

# AGENDA

## BOARD OF COMMISSIONERS HOUSING AUTHORITY OF THE COUNTY OF MERCED

Regular Meeting  
Tuesday, May 17, 2022  
12:00 p.m.

### Closed session immediately following

Housing Authority of the County of Merced  
Administrative Building  
405 "U" Street  
Board Room – Building B (Second Floor)  
Merced, CA 95341  
(209) 386-4139

Rick Osorio, Chairperson  
Hub Walsh, Vice-Chair  
Evelyn Dorsey  
Robert Dylina  
Diana Odom Gunn  
Margaret Pia  
Jose Resendez

**All persons requesting disability related modifications or accommodations may contact the Housing Authority of the County of Merced at (209) 386-4139, 72 hours prior to the public meeting.**

All supporting documentation is available for public review in the office of the Clerk of the Board located in the Housing Authority Administration Building, Second Floor, 405 "U" Street, Merced, CA 95341 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday.

The Agenda is available online at [www.merced-pha.com](http://www.merced-pha.com)

**Use of cell phones, pagers, and other communication devices is prohibited while the Board Meeting is in session. Please turn all devices off or place on silent alert and leave the room to use.**

### I. CALL TO ORDER AND ROLL

### II. UNSCHEDULED ORAL COMMUNICATION

#### NOTICE TO THE PUBLIC

This portion of the meeting is set aside for members of the public to comment on any item within the jurisdiction of the Commission, but not appearing on the agenda. Items presented under public comment may not be discussed or acted upon by the Commission at this time.

For items appearing on the agenda, the public is invited to comment at the time the item is called for consideration by the Commission. Any person addressing the Commission under Public Comment will be limited to a 5-minute presentation.

All persons addressing the Commission are requested to state their name and address for the record.

### III. COMMISSIONER and/or AGENCY ADDITIONS/DELETIONS TO THE AGENDA

(M/S/C): \_\_\_/\_\_\_/\_\_\_

### IV. APPROVAL OF THE FOLLOWING MEETING MINUTES

1. April 5, 2022, Special Meeting

(M/S/C): \_\_\_/\_\_\_/\_\_\_



**V. CONSENT CALENDAR**

1. Rent Delinquency Report April 2022
2. Track Summary Report April 2022
3. Financial Reports for April 2022

(M/S/C): \_\_\_\_/\_\_\_\_/\_\_\_\_

**VI. INFORMATION/DISCUSSION ITEM(S)**

1. Staff Report – HCV Eligibility
2. Staff Report – Procurement Updates

**VII. EXECUTIVE DIRECTOR REPORT**

1. REAC Inspection Update
2. Yearly Agency Audit – Smith & Marion
3. PHA Plan Update
4. Substitution of Trustee & Reconveyance Update
5. Staff Report – Director of Housing & Community Development

**VIII. WRITTEN CORRESPONDENCE**

None

**IX. RESOLUTION ITEM(S)**

1. **Resolution No. 2022-03:** Appointing Wulff, Hansen & Co. as Municipal Advisors, authorizing the Executive Director to execute a Municipal Advisory Agreement and Addendum 1 to that Agreement appointing Oppenheimer & Co. as placement agents, and Quint & Thimmig, LLP as Bond Counsel.

(M/S/C): \_\_\_\_/\_\_\_\_/\_\_\_\_

**X. ACTION ITEM(S)**

None

**XI. COMMISSIONER’S COMMENTS**

**XII. CLOSED SESSION ITEM(S)**

None

**XIII. ADJOURNMENT**

(M/S/C): \_\_\_\_/\_\_\_\_/\_\_\_\_



# MINUTES

## BOARD OF COMMISSIONERS HOUSING AUTHORITY OF THE COUNTY OF MERCED

Special Meeting  
Tuesday, April 5, 2022

- I. The meeting was called to order by Chairperson Osorio at 12:09 p.m. and the Secretary was instructed to call the roll.

**Commissioners Present:**

Rick Osorio, Chair Person  
Hub Walsh, Vice Chairperson  
Robert Dylina  
Diana Odom Gunn  
Margaret Pia  
Jose Resendez

**Commissioners Absent:**

Evelyne Dorsey

Chairperson Osorio declared there was a quorum present.

**Staff Present:**

Rosa Vazquez, Executive Director/Board Secretary  
David Ritchie, Legal Counsel  
Cliff Hatanaka, Finance Officer  
Melina Basso, Director of Procurement & Asset Management  
Maria Alvarado, Clerk of the Board

**Others Present:**

None

II. **UNSCHEDULED ORAL COMMUNICATION**

Chairperson Osorio introduced new Commissioners Robert Dylina and Diana Odom Gunn. Commissioners Dylina and Odom Gunn introduced themselves to the other Board members as well as Authority staff. Current Commissioners and Authority staff also gave introductions.

Chairperson Osorio requests that the new Commissioners be given a tour of all Authority facilities. Dates and times for said tour are to be determined.

III. **COMMISSIONER and/or AGENCY ADDITIONS/DELETIONS TO THE AGENDA**

None

(M/S/C): Commissioner Walsh/Commissioner Pia/Motion Passed



**IV. NOMINATION and ELECTION OF BOARD OF COMMISSIONER OFFICERS (Chairperson and Vice Chairperson):**

1. Nomination of Chairperson: Rick Osorio was nominated for the office of Chairperson.

*No other nominations were made. Commissioner Pia moved to close nominations and was seconded by Commissioner Walsh.*

2. Election of Chairperson: Motion to elect Rick Osorio as Chairperson was as follows:

*There being no other nominations, nominations were closed and passed unanimously.*

3. Nomination of Vice Chairperson: Hub Walsh was nominated for the office of Chairperson.

*No other nominations were made. Commissioner Pia moved to close nominations and was seconded by Commissioner Dylina.*

4. Election of Vice Chairperson: Motion to elect Hub Walsh as Vice Chairperson was as follows:

*There being no other nominations, nominations were closed and passed unanimously.*

**V. APPROVAL OF THE FOLLOWING MEETING MINUTES**

1. February 15, 2022, Regular Meeting

(M/S/C): Commissioner Pia/Commissioner Resendez/Motion Passed

**VI. CONSENT CALENDAR**

1. Rent Delinquency Report for February 2022
2. Track Summary Report for February 2022
3. Financial Reports for February 2022

(M/S/C): Commissioner Walsh/Commissioner Pia/Motion Passed

**VII. INFORMATION AND DISCUSSION ITEM(S)**

None



## VIII. EXECUTIVE DIRECTOR REPORT

1. Executive Director Vazquez informed the Board that the Authority will be undergoing a Voucher Management System (VMS) audit beginning April 11, 2022. Executive Director Vazquez presented a brief overview of what VMS is, its use, as well as a recap of the Housing Choice Voucher (HCV) program.
2. Smith Marion & Co. will be on site April 26<sup>th</sup> – April 28<sup>th</sup> to conduct the yearly agency audit. The FYE 2020 audited financials are awaiting final HUD approval and the onsite audit is for FYE 2021.
3. The Authority met with County officials to review the Payment In Lieu of Taxes (PILOT) program. Executive Director Vazquez explained that as the result of the Authority being exempt from paying property taxes the agency is required by HUD to follow a formula that calculates a portion of monies due to the County based on Public Housing rental revenue received for the year, approximately 10%. This meeting request also comes as a result of the Authority issuing a \$1Million dollar payment to the County approximately two years ago. This sum was due because the Authority had not issued payment in almost 10 years. Executive Director also provided information on how it is believed the monies are allocated and distributed throughout the County.
4. A staff report outlining the current and upcoming solicitations. The Authority has sent several scopes of work to the State of California for review and this is for work to be done at the Migrant Centers as part of approved capital improvements. Commissioner Dylina inquired about metrics HUD utilizes to evaluate work needed. Executive Director Vazquez explained that the Authority performs a Capital Needs Assessment which determines how funds are allocated for said needed work.
5. Notice was received after the agenda was posted that AMP 2 and AMP 3 will be receiving their REAC inspection end of April and beginning of May respectively. AMP 1 received a score of 86b this year. The frequency of inspections is impacted by the REAC score received. Anything in the 90 range requires inspections every 3 years, the 80 range is bi-annually, and the 70 range is annual. The Authority does conduct an inspection that assists with preparing for REAC.
6. The Human Services Agency (HSA) contacted the Authority requesting additional vouchers to help house the increased number of families/individuals temporarily housed in hotels. The Authority currently has 415 vouchers already allocated through various special programs of which only 261 are leased at this time. A conference call has been set up with the partnering agencies to discuss the unutilized vouchers. Chairperson Osorio and Commissioner Dylina will also be joining the call.



**IX. WRITTEN CORRESPONDENCE**

None

**X. RESOLUTIONS ITEM(S)**

None

**XI. ACTION ITEM(S)**

1. **Action Item No. 2022-A-01:** Consideration of Action to Authorize Substitution of Trustee and Issue Deed of Reconveyance, 1123 Monticello Ct., Merced, CA 95341-5572 APN: 059-541-041-000.

(M/S/C): Commissioner Dylina/Commissioner Odom Gunn/Motion Passed

**XII. COMMISSIONER'S COMMENTS**

Chairperson Osorio requests that if any Commissioners have questions they be submitted via email to the Executive Director. Additionally, Chairperson Osorio would like to schedule a tour of all Authority sites and the strategic planning meeting. The Board was asked to submit dates/times that would work best for them.

Commissioner Walsh shared information regarding the Merced Rescue Mission's open house for their most recent project. Commissioner Walsh also inquired about the positions of HR Manager & Clerk of the Board and Director of Housing & Community Development. Executive Director Vazquez explained that the Authority is recruiting for the position of HR Manager & Clerk.

Commissioner Dylina would like the Authority improve in the following noted areas: increase efforts to expand affordable housing, ensure the Authority website is user friendly and more informative, assessment of the County's housing need, and he also requests additional information regarding the waiting list. The information includes number of applicants on list, eligibility screening processes and status, lease up success rate, etc. Commissioner Dylina would also like staff to provide their recommendation on expanding housing as well as see the Authority seek out additional funding available. He also requests a map of the County identifying the location of Authority sites. Lastly, it is requested that additional information be provided for community resources when the public calls to request information.

