

Housing Authority of the City of Laredo

ANNUAL

2000 San Francisco Ave.

Laredo, Texas 78040

Wednesday, February 15, 2017

11:00 a.m.

A-17-R-2

Minutes

February 15, 2017

1. **CALL TO ORDER** Chairman Ceballos called the meeting to order at 11:30 a.m.
2. **PLEDGE OF ALLEGIANCE** Jennifer Barrientos, LHA Interim Section 8 Administrator, lead them in the recital of the pledge.
3. **ROLL CALL AND DECLARATION OF QUORUM**

Commissioners Present

Jose L. Ceballos, Chairman
Dr. Sergio Garza, Vice-Chairman
Gina Magallanes, Commissioner
Dr. Marisela Rodriguez, Commissioner

Commissioners Absent

Staff Present

Melissa Ortiz, Acting/Interim Executive Director
Christy Ramos, Administrative Assistant
Alma Mata, Administrative Assistant
Eduardo Garcia, Director of Housing Management
Frank Lopez, Procurement Officer
Jennifer Barrientos, Interim Section 8 Administrator
Maria Hernandez, Assistant Director of Public Housing
Cesar Vasquez, Human Resources Manager
Roberto Pena, IT Coordinator
Mauricio Del Barrio, Director of Finance
Jose Collazo, Resident Initiative Coordinator
Bulmaro Cruz, Director of Modernization and Development
Alfonso Trevino, CFP Coordinator
Julia Orduña, Planning & Community Affairs Specialist
Mario Jasso, Consultant
Doug Poneck, Attorney
Ricardo De Anda, Attorney

Others Present

Miriam Villarreal, Central Resident Council
Elizabeth Alonzo, NeighborWorks Laredo
Adriana Vasquez, NeighborWorks Laredo
Eli Mendoza, Garza Gonzalez & Associates

4. CHAIRMAN'S ANNUAL REPORT

See attached transcript of Chairman Annual Report.

Vice-Chairman Dr. Garza thanked Chairman Ceballos for being a great leader and help. He tells people that he is on this Board with Jose Ceballos. He states that it's very difficult especially now that we have a new leader at national level. He mentioned that Chairman Ceballos does a lot for the Housing and the City of Laredo; he does a lot and people don't know that.

Commissioner Dr. Rodriguez added that when she meet Mr. Ceballos, he is a true public servant and she doesn't think a lot of people recognize a lot of the volunteer work, a lot of the stuff he does is free of charge because he is very adamant about helping our community, so it's highly respected for the free services he gives. He is a very inspirational public servant. She thanked Chairman Ceballos for being a true leader during these troubled times.

Chairman Ceballos thanked them for the comments.

5. NOMINATION AND ELECTION OF OFFICERS

**Chairman Ceballos entertained a motion for nominations for Chairman.
Vice-Chairman Dr. Garza moved to nominate Jose L. Ceballos for Chairman.
Commissioner Dr. Rodriguez seconded the motion.
Motion passed unanimously.**

**Chairman Ceballos entertained a motion for nominations for Vice-Chairman.
Dr. Rodriguez moved to nominate Dr. Sergio Garza for Vice Chairman.
Commissioner Magallanes seconded the motion.
Motion passed unanimously.**

6. 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 this time. There will be a 3-minute limitation per speaker. (Texas Attorney General Opinion-JC-0169)

No Comments.

7. APPROVAL OF MINUTES

A. Approval of minutes for Board of Commissioners meeting on January 13, 2017.

Chairman Ceballos stated that there are 21 pages for the record.

**Chairman Ceballos motioned to approve minutes as presented.
Commissioner Dr. Rodriguez seconded the motion.
Motion passed unanimously.**

8. PRESENTATION BY CENTRAL RESIDENT COUNCIL

Chairman Ceballos stated that the Central Resident Council has never missed a meeting and thank them for it. Even though, at times they may not have anything to present it insures that there is communication.

Ms. Villarreal stated that the Central Resident Council would be holding elections on March 10 for new officers. She also stated that they are preparing for el Dia del Niño event that will take place in April.

Vice-Chairman Dr. Garza asked what they are going to be having for el Día del Niño event.

Ms. Villarreal responded they will have different organizations and institutions presenting and providing entertainment for the kids.

Chairman Ceballos asked how the residents feel about Russell Terrace.

Ms. Villarreal stated that some residents agree and some disagree.

Chairman Ceballos replied that he always asks Ms. Magallanes on how the residents feel and stated that they are going to benefit from this in the long run. He stated that if they would like to discuss anything they can always bring the item to the Board.

9. PRESENTATIONS (No Action to be taken)

Chairman Ceballos moved to move up Item 10B on the agenda.

He stated for the record that the proponent is a long term client of his and is going to abstain on this item and asked Vice-Chairman Dr. Garza lead the discussion.

**Commissioner Dr. Rodriguez seconded the motion.
Motion passed unanimously.**

Ms. Ortiz explained to the Board of Commissioners that there was only one proposal submitted which was NeighborWorks Laredo. They are requesting that 22 of their Adalberto "Beto" Nava Apartment Complex units be project-based. She stated that they are 22 new construction units located in East Laredo.

Vice-Chairman Dr. Garza asked if these are the ones close to 359 by the Student Activity Center.

Ms. Ortiz stated NeighborWorks is requesting 22 units be Project Based, but there's a limit.

Vice-Chairman Dr. Garza stated the limit is 25%.

Ms. Ortiz confirmed the 25% limit and stated that of the 22 units being requested only 5 were eligible for Project-Based Vouchers, based on the rule.

Ms. Elizabeth Alonzo-Villarreal, CEO of NeighborWorks Laredo, thanked the Board for providing NeighborWorks Laredo the opportunity to apply for these project-based vouchers. She stated that they have just constructed the 22 units. They are being occupied and they do have some tenants moving in that are not project-based. In that area, there are a total of 33 units. She stated that when she submitted her application, she requested for the 22 new, but there are 11 additional units all together in that same area. They are brand new units. She states that they do want to offer them to the community and to the Housing Authority also. They submitted a lengthy application and if the Commissioners have any questions, she would be more than happy to answer.

Vice-Chairman Dr. Garza asked where exactly the new 11 units are.

Ms. Alonzo replied that they are on 107 Emerald Valley. She explained that at the Chick-fil-A on Loop 20, you turn right, you have to travel on the loop get off on 359, turn around and come back you're going to hit a Valero and they are in the back.

Ms. Alonzo supplied Vice-Chairman Dr. Garza with some pictures of the complex.

Vice-Chairman Dr. Garza asked if he could get more of a description of the bathroom.

Ms. Alonzo stated that there are 4 one-bedroom units, two of which are ADA compliant. There are 16 two-story, two-bedroom units with a small backyard, with the bedrooms on the upper level, two bathrooms upstairs and a half-bath downstairs.

Vice-Chairman Dr. Garza asked Ms. Alonzo to describe the complete bathroom and if the bathroom contained everything.

Ms. Alonzo stated that the bathrooms do contain everything. She stated that there are cabinets for the vanity set, the mirror, there is storage on the outside for towels adjacent to the bedroom.

Ms. Alonzo stated that the one-bedroom unit only has one bathroom; however, they are ADA compliant where a wheelchair can fit.

Vice-Chairman Dr. Garza asked if there are any residents living in the complex that are in need of these compliances.

Ms. Alonzo stated that there weren't at the moment.

Vice-Chairman Dr. Garza asked what the Fair Market Rent was in the complex.

