

**ACTION**  
**MINUTES OF THE REGULAR BOARD MEETING**  
**OF THE**  
**HOUSING AUTHORITY OF THE COUNTY OF MONTEREY**  
**HELD JANUARY 25, 2016**

Commissioners met at the Central Office. Chair Mary Jo Zenk called the meeting to order at 4:35 p.m. Present: Chair Mary Jo Zenk, Vice Chair Elizabeth Williams and Commissioners Kevin Healy, Tom Espinoza, Kathleen Ballesteros, Viviana Gama, and Rita Dady. Also Present: Lynn Santos, Director of Finance; Pat Wyatt, Human Resources Manager; Shannon Tonkin, Housing Management Manager; and Starla Warren, Fee-for-Service Development Director. Recorder: Sandy Tebbs

The Board of Commissioners welcomed newly appointed Commissioner Rita Dady.

**PRESENTATION:** Chair Zenk presented the NAHRO Commissioner Certification certificate and pin to Commissioner Kathleen Ballesteros and noted Commissioner Ballesteros is the first HACM Commissioner to complete the NAHRO Commissioner Certification requirements. Board and Staff congratulated Commissioner Ballesteros. Commissioner Ballesteros commented the Commissioners' Fundamentals course was an eye opener with a lot of things to learn; she noted she referred to her binder from that course just the other day. She stated the Commissioners' Ethics course brought a balance in her role as a Commissioner. She thanked the other Commissioners for their encouragement and support in this achievement. Commissioner Zenk reminded this certification is one of the goals for the Commission; she encouraged the other Commissioners to look for a time they can attend these courses.

**COMMENTS FROM THE PUBLIC:** None

**CONSENT AGENDA**

- A. Minutes – Approval of Minutes of the Regular Board Meeting held December 14, 2015
- B. Resolution 2841: Approval of 2016 Final HCV Payment Standards
- C. Resolution 2842: Leases of Agency Vehicles through Enterprise Fleet Management
- D. Resolution 2843: New PBRA/TCAC Leases
- E. Resolution 2844: Approval of Updated Mass Mutual Plan

Upon motion by Commissioner Williams; seconded by Commissioner Gama, the Board approved the Consent Agenda. Motion carried with the following roll-call vote:

YES: Zenk, Williams, Healy, Espinoza, Ballesteros, Gama, Dady  
NOES: None  
ABSENT: None

The Board moved the Retreat Goals item 9F forward to accommodate Mr. Feinberg from Moxxy Marketing; this item will be discussed at the end of Reports of Committees.

**REPORTS OF COMMITTEES**

Personnel Committee: Commissioner Williams stated everything was on the Consent Agenda.

Finance/Dev Committee: Commissioner Espinoza reported everything was either on the Consent Agenda or under New Business.

Monterey County Housing, Inc.: Mr. Rose reported MCHI met on January 13<sup>th</sup> and they considered the semi-annual write-offs, and approved the audit by Novogradac, which was a clean audit. Mr. Rose pointed out that Ms. Santos provided a financial workshop which impressed the Board and provided a lot of information. Their next meeting is March 9<sup>th</sup> at 6 p.m. and everyone is invited.

Affordable Acquisitions: Same as MCHI

Sunrise House: Commissioner Espinoza noted he was not able to attend the Sunrise meeting this month.

**F. Retreat Goals:**

Chair Zenk requested Mr. Feinberg, Moxxy Marketing Advisor, provide information on the marketing for HACM's 75th Anniversary. Chair Zenk provided the HACM 75th Anniversary marketing booklets to the Board members.

