DIRECTORS met at 123 Rico Street, Salinas, CA 93907. The meeting was called to order by Chair Alan Styles at 6:38 p.m. Present: Directors Alan Styles, Tom Espinoza, Elizabeth Williams, Kevin Healy, Charmagne Scott, Kathy Beuthin and Mary Jo Zenk. Also in attendance HACM staff: Jean Geobel, Executive Director and 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 May 20, 2013

Upon motion by Director Williams, seconded by Director Zenk, the Board approved the minutes for the Regular Board Meeting held May 20, 2013. Motion carried with the following vote:

AYES: Styles, Espinoza, Williams, Healy, Scott, Beuthin, Zenk
NOES: None
ABSENT: None

OLD BUSINESS


Ms. Warren commented that this is a returning item from last month’s agenda. There was a miscommunication between staff regarding the HDC audits therefore it was not available for the Board’s review and is being brought back for approval. Ms. Warren mentioned that there is one difference in the audit that Ms. Santos brought to the Finance & Development Committee. She commented that there is a recap of the financial statements removing the eliminations. Ms. Warren stated that in order to externally present financial information that accurately reflects where we are at, the eliminations have to be removed and be presented differently. She further stated that this is a supplemental schedule to the financial statement. Director Williams commented that the Finance & Development Committee had reviewed this item and asked that any changes be made and were made. She commented that Ms. Santos put together the supplemental schedule to make it easier for the Board to review which will be given yearly and in this format. Director Williams stated that the Finance & Development Committee recommended approval of this item.

Upon motion by Director Williams seconded by Director Scott, the Board approved Resolution MDC-104 accepting of the Audited Financial Statements for the Year Ending June 30, 2012. Motion carried with the following vote:

AYES: Styles, Espinoza, Williams, Healy, Scott, Beuthin, Zenk
NOES: None
ABSENT: None

B. Appointments — Ad Hoc Personnel Committee

Chair Styles appointed Director Zenk to be the Chair and Director Espinoza & Director Healy to be on the Committee. Ms. Warren clarified with the Board that this Committee is an Ad Hoc
Committee on an as needed basis. This appointment that is made now is for the purpose solely to deal with the future agenda items but not to meet on a regular basis. Chair Styles reiterated that the Committee will deal with these items and when completed, the Committee will only meet again when needed. Chair Styles gave direction to Director Zenk to coordinate with the Committee members on what time to meet at the next Committee meeting.

INFORMATION

A. Monthly Development Report

Ms. Warren reported that what she has done to the report is broken it up into the various positions within the organization. She stated that there might be too much information and maybe the Board may want this full report happening every quarter. Ms. Warren is looking to the Board to see if they want this report on a regular or quarterly basis. Chair Styles responded that it would be good to have this report quarterly for the full report and monthly for the monthly summary report.

Ms. Warren reported that there was discussion on the rural designation at the Finance & Development Committee meeting. She attached a report that outlined what all was in the agriculture bill for the Board’s review. Ms. Warren further reported that HDC & HACM had their joint quarterly staff meeting and it was a great meeting. Both agencies participated and it was a lot of fun. She commented that it does take a lot of effort to put on the meeting so both Ms. Goebel and Ms. Warren discussed doing it every 6 months instead of quarterly. Ms. Warren mentioned that the Executive Director for Paso Robles Housing Authority has resigned his position and their Project manager has stepped in as the interim. Regarding Director Zenk’s comment about the 990, Ms. Warren commented that there is a 990 review policy that outlines who should be on that Committee. She further commented that the Chair appoints someone from the Board and the composition of the balance of the review team is outlined in the policy which consists of the HDC President, HDC Senior Finance Officer, a Director and HACM Finance fee-for-service. The Committee met, reviewed the 990 and corrections were requested to be made. Ms. Santos will further make the corrections for resubmission of the 990. Director Zenk requested to have a copy of the 990 and Ms. Warren commented that after the corrections are made, she will provide it to Director Zenk.

Ms. Warren pointed out that after the legislation on the H2A program settles down; both the head of the Grower Shipper Organization and the head of the Farmer Bureau had asked HDC to hold a summit for the farmers to present to them what can be done for them in an H2A environment. She commented that the legislation process concludes in September. Ms. Warren also pointed out that as Ms. Goebel mentioned, they went to Sacramento together and were in favor with some of the current bills that are included in the Finance report which are new funding sources. She stated that the SB 391 is something that the Board should follow and hopefully it will make it back through the Senate again. To Board query, Ms. Warren responded that each community has their own set of particular issues that come up so the resignation at Paso Robles should not impact our Phase 1 or Phase 2.

B. Planning Report

Ms. Warren stated that she is going to present the report and turn it to staff to answer any questions the Board may have. She reported that Ms. Sahagun is involved in some resident services activity which is a requirement in our TCAC applications. Ms. Warren mentioned that any time a TCAC auditor comes out, they have to have proof that the activity is happening. She stated Ms. Sahagun takes lead on that and makes sure those things are occurring. Ms. Warren further mentioned that Ms. Sahagun also handles all of the relocation activities for the families. She also handles the initiatives for environmental and anytime there are special reports relative to environmental, she would take the lead on that as well. Ms. Sahagun also works closely with Ms. Warren on the disposition component for public housing that has been disposed of. Also included in the report is a good amount of activities from the resident services initiative as well
as a very nice article on the resident children’s artwork that was put together and displayed at the Haciendas Phase 2 Groundbreaking Event.

