

Housing Authority of the City of Laredo
Regular Board of Commissioners Meeting
Zoom Video Link:

<https://us02web.zoom.us/j/86950178712>

Call in Number: 1-346-248-7799

Webinar ID: 869 5017 8712

LHA Board Room
2000 San Francisco Ave.
Laredo, Texas 78040

Thursday, September 24, 2020
12:00 P.M.

NOTE: Due to recent COVID-19 health concerns, this meeting will be held by telephonic/video conferencing and the public may join via conference call number or via website provided above.

A-20-R-8

Minutes

September 24, 2020

- 1. CALL TO ORDER** Chairman Ceballos called the meeting to order at 12:06 p.m.
- 2. PLEDGE OF ALLEGIANCE** Chairman Ceballos led them in the recital of the pledge.
- 3. ROLL CALL AND DECLARATION OF QUORUM** Ms. Alma Mata, Executive Director, proceeded with roll call and stated that they have a quorum.

Commissioners Present

Jose L. Ceballos, Chairman (by zoom)
Dr. Sergio D. Garza, Vice-Chairman (by zoom)
Anita Guerra, Commissioner (by zoom)
Dr. Marisela Rodriguez, Commissioner (by zoom)
Gloria Ann Freeman, Resident Commissioner (by zoom)

Commissioners Absent

Staff Present

Alma D. Mata, Executive Director
Christy Ramos, Administrative Assistant
Robert Peña, IT Director
Melissa Ortiz, Director for Section 8 (by zoom)
Bulmaro Cruz, Interim Director for Construction Projects Department (by zoom)
Diana Cruz, Human Resources Director (by zoom)
Jessica Martinez, Resident and Community Services Director (by zoom)
Jennifer Barrientos, Finance Director (by zoom)
Ricardo De Anda, Attorney (by zoom)
Mary Gaona, LHA Consultant (by zoom)

Others Present

Rose Jaramillo

Elizabeth Alonzo

4. CITIZENS COMMENTS

This is the opportunity for visitors and guests to address the Board of Commissioners on any issue. The Board may not discuss any presented issue, nor may any action be taken on any issues at the time. There will be a 3-minute limitation per speaker. (Texas Attorney General Opinion-JC-0169)

There were none

5. DISCLOSURE OF CONFLICTS OF INTEREST FOR BOARD OF COMMISSIONERS AND STAFF

Chairman Ceballos asked if there are any disclosures that need to be made by the staff or anybody in the room. Ms. Mata stated that there were none.

6. ACTION ITEM

- A.** Presentation and discussion with possible action related to NeighborWorks Community Loan Center of Laredo Community Lending Program. This item may be discussed in Executive Session, pursuant to Section 551.071 (consultation with attorneys).

Ms. Alonzo from NeighborWorks presented to the Board and mentioned that if they go with a payday loan or car title loan, they would be talking about 400% interest which is legal in the State of Texas and stated that they have a chart that if they go to a payday loan, they have 14 to 30 days to pay back the title loan and they give them a whole year to pay the loan and employees end up paying \$120.00 in fees on a \$1,000.00 loan; if employees go to a payday loan they will end up paying about \$700.00 worth of fees in a short time and it is not optional; again she mentioned that with them they do not require any collateral; all they ask is a verification of the employee being employed for three months and stated that employees may access to other programs being offered, but theirs is something they thought it was needed in the community, especially now that more people are at home, so they really believe in this program. Commissioner Ms. Guerra asked if it would be 18% for all types of loans and to anybody that applies. Ms. Alonzo responded that it would be to anybody that applies and also that because there is no credit and no collateral it is something that is very affordable and mentioned that her staff is already applying for it because they have school children, they have expenses and because where else can they get a loan with no credit check.

