

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

May 16, 2019

Director Moravec called the meeting of the Housing Authority of the County of Butte to order at 3:17 p.m.

1. ROLL CALL

Present for the Directors: Kate Anderson Patricia Besser, Larry Hamman, Anne Jones, Laura Moravec, David Pittman, and Heather Schlaff.

Others Present: Ed Mayer, Executive Director; Larry Guanzon, Deputy Executive Director; Finance Director, Sue Kemp; Administrative Operations Director, Tamra Young; Marysol Perez, Executive Assistant and Jerry Martin, Modernization Coordinator.

Public Present: Loren Freeman, Public Housing Resident, and Brad Long, Veterans Resource Development Corporation.

2. AGENDA AMENDMENTS

None.

3. CONSENT CALENDAR

Director Moravec moved that the Consent Calendar be accepted as presented. Director Jones seconded. The vote in favor was unanimous.

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Gridley Springs I Audit Report – The Gridley Springs I Apartments audited financial statement, for the year ended December 31, 2018, was presented. The

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audit was prepared by Bowman & Associates, retained by the Partnership's Administrative General Partner, (Dawson Holdings and Danny Fred). Property revenues continues remain consistent. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs or findings.

MOTION

Director Moravec moved that the Gridley Springs I Apartments audit report be accepted as presented. Director Hamman seconded. The vote in favor was unanimous.

- 5.2 Harvest Park Apartments Audit Report – The Harvest Park Apartments audited financial statements, for the year ended December 31, 2018, were presented. The audit was prepared by CohnReznick, retained by the Partnership's Administrative General Partner (AHDC). Financials, operations and tenant files were reviewed and found to be in compliance. The property appears to be operating in a stable environment, vacancies are lower, no operational issues reported. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs or findings.

MOTION

Director Anderson moved that the Harvest Park Apartments audit be accepted as presented. Director Moravec seconded. The vote in favor was unanimous.

- 5.3 1200 Park Avenue Audit Report – The 1200 Park Avenue audited financial statements, for the year ended December 31, 2018, were presented. The audit was prepared by Bowman & Associates, were retained by Property Manager AWI, Inc., on behalf of BCAHDC, acting as Managing General Partner of the Partnership. The property is starting to make extra cash flow, accumulating larger reserves. Despite the comprehensiveness of the data shared with the auditor, there were no questioned costs or findings.

MOTION

Director Hamman moved that the 1200 Park Avenue Apartments audit be accepted as presented. Director Moravec seconded. The vote in favor was unanimous.

- 5.4 Walker Commons Audit Report – The Walker Commons audited financial statements, for year ended December 31, 2018, were presented. The audit was prepared by Bowman & Associates, were retained by Property Manager AWI, Inc., on behalf of BCAHDC, acting as Managing General Partner of the Partnership. Net income proved to be almost the same as the previous audited year. Walker Commons has excess cash flow of \$130,000. AWI has stabilized the property and we are seeing positive outcomes to their work effort. There were no findings or concerns.

MOTION

Director Moravec moved that the Walker Commons audit be accepted as presented. Director Besser seconded. The vote in favor was unanimous.

- 5.5 Property Insurance Coverage Levels – Current labor markets are very challenged. Construction costs have appreciated significantly; some estimates see increases at 40% post Disaster. There is an associated and corresponding increase in insurable values relating to property replacement costs. The Memo provided in the Board packet analyses cost ranges for different property types, evidencing research completed to date on the subject. Recommendations will be brought forward for Board consideration this year, part of upcoming budget development and insurance renewal considerations. The insurance plans for the properties renew October 1st.
- 5.6 Chico Veterans Village – The Veterans Housing Development Corporation (VHDC) initiated the proposed 52-unit veterans project three years ago. The project would serve homeless veterans in the area, providing both affordable housing and supportive services at a site located across the street from the new VA medical clinic being built. The HACB has awarded allocations of both project-based Section 8 Vouchers, and HUD-VASH vouchers to the effort. Recently, BCAHDC received a request from VHDC asking for a \$150,000 loan from the Butte County Affordable Housing Development Corporation, the loan to be used to extend the purchase agreement for the property for another year, as the purchase agreement is set to expire and the project is at risk for loss of site. Brad Long, Director of Veterans Resource Center was present to answer questions about the transaction and requested loan. He gave a brief background of the work of the Veterans Resource Center (VRC), a veterans service provider, and its associated development entity, VHDC. The operation owns and operates fourteen veterans housing properties in California, Arizona and Nevada. Brad has written eight (8) State of California Veterans Housing and Homeless Prevention program (VHHP) grants in support of their projects; the Chico project is the only one not approved to date. He explained that though the bulk of the pre-development for the Chico project was complete, last year’s application for VHHP funds was not successful, due to the environmental review not being complete. VHDC is prepared to take another run at the VHHP program application, with following application for low-income housing tax credits, provided the land remains secured. President Mayer explained to the Board of Directors, that in exchange for the unsecured \$150,000 loan, BCAHDC would seek a role as back-up Managing General Partner for the project and a back-up Option/Right of First Refusal at the year 15 buy out of the Limited Partner, back up positions designed to address any scenario where the VRC/VHDC was unable to continue their role in the project. Director Anderson asked about the actual size and purchase price of the land; Brad Long replied the site is a 1.8 acres in size, with a purchase price of \$1.7 million. Director Moravec asked if other funding streams had been sought out, such as North Valley Community Foundation. Mr. Long responded “yes”, but explained that each funding source comes with multiple conditions, conditions that must be integrated with the conditions of any other funding source. Director Moravec then asked for an estimated probability that the project would successfully move forward with an actual land closing within the next year. Mr. Long replied he was 92–96 percent certain the project would move forward if it

had another year commitment for the land. Director Moravec also inquired about the number of homeless veterans the project would serve; Mr. Long's response was 52 veterans. Director Pittman asked if VRC had inquired with the City of Chico for available land, Mr. Long replied they had and City of Chico has no available land. Mr. Long expressed this last ditch effort to secure the land as a "Hail Mary" move, and understands the risk of the request, the VRC is trying to create housing opportunity for veterans, while alleviating the housing crisis in the area. If the site were "lost", the owner would likely re-list the property for an estimated \$3 million. Alternate sites are extraordinarily limited and difficult to secure, in a Chico land market that is closely held.

MOTION

Director Moravec moved that BCAHDC provide an unsecured \$150,000 loan to the Partnership developing the Chico Veterans Village housing project, for purposes of extending the Site's Buy/Sell Agreement for a year, such loan bearing a simple interest rate of 5%. BCAHDC would seek back-up positions for the MGP role in the partnership, as well as back-up Option-to-purchase/Right of First Refusal to acquire the Limited Partner interests at the back end of the 15-year tax-credit compliance period. Director Pittman seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM DIRECTORS

None.

10. MATTERS INITIATED BY DIRECTORS

None.

11. EXECUTIVE SESSION

None.

12. DIRECTOR'S CALENDAR

Next Meeting – August 15, 2019.

13. ADJOURNMENT

Director Anderson moved that the meeting be adjourned. Director Besser seconded. The meeting was adjourned at 4:17 p.m.

Dated: May 16, 2019.

ATTEST:

Edward S. Mayer, President

Marysol Perez, Secretary