C. Construction Manager Report

Ms. Warren reported that Mr. Shores detailed out in summary the activities on 1 Haciendas Place, 2 Haciendas Place and Oak Park. She commented that Mr. Shores provided photographs of the stages of construction for two projects for the Board’s review. He also provided some contract information relative to construction schedules and recaps on the construction amounts, the change orders and the contingency. Ms. Warren mentioned that in terms of contingency, we need to utilize as much contingency as we possibly can because it’s included in eligible basis. She further mentioned that typically we need to watch the project closely at the early stages and after we get past the high risk areas that would need to spend on appropriate items to meet our eligible basis amounts.

To Board queries, Mr. Shores responded that right now in the stage of the project we are in, it is early and things are going really well. Ms. Warren stated that there will be some significant change orders coming through on Oak Park 1 due to some joint trench design and change in pervious concrete. The change in the pervious concrete is a result of the fact that the engineers had concerns of the longevity of the concrete system as it was detailed. Ms. Warren responded that the original contract will remain the same and we would handle the scope of work through change orders which then comes out of contingency. She further responded that on the Oak Park 1 site, there are 4 potential projects and a major road way back against the fence on the east side of the project. Ms. Warren explained that Phase 1 is likely to take a lot of Phase 2 run off because it has less area. She stated that there is a full site but you have to plan for the adjoining projects. Mr. Shores commented that the cause that is driving the difference is that it is a big, sloping site and the water will flow from one phase to the next. He stated that the water has to be controlled as it goes into the pervious retention areas and as it goes down the street. It is a different construction and application than Haciendas. Mr. Shores commented that this design is something that was thought through as the project went forward. It was recommended that the pervious concrete isn’t really meant to be storm drain inlet, the water needs to be brought in filtered before it gets into the pervious concrete or the subsurface retention so it will have a longer life and require less maintenance. Mr. Shores further explained that the definition of a weir is a device that controls the flow of the water from the site.

D. Finance Report

Ms. Warren commented that Ms. Rose does a different type of finance than what Ms. Santos does. She mentioned that Ms. Rose is responsible for monitoring the funds as well as preparing the budgets for all the projects. Ms. Warren further mentioned that everyone in the organization is involved when it comes to the funding application. Ms. Warren included in the report the SB 391 for the Board to review as well as the “How a bill becomes a bill in California”. To query regarding the ETA on Haciendas Phase 1 conversion to perm financing, Ms. Warren responded that all the due diligence items went to the bank. She commented that when we convert, we also get a $5M pay-in from our equity partner which is used to pay down the construction loan which in turn makes our perm debt lower. Ms. Warren further went into details on a series of things that are required for conversion to perm with the bank. She mentioned that HDC made the commitment with HACM and so conversion to perm will happen in the next week or so.

To Board queries, Ms. Warren responded that we have a tremendous number of banking partners and we do work with local community banks as well. We look for rates, flexibility and track history. Ms. Warren further responded that TCAC is the Tax Credit Allocation Committee which is a funding source. It is a federal program and they allocate tax credits to the local states across the nation and people compete for those. Ms. Warren also responded that she is working on the RFP for Property Management. Regarding Rippling River, Ms. Warren mentioned that a very long term tenant was evicted and another tenant had passed away. Ms.
June 24, 2013

Warren further mentioned that Mr. Steve Mattas, our new legal counsel for Meyers Nave stopped by to introduce himself to the Board. He will be taking over the place of Mr. Danly.

E. Property Management Report

Ms. Tonkin reported that she received Novogradac’s response to the audit and property management is working on the list that has been provided.

FUTURE AGENDA ITEMS

Chair Styles commented that all of the items will be handled by the Personnel Committee.

DIRECTOR COMMENTS

Director Beuthin thanked staff for all their hard work and to keep up the good work.

Director Espinoza echoed Director Beuthin’s comment.

Director Williams wanted to thank Mr. Shores again on his Construction Manager Report. She commented that it is nice to have Mr. Shores back. Director Williams further commented that she is glad that the RFP will be ready in another month. Regarding Tynan Village offices, Ms. Warren explained that we are still deciding on where to place the HDC offices and we might take some excess cash from Haciendas Phase 1 to augment Phase 2 the second floor. She mentioned that she is looking into it with legal, tax & financial advisor counsel and as soon as she has a discussion with the Executive Director from TCAC, she will see what to do and go from there.

Director Healy thanked Ms. Warren and staff. He commented that he liked the way the report looked and that it is broken out to involve staff.

Director Zenk commended staff on the individual reports and commented that they did a very good job on that.

Director Scott echoed all the Director’s responses. She commented that she appreciates Ms. Warren explaining to her about some of the terms and thanked Mr. Shores for explaining to her about the run-offs.

Director Styles thanked staff for dealing with the Board. He liked the way that the reports went and would like to see the individuals present their own report in the next report presentation.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:20 p.m.

[Signature]
Chairman

ATTEST:

[Signature]
President/CEO

[Signature]
Date

July 23, 2013