Ms. Alonzo stated that the one-bedroom are \$725, the two-bedroom are \$925, and the three-bedroom are \$1100.

Vice-Chairman Dr. Garza asked how many three-bedroom units were in the complex.

Ms. Alonzo stated that there were two.

Vice-Chairman Dr. Garza asked for the square footage of the units.

Ms. Alonzo stated that the two-bedrooms are 1,213 sqft. She stated that the three-bedrooms were also large and the one-bedrooms were a little smaller.

Vice-Chairman Dr. Garza asked if the three-bedrooms were also 1,213 sqft.

Ms. Alonzo confirmed and added that the bedrooms are just a little smaller to accommodate for the extra room. The one-bedrooms are 860 sq. ft. She added that there is a private, grassed, fenced-in area in the back, ceiling fans, a/c units, and appliances are included.

Commissioner Dr. Rodriguez asked if the 11 additional units were two-bedrooms.

Ms. Alonzo confirmed and added that they are the same as the new units.

Vice-Chairman Dr. Garza asked why the additional 11 units were not submitted with the initial application.

Ms. Alonzo stated that they were going back and forth with staff during the initial application. She stated that there was duplication and it was a little confusing.

Vice-Chairman Dr. Garza asked what was confusing about the solicitation.

Ms. Alonzo stated the tabs and the attachments were mislabeled. The instructions stated that the tabs were A-H but in turn referred to them as 1-5 and 1-10. They asked staff after the submission if there was anything else they might need to provide for the submission.

Vice-Chairman Dr. Garza asked Ms. Ortiz if applicants to solicitations can call to ask for clarification of the information.

Ms. Ortiz stated that they can.

Ms. Alonzo stated that the LHA staff was helpful after speaking to them.

Vice-Chairman Dr. Garza asked if the clarification was made after all.

Ms. Alonzo stated that yes; Mr. Lopez and Mr. Cruz did help.

Vice-Chairman Dr. Garza stated that based on the application of 22 units, the number of units at 25% would be 5. He asked if there were any other questions from the Commissioners.

Commissioner Dr. Rodriguez asked if what was being awarded was the total number of vouchers. She also asked, if there was a time frame in which it would be possible for them to apply for more.

Ms. Ortiz stated that she could only apply if they did another proposal. Right now, it would be 25% of the 22 units.

Vice-Chairman Dr. Garza asked Ms. Alonzo what she would like to do.

Ms. Alonzo stated that she would like to include the additional 11 units. However, if it was not possible, then the 22 would be good.

Vice-Chairman Dr. Garza asked if the rent would come down for the 5 particular units.

Ms. Alonzo confirmed.

Vice-Chairman Dr. Garza asked how long the contract would be.

Ms. Ortiz stated that it would be a 1 year contract and it can go up to 15 years.

Vice-Chairman Dr. Garza stated that he feels that since the application was submitted for 22 units, then that is what the award should reflect.

Commissioner Dr. Rodriguez does not think that they can negotiate the number.

Attorney Doug Poneck stated that staff said that is the number.

Vice-Chairman Dr. Garza entertained a motion to award Ms. Alonzo's project 5 PBVs for 1 year.

Commissioner Dr. Rodriguez moved to award Neighborworks 5 Project Based Vouchers for 1 year.

Commissioner Magallanes seconded the motion.

Motion passed.
Chairman Ceballos abstained.

Jennifer Barrientos, Interim Section 8 Administrator, stated that there is a condition when they do go into an agreement with NeighborWorks that there has to be an Environmental Review on the property and a Subsidy Layering Review.

Vice-Chairman Dr. Garza asked legal if they are awarding the vouchers on the condition of the two reviews.

Attorney Poneck stated that because the proposal process stipulates those are conditions for approval, the motion should be fine.

Vice-Chairman Dr. Garza asked Ms. Alonzo if she understands the conditions.

Ms. Alonzo confirmed.

- A. Presentation of the Housing Authority of the City of Laredo Audited Financial Statement for Fiscal Year Ending 03-31-2016, by Garza/Gonzalez & Associates.

Chairman Ceballos moved to take Item 9A along with an action item that relates to that which is Item 10H. He stated that it is technically a presentation with possible action.

Commissioner Dr. Rodriguez seconded the motion.

Motion passed unanimously.

Mr. Eli Mendoza stated that he is a partner at Garza/Gonzalez and Associates and Jason Hyde was LHA's audit manager and was present on a daily basis as the audit was being conducted. He stated that the Board had been presented with an audit summary and that they will be presenting and basically highlighting the results of the audit.

Mr. Mendoza stated that this audit is of the financial statements of the Laredo Housing Authority for the year ending March 31, 2016. He thanked the Board for selecting their firm and stated that they are rendering an unmodified opinion. He stated that this opinion is a standard opinion but it is the type of opinion that you want to receive as an audited organization. He stated that this means they have reviewed the financial statements that management has prepared and in their opinion based on our audit procedures and standards we feel that those financial statements are free of material mistakes or errors in those numbers. He stated that in addition to the report on the basic financial statements, they are also required to present reports on internal controls and on compliance. He stated that those opinions and reports are presented on pages 60 and 61. He stated that there were two significant deficiencies notes in that report. He stated that one of the deficiencies was financial reporting. He

stated that improvements are needed in a financial reporting process which includes utilizing the general ledger as a basis for reporting. He stated that the other deficiency was Capital Assets. There needs to be a physical inventory and they are recommending changes in policy. Mr. Mendoza stated that they had other comments and recommendations that were reported in a separate letter. He stated that these findings deal with the overall financial statements.

Mr. Mendoza stated that as far as the compliance in the major programs based on the government auditing standards that they are required to follow, they select programs that are administered. This year they selected the Section 8 Housing Choice Voucher Program to audit. He stated that they found a material weakness and it related to eligibility. He stated that it was approximately \$51,000 in cost and it was due to ineligible participants being admitted into the program and incorrect payment standards were being applied.

Vice-Chairman Dr. Garza asked what the cost was.

Mr. Mendoza responded it was a little bit over \$51,000 as stated in the report on page 73.

Vice-Chairman Dr. Garza asked if those were over payments by the tenants.

Mr. Hyde responded no, that those were overpayments in HAP to the landlord.

Mr. Mendoza stated that along with each of these findings there has been corrective action that has already taken place and in the report there is a statement of planned corrective action with each finding. He stated that since this report has already been submitted to HUD he believes that staff has already taken action.

Ms. Ortiz stated that for the Section 8 findings they have contacted HUD at least three times via email and it is documented where they addressed this issue and at this point HUD does not see it necessary for the agency to return those funds. They spoke about terminating the contracts with those ineligible participants and where the payment standards were applied incorrectly. HUD advised that it was a PHA error and LHA would have to absorb the cost and the families would remain. She stated that the matter is being entertained with legal counsel because those participants will not likely be renewed when their contracts expire but, they would receive notice 60 days prior to the termination.

Chairman Ceballos stated that he asked Ms. Ortiz to provide the Board with the findings and the corrective action as it relates.

Ms. Ortiz stated that it is located in section 10H of their packets.

Chairman Ceballos asked if an email from HUD with guidance was sufficient for Mr. Mendoza to documents that the finding had been addressed.

Mr. Mendoza stated that the agency will likely receive a more formal letter at a later time addressing the issues of the report. He stated that it was good that staff had taken the time to get a head start at resolving the issue.