Chairman Ceballos asked them what they were asking the Housing Authority as an agency to commit to or to obligate itself to. Ms. Alonzo responded that it would be a couple things: they would be asking for a memorandum of understanding and mentioned that she provided the staff with an example of it and stated that

they can also share that information and mentioned that the memorandum of understanding is basically listing who the HR person will be and an alternate for verification of employment and would also ask that Laredo Housing payroll department deducts the premium from the employee's paycheck so that when it comes around to the Community Loan Center to access the loan payment, it will all be in one lump sum from what they have deducted from the payroll. Chairman Ceballos asked if any Commissioner or staff wished to comment. Vice-Chairman Dr. Garza asked Ms. Alonzo how many other organizations are involved with them and also the success rate with this program. Ms. Alonzo responded that Rose Jaramillo is present and that they are a franchise of her and mentioned that there are other organizations and asked Ms. Jaramillo if she would like to chime in and added that they have other colleague organizations in Texas and out of state as well.

Ms. Rose Jaramillo mentioned that she works with the Community Development Corporation out of Brownsville which houses the Community Loan Center Program and stated that they are nationally recognized and mentioned that they are the Corporate Office in Brownsville, Texas and stated that they do partner in the Valley and throughout the US with many municipalities; they also do school districts and the majority of the Housing Authorities in the Rio Grande Valley, Su Clinica, Valley Aids Clinic, Port of Brownsville, Chambers of Commerce and many businesses and mentioned that the program is available to both public and private industries.

Ms. Jaramillo stated that the purpose of the program is to extend an alternative to the employees and they recognized that they can go to a bank institution or a credit institution, however, those organizations or those institutions require three things: one collateral, credit and wages; if the employee is in need, has an emergency and does not have access to those three things that the banks and the credit institutions require, they will resort to what is easiest and what is easiest will always be the creditory lenders which are the car titles, payday loans, casas de prestamo or financieras which are quick to lend out the money because the way they do it is that they take the employee's vehicle title and if the employee does not pay the money back, then the employee has to choose: to either lose the vehicle or go back to the creditory lender and say that they do not have the money and that they need to extend the loan; it is there where the creditory lenders put the employee in a vicious cycle of borrowing and extending.

Chairman Ceballos asked them if an employee decides he does not want to have its payroll deducted anymore, how would they handle it because he would think that they would have to honor the employee's request and is trying to navigate it because they do not usually do it; it is beyond their retirement package and they do not get in between the agencies and employees and asked what would happen if an employee would request to stop deducting and say that he is going to stop payment, that he is not going to participate, and the employee still owes money. Ms. Jaramillo stated that the options for the employee to pay back the loan are: the priority is through payroll deduction and the way they will collect from the

employee directly from their checking account will be upon separation, so as long as the employee is employed with the Housing Authority, the priority is to do payroll deduction. Chairman Ceballos stated that the question is when the employee requests not to deduct the amount anymore and Chairman Ceballos stated that they are obligated, as he understands although he has not seen the documents, but they would cease that payroll deduction and asked if they are saying that they are obligated to continue paying with that deduction. Ms. Jaramillo responded that in circumstances like that they ask that the employer have the employee contact their office and they will go ahead and make arrangements with the employee as far as the loan is concerned.

Chairman Ceballos stated that he does not want to have the agency be in a position they have never been in and having to navigate an individual's loan and wants to make sure that they are able as an agency to not get themselves into a legal issue with someone and mentioned that oftentimes it is not even the employee, but maybe the spouse says to stop the deduction, so they need to in a legal instrument be able to step back from it if they decide to do it and say that they are in their own and their obligation is to go talk to the Community Loan Center and the agency is off, so that they do not get into a potential legal issue with the staff member. Chairman Ceballos stated that the only other thing for the Board to know which they could talk so me about it in executive session, but they do have a retirement program that the employees can to tap into with minimum cost and is pretty quick and mentioned that there is a lot of value in this type of initiative and there is no comparison with the private sector and it will be a matter of whether they want to jump into an area the agency has not jumped into before and it is for the Board to consider it and he think that there is a way to protect the agency from getting entangled and it is even greater value in having the employees participate and also thinks that it may be wise to consider a policy that makes a distinction between this type of loan center and a private lender so that they do not run into a lender trying to do something like this and them not having a distinction and being almost compelled to do it with the private sector even though he considers this non-profit activity private sector; is not a for profit endeavor necessarily as Chairman Ceballos understands it and stated that those are the two things for the Board to kind of think through because there are some legalities they ought to discuss further in executive session, but said that there is great value to it and no comparison to Casa de Prestamos; they just need to make sure that legally they are fair and that they do not get locked themselves to having to get entangled in the event that something goes wrong.