**XIII. CLOSED SESSION ITEM(S)**

None



**XIV. ADJOURNMENT**

There being no further business to discuss, the meeting was adjourned at 2:12 p.m.

**(M/S/C):** Commissioner Pia/Commissioner Odom Gunn/Motion Passes

\_\_\_\_\_  
Chairperson Signature

Date: May 17, 2022

\_\_\_\_\_  
Secretary Signature

Date: May 17, 2022



## Aged Receivables Report as of 4/30/2022

Property	Property Name	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total Unpaid Charges	Balance
<b>Amp 1</b>							
ca023001	PH - Merced	4,459.44	1,061.00	1,027.00	7,095.43	13,642.87	13,642.87
ca023010	PH - Merced	4,748.81	3,580.00	1,684.62	4,863.94	14,877.37	14,877.37
ca023013	PH - Merced Sr	764.35	347.94	250.00	191.00	1,553.29	1,553.29
ca023021	PH-Acquisition	0.00	0.00	0.00	0.00	0.00	0.00
ca023023	PH-Acquisition	0.00	0.00	0.00	0.00	0.00	0.00
<b>Amp 1 Total</b>		<b>9,972.60</b>	<b>4,988.94</b>	<b>2,961.62</b>	<b>12,150.37</b>	<b>30,073.53</b>	<b>30,073.53</b>
<b>Amp 2</b>							
ca023003	PH - Atwater - Cameo	1,964.00	1,729.00	1,149.00	5,989.00	10,831.00	10,831.00
ca023006	PH - Livingston	3,613.56	1,175.00	1,058.00	1,706.76	7,553.32	7,553.32
012a	PH - Atwater	3,635.58	2,881.00	2,316.00	13,057.19	21,889.77	21,889.77
012b	PH - Winton	24.60	0.00	0.00	-251.00	-226.40	-226.40
<b>Amp 2 Total</b>		<b>9,237.74</b>	<b>5,785.00</b>	<b>4,523.00</b>	<b>20,501.95</b>	<b>40,047.69</b>	<b>40,047.69</b>
<b>Amp 3</b>							
ca023002	PH - Los Banos	1,062.95	891.00	1,268.00	1,351.74	4,573.69	4,573.69
ca023004	PH - Los Banos - Abby, B, C & D	3,197.69	1,414.00	413.00	-2,067.21	2,957.48	2,957.48
ca023005	PH - Dos Palos - West Globe	792.00	395.00	85.00	0.00	1,272.00	1,272.00
ca023011	PH - Los Banos - J & K St	2,506.46	995.00	330.00	-987.08	2,844.38	2,844.38
012c	PH - Dos Palos - Alleyne	924.98	794.00	794.00	15,938.00	18,450.98	18,450.98
012d	PH - Dos Palos - Globe	233.00	-129.00	0.00	0.00	104.00	104.00
<b>Amp 3 Total</b>		<b>8,717.08</b>	<b>4,360.00</b>	<b>2,890.00</b>	<b>14,235.45</b>	<b>30,202.53</b>	<b>30,202.53</b>
<b>Amp 4</b>							
ca023024	PH - 1st Street	282.35	115.00	27.00	-265.00	159.35	159.35
<b>Amp 4 Total</b>		<b>282.35</b>	<b>115.00</b>	<b>27.00</b>	<b>-265.00</b>	<b>159.35</b>	<b>159.35</b>
<b>Valley View</b>							
atw	Atwater Elderly	0.00	0.00	0.00	0.00	0.00	0.00
dp	Dos Palos Elderly	0.00	0.00	0.00	0.00	0.00	0.00
mid	Midway	0.00	0.00	0.00	200.00	200.00	200.00
pbc-b-atw	Project Based Combo - Sierra View Gardens	727.00	267.00	-149.00	-123.51	721.49	721.49
pbc-b-dp	Project Based Combo - Dos Palos Elderly	697.00	0.00	-39.00	-603.72	54.28	54.28
pbc-b-mid	Project Based Combo - Midway	1,816.00	1,414.00	810.00	7,219.68	11,259.68	11,259.68
<b>Valley View Total</b>		<b>3,240.00</b>	<b>1,681.00</b>	<b>622.00</b>	<b>6,692.45</b>	<b>12,235.45</b>	<b>12,235.45</b>
<b>Felix Torres Year Round</b>							
ft-yr	Felix Torres Year Round Center	5,546.82	2,926.00	1,979.00	3,843.00	14,294.82	14,294.82
<b>Felix Torres Year Round</b>		<b>5,546.82</b>	<b>2,926.00</b>	<b>1,979.00</b>	<b>3,843.00</b>	<b>14,294.82</b>	<b>14,294.82</b>
<b>Housing Authority Total</b>		<b>36,996.59</b>	<b>19,855.94</b>	<b>13,002.62</b>	<b>57,158.22</b>	<b>127,013.37</b>	<b>127,013.37</b>



## PHAS Tracking Summary Fiscal Year Ending 09/30/22

Indicators	Estimated Status at End of Month												
Sub-Indicator #1	Performance Scoring	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Lease Up Days		87	91	146	146	146	240	240					
Average Lease Up Days		15	11	16	15	11	16	16					
Make Ready Time		373	438	446	544	806	989	989					
Average Make Ready Days		62	55	50	54	62	66	66					
Down Days		146	247	293	348	433	481	481					
Average Down Days		24	31	33	35	33	32	32					
Total # Vacant Units Turned		6	8	9	10	13	15	15					
Total # Turn Around Days		606	776	885	1038	1385	1710	1710					
Average Turn Around Days (To Date)	A = 0-20 B = 21-25 C = 26-30 D = 31-40 F = more than 50	101	97	98	104	107	114	114					

% Emergency Work Orders Abated W/in 24 hours	A = 99% B=98% C=97% D=96% E=95% F= less than 95%	100%	100%	100%	100%	100%	100%	100%					
Average # days to complete Non-Emergency Work Orders	A = 25 days or less B=26-36 C=31-40 D=41-50 E=51-60 F= greater than 60	22	21	21	24	24	23	23					

**Housing Authority of the County of Merced**  
**Financial Statement - AMP 1 (.fs-amp1)**  
**Budget Comparison**  
**Period = Oct 2021-Mar 2022**

	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>Annual</b>
			<b>Fav/-Unfav</b>	<b>Fav/-Unfav</b>	
Revenue & Expenses					
INCOME					
NET TENANT INCOME (1)	382,447	329,154	53,293	16	658,301
TOTAL GRANT INCOME	337,583	341,730	-4,147	-1	683,465
<b>TOTAL INCOME</b>	<b>720,030</b>	<b>670,884</b>	<b>49,146</b>	<b>7</b>	<b>1,341,766</b>
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES (2,3,4)	168,795	212,994	44,199	21	425,972
TOTAL TENANT SERVICES EXPENSES	1,139	852	-287	-34	1,700
TOTAL UTILITY EXPENSES	107,993	106,152	-1,841	-2	212,287
TOTAL MAINTENACE EXPENSES (5)	172,649	187,896	15,247	8	375,771
TOTAL GENERAL EXPENSES (6,7)	85,102	76,266	-8,836	-12	152,544
TOTAL HOUSING ASSISTANCE PAYMENTS	984	2,502	1,518	61	5,000
TOTAL FINANCING EXPENSES	21,967	21,972	5	0	43,947
TOTAL NON-OPERATING ITEMS	18,858	18,858	0	0	37,716
<b>TOTAL EXPENSES</b>	<b>577,487</b>	<b>627,492</b>	<b>50,005</b>	<b>8</b>	<b>1,254,937</b>
<b>NET INCOME</b>	<b>142,543</b>	<b>43,392</b>	<b>99,151</b>	<b>229</b>	<b>86,829</b>

- (1) Lower COVID related rents, not realized \$52M
- (2) Lower Personnel Costs \$20M
- (3) Lower Legal Expenses \$7M
- (4) Lower Asset Mgmt Fees to be paid at yearend \$10M
- (5) Lower Maintenance Supplies Expenses \$17M
- (6) Higher Property Insurance Expenses -5M
- (7) Higher PILOT Expenses, based on higher rent revenue -\$5M

**Housing Authority of the County of Merced**  
**Financial Statement - AMP 2 (.fs-amp2)**  
**Budget Comparison**  
**Period = Oct 2021-Mar 2022**

	YTD Actual	YTD Budget	Variance	% Var	Annual
			Fav/-Unfav	Fav/-Unfav	
Revenue & Expenses					
INCOME					
NET TENANT INCOME (1)	297,162	258,300	38,862	15	516,599
TOTAL GRANT INCOME	228,240	230,496	-2,256	-1	460,996
TOTAL INCOME	525,402	488,796	36,606	7	977,595
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES (2,3,4)	116,029	149,112	33,083	22	298,227
TOTAL TENANT SERVICES EXPENSES	1,139	798	-341	-43	1,600
TOTAL UTILITY EXPENSES (5)	88,403	98,946	10,543	11	197,902
TOTAL MAINTENACE EXPENSES (6)	142,712	152,268	9,556	6	304,498
TOTAL GENERAL EXPENSES (6,7)	65,037	59,574	-5,463	-9	119,157
TOTAL HOUSING ASSISTANCE PAYMENTS	659	564	-95	-17	1,125
TOTAL FINANCING EXPENSES	11,038	9,570	-1,468	-15	19,145
TOTAL NON-OPERATING ITEMS	35,686	35,688	2	0	71,372
TOTAL EXPENSES	460,703	506,520	45,817	9	1,013,026
NET INCOME	64,699	-17,724	82,423	-465	-35,431

- (1) Lower COVID related rents, not realized \$38M
- (2) Lower Personnel Costs \$16M
- (3) Lower Legal Expenses \$3M
- (4) Lower Asset Mgmt Fees to be paid at yearend \$7M
- (5) Lower Utilities, Invoices not yet received \$10M
- (6) Lower Maintenance Supplies, increased orders in future months \$8M
- (7) Higher Property Insurance Expenses -4M
- (8) Higher PILOT Expenses, based on higher rent revenue -\$5M