Chairman Ceballos stated that he just wants to make sure that they have a document that suffices. He stated that he is looking at his track record along with that of the other commissioners and they don't want a finding on this matter and learning what their firm will accept to clear any findings in the future would be good. He stated that hopefully there are not any new ones and he thinks that will probably be the case.

Mr. Mendoza stated that when they found this issue of noncompliance they immediately communicated that and there was a subsequent review that was done by the agency.

Ms. Ortiz stated that they did an internal review from April to November 2016 and found a few more of those issues and those were addressed.

Mr. Mendoza stated that the audit is for the year ending March 31, 2016 and what Ms. Ortiz is saying is that they took the auditors comments and continued to review to this past year. He stated that it is great that they are taking the initiative and continue to monitor and taking the actions necessary to prevent those from recurring.

Mr. Mendoza stated that they had another significant finding having to do with the Payment in Lieu of Taxes (PILOT). He stated that it was brought to their attention that sometime in the past, the HA had ceased to make payments to the entities that were to receive these funds. He stated that apparently that decision had been made by prior administrations and their concern was whether or not the proper approvals were obtained from HUD. He stated that management has looked for that documentation and information and it is an issue that is in progress. He stated that it is a significant amount of money that is involved, and he is aware that it is one of the concerns of the Board to address this. He stated that they are talking about a little over \$1.7M and most of it pretty much relates to prior years.

Chairman Ceballos stated that this needs to be settled before the fiscal year ends because it will make their tenure report next year if it isn't cleared. He stated that he is aware that Ms. Ortiz has had discussions with HUD, but they need to make sure, and being that they are almost at the end of the fiscal year, maybe they need to do this face to face with HUD to get a quicker resolution. He stated that he does not want to get to the end of the fiscal year and have it unaddressed or without guidance from HUD. He stated that he knows there has

been legal work done on this topic and extensive legal research. He stated that part of the problem was that some of the records are not readily available here at the Housing Authority and that HUD doesn't have a lot of these dealings with PILOT according to their letter. He stated that it would be good to complete the work before the end of the fiscal year so that you are able to close out this fiscal year with some certainty either way.

Mr. Mendoza stated that they agreed with that because it is a significant amount of money. He stated that currently, that money is being held by one of the PFCs and in order to be able to use that money, the HA would want to resolve this issue as soon as possible.

Chairman Ceballos stated that they have had meetings with the school district and he is aware that there is an agreement with the City of Laredo already in place. He stated that this money is being considered for funding the Russell Terrace Revitalization project so it is important that we get to a resolution on it with HUD. He stated that it is really about HUD giving them the guidance.

Chairman Ceballos asked if he is representing everything accurately.

Mr. Hyde responded yes. He stated that the challenge for the organization was just getting the proper agreement to be confirmed. He stated that without going into too much detail, he does think that with the discussion Ms. Ortiz has been having with the HUD regional office, he thinks this is going to bring this matter to a conclusion, hopefully timely. He stated that there are some additional approvals that may be required of the taxing entities so that we have specific agreements with each of them as to how we might agree to use the PILOT money. He stated that it would have to happen rather quickly in order to meet the deadlines. He stated that he understands that, the clarification from HUD should be happening in short.

Chairman Ceballos asked what the timeframe was for that.

Ms. Ortiz responded approximately two weeks.

Attorney De Anda stated, that to be clear the issue is a specific PILOT agreement dated 2012. He stated that any changes to PILOT agreements must be approved by HUD. He stated that when the auditors raised the issue, LHA could not find any documentation that the agency had received authority from HUD to amend the PILOT agreement to the 2012 agreement which authorizes the agency to use the funds the way they are using them. What they are asking is that HUD approve the agreement that they believe has already been approved but there just is no documentation to back it up. He stated that there is no legal issue that they see as to how the money is being deposited. It is being deposited to an account that LHA controls and has not been spent, so it

isn't a legal issue; it is a matter of the law requiring that the agency get HUD approval for any changes in the PILOT agreements.

Chairman Ceballos asked if that was correct.

Mr. Mendoza stated that is one of the issues, but, from their prospective the audit report has already been submitted to HUD and sooner or later they are the ones that are going to decide what you need to do basically.

Chairman Ceballos replied correct, whether it is a combined agreement, separate agreement, or not agreement.

Ms. Ortiz stated that the 2016 funds are sitting as a payable and 2017 is coming up soon.

Mr. Mendoza stated that it has to be addressed sooner or later and hopefully its sooner.

Mr. Mendoza stated that on page 2 they made some more notations regarding the highlights of the financial statements. He stated that these financial statements include the River Bank Village as a component unit, meaning there is a separate column on the financial statement presenting the assets, liabilities, and revenues and expenses of that housing project in addition to that, there are some highlights there. He stated that the bottom line is that the agency is better off financially, approximately \$1 million the year ending March 31, 2016 compared to the year before. He stated the bulk of that, \$649,000, coming from Public Housing. He stated that it is good news financially.

Chairman Ceballos asked if that included a PILOT portion of it.

Mr. Hyde stated yes, that it came from the current year portion that they earned.

Mr. Mendoza stated that they have other comments that they are required to communicate to the Board and those could be found on page 3. He stated that on page 4, they did some additional work, and Mr. Hyde would cover that.

Mr. Hyde stated that page 3 of the Report of Conduct of Audit is a letter to management that their standards require that they discuss certain things as far as difficulties encountered, significant estimates used in the financial statement preparations, and adjustments the were made or not made. He stated that this is for the year ending March 31, 2016 and they did not go past or before the fiscal year. He noted that there were no difficulties encountered with management. He stated that everything that they asked for they were provided and they did not try to limit them in any way. He stated that they did not propose any significant audit adjustments other than some reclassifications for

reporting purposes and they did have a couple of uncorrected statements that they will see there for the amount of \$76,000 and one for \$79,000 and those are adjustments that they identify but they can be fixed the following year because they are not material.

Chairman Ceballos stated that during the meeting he had with them, Mr. Hyde stated that we were not doing adjustment entries at the time that they occurred and they made that recommendation. He asked if this was related to this.

Mr. Hyde stated that it is really related to the finding in the audit report.

Chairman Ceballos asked if his recommendation is that entries be done when they occur and not at the end of the fiscal year.

Mr. Hyde stated that it was a matter of what'd being reported to HUD does not match with what is in the books. He stated that the one he thinks that Mr. Ceballos is taking about is the Capital Fund Program, which is on a cumulative basis, but staff prepares a spreadsheet to convert it into a report instead of recording it in the GL as it happens.

Chairman Ceballos stated that he is glad they picked up on that issue because we know we have some inefficiency in how we carry CFP. He stated we carry out payroll as opposed to it being deliverable based on where they are not setting benchmarks or milestones. He stated you may have a project that goes for 8 months but you are not delivering it through milestones. He stated that they keep it open and they are running payroll. He stated that at times they run out of payroll money and still have work to do and then they roll into another grant. He stated that there is a management discussion too where there needs to be some management scoring.

Chairman Ceballos asked how they addressed the issue of running a separate worksheet that really isn't tying in real time with the capital fund expensing reported to HUD.

Mr. Hyde stated that they are asset accounts. He stated that they are really doing grant accounting on their books, but then they convert it at year end for reporting purposes so they can't give you an income statement or the changes to FDS throughout the year unless they analyze all those accounts and see what changed.

Chairman Ceballos asked what they will need to do to address it based on corrective action.

Ms. Ortiz stated that they would need to put them correctly on the revenue and expense account.

