

ACTION
MINUTES OF THE REGULAR BOARD MEETING
OF THE
HOUSING AUTHORITY OF THE COUNTY OF MONTEREY
HELD FEBRUARY 27, 2012

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 Kevin Healy, and Commissioners Josh Stewart, Tom Espinoza, and Andrew Jackson. Absent: Commissioner Alan Styles. Also Present: Jean Goebel, Executive Director; Lynn Santos, Director of Finance; Joni Ruelaz, Housing Programs Manager; Pat Wyatt, Human Resources Manager; Starla Warren, Fee for Services Director of Development; and Tom Griffin, Legal Counsel. Recorder: Sandy Tebbs

COMMENTS FROM THE PUBLIC: None

PRESENTATION: Service Awards

Commissioner Williams presented a certificate and pin to Socorro Vasquez for 15 years of dedicated service to the Housing Authority; the Board thanked Ms. Vasquez for her loyal service. The Board further recognized Pat Chassee for 15 years of loyal service and Ana Guevara for 5 years of loyal service; these employees were not able to attend tonight's meeting.

CONSENT AGENDA

- A. Minutes - Approval of Minutes of the Regular Board Meeting held January 23, 2012
- B. Job Description Revisions

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

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

REPORTS OF COMMITTEES

Personnel Committee: Commissioner Espinoza reported the main item the Committee discussed was the Job Description Revisions that changes the titles of the positions these individuals report to and also coincides with the organizational chart; everything else is on the agenda.

Finance/Development Committee: Chair Williams noted that this Committee did not meet so we will not have a report today. To Commissioner Stewart's query of why didn't this Committee meet, it was noted that there were no new business items to be considered. In a short discussion Commissioner Stewart noted that if one goes back to minutes about sixteen years ago, that board had been led to believe there were monies when there were not and at that time the Board agreed that they would have meetings to find out what was being paid. He further noted that he was not included in this decision making process to cancel the Finance/Development Committee meeting and he will not allow Staff to ever do this again; if this committee meeting was going to be cancelled he should have been in the conversation about this decision. Commissioner Williams stated she agrees with Commissioner Stewart and unless the Chair of the Committees actually cancels the meetings, they should not be cancelled. Commissioner Stewart stated the decision to cancel should have been between Commissioner Healy and himself.

Monterey County Housing, Inc.: Ms. Warren stated MCHI had a meeting since the last HACM meeting and they accepted a new Board member at the beginning of their meeting so that individual was able to participate in the meeting. The next MCHI meeting is scheduled for March 14th. To query, she stated she needs to check the roster but she believes that MCHI has a full Board.

Affordable Acquisitions: Same as MCHI.

Monterey County Housing Development Corporation and LP's: Ms. Warren reported these items are on the HDC agenda.

REPORT OF SECRETARY

A. Executive Report

Ms. Goebel reported we have received notification that we are no longer a troubled agency, but we are trying to find out whether we still need the Memorandum of Agreement with HUD on the troubled agency status. One concern is our management assessment score is not as high as we would like because they have changed the way they score. They are scoring by strictly using the financials as opposed to looking at the other things they used to. Staff is trying to find out where we will be as of June 30th of this fiscal year to determine whether that type of scoring will be a problem in the future. If it is not going to be a future problem, then our answer to HUD is we don't have a lot to fix at this point on the sustainability plan. Ms. Goebel noted she had talked to County Counsel about the agreement and made him aware we were in discussions on the agreement and that we may not need to present it to the Board of Supervisors; County Counsel agreed to not move forward with the agreement for any action on their part until they hear back from HUD or Ms. Goebel.

Ms. Goebel further reported Staff is in the middle of the Annual Plan process and it is currently out for public comment; it will be brought to the Board next month. She stated that she and Ms. Warren attended the training at HUD on the demolition/disposition process and the changes they are putting into place for all new demolition/disposition applications, but they didn't give us a lot of options on it. Things are probably going to get tighter on HUD's part in terms of processing applications. Ms. Goebel further stated HACM is having a VMS review again; Staff has finished the training for one of the requirements for the OIG compliance last month and the last payment to OIG goes out next month. Ms. Goebel stated the 9/80 work schedule is in discussion with the Union because they have concerns about policies and parameters; we will be meeting with them to talk about their concerns. We are also meeting with the Union with regards to health benefits. To query on whether the 9/80 schedule was on hold at this point, Ms. Goebel responded that the health benefits had a timeline so that took precedence.