Mr. Feinberg reported Moxxy Marketing has been working with HACM Marketing Committee on the 75<sup>th</sup> Anniversary event slated for March 30th at Spreckles Memorial Hall. The marketing firm has been focused on the marketing materials and the anniversary. Barry Brown will be the MC for the anniversary event. Invitations are being prepared along with the presentations for that event. We are targeting approximately 150 attendees. A slide show is being prepared that will play in the background while the event program is taking place. Ms. Goebel and her team came up with some beneficiaries of the housing programs which include their stories and pictures which are very compelling. Mr. Feinberg stated the second piece of the booklet is the insert materials to be used after the anniversary event when the Commissioners visit the Cities. There will be the general brochure about the history of HACM and affiliated agencies but also the specific informational sheet for each City. To query, Mr. Feinberg noted there would also be an overview informational sheet for County-wide. The anniversary event will be a plated lunch with approximately three speakers telling their stories of being in housing or using the affordable housing programs and how that helped them; we hope for current and former resident speakers. The focus is on celebrating the history of HACM and not about the details and numbers for the programs. Commissioner Zenk stated after the March 30th Anniversary event, a schedule will be set up for the Commissioners to start visiting the City Council meetings to provide information and recognize HACM's 75th Anniversary year. She further noted there is an invitation list for the anniversary event. To query that the HACM mission statement was not on the brochure, Mr. Feinberg stated that will be added to the one-page overview insert. Commissioner Espinoza stated he likes what is stated on the brochure very much because it is more inclusive and has an affirmative statement.

The Board thanked Mr. Feinberg for his attendance and informational presentation.

#### REPORT OF SECRETARY

##### A. Executive Report:

To query regarding 123 Rico building, Ms. Santos replied the financial information was provided to the State's CLEEN Program and now we have been invited to apply for that program funding. To another query, Ms. Warren replied once we know when the award will be provided, then an RFP for the contractor can take place.

#### NEW BUSINESS

Chair Zenk stated we will be addressing Resolutions 2845 through 2853 together for explanation. Ms. Warren will provide a short presentation to make these resolutions clearer to understand. Ms. Warren stated Bond Counsel wrote the documentation for these resolutions; she then provided a flip chart briefing stating which resolutions were dealing with bond issuance and which resolutions were the guaranteeing loan documents. Ms. Warren stated that Resolution 2853 is the equity authorizing resolution.

To query, Ms. Warren replied as each project is completed, it will close individually to perm. Each project will have a beginning and end at different times depending on the construction schedule. Wells Fargo will fund the construction and is the Lender. When it comes time to close and to convert to perm, CCRC will then take the remaining debt that has not been paid off under Wells Fargo. She explained to another query that the Board would also vote on a not to exceed amounts tonight on Resolutions 2849 through 2852

Ms. Warren explained that the documentation provided on Resolution 2845 also applies to Resolutions 2846, 2847, and 2848 except for the locations and loan amounts. To query on the fifth RAD project, Montecito/Watson, Ms. Warren explained it is not included in these documents because it has no tax credits or bonds, but it does have about \$160K worth of work that will be paid out of HACM's public housing restricted reserves. She stated when you do your transfer out of public housing into multifamily HUD financing, then those reserves have to be identified what their use is so HUD can approve it. We have identified some reserves to go to certain projects which will come out of the public housing reserves. We also have identified the project cost on project five. In addition, HUD is going to require an additional reserve to be held by HACM.

Ms. Warren stated these are the groupings:

- Project One is South County RAD which consists of Casa De Oro and Los Ositos.
- Project Two is Salinas Family RAD which consists of Natividad, Elgin Village, and Wheeler.
- Project Three is East Salinas Family RAD and consists of many addresses previously called AMP 120 and AMP 108.
- Project Four is Gonzales Family RAD which consists of several noncontiguous sites in Gonzales/
- Project Five is Montecito/Watson.

Ms. Warren explained one handout also shows which units will be getting an interior rehab, have a seismic requirement or termite requirement, and which ones have window replacements as well as relocation impacts.

Ms. Warren stated another handout provided to the Board are possible questions the Board might have on these transactions. Some of those questions are:

What are some of the key points of this transaction in terms of ownership and program structure? Currently it is Public Housing and it is going to be HUD Multifamily.

How different is that going to look?

Currently you have a regulatory agreement by HUD, when you convert them you will have a new regulatory agreement which will be restrictive for at least a 55 year-term.

