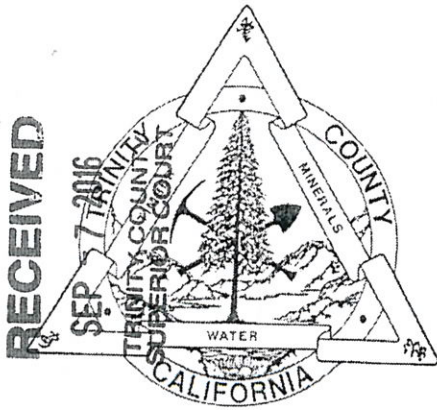


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# TRINITY COUNTY

Board of Supervisors

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TO: The Honorable Michael Harper  
Judge of the Superior Court

FROM: Trinity County Board of Supervisors 

CC: Clerk of the Board of Supervisors

SUBJECT: Response to Recommendations of 2015-2016  
Grand Jury Continuity Committee Final Report  
COR 2015-2016-001 Community Development Block Grant Loans  
MONEY, MONEY NOWHERE .... THE BUCK STOPS HERE!!

DATE: September 6, 2016

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The Grand Jury Continuity Committee has requested a written response to their final report on the Community Development Block Grant Loans. The response of the Trinity County Board of Supervisors is as follows:

**Finding #1:** The Loan Grants accounting spreadsheet is unorganized, poorly documented and in great need of management oversight.

**Response:** *Agree.*

**Recommendation #1:** The County should do an immediate audit of the CDBG portfolio accounting, as well as the Housing Rehab loan portfolios. The Grant Department should take advantage of online accounting spreadsheets.

**Response:** *This will be recommended to the County Administrative Officer.*

KEITH GROVES  
DISTRICT 1

JUDY MORRIS  
DISTRICT 2

KARL FISHER  
DISTRICT 3

BILL BURTON  
DISTRICT 4

JOHN FENLEY  
DISTRICT 5

**Finding #2:** There is NO servicing of the loans in the CDBG portfolio other than the posting of payments, mailing out Certificates of Occupancy and Payment Coupon Books. There are no default notifications or collection efforts on the part of the County, resulting in the write off of much needed money for support services

**Response:** *Disagree. To the best of its ability, the County has taken steps to send out default notices and commence collection efforts.*

**Recommendation #2:** The County must immediately begin servicing these loans and bringing them up to date by sending out notices of late payments due, opening up communication with borrowers and, if need be, beginning foreclosure as stipulated in loan agreements. Income received would more than cover administrative costs. It should be mandatory to report the status of these loans monthly to the BOS.

**Response:** *Will not be implemented. The County cannot use "income received" from servicing the CDBG loans to cover administrative costs. This would be an illegal use of the funds.*

**Finding #3:** The HRLC has no clear method to make loan decisions

**Response:** *Disagree. The CDBG program has undergone three major modifications and regulation changes from the state. The County has adopted the recently developed program income guidelines and agreements.*

**Recommendation #3:** A check list or risk assessment policy should be created to ensure the equitable decision making for future loans or amendments. Both HUD and CDBG websites, as well as written procedure manuals, must be used as required by the programs.

**Response:** *Will be implemented. A worksheet/checklist and risk assessment policy will be recommended to the County Administrative Officer.*

**Finding #4:** The HRLC has violated the Brown Act by holding email/phone call meetings as well as conference call meetings.

**Response:** *Disagree. The HRLC is not a Brown Act committee.*

**Recommendation #4:** Both the BOS and general public should review the documentation and refer violations to the District Attorney for prosecution, if warranted.

**Response:** *Will not be implemented. To report loan status in open meetings could potentially result in a privacy breach claim against the County.*

**Finding #5:** The BOS and the HRLC failed to provide the required special "Public Meetings" regarding grant funds.

**Response:** *Disagree. The County is holding the required public meetings. Public meetings were held in 2014, with one in Hayfork and one in Weaverville. There were also public meetings in 2015 and 2016.*

**Recommendation #5:** Going forward, the BOS shall ensure transparency of all County business and adhere to Federal and State laws to avoid possible prosecution.

**Response:** *Has been implemented.*

**Finding #6:** The HRLC meeting minutes indicate new Committee members should be installed with each new open Grant. Current members have been in place for at least the past ten (10) years.

**Response:** *Agree.*

**Recommendation #6:** With the exception of the County Auditor and a rotating member of the BOS, current committee members should be removed immediately and replacements found among private citizens sought via an advertisement in the Trinity Journal.

**Response:** *Requires further analysis. The County will investigate the configuration of the committee and continue to refresh the composition of the committee as volunteers come forward.*

**Finding #7:** Due to its inability to properly service the outstanding loans, the Grant Department has suspended applications for new housing/business programs since 2010.

**Response:** *Disagree. The money collected from servicing outstanding loans cannot fund County staff to allow for new housing/business loans.*

**Recommendation #7:** The BOS should make re-establishment and reorganization of the Grant Department a priority. They must budget appropriately to attract and retain qualified employees with lending, collections and grant writing experience. Additionally, in order to encourage local citizens to apply, if otherwise qualified applicants lack a particular skill, training should be provided to ensure the Department complies with state and federal lending laws, as well as HUD requirements.

**Response:** *Will not be implemented. The County does not have the financial resources to reestablish the Grant Department.*