

**HAC BOARD OF DIRECTORS MEETING
HAC OFFICE
WASHINGTON, DC
SATURDAY, MARCH 9, 2019**

Members present: G. Anders, A. Bias, L. Buxbaum, R. Calvillo, P. Carey, D. Castillo, S. Ferniza, N. Gutierrez, I. Jacobs, D. Lipsetz, T. Manning-Beavin, M.L. Mercado, A. Saavedra, I. Sikelianos, A. Winter, C. Wright, P. Wright

Members absent: T. Martin Kekahbah, B. Picotte, N. Scipio, B. Thompson, D. Thorne

Staff present: S. Charleston, L. George, K. Klusmann, E. Neely, L. Strauss, L. Sutton

Counsel: J. McGovern

CALL TO ORDER

HAC Chair P. Carey called the meeting to order. He welcomed the newest board members, D. Castillo and C. Wright.

ADOPTION OF AGENDA

P. Carey suggested adding an item to the agenda: consideration of designating the September 2019 board meeting as the annual meeting. G. Anders moved the agenda be approved with that addition. T. Manning-Beavin seconded. The motion carried unanimously.

APPROVAL OF MINUTES

It was moved and seconded that the minutes of November 9, 2018, be approved as drafted. The motion carried unanimously.

CEO'S REPORT

D. Lipsetz welcomed the new board members and summarized his written report.

Board members asked about the role played by fellows who spend time working at HAC and, more broadly, about HAC's efforts to get a new generation involved in rural housing work. M.L. Mercado suggested that if HAC makes known its interest in providing work for young people, they may apply directly to HAC.

More information was requested about the new Capital Magnet Fund coalition. D. Lipsetz explained that HAC, as a CMF awardee, was asked to join and did not need to contribute funds at its inception. The group hired someone to support CMF on Capitol Hill.

Board members appreciated getting the CEO's report ahead of the meeting. P. Carey added that he would prefer to get a partial board packet than to wait for a complete packet if it would be sent at the last minute.

P. Wright was proud that Arkansas State University would host HAC for its symposium on veterans housing and services in April for the Delta Regional Authority. She also conveyed the news that one of the two ASU interns who helped with HAC's 2018 conference was among 67 people selected from 1,000 applicants for a Local Government Management Fellowship from the International City/County Management Association.

G. Anders noted that HAC recently learned it has received a new SHOP award and asked about administrative fees. D. Lipsetz said in the past HAC generally has not requested the maximum amount of administrative fees when it applies for SHOP, but this year it did, and 20 percent of the award would be used to administer this and past SHOP rounds.

UPCOMING MEETINGS

P. Carey suggested the board designate its September meeting as its annual meeting. The bylaws provide that the annual meeting, at which elections occur, is in November unless board designates a different meeting.

HAC 2019-01

It was moved and seconded that the September board meeting will be the annual meeting for 2019. The motion carried unanimously.

D. Lipsetz noted that the board began strategic planning work on March 8 and that effort was scheduled to continue at the next Executive Committee meeting in June. He strongly encouraged anyone who could attend that meeting to do so.

M.L. Mercado suggested those who could not attend would appreciate receiving the materials and minutes, or whatever is generated from the session.

CONFERENCE

P. Carey reported that he heard from many people that the 2018 conference was not just good, but one of the best.

S. Charleston summarized her written report. Conference fundraising was successful and raised more than expected. Staff costs ran over the budgeted amount, however. For the next conference staff were hoping to obtain enough sponsorships to cover all conference expenses. She and D. Lipsetz were already talking with a sponsor for the next conference. Staff were likely to request help from the board or a committee in raising scholarship funds for the next conference.

S. Charleston asked the board for thoughts on whether to maintain the conference or grow it by expanding its audience to include related topics, perhaps community facilities. That would mean enlarging the attendance. She was being asked now to commit to a hotel. If the conference was

expected to grow, HAC would have to contract for more space and would have some exposure for the costs.

