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

Commissioners met at the Central Office. Chair Elizabeth Williams called the meeting to order at 5:06 p.m. Present: Chair Elizabeth Williams, Vice Chair Kevin Healy, and Commissioners Josh Stewart, Alan Styles, Tom Espinoza, and Andrew Jackson. Also Present: Jean Goebel, Executive Director; Lynn Santos, Director of Finance; Joni Ruelaz, Housing Programs Manager; Pat Wyatt, Human Resources Manager; Shannon Tonkin, Housing Management Manager; and Starla Warren, Fee for Services Director of Development. Recorder: Sandy Tebbs

COMMENTS FROM THE PUBLIC:

Gene Cochetti commented that he has a problem with the tenants at Tynan Village parking on the street when there are 69 empty parking spaces located at Tynan Village for the commercial portion of that building that could be used for the tenants to park their other vehicles. He further stated the street is filthy and he has even sent his employees out to clean it. Mr. Cochetti provided documentation to the Board. The Board thanked Mr. Cochetti and stated they would give the documentation to the proper Staff. Mr. Cochetti requested a response as soon as possible.

PRESENTATION: Service Award Announcement

Commissioner Williams announced the service award for Manuel Longoria for 15 years of loyal service to the Housing Authority. Ms. Goebel stated the service awards are being presented at the departmental meetings. The Board thanks Manuel Longoria for his years of service.

CONSENT AGENDA

A. Minutes - Approval of Minutes of the Regular Board Meeting held July 23, 2012
B. Resolution 2733: Revision to the Vendor Protests and Claims Procedures

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

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

REPORTS OF COMMITTEES

Personnel Committee: Commissioner Espinoza reported everything is on the agenda.
Finance/Development Committee: Commissioner Styles reported everything is on the agenda.
Monterey County Housing, Inc.: Mr. Rose reported MCHI had a Board meeting on the 15th of August followed by a Board Retreat on the 25th. He stated the Board considered and approved the budget resolutions at that Board meeting; he noted their vendor on the weatherization initiative was not able to perform the weatherization projects so the Board has gone to Plan B which is taking care of the windows and sliders at Parkside that require replacement as dictated by the Section 8 inspector. The board will look at other alternatives for financing the residual windows and sliders that are not critically in need of replacement. Mr. Rose further reported that sadly the Board had to remove one of their directors for non-attendance and requested if anyone knows of a good replacement person to please provide him with the name. Mr. Rose stated the MCHI board took the same direction as HACM and HDC with regards to their Retreat and their Directors were able to personalize the issues and were able to get to know each other better.
Affordable Acquisitions: Same as MCHI.
Monterey County Housing Development Corporation and LP's: Ms. Warren reported all these items are covered in the HDC agenda.
REPORT OF SECRETARY

A. Executive Report

Ms. Goebel reported she received a phone call from the Deputy Assistant Secretary for HUD at REAC, Mr. Johnson Abraham, who read the letter that she and Ms. Santos wrote to David Vargas regarding our concerns on the SEMAP and PHAS scoring changes being proposed. She stated she told him that if HUD is encouraging housing authorities to do development that the proposed changes may put many more housing authorities into troubled status due to timing issues with development financing. She pointed out that HUD may not have the staff to accommodate that type of situation. Ms. Goebel noted that Mr. Abraham clearly got that information and noted he has been trying to figure out ways to layer the regulation so someone in authority can make a decision to change the reading on an appeal when needed.

Ms. Goebel further reported that she and Ms. Santos would be attending the HUD Listening Sessions in Los Angeles. She stated that Ms. Ruelaz would report about the submission of the SEMAP certification during her report. Ms. Santos is currently working on her unaudited REAC submission which will be submitted at the end of the week.

NEW BUSINESS

A. Resolution 2734: Portola Vista Solar RFP

Ms. Warren reported the updated agenda item is on the table, Resolution 2734. The bid results came in on Friday afternoon and were from the second RFP that went out on this solar. The first bids received were considered nonresponsive due to lack of adequate bid security so the bid was put out again. The result of this second bidding is that this project will be in excess of $100K so the Board's approval is needed to authorize the Executive Director to enter into a contract with the selected bidder, Premier Builders out of Gilroy; she stated the electrical contractor they will be using is out of Salinas. Ms. Warren noted that Solex is highlighted because they missed the midnight deadline; they are not the low bidder but since that is a firm that routinely protests our bidding process, we chose to keep them in the tabulation.

