

**BUTTE COUNTY AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

Board of Directors Meeting

2039 Forest Avenue
Chico, CA 95928

MEETING MINUTES

August 15, 2019

President Mayer called the meeting of Butte County Affordable Housing Development Corporation (BCAHDC) to order at 3:39 p.m.

1. ROLL CALL

Present for Directors: Kate Anderson, Larry Hamman, Anne Jones, Laura Moravec, David Pittman, and Heathers Schlaff.

Others Present: President Ed Mayer, Chief Financial Officer Sue Kemp, Secretary Marysol Perez, Larry Guanzon, Tamra Young, and Jerry Martin.

Public Present: Thomas Lewis, Attorney – California Affordable Housing Agency, and Loren Freeman, Public Housing Resident.

2. AGENDA AMENDMENTS

Authorization to include motion during discussion related to Agenda Item 5.5 Strategic Asset Plan, motion is sought in order to authorize Housing Authority of the County of Butte (HACB) to seek bridge loan from Butte County Affordable Housing Development Corporation (BCAHDC).

Director Moravec moved to include the motion during recommendation related to Agenda Item 5.5 Strategic Asset Plan. Director Pittman seconded. The vote in favor was unanimous.

3. CONSENT CALENDAR

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

4. CORRESPONDENCE

None.

5. REPORTS FROM PRESIDENT

- 5.1 Butte County Affordable Housing Development Corporation (BCAHDC) Budget – The FY 2020 BCAHDC budget was presented for approval. Budget remains modest and consistent with previous years, including showing a negative cash flow. However, BCAHDC receives distributions from four (4) tax credit partnerships: 1200 Park Avenue LP (\$7,735); Walker Commons LP (\$7,500); DFI-DHA Gridley Springs Associates LP (\$3,200); and Chico Harvest Park LP (\$20,000), which is not recognized as revenue, but functions to address BCAHDC corporate and administrative needs.

RESOLUTION NO. 19-3C

Director Hamman moved that Resolution No. 19-3C be adopted by reading of title only: “APPROVAL OF BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION OPERATING BUDGET FOR F/Y 2019”. Director Anderson seconded. The vote in favor was unanimous.

- 5.2 Cordillera Apartments Budget – The FY 2020 Cordillera Apartments operating budget was presented for approval. The budget for operations and maintenance is prepared in conjunction with RSC Property Management, property manager. The budget and the actuals are fairly consistent. Again, this year, there is a slight increase in the budget for rents increases. Capital Improvements include appliance replacements.

RESOLUTION NO. 19-4C

Director Moravec moved that Resolution No. 19-4C be adopted by reading of title only: “APPROVAL OF THE BUTTE COUNTY AFFORDABLE HOUSING DEVELOPMENT CORPORATION OPERATING BUDGET FOR CORDILLERA APARTMENTS F/Y 2020”. Director Jones seconded. The vote in favor was unanimous.

- 5.3 Walker Commons L.P. – Due to new IRS rules, regarding IRS tax audits of partnerships, a designation of Partnership Representative is required for tax years starting January 1, 2018. It is recommended by the Partnership’s Limited Partner, (LP), Housing Authority of the County of Butte (HACB), that HACB Executive Director Edward Mayer be designated as Partnership Representative for Tax Matters.

RESOLUTION NO. 19-5C

Director Anderson moved that Resolution No. 19-5C be adopted by reading of title only: “WALKER COMMONS, L.P. DESIGNATION OF TAX MATTERS PARTNERSHIP REPRESENTATIVE”. Director Moravec seconded. The vote in favor was unanimous.

- 5.4 Property Insurance - As previously discussed during the May 16, 2019 meeting, current labor and contractor markets remain challenged. Construction costs have appreciated significantly post Camp Fire Disaster. For example, the insurance proceeds the agency received for the loss of Kathy Court; HACB owned bond property; were based on coverage levels at \$113/sq. ft., nowhere close to being sufficient to rebuild the property in the event of a total loss. In order to keep up with increased replacement costs, and after surveying local insurance brokers and communicating with current insurer HARRP, staff recommends insuring Tax Credit units at \$175/sq. ft.

MOTION

Director Moravec moved to insure Tax Credit units at \$175/sq. ft. Director Schlaff seconded. The vote in favor was unanimous.

- 5.5 Strategic Asset Plan - During an earlier with the Board of Commissioners of the Housing Authority of the County of Butte (HACB) Jim Brawner, from Brawner Real Estate Development and Consulting, walked the Board of Directors and HACB staff through the revised Asset Repositioning Study. The presentation included a summary of the property analyses’ and recommendations for next steps. Mr. Brawner was impressed with the good condition of the properties in HACB’s portfolio, including Butte County Affordable Housing Development Corporation owned properties. As briefly discussed during last month’s conference call, Mr. Brawner provided perspectives and directions as to what the HACB can do to optimize portfolio opportunities, regarding re-finance, leveraging, renovation, and feasibility concerns. Three initiatives were broadly addressed: those properties suited to financing through a pooled public bond issuance, those properties suited to packaging as a 4% LIHTC/private-activity bond transaction, and addressing 1200 Park Avenue Apartments, Chico as a “one-off” restructure because of its

unique 15-year circumstances. In order to maximize interest savings, the HACB Board of Commissioners gave authority to HACB staff to seek bridge loan from Butte County Affordable Housing Development Corporation (BCAHDC), in an amount not to exceed \$750,000, which, together with reserve funds held under the Trust Indenture, would allow the HACB to redeem all Bonds in full on October 1, 2019.

MOTION

Director Moravec moved for Butte County Affordable Housing Development Corporation (BCAHDC) to provide a bridge loan, in an amount not to exceed \$750,000, to Housing Authority of the County of Butte (HACB) for the purpose of refinancing its multifamily Housing Revenue Bonds (Affordable Housing Pool), Series 200A. Director Pittman seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

Thomas A. Lewis – thankful for the opportunity to be present at Board of Commissioners meeting.

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 – November 21, 2019.

13. ADJOURNMENT

Director Anderson moved that the meeting be adjourned. Director Moravec seconded. The meeting was adjourned at 3:55 p.m.

Dated: August 15, 2019

Edward S. Mayer, President

ATTEST:

Marysol Perez, Secretary