HAC EXECUTIVE COMMITTEE
SATURDAY, FEBRUARY 10, 2018
HAC OFFICE

Members present:	G. Anders, A. Bias, P. Carey, I. Jacobs, D. Lipsetz, A. Lopez, T. Manning-Beavin, M.L. Mercado, A. Saavedra, N. Scipio, I. Sikelianos, P. Wright
Members absent:	T. Martin Kekahbah
Guests:	L. West-Hoff
Staff present:	S. Charleston, L. George, K. Klusmann, L. Strauss, S. Sugg, L. Sutton
Counsel:	J. McGovern

CALL TO ORDER

A quorum being present, HAC President P. Carey called the meeting to order at 9:03 a.m.

PRESIDENT'S COMMENTS

P. Carey explained that T. Martin Kekahbah was not present because her husband experienced complications after surgery in November and was in rehabilitation and doing well. S. Ferniza was not present for meetings of other committees because her mother passed away.

P. Carey welcomed S. Charleston as the new Director of Training and Technical Assistance.

P. Carey asked everyone to make welcome the two new members who would join the board in May, A. Winter and B. Picotte.

AGENDA

M.L. Mercado moved and T. Manning-Beavin seconded approval of the agenda as proposed.

MINUTES

P. Wright moved and M.L. Mercado seconded adoption of the minutes from the Executive Committee meeting of August 5, 2017 as drafted. The motion carried, with I. Jacobs abstaining because she was not a member of the Executive Committee at the time and did not attend that meeting.

T. Manning-Beavin moved and G. Anders seconded adoption of the minutes from the Executive Committee meeting of September 25, 2017 as drafted. The motion carried. I. Jacobs abstained *because she was not a member of the Executive Committee at the time and did not attend that meeting. D. Lipsetz abstained because he was not at HAC at that time.*

EXECUTIVE DIRECTOR'S REPORT

Political affairs: D. Lipsetz reported that Congress passed a two-year budget deal that lifted spending caps, allowing both military and domestic spending to rise significantly. Funding for rural broadband and disaster recovery were included.

The President's budget was expected to reflect the Administration's lack of emphasis on housing. He believed that at best the rural housing programs would see modest gains passed by Congress.

During congressional consideration of the recent tax reform legislation, it was gratifying to see the housing community come together to protect the Low Income Housing Tax Credit and Private Activity Bonds. Both were retained in the final bill, although the severe reduction in corporate tax rates would weaken demand for tax credits, including LIHTC. Novogradac estimated the bill will result in 235,000 fewer affordable housing units being built over the next ten years.

The tax bill also created Opportunity Zones, intended to attract private capital to low-income communities. Each governor could select 25 percent of the lowest income census tracts in their state as Opportunity Zones. Investors would defer capital gains taxes by putting their gains into Opportunity Funds, which would invest in the designated census tracts. The Treasury Department would develop regulations for the Funds. There was an immediate rush for governors to identify their Zones because the statute required those designations to be submitted 90 days after the law passed.

Affordable housing and community development industry: D. Lipsetz was following a developing body of social science research documenting the impacts of living in concentrated poverty. The information was helpful as the share of the poor population living in areas of concentrated poverty was increasing.

The impact of the Rental Assistance Demonstration (RAD) program was increasing as public housing was continuing to convert to mixed financing. Most public housing authorities (PHAs) administer 250 units or fewer and are in small towns. D. Lipsetz hoped to look more closely at a way for HAC to help small PHAs with this.

A number of housing organizations were concerned about HUD's decision to delay the deadline for communities to comply with an Affirmatively Furthering Fair Housing regulation adopted two years ago.

HAC was participating in several working groups that coordinated activities. The Preservation Working Group (PWG) brought together affordable housing finance and development groups along with advocates. A few years ago a Rural PWG, convened by HAC, developed from that coalition. CDFIs focused on serving rural areas were coming together as the Persistent Poverty

Working Group. HAC continued its involvement with the Campaign for Housing and Community Development Funding, which advocates for federal funding and programs.