What this transition will also do:

It will seal in time the amounts for rental subsidies that we received in 2013. We've been experiencing over the last five to six years a good 15 to 20% cut in that funding. It also provides for potential rental increases under the multifamily program. We are using low income housing tax credits, which is LIHTC, also known as TCAC. In order to participate in that funding stream, you have to have a nonprofit involved in these transactions; therefore, HDC and HACM are involved in these transactions. We have formed two new entities for each of these projects.

To query, Ms. Warren explained the general partner members are HDC as the managing member and HACM as the other member.

Commissioner Espinoza asked whether the equity partner has the right of first refusal, but Ms. Warren replied no it is usually the nonprofit. If the first right of refusal goes to the nonprofit then the nonprofit and HACM can have a side agreement.

Commissioner Williams reminded that when we did Haciendas and the other properties, HACM gave the properties to HDC and she asked if that is happening on these properties. Ms. Warren replied no because we are using 4% tax credits instead of 9%. Ms. Warren further stated HACM will continue to be the property manager.

What are the sources of financing?

Ms. Warren explained we're going to issue the bond. We are going to receive equity from the investor; Wells Fargo will provide the construction loan; and CCRC will provide the perm loan. Then HACM will take its seller take back note. These resolutions support this.

What are the ongoing income restrictions of the new developments?

Most of these units will be reserved for residents whose income is 60% AMI and below; some are going to be at 80% due to the existing tenant composition. And all the current residents have the right to return to a new development.

Ms. Warren stated the big question is how will the tenants be impacted through all this structure and paperwork. The RAD program is very strong on tenant protections so any tenant who is displaced temporarily has every right to come back to a unit that meets their family composition but they have to come back to the development or their community. We do not anticipate any permanent relocation on these transactions, but we do anticipate short-term relocations in order to accommodate interior rehabs.

Ms. Warren stated to give the Board comfort, the first four resolutions were all prepared by Bond Counsel and the next four were prepared by the CCRC Legal Counsel, Wells Fargo Legal Counsel, and reviewed by HDC Legal Counsel. The last resolution was prepared by Equity and

reviewed by HDC Transaction Legal Counsel and all the documents have been reviewed by many people who have agreed to these resolutions.

Ms. Warren replied to query that our projected close is February 15th. To another query, she replied that HUD has to approve our financing plan before we close.

Chair Zenk stated to make sure, and for the record, have we had regular meetings with the tenants through this whole process and are there any concerns with the tenants. Ms. Warren replied we had meetings once a week for a period of time and now we are down to two meetings a month and we have not seen a lot of concerns. This week she and some of her Staff will be going to the two elderly sites to talk with them because they will be receiving relocation notices. Now that we have more information, we can tell them relocation will be from this date to that date. Staff is currently working out the construction schedule.

To query on HUD's deadlines, Ms. Warren stated they have regulations under the RAD program in terms of the work that must be completed within 18 months or two years but once you close, HUD is on the outskirts.

A. Resolution 2845: Authorization for the Executive Director to execute documents  
Relating to the Bonds for Salinas Family RAD, LP

Upon motion by Commissioner Williams, seconded by Commissioner Healy, the Board adopted Resolution 2845, authorizing the incurrence of a loan in an aggregate principal amount not to exceed \$19,434,000 to finance the acquisition and rehabilitation of three multifamily housing rental facilities for Salinas Family RAD, LP, and approving and authorizing other matters relating thereto. Motion carried with the following roll-call vote:

YES: Zenk, Williams, Healy, Espinoza, Ballesteros, Gama, Dady  
NOES: None  
ABSENT: None

B. Resolution 2846: Authorization for the Executive Director to execute documents  
Relating to the Bonds for South County RAD, LP

Upon motion by Commissioner Healy, seconded by Commissioner Williams, the Board adopted Resolution 2846, authorizing the incurrence of a loan in an aggregate principal amount not to exceed \$6,035,000 to finance the acquisition and rehabilitation of two multifamily housing rental facilities for South County RAD, LP, and approving and authorizing other matters relating thereto. Motion carried with the following roll-call vote:

