

ACTION
MINUTES OF THE SPECIAL BOARD MEETING
OF THE
HOUSING AUTHORITY OF THE COUNTY OF MONTEREY
HELD JUNE 11, 2012

Commissioners met at the Central Office. Chair Elizabeth Williams called the meeting to order at 5:03 p.m. Present: Chair Elizabeth Williams and Commissioners Josh Stewart, Alan Styles, and Tom Espinoza. Absent Vice Chair Kevin Healy and Commissioner Andrew Jackson. Also Present: Jean Goebel, Executive Director; Lynn Santos, Director of Finance; Shannon Tonkin, Acting Housing Management Manager; Starla Warren, Fee-for Service Director of Development; and Tom Griffin, Legal Counsel. Recorder: Sandy Tebbs

COMMENTS FROM THE PUBLIC: None

NEW BUSINESS

- A. Resolution 2726: Authorization to Sole Source Elevator Modernization and Approve Entering into Contract – Portola Vista

Ms. Warren explained this issue is connected to the refinancing of Portola Vista and there are very few elevator companies across the nation. ThyssenKrupp is the company that installed the elevators at Portola Vista and has been doing the maintenance on the elevators for a long time. She stated Staff is here to advise the Board we are doing a sole source contract for the modernization of the elevators because it may cost over \$100K. This will also be one of the longest rehabilitations in the rehab schedule. To query on going out to bid, Ms. Warren explained that according to HACM's current policy, the sole source procurement for the modernization of the two elevators located at Portola Vista is being requested under Section D1(a), Noncompetitive proposals of the HACM procurement policy and that section states it should be conducted competitively to the maximum extent possible. Procurement by noncompetitive proposals may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, or competitive proposals. It is based upon a good faith review of available sources; we actually have two suppliers ThyssenKrupp and Otis.

To another query, Ms. Warren responded that the cost could fall below the \$100K threshold but the high bid was \$115K from ThyssenKrupp. To another query, Ms. Warren replied that Otis did submit a bid, but it doesn't seem that company has everything in their bid like ThyssenKrupp. Ms. Goebel stated this issue could be a major liability for us if something goes wrong with the elevators and ThyssenKrupp has been doing the maintenance for 20 years. Commissioner Williams emphasized she did not want someone coming back and saying we didn't get the right number of bids. She further asked if the funds for this will come out of the money for the refinance of Portola Vista; Ms. Warren replied in the affirmative. To query on expending the money before the Board has designated it, Ms. Warren noted that she has brought the scope of work on several occasions to the Board and this falls under that scope of work and the direction from the Board at that time. Ms. Goebel noted it is also in the loan documents.

Upon motion by Commissioner Espinoza, seconded by Commissioner Styles, the Board adopted Resolution 2726, authorization to sole source elevator modernization and approved entering into a contract on behalf of Portola Vista Monterey, LLC for the modernization necessary for elevator repair. Motion carried with the following vote-to-wit:

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

- B. Resolution 2727: Authorization to: (1) Transfer the Portola Vista Site into the Portola Vista Monterey, LLC (PVM, LLC); (2) Acceptance of Transfer of the Portola Vista Site by PVM, LLC; (3) Assignment of the Portola Vista Site Ground Lease to PVM, LLC; (4) Assignment of the Portola Vista Site HAP Contract to PVM, LLC; (5) Admission of an IRS 501(c)3 Member into the PVM, LLC, as necessary for the Purpose of Perfecting the Property

Tax Exemption Status of the Portola Vista Site; (6) Enter into a Property Management Agreement for the Portola Vista Site

To query on whether Ms. Goebel and Ms. Santos agreed with the Property Management Agreement because there is an economic liability for the authority, Ms. Goebel responded that they actually created it and legal counsel had reviewed it and removed any parts that were not needed because of the relationship between the management agents and the owners. Commissioner Espinoza pointed out that he looked up PVM LLC on the internet and there is a legal entity called PVM LLC that is located in Oxnard, California and it is a corporation. Staff explained that historically in our documentation the name is spelled out in the first part of the documentation and the acronym is placed in parenthesis and only used after that. Our acronym stands for Portola Vista Monterey LLC. Commissioner Espinoza pointed out he was glad to see the wording of "owner" throughout that agreement. Ms. Goebel explained that we have to reposition that asset but in order to do that, there are all these outlying parts that have to be pulled back in and moved from one entity to another in order to refinance.