Several other national housing and community development organizations – including the National Housing Conference, National Housing Trust, National Association of Housing and Redevelopment Officials, Rural Community Assistance Partnership, and more – had executive transitions recently. D. Lipsetz had met with some of the other new leaders.

I. Jacobs noted that HUD was proposing to roll back some regulations related to standards for manufactured housing and asked whether HAC was planning to comment on them. L. George said HAC was reviewing HUD's request for comments.

M.L. Mercado asked whether HAC was involved in fighting the opioid epidemic in rural places. D. Lipsetz said HAC was following the issue. In 2016 USDA pursued pilots for transitional housing and its Community Facilities program, but those pilots were tabled in 2017. HAC was invited to an upcoming meeting at USDA on the subject, and would attend. HAC was also looking at ways to address the housing needs of grandparents raising their grandchildren when the parents are away or incarcerated.

G. Anders asked what census tracts were eligible for the Opportunity Zone designation. D. Lipsetz explained that tracts eligible for New Markets Tax Credits are eligible, along with some adjacent tracts. He hoped that at least a proportionate number of rural tracts would be included. M.L. Mercado suggested fair housing principles should be applied also, anticipating that, as was the case with disaster housing, the communities that would get the most funding would not necessarily be those with the lowest income populations or minority populations. G. Anders added that the opposite problem might occur as well: if investments were focused in the places with the lowest incomes, affordable housing would not be provided in "communities of opportunity." I. Jacobs said that in California, communities of opportunity were identified in ways that did not work for rural areas.

D. Lipsetz said that, while HAC is smaller than some, it will make the biggest ripple it can on Opportunity Zones. He was very interested in identifying ways that federal policies have geographic bias. For example, the Community Reinvestment Act has concentrated the delivery of inexpensive capital in non-rural places.

HAC's financial condition: D. Lipsetz noted that HAC's budget for the current year calls for deficit spending of over $1.3 million. Since 2015, HAC's unrestricted funding reserves have fallen from $10 million to about $5 million. If there were no changes, that amount could cover just over three years of operations.

The Finance Committee's report would show HAC was generally on budget. Some changes had already been made. Before he arrived at HAC, D. Lipsetz noted, some of the costs of healthcare were shifted to staff. Part of the Washington, DC office space would be subleased. The Atlanta office moved to a much smaller space. Staff travel was limited, and new hires and salaries were frozen.

Executive transition: D. Lipsetz spent much of his time during his first three months at HAC introducing himself to others and dealing with personnel actions. He met with the federal agencies that support HAC's work – HUD's Community Planning and Development Office, the CDFI Fund, and USDA, although his contacts at USDA had been limited because as a former official at USDA he was in a one-year "cooling off period." That ended in late January.

On Capitol Hill, he met with people from both chambers, both parties, appropriators and authorizers, HAC friends and others. He did not sense any concern or trepidation about the change in HAC's leadership.

He also held conference calls or in-person meetings with the ten charitable or philanthropic organizations that currently support HAC's work. Staff at those entities had very positive impressions of HAC and its activities.

Finally, he met with a number of housing organizations in Washington, DC and traveled to several conferences.

L. West-Hoff asked what he learned about federal agencies' impressions of HAC. D. Lipsetz said that, as he had expected, USDA staff appreciate that HAC is one of the few organizations that knows and relates closely to the Rural Housing Service. His expectations were also met at the Treasury Department, where confidence in HAC had dropped after the 2015 audit, but confidence was now returning as the findings were now resolved. As evidence, HAC received its Capital Magnet Fund award. At HUD, staff were less aware of HAC's work than he had anticipated.

Looking ahead: Planning had begun for HAC's 2018 conference, a Native American symposium was scheduled for May in South Dakota, and HAC was also participating in upcoming events hosted by others.

Staff were preparing applications for several competitive funding programs. P. Wright suggested that, since HAC was applying for an Appalachian Regional Commission grant, it should look at the Delta Regional Authority as well. D. Lipsetz said DRA did not have a funding competition open at the moment, but staff would apply when it did.

