

Housing Authority of the City of Laredo

Regular

Board of Commissioners Meeting

LHA Board Room

2000 San Francisco Ave.

Laredo, Texas 78040

Friday, August 11, 2017

3:30 p.m.

A-17-R-8

Minutes

August 11, 2017

1. **CALL TO ORDER** Chairman Ceballos called the meeting to order at 3:37 p.m.
2. **PLEDGE OF ALLEGIANCE** Guadalupe Ramos and Yazlin Guerrero from Leyendecker Elementary School led 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
Anita Guerra, Commissioner
Gina Magallanes, Commissioner
Dr. Marisela Rodriguez, Commissioner

Commissioners Absent

Staff Present

Melisa Ortiz, Acting/Interim Executive Director
Christy Ramos, Administrative Assistant
Cesar Vasquez, Human Resources Manager
Jennifer Barrientos, Section 8 Administrator
Mauricio Del Barrio, Director of Finance
Bulmaro Cruz, Director of Modernization and Development
Frank Lopez, Procurement Officer
Carlos Quiroga, Accountant
Alma Mata, Modernization Coordinator
Maria Hernandez, Assistant Director of Housing Management
Alina Rios, Quality Control
Jose Collazo, Special Projects Coordinator
Robert Pena, IT Coordinator
Leticia Sosa, Administration Office Clerk
Attorney Ricardo De Anda
Attorney Darin Darby

Others Present

Louis P. La Vaude
Arturo Garcia

4. CHAIRMAN'S COMMENTS

Chairman Ceballos welcomed everybody to the meeting and stated that his comments would be related to each of the items so he would mention them as each item would be presented.

5. 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)

Chairman Ceballos asked if there were any citizens comments.

Chairman Ceballos welcomed Mr. Louis P. La Vaude and mentioned he appreciated Mr. La Vaude for making the trip to join them.

Mr. La Vaude introduced himself and mentioned three minutes would be very short time and that he might need more time. Chairman Ceballos mentioned it would be fine. Mr. La Vaude stated he was the Chair of the City of Laredo Ad Hoc Committee regarding the old Mercy Hospital building which was an item on the agenda.

Mr. La Vaude stated the Committee had learned and that Chairman Ceballos was fully aware about the public not wanting to see public money used to buy out the owner of the hospital, whether it would be through the City, through LHA, or through any other non-profit corporation that LHA would control. He said that nobody wanted to see that happen, the public did not want to see it happen and the City did not want to see it happen. Mr. La Vaude stated that when they came up with the item on the agenda it seemed they had the blessing of City Council to do it and they did not. He stated that he had spoken to Mayor Pete Saenz, Nelly Vielma, and George Altget that morning and to Alberto Torres the day before and that City Council and the Mayor were totally against using public money to buy old Mercy Hospital building from whatever source, it did not matter what source. Mr. La Vaude stated that the public was totally against it, so when they came up with that item, it implied that somehow they had been charged off with doing the site analysis. He said that they would not do a site analysis of anything unless they would be interested in buying it.

Mr. La Vaude stated that he was a lawyer and had been a lawyer for over 30 years and would not analyze something if he did not have the intention of buying it, so to say we wanted to make an analysis and the next obvious thing would be that they want to buy it. He said wrong, we should not be doing that and asked us not to do it. He stated that we also knew there were a lot of problems with the building and it would be a hugely bad investment for anybody, LHA, Community Development included. He stated they already knew it was a problem building which had asbestos problems, environmental problems, and that it would cost \$5.0 million to just tear it down on a property that might be worth \$1.0 million once torn down. He said LHA was going to do an analysis, for what?

Mr. La Vaude mentioned that LISD, LCC, the City at one time, and everybody else had passed on the building for 18 years, so there was a reason why people were not buying it.

Mr. La Vaude stated that when it would come to the agenda item, he would ask us not to take any action on it and not to perform a site analysis at all. He said they had learned that even the insinuation that public money would be used to buy the old hospital building would set a very bad precedent and it was not what we should be doing whether through LHA, the City or Community Development, whichever way, it would be the wrong decision. He said the Committee had already decided they would not be kicking that can down the road anymore and that there had been infinite studies and nothing had changed in all those years, in fact the building had gotten worse.