YES: Zenk, Williams, Healy, Espinoza, Ballesteros, Gama, Dady  
NOES: None  
ABSENT: None

C. Resolution 2847: Authorization for the Executive Director to execute documents  
Relating to the Bonds for East Salinas Family RAD, LP

Upon motion by Commissioner Ballesteros, seconded by Commissioner Williams, the Board adopted Resolution 2847, authorizing the incurrence of a loan in an aggregate principal amount not to exceed \$20,308,000 to finance the acquisition and rehabilitation of two hundred two multifamily housing rental units for East Salinas Family RAD, LP, and approving and authorizing other matters relating thereto. Motion carried with the following roll-call vote:

YES: Zenk, Williams, Healy, Espinoza, Ballesteros, Gama, Dady  
NOES: None  
ABSENT: None

D. Resolution 2848: Authorization for the Executive Director to execute documents  
Relating to the Bonds for Gonzales Family RAD, LP

Upon motion by Commissioner Williams, seconded by Commissioner Healy, the Board adopted Resolution 2848, authorizing the incurrence of a loan in an aggregate principal amount not to exceed \$4,591,000 to finance the acquisition and rehabilitation of thirty multifamily housing rental units for Gonzales Family RAD, LP, and approving and authorizing other matters relating thereto. Motion carried with the following roll-call vote:

YES: Zenk, Williams, Healy, Espinoza, Ballesteros, Gama, Dady  
NOES: None  
ABSENT: None

E. Resolution 2849: Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property, South County RAD, LP

Upon motion by Commissioner Williams, seconded by Commissioner Ballesteros, the Board adopted Resolution 2849, authorizing execution of guaranty and indemnity and endorsement and hypothecation of property for South County RAD, LP not to exceed \$6.3M for the construction loan. Motion carried with the following roll-call vote:

YES: Zenk, Williams, Healy, Espinoza, Ballesteros, Gama, Dady  
NOES: None  
ABSENT: None

F. Resolution 2850: Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property, Salinas Family RAD, LP

Upon motion by Commissioner Williams, seconded by Commissioner Espinoza, the Board adopted Resolution 2850, authorizing execution of guaranty and indemnity and endorsement and hypothecation of property for Salinas Family RAD, LP not to exceed \$5.7M for the perm loan and not to exceed \$18.5M for the construction loan. Motion carried with the following roll-call vote:

YES: Zenk, Williams, Healy, Espinoza, Ballesteros, Gama, Dady  
NOES: None  
ABSENT: None

G. Resolution 2851: Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property, East Salinas Family RAD, LP

Upon motion by Commissioner Williams, seconded by Commissioner Gama, the Board adopted Resolution 2851, authorizing execution of guaranty and indemnity and endorsement and hypothecation of property for East Salinas Family RAD, LP not to exceed \$4.9M for the perm loan and not to exceed \$19M for the construction loan. Motion carried with the following roll-call vote:

YES: Zenk, Williams, Healy, Espinoza, Ballesteros, Gama, Dady  
NOES: None  
ABSENT: None

H. Resolution 2852: Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property, Gonzales Family RAD, LP

Upon motion by Commissioner Williams, seconded by Commissioner Gama, the Board adopted Resolution 2852, authorizing execution of guaranty and indemnity and endorsement and hypothecation of property for Gonzales Family RAD, LP not to exceed \$1.6M for the perm loan and not to exceed \$4.7M for the construction loan. Motion carried with the following roll-call vote:

YES: Zenk, Williams, Healy, Espinoza, Ballesteros, Gama, Dady  
NOES: None  
ABSENT: None

I. Resolution 2853: Authorizing Resolution Re: Actions as Guarantor regarding the Syndication of Salinas Family RAD, LP, South County RAD, LP, East Salinas Family RAD, LP and Gonzales Family RAD, LP, each a California Limited Partnership