HAC staff and operations: Many of the recent personnel actions were in process before D. Lipsetz started work and were considered in the budget adopted for the year. T. Russell resigned unexpectedly, however, with two weeks' notice. C. Branton and G. Gonzales's positions were eliminated, along with J. Belden's consulting contract. J. Mosley resigned and S. Charleston was promoted to become Director of Training and Technical Assistance. K. Cooney changed from part-time to full-time. One new person was hired, Barbara Johns, as a Portfolio Manager for the Loan Fund Division. The staff now totaled 23 people.

D. Lipsetz said K. Klusmann, who was formerly HAC's Director of Finance and Administration, stepped into that position and did a fantastic job. He and she were interviewing individuals and accounting firms to cover T. Russell's financial management responsibilities. He hoped the strategic planning process would determine what kind of financial management HAC wanted to have in the long run, so he wanted to fill the gap for an interim period.

The staff picked up the slack when others departed, and he really appreciated their work.

P. Wright asked how much would be saved by reducing the size of HAC's field offices and eliminated positions. P. Carey said M. Loza took these actions and informed the Executive Committee about them in August 2017.

LEGISLATIVE REPORT

S. Sugg reported that, even with federal spending caps raised, nondefense discretionary funding was still 5 percent less than it was in 2010, without accounting for population increases. In addition, when the spending caps were increased in recent years, housing did not receive a fair share.

HAC would be working with Habitat for Humanity to inform Congress of the importance of the SHOP and Rural Capacity Building programs.

The 2018 Farm Bill was in development. USDA Secretary Sonny Perdue's testimony on Capitol Hill focused on rice and cotton farmers. Housing and economic development do not fall under the Agriculture Committees' jurisdiction, but there was some possibility the Farm Bill could be a vehicle for capacity building funding. D. Lipsetz explained that using a completely separate vehicle to authorize rural capacity building would avoid any threat to the very strong resources of primarily urban-serving capacity building organizations.

G. Anders said he heard conflicting views about whether the Farm Bill would be done in 2018 or delayed. S. Sugg agreed he heard the same difference of opinion.

S. Sugg said both the House and Senate continued to consider housing finance reform. A number of Hill offices asked HAC what rural areas needed. HAC's research enabled him to provide answers.

COLONIAS GEOGRAPHY PRESENTATION

L. George made a presentation on colonias mapping work HAC had undertaken as part of its contract for services with Fannie Mae.

M.L. Mercado, P. Carey, and I. Jacobs commented that in Texas, colonias were not limited to the border area. There were poor, unincorporated Latino communities without infrastructure in other parts of these states. L. George agreed there were similar communities in other states as well. The Duty to Serve regulations governing Fannie Mae's work, however, relied on existing federal, state, and local designations.

L. George said HAC would own the data developed for this research, and P. Carey pointed out it could be used as a platform for other work.

TRAINING AND TECHNICAL ASSISTANCE REPORT

2018 HAC Rural Housing Conference: S. Charleston reported that the conference was scheduled for December 5-7, 2018, with pre-conference meetings on December 4. It would be held at the Capital Hilton, three blocks from HAC's office, enabling HAC to reduce costs because some on-site services would not be needed.

The estimated total cost was $677,000 and the estimated possible deficit was $32,000. In 2016 HAC raised $495,000 from sponsors, in addition to the funds brought in by registration. Some major contributions for 2018 had already been received, so that 45 percent of the fundraising goal had been achieved already. Registration fees would be higher than in 2016, so the same number of registrants would bring in about $94,000. Staff hoped to attract more participants.

Planning would be done through staff committees. She asked the board to help publicize the event in order to attract additional participants. She also welcomed suggestions for potential sponsors. Board members would receive a save-the-date notice as soon as it was available and could forward that, or could share mailing lists with HAC and HAC would contact people.

G. Anders asked whether there would be any change in HAC's ability to offer scholarships to attendees. S. Charleston said staff were budgeting for scholarships, while also seeking new segments of attendees.

I. Sikelianos asked what the conference theme would be. S. Charleston responded that it would be Building Rural Communities, like the 2016 conference.

P. Carey asked how conference planning and staffing would work with fewer people on HAC's staff. S. Charleston agreed that was a challenge. Planning was starting early. HAC would look for interns to help on site, and hoped to borrow staff from similar organizations and then loan HAC staff to them for their events in turn.