**Housing Authority of the County of Merced**  
**Financial Statement - AMP 3 (.fs-amp3)**  
**Budget Comparison**  
**Period = Oct 2021-Mar 2022**

	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>Annual</b>
			<b>Fav/-Unfav</b>	<b>Fav/-Unfav</b>	
Revenue & Expenses					
INCOME					
NET TENANT INCOME (1)	296,725	245,376	51,349	21	490,756
TOTAL GRANT INCOME	252,918	254,874	-1,956	-1	509,747
<b>TOTAL INCOME</b>	<b>549,643</b>	<b>500,250</b>	<b>49,393</b>	<b>10</b>	<b>1,000,503</b>
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES (2,3)	149,591	165,048	15,457	9	330,095
TOTAL TENANT SERVICES EXPENSES	805	546	-259	-47	1,100
TOTAL UTILITY EXPENSES (4)	75,343	79,338	3,995	5	158,688
TOTAL MAINTENACE EXPENSES	131,757	164,670	32,913	20	329,340
TOTAL GENERAL EXPENSES (7,8)	65,552	56,592	-8,960	-16	113,185
TOTAL HOUSING ASSISTANCE PAYMENTS	1,445	750	-695	-93	1,500
TOTAL FINANCING EXPENSES	9,570	11,040	1,470	13	22,083
TOTAL NON-OPERATING ITEMS	29,212	29,214	2	0	58,425
<b>TOTAL EXPENSES</b>	<b>463,275</b>	<b>507,198</b>	<b>43,923</b>	<b>9</b>	<b>1,014,416</b>
<b>NET INCOME</b>	<b>86,368</b>	<b>-6,948</b>	<b>93,316</b>	<b>-1,343</b>	<b>-13,913</b>

- (1) Lower COVID related rents, not realized \$48M
- (2) Lower Legal Expenses \$6M
- (3) Lower Asset Mgmt Fees to b paid at yearend \$7M
- (4) Lower Utility Expenses, invoices not yet rec'd \$4M
- (5) Lower Maintenance Personnel Expenses \$26M
- (6) Lower Maintenance Contract Costs \$8M
- (7) Higher Property Insurance due to prior year experience -\$4M
- (8) Higher PILOT costs due to higher Tenant Rents -\$5M

**Housing Authority of the County of Merced**  
**AMP4 - 1st Street, Merced (.fs-amp4)**  
**Budget Comparison**  
**Period = Oct 2021-Mar 2022**

	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>Annual</b>
			<b>Fav/-Unfav</b>	<b>Fav/-Unfav</b>	
Revenue & Expenses					
INCOME					
NET TENANT INCOME (1)	10,774	6,894	3,880	56	13,782
TOTAL GRANT INCOME	14,110	14,310	-200	-1	28,618
TOTAL INCOME	<u>24,884</u>	<u>21,204</u>	<u>3,680</u>	<u>17</u>	<u>42,400</u>
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES	4,140	6,072	1,932	32	12,198
TOTAL TENANT SERVICES EXPENSES	1	0	-1	N/A	0
TOTAL UTILITY EXPENSES	3,426	3,162	-264	-8	6,323
TOTAL MAINTENACE EXPENSES (2)	7,290	3,198	-4,092	-128	6,429
TOTAL GENERAL EXPENSES	2,092	1,662	-430	-26	3,316
TOTAL HOUSING ASSISTANCE PAYMENTS	0	48	48	100	100
TOTAL FINANCING EXPENSES	615	612	-3	0	1,221
TOTAL NON-OPERATING ITEMS	23,878	23,880	2	0	47,757
TOTAL EXPENSES	<u>41,442</u>	<u>38,634</u>	<u>-2,808</u>	<u>-7</u>	<u>77,344</u>
NET INCOME	<u><u>-16,558</u></u>	<u><u>-17,430</u></u>	<u><u>872</u></u>	<u><u>-5</u></u>	<u><u>-34,944</u></u>

(1) Lower COVID related rents, not realized \$4M

(2) Higher Maintenance Electrical and General Supplies -\$3M

**Housing Authority of the County of Merced**  
**All HCV Properties with Sub (.fs-hcvs)**  
**Budget Comparison**  
**Period = Oct 2021-Mar 2022**

	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>Annual</b>
			<b>Fav/-Unfav</b>	<b>Fav/-Unfav</b>	
Revenue & Expenses					
INCOME					
TOTAL GRANT INCOME (1,2,3)	10,186,677	12,446,226	-2,259,549	-18	24,892,450
TOTAL OTHER INCOME	427	1,494	-1,067	-71	3,000
<b>TOTAL INCOME</b>	<b>10,187,103</b>	<b>12,447,720</b>	<b>-2,260,617</b>	<b>-18</b>	<b>24,895,450</b>
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES (4,5,6)	810,770	932,022	121,252	13	1,864,061
TOTAL TENANT SERVICES EXPENSES	2,551	0	-2,551	N/A	0
TOTAL MAINTENACE EXPENSES (8)	19,034	12,036	-6,998	-1,845	24,075
TOTAL GENERAL EXPENSES (9)	39,736	44,820	5,084	11	89,635
TOTAL HOUSING ASSISTANCE PAYMENTS (7)	10,047,562	11,398,554	1,350,992	12	22,797,109
TOTAL FINANCING EXPENSES	38,274	38,286	12	0	76,570
<b>TOTAL EXPENSES</b>	<b>10,957,927</b>	<b>12,425,718</b>	<b>1,467,791</b>	<b>12</b>	<b>24,851,450</b>
<b>NET INCOME</b>	<b>-770,824</b>	<b>22,002</b>	<b>-792,826</b>	<b>-3,603</b>	<b>44,000</b>

- (1) HUD withheld additional funding issued in March 2021 \$1,113M
- (2) Lower than forecasted HAP Funding -\$1,077M
- (3) Lower Admin Fee \$70M
- (4) Lower Personnel Expenses \$11M
- (5) Lower Management Fees and Bookkeeping Fees \$50M
- (6) Lower Inspections, invoices not received \$45M
- (7) Lower HAP Payments to landlords \$1,350M
- (8) Higher remodeling expenses for moving staff, equipment and records -\$7M
- (9) Lower Port-out Expenses \$5M

**Housing Authority of the County of Merced**  
**Central Office Cost Center (cocc)**  
**Budget Comparison**  
**Period = Oct 2021-Mar 2022**

	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>Annual</b>
			<b>Fav/-Unfav</b>	<b>Fav/-Unfav</b>	
Revenue & Expenses					
INCOME					
NET TENANT INCOME	-3	0	-3	N/A	0
TOTAL OTHER INCOME (1,2,3)	481,464	613,542	-132,078	-22	1,227,078
<b>TOTAL INCOME</b>	<b>481,461</b>	<b>613,542</b>	<b>-132,081</b>	<b>-22</b>	<b>1,227,078</b>
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES (4,5,6)	463,741	499,344	35,603	7	998,682
TOTAL TENANT SERVICES EXPENSES	1,401	0	-1,401	N/A	0
TOTAL UTILITY EXPENSES	16,504	22,302	5,798	26	44,605
TOTAL MAINTENANCE EXPENSES	51,381	43,104	-8,277	-19	86,200
TOTAL GENERAL EXPENSES	22,141	20,424	-1,717	-8	40,845
TOTAL FINANCING EXPENSES	39,943	39,954	11	0	79,909
TOTAL NON-OPERATING ITEMS	2,624	0	-2,624	N/A	0
<b>TOTAL EXPENSES</b>	<b>597,735</b>	<b>625,128</b>	<b>27,393</b>	<b>7</b>	<b>1,250,241</b>
<b>NET INCOME</b>	<b>-116,274</b>	<b>-11,586</b>	<b>-104,688</b>	<b>-783</b>	<b>-23,163</b>

- (1) Lower Management and Bookkeeping Fees due to lower HAP issued -\$50M
- (2) Lower Asset Mgmt Fee to be paid at yearend -\$25M
- (3) Lower Admin Fee from Capital Fund to be paid before yearend \$58M
- (4) Lower Personnel Costs \$17M
- (5) Lower Legal Expenses \$26M
- (6) Higher Consulting Expenses Accounting and CARES Act -\$15M
- (7) Higher Maintenance rehab offices -\$15M

**Housing Authority of the County of Merced**  
**Langdon Villas (langdon)**  
**Budget Comparison**  
**Period = Oct 2021-Mar 2022**

	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>Annual</b>
			<b>Fav/-Unfav</b>	<b>Fav/-Unfav</b>	
Revenue & Expenses					
INCOME					
NET TENANT INCOME	36,555	35,580	975	3	71,160
TOTAL OTHER INCOME (1)	130,640	142,950	-12,310	-9	285,907
TOTAL INCOME	<u>167,195</u>	<u>178,530</u>	<u>-11,335</u>	<u>-6</u>	<u>357,067</u>
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES	43,447	42,162	-1,285	-3	84,327
TOTAL UTILITY EXPENSES	0	804	804	100	1,600
TOTAL MAINTENANCE EXPENSES	0	5,574	5,574	100	11,150
TOTAL GENERAL EXPENSES (2)	19,723	19,824	101	1	39,640
TOTAL FINANCING EXPENSES	79,846	79,860	14	0	159,716
TOTAL NON-OPERATING ITEMS	1,719	1,722	3	0	3,439
TOTAL EXPENSES	<u>144,735</u>	<u>149,946</u>	<u>5,211</u>	<u>3</u>	<u>299,872</u>
NET INCOME	<u>22,460</u>	<u>28,584</u>	<u>-6,124</u>	<u>-21</u>	<u>57,195</u>

(1) Note paid off at The Grove \$12M

(2) Lower General Maintenance Contracting Costs \$3M



**Housing Authority of the County of Merced**  
**Obanion Learning Center (obanion)**  
**Budget Comparison**  
Period = Oct 2021-Mar 2022

