

**HOUSING AUTHORITY OF THE COUNTY OF BUTTE
BOARD OF COMMISSIONERS MEETING**

MEETING MINUTES OF May 17, 2018

Chair Anderson called the meeting of the Housing Authority of the County of Butte to order at 2:01 p.m.

1. ROLL CALL

Present for the Commissioners: Kate Anderson, Patricia Besser, Larry Hamman, Roger Hart, Anne Jones, Laura Moravec and David Pittman.

Present for the Staff: Larry Guanzon, Deputy Executive Director; Sue Kemp, Finance Director; Tamra Young, Administrative Operations Director; and Marysol Perez, Executive Assistant.

2. AGENDA AMENDMENTS

Executive Director Mayer proposed moving Agenda Item 5.2 Unfunded Pension Liability Plan ahead of Agenda Item 5.1 FY2019 Budget, as a conference call has been scheduled with Nicolay Consulting Group at 2:15 p.m., to review the Pension Stabilization Strategy Study. Commissioner Pittman moved that Agenda I 5.2 Unfunded Pension Liability Plan be moved as suggested. Commissioner Hart seconded.

3. CONSENT CALENDAR

Commissioner Moravec moved that the Consent Calendar, be accepted as presented. Commissioner Hamman seconded. The vote in favor was unanimous.

4. CORRESPONDENCE

None.

5. REPORTS FROM EXECUTIVE DIRECTOR

- 5.1 FY2019 Budget – Finance Director Kemp asked for two to three Commissioner volunteers to serve on the Budget Review Committee - meetings are to begin in June. Two to four Budget Review Committee meetings are anticipated to complete budget

development. Per the Memorandum of Understanding (MOU) between Operating Engineers Local Union No. 3 and HACB, a represented employee serves on the Budget Review Committee as well, as a non-voting member. The appointed employee is Bow Lee, Special Programs Administrator responsible for the FSS and HUD-VASH programs. Commissioners Hart, Moravec and Pittman volunteered to serve on the committee. Finance Director Kemp will send out meeting invites.

- 5.2 Unfunded Pension Liability Plan – For the second month, a telephone conference was held with Nicolay Associates, Actuarial Consultants, retained by HACB to assist with analysis of the Unfunded Pension Liability (UPL) and development of a Pension Stabilization Policy. Nicolay consultants Eddie Lee and Gary Cline reviewed the actuarial options suggested by the Board at their previous month’s meeting, the “CalPERS Miscellaneous Plan for the Housing Authority of the County of Butte (HACB) Pension Stabilization Strategy Study”. The presentation reviewed Pension Funding Status, advantages of Pension Pre-funding through a Section 115 Trust, a Summary of Funding Projections, and Key Assumptions, Projections and Risks associated with Rate of Return on Assets, as well as Comparisons of Prefunding Scenarios based on Initial Trust Fund contributions of \$1.0 million and \$1.5 million, spread across amortization periods ranging from twelve to twenty years. The Board discussed the different scenarios presented, involving seed amounts, anticipated rates of return, and amortization periods. Executive Director Mayer and Finance Director Kemp felt comfortable moving forward based on the information provided by the Actuarial Consultants. When asked by the Board of Directors, Executive Director Mayer recommended a \$1.5 million seed deposit; allocated across HACB’s programs; a table with seed amounts and resulting program allocations was provided by Finance Director Kemp. Commissioner Moravec suggested a \$2 million seed amount with a 6% assumed rate of return. Commissioner Hart agreed with Commissioner Moravec’s suggestion and added that it makes sense to fund the trust with more funds upfront, adding that it will result in the desired pension stabilization.

RESOLUTION NO. 4695

Commissioner Hart moved that Resolution No. 4695 be adopted by reading of title only: “UNDUNDED PENSION LIABILITY – PREFUNDING POLICY”. Commissioner Hamman seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

None.

7. MATTERS CONTINUED FOR DISCUSSION

7.1 Strategic Asset Plan and Development Opportunities – Executive Director Mayer gave a quick update to the Board, informing that both Strategic Asset Plan and future development opportunities are still moving forward. The projects hold potential for utilization of project-based Section 8 vouchers, and presume participation by the HACB through its instrumentality, BCAHDC, as general partner in the Limited Partnerships to be created. Executive Director Mayer anticipates bringing forward two (2) development memorandums soon. The various development opportunities are asking for equity participation, rough estimates of equity amounts in each project are as follows: Gridley Senior Project \$350,000; Chico Veterans Project \$300,000-\$500,000, Chico CHIP Senior/Disabled Project \$500,000, and Oroville Veterans Project \$500,000, with an overall estimate of \$2M equity participation between the four (4) different development projects.

8. SPECIAL REPORTS

8.1 NAHRO Legislative Conference Washington, D.C. – Executive Director Mayer reported on his attendance at the Legislative Conference in Washington, D.C., April 21-23. Similar to past years, the conference included networking with housing authorities, Congressional and HUD Offices, as well as presentations on national budget dynamics, and pending and contemplated congressional funding and legislation. Over the years Public Housing Authorities have worked to build relations with Congress. Executive Director Mayer noted that this is his first trip to Washington that he can recall Republican legislators speaking to housing as a high priority. Secretary Ben Carson was a plenary speaker at the conference. He announced a HUD proposed rent reform initiative, changing minimum rents in the Section 8 and Public Housing programs from \$50.00 to \$150.00, and providing for discretionary authority to tier rents along the lines of certain Moving-to-Work Demonstration program efforts. Also, it would appear that the federal government is moving away from federal investment in social housing – implying that the Public Housing program will be decommissioned through transition to the Section 8 platform. Executive Director Mayer said that irony abounds; while our nation’s housing crisis has never been more acute, HUD is dismantling the most efficient affordable housing delivery vehicle, that is, Public Housing.

9. REPORTS FROM COMMISSIONERS

Commissioner Pittman informed the Board that the City of Oroville Chamber of Commerce Board of Directors will soon be meeting to discuss potential solutions for housing, their theme for the year. He

expressed concern for Oroville, where new housing is being sold for ten to fifteen percent above asking price due to high demand and short supply. Commissioner Hart added that the cost of new construction will continue to increase due to fires and natural disasters in the state, as well as such things as the recent mandate in California that will require solar panels for all new homes after 2020.

10. MATTERS INITIATED BY COMMISSIONERS

None.

11. EXECUTIVE SESSION

None.

12. COMMISSIONERS' CALENDAR

- 2018 Super Conference PSWRC NAHRO, Sacramento – May 21-23, 2018
- **Next regular meeting – June 21, 2018**
- 2018 NAHRO Summer Conference, San Francisco – July 26-28, 2018

13. ADJOURNMENT

Commissioner Moravec moved that the meeting be adjourned. Commissioner Jones seconded. The meeting was adjourned at 4:17 p.m.

Dated: May 17, 2018.

Kate Anderson, Board Chair

ATTEST:

Edward S. Mayer, Secretary