

REPORT

DATE ISSUED: July 5, 2023

REPORT NO: HDP23-008

ATTENTION: Chair and Members of the Board of Directors of
Housing Development Partners of San Diego
For the Agenda of July 12, 2023

SUBJECT: Elect Audit Committee Members

CHAIR OF THE BOARD RECOMMENDATION

That the Housing Development Partners (HDP) Board of Directors (Board) take the following actions:

- 1) Elect Board Members Ryan Clumpner and Gary Gramling to serve on the HDP Board of Directors' Audit Committee.
- 2) Find that the foregoing action is just and reasonable as to HDP for purposes of California Corporations Code 5234.

Please note a Conflict Disclosure Statement at the end of this report has been included because HDP is the Housing Commission's nonprofit affiliate, and these transactions otherwise involve the Housing Commission.

SUMMARY

Section 12586 of the California Government Code requires that in any year in which a nonprofit corporation receives or accrues gross revenue in excess of \$2,000,000.00, an audit committee, comprised of two members, must be appointed by the Board of Directors. HDP receives or accrues gross revenue in excess of \$2,000,000. The audit committee may include persons who are not members of the Board of Directors, but the member or members of the audit committee must not include any members of the staff, including president or chief executive officer and the treasurer or chief financial officer.

FISCAL CONSIDERATIONS

The proposed action has no fiscal impact.

KEY STAKEHOLDERS and PROJECTED IMPACTS

The key stakeholders of this action are the Housing Commission Board of Commissioners, the Board of Directors of HDP, the Board of Directors of HDP Mason Housing Corporation, the ownership partners and residents of HDP affordable housing developments, participants in Housing Commission collaborative programs and developments, and the individuals Housing Commission collaborative developments and programs assist.

ENVIRONMENTAL REVIEW

California Environmental Quality Act (CEQA)

This activity is not a project as defined by the California Environmental Quality Act Section 21065 and State CEQA Guidelines Section 15378(b)(5), as it is an administrative activity of government that will not result in direct or indirect physical changes in the environment.

National Environmental Policy Act (NEPA)

Processing under the National Environmental Policy Act is not required as no federal funds are involved in this action.

CONFLICT DISCLOSURE STATEMENT:

Two San Diego Housing Commissioners (Commissioners), Eugene “Mitch” Mitchell and Ryan Clumpner, and Interim President & Chief Executive Officer (CEO) of the San Diego Housing Commission, Jeff Davis, are each directors of Housing Development Partners (HDP), a California nonprofit public benefit corporation qualified as an Internal Revenue Code Section 501(c)(3) corporation for federal purposes. Any Commissioner, who is also a director of HDP as of the date of this staff report, and Interim CEO Davis have no conflict of interest as discussed below.

The Commissioners and Interim CEO Davis receive no compensation for their service on HDP’s Board of Directors and/or as officers of HDP. Pursuant to the provisions of Government Code Sections 1091.5(a)(7) and 1091.5(a)(8), the Commissioners and Interim CEO Davis each have a “non-interest” as described in Government Code Section 1091.5 for purposes of their action on Housing Commission matters associated with this matter, if any. This disclosure shall be incorporated into the record of the San Diego Housing Commission, if and when this matter is heard by the Commission.

Further, as members of the Board of Commissioners of the Housing Commission, the Commissioners are legally entitled to vote and be counted for quorum purposes in this HDP matter. Further, Mr. Davis is not compensated by HDP and he sits on the Board of Directors of HDP. He is legally entitled to vote and to be counted for quorum purposes for this HDP matter.

None of HDP’s Board members has a financial interest in this action item that would legally preclude their participation under the provisions of Government Code Sections 1090 and/or 87100 et. seq. Further, the Housing Commission is a public agency, and the Commissioners are not compensated for their service as Commissioners of the Housing Commission. Further, Mr. Davis’s compensation from a public agency, the San Diego Housing Commission, is a non-interest under the provisions of Government Code Section 1091.5(a)(9) as well as for the purposes of Government Code Section 87100 et. seq. Mr. Davis’s compensation with the Housing Commission is not a financial interest that would, in any way, preclude him being counted for quorum purposes or voting on these matters before HDP.

Further, to the extent that HDP is a public agency for local Ethics Ordinance purposes, neither the Commissioners nor Director Davis have any conflicts of interest under the local ethics ordinance that would preclude their, or any of their, actions in this matter or from being counted for quorum purposes. This disclosure shall be and is hereby documented in the official records of the HDP. Similar disclosures will be made in the records of the San Diego Housing Commission, if and when this matter is heard by the Housing Commission.

MUTUAL DIRECTORS STATEMENT:

To the extent that Commissioners may be considered to be “directors” of the San Diego Housing Commission for purposes of California Corporations Code Section 5234 and, hence, common directors with HDP, a vote on this matter should incorporate a finding that these transactions are just and reasonable as to HDP.

Respectfully submitted,

Jeff Davis

Jeff Davis
Chair of the Board
Housing Development Partners

Docket materials are available on HDP’s website at www.hdpartners.org