

**ACTION
MINUTES OF THE REGULAR BOARD MEETING
OF THE
MONTEREY COUNTY HOUSING AUTHORITY
DEVELOPMENT CORPORATION
HELD JUNE 27, 2011**

Directors met at 123 Rico Street, Salinas, CA 93907. The meeting was called to order by Chair Alan Styles at 7:31 p.m. Present: Chair Alan Styles, Vice Chair Elizabeth Williams, and Directors Josh Stewart, Kevin Healy and Andrew Jackson. Absent: Director Tom Espinoza. 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

CONSENT AGENDA

A. Minutes—Approval of Minutes of the Regular Board Meeting held April 25, 2011

Upon motion by Director Williams, seconded by Director Stewart, the Board approved the minutes for the Regular Board Meeting held April 25, 2011. Motion carried with the following vote:

AYES: Styles, Williams, Stewart, Healy, Jackson

NOES: None

ABSENT: Espinoza

NEW BUSINESS

A. Resolution MDC-73: Consider a Resolution to Amend the Conflict of Interest Policy

Ms. Warren commented that amending the Conflict of Interest Policy was the result of going through with a couple of different things. She stated that one of things was that both HACM & HDC have a policy and employees are required to fill out the form. Ms. Warren commented that there are some cross functionalities and felt that an HDC employee that does a fee for service for HACM at any level should sign HACM's form annually just to make sure that there is full disclosure. She stated if we are working on a relocation plan we need to make sure that we are transparent relative to potential conflicts that might exist in any function that is fee for service with HACM. This resolution is to formalize that. As part of this process, Ms Warren had legal counsel review the state requirements to complete the Form 700s and legal counsel came back and concurred that we should also do the 700s for both organizations. Ms. Warren stated that Ms. Nguyen will check with the County to see if we can fill out one form for two agencies. Director Williams requested Ms. Nguyen check with Ms. Tebbs in regards to the process of completing the Form 700.

Upon motion by Director Stewart, seconded by Director Williams, the Board approved MDC-73 to amend the Conflict of Interest Policy. Motion carried with the following vote:

AYES: Styles, Williams, Stewart, Healy, Jackson

NOES: None

ABSENT: Espinoza

B. Resolution MDC-74: Consider a Resolution to Adopt and Approve Form 990 Review Policy

Ms. Warren stated that the IRS requires an annual Form 990 filing relative to all non-profits and their guidance indicated that HDC should have an Audit committee appointed. This resolution authorizes the Board Chair to appoint a committee to review the Form 990 and to adopt the Form 990 Review Policy. Ms. Warren recommended the committee consist of the current Vice Chair

of the Board or other Directors as determined by the Board Chair, the HDC Senior Officer and the HDC President. The Board Chair appointed Director Healy to be the Director in the Audit committee.

Upon motion by Director Williams, seconded by Director Stewart, the Board adopted Resolution MDC-74 to authorize the Chair to appoint an Audit committee and to approve the Form 990 Review Policy. Motion carried with the following vote:

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

C. Resolution MDC-75: Authorization to Provide Financial Commitment to Oak Park Phase One for the Purposes of Tax Credit Allocation Committee Application

Ms. Warren commented that the County of San Luis Obispo has participated in the consortium that is comprised of City of Paso Robles, City of San Luis Obispo and a couple of others. The County of SLO has taken all of their CDBG & HOME money that they were awarded as an entitled entity and given it to the County consortium. The County consortium has identified \$400k that they would like transfer to this development. Ms. Warren commented that it was originally allocated to a project that failed to complete its NEPA. She stated that the project is nearing completion of construction, and it was realized that the Housing Authority and San Luis Obispo had not completed NEPA therefore they were ineligible for funding. Ms. Warren explained it is imperative that they now re-align it with another project that is as ready as the other project or lose their HOME funding. She stated that they have asked us if we would accept the \$397k for this particular property. They are also allocating another \$536k for Paso Robles future project. Ms. Warren commented that the problem here is that we are going in on July 18th and we are trying to increase the tiebreaker score for Paso Robles as high as we can get it. She stated that the \$400k was something that we didn't anticipate and the County didn't anticipate giving it to us because they didn't know it was going to come back to them. Ms. Warren stated that we can use this in our application to increase our tiebreaker and increase the possibility of funding in the July 18th round. This is similar to what the Board was asked to do on Haciendas, to approve a \$1.2M placeholder in anticipation of being awarded the RDA funds and the HOME funds from the City of Salinas which did happen. Ms. Warren stated that this is the same kind of situation in providing the two documents to the Board to show them that the money is there and their staff is recommending this funding. She commented that it is HOME money and it is a secured funding source. Ms. Warren stated that Paso Robles can't give it to their counsel until July 21st and she is asking the Board to put a placeholder to be used in the application that represents this funding that will be back filled with this money from the County.