Board members made the following suggestions:

- Bring in young people from all over the country so they could learn about career opportunities. Universities may be willing to cover the costs for their students to attend such events.
- Partner with organizations like the RCAPs or YouthBuild USA.
- To increase revenue, hold more events like the moonlight tour at the 2018 conference.
- Hold events on Capitol Hill, at the National Museum of the American Indian, or elsewhere, with the host organization sponsoring. S. Ferniza said she could talk to the president of Arizona State University about using a building ASU owns in Washington, DC.
- Devote more time to thinking and planning before enlarging the conference.
- Hold smaller regional events and ask other organizations to cosponsor them. S. Charleston said HAC has done regional training sessions for years without charging attendees, and it would be difficult to start charging them now.
- Linking trainings with other events, the way NeighborWorks holds symposia just before or after its trainings.
- Work with state housing agencies, who hold large conferences, and contract to run those events for the state agencies.

C. Wright said she knows organizations that moved to regional sessions and found that was more expensive than holding a single large event. She volunteered to help further investigate the possibilities.

P. Carey summarized the conversation. He heard people saying making the conference a bit bigger was a good idea but partnering with another organization did not seem to make sense for 2020.

P. Carey suggested it would be helpful to identify what was good and what was not at the 2018 conference. Responses included:

- It was nice to have the hotel meeting rooms above ground.
- The panel speakers were particularly good at this conference.
- This conference did a better job than some previous ones at getting people into the exhibit space, and booth traffic attracted sponsors.
- There were no organized discussions among attendees about issues, which in the past have resulted in recommendations from the field. S. Charleston said that was a conscious choice because of competing priorities. M.L. Mercado suggested in 2020 it might be useful to collect suggestions for the new Administration after the presidential election.
- Staff did an excellent job and the conference appeared seamless, even when federal employees were unable to speak as scheduled because the government closed for the funeral of former President George H.W. Bush.

Board members asked about feedback from attendees on replacing the awards banquet with a reception. S. Charleston explained that HAC had lost money on the 2016 banquet and hoped that a reception would give attendees an opportunity to network. The feedback was positive; people appreciated that they could mingle and then leave. People did request more tables.

LOAN COMMITTEE

I. Jacobs reported that HAC received a SHOP 2019 award of \$1.2 million and a larger portion for administrative costs than in past years. The committee appreciated the very good progress made by staff in cleaning up older SHOP grants.

Delinquencies were improving. The Loan Committee voted to give D. Lipsetz the authority to execute extensions and workouts as needed.

Staff were preparing a webinar on the loan fund.

M.L. Mercado moved and A. Bias seconded acceptance of the Loan Committee report. The motion carried unanimously.

FINANCE AND RESOURCE DEVELOPMENT COMMITTEE

Financials: T. Manning-Beavin reported that at December 31, the end of the first quarter of fiscal year 2019, HAC was operating at a deficit of just over \$80,000. That was significantly less than was projected. HAC was on track to perform better than budget for this fiscal year.

Audit: At its March 8 meeting the Finance Committee received a full report from Marcum, formerly Raffa, on the fiscal year 2018 audit. Most board members attended the meeting. T. Manning-Beavin said it was a clean audit with an unmodified opinion. No material weaknesses were identified.

The auditors recommended a small adjustment HAC decided not to make. HAC booked and paid in FY18 an invoice that was mailed to HAC in the last days of FY17. The auditors suggested moving it back to FY17, but HAC decided not to do that because the amount was not material.

The auditors also noted that some of HAC's reports for federal programs were not filed in timely fashion. T. Manning-Beavin explained that was largely because of the many staff transitions in the first months of the fiscal year.

K. Klusmann thanked the many staff and board members involved in the audit.

HAC 2019-02

The Finance Committee's recommendation that the board accept the audit constituted a motion. G. Anders seconded. The motion carried unanimously.