Ms. Jaramillo stated that they would never contact the Housing Authority for collections; it will be between the loan center and the employee and stated that they are willing to do a presentation if they would gather the employees and explain to them and stated that they also have brochures about how the program works and hopefully this is something they will consider and understands their concerns; sometimes people do not want to have payroll deductions and they are in their own right; they can do that, but like every other program, they set

guidelines and it does not mean that they are not going to honor it, they have to honor it, but she thinks that with orientation and information to the employees that they know that this is a program that works in this manner that way there are no misconceptions about never been told or anything like that, so they will be more than happy to do a presentation to the employees as well if the Commissioners consider it.

Chairman Ceballos asked if there were any other questions or comments from the Board and stated that he will entertain any action the Board wants to take or if they would like to take it to executive session as well. Commissioner Dr. Rodriguez mentioned she would like to take it to executive session. Mr. De Anda mentioned that he does not see how this is an issue they can discuss in executive session because it is not a personal issue or a legal issue that he can see unless they feel that they need his legal advice on something in particular.

Chairman Ceballos stated that he does not have a problem with navigating it in public and mentioned that his question to Mr. De Anda is how they would safeguard the agency from those two things that they offer an opportunity to any lender or not, depending on the policy, so that they do not have private sector lending institutions seeking this type of participation and then adding a load of administrative work to the staff and also payroll deductions that would have to be managed which is one, the fairness and the load of work and the second one he mentioned to Mr. De Anda that he can decide if they answer it publicly or if they need to go into executive session because he sees some Commissioners that want to discuss it in executive session, so the second part is that Chairman Ceballos does not want the agency entangled and navigating between the employee and the loan center so that they do not run any sort of legal exposure from an employee potentially seeking relief from the agency if they are withdrawing funds from their paycheck and mentioned that he already expressed his comments and Mr. De Anda is fine to answer his publicly or however he would advise.

Mr. De Anda stated that if the Board is unsure as to how to respond, It would make sense for him to meet with them to see it before the Board does, so that he can be clear on what the legal exposure may be with respect to these loans and mentioned that offhand he does not see that they have any legal exposure, but agrees with Chairman Ceballos that it should be considered in depth so that they are not surprised halfway through the process. Chairman Ceballos stated that it is not the legal exposure for the loan that he is concerned for; it is the exposure to and in between the staff member and the agency so he wants to make sure that if they do not have a right to withdraw funding or withdraw a payroll deduction, that they have a legal instrument that will allow them to stop as opposed to having a grievance result and it is why he would like to maybe consider it in executive session because they could have a grievance over somebody complaining that they are unlawfully withdrawing a deduction and if there is a legal instrument between the Community Loan Center and the agency hem that would relieve Laredo Housing of that, so that at the moment the employee notifies them to stop the

deduction, they stop it and it becomes something between them and thinks that it safeguards that exposure between the employee and the agency and stated that it is not the loan he feels they are exposed to, but the relationship between the agency and the staff member. Mr. De Anda mentioned that he understands it and stated that it perhaps needs to be clarified, but understands that the payroll deduction is strictly at the employee's consent and it does not begin unless they get written notification from the employee and it can end any time the employee provides them with written notification that he or she no longer wishes to have their paychecks dot on this loan.