Mr. Hyde stated that he will sit with them and he is familiar with how other authorities handle it.

Mr. Mendoza stated that the general ledger should be the basis for the financial reports. He stated that having another worksheet is not generally an accepted accounting principal.

Mr. Hyde stated that this report also allows for them to report recommendations that are important, but less significant and not necessary to go into the audit report. He stated that there were 4 recommendations related to federal compliance as follows: Section 8 Administrative Plan, Lead Based Paint form, Procurement, and Section 8 Rent Reasonableness forms.

Mr. Mendoza stated that on procurement he would like to emphasize that they looked at biddings and different contracts that were awarded during this fiscal year. He stated that if the Board would like to go back and review contracts that were awarded a previous year, they can do that if they would like.

Chairman Ceballos stated that the contracts mentioned before have been looked at by legal so they have identified some that are potential concerns but the agency will let them know if there is a need for further review.

Mr. Hyde stated that they also had three other comments related to general payroll controls, journal entry process, and a transfer between housing authority corporations that we didn't find evidence that the Board approved.

Attorney De Anda asked if these were instances of 2015, for example where it is cited that there were repetitive purchases in Procurement.

Mr. Hyde responded yes, these happened in fiscal year end 2016 throughout the year, and they could have been bid out.

Mr. Hyde stated that on page 4 there were additional procedures they looked at. He stated that they looked at Laredo Housing Facilities and Laredo Housing Opportunities to determine the source of funds that had been transferred into those corporations and basically what we are saying here is that aside from the PILOT, is that they are local sources of funding based on HUD regulations. He stated there is for Facilities Corporation about \$5.4M transferred but the balance in cash on March 31, 2016 was \$4.6M, for Development Corporation there is \$1.7M transferred and \$1.6M cash, and Opportunities Corporation there is \$2.3M transferred and \$476,000 cash, and the PILOT which we have discussed.

Chairman Ceballos asked if any Farm Labor work had been sampled at all.

Mr. Hyde responded that not as far as compliance.

Chairman Ceballos stated that they are doing some work in terms on compliance and it is on the agenda.

Attorney Poneck stated that 9 out of the 12 months reviewed occurred in December 2015 and prior. He stated there was a transition in Boards and Administration post that date in the midst of their review. He stated that the issues you reviewed he assumed are the kind of issues that prior firms would have reviewed or ought to be looking at conceptually. He stated that prior audits did not reveal, this but he is just curious as to if they have an opinion on this.

Mr. Mendoza stated that he cannot make a comment on the work of other firms, but that in their firm they take their responsibility very seriously and they don't go through things very fast and make sure they perform the audit procedures. He stated that why those issues were not detected, well he cannot address that but he stated they rely on management and the agency staff was very cooperative. He stated that this being the first time auditing they took a lot of time with staff and normally they will have comments following another firm.

Chairman Ceballos moved to approve the independent audit as presented.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

Dr. Rodriguez requested that an item be added to the April agenda to update Board on the significant deficiencies.

Vice-Chairman Dr. Garza moved to enter into Executive Session.

Chairman Ceballos stated they will be entertaining items 11A, 11B, 11C, and 11D in Executive Session.

Commissioner Dr. Rodriguez seconded the motion.

Motion passed unanimously.

Chairman Ceballos called all Board of Commissioners, Attorney Doug Poneck, Attorney Ricardo De Anda, and Acting/Interim Executive Director Ms. Ortiz to enter into Executive Session.

Board entered into Executive Session at 12:50 p.m.

Board returned from Executive Session at 2:09 p.m.

No action was taken in Executive Session on items 11A, 11B, 11C and 11D.

Chairman Ceballos moved to approve that our legal team act as instructed in Executive Session waving attorney/client privilege on the matters specifically discussed in Executive Session.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

B. Acting/Interim Executive Director's Report.

1. Overall Monthly Report.
2. Presentation of Unaudited Financials for the month of December 2016.
3. Presentation and status of Farm Labor occupancy and outreach.
4. Presentation of time management system biometric timeclocks and associated software/hardware.
5. Update on South Laredo Playground project status.
6. Update of Casa Verde Apartments and Russell Terrace Reconstruction Projects.

Chairman Ceballos asked the Board to accept B1, B2, B3, B4, B5, and B6.

Chairman Ceballos asked Ms. Ortiz what item she will be giving a brief update. He does want to hear on Casa Verde.

Melissa Ortiz stated that Casa Verde submitted construction draw number 3 to TDHCA on February 8 and the total of the construction draw was \$172,417.23 which brings the total to \$344,490.82. The building permits were issued and she stated that pad 8 has already been done. The rough-in is complete for that pad. They are almost done with the plumbing work. They have scheduled weekly calls for the tax credit with the investor Hudson and Compass next week.

Chairman Ceballos asked to take them to the closing.

Ms. Ortiz replied yes.

Ms. Ortiz stated that the PCA had been completed for Russell Terrace. The Physical Needs Assessment was completed in January, the Financing Plan was submitted on January 30, 2017 and the Environmental Review was also completed by HUD for the final step on February 9. She stated that it was uploaded as well, to the RAD resource desk and they have had transaction manager calls almost on weekly basis. She stated that there have been 3 revisions to the RAD notice and two more components have been added. The components are resident concerns and title insurance which will be brought to the Board for a later approval that could amount between \$30-50 thousand for Russell Terrace. She also stated they took BBVA on a tour of Russell Terrace on January 30. They were very impressed on how it looked right now. They hired a Relocation Specialist to help with the transition of the families. They are working on a release form from the residents to be able give LISD their information so

they may make contact with them. She also stated that there had been two Russell Terrace resident meetings on January 18, 2017 and February 8, 2017 to keep informing the residents on what is happening.

Ms. Ortiz would like to thank the people involved in Russell Terrace (Bulmaro, Alma, Mario, Ms. De la Rosa, Mr. Collazo, Mr. Ceballos, the Development team, and Doug) in submitting the Financing Plan. She said it was a lot of work.

Chairman Ceballos thanked Ms. Ortiz very much. He asked when they might be getting the Financing Plan approval.

Ms. Ortiz stated that they are shooting for March 9.

Chairman Ceballos said that March 9 is very close to March 10, which is the deadline.

Bulmaro Cruz stated that Mr. Solomon mentioned that they need something in writing. He stated that the RCC letter will work.

Chairman Ceballos stated that it sounds positive. He stated that what will happen when the Financing Plan is approved is that Casa Verde will then transition to investor financing. The agency is up fronting the construction so then the tax credit financing will fall into place. Then they can start the closing of Russell Terrace and empty some units.

Chairman Ceballos said he's curious on the biometric item B4.

Robert Peña, IT Coordinator, stated that this is a project that would be located in each location. Employees would clock in with their fingerprints. These clocks are bilingual and are seconds accurate. The managers will be able to log in and check on their employees from their computer. They don't have to be wasting time waiting to receive time sheets from Finance. They waste about a day to return them back to Finance. This software will help the agency save money, time, and more or less about 1 1/2 days of work amounting to roughly about \$14,000 dollars a year. He also stated that he would bring a presentation next month.

Ms. Ortiz stated that at the moment they do have a lot of manual key ins. Finance always has to key in.

Chairman Ceballos asked how much the software costs.

Robert Peña stated \$32,000.00.

Chairman Ceballos asked if the South Laredo playground is going in order.

Ms. Ortiz replied that the estimated completion date is the end of this month.

Chairman Ceballos asked if Mr. Collazo is happy with the playground.