Training and Technical Assistance Division: S. Charleston reported that the division was conducting all its normal work, even with the reduction in staff. HAC received $250,000 – the maximum amount – in the latest round of USDA's Rural Capacity Development Initiative. HAC had also been selected as a technical assistance provider under Enterprise Community Partners for a Texas preservation academy, with a fee for services arrangement. Four training sessions were held in the last quarter: a peer exchange on creative placemaking, a Section 502 packaging training, an affordable housing resources development best practices training in Alabama, and HAC's annual veterans symposium in December. HAC also contracted with Tierra del Sol to facilitate webinars on USDA's farm labor housing program, which they were producing under a contract with USDA.

LOAN COMMITTEE REPORT

Loan Committee: I. Jacobs reported that the Loan Committee elected her as its chair and L. West-Hoff as vice chair.

At its February 9 meeting the Loan Committee approved two loan modifications. One extended a SHOP loan to July 2018 for HOPE. K. Klusmann added that the local partner probably would not be able to complete all of its SHOP units, so a portion of its funds would likely be repaid to HUD. The second loan modification was for Seventh District Pavilion, Inc., where D. Thorne was housing director. Their SHOP 2005 loan would be transferred into their existing RHLF loan, with an extension until June 2018.

The Loan Committee had a discussion about SHOP loan performance and whether there was an unintended consequence when HAC granted the entire forgivable portion of a loan when a workout would be needed. It seemed that could lead to losing the units. This subject would be further discussed in a future meeting.

Loan Fund Division: K. Klusmann reported that in November HAC made its final installment payment to Bank of America. Originally the ten-year loan was for $10 million, and then HAC repaid $5 million and received a reduced interest rate. The loan still carried the highest interest rate of all HAC funds, so with this complete repayment HAC's cost of funds was reduced.

HAC applied for $6.51 million from the SHOP FY17 round, including $1.32 million for administration, to support 356 self-help housing units.

K. Klusmann expected HAC would soon receive its $700,000 award from the Capital Magnet Fund, which would support the loan loss reserve for HAC's preservation lending. The award was originally $1.2 million but was reduced because of concerns with HAC's 2015 audit.

Staff were beginning to prepare an application for a CDFI Fund Financial Assistance award. The program provides flexible grant money with a cap of $1 million. HAC must provide a 1:1 match from another grant or loan.

There was no progress towards HAC's 2018 loan approvals goal of $5.2 million because there were no approvals during the last quarter. The disbursement goal was 48 percent achieved, with the deployment of $1.96 million.

A marketing outreach plan was in place and was moving slowly. HAC received and was underwriting a $1.5 million request from Noah Arc Community Development in Louisiana. HAC staff had some conversations with USDA Rural Housing Service National Office staff and some State Offices about preservation loans. New marketing materials had been drafted and would be shared with the board when complete.

A Portfolio Manager was hired in January to fill a position that had been vacant since October.

HAC requested closeout on SHOP 05, 06, and 08. For 00, 10, 11, 12, and 13, HAC submitted corrective action plans to HUD. HUD approved two requests: reallocation of some funds, and waivers of the Energy Star requirements for two HAC affiliates, who had attempted to meet the requirements but were unsuccessful.

HAC would now report to HUD on SHOP semi-annually rather than quarterly.

Agreements were executed with agents to list HAC's REO property in Arkansas, Colorado, Florida, and Texas. Three lots in Utah were sold in October and one in January. Settlement on the sale of the remaining nine lots was expected soon.

Questions and discussion: I. Jacob asked whether there was concern about making no commitments in the past quarter. K. Klusmann said the first quarter of the fiscal year is typically slow, and HAC was receiving inquiries. Some of the groups needed technical assistance in order to be ready for loans. Staff were doing their best to respond to inquiries and review viable projects.

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

FUTURES COMMITTEE REPORT

R Squared: P. Carey reported that at its February 9 meeting the Futures Committee learned that, although there had not been much direct activity on the R Squared research proposal, the concept of entrepreneurship was very much alive.