Chairman Ceballos asked Ms. Alonzo and Ms. Jaramillo that it is correct that the employee can cease payroll deduction at any point. Ms. Jaramillo responded that the employee does sign a consent to payroll deduct which the agency will have access to that document signed by the employee through their portal and the employee can turn around and say that he would not want it deducted from payroll, but from his checking account which are conversations the loan company will entertain with the employee directly, however, the priority is to do payroll deduction. Mr. De Anda asked that if after they have that discussion, the employee says that he would rather it be taken from his checking account instead of from his payroll, if the employee has the right for that to occur. Ms. Jaramillo confirmed and stated that if the employee contacts the office and says that he wishes to have the CLC loan amount deducted from his checking account instead of being payroll deducted, they can do that, but mentioned that she cannot stress enough the important of the priority being payroll deduction first. Mr. De Anda mentioned that he can understand that and would expect that and it is something the loan company would counsel the employees with and that the employees would do it voluntarily, but stated that his question is if they decide not to and they look at their checking account and the account is overdrawn, would the loan company have a right to say no and say they will have to continue with payroll deduction until they pay off their loan.

Ms. Jaramillo stated that the Community Loan Center program is designed to assist the community and have those conversations with the employee, understanding that it would no longer come out from your payroll, they will be withdrawing this amount from the checking account, consequently, it is the employee's responsibility to make sure that the bank checking account does carry sufficient funds for the loan company to go ahead and deduct it, but those are conversations they will have with the employee directly and it relieves the employer from that liability.

Ms. Alonzo mentioned that if the employee decides that he does not want it no more, that is when the employee and the CLC have a conversation and stated that if the employee says do not deduct, they have every right to tell the agency that because they are the employer, so they will go ahead and have a conversation with the employee to arrange for other payment arrangements, but it will be a

conversation that CLC will have with the employee and will not involve Laredo Housing Authority.

Mr. De Anda asked about the employee deciding to take it off his payroll and CLC puts it on his checking account and he defaults, if that will be an issue within CLC and the employee and will not involve the Housing Authority. Ms. Jaramillo confirmed and stated that it is like with any other lending program; it will be the risk they are taking in lending.

Chairman Ceballos thanked Ms. Alonzo and Ms. Jaramillo for their time in presenting that program which is of great value; it is just that they need to make sure their concerns are addressed and understands the priority being payroll deduction; it is just that they have not navigated with anything else beyond the agency's retirement program and child support which they are legally obligated to do and wants to make sure that they do it right and that if they actually do it, that it would be sustainable and successful.

Chairman Ceballos asked if the Board questions or comments. Commissioner Dr. Rodriguez stated that she had a question in regards to the MOU which stated to offer the program to employer's qualified employees and asked if the expectation of CLC is to force this presentation upon all employees that qualify or if it is only for those that qualify and are interested. Ms. Alonzo responded that it is optional, interested, and as far as CLC's qualifying factors, they need to be employed for three months and have a checking account, social security and an ID; it is not obligated, it is what they can say: an added benefit and if they do not need it, they do not need and it is not obligated. Commissioner Dr. Rodriguez stated that she understands and supports what they all do, but has concerns in regards to what Chairman Ceballos brought up and that basically they are not going to force employees even if they qualify; it will be an optional thing and mentioned that the MOU does not leave any leeway other than qualified employees, but she would to add that if they pursue this, to include something that is optional because she does not think the MOU has it. Ms. Alonzo mentioned that it is optional for employees to participate, that it is not obligated to participate. Ms. Jaramillo mentioned that when they offered the CLC program to the municipalities, School Districts, Housing Authorities, if there is anything they wish to add or delete from the MOU, they are willing to consider that and stated that sometimes the school districts include items that perhaps were not addressed specifically as what Commissioner Dr. Rodriguez is stating, so if they wish to add to the MOU, they are more than welcome to do so and they will certainly consider it.

Commissioner Ms. Guerra asked about other items that housing authorities and schools districts added to the MOU's. Ms. Jaramillo stated the school districts would not want to go on TV and speak about the program, stuff like that, very minimal, nothing that will really take a whole lot of effort; it is simple stuff like that. Mr. De Anda mentioned that he would be willing to go over the MOU and make sure that it complies with any legal issues they may have and one last thing

he would like to say is that anything that provides an alternative to the employees from the payday and car title loans that are out there commercially is generally a good thing because those binding laws are garbage with respect to the loans that are out there and to the interest rate and thanked them and stated that he appreciates it was on the agenda.