Mr. Collazo said yes.

10. ACTION ITEMS

- A. Discussion and possible action to enter into a service agreement with Volunteers Serving the Need, a non-profit organization which serves Veterans, to assist in collecting housing and living conditions information from Veterans, including those at-risk of homelessness. The term of the agreement is 30 days and the cost is \$1,500.

Chairman Ceballos stated that the Point In Time Count was conducted in January. This organization sees between 4-500 Veterans that are probably in some sort of economic hardship conditions. He states that they try to count homeless there and include them, but the reality is that they are really hard to find. This feeds back to making requests to HUD for more VASH vouchers, they will train them to do a survey and come back with an evaluation of the homeless people they are serving, but maybe there is an at-risk category. The Director there will dedicate staff to conduct the count and the agency is essentially compensating them for 30 days for this effort. LHA will use this information to solicit more vouchers when the program opens up. LHA should have at least one opportunity annually, if not more, to solicit for VASH vouchers. The City also makes a trip up and could use this information. HUD has changed the way they count the homeless so they don't ask for the at-risk number anymore. He stated that for him, it underrepresents the count. It is important to track that and it is important to be onsite when people come in to pick up their bags, and this is the agreement. He stated that it is not an MOU necessarily, but more of a service agreement on the title, so they can make the change. He asked for Attorney Poneck to look it over and suggest any corrections. He knows that there needs to be an exchange of services in order to pay. He stated that it establishes a public purpose. He just wants to make sure they get trained for the survey.

Attorney Poneck said that they are getting the value of the reporting. It does not matter if it is a Memorandum of Understanding or Service Agreement.

Chairman Ceballos moved to approve Item 10A.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

- B. Discussion and possible action to award Project-Based Vouchers as per RFP LHA2016_1225_1 based on evaluation results.
- C. Discussion and possible action to award RFQ Architectural/Engineering Design Services LHA 2016_1218_2, for Russell Terrace Revitalization Project and the

Senior Citizen's Home Repairs Project, and authorize the Acting/Interim Executive Director to negotiate terms with firm(s) selected and return for contract approval from the Board of Commissioners.

No action taken.

- D. Discussion and possible action to approve staff recommendation to award the purchase of Customized Metal Entry Door, Metal Frames and related Hardware as per ITB LHA2017_2 294 specifications.

Frank Lopez, Procurement Officer, stated that the solicitation involves a purchase of 290 metal doors. This same solicitation had been on the agenda in August 2016 for 180 doors.

Chairman Ceballos asked how long Mr. Lopez has been with the agency.

Mr. Lopez replied since August.

Chairman Ceballos stated that he was looking at all the minutes and this item first came in June.

Mr. Lopez stated yes the agency received 5 responses and if the Board can look at the 2 lowest bidders, they are the same two lowest bidders from the previous solicitation. This time, the lowest bidder is South Central Hardware.

Chairman Ceballos asked to clarify what essentially happened that they became the lowest bidder.

Mr. Lopez replied that if they look at the tabulation, the average per door by NB Door went from \$395 to \$444 per door. South Central Hardware dropped their price per door from \$445 to \$387. They dropped their price by \$58 dollars. NB Door raised their price on the metal frames by \$56 dollars.

Chairman Ceballos asked if it is possible that they quoted on a different door.

Mr. Lopez stated that he doesn't think so. The specifications remained the same. Also, they have their sample door displayed in the back along with a cross section of it.

Vice-Chairman Dr. Garza moved to award the bid to South Texas Hardware

Chairman Ceballos seconded the motion.

Motion passed unanimously.

- E. Discussion and possible action to approve staff recommendation to award the purchase of Vinyl Windows as per ITB LHA2017_0117-1 840 specifications.

Mr. Lopez stated that they received 7 responses. The lowest bidder was Lowe's and if they look at the bottom of the tabulation sheet, one spec was not met.

Chairman Ceballos asked what spec that was.

Mr. Lopez replied that it is the spec for the balancing system and no bidder met that spec because now it is considered obsolete.

Chairman Ceballos moved to award this purchase to Lowes Home Center in the amount of \$101,611.70.

Commissioner Dr. Rodriguez seconded the motion.

Motion passed unanimously.

- F. Discussion and possible action to award Cabinet Materials and Related Hardware to lowest bidder.

Mr. Lopez stated that this was an order request for cabinet material. This is a regular request, a standard PO, but the reason it needs Board approval is due to the fact that the amount exceeded the \$15,000. The lowest bid received is from a local company which was South Texas Molding. If they notice on the tabulation, the second to the last item concerns the hinges. Frank Paxton Lumber and Allen & Allen did not make a one-piece hinge that was acceptable to the standards, but South Texas Molding did.

Vice-Chairman Dr. Garza moved to award South Texas Molding in the amount of 15,438.02.

Commissioner Magallanes seconded the motion.

Motion passed unanimously.

- G. Discussion and possible action to award Refrigerators and Stoves to lowest bidder.

Mr. Lopez stated that this is another small purchase for 44 refrigerators that is over \$15,000.00 that needs Board approval. They received quotes by 3 different companies for standard refrigerators that we use here in the projects, same brand and model number that is already used.

Chairman Ceballos moved to approve 10G as presented and award Dr. Ikes Home Center in the amount of \$20,900.00.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

- H. Discussion and possible action related to Independent Financial Audit Management Report and Findings for fiscal year ending 3/31/16.

- I. Discussion and possible action related to documentation and management process to be used for online and paper fraud complaints that may be received by the agency.

Chairman Ceballos asked Ms. Ortiz to put this item on just to establish that when we receive complaints online at whatever level, the attorney is informed and records that it has been received and it is logged somewhere so it is not missed. That department heads can be notified if they receive a complaint. He stated that he would like for the Attorneys to log it and hand it over to the necessary department, or if it is problematic, to hand it over to administration, but that would put closure to that so that we put an item on the agenda to inform the Board that we do have something on-going and not be surprised. This is more of an administrative direction for Ms. Ortiz.

No action to be taken.

- J. Discussion and possible action to adopt the Public Housing Flat rent to become effective May 1, 2017 and adopt Resolution No. 17-R-4.

Eduardo Garcia, Director of Housing Management, stated that every year they revise the Fair Market Rent from HUD and the flat rent to comply with HUD's regulation that the agency must be at 80% of Fair Market Rent charges. They noticed that the agency was lower than was required and came up with a new schedule this year. Some of the rents were the same because they were already charging close to 80% of Fair Market.

Chairman Ceballos asked why some were not at 80%.

Mr. Garcia stated that they did not know, but they just made sure they were now at 80%.

Ms. Ortiz stated that she believes that they were not brought in 2016 to be revised. The last time they were brought before the Board was in 2015.

Chairman Ceballos asked who was responsible for this.

Ms. Ortiz stated that it was Bulmaro.

Bulmaro Cruz stated that the last time they revised, they were using the Small Area Fair Market Rent. Some of them were higher. They went over because when they started setting the Fair Market Rent using this according to the new regulation, the change came in 2015 and the first year, they used the FMR for 2014, so the agency was lower. The agency needed to adjust it to establish the FMR.

Chairman Ceballos clarified that it is not that the agency is deficient. It is just that they were using the Small Area Fair Market Rents, which were different, so it won't be a finding.

Mr. Cruz confirmed.

Chairman Ceballos moved to approve Resolution 17-R-4 the Public Housing Flat Rent effective May 1, 2017.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

- K. Discussion and possible action to adopt the continuance of the current Utility Allowance Schedules for the Public Housing Program effective March 1, 2017 and adopt Resolution No. 17-R-5.