	YTD Actual	YTD Budget	Variance	% Var	Annual
			Fav/-Unfav	Fav/-Unfav	
Revenue & Expenses					
INCOME					
NET TENANT INCOME (1)	90,221	99,132	-8,911	-9	198,270
TOTAL INCOME	90,221	99,132	-8,911	-9	198,270
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES	9,595	10,764	1,169	11	21,527
TOTAL UTILITY EXPENSES (2)	28,136	40,092	11,956	30	80,186
TOTAL MAINTENACE EXPENSES (3)	12,794	19,862	7,068	36	39,705
TOTAL GENERAL EXPENSES	1,815	798	-1,017	-127	1,601
TOTAL NON-OPERATING ITEMS	26,900	26,898	-2	0	53,800
TOTAL EXPENSES	79,241	98,414	19,173	19	196,819
NET INCOME	10,980	718	10,262	1,429	1,451

(1) Lower Commercial Rent and Utility reimbursement -\$9M

(2) Lower Utilities , Invoices not rec'd \$12M

(3) Lower general Maintenance supplies and Contract Services \$7M

**Housing Authority of the County of Merced**  
**Felix Torres Year Round (.fs-fty)**  
**Budget Comparison**  
**Period = Oct 2021-Mar 2022**

	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>Annual</b>
			<b>Fav/-Unfav</b>	<b>Fav/-Unfav</b>	
Revenue & Expenses					
INCOME					
NET TENANT INCOME (1)	269,833	283,266	-13,433	-5	566,530
TOTAL OTHER INCOME	42	0	42	N/A	0
<b>TOTAL INCOME</b>	<b>269,875</b>	<b>283,266</b>	<b>-13,391</b>	<b>-5</b>	<b>566,530</b>
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES (2)	33,085	44,828	11,743	26	89,650
TOTAL UTILITY EXPENSES (3)	37,205	50,250	13,045	26	100,492
TOTAL MAINTENACE EXPENSES	47,079	48,846	1,767	4	97,683
TOTAL GENERAL EXPENSES	21,323	19,224	-2,099	-11	38,457
TOTAL FINANCING EXPENSES	10,578	10,578	0	0	21,157
TOTAL NON-OPERATING ITEMS	97,735	97,734	-1	0	195,471
<b>TOTAL EXPENSES</b>	<b>247,005</b>	<b>271,460</b>	<b>24,455</b>	<b>9</b>	<b>542,910</b>
<b>NET INCOME</b>	<b>22,870</b>	<b>11,806</b>	<b>11,064</b>	<b>94</b>	<b>23,620</b>

- (1) Lower tenant Rent -\$13M
- (2) Lower Personnel Costs \$12M
- (3) Lower Utility Expenses, invoices not rec'd \$13M

**Housing Authority of the County of Merced**  
**Valley View Property = atw dp mid vv-bond pbc-b-atw pbc-b-dp pbc-b-mid**  
**Budget Comparison**  
**Period = Oct 2021-Mar 2022**

	PTD Actual	PTD Budget	Variance	% Var	Annual
			Fav/-Unfav	Fav/-Unfav	
Revenue & Expenses					
INCOME					
NET TENANT INCOME (1)	329,823	297,024	32,799	11	594,061
TOTAL INCOME	329,823	297,024	32,799	11	594,061
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES	61,037	86,808	25,771	30	173,586
TOTAL UTILITY EXPENSES	43,322	48,540	5,218	11	97,079
TOTAL MAINTENANCE EXPENSES (5)	83,044	83,076	32	0	166,130
TOTAL GENERAL EXPENSES	23,038	21,384	-1,654	-8	42,776
TOTAL FINANCING EXPENSES	35,592	35,592	0	0	71,190
TOTAL NON-OPERATING ITEMS	20,259	20,262	3	0	40,519
TOTAL EXPENSES	266,292	295,662	29,370	10	591,280
NET INCOME	63,531	1,362	62,169	4,565	2,781

- (1) Higher Tennant Rent \$33M
- (2) Lower Personnel Costs \$14M
- (3) Lower Legal Expenses \$7M
- (4) Lower Utility Expenses \$5M
- (5) Landscaping/Fencing funded by Improvement Note Payable \$432M, not included in operating expenses

**Housing Authority of the County of Merced**  
**Property = mig-atw mig-mer mig-lb mig-plan**  
**Budget Comparison**  
**Period = Jul 2021-Mar 2022**

	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>Annual</b>
			<b>Fav/-Unfav</b>	<b>Fav/-Unfav</b>	
Revenue & Expenses					
INCOME					
Total Grant Income (1)	941,741	1,117,157	-175,416	-16	1,489,586
<b>TOTAL INCOME</b>	<b>941,741</b>	<b>1,117,157</b>	<b>-175,416</b>	<b>-16</b>	<b>1,489,586</b>
EXPENSES					
Total - Center Personnel (2)	350,026	523,571	173,545	33	698,100
Total - Operating Expenses (3,4,5)	335,819	320,844	-14,975	-5	427,840
Total - Maintenance Expenses (6,7,8)	14,734	65,670	50,936	78	87,550
Total - Contractor Administration	91,305	94,266	2,961	3	125,694
Total - Debt Service and Replacement (9)	149,857	112,806	-37,051	-33	150,402
<b>TOTAL EXPENSES</b>	<b>941,741</b>	<b>1,117,157</b>	<b>175,416</b>	<b>16</b>	<b>1,489,586</b>
net income	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>0</u>

- (1) Migrant Program is a zero budget program. Merced HA is reimbursed for expenditures.
- (2) Lower Personnel Costs \$174M
- (3) Lower Administrative Expenses \$5M
- (4) Other Costs/Waste water monitoring and management -10M
- (5) Higher Property Insurance, prior year experience -\$9M
- (6) Lower Supplies and Materials \$22M
- (7) Lower Contracted Maintenance \$6M
- (8) Lower Minor Rehabilitation \$23M
- (9) Debt Service s paid before anticipated -\$37M

## STAFF REPORT

**TO:** Board of Commissioners,  
Housing Authority of the County of Merced

**FROM:** Rosa Vazquez, Executive Director

**DATE:** May 17, 2022

**SUBJECT:** Housing Choice Voucher Eligibility Process & Outcomes

The Housing Authority of the County of Merced (Authority) is required to process applications from the Authority's current waiting list and referrals from partnering agencies providing services to targeted populations such as veterans, elderly, at risk of homeless, homeless, and mental health.

All participants of the Housing Choice Voucher (HCV) Program are required to meet the established criteria in the Administrative Plan. The Authority is required to determine eligibility, also referred to as the intake process, to receive rental assistance. When conducting the intake process, families are required to provide vital documents and disclose information such as sources of income, types of assets, medical expenses, child care expenses, full time school status (18-year-old and above), disability verification, verification to support preferences claimed, and disclose any criminal activity, if applicable.

Upon receipt of the family's fully completed application, the Authority will commence the process of reviewing the application and the information and documents provided. If after the review of the application it is determined that additional information or documents are required, the family will receive a notice with a list of pending items and permitted 10 days to provide the documents or information requested. If families do not respond to the initial request a second notification is sent with an additional 10 days to provide what was requested. For those that do not respond within the time allotted the Authority will send notification of their removal from the waiting list for failure to respond.

The Authority is required to ensure that all families meet:

- Income Limits
- Preferences
- Criminal Background

Families that do not meet the Income Limit or fail to verify Preferences will be placed back on the waiting list with the updated income and correct preferences.

Families that do not pass the criminal background and are found not eligible will be removed from the waiting list.

After the Authority has concluded the verification process and the criminal background checks, final eligibility is either approved or denied.

Families that have are eligible for the program are required to attend a briefing to receive the Housing Choice Voucher and related program documents. A family is issued a voucher based on family size, as regulated by HUD, and any approved reasonable accommodations. A family is issued a voucher with an initial term of 60-days. After this initial term the Authority may grant up to 2 30-Day extensions. The voucher may not exceed 120 days unless approval for a reasonable accommodation is approved by the Authority. Reasonable Accommodation guidelines are stipulated in the Administrative Plan.

A common misconception is that once selected from the waiting list or referred for rental assistance an applicant is automatically eligible for a voucher. The Authority is required under Federal Regulations and the Annual Plan to ensure that due diligence is conducted when determining program eligibility. During the application process it is determined that more than 50% of families are not eligible for rental assistance as they do not meet the preferences they have selected or do not meet the income limits.

The information listed below reflects the most current selection from the waiting list.

### **Housing Choice Voucher Program**

- The Authority selected 1,200 pre-applications from the HCV waiting list.
- Of the 1,200 pre-applications 798 pre-applications were denied for failure to respond.
- 402 pre-applicants fully completed the application and all 402 applications have been reviewed.
- 314 of the 402 applications remain in various stages of the eligibility process.
- 88 of the 402 have been completed have been either deemed eligible or denied.
- 13 of the 88 did not meet the Preferences and have been placed back on the waiting list.
- 12 of the 88 did not meet Income Limits and have been placed back on the waiting list.
- 32 of the 88 did not respond to request for document, removed from waiting list.
- 1 of the 88 is no longer interested in the program, removed from the waiting list.
- 30 of the 88 have been determined eligible and have been issued a voucher.

## STAFF REPORT

**TO:** Board of Commissioners,  
Housing Authority of the County of Merced

**FROM:** Melina Basso, Director of Development and Asset Management

**DATE:** May 17, 2022

**SUBJECT:** Intent to Solicit for Contractors: Grant Coordinator, Portfolio Consultant, Carbon Monoxide Conversion, Migrant Center Projects, Roofing and Painting for Midway, Legal Services, and As-Needed Electrical

The Housing Authority of the County of Merced (Authority) owns several residential developments in Merced County, specifically Merced, Atwater, Winton, Livingston, Los Banos, and Dos Palos. The Authority has projects currently being planned for solicitation during the coming months. Solicitations for contractors will be or are already published for the following projects: Grant Coordinator, Portfolio Consultant, Carbon Monoxide Conversion, Migrant Center Projects, Roofing and Painting for Midway, As-Needed Electrical, and Legal Services.

The Authority first published a Request for Proposals (RFP) to solicit qualified grant writers to write, submit, and coordinate various grants that pertain to affordable housing. The closing date for this solicitation is June 8th.

The Authority has published a QSP to solicit qualified portfolio consultants and firms to review and advise on the Authority's current real estate portfolio. The chosen consultant or firm will identify opportunities and strategize with the Authority on how best to expand and update the portfolio. This solicitation closes June 9<sup>th</sup>.