Mr. La Vaude mentioned LHA would be making an investment in the building when there were acres at the old airport we could use to do whatever we wanted, a new housing suitable for their need. He stated that buying the hospital and trying to rehab it for affordable housing was not a good idea economically, and not a good idea to be pursuing, so he would ask us not to take any action, not to undertake a site analysis, and if the City Council, the entire City Council would tell them to do it, then to do it, but at that point it had not happened.

Mr. La Vaude stated that the only one City Councilman who had told Chairman Ceballos to do it was most responsible for entering into bad deals. He went ahead and gave an example of the old Canseco house bought by the City, that is empty, off the tax rolls, and now the City was maintaining it, so he asked if we were going to do another bad deal like that one, we were going to be put up to do that bad deal. He told us not to do it and to leave it alone.

Mr. La Vaude said that Chairman Ceballos should have told Mr. Alex Perez that it was too hot of a topic for them to get involved and let the City play it out and the Committee do its work. He mentioned they had only convened a couple times and they had made progress and said that if anybody had gone by the hospital they would have seen that it had been cleaned. He said the City had issued citations for the first time in 18 years and that it was the result of his Committee.

Mr. La Vaude stated that the best thing for LHA was to hold and not to perform a site analysis, not to even insinuate to the owner they might be interested in buying it. He said it was the wrong call and would send a bad message. He stated that the message had to be that the City would not spend one dime, one penny to give to the owner, that they might have to spend dimes and pennies to tear it down at some point, but they would not give it to the owner. He said that for LHA to have considered doing an analysis, it would not be done unless we would want to buy it; why would we be doing an analysis if we were not interested in buying it. He stated the Committee was not agreeing with what we were doing and he wanted to let us know about it.

Chairman Ceballos stated they would deliberate on the item and that Mr. La Vaude might have already heard those discussions in the Ad Hoc Committee meetings, but they would entertain

discussion with the Commissioners and whoever would be interested in the public when they would get to the item.

Chairman Ceballos thanked Mr. La Vaude for his comments.

6. APPROVAL OF MINUTES

A. Approval of minutes for Board of Commissioners meeting on June 16, 2017.

Commissioner Dr. Rodriguez moved to approve the minutes as presented.

Commissioner Anita Guerra seconded the motion.

Motion passed unanimously.

7. PRESENTATION BY CENTRAL RESIDENT COUNCIL

Chairman Ceballos welcomed Ms. Rios and thanked her for being present.

Ms. Rosie Rios, Central Resident Council President, presented to the Board and stated that they would be delivering school supplies and would also be presenting some scholarships. She said there were three scholarships awarded at Carlos Richter and Ms. Rios thanked the Board for their support.

Vice-Chairman Dr. Garza asked about the protocol for the scholarships.

Ms. Rios responded that they would have different fundraisers and stated they had raised \$600.00 at one Loteria event. She mentioned they had already awarded \$300.00 worth of scholarships so far and that students ready to graduate and planning to attend college would apply for the scholarships and would be issued a check once they presented proof of registration.

Vice-chairman Dr. Garza and Chairman Ceballos both thanked Ms. Rios for her presentation.

8. PRESENTATIONS (No Action to be taken)

A. Executive Director's Report

Chairman Ceballos asked if there were any questions in reference to the Director's Report.

Commissioner Ms. Guerra asked if they could follow up on Asherton. Chairman Ceballos stated he would give an update and mentioned that he had met with Mayor Max Silva the previous Thursday. He stated that Ms. Ortiz and himself had traveled to Asherton on Thursday and met with Mayor Silva and also met the new staff. Chairman Ceballos stated that the Mayor had interest in having the Asherton Housing Authority go back to their community and he thought Mayor Silva had mentioned it when he attended the last meeting.