Chairman Ceballos asked why there is a difference in the date.

Eduardo Garcia explained that they wanted to give the residents more time with the rents and the utility allowance stays the same and there were no changes.

Chairman Ceballos asked who conducts our utility allowance.

Mr. Garcia replied that they do. They do the research and confirm the prices.

Chairman Ceballos moved to approve Resolution No. 17-R-S Utility Allowance Schedules for Public Housing Effective March 1, 2017.

Commissioner Dr. Rodriguez seconded the motion.

Motion passed unanimously.

- L. Discussion and possible action to adopt the continuance of the current Utility Allowance Schedules for Section 8 Housing Choice Voucher (HCV) Program effective March 1, 2017 and adopt Resolution No. 17-R-6.

Jennifer Barrientos, Interim Section 8 Administrator, stated that they did review it themselves. It's the same as Public Housing. There was no change greater than 10% so they are allowed to keep the same Utility Allowance Schedule. They do keep this in their records when HUD comes to make an audit so they can support it with documentation.

Chairman Ceballos moved to approve Resolution No. 17-R-S Utility Allowance Schedules for Section 8 Effective March 1, 2017.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

- M. Discussion and possible action to consider ratification of payment amount for the Rental Assistant Demonstration Project-Based Voucher (RAD PBV) Conversion Software.

Ms. Barrientos stated that they did ask for the ratification for the payment that was submitted to Emphasys as they are converting only some public housing units to RAD. To meet the deadline by March 30th, they must submit a payment approved by the Board of Commissioners. The software is sole-source purchase and it is proprietary. It is needed to meet the conversion date. The cost is \$22,180 and includes the data conversion and the software configuration of the software that we currently have.

Chairman Ceballos stated that this was not a budgeted item. He asked where the funds would come from.

Ms. Ortiz stated that the cost would be split from Public Housing and Section 8.

Chairman Ceballos asked if it was coming from the reserves, a technology budget, or another account.

Ms. Ortiz stated that it would come from the Section 8 Reserves.

Chairman Ceballos cleared up stating that these are journal entries that the auditors are talking about that needed to be documented before the end of the year.

Chairman Ceballos moved to approve Rental Assistant Demonstration Project-Based Voucher Conversion software.

Commissioner Dr. Rodriguez seconded the motion.

Commissioner Dr. Rodriguez asked if they need to vote on the travel or if they are already taking that into account.

Ms. Barrientos stated that the travel is estimated at \$2,000, but would not be solidified until they have booked the flights.

Chairman Ceballos stated that Emphasys is expensive software and they are hefty and hard to get away from them, but at some point it would be good to look at how competitive they are.

Motion passed unanimously.

- N. Discussion and possible action to approve and upgrade the LHA Personal Policy Section 1-Base Policies, (A) Recruitment Preferences to adopt a veteran's preference selection process.

Chairman Ceballos stated that this item was on the agenda last month and no action was taken. This item has come back refined and he did have an opportunity to review it and was able to give the agency feedback before the meeting.

Cesar Vasquez, Human Resources, stated that when they brought this item to the Board, they were trying to get some clarification on how they were going to adopt this. He reviewed and followed what the city took as far as the hiring process for veterans, they kind of incorporated that policy which kind of mirrors what TAMU uses. They also did some tweaking to the policy where they needed to state that the agency us an Equal Opportunity Employer / Affirmative Action / Veterans / Disability Employer. The agency already has job announcements that are posted. They just never had it in their current policy. What they did was include qualified veterans status as a number 2 choice in the selection process. So when they have a selection process, if it's a qualified internal candidate they will make that selection first. If it's somebody who is a qualified veteran, then they will make the selection for that person and so forth on the other two categories. They did see what the local university and the City of Laredo has adopted in which if they have six or fewer applicants chosen for an interview, a qualified veteran must be interviewed. He stated that they are going to solve the issue by adding the question "if someone has served in the military" and "what branch." The applicant will need to submit a D-214 to verify their veteran status. This would help in trying to obtain the 20% of qualified veterans of the applicant pool to be interviewed. If the stated criteria are not met, they agency can proceed with the interview process depending on the need to fill the current position.

Chairman Ceballos asked if the policy does not guarantee a veteran a job but it guarantees an interview.

Mr. Vasquez responded, Exactly. That is the goal; it's to get an interview. Hopefully, if the meet the minimum criteria and have their credentials, they will get selected, assuming there are no internal candidates.

Vice-Chairman Dr. Garza asked if criminal backgrounds are conducted for the applicants.

Mr. Vasquez responded that the criminal background is done at the time the conditional offer of employment is made.

Chairman Ceballos concurred.

Chairman Ceballos asked if Mr. Vasquez found out on how many employees are veterans.

Mr. Vasquez replied that we did not have any veterans within the current staff.

Chairman Ceballos asked if they know how many tenants the agency has or if they ask the tenants if there are veterans.

Jennifer Barrientos replied yes.

Chairman Ceballos asked Cesar how he will keep track so if a year from now we know how many have applied and how he will be able to have those numbers.

Commissioner Dr. Rodriguez stated that she knows he emphasized preference number 3 the job description on number 6, but asked if they need to include the education experience or ability necessary to adequately perform as per job description.

Mr. Vasquez replied yes, they have the minimum requirements and what kind of experience they need to have.

Chairman Ceballos told Cesar to add the language Dr. Rodriguez is saying (explicit, as per job description).

Chairman Ceballos moved to approve Item 10N.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

- O. Discussion and possible action to approve and update the LHA Personnel Policy Section 6- D. Sick Leave.

Cesar Vasquez stated he would like to amend the sick leave. The one the agency has in place would not make any sense. They are asking for sick leave to take their child to the doctor, but you can't take sick leave to take your spouse to the doctor.

Commissioner Dr. Rodriguez asked if there is anything in Emphasys about FMLA in the regular policy.

Mr. Vasquez clarified that under FMLA, the regular policies allowed. The only thing that they are changing is paid leave.

Vice-Chairman Dr. Garza moved to approve Item 10O.

Chairman Ceballos seconded the motion.

Motion passed unanimously.

- P. Discussion and possible action to approve and update the LHA Personnel Policy Section 6- G. Bereavement Leave.

Cesar Vasquez stated that he wants to update the policy as well on this one. The way the policy is written, there is no definite definition of the term "immediate family." The way the policy stands right now anyone that lives with you can qualify for bereavement leave. The standard practice to qualify for bereavement leave is if your mother, father, sister, brother, grandmother, grandfather, someone who stands in "loco parentis" or in-laws qualifies someone to take bereavement leave. In addition, the policy only allows for three days of bereavement per year. This penalizes an employee who may lose a father today and uses their three days of bereavement and a few months down they lose their mother. They will not be able to use bereavement leave. Standard practice is to give three days of bereavement for each qualifying incident.

Vice-Chairman Dr. Garza questioned the language on the required documentation to submit such as the death certificate, obituary or necessary documentation. He also stated that a death certificate is not immediately available. Vice-Commissioner Dr. Garza stated that there is no way we can get a death certificate the following day.

Mr. Vasquez stated that changes can be made to omit the requirement of the death certificate and the language of the policy is just giving the different options available to verify for bereavement leave.

Vice-Chairman Dr. Garza noted that they need to get immediate feedback if the employee was out.

Chairman Ceballos asked if anyone wanted to make a motion.