The Authority will solicit via an Invitation for Bids (IFB) for licensed contractors to remove and replace the current battery-operated carbon monoxide detectors with new hardwired carbon monoxide detectors at all Low-Income Public Housing (LIPH) developments. This is required as HUD regulation that mandates all LIPH developments have hardwired carbon monoxide detectors by December 31<sup>st</sup>, 2022. Currently there are 26 units in Livingston and 8 units in Los Banos that were already converted to hardwired detectors during the unit mod project last year.

As previously reported to the Board of Commissioners, the Authority was granted money for capital needs projects for the 4 migrant centers. The Authority is required to follow the agency procurement policy to solicit for this work. However, in addition to the Authority policy, the Office of Migrant Services (OMS) is mandating that prior to the publication any solicitations, OMS must review and approve all RFP, IFB, and QSP packets. The Authority has submitted such documents to OMS and is pending the approval from the formal review for publication. These first projects consist of roof and HVAC replacements and other projects in final review at the Authority consist of: common area upgrades,

playground upgrades, door replacements, water heater replacements, wastewater treatment upgrades, and various unit modifications.

The Authority will also be publishing an Invitation for Bids (IFB) to solicit licensed contractors to paint as well as remove and replace the roofs at the Midway property in Dos Palos. A scope of work with more exact guidelines is currently being worked on.

The Authority will solicit via a Quote for Small Purchase (QSP) for electrical companies to provide as-needed electrical services to all of the LIPH developments. The Authority maintains a pool of vendors for services such as plumbing and HVAC repair. The Authority has these contracts in place to allow staff to call for services without having to do a new solicitation each time when a unit is need of repair beyond the Authority's maintenance team's ability. A scope of work is in development outlining the expectations for the pool of contractors.

The Authority will be publishing a Request for Proposals (RFP) to solicit licensed and qualified law firms to provide legal services to the Authority. A scope of work with more exact guidelines is currently being worked on.

The Authority will seek sealed proposals and bids as required by the procurement policy by conducting wide-spread advertising both electronically and physically as well as sending notifications and proposal packets to the local Central Valley Builders Exchange.

Recommendations to award contracts is anticipated to be submitted to the Board of Commissioners for approval at the June meeting.





*Housing Authority of the County of Merced*

405 U STREET MERCED, CA 95341  
PHONE (209) 722-3501 TDD 711 or 800-855-7100  
[www.merced-pha.com](http://www.merced-pha.com)

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Timeka Cardenas  
Fidelity National Title  
155 W El Portal Drive, Suite B  
Merced, CA 95340

Via E-Mail to: [cardenast@fnf.com](mailto:cardenast@fnf.com)

**Re: 1123 Monticello Ct. Merced, CA 95340 APN 059-541-041**

Dear Ms. Cardenas:

This letter is in response to your request relating to a request for a release of the Short Form Deed of Trust and Assignment of Rents recorded against the aforementioned property as Document No 2002-064721 on December 13, 2002 and to secure payment of an indebtedness (promissory note) in the principal sum of **\$54,000.00**. the Housing Authority is the beneficiary of that promissory note and a copy of the recorded document is attached.

The Board of Commissioners of the Housing Authority met on April 5, 2022 to discuss the request, having found no evidence that the promissory note had been satisfied, despite the earlier sale of the property to Mr. Antonio Rodriguez and Mrs. Rosa Rodriguez. Recall that we had discussed the limitations on the Board's ability to reconvey given the private benefit that would accrue to the Rodriguez's and the issue that public funds would be used – necessitating that a significant public benefit be identified. We have not been able to identify such a benefit given the facts and the Board has declined as a result.

Therefore, we are presenting this letter as a Payoff Demand Statement consistent with the requirements in California Civil Code Section 2943(a)(5).

The amount required to fully satisfy the obligations secured by the Short Form Deed of Trust and Assignment of Rents as of the date of this letter is: \$54,000.00. That amount has no additional amount on a per diem basis and is valid for thirty days from the date of this letter (no interest is charged). A Substitution of Trustee and Deed of Full Reconveyance will be drafted as soon as payment is received.



We understand from you that in 2006 a Title Insurance Policy was issued that did not reference the indebtedness secured by the recorded instrument. While we appreciate that this drives some curiosities, the Housing Authority has researched its available records and found no indication that the debt was paid. Notwithstanding that, if you have evidence of payment from the sale of the property in 2006, please forward same for our review.

If you have any questions about this correspondence, please contact me at (916) 787-7507.

Sincerely,



David G. Ritchie, General Counsel  
Housing Authority of the County of Merced

Encl. Short Form Deed of Trust and Assignment of Rents (Doc # 2002-064721)

cc. Rosa Vazquez, Executive Director  
Maria F. Alvarado, HR Manager and Clerk of the Board



**RECORDING REQUESTED BY:**  
**Fidelity National Title Company of California**  
 Escrow No. 182005-RM  
 Title Order No. 00182005

**When Recorded Mail Document To:**  
 Housing Authority of the County of Merced  
 400 West Ave  
 Merced, CA 95340

182005-R

Recorded in Official Records, Merced County

12/13/2002  
 8:00 AM  
 P07

**JAMES L. BALL**  
 County Recorder

FD Fidelity Title Company

T

Doc#: 2002-064721



Titles:	2	Pages:	4
Fees	0.00		
Taxes	0.00		
Other	0.00		
PAID	\$0.00		

APN: 059-540-041

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS**

THIS DEED OF TRUST, made December 3, 2002, between  
 Sierra Gooding, AN UNMARRIED WOMAN  
 , herein called TRUSTOR, whose address is

Fidelity National Title Insurance Company, a California Corporation, herein called TRUSTEE, and  
 Housing Authority of the County of Merced  
 , herein called BENEFICIARY,

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH  
 POWER OF SALE, that property in Merced County, California, described as:

Parcel 2 as shown upon that certain Parcel Map filed August 18, 1988, in Book 62 of Parcel Maps, Pages 14, 15 and  
 16, Merced County Records, being a resubdivision of Lots 33 and 34, "Heritage Park Phase II."

THIS SECOND DEED OF TRUST SHALL AUTOMATICALLY AND PERMANENTLY TERMINATE UPON FORECLOSURE,  
 DEED-IN-LIEU OF FORECLOSURE, OR ASSIGNMENT OF THIS DEED OF TRUST TO HUD.

This Deed of Trust is Second and Subordinate to a First Deed of Trust in the amount of \$3,420, in favor of  
 First Nationwide as Beneficiary recording concurrently herewith.

Anything herein to the contrary notwithstanding, in the event of a voluntary sale, transfer or conveyance of all or any  
 portion of the property described herein, any indebtedness or obligation due under the note secured hereby, shall at  
 the option of the holder hereof, immediately become due and payable.

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given  
 to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and  
 apply such rents, issues and profits.

For the Purpose of Securing: 1. Performance of each agreement of Trustor incorporated by reference or contained  
 herein. 2. Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension  
 or renewal thereof, in the principal sum of \$54,000.00 executed by Trustor in favor of Beneficiary or order. 3.  
 Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when  
 evidenced by another note (or notes) reciting it is so secured.

INITIALS Stu

APN: 059-540-041

To Protect the Security of this Deed of Trust, Trustor Agrees: By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions (1) to (14), inclusive, of the fictitious deed of trust recorded in Santa Barbara County and Sonoma County October 18, 1961, and in all other counties October 23, 1961, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, viz:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	435	684	Kings	792	833	Placer	895	301	Sierra	29	335
Alpine	1	250	Lake	352	39	Plumas	151	5	Siskiyou	468	181
Amador	104	348	Lassen	171	471	Riverside	3005	523	Solano	1105	182
Butte	1145	1	Los Angeles	T2055	899	Sacramento	4331	62	Sonoma	1851	689
Calaveras	145	152	Madera	810	170	San Benito	271	383	Stanislaus	1715	456
Colusa	296	517	Marin	1508	339	San Bernardino	5567	61	Sutter	572	297
Contra Costa	3978	47	Mariposa	77	292	San Francisco	A332	905	Tehama	401	289
Del Norte	78	414	Mendocino	579	530	San Joaquin	2470	311	Trinity	93	366
El Dorado	568	456	Merced	1547	538	San Luis Obispo	1151	12	Tulare	2294	275
Fresno	4626	572	Modoc	194	651	San Mateo	4078	420	Tuolumne	135	47
Glenn	422	184	Mono	52	429	Santa Barbara	1878	860	Ventura	2062	386
Humboldt	657	527	Monterey	2194	538	Santa Clara	5336	341	Yolo	653	245
Imperial	1091	501	Napa	639	86	Santa Cruz	1431	494	Yuba	334	486
Inyo	147	598	Nevada	305	320	Shasta	684	528			
Kern	3427	60	Orange	5889	511	San Diego	Series 2 Book 1961, Page 183887				

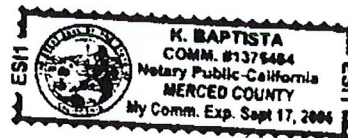
which provisions, identical in all counties, (printed on the attached unrecorded pages) are hereby adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that Trustor will observe and perform said provisions; and that the references to property, obligations and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA  
COUNTY OF Merced  
ON December 3, 2002 before me,  
K. Baptista personally appeared  
Sierra Gooding

Sierra Gooding  
Sierra Gooding

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Witness my hand and official seal.

Signature K. Baptista

~~DO NOT RECORD~~

The following is a copy of provisions (1) to (14), inclusive, of the fictitious deed of trust, recorded in each county in California, as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:**

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all incumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any incumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

(6) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(7) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment; when due of all other sums so secured or to declare default for failure so to pay.

(8) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(9) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto." Five years after issuance of such full reconveyance, Trustee may destroy said note and this Deed (unless directed in such request to retain them).

(10) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(11) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustor this Deed, said note and all documents evidencing expenditures secured hereby.

INITIALS *SM* \_\_\_\_\_

APN: 059-540-041

~~DO NOT RECORD~~

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash of lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the proceeding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(12) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and pages where this Deed is recorded and the name and address of the new Trustee.