To query, Ms. Warren replied this solar project would begin immediately. She further explained there was an issue with the refuse collection so we had to cut the solar size down which will probably be a 50% reduction in utility usage by the solar offset and probably 20% by the lighting changes so there will be a significant reduction. There will also be approximately $55,000 forthcoming in a rebate depending on the final negotiations with the contractor whose price may go up or down. To another query, Ms. Warren noted the residents pay their own utility bill but they also receive a utility allowance so their bill is approximately $23 a month. The solar is for the common areas and hallways which is significant because everything is interior at this site and it is a four-story building.

Upon motion by Commissioner Healy, seconded by Commissioner Stewart, the Board adopted Resolution 2734 authorizing the Executive Director to enter into a contract with Premier Builders for the Solar at Portola Vista. Motion carried with the following vote:

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

NOES: None

ABSENT: None

B. Finance Workshop

After a short discussion, the Board directed the Clerk of the Board to poll the Commissioners on what date in November would be best for a Finance Workshop. Ms. Santos reminded this workshop will be a walk-through of the financials.

C. Legal RFP Committee

After a short discussion, the Board decided the Personnel Committee would be the reviewing committee for the Legal RFP. Ms. Goebel explained that the bids can come in for any or all parts of the RFP: General Board Counsel, Personnel, and/or Landlord Tenant. She further noted that Staff would review the bids prior to the Committee review to make sure they are responsive bids. Ms. Goebel stated that Commissioner Espinoza reviewed the RFP from the legal standpoint for correctness and provided feedback. The bids are due on September 14th.
Upon motion by Commissioner Stewart, seconded by Commissioner Healy, the Board directed the Personnel Committee review the Legal RFP bids once Staff has reviewed them for responsiveness and then forward their recommendation to the full Board. Motion carried with the following vote:

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

INFORMATION
A. Finance Report

Ms. Santos reported she is working on the unaudited financials which are due this Friday; the unaudited financials for Portola Vista, Lakeview, and MCHI Affordable have been received; the financials for King City Migrant have not been received yet. She further noted that we did complete the Haciendas 10% test which Ms. Warren needs in order to get an equity pay-in for Haciendas. Ms. Santos stated that Ms. Goebel had already mentioned the HUD Listening Sessions and attached to her report is a copy of the letter to David Vargas.

Ms. Santos pointed out another letter attached to her report is from PHADA and NAHRO asking if HACM would like to participate in a lawsuit against HUD for agencies that have had funds recaptured from their operating fund submissions; she noted the cost to be included in this lawsuit is $4,000. Ms. Santos further pointed out that HACM was not one of those agencies that had their funds recaptured, but because we were not affected this time doesn't mean we won't be affected the next time. Commissioner Stewart moved to approve the letter of support be sent to PHADA with copy to NAHRO but later he withdrew that motion because there was a consensus of the Board recommending the Executive Director not send a letter of support at that cost.

The Board then directed the Executive Director to send a letter to PHADA with copy to NAHRO asking whether they would like a resolution of support because it is not economically feasible at this time for HACM to sign onto the lawsuit against HUD.

Ms. Santos stated the Financials for Public Housing and Section 8 are doing fine. As an overview on both sides, HACM and HDC, these financials reflect the transfers of property from HACM to HDC and the contribution from HDC to HACM for the Tynan Land lease. The financials also reflect the foreclosure on Plaza House. She noted that Staff budgeted within $5,000 out of $30M on HAP expenditures and on the Admin Fee side, Staff would have projected within $2,000 on the budget for Admin Fees except at the end of May HUD provided $174,000 for past admin fees which we were not expecting but very happy to receive.

Ms. Santos referred the Board to page 37 of the packet and noted this is an overview of HACM's financials by program. She stated at the bottom, Net Cash Flow, shows that Section 8 and Public Housing are doing well; the federal and state program projects are mostly doing well except for Lakeview and Pueblo Del Mar which clearly shows the drain on this column. Ms. Santos further pointed out that HACM overhead has a large negative but it is primarily related to the Plaza House write-off of approximately $1.7M in terms of note and interest receivables along with the guarantees that HACM provided over the years. She stated the Tynan Land lease is the last column and that reflects a positive cash flow but is misleading because last year it was negative. Ms. Santos further reported in terms of unrestricted cash, HACM has approximately $1.3M but we also have this large negative in the overhead column. The overhead negative will continue this year even though we have done a lot to reduce expenses; unfortunately this particular year included some one-time high expenses that won't be there in 2013.