To query on timeline, Ms. Warren responded we had our required pre-construction conference call with HUD this morning and we start work on the critical items tomorrow morning and those are scheduled for the next two weeks. As soon as the critical items are finished, HUD will come out and inspect the critical items and give authorization to close the transaction which will be at the end of June or first part of July for executing the documents and closing the transaction. Then there is a series of noncritical items that HUD is requiring us to do which we will start immediately after close and will take a substantial amount of work because it consists of 20 contracts all together; these noncritical items are estimated to be completed in September. Ms. Warren stated she would provide an updated schedule for Portola Vista at the next scheduled board meeting. To query regarding payment, Ms. Warren stated she has been in discussions with Ms. Goebel and Ms. Santos because she wants a clean close, but noted that HDC can help cover the critical items. To query regarding the funding for the elevators, Ms. Warren explained that would happen after close.

Ms. Warren responded to query regarding the board making a decision on the elective items that these would have been included in the scope of work that went before the Board previously and therefore the Board had provided direction at that time. These things have also been discussed between HACM and HDC but the project is still in the same parameters of what was previously mentioned to the Board of \$1.2M; this funding will be at the project level but a resolution to have funds restricted will be brought forward later.

To query on worst case scenario, Ms. Warren stated that she felt the worst thing that could happen is the decks might need more work than anticipated, but currently that is not an issue. Ms. Warren stated she would have to negotiate with HACM further regarding the cost for HDC because there is more involvement than originally anticipated.

Commissioner Williams requested the record reflect Legal Counsel's arrival at 5:17 p.m.

Ms. Warren stated that the Board had previously approved Paul Renno to do the transaction documents because transactions are his forte and he does them all the time; therefore, he will be working on behalf of HACM relative to document review. She further stated Mr. Renno is also doing the work for the City of Monterey on the lease amendment.

To Commissioner Espinoza's query regarding the wording that HACM is a public body politic and corporate of the State of California, Ms. Warren responded that is how all legal counsels refer to the Housing Authority even though it is not a corporation. Ms. Goebel reminded that HACM was established under the Health and Safety Code of the State of California. Mr. Griffin noted that he has seen this language but more in governmental entities such as cities or redevelopment agencies, but never reviewed this document for that particular language. Ms. Warren stated she would check with Mr. Renno on this language regarding corporation.

Upon motion by Commissioner Styles, seconded by Commissioner Stewart, the Board adopted Resolution 2727: Authorization to: (1) Transfer the Portola Vista Site into the Portola Vista Monterey, LLC (PVM, LLC); (2) Acceptance of Transfer of the Portola Vista Site by PVM, LLC; (3) Assignment of the Portola Vista Site Ground Lease to PVM, LLC; (4)

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Assignment of the Portola Vista Site HAP Contract to PVM, LLC; (5) Admission of an IRS 501(c)3 Member into the PVM, LLC, as necessary for the Purpose of Perfecting the Property Tax Exemption Status of the Portola Vista Site; and (6) Enter into a Property Management Agreement for the Portola Vista Site. Motion carried by the following vote-to-wit:

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

COMMISSIONER COMMENTS

Commissioner Styles commented great job Staff! He also stated he likes the cooperation and communication that is flowing between HACM and HDC.

Commissioner Stewart commented he appreciates the amount of work that Ms. Warren has put into this project and he would also like to place a lot of emphasis on the great job Staff is doing. He apologized for not being able to make the last meeting but he had a medical issue.

Commissioner Espinoza commented that he was sorry that Commissioner Stewart missed the last meeting because it was a very productive meeting. He further commented that he also appreciates the cooperation between HACM and HDC and looks forward to a successful conclusion with Portola Vista.

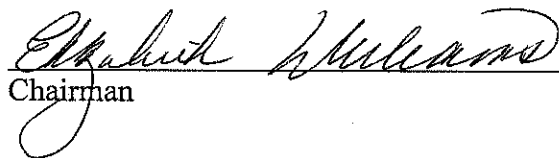
Commissioner Williams commented she would also like to say thank you to Staff for their hard work and she is happy to see the cooperation between HACM and HDC. She stated that she thinks Ms. Goebel, Ms. Warren, and Ms. Santos have made these transitions a lot easier for the Board members and more productive and better for both entities.

Commissioner Williams reminded that the next all-day meeting would take place on Sunday, July 8th and the concentration would be on HDC since the last meeting covered HACM. She further stated the last meeting was very productive and we did it ourselves and now we're going to take a look at it and step back and say do we need a facilitator or not and what are we going to do with this information. We really got a lot done at the last meeting. She noted that all the flip charts will be placed back on the wall so they will be easy to review quickly at the next meeting.


Commissioner Williams thanked Mr. Griffin for attending tonight's meeting.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 5:26 p.m.


Chairman

ATTEST:


Secretary

6-25-2012
Date