

MINUTES OF THE SPECIAL MEETING
BOARD OF COMMISSIONERS
HOUSING AUTHORITY OF THE
CITY OF OAKLAND, CALIFORNIA
HELD WEDNESDAY, APRIL 11, 2007

[Meetings are recorded. A copy of the recording can be made available
via email by sending a request to fvital@oakha.org or by calling 510-874-1517]

The Oakland Housing Authority Board of Commissioners convened a Special Meeting/Work Session at 1619 Harrison Street, Oakland, California on the above date. While waiting for Chair Moses L. Mayne, Jr. to arrive, Vice Chair Robert J. Pittman, Jr. opened and called the meeting to order at 6:07 p.m. Immediately after the opening of the meeting, Chair Mayne arrived and presided over the meeting.

I. Pledge of Allegiance

Mr. Jon Gresley, Executive Director, led the Pledge of Allegiance.

II. Roll Call

Commissioners present were Joe L. Brown, Gregory D. Hartwig, Alfred Lee, Robert J. Pittman, Jr. and Chair Moses L. Mayne, Jr. Commissioners Jacqueline Taylor and Ramon J. Terrazas were excused.

III. Report from the Legal Counsel regarding final decisions made during Closed Session on March 28, 2007.

Ms. Jennifer Bell, Legal Counsel, reported that there were no final decisions made during the last closed session.

IV. Approval of Minutes: Special Meeting of March 28, 2007

Commissioner Pittman moved approval of the minutes of the Special Meeting of March 28, 2007. Commissioner Brown seconded, and the Board voted unanimous approval.

Discussion followed. Commissioner Pittman asked if topics discussed in closed session can only be titled and not described in the minutes. Ms. Bell asked Mr. Pittman what he meant by "titled." Commissioner Pittman said that if there was a topic given in closed session and said topic was discussed, would it be illegal to put that in the minutes. Ms. Bell said we can keep a minute book in closed session, but we cannot put it in the regular minutes that are approved. Commissioner Pittman would

like some discussions in closed sessions to be noted and keep a log of them. Mr. Gresley, Executive Director, noted that we have not been keeping minutes of closed sessions; however, we keep track of any decisions made. Chair Mayne suggested that we table this for a closed session discussion.

V. Modifications to the Agenda

Mr. Gresley withdrew Item B under New Business and said it would come back in a changed form at the next meeting. Commissioner Lee asked why we were withdrawing this item. Mr. Gresley said Item B is subject of a bid protest and there was no final decision rendered yet.

VI. New Business

A. Consideration of recommendation to amend the contract with Goldfarb and Lipman, extending the term for legal services for Coliseum Gardens HOPE VI.

Mr. Gresley said that Goldfarb & Lipman is our legal advisor on our HOPE VI contract. Even though Phases 2 and 3 of the Coliseum Gardens have been finished, legal issues may still come up. Besides, Phase 4 is about to begin. The term of the contract is about to expire, and it is requested that the Board authorize staff to extend the contract with Goldfarb & Lipman for two years.

A brief discussion followed. Commissioner Pittman asked whether the extension would cover increases to the billing rates over the term of the agreement. Mr. Gresley said no. Commissioner Lee asked if it was covered in the budget. Mr. Gresley said the HOPE VI legal costs are in the HOPE VI legal budget. Chair Mayne asked whether our legal costs have gone up, and how have we been handling it within our budget. Mr. Gresley explained how our various legal costs are incurred. Commissioner Hartwig asked whether we change our budget for the legal expenditures. Mr. Gresley said the money on the HOPE VI projects is not affected.

Following discussion, Commissioner Pittman moved to approve the recommendation. Commissioner Brown seconded and the Board voted unanimous approval.

B. Consideration of recommendation to award a contract for the comprehensive rehabilitation of 2170 E. 28th Street.

This item was withdrawn.

C. Briefing on the MTW Annual Plan for Fiscal Year 2008,

Mr. Gresley said that the Commissioners have already received the latest version of the draft of the Annual Plan. He said we are supplementing some pages of Sections IV and V and are trying to capture some key concepts. Mr. Gresley described further the things we are trying to do like integrating some of the planning that is coming out of the Scattered Site/Development Committee, anticipating some action that the Commission may wish to take during the year, and also meeting the requirement in the Annual Plan that relates to producing the key sections of Sources and Uses of Funds and Effect on Reserves.