Chairman Ceballos mentioned that Mayor Silva used to sit on the Asherton Housing Authority Board before it was taken over by Laredo Housing at the request of HUD. Chairman Ceballos stated that his personal comment to Mayor Silva was that he would not object to it if HUD felt they had the capacity in the city and in the staff that was recently hired to do it, so he said Mayor Silva had asked him to initiate that conversation with HUD. Chairman Ceballos mentioned that it definitely would have to go back to the Board and that his personal feeling was that those vouchers in that Public Housing belonged to that community and in all things being fair, if they wanted to run it and if HUD would feel that it would be in the best interest of the community, then they should discuss it and entertain it. Chairman Ceballos stated it was his personal opinion that they should not get in the way of it.

Chairman Ceballos mentioned they had discussed the utilization of Section 8, which was underutilized in Asherton, and said they had agreed to open the waiting list. He asked Ms. Barrientos for the date. Ms. Barrientos responded it would be Monday, August 14, 2017 and would be open from 8:30 – 11:30 a.m. and 1:30 – 4:30 p.m. Chairman Ceballos said the issue with Asherton in terms of Section 8 was that they did not have enough private landlords to lease up the 32 units, so he told Mayor Silva that in the future they would need to explore building units to use Section 8 either through a non-profit or through the City in order to use the 32 vouchers in their community. Chairman Ceballos stated he thought they were using 11 and would only be fair for them to use the full amount.

Chairman Ceballos mentioned that Mayor Silva had recently been elected, that he used to be a Commissioner with the Housing Authority, and that Mayor Silva's main interest was to see the Housing Authority going back to them.

Chairman Ceballos mentioned that in reference to the staff, they had been hired on a part-time level and upon his discussion with Ms. Ortiz, they were hired on a full-time level both the Manager and the Maintenance person, which he thought had been the instructions to the staff. He recommended Ms. Ortiz to make sure staff would get trained and certified so that if they would entertain getting the Housing back, they would be equipped to manage the project. Chairman Ceballos stated the way it would work was to have a collaboration agreement with the City of Asherton to run the project which would be an official notification that they would be interested in getting the Housing Project back. Chairman Ceballos asked if the Commissioners were generally in agreement even though it was not for action. All Commissioners confirmed. Chairman Ceballos mentioned that he told them that once they would lease up, they should have a celebration in Asherton with the Commissioners, the residents, the Mayor and City to celebrate the full lease up. He stated they had not had activities in Asherton so they could all make the trip to Asherton or if they would want to go anytime to just let him or Ms. Ortiz know and they would make the time.

Chairman Ceballos asked about the vacancies at Farm Labor. Ms. Ortiz responded they had five vacancies. Chairman Ceballos mentioned it was an item Mr. De Anda wanted

to discuss at length because there were not enough people on the waiting list and they would want to consider going back to non-farm labor tenants. He asked Ms. Hernandez how many people they had on the waiting list. Ms. Hernandez responded they had seven. Chairman Ceballos asked if there was an issue leasing up. Ms. Hernandez responded that they currently had three-bedroom and four-bedroom units available, but they only had for two-bedroom and one-bedroom on the waiting list. Chairman Ceballos mentioned that they had asked Farm Labor to house two and three bedroom and that it was authorized. He said they needed to proceed with it and document it and asked Ms. Ortiz to make sure it would get done so it would be leased up. He stated that a four bedroom might be a stretch for a two member household, but a three bedroom would not, so they needed to lease it.

Chairman Ceballos asked Ms. Ortiz to provide progress status on Casa Verde. Ms. Ortiz mentioned they were in the 9th month of construction and had just submitted the 9th draw, they had closed on June 20th and were funded \$3.8 million. She stated they had received the funds for the land and the bridge loan on June 21st. Ms. Ortiz mentioned they were working on modifying the clubhouse so they could incorporate a digital library and that they should finish construction by December 31, 2017. Ms. Ortiz informed there was already a waiting list and applicants were calling in to be prequalified.