To query from Commissioner Stewart regarding verification of conversations with the County regarding the HUD agreement, Mr. Griffin responded that he was asked by County Counsel whether this was standard operating procedure on HUD's part with respect to any agency that was deemed troubled or whether this agency was being singled out in any fashion. Mr. Griffin stated he assured counsel that it was standard operating procedure. He stated he was also asked what would be the responsibility of the Board of Supervisors as a signatory of the contract. Mr. Griffin explained that he believed they were being signatories because they were responsible for appointing the members of this commission and therefore they had to be aware of the troubled status because in certain circumstances HUD is reserving all their options which are spelled out in the agreement. The County Counsel then understood and asked when we thought it would come back to the Board of Supervisors for any action on their part. Mr. Griffin stated that it was HACM's goal that it never comes back to the Board of Supervisors and noted that HACM had been given some assurances that if we come out of troubled status that this particular agreement would not be necessary. County Counsel requested that Mr. Griffin report back after tonight's meeting with respect to any developments that had occurred and to keep him in the loop with regard to the timelines as we move forward. Mr. Griffin noted that he responded he would. He further noted that this was a new attorney assigned to this particular task and was becoming familiar with the agency and the issues. He believes this attorney will be someone we will be working with going forward. Mr. Griffin stated he would call him again on Monday and report what Ms. Goebel has just reported to this Board. Mr. Griffin responded to Commissioner Stewart's suggestion to have these things in writing, that he thinks it is an excellent idea to have a written record of the fact that the Board of Supervisors is satisfied with the way in which the Board's counsel is handling this issue and that they are not expecting any immediate action on our part nor are we asking them to take any action on their part. Mr. Griffin further noted that he would copy the Chair of the HACM Board on his correspondence to County Counsel.

INFORMATION

A. Finance Report

Ms. Santos stated attached to the report is our June 30, 2011 PHAS scoring which shows that we are indicated to be a Standard Performer. She explained there are concerns about our management score which is 16 out of 25 as shown on page 46 of this packet. The components of that involve occupancy percentages and calculations of accounts receivable and accounts payable. We were informed of the change in the scoring in April 2011 so there were only a few months to address the changes so we expect to do better this year. These scorings are tricky because what earns you points in one section can count against you in another. For example, on receivables, if you do more write-offs that helps you on the management score but then it hits you on the expense scoring on the financial score. Ms. Santos emphasized this still is excellent news.

Ms. Santos further reported that in her report we were still waiting on the HDC and HACM audits, but since the date of this report we have received the HDC audit. We are also well into the process on the six Limited Partnership audits and they have a December 31st year end; their audits are moving along smoothly. She stated December was a tricky month because we had the construction close for Haciendas which also transfers that property from HACM to HDC and then part of it gets transferred again to the limited partnership. The other two pieces of the Haciendas property becomes operating properties for HDC. We are still working out the rent structure for that property and those were not included in the December revenue and expense statements that are included in these HDC reports.

Ms. Santos stated she split the HAP funding and the admin fees separately in the Section 8 report to make it more clear. This was done because the \$2.5M that was recaptured related to the waiver funds for HAP and it had a distorting impact on the financial statements. HUD recaptured it by reducing our revenue this year. She stated we are slightly below where we expected to be in terms of admin fee revenue for the first six months of the year and that will be consistent going forward because HUD reduced the funding of the admin fees.

Ms. Santos responded to queries that the Tynan land lease is a monthly payment and the Tynan commercial lease we handle as an accrual so that lease has not been funded. The \$174K is the revenue that HACM earns off of that lease; HDC has not paid it but has committed to fund it for this year if Tynan cannot fund it. We are still working on the waterfalls for Tynan so it is possible Tynan will be able to afford to pay it. Ms. Santos further stated that HDC has agreed they will cover the land lease.

Commissioner Stewart asked what was the dollar amount that HACM is being cut with regards to Capital Funds and HAP funding. Ms. Santos responded that we knew about the 75% proration on the admin fees for Section 8 and that was worked into our revised budget so the difference between budget and actual should relate to how leased up we are in the Section 8 program. The good news about the Capital Fund reduction is that they are going to obligate the funds in March which is about six months earlier than usual. Commissioner Stewart asked when do we start panicking with the reductions in funding. Ms. Santos replied we are watching expenses and we have some savings from some positions not being filled and some of the programs do have reserves, but the ones we need to worry about are Pueblo del Mar, Lakeview and the overhead. Another thing not reported is the foreclosure of Plaza House which will be paper entries because the losses from a cash perspective were incurred over many years. We are also still working on repositioning Portola Vista and even though Lakeview is funded for this year for operating expenses it is always on the edge and depends on how much the State provides for this property. To query on Lakeview, Ms. Santos noted that the \$142K paid back to HACM this year were funds they owed us previously and it took a long time to get that. Ms. Warren stated Lakeview does have an \$83,000 lien placed on the adjacent property for the sharing of the lift station expense. HACM may want to relook at that to increase that lien since there is additional operating expense on this property.

