HOUSING AUTHORITY OF THE COUNTY OF BUTTE
BOARD OF COMMISSIONERS MEETING

MEETING MINUTES OF
August 20, 2026

The meeting was conducted via teleconference, web-conference and in person, as noticed.

Chair Pittman called the meeting of the Housing Authority of the County of Butte to order at 2:00 p.m.

1. ROLL CALL

Present for the Commissioners: Bob Crowe, Tim Merrill, Rich Ober, David Pittman and Jean Snow; all attended in person.

Present for the Staff: Larry Guanzon, Executive Director; Tamra Young, Deputy Executive Director; Marysol Perez, Executive Assistant; Angie Little, Rental Assistance Programs Manager; Juan Meza, Public Housing Manager, Taylor Gonzalez, Project Manager; and Marco Cruz, CFO Consultant, all attended in person.

Others Present: Chad Porter, Partner at Smith Marion; Karen Wells; Megan Massie, CHAT; attended via web conference and Loren Freeman, Public Housing Resident attended in person.

2. AGENDA AMENDMENTS

Per unanimous motion, Commissioner's authorized to move Agenda item Special Reports 8.1 HACB – Presentation by Smith Marion Auditor, before Agenda Item 3. Consent Calendar.

8. SPECIAL REPORTS

8.1 HACB Audit Presentation by Chad Porter, Partner at Smith Marion, presented the fiscal year audit. This marked the housing authority's first year using Smith Marion, a firm specializing exclusively in public housing with over 40 years of experience auditing 110 to 120 housing authorities across 25 states. HACB received three distinct lean/unmodified opinions: on financial statements, internal controls over financial reporting, and internal controls over compliance. The audit identified two significant deficiencies (no material weaknesses): One in financial reporting due to discrepancies between the unaudited and audited submissions. One compliance finding resulting from the SEMAP report not filed. The prior auditor's finding regarding a missed filing deadline was marked fully resolved as the audit was submitted before the June 30th deadline. The accounting balance finding remains partially resolved. Board members were briefed on an upcoming shift for the September 30, 2026 audit. HUD grants will move below the operating revenue line, which will visually simulate a large operating loss before netting out positively at the bottom. New forceful HUD rules restrict public housing interest earnings to a maximum of $500 per year; any excess must be returned to HUD. HACB was unaffected this year as its operating cash earned under $500. Additionally, 2026 operating subsidies are now strictly cost-reimbursable, though the housing authority has a generous seven-year window to expend the funds.

3. CONSENT CALENDAR

3.3 Marco Cruz, CFO Consultant provided a brief finance update, out of 14 applicants, Karen Wells was selected as the incoming Finance Director. Wells brings extensive local experience, having formerly worked with E-Center, as well as serving four years as a controller for Chico State's non-profit foundation. Marco confirmed he will remain on contract for an extended window to oversee onboarding, cross-training, and lingering clean-up projects. Karen Wells was present via web-conference and was very enthusiastic about her new endeavor at the HACB. Additionally, Marco detailed the current financials of the HACB, he highlighted that the Business Activities portfolio (unrestricted assets) displayed a year-to-date net income of $1.3 million. He described this as an accounting rule rather than raw operating profit. The authority received $1.3 million in grant funds for the Richman Oroville Senior project, which passed through the income statement as revenue but was immediately loaned back out to the development. On a pure cash basis, the net structural impact of this transaction was $0. The Capital Fund grant tracking ledger reported a remaining balance of $774,000. Marco noted that because capital awards operate on timing lags, matching outgoings to monthly receipts creates an ongoing reporting friction that typically normalizes to zero at calendar year-end. He additionally unpacked the specific allocations on the balance sheet: Core structural bank checking cash sits at $4.4 million. Bonds Capital Pool: The outstanding valuation pool for remaining Series 2020 A bonds is precisely $2,570,554. Liquid Certificates of Deposit (CDs): Capital explicitly positioned across liquid banking certificates of deposit totals just over $1 million. Protected Employee Benefit Trusts: The authority holds $926,000 inside its protected OPEB Trust and $3.8

million in its active Pension Trust. Marco noted that 2026 marked the very first fiscal cycle where the agency began drawing cash from the OPEB trust to cover pay-as-you-go retiree health premiums. The $3.8 million pension trust serves as a critical offset against structural CalPERS liability metrics. Marco noted that the standard Housing Choice Voucher (HCV) program is facing a substantial financial strain that is heavily impacting current operations. The key details regarding this program deficit include: Year-to-date, the combined administrative and Housing Assistance Payments (HAP) portion of the HCV program sits at a negative $686,000. This stands in stark contrast to the initial budget, which projected a positive surplus of $235,000 for this point in the fiscal year. Marco explained that the authority is still actively pulling out from the financial recoil of the federal government shutdown that occurred back in November. During prior months, HUD had accidentally overpaid the housing authority. Because those overpayments occurred during the prior fiscal year, HUD implemented a strict claw back mechanism during the current fiscal year. To recoup their money, HUD did not fully provide the expected HAP funding to the authority during the current cycle. Marco noted that this sudden funding squeeze forced the agency to navigate a operational deficit in FYE 2026 of -$686,000. Additionally, during the ROSS/Family Self-Sufficiency grant discussion, Marco noted that Section 8 funds are structurally positioned to absorb minor residual overruns from smaller programs if necessary.