Chairman Ceballos recommended staff to get together with the Property Manager and meet with the Homeowners Associations because there was confusion whether it would be public housing. He mentioned he received an e-mail clarifying that it was not public housing. He stated mixed income housing meant there would be different brackets, including market rent units that would be available to the general public. Chairman Ceballos mentioned that it was necessary to provide the right information to both Alexander Homeowners Association and Nu-Vision. Ms. Ortiz confirmed.

Chairman Ceballos mentioned that some of the neighbors to the south had asked the partnership to potentially build a block fence as opposed to a cedar fence. He stated he thought it would be a good idea, an expensive idea, but he said good fences would make good neighbors. Chairman Ceballos stated that the project was at a higher elevation which had impacted the neighbors' view and privacy. Chairman Ceballos mentioned that Ms. Ortiz felt they should not make that investment, but he thought it would be their decision, that it would be an administrative decision because it was a partnership and would come out of contingency. Chairman Ceballos mentioned that he would like to hear the Commissioners view. Vice-Chairman Dr. Garza stated that he used to enjoy seeing the houses, the different designs, but then they put a block fence around, so he said that to have the same view, they should have a block fence. Chairman Ceballos mentioned the request of the block fence was based on the idea that they had lost privacy and with the 9ft. fence it would give them more privacy from the parking lot area. Chairman Ceballos asked for the total price of stretching the wall. Ms. Ortiz responded they had not determined that and were doing the analysis for 335 linear feet.

Ms. Alma Mata, Modernization Coordinator, mentioned that the issue with the block fence was that if they were to build a block fence, the cost would not only be on the block itself, but the fence they already had and part of the retaining wall would have to be taken down. Chairman Ceballos mentioned they would not want to take down the retaining wall. He mentioned that what they had was the cedar fence Nu Vision built at the back and the project was approximately two feet over or more, so when they would be driving into the parking lot, they would easily see over the fence; therefore, he said he saw a good valid reason for making the investment. He stated there might be some issues with construction which they would need to work out because they would not want to take down the retaining wall; they could have cedar fencing only in that section and the rest could be block. Chairman Ceballos mentioned Ms. Ortiz and the team would need to make that decision.

Chairman Ceballos asked for Commissioner Dr. Rodriguez input who wondered if the cedar fence would be as high as the block fence. Chairman Ceballos mentioned the cedar fence already there was five feet high, so they would add on to that one. Chairman Ceballos mentioned it was really a construction item and suggested to Mr. Cruz and Ms. Ortiz to use their good judgement because if they would not put it up, they would see complaints about illumination, cars driving up and lights going into the bedrooms and sound going thru. Vice-Chairman Dr. Garza asked for Ms. Ortiz suggestion. Ms. Ortiz responded that she would suggest using the same fence they already had, the cedar fence, same style, and to just make it taller. Chairman Ceballos mentioned that if they were to put the cedar fence, it would take care of the illumination and the lights issue, and that the sound issue was probably not their concern, they just wanted more privacy.

Chairman Ceballos asked if there was any more information on Casa Verde. Ms. Ortiz mentioned they were meeting with them almost weekly to make final decisions on some changes for the development.

B. Unaudited Financials for the month of June 2017

Mauricio Del Barrio, Director of Finance, presented to the Board and stated that on the financials for the month of June all the amps looked good as far as the revenues with the exception of Farm Labor which was a little on the low side, but in general all of them were at 25% or higher. He mentioned that Asherton was negative \$25,000.00 due to it continuing to incur expenses to bring the property up to standard. Chairman Ceballos mentioned that a journal adjustment needed to be done because the reason they were in the negative was that they were using the operating account for deferred repairs, so he would need to identify deferred repairs and present it as a reserve expense. Mr. Del Barrio stated that he knew they were going to continue to incur expenses and would have to bring that back a second time. Chairman Ceballos stated that he understood, but that Mr. Del Barrio was asking the Board to accept an expense report that had been in the red for deferred repairs which he thought was not fair, so if it was deferred repairs, it would need to be brought back as a capital expense because it was already the third report in the red and it needed to be capitalized. Mr. Del Barrio

stated he would work on it. Commissioner Ms. Guerra asked how long Mr. Del Barrio considered the project would continue in the red due to ongoing repairs. Mr. Del Barrio mentioned that Ms. Ortiz would be able to provide better information in regards to the situation in Asherton.