Commissioner Healy stated the overhead gives him concern because we have \$735K in unrestricted reserve that we would utilize to fund the overhead losses and he asked year-to-date what does that number look like. Ms. Santos replied from a net income point it is \$11,000 which is break-even but from a cash flow perspective, it is in the minus due in part to having pre-paid certain things such as property insurance which is paid annually and workers' comp which is paid quarterly. To another query about the information on the HUD budget relative to consolidation and merging Capital Fund into Operating, how does that impact HACM's ability to utilize those funds to cover things like overhead. Ms. Santos replied that it wouldn't help HACM with overhead but it would help with public housing, but HUD comes out with different things which may or may not happen. Ms. Goebel noted that when Congress gives us leeway to use Capital Funds in different ways, HUD disagrees so you have to see it in writing to know what you can and cannot do.

To query regarding Force Account employees, Ms. Warren responded they keep cutting Capital Funds and we have not had other projects to bring back more Force Account employees, but currently we have four. When we get some other projects, then we'll bring more back when the funding is there. Ms. Santos stated the other thing about Capital Fund is that it is reduced not only by the percentage reductions from HUD, but as you remove units from public housing it goes down further; it is going to go down another \$150,000 because of the transfer of Haciendas. Ms. Warren stated when Portola Vista gets funded there will be approximately a million dollars worth of work. Commissioner Williams asked if Force Account employees were temporary. Staff responded they originally were considered temporary but for approximately the last six years, they have been regular employees and have received benefits. Commissioner Stewart asked if we foresee any problems right now. Ms. Santos responded we are holding our own right now but it is a tricky balance and a lot depends on how things are going at the properties. One variance is increased water rates which are outside of our control.

Commissioner Stewart further asked if the decrease in rentals and people losing their jobs is affecting HACM. Ms. Ruelaz responded when HAP goes up that means we have to pay more money to the owner on the tenant's behalf. Ms. Santos stated at least some of public housing is doing okay and that helps us support the units that are not. She stated part of the issue is time lags such as if the rents are up when you apply for operating subsidy then your operating subsidy is down and as the rents decrease you don't have a chance to increase the subsidy until the following year and vice versa. There is a similar issue with Section 8 in that the funding is based on what you used last year, but once you lease fewer units then that affects funding for the following year and makes it difficult to predict two years ahead. If we know what the scoring criteria is and what the funding is, we can make adjustments but you can't adjust if you don't know. It is difficult to manage the funding in the Section 8 environment and that has impacts on development and finding voucher holders. Commissioner Williams stated it seems to be increasingly harder to anticipate funding since the asset management program started.

No action required.

B. Human Resources Report

Ms. Wyatt reported she had nothing to add to her report. She responded to queries that we had one workers' comp claim and we had a fender bender but no one was injured in the fender bender. No action required.

C. Development Report

Ms. Warren reported that she has been working with Ms. Goebel and Ms. Santos on the disposition for Los Ositos and Case de Oro, two elderly public housing sites that are not cash flowing very well. A meeting with the residents is scheduled for mid-March. To questions, she stated these sites will probably be Project Based Section 8 but that isn't real clear yet. Ms. Warren further reported that the Mash Track II check will go to HACM with some specific requirements for its use. Ms. Warren noted she needs to mail more documentation on that to PG&E. To a query on Castroville, Ms. Warren replied she would get some progress going on this project.

Ms. Warren reminded that the John Stewart report would be discussed at the HDC meeting. To query regarding HACM managing Fano Vista, Ms. Warren stated she needs to follow-up on this issue. Commissioner Williams requested that Ms. Warren follow-up on this issue.

No action required.

D. Property Management Report

Ms. Goebel reported the compliance review from USDA has been completed; the report came back with no major findings but there were a few items they wanted us to correct and staff is doing that. No action required.

E. Asset Management Report

Ms. Goebel reported HACM and HDC Staffs continue to meet on a regular basis on issues that cross between the two agencies and currently we are talking about projects that need to be worked on jointly such as the demolition/disposition application for the two elderly sites; these sites are a burden on the rest of the public housing properties and the less money that public housing makes then there is less asset management fee available to help cover overhead. To query on whether HACM would be managing these sites, Ms. Goebel responded that is the plan. To another query, Ms. Warren stated that both of these sites have had substantial rehabilitation and are in good shape.