Upon motion by Commissioner Ballesteros, seconded by Commissioner Williams, the Board adopted Resolution 2853, authorizing resolution regarding actions as guarantor regarding the syndication of Salinas Family RAD, LP, South County RAD, LP, East Salinas Family RAD, LP, and Gonzales Family RAD, LP, each a California Limited Partnership. Motion carried with the following roll-call vote:

YES: Zenk, Williams, Healy, Espinoza, Ballesteros, Gama, Dady  
NOES: None  
ABSENT: None

J. Appointment to Committee

Chair Zenk appointed new Commissioner Dady to the HACM Personnel Committee. Commissioner Williams, Chair of the Personnel Committee, welcomed Commissioner Dady to that Committee and stated Commissioner Ballesteros also serves on this committee.

INFORMATION

A. Finance Report

Ms. Santos reported HACM received the final loan payment for the Plaza House property and also received a waterfall payment for Pacific Meadows. To query, she replied \$150K plus interest was received for Plaza House and \$25,000 for Pacific Meadows. Ms. Warren reminded that is the first payment towards the \$700K owed by Pacific Meadows; she replied to query that this is not the lease payment but our share of the development fee. To a query regarding the REAC Audit for 2016, Ms. Santos replied it is not clear from HUD but because we will still have had public housing during the year, we probably will not be scored. The local HUD staff understood this issue but stated there is a formula to follow. We hope we close before the scores are finalized. If they score us, we will be troubled, but that is what happens when we are developing. It is based on what is on paper at that point in time, not that we will actually have the funding to pay it off. Once we are out of public housing, we will just receive SEMAP scores.

B. Human Resources Report

Commissioner Zenk commended Staff on getting the number of outstanding evaluations as well as the number of outstanding comp claims down—great job!

C. Development Report

Ms. Warren responded to query regarding capacity and prioritizing the development projects that her Staff does that all the time and this year there are two tax credit rounds one in March and the other in June. She further explained that if we hold off on a project and put it in the June round that it could possibly be competing with another one of our projects. Ms. Warren requested the Board let Staff get through RAD and then they can reassess the other projects. Commissioner Zenk stated we are concerned whether there will be enough cash flow for all the construction. Ms. Warren replied, all these parameters are on the radar. Commissioner Williams commented she doesn't want to see Staff take on any new projects other than what is already in the pipeline. Ms. Warren replied she is not looking for any new projects.

D. Property Management Report

Ms. Tonkin reported we received a very good score of 89 from our January 14<sup>th</sup> REAC inspection at Portola Vista. To query regarding purging the wait list, Ms. Tonkin replied letters are sent to the applicants to update their information and if they send that information back, they are kept on the wait list. If they do not respond, they are removed from the wait list. To another query regarding evictions for cause, Ms. Tonkin replied typically these are for rule breakers that we have tried to work with but without success.

E. Housing Programs Report

Ms. Santos reported Ms. Ruelaz is at a conference and her important agenda item, payment standards, was voted on under the consent agenda.

F. Retreat Goals

Chair Zenk reminded the Board they had received the Board Self-Evaluation Tool and except for new Commissioner Dady, she would like those turned in to her ASAP so they can be compiled for the next Board meeting.

The Board convened to Closed Session at 6:21 p.m.

CLOSED SESSION

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

A. Government Code Section 54957(b) Personnel Matters

ACTION: Nothing to report.

The Board reconvened to regular session at 7:20 p.m.

COMMISSIONER COMMENTS

Commissioner Healy welcomed Commissioner Dady and stated it was nice to have her on board but she was probably not aware of how many entities and affiliations she would be part of. He next congratulated Commissioner Ballesteros on a job well done as the first HACM Certified Commissioner. Commissioner Healy then noted he was impressed with the marketing materials and the presentation by Mr. Feinberg—great job! He thanked everybody involved with these brochures; they are very professional and he likes them. He thanked Ms. Warren and her team for their hard work and thoughtful explanation of RAD and the accompanying transactions and stated that was very helpful to him—thank you!