Ms. Ortiz stated that they should allocate approximately \$100,000.00 of which they had already used one fourth, but she estimated they would not be using the whole amount. She mentioned that there would be ongoing expenses with the channels and the drainage issues and she thought they should allocate a good amount of money and if they would not use it up, it would accumulate back to reserves. Mr. Del Barrio mentioned that the personnel hired at Asherton would be going on a full time basis as opposed to part time basis as they had budgeted. Chairman Ceballos asked if he had taken note that the manager percentage was out of Section 8. Mr. Del Barrio confirmed. Ms. Ortiz mentioned they had seven vacancies and that once they would be lease up they would see additional revenues that would help.

Mr. Del Barrio mentioned that in addition to Asherton, numerous AMP's had spent a good portion of their budget in office expenses and that it was brought to the attention of the Managers so that they would monitor it closely. He said that a couple of them also had slightly higher expenses where tenant services was concerned. Chairman Ceballos asked what Mr. Del Barrio meant by high operating expenses. Mr. Del Barrio stated that some of the AMP's were at 50% of their budget and some had gone over their budget, but he added that it might had been that they were too conservative when they initiated their budget. Chairman Ceballos suggested that the Public Housing Assistant Director and Ms. Ortiz could keep an eye on those trends.

Chairman Ceballos asked if there were any questions. Vice-Chairman Dr. Garza asked if it had been due to any advertising expenses. Ms. Ortiz stated it had been strictly office expenses for toner, paper, pens, and that marketing and advertising was another line item. Vice-Chairman Dr. Garza said he had asked because when they would do flyers, they would use the copier and the ink. Ms. Ortiz stated that she would be printing detailed reports and would provide them to the Project Managers because she was looking at AMP 2 being at 140%, way over the budget, and Senior Citizens Home at 117%. Mr. Del Barrio stated that he had asked the Managers to approach the finance department if they had any questions so that they would help them. Chairman Ceballos asked Ms. Ortiz about the amount for Russell Terrace. Ms. Ortiz mentioned they had spent \$10,762 as of June, three months into the year, and they had been budgeted \$7,700. Ms. Ortiz mentioned she would attribute it to postage, flyers, postings and mail outs.

Chairman Ceballos thanked Mr. Del Barrio for his presentation.

9. ACTION ITEMS

- A. Discussion and possible action related to the joint, preliminary site analysis of the Old Mercy Hospital, by the City of Laredo and the Laredo Housing Authority, subject to the

property owner approval of a Site Analysis Agreement, which shall include right-of-entry and hold-harmless protections.

Chairman Ceballos mentioned that he appreciated Mr. La Vaude coming to the meeting and making his comments known on behalf of the Ad Hoc Committee.

Chairman Ceballos stated that the City had asked to be clear; therefore, he stated that the Housing Authority was its own political subdivision, its own entity, municipally formed by statute as a municipal Housing Authority and that its mission was to address housing and social related issues within housing. He said that the request to join in a possible feasibility had come from City management and that the Council member was at that meeting, but technically it was not necessarily him who had made the request and he wanted to make sure that was clear. Chairman Ceballos stated that the idea was to consider the potential of a site analysis and that it did not mean there was an intent to purchase; he wanted to make that clear and said that they had never expressed that as a Housing Authority. Chairman Ceballos mentioned that in the meetings he had with the City, they had not expressed that either and quite frankly it had been whether there was any viability or whether it made sense to do anything else. He mentioned that different people said different things. Chairman Ceballos stated that he had told the City, while acknowledging Arturo Garcia from the Community Development being present and telling Mr. Garcia to feel free to participate, he wanted it to be a conversation and stated that he was not fixated in doing a site analysis.