Self-assessment: At its November 2017 meeting the board asked P. Carey to follow up on the board self-assessment done in December 2016, before M. Loza announced his retirement. He had reviewed the report and saw three areas in which board members expressed concern.

First, there was concern that HAC was not well prepared for an executive transition. Now the organization had been through the process and came through it well. The policy the board had previously adopted seemed to provide an adequate basis for the transition.

Second, probably the lowest scores from board members related to strategy and whether the organization and the board were effectively reacting to changing environments and shifting demands. The board subsequently talked about undertaking strategic planning. In November, T. Martin Kekahbah suggested that the Futures Committee shift its focus to facilitate a strategic planning process, if that was acceptable to the Executive Committee. He had recently spoken to T. Martin Kekahbah and S. Ferniza, who agreed to that shift. At its February 9 meeting the Futures Committee agreed it would like to take on that charge, working with D. Lipsetz.

The third area that surfaced was periodic review of basic things such as bylaws. He encouraged everyone to read them. He had reviewed the 2010 DC nonprofit law and as far as he could tell the bylaws fully complied with the statute, thanks to J. McGovern. The board probably should review other documents routinely as well. For example, he wondered whether HAC has directors and officers (D&O) insurance, and what it covers. D. Lipsetz said that HAC has it, and it covers everyone.

Committee structure: P. Carey said boards should periodically also review their committee structures. He had two things in mind. First, the committees meet the day before the Executive

Committee or board meets. Some members of the committees are not members of the Executive Committee. There was an expense involved in bringing them to Washington, DC for meetings, but it was difficult for them to participate fully if they did not attend in person.

Second, there was a question whether HAC has the right set of committees. Its standing committees are Loan, Executive, Finance and Resource, Nominating, and Executive Compensation.

M.L. Mercado asked whether everyone on the other committees should be members of the Executive Committee. G. Anders thought that would concentrate too much power. He thought the committees should make better use of technology for meetings. P. Carey agreed it was better if someone was on screen than on speaker.

T. Manning-Beavin noted that the board had previously realized governance does not clearly fall within the purview of any of the committees. There had been suggestions to combine governance with the Nominating Committee, or the Executive Committee. P. Carey suggested people think about this.

Title change: P. Carey said that, following up on a conversation in November, the Futures Committee also discussed changing D. Lipsetz's title. The change would simply require a bylaws amendment to change references from "Executive Director" to "Chief Executive Officer," with additional amendments in one provision that referred to the Deputy Executive Director.

EXEC 2018-01

M.L. Mercado moved and G. Anders seconded that the proposed bylaw change be provided to the board in time for action at the May board meeting. The motion carried unanimously, with D. Lipsetz abstaining.

Strategic planning: D. Lipsetz said he believes strongly in strategy formation. He suggested that strategic planning needed to be done both broadly, at the big-picture level, and also internally to address operational matters. Writing a plan would be a significant part of the process, but he hoped the results would include more than a document and a set of tasks. There could be an effort to improve HAC's execution and to move toward a more innovative, flexible, and entrepreneurial culture.

HAC has an extraordinarily good reputation and excellent services, and the organization has changed over time. He and others believed also that HAC was falling behind the times and could use some energy and reinvestment. He wanted the organization to undertake the exercise of articulating how it wants its future to look.

The Futures Committee was willing to guide a strategic planning effort, D. Lipsetz continued, and the board would need to commit some time for planning. A staff resource would need to be identified or hired, and authority to retain outside assistance might be needed. Instead of the surveys HAC has used in the past, more pointed and relevant analyses of HAC's market and its needs would be useful. A development staffer and plan were needed to align revenue generation with strategy.

G. Anders asked whether HAC could continue to operate without a finance director and development director until the strategic planning process was complete. D. Lipsetz responded he believed the planning exercise would help determine how best to fill those needs. It might conclude that HAC needed a CFO responsible for those tasks and for planning, or that three different people were needed. He did need immediate help on financial matters and K. Klusmann was stretched too thin, so he hoped to bring in a temporary CFO or an accounting firm for six to eight months to cover basic budgeting and financial reporting.