Commissioner Stewart questioned whether we needed the Asset Management Director position. Ms. Goebel responded that she didn't create the position but when HACM had a Deputy Executive Director, that person handled a lot of things and when that position went away, the work did not. A lot of things associated with that position were parceled out to different people and departments; the budget items went to Ms. Santos and the Annual Plan ended up with Ms. Goebel. She further stated there are various programs that are not directly related to Section 8 but Section 8 is part of it and the same for public housing. Someone has to coordinate that and make it all happen and those are the kinds of things that she is still doing. And this position is not being filled right now. Commissioner Stewart stated that is saving us money. Commissioner Healy noted that it is helping our overhead. Ms. Goebel emphasized that we have a very good management team, including the supervisors, and everybody has pitched in and taken on additional responsibilities. For the most part we kind of know what the financial situation of the agency is in terms of overhead costs and we can't afford to be bringing in a lot of people right now. Commissioner Williams stated we appreciate that.

No action required.

F. Housing Programs Report

Ms. Ruelaz introduced two new interns in her department, Jessica Fernandes and Priscilla Barba. She stated they are both seniors at CSUMB and are working on their Capstone Project. Ms. Fernandes will be focusing on VASH owner outreach in the peninsula area because we lack owners in that area. She will also be doing a customer service survey with our customers when we are getting the re-exams and in-takes done. Ms. Barba will be focusing on FSS and the use of social media to market FSS. She will also be doing some fair housing compliance where we're under-served in certain populations with the wait lists. Ms. Barba will also be focusing on identifying groups and marketing our program to those groups. The last thing she will be doing is putting together an emergency referral directory for families that need emergency assistance so they will have something in writing to take with them to get assistance. To query, Ms. Ruelaz stated the interns will be with us for approximately six hours a week for the year. The Board welcomed Ms. Fernandes and Ms. Barba.

Ms. Ruelaz reported that Cathy Webster, Housing Programs Supervisor, and Pat Chassee, Housing Program Specialist, will be retiring next month; they will leave a void. Ms. Ruelaz stated she was looking at reorganizing and restructuring to be more cost effective due to the decrease in admin fees.

The Board congratulated Ms. Ruelaz on her election to Vice President of Member Services for NorCal NAHRO.

No action required.

Chair Williams reminded that the PSWRC Conference will be held in Monterey on May 21st and May 22nd. She encouraged the Commissioners to attend on Monday and if possible on Tuesday also. There are some good sessions being offered. To query regarding cost, Staff responded that for one day it is \$216 and for the whole conference it is \$303. There would be no cost for hotel or traveling since it is on the peninsula. Commissioner Stewart stated maybe we could pay for three or four and we could switch off if possible because some may not be able to attend and get the benefit of the entire program. Commissioner Williams reminded that HDC also helps with conference expenses.

Chair Williams further reminded that the NAHRO Summer Conference will be held July 29 through July 31st in San Francisco and the NAHRO National Conference will be held October 28th through October 30th in Nashville, Tennessee. She stated these two conferences fall in the next fiscal year.

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

CLOSED SESSION

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

- A. Government Code Section 54956.9(a) Thomas Sears v. HACM
ACTION: No action taken; for information only.
- B. Government Code Section 54956.9(a) Susan Price v. HACM
ACTION: No action taken; for information only.

The Board reconvened to regular session at 6:29 p.m.

COMMISSIONER COMMENTS

Commissioner Espinoza stated that his comment would be similar to what he said at the Personnel Committee meeting last week and that is he believes that he, Ms. Warren, Ms. Goebel, and Commissioner Williams had a very good meeting in terms of the Ad Hoc meeting for the strategic planning. He stated he is very motivated and excited about what Staff is looking into and what is going to be reported out in the March Board meeting. He stated he is encouraged that it is going to be productive and a good use of time and resources.

Commissioner Healy stated he would hold his comments to the end of the HDC meeting.

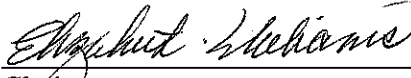
Commissioner Williams thanked Staff and anyone who was involved in getting HACM back to Standard Performer. She stated she knows Staff worked really hard and she really appreciates it. (The Board applauded Staff). Commissioner Williams further stated it has been a long, tough haul but we did it and she hopes we can get that other score up a little and she thinks we'll be okay. She stated Staff did a great job of pulling us out and she thinks that one of the things that helped was the rapport and relationship that we have with HUD and she is happy (about that). She stated those things are important--to make contacts when going to Washington, D.C. Commissioner Williams wished those going to Washington, D.C. a good trip.

Commissioner Williams reminded that Commissioner Styles would be at the next Board meeting and at that time we'll talk about the strategic plan. She mentioned she had talked with Commissioner Styles and he had read the information regarding closed session and if he had any questions that he would call Mr. Griffin or the Chair of the Board because he didn't wish to teleconference into this meeting.

February 27, 2012


ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 6:30 p.m.



Chairman

ATTEST:



Secretary

3-20-12

Date