Mr. Gresley continued and said the Budget Committee will continue to work with staff probably for the coming month for the general plan of the budget for Public Housing and Section 8 programs. The budget will not be brought back to the Board for adoption until June. He said we need to adopt individual budgets for the twenty AMPS. Before the final adoption, it is necessary for us to take that single budget we've always done in the past and allocate it according to some formula prescribed by the Project Expense Levels (PELs). He called on Mr. David Lipsetz, Senior Policy Analyst, Executive Office, to brief the Commissioners with some significant issues in the Plan as distinguished from prior years. When Mr. Lipsetz is through, Mr. Gresley said he would point out some key concepts of the financial pages in order to achieve some of the goals for a balanced budget.

Discussion followed. Commissioner Lee asked whether there are rules to be followed, and what the mechanism would be to change the rules. Commissioner Pittman's questions related to "word-smithing," how it would affect policy and how policy would affect the budget. He noted that that is one of the things we have gone through the years and slid past. Commissioner Pittman said he has examples of where something is mentioned in one paragraph on one page and is different somewhere else. If we don't do word-smithing, how would it affect policy and how would policy affect budgets. Mr. Gresley first noted that we have tried to find inconsistencies in the document and he didn't want to take the time to go over every single word that has changed. He said Mr. Lipsetz has color coded the changes if there are questions.

In answer to Mr. Lee's question, Mr. Gresley said this document is a description of how we generally approach our MTW arrangements. In it, we try to lay out in advance our plans so that HUD and anyone else would know those areas where the Authority expects to consider policy changes during the year. For example, we have highlighted a couple of items that are a high priority. He said the policy is not addressed here. When we bring this back to the commission at the next meeting, it would be the final version. He indicated that he had asked

that the Commissioners indicate by consensus the areas they wish to explore, develop and adopt as policy.

Mr. Gresley continued describing examples of areas of policy to be explored and noted that we are obligated by the rules under MTW to thoroughly research the impact of any rent changes. Commissioner Lee would like staff to send them a memo or email to inform them of some of the prevailing ideas so that it would not have to wait until it could come to the Board as a whole.

Ms. Bell commented that under the Brown Act we cannot have serial meetings or communications among the commissioners. All deliberations have to be done in public. Chair Mayne commented that the MTW Plan is a guideline that fits within HUD's requirements. He said we have addressed the specific things we have to address, and there are specific things we can change and prioritize along the way. However, we do not have to do them now. Commissioner Lee's understanding is that MTW allows the Board and the Authority to make up the rules that are within the parameters. He noted we are not utilizing the MTW rules because of lack of time or lack of staffing. Commissioner Pittman clarified what he meant by "work-smithing."

Commissioner Hartwig asked if there would be limitations for the Commissioners' decision regarding the budget once the Annual Plan is approved and submitted to HUD. He was viewing the Annual Plan as a macro-type document and cited an example for what a macro-type document was. Mr. Gresley said this is a macro plan of our budget and provided an example of tactical decisions the Board may need to make. He noted that the Budget Committee still has several opportunities to go into this and ultimately the budget will come to the full Board for approval. Commissioner Hartwig asked for the appropriate forum for Commissioners to bring issues to the Board that might have an impact on the budget. He asked that if it is something that we feel would be a good thing for OHA to do, and at least wanted to get it on the table to have some dialogue about the priority to having the budget locked up, would the Budget Committee meeting be the place and then move it to the general forum. Mr. Gresley said that if it is from a member of the Budget Committee, then logically, it is the place to come from. If it is someone who is not a member of the Budget Committee, then we would think the best place would be here for a Commissioner to express an interest in having the Budget Committee take a look at it. Then the Budget Committee would look at it.

Commissioner Pittman asked if we can bring our ideas to the Board if we are not on the Budget Committee. Chair Mayne said his understanding was that we can bring our opinions to the Board to be sent to the Committee for discussion. We can either contact him or Mr. Gresley to put the items on the agenda for

discussion. Commissioner Hartwig commented that it is okay for him to have a one-on-one discussion with the Commissioners. They can give the information to him and then present it to the Committee for discussion. Chair Mayne said that we can ask the Budget Committee to bring forward the ideas that were accepted or rejected. Commissioner Hartwig said after each budget meeting he will publish something that will summarize all ideas presented and what the disposition of those ideas were.