P. Carey said the discussion could continue in executive session.

There was general agreement that HAC would pursue the strategic planning process described by D. Lipsetz.

FINANCE AND RESOURCE DEVELOPMENT COMMITTEE REPORT

On behalf of the Finance Committee, T. Manning-Beavin thanked the Finance and Administration Division staff for their heroic effort over the past three months. The board applauded K. Klusmann for stepping in as Interim Director of Finance and Administration.

HAC financials: K. Klusmann reported that at December 31, 2017 HAC's assets totaled $39.8 million. Investments made up 52 percent of the total assets. Currently investments were $20.7 million, 96 percent of which was held at Merrill Lynch, comprised of cash and cash equivalent certificates of deposit, money market funds, government securities, and corporate bonds. Contracts receivable totaled about $1 million. Loan receivables, net, comprised 28 percent of assets. Gross loan receivables totaled $24.9 million, which represented $11.2 million net of the $2.5 million allowance for loan losses and the expected forgivable portion of $11.1 million associated with SHOP/HLP loans. Land held for resale of $721,245 consisted of properties acquired through foreclosure. In October 2017, three lots owned in Kane County, UT were sold.

Total liabilities at December 31 were $9.4 million. Notes payable made up 28 percent of those liabilities. HAC had nine investments, including two IRP loans and six preservation loans with USDA. In November HAC made a final payment on its loan from Bank of America, resulting in a drop in notes payable. HAC had two lines of credit. One, $205,532 with TD Bank, was a match for HAC's RCB 2015 grant and would be repaid in February. The second was for $1 million with Capital One, was used for lending, and would mature in July 2023.

At December 31 total net assets were $30.4 million.

The statement of activities and changes in net assets showed that revenues totaled $917,000, the majority of which was from cost reimbursable grants from USDA under RCDI, the SHOP program, and some non-federal grants from Capital One and JPMorgan Chase. Total investment income net was $107,000. HAC earned about $133,000 in loan interest and service fees related to the loan portfolio.

Expenses totaled $1.5 million, with salaries making up 31 percent of that. There were several staff departures during the quarter. The largest expense in employee benefits was health insurance coverage. HAC paid $145,000 during the quarter, offset by contributions from staff of about $12,000. HAC continues to pay health, life, and disability insurance for M. Loza through the end of the calendar year. Typically in the first quarter of the fiscal year, fringes are high because of vacations, holidays, and the like.

Professional and consultant fees of $188,735 included Broadpoint Technology, the vendor developing HAC's CRM databases; Broadpoint GP, which supports HAC's accounting software; Maggie Slane, who worked on HAC's RCB 2017 proposal; Reno & Cavanaugh's legal fees and loan fund services; Raffa; the executive search service; and J. Belden.

Board expenses for the quarter totaled almost $30,000 related to the November 2017 board meeting. HAC also paid D&O insurance of about $22,000 and expensed a portion of it every month.

Expenses exceeded revenue, resulting in a deficit of $579,285. Expenses were within the budget (26 percent), and revenues slightly lower than budgeted.

K. Klusmann noted that the board-approved budget stated revenues of $4,915,126 and expenses of $4,915,961 but the budgeted "revenues" projected the use of $1.5 million in cash reserves. When cash reserves were used, the financial statements would reflect a reduction in cash to pay expenses; no revenue would be recognized. When new revenue (not budgeted) was generated, the amount of cash reserves required would be reduced.

RHS financials: K. Klusmann reported that at December 31, 2017 RHS's assets totaled $465,000. Most of the assets were in investments held at Merrill Lynch in the form of cash and cash equivalents such as certificates of deposit and government securities. There were no liabilities. Stockholder equity totaled $465,000. Revenues of $2,924 included "other income" of $2,638 related to 2017 transactions; some partnership bank accounts had been closed and RHS had received the funds. The accounts receivable were reduced but the related income had not been. Expenses totaled $1,198 including fees to Reno & Cavanaugh and some miscellaneous corporate registration fees and bank service charges. The net profit was $1,726.