Ms. Santos stated the HDC financials are also included but will be discussed at the HDC Board meeting; the financials for both HACM and HDC are good. Commissioner Healy thanked Ms. Santos for including the letter to Mr. Vargas with her report. Ms. Goebel noted that letter got HUD's attention. Ms. Santos emphasized that the proposed UPCS (Uniform Physical Condition Standards) inspection proposed change for Section 8 would cause us to lose landlords in a significant way because of their strict regulations. Ms. Warren stated the UPCS inspection is an onerous inspection. She pointed out that this inspection would cost landlords approximately $800 worth of repairs to rent to a Section 8 tenant so they would probably drop out of the program. Ms. Goebel stated under UPCS for Public Housing, if we score decently they don't
come back for two to three years, but under the current HQS we have to do an annual inspection for every unit. She noted we spend an incredible amount of money on preparing for a UPCS inspection for public housing. At the Listening Sessions we will be emphasizing No UPCS inspections for Section 8.

B. Human Resources Report

Ms. Wyatt reported all the Resident Caretaker positions are in the process of being filled or are filled. Staff is also farther along in the interview process for the Property Management Supervisor and the Finance Specialist II; those interviews will take place this week. Ms. Guevara is no longer working out of class because she has been selected as our new Housing Programs Specialist effective today. To query regarding resumes for the Eligibility Specialist, Ms. Wyatt confirmed there were 145 resumes; Staff responded to further queries that over the last five years there have been huge numbers of applications submitted for middle to entry level positions. Staff noted there have been several large local company reductions-in-force or closures so more people are looking for jobs.

To query whether the AIG HIPAA audit listed in this report was the same HIPAA audit mentioned in Ms. Goebel's report, Staff responded in the affirmative. Ms. Goebel further noted there were no findings in the HIPAA audit.

C. Development Report

Ms. Warren reported she talked to CHISPA regarding Lakeview and they have the same problem that we have, but we discussed some strategy regarding the owner's representative who is keeping us away from the owners. She stated she is working with CHISPA to get a direct mailing address for the owners so we can jointly send a letter to them because they will have a note due of about $2.5M on both projects at the same time in less than a year. Ms. Warren stated CHISPA has a project similar to Lakeview also.

Ms. Warren further reported HDC did an assessment on the public housing site of Casa De Oro and will share that information with HACM. She stated they finally got all the MASH Track II funding of approximately $700,000; Ms. Warren will be working with HACM staff to come up with the balance of what has been used and what will be used to do what. Ms. Warren further stated Portola Vista rehab has started and there are lots of contractors on site to include Force Account. The Energy Consultant has been to this building a couple of times with the PG&E auditor to finalize the numbers to create the benchmark for projected energy use and savings going forward.

To query regarding Castroville, Ms. Warren responded that what has happened is an annual NOFA is out for 514/516 loans and historically that has been for used for substantial rehabilitation and/or new construction, but they have morphed their program because USDA is now under the microscope with regards to their funding. They have morphed the 514/516 program into a pilot program wherein you apply for it and then you become a lender where you lend out to other projects but you cannot use it on any of your own properties; therefore, we have passed on that because we can't use it on our own properties and we don't want to do a loan administration for other people. We have some calls out to USDA at the national level to figure out what we can do because their focus is on the creation of new units and what we have are existing units but if we do not do something, we'll have no units. She stated we are trying to get a read from them on whether they would classify a demo/reconstruction as new; we are still sorting out what we can do. Ms. Warren further stated we could probably get about $3M from the County HOME which will be due out sometime in January. We need to move forward with some environmental and some design to get us into that round which is a local round. We do have money to move forward on this project. We'll continue to pursue something with USDA because they are motivated to help us; they just don't know how they are going to help us.

