May 23, 2011

ACTION

MINUTES OF THE REGULAR BOARD MEETING
OF THE
HOUSING AUTHORITY OF THE COUNTY OF MONTEREY
HELD MAY 23, 2011

Commissioners met at the Central Office. Chair Elizabeth Williams called the meeting to order at 5:09 p.m. Present: Chair Elizabeth Williams and Commissioners Josh Stewart, Kevin Healy, and Andrew Jackson. Absent: Vice Chair Alan Styles and Commissioner Tom Espinoza. Also Present: Lynn Santos, Director of Finance; Pat Wyatt, Interim Human Resources Manager; and Tom Griffin, Legal Counsel. Recorder: Sandy Tebbs

COMMENTS FROM THE PUBLIC: None

CONSENT AGENDA

A. Minutes - Approval of Minutes of the Regular Board Meeting held April 25, 2011
B. Revised Job Description-Family Self-Sufficiency (FSS) Specialist
C. Resolution 2701: Authorization to Apply for 2011 Family Self-Sufficiency Program Coordinator Funding

Commissioner Stewart requested item B be pulled from the Consent Agenda.

Upon motion by Commissioner Healy, seconded by Commissioner Stewart, the Board approved Consent Agenda items A and C. Motion carried with the following vote:

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

Commissioner Stewart requested a copy of the Family Self-Sufficiency (FSS) Specialist job description; the Clerk of the Board noted it was on pages 8, 9, and 10 of the Board packet.

Upon motion by Commissioner Stewart, seconded by Commissioner Healy, the Board approved Consent Agenda item B. Motion carried with the following vote:

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

REPORTS OF COMMITTEES

Personnel Committee: No report was given due to the absence of Commissioner Espinoza.
Finance/Development Committee: Commissioner Stewart reported in Commissioner Styles' absence that Ms. Santos and Ms. Warren would be providing a list of Housing Authority acronyms to the Board members. He further reported at the Committee meeting, there was a discussion regarding legal fees that would be a good subject for a Board retreat in the future. He stated the finances are looking better than anticipated.
Monterey County Housing, Inc.: Mr. Rose reported MCHI attempted to have a Board meeting on May 18th at Casanova, but unfortunately illness prevented two Board members from attending so there was not a quorum. The next meeting is scheduled for June 1st at 134 East Rossi. Some of the things that will be discussed are window/sliding glass door issues at Parkside; the Board had previously authorized repair or replacement of the bulk of these in terms of the resident apartments but because of the costs associated with it; while we have reserves to take care of that issue, the goal is not to spend that many dollars out of the reserve account. As a consequence we are going to take advantage of the weatherization initiative; we are working not only with HACM property management but with HDC to put together a joint application in order to get enough dollars to replace those items because windows are a component of the weatherization program. Commissioner Stewart asked if this would deplete the reserves; Mr. Rose explained it wouldn’t deplete those funds but it would take about 50%.
Affordable Acquisitions: Same as MCHI.
Monterey County Housing Development Corporation and LP's: Chair Williams reminded that Ms. Warren was at the NAHRO PSWRC Conference and there would not be an HDC Board meeting this month.
REPORT OF SECRETARY

A. Executive Report
Chair Williams reminded that Ms. Goebel was on vacation and would be back next week.

NEW BUSINESS

A. Resolution 2700: Acceptance of the Audited Financial Statements for the year Ending June 30, 2010

Ms. Santos introduced the Novogradac Auditors, Mr. Michael Morrison and Mr. Jon Adkins, who were present to answer any Board questions regarding the audit. Mr. Morrison provided a summary of the audit. To Board query regarding internal controls, Mr. Morrison responded that the audit firm does look at internal controls and they issued a clean opinion for HACM. Mr. Morrison stated that it is difficult for smaller Housing Authorities to hire enough people to have the absolute segregation of duties. He also stated that Ms. Santos had specialized knowledge with regard to the books of HACM and recommended that others be cross-trained to protect HACM.

Upon motion by Commissioner Stewart, seconded by Commissioner Healy, the Board adopted Resolution 2700, acceptance of the Audited Financial Statements for the year ending June 30, 2010. Motion carried with the following vote:

AYE:\ Williams, Stewart, Healy, Jackson
NOE:\ None
ABSEN:\ Styles, Espinoza

Chair Williams thanked the auditors for coming tonight; she stated that HACM was happy to have a new firm this year with a fresh set of eyes. She thought it was a very clean audit and stated we have a great Finance Department. We have had some issues but we’re working through them and she was glad to hear the auditors confirm that they thought HACM would be okay in 2011 because that’s exactly what we all feel; our Finance Department has felt this same way also. We are at the mercy of HUD and its decisions and we’ve learned to live with them, but on the whole we do a pretty good job. She thanked the auditors again for coming and for their help.

B. Alternative Work Schedules – Information Only

Chair Williams stated that Commissioner Espinoza, as the Chair of the Personnel Committee, has requested this item go back to the Personnel Committee.

INFORMATION

A. Finance Report
See this report at the end of the information items (Ms. Santos was escorting the auditors out of the building at this time.)

B. Human Resources Report
Ms. Wyatt reported she had no changes to her report; no action required.

C. Development Report
Chair Williams reminded that Ms. Warren was attending the Conference; no action required.

D. Property Management Report
Chair Williams reminded that Ms. Goebel was on vacation; no action required.

E. Asset Management Report
Chair Williams reiterated Ms. Goebel was on vacation; no action required.

F. Housing Programs Report
Staff explained that Ms. Ruelaz was also at the NAHRO PSWRC Conference; no action required.
G. Ad Hoc Committee Executive Director Search – Information

Commissioner Healy reported with the exception of an update relative to the interview, everything is included in the packet.