In regards to Director Healy's query about HDC guaranteeing the \$400k in hopes to get the funding from the County Consortium, Ms. Warren reiterated her memo to the Board. She stated that in the unlikely event that this funding does not materialize, replacement funding can come from the close of Haciendas in December of 2011 which will result in \$630,000 in developer fee and approximately \$500,000 in cost reimbursement. Ms. Warren stated that there are other funds that could back fill this if need be but she doesn't believe that would be necessary and wanted to make sure that Director Healy would know where the money would come from. Director Williams wanted to clarify that Ms. Warren is asking that HDC backfill for San Luis Obispo County this amount of money on the pretext that they are going to get this money back to the project and Ms. Warren stated that is correct. Director Healy wanted to know if the Board didn't want to guarantee the \$400k then what would be the worst case scenario. Ms. Warren stated that part of the reason that this is brought forward is that we are heavily vested in this Paso Robles project. She stated that we have one project that has \$1.7M in development fee plus three more at about \$2M each. It is a lot of revenue and right now we have about \$650k in predevelopment expenses that we will get back when we're funded. She stated that in the unlikely event that we won't be funded, she thinks it is to our best benefit to try to improve this tiebreaker so that we can close, get reimbursed, get the project going and get the developer fee.

Director Healy commented that basically it's a reapplication to TCAC and we can either guarantee the \$400k which would improve our score and improve our probability of being funded or we can resubmit without that which would lower our probability of being funded and put our reimbursement out further. Ms. Warren commented that on this round, she felt that we have done a lot of calculations and analysis and she believes that we are at a good tiebreaker

score right now. Out of curiosity, Director Healy asked what would be the outlay to redo the application. Ms. Warren stated not much since we just put it in. She stated that our reports are still current. Director Healy asked if we were to guarantee the funds at the amount requested and then County decides not to honor that commitment and the project is not funded by TCAC, then what is the scenario. Ms. Warren stated that from her perspective on this resolution, when it gets passed with the County, your commitment goes away as soon as it gets through City counsel. Director Healy stated that we were denied on the first round, and for this application what did we do differently to increase our probability to be funded. Ms. Warren stated that she has done a couple of things since the last application. She has gone to the City to ask them to defer in total their impact fees and their permit processing fee which is about \$800k. They are in the process of doing that before the application is due. She also stated that they had the appraiser go back and revisited his evaluation on the site since it was extremely low which now increased the appraisal to about \$900k. Ms. Warren stated that she will not say what the tiebreaker is but its well above where we were with our tiebreaker for Haciendas.

Director Williams commented that she had previously requested to see the proformas but have not received any yet. Ms. Warren stated that she had provided the proformas via email to the Directors but will be more than happy to send updated ones again.

Upon motion by Director Stewart, seconded by Director Styles, the Board failed to adopt Resolution MDC-75 authorizing a financial commitment to Oak Park Phase One for the purpose of Tax Credit Allocation Committee Application. Motion FAILED TO PASS by the following votes:

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

Ms. Warren commented that her only comment is that we are the developer for Paso Robles Housing Authority and if the Board is not willing to authorize this placeholder loan then we are sending a message that we're not supporting our own project. They have 3-4 more projects there to be done.

INFORMATION

A. Monthly Development Report – June 2011

Ms. Warren commented that she doesn't have a lot to add to her report, however HDC received the TCAC award for Haciendas. She wanted to point out to the Board that HDC had a meeting with Gerry Robert, Director of H2A Housing. She stated that this has been ongoing and she wanted to make sure that the Board knew that it was happening. Ms. Warren stated that Gerry Robert has been contacting her for the last 2 – 3 years and he would like for HDC to be the developer for H2A housing to provide solutions to their housing problem. HDC has agreed to give advice relative to locations, land use, etc. Ms. Warren stated that they are not too keen on necessarily running the housing and they talked to HDC about that which is another matter HDC will have to take to the Board.

Director Healy requested information on Soledad. Ms. Warren stated that we are still waiting for the City to advise us who ordered the dumpsters which is still outstanding.

DIRECTOR COMMENTS

Director Healy thanked Ms. Warren for doing all the work that she does. He appreciated her efforts and he is sorry that she is disappointed about Paso Robles.

Director Williams thanked staff for all the work they do.

June 27, 2011

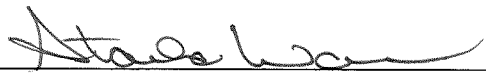
ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:55 p.m.



Chairman

ATTEST:



President/CEO

7/26/11

Date