Commissioner Ms. Guerra asked about the other local entities in Laredo that are participating like municipalities, units of local government. Ms. Alonzo responded that they just started the program locally in Laredo and mentioned that nobody else has it and that they were just approved the license from the state; they had to go through rigorous applications even to become a franchise, but there is nobody else in Laredo and stated that they are moving forward to approach other entities as well and they just wanted to first offer it to the Housing Authority. Ms. Mata asked Ms. Alonzo if it was only available to full-time employees or if it was also available to part-time employees. Ms. Jaramillo responded that the program is available to the full-time, long-term employees; they do not consider it for the temporary employees simply because they will not be long enough with the agency to pay off the loan and mentioned that the exception to the rule as far as temporary employees is concerned; if they have an employee that has been working for six months or even 90 days and they know that this individual will be hired on a permanent basis once funds are available or the position becomes available, then that person is not technically considered temporary employee because they have plans for that employee, but if that employee is there to fill in for someone out on vacation or maternity leave, they do not consider it for temporary employees or on contract, it is for full time, long term.

Chairman Ceballos asked Ms. Jaramillo if she is at liberty to say the source for the lending funds, for the funds that are used for lending. Ms. Jaramillo stated that they were established through the Rio Grande Valley Multi Bank and mentioned that there is a total of about nine banks that pull their resources together to offer them a one-time startup loan and from there, whatever money comes in it will recycle in order to continue the lending. Chairman Ceballos asked if they expect to have lenders in Laredo to participate. Ms. Jaramillo confirmed and stated that she has her colleagues in other cities that the moment they offered it and mentioned that for their startup in Laredo they had some funds available and they are expecting and are continuously looking for other avenues to fund it because they know that once it starts they are going to be getting more money into it whether they approach the banks for CRA's or other avenues, even within the program itself; the money they are prepared right now to enter will keep it sustainable.

Chairman Ceballos asked if the Board still want to entertain it in executive session or if they are fine with the responses they got from the attorney. Commissioner Ms. Freeman stated that she had a question for Ms. Alonzo or Ms. Jaramillo is they are the net workers in Oscar Lechuga lender locally. Ms. Alonzo mentioned that

Oscar Lechuga is from her staff and is the Finance Manager who will be in charge of this program at the office.

Chairman Ceballos asked the Board if they were satisfied with the discussion or if they needed additional attorney consultation or if they would entertain action. Vice-Chairman Dr. Garza stated that he is fine with it. Commissioner Ms. Freeman stated that she is fine with it. Commissioner Dr. Rodriguez stated that she is ok with it, but would like for Mr. De Anda to review it on a legal stand point with the concerns they brought up. Commissioner Ms. Guerra stated that she agrees with Commissioner Dr. Rodriguez. Chairman Ceballos asked if Commissioner Dr. Rodriguez would like to make it into a motion. Commissioner Dr. Rodriguez asked if Chairman Ceballos wanted the motion to include proceeding forward with it or just to review. Chairman Ceballos stated to review it and to bring it back, addressing the items they discussed. Mr. De Anda mentioned that they can do an alternative to that, pass it subject to his review and that will give him a chance to sit down with Elizabeth and work out any issues they may have and he will report back to the Board, so those are the two alternatives they have or they can just set it for the next meeting and he can bring it back after he reviews it with Elizabeth. Chairman Ceballos asked Commissioner Dr. Rodriguez how she would like to proceed. Commissioner Dr. Rodriguez stated that she is fine with proceeding forward, but subject to review by legal and if there is any legal concerns, to be brought back to discussion. Chairman Ceballos asked if Commissioner Dr. Rodriguez wanted to make it into a motion.