(13) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(14) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

INITIALS

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REQUEST FOR FULL RECONVEYANCE

Fidelity National Title Insurance Company, a California Corporation, TRUSTEE:

The undersigned is the legal owner and holder of all indebtedness secured by the within Deed of Trust. All sums secured by said Deed of Trust have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel all evidences of indebtedness, secured by said Deed of Trust, delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Please mail Reconveyance to:

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both original documents must be delivered to the Trustee for cancellation before reconveyance will be made.

STATE OF CALIFORNIA  
COUNTY OF \_\_\_\_\_

ON \_\_\_\_\_ before me, \_\_\_\_\_ personally appeared

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

## STAFF REPORT

**TO:** Board of Commissioners,  
Housing Authority of the County of Merced

**FROM:** Maria Alvarado, Director of Housing & Community Development

**DATE:** May 17, 2022

**SUBJECT:** Housing Authority of the County of Merced Development Strategic Plan

Over the past few months, the Authority has received feedback and requests for increased efforts for affordable housing. As such, the Authority has taken several steps towards facilitating this goal.

In November 2021, the Board of Commissioners approved the position of Director of Housing and Community Development. This position was created as a means to create a sole point of contact for Community, City, and County partners to meet, review, and discuss affordable housing opportunities. As of the approval of this position, contact information has been provided to all and the Authority has begun to meet with agencies to explore opportunities.

On April 15, 2022, the Authority met with the California Affordable Housing Agency (CalAHA) to inquire about entering into a Memorandum of Understanding (MOU) for consulting services. The Authority is currently a member of CalAHA and with said membership comes the opportunity to partner and receive financial and development consultation services in order to assist in development projects by providing planning, financing options, and development-related services are included. The Authority has received a draft copy of the MOU and is reviewing it with legal counsel to ensure compliance. Once executed, the Authority will meet with CalAHA and proceed with projects the Authority already has planned.

The Authority plans to assess all Authority-owned vacant lots for the viability of building "Small Homes". The Authority has previously identified that at the Midway complex in Dos Palos, CA, the Authority could potentially install approximately 6 small homes. The blueprints for said small homes are already developed and will be reviewed and drafts provided for review to the Board. Attached herewith as Attachment A is a snapshot of the vacant lots the Authority plans to utilize.

The Authority has been approached with a partnership opportunity, with CalAHA, in the City of Los Banos. CalAHA currently owns Court of Fountains, a 33-unit workforce development, however, it is interested in selling partial ownership of the property. If interested the Authority would gain approximately 60% ownership

of the complex while CalAHA would retain 40% ownership. The Authority would not be required to provide any funding for the transaction. Additional details are being gathered to present a final proposal.

The Authority has re-issued the Grant Coordination Request for Proposals (RFP) for the third time. Issue dates for this RFP are November 9, 2021, March 14, 2022, and most recently May 10, 2022. Additionally, the Quote for Small Purchases (QSP) for Portfolio Consultant was issued on May 12, 2022. The Grant Coordinator will search for, apply, and administer any grant funding the Authority might be eligible for. The grant funds will vary in purpose and may vary by department but all will be to better assist the community. The Portfolio Consultant will perform a thorough review of the Authority Public Housing portfolio to advise the Authority on what would allow the Authority to maximize its assets. The review can potentially include RAD conversion, Project-Base, demo/dispo, sale of stock, etc. Once a contract for the aforementioned services is approved by the Board, the Authority intends to meet with the awardees as soon as possible. Full reports will be presented to the Board as progress is made.

The Authority submitted a request to HUD to increase the Project-Based Voucher allocation for the agency. The Authority has not yet received a response final approval. If and when approval is received the Authority may issue a PBV RFP. This will allow interested developers and current landlords to submit their requests for Project-Based vouchers. The request submitted will increase the current PBV allocation to HUD's allowable rate of 25% of the HCV allocation.

On May 12, 2022, the Authority had a conference call with the Ewell Group which is requesting assistance with information on how to allocate a percentage of a new development in the City of Merced as affordable housing. This new project is near the Gateway Marketplace in the City of Merced. The Authority will gather information on what options may be available for developers and provide it to them. If any further action is taken a report will be provided to the Board at a later meeting.



# Los Banos - Lot 1



## Los Banos - Lot 2



## Los Banos - Lot 3



## Dos Palos - Lot 4





## Dos Palos – Lot 5





## STAFF REPORT

**TO:** Board of Commissioners,  
Housing Authority of the County of Merced

**FROM:** Rosa Vazquez, Executive Director  
David G. Ritchie, General Counsel

**DATE:** May 17, 2022

**SUBJECT: RECOMMENDATION TO ADOPT RESOLUTION NO. 2022-03, APPOINTING WULFF, HANSEN & CO. AS MUNICIPAL ADVISORS, AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A MUNICIPAL ADVISORY AGREEMENT AND ADDENDUM 1 TO THAT AGREEMENT APPOINTING OPPENHEIMER & CO. AS PLACEMENT AGENTS, AND QUINT AND THIMMIG, LLP AS BOND COUNSEL**

### BACKGROUND

In December of 2018, the Housing Authority issued \$6,545,000 in Taxable Pension Obligation Refunding Bonds. These were the selected vehicle to pay off the Housing Authority's then-existing *unfunded liability* for its pension obligations owed to CalPERS (then charged a rate of 7.5%). The Authority's finance team and ad-hoc finance committee evaluated all available options and identified the issuance of these Bonds as the optimal means toward achieving savings when compared to the 7.5% charged by CalPERS.

The Bonds reduced the cost of debt service associated with the unfunded liability for pensions ultimately reducing the total cost of the debt by \$1,994,735 (based on initial estimates at the time of closing). In addition to this, CalPERS has realized an average of approximately 8.5% in investment returns – which has created an excess balance (a credit) in the Authority's account. CalPERS shows a projected fund balance of \$26 Million and a total Liability of \$25.2 Million as of 6/30/2022, which means there is a projected credit of \$800,000 that can offset future new unfunded liability that arises as a consequence of poor investment return performance at CalPERS in the future (when CalPERS returns are poor).

The Authority's General Counsel, Executive Team and Finance consultants also, prior to the Pension Obligation Bonds being issued, revised and updated all of the Housing Authority's finance policies, including the Debt Management Policy providing for metrics to evaluate the Authority's various debt obligations in an effort to identify areas of savings and establish continuous monitoring of various debt to optimize management of it over the long term.

Recently, financial markets have continued to improve and rates have become more favorable such that refunding certain outstanding indebtedness may produce additional savings to the Authority. Those savings are anticipated to exceed the minimum 3% savings of Net Present Value that are prescribed in the Housing Authority's Debt Management Policy.

#### RECOMMENDATION

Staff recommends that the Board of Commissioners of the Housing Authority of the County of Merced adopt **Resolution No. 2022-03**, approving the retention of Wulff Hansen & Co as municipal advisors and authorizing the Executive Director to execute the Municipal Advisor Agreement and an addendum for the Municipal Advisor to assist and provide guidance in evaluating and potentially refinancing the 2018 Pension Obligation Bonds.

The MA Agreement and Addendum 1 are attachments to this Staff Report.

The Resolution also authorizes the Executive Director to execute agreements with Oppenheimer & Co as placement agents for any refinancing of the 2018 Pension Obligation Bonds and with Quint & Thimmig LLP as Bond Counsel for the same purposes. This is, in all practical effects, a resolution that keeps the Housing Authority's finance team intact for the purpose of refinancing the Pension Obligations.

Finally, the resolution authorizes the placement agent (Oppenheimer) to solicit proposals from qualified investors for refunding the Pension Obligation Bonds.

#### ATTACHMENTS

Resolution 2022-03

MA Agreement with Wulff Hansen & Co.

Addendum 1 to MA Agreement with Wulff Hansen & Co.



**RESOLUTION NO. 2022-03**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF MERCED, CALIFORNIA, APPOINTING WULFF, HANSEN & CO. AS MUNICIPAL ADVISORS, AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A MUNICIPAL ADVISORY AGREEMENT AND ADDENDUM 1 TO THAT AGREEMENT APPOINTING OPPENHEIMER & CO. AS PLACEMENT AGENTS, AND QUINT AND THIMMIG, LLP AS BOND COUNSEL**

**WHEREAS**, the Housing Authority of the County of Merced has previously established professional relationships with Wulff Hansen & Co., Brandis Tallman (Oppenheimer & Co.) and Quint and Thimmig LLP. Collectively, these represented the Authority's Finance team in the refunding or refinancing of prior Pension Obligations (the 2018 Taxable Pension Obligation Refunding Bond) and Series 2003, 2007 and 2010 bond obligations and loans for Merced Commons I and II (the 2019 Mortgage Secured Housing Bond, Series 2019A; and 2021 Mortgage Secured Revenue Bond) at varying times, stages of repayment, and interest rates; and

**WHEREAS**, it is desirable to appoint a municipal advisor in connection with the evaluation of obligations, and any opportunities at refunding, refinancing or otherwise restructuring debts and continuing disclosure obligations of the Housing Authority, as well as approving the hiring of the members of the finance team; and

**WHEREAS**, the special services provided by Wulff, Hansen & Co., Oppenheimer & Co and Quint and Thimmig LLP are not of a nature of services that are available from widely available public sources; and

**WHEREAS**, the Authority is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code to issue its bonds for the purpose of refunding certain outstanding indebtedness of the Authority; and

**WHEREAS**, on December 20, 2018, the Authority issued its \$6,545,000 Housing Authority of the County of Merced 2018 Taxable Pension Obligation Refunding Bonds (the "2018 Bonds") to refinance a portion of the Authority unfunded liability to the California Public Employees' Retirement System realizing savings;

**WHEREAS**, based upon the current market, it may be possible for the Authority to issue bonds to refund the 2018 Bonds for further interest rate savings;

**WHEREAS**, the Housing Authority reasonably expects to reimburse itself for expenditures relating to the services provided, to evaluate the existing bonds and obligations related thereto and the analysis of policy recommendations, and described in Addendum 1 to the MA Agreement; and

**WHEREAS**, the special services provided by Wulff, Hansen & co., Oppenheimer & Co. and Quint & Thimmig LLP are explicitly contemplated by California Government Code Section 53060 as being of a nature of specialized services not subject to competitive bidding requirements;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Commissioners of the Housing Authority of the County of Merced hereby finds and determines the following:

1. The above recitals are true and correct.

2. The Board of Commissioners hereby authorizes the Executive Director to execute the Municipal Advisory Agreement (MA Agreement) appointing Wulff, Hansen & Co. as Municipal Advisors to the Housing Authority of the County of Merced.
3. The Board of Commissioners hereby authorizes the Executive Director to execute Addendum 1 to the MA Agreement, to provide for the evaluation of the existing bonds, loans, grants and other forms of existing financing, and for the purpose of identifying and advising on refunding and restructuring opportunities for existing debt obligations of the Housing Authority.
4. The Board hereby approves the retention of Quint & Thimmig LLP as bond counsel to and authorizes the Executive Director or designee to execute any necessary documents associated with that appointment.
5. The Board hereby approves the retention of Oppenheimer & Co. as placement agent (the "Placement Agent") to the Authority and authorizes the Executive Director to execute appropriate fee agreements with Oppenheimer & Co for such services.
6. The Board hereby authorizes the Placement Agent to solicit proposals for the refunding of the 2018 Bonds from qualified institutional investors, including Farmers & Merchants Bank of Central California, the purchaser of the 2018 Bonds.
7. This Resolution shall take effect immediately upon adoption of the Board of Commissioners.

