

**ACTION  
MINUTES OF THE REGULAR BOARD MEETING  
OF THE  
MONTEREY COUNTY HOUSING AUTHORITY  
DEVELOPMENT CORPORATION  
HELD MARCH 21, 2011**

Directors met at 123 Rico Street, Salinas, CA 93907. The meeting was called to order by Chair Alan Styles at 6:06 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; Marilyn Rose, Senior Finance Officer and John Shores, Senior Construction Manager. Recorder: Kimmy Nguyen

**COMMENTS FROM THE PUBLIC:** None

Ms. Warren introduced Mr. John Shores, HDC's new Senior Construction Manager, to the Board. She commented that he has many years of construction experience and also serves on the Board for Self Help in Stockton. The Board welcomed Mr. Shores.

**CONSENT AGENDA**

A. Minutes—Approval of Minutes of the Regular Board Meeting held February 28, 2011

Upon motion by Director Stewart, seconded by Director Williams, the Board approved the minutes for the Regular Board Meeting held February 28, 2011. Motion carried with the following vote:

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

**NEW BUSINESS**

A. Resolution MDC-69: Authorization to Accept 2<sup>nd</sup> Amendment to the HDC Bylaws and Provide Direction for the Replacement and Appointment of New Officers

Ms. Warren stated that at the last meeting the Board approved the payment of the stipend and the sharing of the mileage rate between the two organizations. A redlined copy of the By-laws with a few minor administrative changes was provided. Ms. Warren stated that the other part of the resolution was the appointment of new Officers. She commented that at the Personnel Committee meeting, there were some discussions on whether a HACM staff be appointed and whether any Board of Directors be appointed to serve as Corporate Officers. Ms. Warren discussed this with legal counsel and their concerns were addressed in the California State Government Code Section 1090 and 1099. On the Section 1090, it stated that if you were to appoint a HACM staff, you might have a self dealing event that would occur. On Section 1099 it stated that if you were to appoint a Director to a corporate office, than you will have a report issue where a Director would be reporting to himself. Ms. Warren commented that she was not sure if it was a non-profit code or a State code but the two Sections 1090 and 1099 would be the issue. Director Espinoza requested to review the California State Government Code Sections that legal counsel had pointed out.

Ms. Warren stated that her conversation with legal counsel recommended that HDC should have the Officers be someone in the organization who is familiar with the business. She commented that she would recommend appointing Ms. Carolina Sahagun as Secretary and Ms. Marilyn Rose as Vice-President/Treasurer. Director Styles suggested legal counsel to come and review the By-laws with the Board. Ms. Warren stated that Mr. Eric Danly from Meyers Nave would be the legal counsel. Director Williams recommended that the Board should make the decision in appointing the officers with the President's recommendation. Ms. Warren commented that Mr. Danly has already read the By-Laws and he will also bring up the issue about the stipend. Director Styles requested legal counsel attend the next board meeting for discussion and requested that this item be tabled.

B. Resolution MDC-70: Authorization to Provide Financial Commitment to Haciendas Phase One for the Purposes of Tax Credit Allocation Committee Application

Ms. Warren reported that this resolution is in conjunction of the TCAC Application for Haciendas that HDC is currently preparing. She stated that HDC has a commitment from the City of Salinas for \$535K which passed City council and has a resolution. Ms. Warren had spoken with the City staff to put HDC on the agenda to change the number of units since originally it was requested for 99 units. She commented that it was pushed back on the agenda which is causing the need for HDC to create a temporary place holder in this application. An email from the City of Salinas stated that they are okay with the revised number of units. Ms. Warren commented that the other part of this resolution is the HOME application that was submitted to the City of Salinas for \$1.2M and has been submitted for the third time and it is for their high priority development area. She had a conversation with the City staff who stated that HDC would most likely be awarded the HOME application. Ms. Warren commented that HDC could possibly be funded only \$900K instead of the full \$1.2M which would put HDC on the hook for \$300K and that would be the worse case scenario. She also stated that HDC had to get a CPA to review their financial position to offer a certification that HDC has the capacity to make them guaranteed. The CPA has done that and will provide HDC with a signature.

Ms. Warren commented that she fully anticipates the City of Salinas will fund this project. She commented that the City has passed HDC over twice because they felt other projects had more readiness but she believes that this project will not get passed over again. Director Williams wanted clarifications on a few things. She wanted to know how firm the commitment was from the City of Salinas. Ms. Warren explained that the \$535K is committed and a verbal commitment was made by the Deputy Director. The other question Director Williams asked was if TCAC does not approve the application then would HDC be committed and Ms. Warren commented that we would not. Ms. Warren stated that HOME application award is on May 3<sup>rd</sup> and we will not get notification on TCAC until mid June. She stated that we can pull our application before then. Director Williams also asked how we are going to get the money. Ms. Warren directed the Board and staff to the spreadsheet that was provided in the packet which showed the breakdown of the cash available. Director Healy wanted to know what the impact would be if we don't approve the resolution and Ms. Warren stated that we would just not submit the application.

Director Espinoza wanted to know if the HOME money comes back funding only \$900K and not \$1.2M, how would it work being \$300K short. Ms. Warren stated that we would have \$300K to cover if we needed to. She stated that once we get the money in our pocket, there will be construction close and we will get \$800K at close of cash. We will also be reimbursed for approximately \$500-\$600K in predevelopment costs.