Investment policy: T. Manning-Beavin reported that approximately 18 months earlier, staff instructed Merrill Lynch to begin liquidating HAC's investments because staff were displeased with their performance and attention to HAC's needs. More recently, staff researched alternative investment advisors and selected Morgan Stanley. Morgan Stanley reviewed HAC's investment policy and recommended improvements. The Finance Committee considered their suggestions and recommended the board adopt the changes.

M.L. Mercado verified that the proposed policy's reference to "investment managers" was a reference to Morgan Stanley. T. Manning-Beavin noted that Morgan Stanley would implement any HAC requests to avoid investing in specific companies, and if HAC did not make such requests they would make the best decisions they could, based on HAC's policies. The resolution included screening criteria. G. Anders

pointed out, and others agreed, that if anyone on the board or staff had strong feelings about certain investments, those should be compiled by staff and referred to the board for final decisions. G. Anders suggested the Finance Committee could ask for suggestions at some point.

HAC 2019-03

The Finance Committee's recommendation to adopt the investment policy changes constituted a motion. S. Ferniza seconded. The motion carried unanimously.

T. Manning-Beavin said that within the next year, the Finance Committee would review HAC's investment policy writ large and consider whether other changes were needed.

D. Castillo expressed interest in learning how HAC's investment portfolio is being managed, and suggested someone could make a presentation to the board about that.

T. Manning-Beavin explained that to open an account with Morgan Stanley HAC need to vest power in D. Lipsetz to sign the documents. Although the board has passed a blanket resolution giving D. Lipsetz power to take such actions, that resolution did not specify Morgan Stanley.

HAC 2019-04

G. Anders moved that the authority to take actions needed to open an account be vested in D. Lipsetz. I. Jacobs seconded. The motion carried unanimously.

M.L. Mercado moved and G. Anders seconded acceptance of the Finance Committee report. The motion carried unanimously.

OTHER BUSINESS: BOARD MEETING LOCATIONS

P. Wright suggested the board consider renewing its practice of holding board meetings outside Washington, DC. Meetings in the field were important to help the board understand HAC's work and provided time for the board to bond over shared experiences. M.L. Mercado added that local communities loved being visited by a national organization that cared about them.

G. Anders moved that the board hold its September 2020 meeting in the field and that staff would bring a recommendation on location to the September 2019 meeting. M.L. Mercado seconded for purposes of discussion.

Board members made the following points and suggestions:

- Meetings in the field were ended because of financial concerns, which remained. The board could meet in the field every other year, in non-conference years.
- Staff capacity was a concern.
- The board should discuss the timing, expense and burden on staff.
- The bulk of the cost was often covered by local sponsors, and most locations were less expensive than DC. The cost of staff travel could be reduced by bringing fewer staff.
- While local expenses were lower, the board's travel to a rural area costs significantly more than travel to DC.

- It would be useful to know the reasons for meeting in the field. Possibilities included informing board members, convening with partners and highlighting political issues.
- Field meetings could be included in the strategic plan.

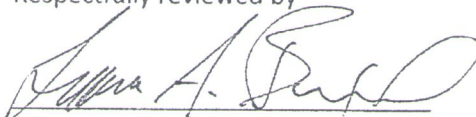
P. Carey summarized the conversation: there was an interest in finding a way to meet outside Washington, DC. There were practical issues related to costs and timing. He heard some resistance to the rigidity of setting a specific schedule at this time.

G. Anders amended the motion. First, the board would include in the strategic plan that it will have some form of regular meetings in the field. Second, the board was asking staff to evaluate the cost of holding meetings in the field and to make recommendations for an appropriate time and location for the next field meeting. Staff would report on its findings and recommendation in June, before the June Executive Committee meeting and strategic planning session. M.L. Mercado agreed with the amendment. The motion carried.

EXECUTIVE SESSION AND ADJOURNMENT

The board convened in executive session and then adjourned.

Respectfully reviewed by



Laura Buxbaum, Secretary
HAC Board of Directors

LB:lrs