Mr. Lipsetz started his briefing on the Major Policy Areas, discussing the households served and occupancy and rent policies. There were discussions during the course of the briefing related to the households served, how we should serve the elderly, elderly disabled, non-elderly disabled, and people who want two or three bedrooms. Commissioner Lee raised a question on the households served. He said the income levels could be a policy-decision area. These are the things that are within our flexibility in the MTW Plan to change to different levels of clients served and change the wait list status. He asked how staff came up with these numbers. Mr. Lipsetz said these numbers are not policy numbers or projections but are data from our existing computer system. Mr. Gresley added that in Section 1.A, B and C, we are just reporting out data. It is reporting the characteristics of people who are living in this program. He said that in Section D, we are talking about the number of families served and we are not breaking it down any further. Mr. Gresley said the only change we could anticipate was that we know that in Phase 2 of Lion Creek Crossings, there would be a couple of minor shifts in the public housing stock of units that are being rehabilitated.

Mr. Lipsetz continued his presentation by discussing the Occupancy and Rent Policies, noting the simplified rent policy as a high priority in FY 2008, OHA's continuation to transition into project-based management of its public housing, new policy for income re-examinations, and examining income targeting requirements. Under the Changes in Housing Stock, Mr. Lipsetz discussed OHA's intent to keep all of its housing units despite serious cuts, slight increase of available units, and increase in the use of project-based vouchers, and a multi-year strategy for the disposition of a majority of OHA's scattered site public housing stock.

Mr. Lipsetz went on to discuss the Sources and Uses of Funding. He noted that federal funding cuts will impact OHA's financial position. OHA expects its public housing operating fund to be cut by \$2.2 million, its capital fund to be \$7 million less than entitled, and Section 8 housing choice voucher funding to fall by \$11.4 million. He discussed Capital Planning, noting the funding cuts, OHA's intent to apply for HOPE VI funding to redevelop the Tassafaronga public housing, and OHA's consideration of disposing of most of its scattered

public housing units.

The presentation continued and Mr. Lipsetz discussed the Management Information for Public Housing Units, noting the transitioning of the Office of Property Operations into the HUD-mandated Asset-Based Management System, OHA continuing to operate its leased housing programs, and OHA exploring new procedures in administering rental vouchers. He then discussed the Resident Programs regarding operation of programs in self-sufficiency, civic involvement and economic development. He went on to discuss the substantive changes from the prior draft of the Annual Plan, drawing the attention of the Commissioners to the pages where the changes occurred, starting on page 12 and going through on page 13 where a more detailed accounting of the HOPE VI impact on OHA's housing is described. Mr. Lipsetz noted the next change on page 15 where we detailed capital fund expenditure by year. He noted that on page 16, the Section 8 pension fund has been removed from the section; those funds are to be administered by the California Affordable Housing Initiatives. On page 17, he noted the advance of local fund reserves. Mr. Lipsetz went on to note the changes on pages 19 and 20 pertaining to the increase of costs due to labor costs and the adequacy of reserves, respectively.

Mr. Lipsetz continued and discussed the capital planning section. He introduced the concept of the possibility of pulling public housing units off line. He noted on the chart in that section which lists projects that we considered using capital funding during this year, and two of the projects have been removed from the chart. Mr. Gresley said this comes out of the scattered sites committee's work. Last year the Board authorized about \$6.1 million to do a group of projects from local fund reserves --- public housing sites modernizations. Mr. Gresley said the Committee indicated to staff, and we reported it at the last meeting, not to turn those over to the architects until we re-examine the scope of work of the architects. He said we asked the question if we really needed to do all the work we were doing, and are we spending the right amount of money on these sites. Mr. Gresley indicated that what we thought we should reflect here is aggregating that \$6.1 million and showing that as a dollar amount and just indicated that some of the sites that are being looked at are these eight or ten sites. He added that when this comes back to the Board at the next meeting, it would probably be changed substantially.

Mr. Lipsetz continued and discussed the Planned Demolition and Disposition. He noted that we have applied for HUD approval of the disposition of Tassafaronga and we received it from HUD, so we will amend the final version of the plan. Chair Mayne asked what we have received. Mr. Gresley said we received approval from HUD for the demolition and disposition of Tassafaronga. Mr. Lipsetz noted that there were only two substantive changes

under the management information for public housing. He informed the Board about the notes we have from the RAB. He also drew the attention of the Board to the final attachment to the Plan. Mr. Lipsetz said we have developed that table to provide additional information on the direct accounting of those public housing scattered sites that are being considered for disposition.

Mr. Gresley talked about Sections IV and V and discussed some key budget concepts. He pointed out that if we were not an MTW housing authority, we would have an annual plan that we would need to submit to HUD. Mr. Gresley also discussed the Section 8 vouchers that were issued to people who live in Acorn. He said it is a project-based Section 8 program funded directly by HUD that HUD is changing the administrator of these funds to CAHI.