Director Williams commented that Ms. Warren was nice enough to send her the proforma for Haciendas and she was able to look over it but was worried if we had enough money in the operating budget. Ms. Warren commented that the operating budget is based on historical information on properties that are currently operational and she stated that we do have enough money budgeted. Ms. Warren commented that this is a very conservative budget and the shortfall that the project has is probably not as significant. She stated that the challenge is going in with public funds which public funds is needed in order to increase our tiebreaker and to be most competitive. She also stated that it is all very strategically done and on each proforma the equity is much lower than it is going to end up being and at that point we will need to make a decision on what we want upfront.

Director Espinoza requested to have a current proforma based on what the City has to say placed as an agenda item on the May 16th HDC Finance Committee meeting.

Upon motion by Director Stewart, seconded by Director Espinoza, the Board approved Resolution MDC-70 authorizing to provide financial commitment to Haciendas Phase One for the purposes of Tax Credit Allocation Committee application.

Motion carried with the following vote:

AYES: Styles, Williams, Stewart, Espinoza, Jackson  
NOES: Healy

ABSENT: None

### **INFORMATION**

#### A. Monthly Development Report – Mar 2011

Ms. Warren commented that she doesn't have a lot to add and was pretty brief in her report because she has been working on the two applications. However, she commented that the vacancies have been doing well and there was a little hiccup at Fano Vista which has been controlled. Director Williams asked about the status of HACM taking over Fano Vista. Ms. Warren explained that HDC submitted the job description for the caretaker to the equity partner and it is being reviewed to see if they think that is the satisfactory arrangement.

Director Healy requested an update on the Paso Robles application. Ms. Warren commented that HDC did not have to benchmark any money for that. She stated that Paso Robles is putting a couple of hundred thousand dollars in, and the City of Paso Robles had put in \$1.3M. She commented that one really good thing was that she was able to get the TCAC Executive Director to say in writing that they will consider our non-profit as a public entity for public match and public contribution. She stated that they really don't do that but because we made a case that our Board is compromised of a public body. Ms. Warren stated that the not so good thing is that you have your land value and your improvement value that you put into the transactions. TCAC stated that you can't include the cost of the improvements from the appraisal. She stated that it is a public entity and they can't expect us to write off the building improvements and which is the impact that we are trying to fight for right now. Director Healy asked if the Paso Robles and the Haciendas applications are the same pool. Ms. Warren stated that there are two pools; central coast pool and a rural pool and we can go into either one. She commented that about two weeks ago, Paso Robles was not eligible to go into the rural pool because they were under the impression that their designation as rural had ended when the consensus was done in 2010. She stated that we were able to get the State USDA office to issue a letter stating that we have not adopted that yet so we can still be in the rural pool. The rural pool has much more money available than the central coast pool. Ms. Warren stated that in this particular round, we are going in as rural. So the answer to Director Healy's question would be yes, it will be competing with Haciendas. She stated that however, Haciendas tiebreaker is up in the high 70's, and Paso Robles tiebreaker is down to 55. Director Espinoza asked if this was political and what are we doing or not doing from a political standpoint. Ms. Warren stated that some of it is political and that she needed to figure out how to interject ourselves and felt a good place to start would be with Mr. Sam Blakeslee. Director Espinoza recommended Mr. Bill Monning. Ms. Warren suggested that we should schedule a Capital day to go meet with them. She stated that she will have Ms. Nguyen arrange a day that everyone can take a trip to Sacramento with three key people to send our message which she felt would help.

### **FUTURE AGENDA ITEMS**

Ms. Warren stated that she is not rushing with those items, she just wanted to keep them in front of us. She commented that we have plenty to keep us busy for a while.

### **DIRECTOR COMMENTS**

Director Healy thanked Ms. Warren for all her work and for answering the questions.

Director Espinoza commented that he hoped Ms. Warren understands that the Board is not grilling her to make her life miserable. He thanked Ms. Warren for giving what he considered to be tangible information that he can process. He commented that he knows Ms. Warren is a strong lady and he didn't want her to feel like the Board was ganging up on her. Director Espinoza commented that the more she can help him understand what she is doing, the more he can get whatever she needs done. He thanked her again.

Ms. Warren commented that this is a complex environmental that we are in. It is not easy to understand. She stated that the proformas that were sent out to everyone are difficult to really understand. She also stated that she sent an email that if anybody wanted to sit down with her to go over these proformas, she would be happy to meet with them.

Director Jackson commented that as usual Ms. Warren has done her homework.

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Director Stewart had no comment.

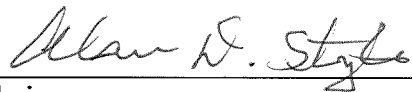
Director Williams commented that she wanted to echo what Director Espinoza had said about not grilling Ms. Warren and that she just wanted to understand this. Director Williams commented that she is probably a little gun shy because of Tynan so she wanted to make sure that she received all the information before she made a decision.

Ms. Warren commented that she appreciated all of Director Williams questions and would never take them personally.


Director Styles commented that he believed that we are all gun shy over Tynan but he stated that the Board needs to understand too that Tynan is kind of an exception and, who knew what was going to happen with the real estate market. He commented that Tynan is a unique thing and the issue was timing.

**ADJOURNMENT**

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

  
Chairman

ATTEST:

  
Secretary

4/26/11  
Date