Commissioner Dr. Rodriguez moved to move forward and work on a MOU with NeighborWorks, but contingent upon legal review and if legal says it is good to go, then she would rely on legal's approval; otherwise, they will bring it back at the next Board meeting. Chairman Ceballos seconded the motion and would like to clarified two things that legal needs to work out: the immediate termination of payroll deduction, hoping Commissioner Dr. Rodriguez agrees with it, once they get an employee requesting that he will no longer participate once they receive notice and No. 2: that they address any legal issues pertaining to offering this partnership opportunity to a non-profit venture as opposed to a for profit lender because he would not want to get into a pickle with our local banks wanting to do payroll deduction when they have not provided an opportunity to do that competitively and mentioned that he will support the motion with those two legal issues being addressed, if Commissioner Dr. Rodriguez would accept the amendment. Commissioner Dr. Rodriguez confirmed and stated that the other part she had mentioned too; not being obligated even if the employees qualify, it is really their terms whether they want to proceed with it or not and they are not going to force it upon the employees.

Chairman Ceballos advised Mr. De Anda that he has three legal issues and as a point to Mr. De Anda because he heard Mr. De Anda say that it is a great program, which he agrees that it is a good alternative, but they need to navigate the opportunity aspect of it clearly because the agency has never done this on a payroll

deduction, whether it is a great program or not, legally they have to make certain that they do not get themselves into a problem with a local lender that may pursue something similar and mentioned to Ms. Alonzo that if she gets some local lenders on board, which she probably will, it would be a great thing and stated that it addresses that question of how distinct this program is from others. Chairman Ceballos stated that it has been moved and seconded and asked if there was any addition. Commissioner Dr. Rodriguez stated that to be honest she thinks that they need legal to review and that part of her feels comfortable with it, but the other part does not and thinks that there are still a lot of questions and rescinds that they not necessarily proceed with the signing of the MOU, but definitely keep the MOU for legal review and for legal to bring it back to the table at the next Commissioners meeting or whenever they are ready to present it. Chairman Ceballos stated that he would second it and asked if there was any additional discussion.

Commissioner Ms. Guerra stated that she would like for Mr. De Anda to bring it back to the Board at the next meeting, so that it just does not linger on and mentioned that she does not when the next meeting will be. Chairman Ceballos stated that they are doing two meetings per month, so if they get it within 30 days, they will still be in good shape and mentioned that they will have a meeting in two weeks and then another following one, the way they have been doing it. Commissioner Ms. Guerra stated that she thinks Mr. De Anda has time to work it out with both ladies to look at it and address Commissioner Dr. Rodriguez' concerns for the next meeting, that way it does not become a thing that carries over from meeting to meeting. Mr. De Anda stated that he will make sure that happens. Chairman Ceballos stated that it has been moved and seconded and stated that motion passed.

Commissioner Dr. Rodriguez moved to approve item 6A as discussed.

Chairman Jose Ceballos seconded the motion.

Motion passed unanimously.

Chairman Ceballos thanked Ms. Alonzo and Ms. Jaramillo for their presentation.

- B.** Discussion and possible action related to the performance and annual evaluation of the Executive Director. This item may be discussed in Executive Session, pursuant to Section 551.74 (personnel matters).

Chairman Ceballos moved to go into executive session to take this item and they will start with the Board and the Attorney, and if needed they will contact Ms. Mata to join them.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

Commissioners went into executive session at 12:55 p.m.

Commissioners reconvened from executive session at 2:00 p.m.

7. EXECUTIVE SESSION IN ACCORDANCE WITH THE TEXAS GOVERNMENT CODE.

The Board of Commissioners for the Housing Authority of the City of Laredo reserve the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed on the posted agenda, above, as authorized by the Texas Government Code, including Sections 551.071 (consultation with attorneys), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), 551.074 (personnel matters), 551.076 (deliberations about security devices) and 551.086 (economic development).

8. ACTION ON ANY EXECUTIVE SESSION ITEM

Chairman Ceballos stated that in reference to item 6B Discussion and possible action related to the performance and annual evaluation of the Executive Director, Chairman Ceballos moved that action be taken as indicated in executive session.

Commissioner Dr. Rodriguez seconded the motion.

Motion passed unanimously.

9. ADJOURNMENT

Chairman Ceballos moved to adjourn the meeting.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

Meeting adjourned at 2:02 p.m.



Jose L. Ceballos, Chairman



Alma D. Mata, Executive Director