Mr. Gresley talked about the Local Fund Rental Income about which we would be talking next Thursday at the Scattered Sites Committee meeting. This is about the disposition of our State 6 and State 12 where we get rental income. He said it is not clear how quickly we will be able to dispose of those properties, but as long as any of them are occupied, they produce rent. Mr. Gresley said the figure of \$60,000 will go away as soon as those properties are sold. He also discussed Advanced Local Fund Reserves, noting the Section 8 reserves investment in HOPE VI project of \$3.5 million and Section 8 reserves investment in Capital Fund project of \$4.37 million. Mr. Gresley said these are two different types of commitments the Board had already made.

Mr. Gresley said our goal is to get the overall budget to a break even point.

Further discussion ensued. Commissioner Hartwig asked for clarification on the \$9 million as negative change to reserves now that we are targeting to make that number to zero. Mr. Gresley said there are two issues that will affect us. First, there is the money going out to contribute to the HOPE VI projects which is \$3.5 million. Secondly, there may also be a draw-down on the reserves by whatever amount of money we take from the local fund to contribute to the scattered sites. Mr. Gresley said that even if it was a loan, it would make the reserves to appear lower, and that could be as much as \$6.1 million, which means \$9.6 million reduction in reserves.

Mr. Stephen Knight, Director of Finance, said that if you get one site and spend \$30,000 out of the local fund reserves to enhance the site ready for sale, you are increasing the asset value of that piece of property to make it available for sale. That \$30,000 that you are taking out of reserves on the local fund side and lending it to the public housing program becomes a loan payable on the public housing side and a loan receivable on the local fund side. He continued that when the building is finally sold, the funds would come into the public housing

program. The funds that the public housing program owes the local fund would be paid cash-wise to the local fund, eliminating the loan. The balance of the funds that are left from the sale would be for future development.

Mr. Lipsetz continued his presentation and discussed the public and Resident Advisory Board (RAB) comments. He said we had a public hearing and a meeting with the RAB. The RAB has a number of significant comments, but there were no comments at the public hearing. Mr. Lipsetz added that we got one written comments from the Bay Area Legal Aid (BALA). Their comments have no material difference to the comments they made for the last two years. Chair Mayne suggested that we provide the definitions of the acronyms because they may be helpful for the public. Commissioner Lee would like to know who sits on the Loan Committee, what we are going to grant, and make sure we get paid back.. Commissioner Lee wanted to insure that we get our local funds back when scattered sites are sold. Mr. Gresley said we need to mention that more clearly and directly, that we get our money back and put it in the local fund where we have more flexibility. Chair Mayne asked if we are going to charge interest on our loans. Mr. Gresley said it would be wise to do so.

Commissioner Hartwig asked if there would be concerns that OHA would be able to receive the proceeds for selling the property. Mr. Gresley said there are going to be conditions for the use of the proceeds. He gave an example by saying that if we are doing mixed finance deal, and it's a property of 90 units there might be 30 Section 8 project-based vouchers and 60 other tax credit units. He said that we are doing this in order to maintain the flexibility we have with our local fund reserves.

Chair Mayne noted that Commissioner Pittman has left at 7:15 p.m.

The discussion continued. Commissioner Hartwig's other question refers to the increase of the General and Administrative expenditures under Section V – Uses of Funds. Mr. Gresley referred the Commissioners to the total special purpose expenditures under Section V – Uses of Funds. He noted that from some of the decisions we are making today, we are going to be moving some items under special purpose program uses. Some of that expense, which is now budgeted at \$1.464 million would come out and move up and be added to the \$20 million project. Mr. Gresley indicated that this year we budgeted \$25 million but we are projecting to come in at under \$18 million. Mr. Hartwig asked why there is substantial variation between FY 2007 Budget and FY 2007 Forecast. Mr. Gresley said some of that was vacancies and called upon Mr. Knight for an additional answer. Mr. Knight explained the proper distribution of administration costs and also the fringe benefits that pertain to the administration costs. He said that what took place in FY 2007 budget, which

was caught after it was approved, within the \$25 million that is shown there, we had a combination of not only salary expenses for administration, but we had the total fringe benefits costs for the Authority. Mr. Knight said that within the forecasts, we are reflecting the proper distribution of administration costs and also the fringe benefit costs that pertain to the administration costs. We were reflecting within that \$25 million total fringe benefit costs for the Agency when they should have been distributed among administration, tenant services, maintenance, and also police services. He said that that was why that figure was so high for that particular budget year.