3.4 Staff and the Board discussed the national phase-out of COVID-era Emergency Housing Vouchers (EHV). Funding cuts tracking into late 2026 risk destabilizing 23,000 households across California. Locally, HACB has safely insulated its clients; approximately 50% of participants have already transitioned into traditional Section 8 housing vouchers, with the remaining half on track to convert by December 2026.

3.15 The board authorized revised hourly rates for maintenance work performed on public housing units, effective October 1, 2026. Standard maintenance labor was set to $58.79 per hour, and overtime labor was set to $78.85 per hour. These standard rates are shared with tenants at move-in and utilized during move-out pre-inspections to calculate security deposit deductions. Staff noted that tenants are barred from executing structural repairs independently due to liability and vendor insurance constraints.

Commissioner Crowe moved that the Consent Calendar including Resolution No. 5000 “ADOPT STANDARD CHARGES TO RESIDENTS FOR CLEANING, REPAIR, REPLACEMENT AND MISCELLANEOUS CHARGES” be accepted as presented. Commissioner Ober seconded. The vote in favor was unanimous.

4. CORRESPONDENCE

4.1 CA043 Butte County Housing Authority - Public Housing Agency Recovery & Sustainability (PHARS) Assessment Results and Determination Letter. The Board of Commissioners formally acknowledged receipt of an official letter and email packet from HUD. This correspondence detailed the findings from an onsite monitoring visit that HUD. federal agents performed under the PHARS framework on July 16, 2026. No formal resolution or vote was required for Item 4.1 as it was entered into the record as an informational correspondence update. However, management explicitly committed to bringing the final negotiated action item list and the formal determination framework back to the Board of Commissioners for comprehensive review and commissioner oversight

5. REPORTS FROM EXECUTIVE DIRECTOR

5.1 <u>2020A Bonds Budget</u> – Staff presented the consolidated fiscal year 2027 operating budget for its six bond-funded properties managed by RSC Associates. The portfolio is tracking a combined net cash flow of $234,399 (up from $218,460 last year) and an exceptional debt service coverage ratio of 1.83, easily clearing the minimum covenant mandate of 1.20. Management highlighted that minor cash flow tight spots persist at the 10-unit Locust Street complex ($476 cash flow) and Cameo/Cordillera ($1,010 cash flow) due to long-term affordable rent caps placed on designated units.

<u>* RESOLUTION NO. 5001*</u>

Commissioner Ober moved that Resolution No. 5001 be adopted by reading of title only: “APPROVAL OF FISCAL YEAR 2027 BUDGET FOR HOUSING AUTHORITY SERIES 2020A BOND PROGRAM”. Commissioner Crowe seconded. The vote in favor was unanimous.

5.2 <u>Utility Allowances</u> – Staff presented updated utility schedules across housing programs. Due to spike variations in local utility pricing, water and electric allowances were raised in Gridley, Biggs, and Paradise (where water fees doubled). Conversely, allowances slightly decreased for properties in Chico and Oroville following downward adjustments in regional power baselines. Gridley Farm Labor UA's will be implemented after Board and USDA approvals, and will be effective October 1, 2026. Tax Credit property UA's are to be implemented within (90) days of Board approval.

*** MOTION***

Commissioner Ober moved motion to adopt Utility Allowances as proposed for the upcoming 2026/2027-year, effective January 1, 2026 for the Public Housing program and October 1, 2026 for the Section 8 HCV Program. Commissioner Crowe seconded. The vote in favor was unanimous.

6. MEETING OPEN FOR PUBLIC DISCUSSION

Public Housing Resident Loren Freemen raised critical safety concerns regarding overgrown vegetation, non-native weeds, and high fire/debris hazards along the city-owned creek bed directly adjacent to public housing units. Executive Director Guanzon clarified that the City of Chico Parks Department owns and maintains the parcels directly outside the property fences. Staff committed to utilizing their strong existing relationship with City Public Works to address property lines and clear hazards.

7. MATTERS CONTINUED FOR DISCUSSION

None.

8. SPECIAL REPORTS

None.

9. REPORTS FROM COMMISSIONERS

Executive Director Performance Evaluation was presented, performance evaluation includes a revision to the Executive Director's employment contract; which included an extension through June 30, 2030, effective July 1st, 2027.

10. MATTERS INITIATED BY COMMISSIONERS

None.

11. EXECUTIVE SESSION
Adjourn: 3:30 p.m.
Reconvene: 3:34 p.m.

Commissioners identified in the roll call, and staff except for Angie Little and Juan Meza were in attendance for Executive Session.

11.1 Government Code 54956.8: Conference with real estate negotiator – Update was provided to staff related to Evanswood Apartments, Oroville CA. No further action or discussion needed.

12. COMMISSIONERS' CALENDAR

- **Next Meeting: September 17, 2026**
- **NAHRO National Conference, October 15 -17, 2026 Denver Colorado**

13. ADJOURNMENT

The meeting was adjourned at 3:36 p.m.

Dated: August 20, 2026.

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David W. Pittman, Board Chair

ATTEST:

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Lawrence C. Guanzon, Secretary