Vice-Chairman Dr. Garza wanted to have more discussion before a motion was made. Vice-Chairman Dr. Garza's concern was if someone, under the current policy, who is taking care of a family member for years and then dies, you can't be absent for that?

Attorney Poneck stated that it would not be paid under bereavement leave. The policy is allowing to get paid under certain categories that are within your family circle.

Chairman Ceballos asked Dr. Garza if he was referring to an employee who is a caregiver.

Mr. Vasquez stated that an exception could be made at that time.

Vice-Chairman Dr. Garza replied that the policy that is going to be adopted will not allow the exception.

Chairman Ceballos added that they can add the caregiver as a stand-alone category in addition to the others. He did not want to get trivial with an

employee when the situation arises if whether to use their leave or not. They are already in a difficult moment.

Attorney Poneck stated that caregiver could be added at the end of the policy.

Commissioner Dr. Rodriguez asked if this will be six qualifying categories for bereavement leave.

Attorney Poneck stated yes.

Vice-Chairman Dr. Garza asked if they will be doing away with the copy of the death certificate because there is no way that we will get it the following day.

Attorney Poneck stated that you could leave it in there because in a month time, someone could have it if they can't get a copy of an obituary. The LHA has nothing to lose by keeping it in there.

Chairman Ceballos asked if they had any issues with the policy now or are they trying to be on the up and up.

Mr. Vasquez stated that they are trying to have a consistent policy with the definition of immediate family.

Chairman Ceballos also noted that the policy states that the Executive Director "will" ask all employees for documentation as opposed "may" in which some instances, someone may not provide anything because they may know the person. This way, everybody is treated fairly.

Chairman Ceballos discussed that he did not want to see an issue where we are adding another burden to the employee. The policy does not state that the employee is required to submit, but only the Executive Director will ask for documentation.

Attorney Poneck asked if the policy should state that it is required by the employee to submit the documentation.

Chairman Ceballos noted that the employee will be asked for documentation but that the employee is not required to submit anything. He asked on what would be a reasonable time to submit proper documentation.

Commissioner Dr. Rodriguez asked on how often we run our payroll system.

Chairman Ceballos responded that every two weeks.

Mr. Vasquez stated that we could request the proper documentation of a death certificate, obituary, or qualifying documentation within 15 days of the employee's return.

Attorney Poneck confirmed the changes to the policy can be made.

Vice-Chairman Dr. Garza moved to approve the policy with the approved changes with the proposed item of caregiver being added to the qualifying person along with required documentation of an obituary or other proper documentation to be submitted within 15 days upon returning.

Chairman Ceballos seconded the motion.

Motion passed unanimously.

- Q.** Discussion and possible action to review and approve the Acting/Interim Executive Director's proposed corrective action plans for 1) the Farm Labor Administrative Findings of January 17, 2017 and for 2) program deficiencies and findings identified during the Independent Financial Audit for fiscal year ending 3/31/16.

Chairman Ceballos stated he did receive a letter from USDA directly with some information that was pending. He asked Melissa to submit an explanation letter as to why we fell behind again with this project in terms with compliance with the funding agency. There was the same problem last summer. The same person, Ms. Yvonne Garza, the regional supervisor, contacted him regarding the information pending. There was a meeting on site with the Director and another correspondent from her office. From LHA, the Interim Executive Director, Director of Finance, Director of Housing Management, Assistant Director of Housing Management, and the Project Manager Farm Labor were present. He asked Ms. Ortiz to explain further.

Ms. Ortiz stated that there are several deficiencies and findings for the 2017 Management Plan. They believed that it was satisfactory, but after careful review, there was a change so the agency does have to submit a Management Plan for 2017. The Director of Housing Management, Mr. Garcia, is currently working on it and he will be submitting before the end of February. There were changes in reference to some personnel changes and outreach. Originally they had certified that there were no changes back in June. The current insurances for property, liability, and workman's comp that needs to be submitted every year were not submitted in October when they did renew the policy, and the policies were submitted January 24, 2017. As soon as the insurances come in, they will submit the documents immediately that were not submitted in October.

Regarding the 2013 Actuals and Balance Sheet, 2014 Actuals and Balance Sheet and 2016 Actuals and Balance Sheet, Ms. Ortiz stated the 2013 Actuals and Balance Sheet were submitted. She was able to provide a hardcopy during the meeting and Yvonne was emailed with the 2013 information that was submitted

in 2014. The 2014 data was on paper, but it was never submitted. Ms. Ortiz states that she takes full responsibility with the untimely submission.

Vice-Chairman Dr. Garza asked what the problem with the submission was.

Ms. Ortiz stated that she wasn't sure how she missed it. There was documentation of submission of other financial data, but they missed the correct forms. The 2014 data was submitted that day. The 2016 Actuals and Balance Sheet were also on paper, but were not submitted. They are to be submitted the next day. She would be checking if the information has been submitted.

Chairman Ceballos noted that the Board packet states that Mr. Del Barrio was the lead on this item. He asked Mr. Del Barrio if it had been submitted.

Mr. Del Barrio stated that the Balance Sheet was submitted. He needs to verify the Actuals.

Chairman Ceballos asked Ms. Ortiz how she is going to assure this wouldn't happen again. He stated that the agency has been deficient for two year and the way Yvonne explained it, if you don't submit something. He stated that they are educators and the classification is a C. If you don't submit, you get a C. He doesn't want to get C's from anyone.

Vice-Chairman Dr. Garza states that you have to remind yourself of the different deadlines for all the programs that you handle. He asked Ms. Ortiz who helps her with the different deadlines.

Ms. Ortiz stated that each division handles their deadlines.

Vice-Chairman Dr. Garza asked what happened in the Farm Labor division.

Ms. Ortiz stated that she was not sure, but she speculates that the communication of the program.

Vice-Chairman Dr. Garza asked who that was.

Ms. Ortiz stated that the information was coming to herself from Orlando, not necessarily to Bulmaro. This summer they decided that he would take the lead on the program as the Interim Director of that division. She stated that Farm Labor entails a lot of work and it is why they have incorporated the management fee of over \$30,000 because they were only getting \$5,000 before, and it is a work in progress with Farm Labor. She believes that it was a deficiency on both ends. That on the USDA end, her not notifying the agency on time and only bringing it up until last year. In 2013, it was submitted and there is documentation of that.

Chairman Ceballos stated that the budget needs to be submitted 90 prior to the start.

Ms. Ortiz stated that before the budget wouldn't be submitted until the Board approved it. This year, they are bringing it up before so the 2017 proposed budget will be submitted tomorrow because it is part of today's agenda to approve.

Chairman Ceballos stated that they have gone through this before, that they've lost money in Farm Labor because of lack of good management. He stated that this lady seems to be very reasonable, respectful, and cooperative. It did not take long for her to come down and meet with them. He suggested to do this annually. He also suggested cross-training and she agreed. He stated that he's learned that one person needs to be responsible and the other people know that there is that responsibility and can talk to each other. He stated that they could go up to \$60 per unit cost. They are at \$37 and used to be much less and were losing money because it was largely vacant.

Ms. Ortiz stated that in item 9B-3 the occupancy for 2016 was 80.75% with almost 20% unoccupied.

Chairman Ceballos states that ultimately Ms. Ortiz is responsible, but for the new folks, when you see a revenue drop rate or a vacancy rate, someone has to bring it up. It doesn't matter who is sitting up here, you've got to raise that issue. He asked what the vacancy rate was before they came on Board.

