housing Resource Center. Ms. Warren stated that HRC is planning on cutting a substantial amount of money for low-income homeownership activities.

Director Williams requested an update on Soledad & Monterey for the \$30K hold back for garbage. Ms. Warren stated that she has not come into any agreement with the City of Soledad. She explained that it has been difficult to work with the City on this issue. Ms. Warren mentioned that the City of Soledad finally did come out with the reconciliation on the Monterey Street bill and had over charged us \$30K in which we received a credit for. She also mentioned that we have not heard back from the Mayor of Soledad. Director Styles stated that he has heard the City of Soledad is having some financial difficulties. He stated that it might be worth another meeting with the Mayor to talk about where he is with all this stuff. Ms. Warren stated that there is also a statute that says that if they don't bill you for utilities within a specified period of time, you don't owe them. On the issue with regards to Benito FLC, they have not billed us for 2 years but we graciously paid them. Director Styles recommended Ms. Warren meet with Mr. Cliff Price's new boss and he will email Ms. Warren the contact name.

Director Williams requested an update on ABHOW. Ms. Warren commented that they have completed construction and Ms. Santos can book that as revenue. She reported that they have not converted to perm which she finds very interesting. She mentioned that she believed that they had some issues with their perm lender. Ms. Warren stated that we have a lot of legal agreements with them but it's not up to us to drive their close, we just need to be aware of it.

DIRECTOR COMMENTS

Director Healy thanked Ms. Warren for the very thorough report and information that took place tonight.

Director Espinoza thanked the staff for their efforts as he has said repeatedly. He thanked HDC.

Director Jackson commented that we are finally taking care of business.

Director Stewart commented that he appreciated the question that was asked on Soledad. He commented that Soledad is historical. He wanted to mention to Ms. Goebel that he never had his 15 year pin.

Director Williams thanked the staff and was very happy how the meetings have been going. She commented that she knows that they are getting a couple of things here and there but the Board seemed to be remembering and she appreciated the fact that information is coming forward to them. Director Williams commented to her fellow board members that it is not totally up to your Chair and Vice-Chair to inform you and it is your responsibility as a Director to inform yourself too and you may talk to any staff member. The only thing they ask is that you go through the Executive Director so that they are also informed. She stated that she is inviting all the Directors to do that. She thanked everyone.

Director Styles thanked everyone for two excellent meetings this evening. He commented that it is much more of a pleasure to come to these meetings today than it was 6 months ago. He is very happy with the direction that everyone has taken. He thanked everyone on the cross coordination which is excellent and to keep it up.

February 28, 2011

Director Stewart wished Director Styles a good time in Tampa.

Director Williams asked Ms. Nguyen to make arrangements with her and Director Stewart to go to the HDC Personnel Committee Meeting so they can look over the policies.


ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:15 p.m.



Chairman

ATTEST:



Secretary

3/22/2011

Date