Commissioner Hartwig indicated that it would be better for us to spend less money especially now that we are under budget constraint. Mr. Knight also noted that our insurance and workers compensation expenditures are going up. Chair Mayne asked why we are budgeting like we are fully funded. Mr. Gresley said the alternative would be to cut services. When we are being provided the flexibility that MTW provides us to use our funds, the alternative would be to reserve the capital funds for capital expenditures. He said the message we were getting from the Scattered Sites Committee was to not spend capital funds on capital improvements, but spread it around and underwrite other costs so that we would generally improve the properties, but don't necessarily modernize them. Mr. Gresley said that for a variety of reasons, we have used the capital funds for years to subsidize the operating fund. He added that next year, we should strategically place capital funds into the public housing properties to make improvements to the properties that would benefit the residents and the community. He said we are also deciding that it is a priority to make sure we have enough staff to meet our fiduciary responsibilities for managing the property, by responding to community complaints, and by having police force present in the community.

The discussion continued. Commissioner Lee would like a policy to be put in place to give housing preference to families whose children do well academically. Commissioner Hartwig would prefer to have a discussion on how we might try to demonstrate leadership in the community. Commissioner Brown asked how we would know good attendance of children. The discussion went on relating to truancy as a big problem in Oakland and behavior modification of children in the housing community. Mr. Gresley asked for clarification about the issue, whether it would apply only to admission or to occupancy or to both of them. He also asked if it was intended as a policy for public housing only, or if it would also be used in the selection of Section 8 clients. Commissioner Hartwig said it would be better to address both public housing and Section 8.

Ms. Bell pointed out that we should be careful about the issue to avoid

discrimination.

D. Authorization of commissioner travel to Pacific Southwest Regional Council of NAHRO conference in Monterey, May 5 – 8, 2007.

Mr. Gresley said that it was indicated at the last board meeting that Commissioners Brown, Pittman, Mayne and possibly Hartwig are attending the conference in Monterey, California.

Commissioner Lee moved to approve the commissioners' travel to attend the conference in Monterey. Commissioner Brown seconded and the Board voted unanimous approval.

VII. Recognition of people wishing to address the Commission.

There were no speakers.

VIII. Written Communications.

Mr. Gresley noted the letters going out thanking Congresswomen Barbara Lee and Nancy Pelosi.

IX. Executive Director's Report

The Budget Committee composed of Commissioners Hartwig, Lee and Brown will be meeting on Monday, April 16th at 2:00 p.m. in the Executive Conference room.

The Scattered Site Development Committee, composed of Commissioners Mayne, Lee and Pittman, will be meeting on Thursday, April 19th at 9:00 a.m. in the Executive Conference Room.

Mr. Gresley asked the Commissioners if they would like a copy of the book titled "Good to Great."

Mr. Gresley recognized Officer Dave Watson of our Police Department for his thirty years of service with the Authority. An anniversary pin was presented to Mr. Watson by Chair Mayne and Mr. Gresley. Mr. Watson thanked the Board and staff. Chair Mayne, speaking on behalf of the Commission, said that thirty years of dedicated service is a testament for all of us and sincerely appreciate that effort.

Commissioner Lee indicated that Ms. Kathleen Keller, Director of IT Department, is retiring and wished her the best. Mr. Lee thanked Ms. Keller for the work that she has provided to the Authority. Mr. Gresley said Ms. Keller has made many contributions

to the Authority, and we are going to miss her. He wished her a happy retirement.

Mr. Gresley noted that the Authority is featured on the cover of Housing Community Development magazine.

X. Reports of Commission Committees.

There were none.

XI. Announcements by Commissioners.

There were none.

XI. Adjournment to Closed Session.

The meeting was adjourned at 8:51 pm. to a closed session.

Closed Session

The Oakland Housing Authority Board of Commissioners convened in Closed Session at 1619 Harrison Street, Oakland, California on the above date. Chair Moses L. Mayne, Jr. presided and called the meeting to order at 8:56 p.m. regarding the following:

- Conference regarding the performance evaluation of the Executive Director pursuant to California Government Code Section 54957.

Attendance

Commissioners present were Joe L. Brown, Gregory Hartwig , Alfred Lee, and Chair Moses L. Mayne, Jr.

Noting that Commissioner Pittman's attendance would be necessary to continue, the Closed Session was immediately adjourned without conducting any business.

Chair

Secretary