

HADCO
Board Meeting Minutes
October 26, 2023

PLACE: Myers Center

TIME: 12:30 PM

ATTENDEES:

Commissioners: Jerry Griese, Jeff Cooley, and Donna Bosier. Mike Baker and Chris Spens were absent.

HADCO Leadership: Janeal Kohler and Jamie Ambrosini

READING & APPROVAL OF MEETING MINUTES:

Commissioner Griese motioned to approve the September 28, 2023, HADCO Board of Commissioners meeting minutes. Commissioner Bosier seconded. No additional discussion. All in favor; motion passed.

REPORT OF THE SECRETARY:

Mrs. Kohler provided operating statements through September 2023. Public housing financials have a lower gain than expected due to drawdowns pending.

Winston Unit Mold Remediation: The unit was cleared by the air hygienist. The contractor finished the clean-up work, and the tenant is scheduled to move back in today. The problem did not originate from a water leak. It was from years of poor ventilation in a small bathroom without a window. The tenant is still dissatisfied with the issue and the process of getting the unit repaired. HADCO has responded timely and appropriately to all concerns the tenant raised.

Most of HADCO's housing portfolio is older with small bathrooms. Mrs. Kohler is exploring the option of installing ventilation fans that turn on automatically when it detects humidity above a certain level. Tenants will be reminded about their responsibilities to prevent mold growth.

Blueridge Fire: The original contractor selected for the rehab, Belfor, backed out. Another contractor, who recently completed rehab work on a different project, was identified right away. The second contractor's bid was accepted, and the work will be moving forward. It will take a few months to complete the work. The contractor that did the previous fire rehab for Blueridge, Dorman, bid on the project, but their price was higher than the original contractor selected.

Gateway USDA Loan: Gateway is a 14-unit complex in four buildings with significant repair needs. Mrs. Kohler applied for a USDA loan, more than one million dollars, to cover the repair costs. The work includes new roofs, new siding, new electrical work to support new HVAC systems, and new cabinets. Additionally, one of the units will be converted to be ADA accessible.

The process has stalled several times over the past four years. The loan was approved, funds obligated, but they were never released. After a restructuring within USDA, a new loan officer took over. In 2022, the new loan officer asked for an updated bid (post-COVID numbers). It took most of 2022 for the contractor to complete the bid update. In early January 2023, it looked like the loan would close.

In late January 2023, USDA requested additional documents. Janeal missed the email but requested updates from USDA several times over three months; USDA did not respond. In April, she found the email requesting additional documents. There have been consistent communication issues between HADCO and USDA since April. For example, the contractor submitted his bid on USDA's budget form. However, the new loan officer said it was the wrong form. After some back-and-forth, it was discovered that the budget form the contractor used was intended for calculations but is not the official loan document needed. The figures were transferred to the correct document but had to be sent back to the contractor to have all their overhead costs documented by category. It takes at least a month for the contractor to return the document with their costs updated.

Additionally, USDA is asking for documents to be returned that aren't ready to be executed, like the contractor agreements. They're also asking for a project technical specifications manual, which includes a significant number of documents that are the architect's responsibility to certify. The project manual requirements were not discussed during the loan origination in 2019-2020. Each time Janeal asks for documents from the architect, like the contractor, it takes weeks or months for it to be completed.

The architect, from i.e. Engineering, believes his scope of work has expanded significantly. His fees will be considerably higher, from \$17,000 to \$60,000, than originally quoted because of the expanded scope of work. If Janeal agrees to the higher rate for the architect, she will have to reduce the contractor's scope of work to make up the difference. Janeal is concerned that the contractor will ask to update their bid numbers again; it has been almost a year since they completed the last bid update.

USDA has been steadily getting more frustrated with the delays throughout 2023. They sent an official letter giving Janeal a deadline by which all documents are due. If they are not submitted by the deadline, the funds will be de-obligated. Janeal asked for an extension; USDA has not responded. Janeal believes there may be internal issues at USDA. Other types of correspondence with the portfolio manager (not associated with the loan) are also delayed. Janeal has been trying to find someone within the organization to help her revive the loan application. She's willing to find a new architectural/engineering firm, if necessary.

It is unknown if breaking the project into phases would help simplify and accelerate the loan process. It seems like the USDA loan officers and underwriters are unfamiliar with construction loans. Their only focus has been on checking the boxes that forms are submitted. Mrs. Kohler has stressed to her contacts that the building will become uninhabitable if the loan is not closed and repairs completed soon.

Commissioner Conferences: Mrs. Kohler offered two conference opportunities to the commissioners. The first is in San Diego from January 7th to 10th. Mrs. Kohler hasn't received the agenda yet but there is usually a track specifically for board members. The other is in Las Vegas from April 10th to 12th. Mrs. Kohler will make all the travel arrangements if any commissioners decide to go. She will let the absent commissioners know about it.

Holiday Meeting Schedules: The November board meeting is scheduled for Thanksgiving Day. Janeal proposed holding one board meeting on December 7th and cancelling the regularly scheduled November and December meetings. All present members agreed to the changes.

PUBLIC COMMENT: None

BILLS, BOARD COMMUNICATIONS AND DISCUSSION ON PUBLIC COMMENT: None

UNFINISHED BUSINESS: None

NEW BUSINESS:

Annual Plan: The plan will be open for 45-day comment starting on November 1st. The proposed public hearing date is January 11, 2024. The plan is consistent with those in years past. Any comments will go before the board in January. The plan will be adopted at the public hearing at the board's option.

The Resident Advisory Board (RAB) has proposed changes to a few lease policies related to all housing programs. They would like specific language to educate tenants on certain policies. The proposed changes are included in the board packet. Janeal supports their changes.

ADJOURNED: 1:03 PM