**PASSED AND ADOPTED** by the Board of Commissioners of the Housing Authority of the County of Merced this 17th day of May, 2022 by the following vote to wit:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

APPROVED:

\_\_\_\_\_  
Chairperson

ATTEST:

\_\_\_\_\_  
Clerk of the Board

## ADDENDUM TO MUNICIPAL ADVISORY AGREEMENT

### Addendum A

#### 1. Purpose

This Addendum A to the Municipal Advisory Agreement dated May 11, 2022 between the Housing Authority of the County of Merced (hereafter, "CLIENT") and Wulff, Hansen & Co. (hereafter, "Municipal Advisor" or "Advisor" or "MA") specifies and describes specific municipal advisory services to be performed by Municipal Advisor under that Agreement.

#### 2. Services

##### 2.1 Scope of Services

Municipal Advisor will provide the following services to CLIENT pursuant to this Addendum:

Municipal Advisor will guide and assist Client in evaluating and potentially refinancing its 2018 Pension Obligation Bond for the purpose of creating debt service savings.

In connection with the refinancing, Municipal Advisor will provide the following services:

- a) Attendance at public meetings of the Authority, telephonically or virtually, as appropriate, at which matters relating to the Services are considered, except routine matters, including informational and educational meetings with the public;
- b) Attendance at Authority staff meetings, or meetings with members of the public, telephonically or virtually, as appropriate, on matters relating to the Services, upon the request of the Authority after reasonable notice;
- c) Work with members of the public, public agencies, Authority staff, and the Authority's Board members to learn, discuss and respond to matters relating to the Services; and to develop and coordinate recommendations acceptable to interested parties, the Authority, and its consultants;
- d) Assist the Authority in structuring and issuing a refinancing of its 2018 Pension Obligation Bond in order to generate savings.
- e) Attend meetings or participate in teleconferences relating to structure and the prospective savings resulting from the private placement or sale of the Bonds. Provide scenarios of refinancing alternatives available to the Authority;
- f) Assist the Authority in its selection of other professionals (e.g. consultants, accountants, underwriters, and others as appropriate), if requested;
- g) Prepare a Distribution List with contact information on all relevant participants in the financing and a Schedule indicating timing of significant steps in the process;
- h) Assist any of the Authority's staff and/or special consultants in developing specific terms and conditions affecting the refinancing so as to best reflect the Authority's priorities and interests;
- i) Preparations of Cash Flow analysis and other schedules per Authority direction and related consultation;
- j) Telephone consultations with staff members to answer questions about the financing and related matters;
- k) If necessary, assist in preparing and arranging for the financing to be sold to a private investor through the placement agent (Private Placement) or alternatively, for sale to the public through the underwriter (Public Offering);
- l) Assist the Underwriter/Placement Agent and Bond and Disclosure Counsel in providing requested information needed for the preparation of the Bond and Offering Documents;
- m) Assist the Authority in efforts to maintain or improve the Authority's underlying credit rating, including preparation of material, presentation to, and coordination with credit rating agencies;
- n) Assist the Authority in efforts to obtain bond insurance, if desired, and/or a surety bond to replace the Debt Service Reserve Fund;

- o) Review and advise with regard to the financial interaction of the financing with other prospective and current Authority projects.

2.2 Limitations on Scope of Services

The services to be provided by Municipal Advisor to CLIENT pursuant to this Addendum are subject to the following limitations in addition to those described in the Agreement.

None.

3. Termination

The provisions of this Addendum A shall terminate and thereafter be null and void upon the closing and completion of services or December 31, 2022, whichever occurs first. This Addendum A may only be extended or amended by a written agreement between CLIENT and Wulff, Hansen & Co.

4. Fees

With regard to Services to be provided by Municipal Adviser under this Addendum A, Municipal Advisor shall be compensated as follows:

The fees due to Municipal Advisor under this Addendum A shall be paid out of the proceeds of the financing and will be contingent on a successful sale or placement and the completion and funding of the financing. No compensation shall be due to the Advisor for services rendered under this Addendum A if the financing is not completed. Advisors fee for services described above relating to the refinancing of the Authority's 2018 Pension Obligation Bonds (estimated not to exceed par amount of \$6,500,000) shall be \$29,500.

5. Conflicts of Interest

Municipal Advisor is not aware of any additional material conflicts of interest to which it is subject in the context of this Addendum A other than those previously disclosed to CLIENT in connection with the Agreement.

APPROVED:

Housing Authority of the County of Merced

/s/ \_\_\_\_\_

\_\_\_\_\_  
Print Name and Title

Date: \_\_\_\_\_

APPROVED:

Wulff, Hansen & Co.

/s/  \_\_\_\_\_

Chris Charles, President

Date: 5.11.22

**May 11, 2022**

**Rosa Vazquez  
Executive Director  
Housing Authority of the County of Merced  
405 U Street  
Merced, CA 95341**

This is an Agreement (AGREEMENT) between the Housing Authority of the County of Merced (CLIENT) and Wulff, Hansen & Co. (MUNICIPAL ADVISOR or ADVISOR or MA) a registered municipal advisory firm. The purpose of the AGREEMENT is to provide a framework allowing MUNICIPAL ADVISOR to provide municipal advisory services (SERVICES) to CLIENT from time to time as may be mutually agreed upon by both parties. All such SERVICES to be delivered under this Agreement will be specifically described in an Addendum to the AGREEMENT accepted by both parties, and no services will be provided in the absence of such an Addendum. The terms and conditions of this Agreement are set forth below. CLIENT understands and acknowledges that any information or services provided by ADVISOR pursuant to an Addendum to this Agreement are for the purpose of serving as Municipal Advisor to CLIENT and not as an Underwriter or otherwise facilitating the placement of municipal securities issued by CLIENT.

This AGREEMENT also contains various disclosures and other information required under MSRB Rule G-42 and, with its Addenda, will serve as written documentation of certain specific terms, disclosures and other items of information relating to our relationship as of the date this AGREEMENT is signed by ADVISOR. If this information materially changes during the relationship any such change will be described in writing and delivered to you.

**1. Scope of Services.**

**(a) *Services to be provided.***

From time to time CLIENT may request that ADVISOR provide municipal advisory services relating to a specific project or projects. The scope of any such services, any limitations thereon, any compensation to be earned by ADVISOR in connection with their delivery, and any conflicts of interest (other than those disclosed in this AGREEMENT) that ADVISOR may have in connection with such services will be described in an Addendum to this AGREEMENT. No services which are not so described and documented in an Addendum will be provided by ADVISOR to CLIENT.

**(b) *Limitations on Scope of Services***

Where an Addendum to this Agreement describes the scope of services to be provided under that Addendum, any limitations on such scope in addition to those included in this Agreement will be described in that Addendum.

Unless otherwise specifically provided in an Addendum to this Agreement, ADVISOR is not responsible for preparing any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about Municipal Advisor provided by Municipal Advisor for inclusion in such documents. In addition, ADVISOR will not provide any of the following services in connection with any engagement pursuant to this Agreement or any associated Addenda:

- a) Legal services of any kind;
- b) Assistance to CLIENT with regard to CLIENT's responsibilities under the federal securities laws and regulations relating to initial or continuing disclosure in connection with municipal securities, inclusive of the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934. Such services will be provided only if ADVISOR is explicitly engaged by CLIENT in a separate contract unrelated to this Agreement or any Addenda thereto.

- c) Engineering services of any kind;
- d) Special Tax Rate Consulting
- e) Absorption Analysis or the review thereof;
- f) Feasibility Studies or the review thereof
- g) Fiscal Consulting;
- h) Underwriting or placement agent services;
- i) Accounting services;
- j) Investment advice concerning investment of excess bond proceeds, if any, resulting from an issuance of municipal securities
- k) Advice concerning derivative transactions or other municipal financial products, including but not limited to advice regarding swap transactions or strategies.

CLIENT acknowledges its responsibility with respect to compliance with federal securities laws and represents its intention to comply in all respects with such laws. CLIENT acknowledges and understands that state and federal laws relating to disclosure in connection with municipal securities may apply to the CLIENT and that the failure of ADVISOR to advise CLIENT respecting these laws shall not constitute a breach by ADVISOR of any of its duties and responsibilities under this Agreement.

**2. Municipal Advisor's Regulatory Duties When Advising CLIENT.**

MSRB Rule G-42 requires that Municipal Advisor make a reasonable inquiry as to the facts that are relevant to CLIENT's determination whether to proceed with a course of action or that form the basis for any advice provided by MA to CLIENT. The rule also requires that MA undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. Municipal Advisor is also required under the rule to use reasonable diligence to know the essential facts about CLIENT and the authority of each person acting on CLIENT's behalf.

Accordingly, MA will seek CLIENT's assistance and cooperation, and the assistance and cooperation of CLIENT's agents, with the carrying out by Municipal Advisor of these regulatory duties, including providing to Municipal Advisor accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, to the extent CLIENT seeks to have MA provide advice with regard to any recommendation made by a third party, MA requests that CLIENT provide to MA written direction to do so as well as any information it has received from such third party relating to its recommendation.