Ms. Ortiz stated that she believes it was 93%, but there were periods that they were really, really low. They have managed to bring it up and it dropped again.

Chairman Ceballos stated that the units should be fully leased in the next month or two.

Ms. Ortiz stated that there were only 4 vacancies right now.

Chairman Ceballos stated that there were people waiting to get housed. He stated that he personally does not want to go through this one more time with this program. He stated it is the second time and there should be safeguards put in place, so there is no excuse.

Chairman Ceballos stated he just wanted for everyone to be aware that this had occurred under their leadership.

Chairman Ceballos stated that the other had already been discussed. They relate to the Fiscal Year ending 3/31/16 and they relate back to what the auditor discussed in his presentation. He asked if this is correct or if it just Farm Labor on

the side. He stated that it was only USDA. He stated that she offered to help with additional grant money to do work and potentially put air conditioning units.

Ms. Ortiz stated that we cannot be a C.

Vice-Chairman Dr. Garza stated that it was an incentive for the agency too.

Chairman Ceballos stated that the agency should be inviting her twice a year. He stated that she did not want to see the units. He stated that she is just interested in complying and she has a project that is not complying.

Commissioner Dr. Rodriguez stated that it is important when dealing with grants, whether they come from federal or state, that whoever is doing the programmatic objectives and making sure they follow through with the objectives needs with all the compliance in regarding to the financials. If the programmatic reviewer is not sure what they need to do, the idea is that they are always familiar with the grant procedures and policies behind that before you sent them out to do the programmatic implementation and evaluation. She is not sure if the 3 important components are talking to each other and she knows that it is fairly new but she believes it is very important because if not, then the agency will be constantly in violation or not in compliance of what they are asking for and at one point they will say, "forget you all." She would hate to lose opportunities because the agency is not in compliance.

Chairman Ceballos suggests that Ms. Ortiz establish a timeline and make herself responsible of getting the agency out of C rating.

No action taken.

R. Discussion and possible action to approve 2017-2018 Farm Labor Operating Budget.

Chairman Ceballos asked what the vacancy rate was.

Mauricio Del Barrio, Finance Director, stated that they assume a 100% occupancy rate and leaving a gap of 5% vacancy rate.

Chairman Ceballos asked how much the per unit subsidy was.

Mr. Del Barrio stated that they were still at \$50 a month per unit occupied.

Chairman Ceballos asked if they were maxing it out.

Mr. Del Barrio confirmed that their budget is maxing it out.

Vice-Chairman Dr. Garza asked Mr. Del Barrio to confirm if he said 100% occupancy and 5% vacancy.

Chairman Ceballos stated that it was 95 and 5.

Chairman Ceballos asked is this enough in travel and training money.

Ms. Ortiz stated that yes. She stated that there were 2 staff going out on training.

Chairman Ceballos stated that this amount was not enough for the cross-training that they talked to her about referring a consultant to do a one-day training for all the staff working in the project. He stated that if the agency does not keep their pledge to her with what they told her, she will remember. He stated that they agreed to that when they met with her and that's how they got her to be cooperative. If the agency is a week from the meeting and already not doing what the agency told her they were going to do by not budgeting enough, then they are already not taking enough steps.

Mr. Del Barrio stated that she mentioned a few names that the agency could use from McAllen and Harlingen areas and in addition, we had budgeted \$1,000 agency personnel to travel and bumped it up to \$2,000 so Laura could visit in Temple and participate in a training over there.

Chairman Ceballos asked Ms. Ortiz how they would address the cross-training with \$2,000.

Ms. Ortiz stated that they will go ahead and increase it so they can show they are trying to meet all the deadlines and submit the reports.

Chairman Ceballos stated that he thinks they told her that the agency would pay to bring someone down to do training and not sending one or two people up and that the consultant would conduct a training onsite. Not training one or two people, but training Mr. Del Barrio, Mr. Garcia, the Project Manager, Ms. Ortiz. He stated he thinks it needs to increase even though they don't have the budget to do it. He stated that this program has reserves and if they say, "we are not subsidizing you," then the program has reserves.

Chairman Ceballos stated that they do need to submit the budget to meet compliance.

Chairman Ceballos moved to approve the item instructing staff to make an adjustment to include a cross training expense that includes and onsite training for 5-6 staff members of \$5,000.

Vice-Chairman seconded the motion.

Motion passed unanimously.

- S. Discussion and possible action related to instructing the Acting/Interim Executive Director to develop of an agency-wide management and staff performance scorecard system to be implement for all staff- to effectively evaluate roles, responsibilities, and performance by April 1, 2017.

Chairman Ceballos said he would lead this item. He thinks that the agency needs some leadership training, quite frankly, with some of the new staff. They also need to have a performance measuring system so these things don't occur down the chain. He suggested that Melissa look in to the balance score card, performance score card module. He stated he has used this in the past as he did a lot of his graduate work on the balance score card module. He stated he has contacted someone and regionally there doesn't seem to be anyone, but there are a lot of trainers that use the balance score card. He stated that they don't really need to take action on this today unless the commissioners want to. He would just like to establish an actual performance system for the agency so people are getting ahead and doing this systemically through the agency.

Commissioner Dr. Rodriguez stated that maybe an informal and formal evaluation would be good. She thinks that what happens sometimes is that whatever evaluation is done on an annual basis and sometimes there are surprises that happen and the employee might say that they were not aware that they were not performing. If someone is not complying with their performance, maybe some improvement plans, so that when they do get to the formal evaluation, there are no surprises as to why they have scored low.

Chairman Ceballos states they are different types of management systems. He stated that he doesn't see one here. He thinks it would be good to formalize it early on and get trained. He stated that it is going to cost money and no one is going to come trained. HUD doesn't have a system to do that. He stated that he would like to spend more time on this and maybe share a sample.

No action taken.

- T. Discussion and possible action to delegate to the Acting/Interim Executive Director authority to procure and select a title policy insurer for the Russell Terrace Redevelopment subject to proper advertisement of the procurement.

Ms. Melissa Ortiz stated that on January 12th, the RAD revision 3 was revised to include the title insurance for the Development. The agency must procure this. There is a time crunch right now and they want to get everything approved by a certain time. The cost would be between \$30,000-\$50,000. She stated that they don't know if they will be using total project cost or the loan cost, but they are estimating it to be anywhere between those amount.

Chairman Ceballos asked if they already procuring.

Ms. Ortiz replied that the ad went out on Tuesday.

Chairman Ceballos stated that this is so staff doesn't have to come back to the Board with this item. Obviously, they need to submit the approval for the finance plan by March 10. This just keeps the process moving forward.

Chairman Ceballos moved to approve subject to the procurement process being complied with and it does come back to the Board for ratification at a later date.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

11. EXECUTIVE CLOSED 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 Closed 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).

- A. Discussion with legal counsel related to ongoing legal matters resulting from Board and Administrative actions occurring prior to January 26, 2016.
- B. Discussion related to personal matters, including the Executive Director position.
- C. Consultation with attorney regarding request for documents related to prior contracts.
- D. Consultation with attorney regarding Russell Terrace redevelopment issues.

12. ADJOURNMENT

Chairman Ceballos entertained a motion to adjourn.

Vice-Chairman Dr. Garza moved to adjourn.

Commissioner Dr. Rodriguez seconded the motion.

Motion passed unanimously.

Meeting adjourned at 3:30 p.m.



Jose L. Ceballos, Board Chairman



Melissa Ortiz, Acting/Interim Executive Director