Mr. Griffin stated that he initially signed off on the notion of the Commissioners not on the Ad Hoc Committee attending the interview meeting strictly as observers, but due to the question raised about whether there were risks associated with that being a violation of the Brown Act and because it wasn’t a standing committee, along with the difficulty in proving there wasn’t some form of participation by the observers, it doesn’t seem to be worth the risk after further consideration. He recommends only the Ad Hoc Committee be present at the interview meeting.

Commissioner Healy, Chair of the Ad Hoc Committee, reminded that there would be four interviews with each one scheduled to begin at 5 p.m., 6 p.m. 7 p.m. and 8 p.m. respectively and then the interview panelists would convene at 9 p.m. to discuss their interview findings.

Commissioner Stewart stated he wanted to make sure it was on record that he was really concerned about the process; he stated the committee had a disagreement and it wasn’t a consensus in reference to some things. He stated he would attend the interviews on the 25th, but he would like the Board to put it on a future agenda to discuss Ad Hoc Committees.

Commissioner Stewart stressed that he would like to discuss this issue in a Closed Session.

Commissioner Healy stated he is excited about Wednesday and thinks there are some great candidates scheduled for interview and he is excited about the Ad Hoc Committee being able to bring a candidate recommendation to the June Board meeting; it is a critical piece in the decision-making that this Board is doing to lead the agency going forward.

Chair Williams asked the Ad Hoc Committee if they would object to having that Committee’s first and possibly the second candidates appear before the full Board. Commissioner Healy stated he would agree that it would be a prudent move relative to the selection of this important position. Commissioner Stewart stated he was in agreement. Chair Williams commended the Ad Hoc Committee for being careful about not spending the agency’s money regarding flying candidates in and out.

INFORMATION

A. Finance Report

Ms. Santos stated since this report was submitted, we have had more interaction with the Recovery Team who requested additional documents including all the limited partnership agreements, the ground lease for Typan, and more bank account information. She further reported HACM has not heard back from the OIG, but this team has requested a delay for their report until the end of May. To Board query, Ms. Santos explained that this delay doesn’t appear to signify anything other than this team has other things going on besides our review.

Ms. Santos also reported that Staff has heard back from RHCP regarding Lakeview, but we’re not signing the contract stating they are going to pay us $142K because they owe us $194K. She stated that she added the information regarding the cash and restricted cash on the balance sheet for HACM and we look better than before because we have been able to collect some funds that HUD owed, as well as funds from the State of California Office of Migrant Services. We still have a number of waterfall calculations to go so HDC cash should improve even more. As soon as US Bank signs off on the debt service coverage ratio report, HDC will receive the $498K that is being held.

To Board query, Ms. Santos explained that one thing of concern is the HUD budget and the cuts that they’re going to impose. We are already nine months into the current fiscal year and we don’t know what the funding is going to be for the calendar year; plus there is talk about the 18% cut in capital funds for 2011 calendar year and a 5% cut being proposed at the HUD Washington level along with talk about an 8% reduction of the admin fee rate for Section 8. Talk is globally right now and nothing is really specific. Ms. Santos further noted that Housing Authorities are being encouraged to have a reserve yet HUD is now talking about Housing Authorities having huge reserves and HUD should start reducing those reserves by cutting their operating fund so it includes the amount in reserves; therefore on one hand we’re supposed to have reserves in order to score well, but on the other hand if we have reserves, they are going to reduce the funds they give us.
To Board query regarding tardiness of audit submissions for affiliates, Ms. Santos explained that we should be doing audits sooner but part of the delay has to do with the limited partners' review. Currently the only audits outstanding are Benito Affordable and Benito FLC. To Board query regarding overhead, Ms. Santos stated overhead will always be an issue because HUD determines what fees are paid and decides what services must be provided as a result of those funds. Commissioner Healy emphasized it is a critical function that we can't neglect in terms of the $169M in net assets. To another Board query regarding the new auditors, Ms. Santos stated the new auditors were very good to work with and they have been very responsive, but it has been an adjustment. Commissioner Williams stated she was happy to see fresh eyes this year; Ms. Santos agreed that fresh eyes are a good thing and the prior period adjustment is Novogradac’s expertise so we should only be affected this first year. She emphasized it is a huge complexity that we have to keep track of throughout the year.

To Board query regarding Plaza House, Ms. Santos stated the owners just sent out an engagement letter to handle the dissolution of the Plaza House Limited Partnership relative to the sale, but the limited partnership wouldn't release the purchasing sale documents until the auditors had signed off on their engagement letter and that has now taken place. Commissioner Williams stated she was happy about the financials today compared to six months ago; she thanked Ms. Santos for her hard work.

The Board convened to Closed Session at 6:13 p.m.

CLOSED SESSION

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

A. Government Code Section 54956.9: Pending Litigation
   Thomas and Brenda Sears v HACM
   ACTION: Nothing to report.

B. Government Code Section 54956.9(b)
   ACTION: HACM has waived the conflict and authorized Legal Counsel to sign
   the Conflict of Waiver letter.

The Board reconvened to regular session at 6:50 p.m.

COMMISSIONER COMMENTS

Commissioner Jackson commented he appreciated the auditor being present at tonight's meeting.
Commissioner Stewart commented he would see the Ad Hoc Committee on Wednesday.
Commissioner Williams thanked the Staff; she also thanked Ms. Santos for the excellent job on
the audits. Commissioner Stewart stated he echoed Commissioner Williams' comments.
Commissioner Williams further thanked Mr. Griffin for being in attendance at tonight's meeting.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 6:55
p.m.

Chairman

ATTEST:

Secretary

Date