**3. Term.**

This AGREEMENT shall become effective upon acceptance by both parties and shall terminate **December 31, 2023** unless terminated earlier by one of the parties. Either party may terminate this AGREEMENT upon thirty days written notice to the other party or as may be mutually agreed by both parties. ADVISOR's engagement to provide municipal advice on a specific project or projects described in an Addendum to this document shall terminate as described in that Addendum.

**4. Compensation.**

The form and basis of any compensation for any of Municipal Advisor's services provided or expenses incurred pursuant to an Addendum to this AGREEMENT will be as described in that Addendum.

**5. Limitation of Liability.**

In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of Municipal Advisor or any of its associated persons, Municipal Advisor and its associated persons shall have no liability to CLIENT for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other investment, or for any financial or other damages resulting from CLIENT's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by Municipal Advisor to CLIENT. No recourse shall be had against Municipal Advisor for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of CLIENT arising out of or in defending, prosecuting,

negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any Issue or otherwise relating to the tax treatment of any Issue, or in connection with any opinion or certificate rendered by counsel or any other party. Notwithstanding the foregoing, nothing contained in this paragraph or elsewhere in this Agreement shall constitute a waiver by CLIENT of any of its legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived nor shall it constitute a waiver or diminution of Municipal Advisor's fiduciary duty to CLIENT under Section 15B(c)(1) of the Securities Exchange Act of 1934, as amended, and the rules thereunder.

#### **6. Required Disclosures.**

MSRB Rule G-42 requires that MUNICIPAL ADVISOR provide CLIENT with the following disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history.

(a) ***Disclosures of Conflicts of Interest.*** MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by the municipal advisor, municipal advisors are required to provide a written statement to that effect.

Accordingly, any material conflicts of interest known to MUNICIPAL ADVISOR in connection with the Scope of Services are disclosed below, including those conflicts applying to various forms of compensation which are described in a document attached to this AGREEMENT. We believe that these conflicts are mitigated by our duties to CLIENT as assigned to us under Federal and State laws and regulations and the rules of the Municipal Securities Rulemaking Board. In addition, because MUNICIPAL ADVISOR is a broker-dealer with significant business and economic interests due to the nature of its overall business, the success and profitability of MUNICIPAL ADVISOR is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitability built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty where such duty exists. Furthermore, MUNICIPAL ADVISOR's municipal advisory supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of MUNICIPAL ADVISOR potentially departing from their regulatory duties due to personal interests.

#### ***Other Municipal Advisor or Underwriting Relationships.***

MUNICIPAL ADVISOR serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of CLIENT. For example, MUNICIPAL ADVISOR serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to CLIENT under this Agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, MUNICIPAL ADVISOR could potentially face a conflict of interest arising from these competing client interests. In other cases, as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interests of MUNICIPAL ADVISOR to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that MUNICIPAL ADVISOR serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair MUNICIPAL ADVISOR's ability to fulfill its regulatory duties to CLIENT.

#### ***Broker-Dealer and Investment Advisory Business.***

MUNICIPAL ADVISOR is a broker-dealer and investment advisory firm that engages in a broad range of securities-related activities to service its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities and investment advice in connection with such securities, including securities of CLIENT, may be

undertaken on behalf of, or as counterparty to, CLIENT, personnel of CLIENT, and current or potential investors in the securities of CLIENT. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of CLIENT, such as when their buying or selling of CLIENT's securities may have an adverse effect on the market for CLIENT's securities, and the interests of such other clients could create the incentive for MUNICIPAL ADVISOR to make recommendations to CLIENT that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from MUNICIPAL ADVISOR effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units of the MUNICIPAL ADVISOR that operate separately from MUNICIPAL ADVISOR's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by MUNICIPAL ADVISOR to CLIENT under this Agreement.

In addition to the considerations above, the fact that MUNICIPAL ADVISOR's staff are engaged in support of these other business activities could create a conflict when multiple demands exist on a particular individual's time and resources. We reasonably believe that this conflict is mitigated by our staff's desire to complete CLIENT's work in a timely manner and consequently be compensated by MUNICIPAL ADVISOR for their efforts.

***Other Business Relationships***

MUNICIPAL ADVISOR may have existing or future business relationships, unrelated to CLIENT or MUNICIPAL ADVISOR's services to CLIENT, with underwriters, placement agents, attorneys, accountants, financial institutions, contractors or other entities whose services it may recommend to CLIENT or whom CLIENT may select on its own initiative. MUNICIPAL ADVISOR's business relationships with such entities may include payments or referrals made to Advisor by such entities or payments or referrals made by Advisor to such entities in connection with matters wholly unrelated to CLIENT's business or activities. Because under no circumstances will Advisor accept any form of payment or other remuneration, directly or indirectly, from any third party in connection with Advisor's services to CLIENT, Advisor believes that none of these other engagements or relationships would create a material conflict or otherwise impair MUNICIPAL ADVISOR's ability to fulfill its regulatory duties to CLIENT.

***Secondary Market Transactions in CLIENT's Securities.***

MUNICIPAL ADVISOR, in connection with its sales and trading activities, may take a principal position in securities, including securities of CLIENT, and therefore MUNICIPAL ADVISOR could have interests in conflict with those of CLIENT with respect to the value of CLIENT's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, MUNICIPAL ADVISOR or its affiliates may submit orders for and acquire CLIENT's securities issued in an Issue under the Agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with CLIENT in that it could create the incentive for MUNICIPAL ADVISOR to make recommendations to CLIENT that could result in more advantageous pricing of CLIENT's bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through staff members of the MUNICIPAL ADVISOR that operate independently from MUNICIPAL ADVISOR's municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by MUNICIPAL ADVISOR to CLIENT under this Agreement.

***Other Conflicts of Interest.*** None.

(b) ***Disclosures of Information Regarding Legal Events and Disciplinary History.*** MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel. Accordingly, Municipal Advisor addresses below the required disclosures and related information in connection with such disclosures.

Required disclosures include specific information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. Municipal Advisor and members of its staff have been subject to various such legal or disciplinary events. Municipal Advisor reasonably believes that it as an entity has no such events that may be material to CLIENT's evaluation of Municipal



Advisor as such. However, during its 88 years as a broker/dealer, Municipal Advisor has accumulated a number of such events related to its broker/dealer business as such and CLIENT may wish to review these. Members of MA's staff who have also been registered representatives of one or more broker/dealers have disclosures which could potentially be material to CLIENT's evaluation. Specific instances of such events can be found in Item 9 of our Form MA and, for staff members, Item 6 of Forms MA-I. Direct links to all of this information for the firm and each individual are provided on our website at: <https://www.wulffhansen.com/municipal-advisor-disclosures/>.

The date of the last material change to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed by Municipal Advisor with the SEC is December 10, 2019, which change consisted of adding historical disclosures about a newly affiliated third-party accountant. The disclosures were not related to the municipal advisory business.

(c) **Customer Protections.** Municipal Advisor is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The latter's website is located at [www.msrb.org](http://www.msrb.org). A municipal advisory client brochure is available on that website that describes the protections that may be provided by the MSRB's rules and how a client may file a complaint with an appropriate regulatory authority.

(d) **Future Supplemental Disclosures.** As required by MSRB Rule G-42, this information may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of Municipal Advisor. Municipal Advisor will provide CLIENT with any such supplement or amendment as it becomes available throughout the term of the Agreement.

**7. Choice of Law.**

This Agreement shall be construed and given effect in accordance with the laws of the State of California.

**8. Entire Agreement.** This instrument, including all Addenda and Appendices hereto, contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. This Agreement may not be amended, supplemented or modified except by means of a written instrument executed by both parties.

**9. Severability.** If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.


**ACKNOWLEDGED and AGREED:**  
Housing Authority of the County of Merced

/s/ \_\_\_\_\_

\_\_\_\_\_  
Print Name and Title

Date: \_\_\_\_\_

**ACKNOWLEDGED and AGREED:**  
Wulff, Hansen & Co.

/s/  \_\_\_\_\_

Chris Charles, President

Date: 5-11-22

## DISCLOSURE OF CONFLICTS OF INTEREST WITH VARIOUS FORMS OF COMPENSATION

The Municipal Securities Rulemaking Board requires us, as your Advisor, to provide written disclosure to you about the actual or potential conflicts of interest presented by various forms of compensation. We must provide this disclosure unless you have required that a particular form of compensation be used. You should select a form of compensation that best meets your needs and the agreed upon scope of services.

**Forms of compensation; potential conflicts.** The forms of compensation for Advisors vary according to the nature of the engagement and requirements of the client, among other factors. Various forms of compensation present actual or potential conflicts of interest because they may create an incentive for an Advisor to recommend one course of action over another if it is more beneficial to the Advisor to do so. This document discusses various forms of compensation and the timing of payments to the Advisor.

**Fixed fee.** Under a fixed fee form of compensation, the Advisor is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the client and the Advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the Advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the Advisor's fee is contingent upon the successful completion of a financing, as described below.

**Hourly fee.** Under an hourly fee form of compensation, the Advisor is paid an amount equal to the number of hours worked by the advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the client and the Advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. In some cases, an hourly fee may be applied against a retainer (*e.g.*, a retainer payable monthly), in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest, as described below.

**Fee contingent upon the completion of a financing or other transaction.** Under a contingent fee form of compensation, payment of an Advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for the client, it presents a conflict because the Advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the client. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, an Advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

**Fee paid under a retainer agreement.** Under a retainer agreement, fees are paid to an Advisor periodically (*e.g.*, monthly) and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on a fixed fee basis (*e.g.*, a fixed fee per month regardless of the number of hours worked) or an hourly basis (*e.g.*, a minimum monthly payment, with additional amounts payable if a certain number of hours worked is exceeded). A retainer agreement does not present the conflicts associated with a contingent fee arrangement (described above).

**Fee based upon principal or notional amount and term of transaction.** Under this form of compensation, the Advisor's fee is based upon a percentage of the principal amount of an issue of securities (*e.g.*, bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue or modify the derivative for the purpose of increasing the Advisor's compensation.