P. Carey noted that at its November 2017 meeting the board had discussed RHS's $465,000 in assets. He asked whether that cash had been booked as an asset. K. Klusmann said that amount was shown in HAC's assets as investment in subsidiary.

G. Anders asked whether moving $300,000 to HAC would reduce the amount to be spent from reserves. P. Carey said the net result would be the same.

I. Jacobs added that M. Loza had also been concerned that if there was a dispute and the money was moved to HAC, it could appear improper although it would not be.

P. Carey suggested that at some point it would be worth assessing whether the risk for RHS's remaining three properties warranted that amount of cash.

A. Lopez moved and A. Bias seconded acceptance of the financial reports. The motion carried unanimously.

Audit: T. Manning-Beavin reported that HAC's FY17 audit was going well and was on schedule, with completion expected by the end of March. There would not be comparative financials for the 2016 and 2017 periods because the change in booking SHOP would require extensive explanation. GAAP did not require comparatives.

EXEC 2018-02

T. Manning-Beavin reported that the Finance Committee recommended the Executive Committee empower it to accept the audit, with the stipulation that the auditor meet in person with the Finance Committee and the board in May. He moved the recommendation and M.L. Mercado seconded. The motion carried unanimously.

EXEC 2018-03

T. Manning-Beavin reported that the Finance Committee recommended the Executive Committee empower the Treasurer to retain Raffa to conduct the 2018 audit. G. Anders moved the recommendation and M.L. Mercado seconded. The motion carried unanimously.

Budget: T. Manning-Beavin reported that the Finance Committee had discussed staff concerns about the difficulty of managing to the 2018 budget. He hoped that, while HAC's use of reserve funds would remain in the expected $1.3-1.5 million range, there could be some flexibility in individual line items. Staff hoped the Executive Committee could agree.

G. Anders asked what that meant in practical terms. D. Lipsetz offered the Printing, Dues, and Publications line as an example. The budgeted amount was $42,000, which did not include payment of dues to the National Rural Housing Coalition, the National Low Income Housing Coalition, or the Opportunity Finance Network. He believed HAC should pay those dues, although that would mean spending more than the $42,000 in the budget.

P. Carey said he believed the board's big decision for this budget was to commit $1.3 million of reserves. If that amount would increase, he thought the board should know in advance. Others agreed that the total was important but that, within that total, amounts could be moved around between line items.

T. Manning-Beavin said that if the Futures Committee contemplated strategic planning expenditures not in the budget, it made sense for the Executive Committee to ask staff to provide a budget for that work.

T. Manning-Beavin clarified the amounts under discussion. The board had approved the budget expecting to use $1.3 million from unrestricted assets, and also about $200,000 in temporarily restricted cash connected with HLP. Staff time would be expensed against the HLP temporarily restricted cash, an eligible use of HLP funds.

Investments: T. Manning-Beavin reported that the Finance Committee had talked about the investments that comprise more than half of HAC's assets. Over the past 12 or 18 months, T. Russell was dissatisfied with Merrill Lynch's performance and instructed them not to roll any investments over. As a result, 40 percent of that $20 million was idle. The Finance Committee asked staff to determine how to redeploy those assets.

OTHER ITEMS

Posting online: P. Carey requested that the bylaws, loan fund policies, and similar documents be posted on the board portal.

Minutes:P. Carey noted that the bylaws require Executive Committee meeting minutes to be sent to the full board "within ~~ten~~ (30) days" after the meeting.

EXEC 2018-04

G. Anders moved and T. Manning-Beavin seconded that the Executive Committee recommend to the board a change in Article IV, Section 6 of the bylaws to require minutes be complete within thirty (30) days after a meeting. The motion carried unanimously.

Accepting reports: P. Carey asked whether it was procedurally important for the Executive Committee or board to formally accept reports presented at meetings. J. McGovern said there is no legal significance to accepting reports.

EXECUTIVE SESSION

The Executive Committee convened in Executive Session.

ADJOURNMENT

HAC President P. Carey adjourned the meeting.

Respectfully reviewed by

Maria Luisa Mercado

Maria Luisa Mercado, Secretary
HAC Board of Directors