Commissioner Ballesteros welcomed Commissioner Dady and stated even though this is her first meeting, she will get the hang of it. She next thanked everyone for the cake and stated it is an honor to receive the Commissioner Certification and she enjoyed both courses very much. Commissioner Ballesteros thanked Ms. Ruvalcaba for the great pizza and stated it was her favorite. She dittoed Commissioner Healy's remarks on Ms. Warren's presentation and stated that it helped her to comprehend the information better. Commissioner Ballesteros stated she has put the next MCHI meeting information on her calendar and she hopes to attend. She thanked everyone and stated to her fellow Commissioners that she enjoys working elbow to elbow with them and she can't do what she is here to do unless she has their helpful knowledge.

Commissioner Williams welcomed Commissioner Dady and noted she was glad she was able to attend tonight's meeting. She stated it takes many years to catch up on everything and not to be overwhelmed; and that she has been on the Board almost ten years and she still has to ask questions. Commissioner Williams stated the packets are very thorough. She next congratulated Commissioner Ballesteros on her certification and stated she was glad that she was able to accomplish her goal. Commissioner Williams stated she has asked the Board Clerk to check on whether the certification courses will be offered at the NAHRO Summer Conference. She thanked Chair Zenk and Staff for a very good meeting tonight.

Commissioner Espinoza welcomed Commissioner Dady and thanked her for her willingness to serve on the Board; it is greatly appreciated. He next congratulated Commissioner Ballesteros on her NAHRO Commissioner Certification. Commissioner Espinoza thanked Ms. Warren for her presentation to help digest all that material. He thanked the Ad Hoc Marketing Committee for their extra effort on the marketing brochure. Commissioner Espinoza agreed with Commissioner Williams that Chair Zenk is doing a great job as the Chair of the Board. He next stated he wanted to mention that HDC has received an award for excellence in design by the American Institute of Architects which was noted in the Sherwood Report; he congratulated HDC Staff and stated it speaks to what they are doing to provide safe and affordable housing. He thanked everyone for their hard work and wished them a great rest of the week.

Commissioner Gama welcomed Commissioner Dady and stated she has been here a year and still doesn't know everything, but she asks questions all the time. She stated everyone is nice and friendly. Commissioner Gama next congratulated Commissioner Ballesteros and stated she looks up to her. She thanked Ms. Warren for breaking down the information on the resolutions and noted she learned even more the second time around. Commissioner Gama stated to everybody to keep up their hard work, they are doing a great job!

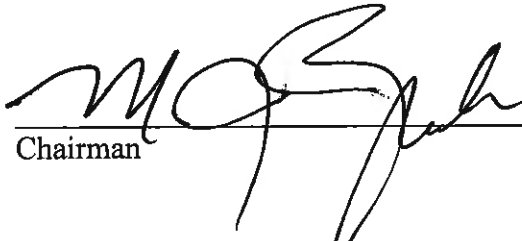
Commissioner Dady congratulated Commissioner Ballesteros on her accomplishment. She noted she has had two jaw dropping moments during this meeting. The first one was with Ms. Warren's report; she has never heard anything done so clearly and even though she didn't understand everything, it was so logical and very well done. The other moment was when everybody came back into the meeting after the closed session when it seemed they probably could have gone home.

Commissioner Zenk welcomed Commissioner Dady and noted she had spent a few minutes with Commissioner Dady before the Board meeting to introduce her and make sure she came back


after she saw that large Board packet. She stated she would like to set up a time together again after Commissioner Dady has had some time to look through the Commissioner Handbook. Commissioner Zenk congratulated Commissioner Ballesteros on her certification. She thanked Ms. Warren for taking her suggestion this afternoon and making the resolutions tonight clear. Commissioner Zenk next thanked Ms. Santos, Ms. Warren and HDC Staff, and Mr. Rose for staying until the end of the meeting.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:30 p.m.

  
Chairman

ATTEST:

  
Secretary

2-23-16  
Date