To query on HACM doing the management for Fanoe Vista, Ms. Warren responded she is working with the investor, but due to them bidding on Haciendas this will give her an opportunity to know them better; it will take some time. It also is not a good time for HACM to do this management because they have Haciendas they need to focus on right now because it is such a crucial project. To queries on Haciendas, Ms. Warren noted she will be able to take a couple buildings in October but she needs to get in touch with the contractor on some items. They have not had any significant interruptions in construction milestones at this stage so she is hopeful about the buildings in October and then the balance in November. She noted there are 53 units.
D. Property Management Report

Ms. Tonkin reported we received a score of 82 for the PHAS inspection on AMP 120 which is a really good score; it is our biggest AMP with scattered sites throughout Salinas. There was one finding that hit us hard at 12 points. Staff explained it was a drain in the parking lot with debris in it. Ms. Goebel explained this is the reason we don't like UPCS inspections for Section 8 because you don't get a chance to correct it. We would have been a high performer if not for this finding. Commissioner Healy complimented Ms. Tonkin on recognizing her staff relative to their performance on that inspection--great job. Commissioner Styles agreed--good job. Ms. Goebel pointed out the summary of the Housing Programs that we manage was attached to Ms. Tonkin's report.

E. Asset Management Report

Ms. Goebel reported that the Episcopal Seniors Community who approached HACM to do a produce market at Greenfield still have not responded to our last correspondence so that issue is on hold. Commissioner Styles noted the issue is now in their court.

F. Housing Programs Report

Ms. Ruelaz reported today we did the SEMAP certification submission and all the audits reflect we are a high performing agency so we are hopeful. She noted she and the two new Seniors did all the audits and she was impressed with the results that Staff has been doing as far as the quality of their work. She pointed out the attachment to her report on the proposed FMR's that came out a few weeks ago; they have lowered the zero and one bedroom units which will hurt us. What we are proposing for the housing authority is indicated in the percentage below that in parenthesis. For example, for Salinas the one bedroom, we will be going up to 102% of the FMR to bring us to almost what we are paying right now. She stated going across that sheet for bedroom sizes, we're doing okay but for the peninsula area we have to go up a little higher because the rents are higher.

Ms. Ruelaz pointed out that Thursday, September 13th, has been selected as the date for the Quarterly Meeting which will be held at Hartnell College in the Student Center; she stated more information will be provided. This meeting will be in the morning for about an hour and half. Commissioners Williams, Healy, and Espinoza stated they would not be available on that date.

Ms. Ruelaz further noted another attachment to her report shows the FSS folks will be working with Shoreline Work Force Development services, now located next to Goodwill on North Main Street, on doing a workshop for interview skills.

The Board convened to Closed Session at 5:59 p.m.

CLOSED SESSION

The Board of Commissioners met in Closed Session for the following purpose and reason:

A. Government Code Section 54957.6: CONFERENCE WITH LABOR NEGOTIATORS AGENCY DESIGNATED REPRESENTATIVES: Lynn Santos, Pat Wyatt, Joni Ruelaz, and Jean Goebel

EMPLOYEE ORGANIZATION: Service Employees International Union 521

ACTION: Nothing to report

The Board reconvened to regular session at 6:18 p.m.

COMMISSIONER COMMENTS

Commissioner Jackson commented good work and good job by Staff.

Commissioner Stewart thanked the Board for the card in the loss of his friend and business partner. The Board and Staff sympathized with Commissioner Stewart in his loss.

To Board query, the Clerk of the Board reminded the appointment with Congressman Farr was on September 17th at 3 p.m. in Congressman Farr's office, and Commissioners Williams, Stewart, and Styles would be attending this appointment. Staff further noted the HACM
Committee meetings are also scheduled that same day, September 17th, at their regular times. The Board meeting is scheduled for September 24th at 5 p.m.

Commissioner Healy noted he would like to add something to the List of Organizations; we have the Chair of the Sunrise House, Commissioner Styles, so HACM is also a member of that organization. Ms. Goebel replied she would add this to the list.

Commissioner Williams congratulated Mr. Rose on the MCHI Board Retreat and stated she was glad to see MCHI coming along now with a full Board and with an Executive Director because when she first came to HACM, MCHI did not have an Executive Director or a full Board. Mr. Rose responded there is a lot of energy there now. She further thanked everyone for their hard work.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 6:34 p.m.

[signature]
Chairman

ATTEST:

[signature]
Secretary

9-26-2012
Date