Chairman Ceballos stated that he had been asked by the City and would like to entertain that possibility, but he wanted to make it very clear that the Housing Authority was not on a track to purchase, that the Housing Authority was not on a track to build housing, and that they had not even started reviewing the paperwork. Chairman Ceballos stated that at the City meeting he had mentioned he did not even feel comfortable reviewing documents because some of them were proprietary; they were reports made to the owner. Chairman Ceballos stated that before they would even get to the point of entertaining a site analysis, he would need to have something that would authorize him to comment publicly on private information and he encouraged anybody that would listen to take that advice because it was a private owner and if the owner would not agree, they could not get on the property and should not even be looking at papers that belonged to him. He stated that if it had been shared publicly it could be public record and said it was the extent of it.

Chairman Ceballos mentioned that they should deliberate and consider what path they would take and that ahead of the meeting they had prepared a Memorandum of Understanding with the idea of presenting it to the City. He stated the City had not seen the MOU yet, they had just given a copy to Mr. Garcia who had not even read it altogether, but the points they were asking were things that would protect them of even looking at documents. Chairman Ceballos stated that if they were to ask him if he was prepared to talk about what he had looked at, he would say no, he said he would not have a right and added that it was his personal opinion. He stated that at the meeting

with the City, he cautioned directly Councilman Perez, Ms. Cynthia Collazo, Mr. Arturo Garcia, and everybody to start looking at papers that belonged to somebody else.

Chairman Ceballos mentioned that the idea was to conduct a site analysis and if they were to decide to do so, to look at existing available studies, validate them, and discuss with third parties so that the document would authorize right of information, right to discuss with third parties, the disclosure of the information shared with them to maybe become public, officially public when posted on the website. He said if they would have official meetings, minutes would be taken and then they would be posted on the website. He said that probably the most important thing would be that they would be held harmless if there were to be indemnification for anybody that would look at documents and would talk to people.

Chairman Ceballos stated that he did not know what the result of the analysis would be or whether they would actually do it. He mentioned he did not have any relationship to the Carrancos personally and had just met the owner when a meeting was set to determine whether it was even acceptable to come up with some conditions for them to look at and added that he did not have any relations with him, any interest, never had done business with him and that Mr. Garcia had also met the owner for the first time at that meeting.

Chairman Ceballos stated that in general he was in agreement with most of what Mr. La Vaude had mentioned and had said it recently at a public event. He stated that they would give it a shot just for the community, not necessarily for the unintended consequences that would benefit a private owner. Chairman Ceballos stated that at the public meeting at Holding Institute he mentioned that they might even get to the same conclusion Mr. La Vaude had arrived. Mr. Lavaude stated that they had not arrived at any conclusion.

Chairman Ceballos mentioned that if the owner would not agree to the terms or even if the owner would agree, but they were to arrive at the fact that there would be no viability in housing, no viability in demolition, and that Commissioner Ms. Guerra had asked him why they would spend money to benefit the owner, for him they could call it altruistic. He thought that ultimately the community would stand to benefit from any potential use of that property if legally, through citation, condemnation, levy or any other legal actions, it would end up that the City would have to demolish it.

Chairman Ceballos stated that the City had asked the Housing Authority to join them in a site analysis and he had told the City that there were probably enough studies that they might not have to spend a lot of money, referring to Commissioner Ms. Guerra's question on spending money. Chairman Ceballos stated that was the background he had and whether the owner would get paid, or would get fined, it would be something he would not be able to control.

Chairman Ceballos told Mr. La Vaude directly that he was being altruistic and that there was no other plan. Mr. La Vaude said he would love to be altruistic too, that he would

love to see the building re-pursued, something good done, and affordable housing would be an excellent thing to do, but he said we were picking the wrong thing. Mr. La Vaude stated that we would be making an investment beyond the scope we could even imagine huge when there were acres at the airbase that could be used any day and said it made no sense economically. Mr. La Vaude stated that if they would start insinuating to the owner that they would use public money to buy the owner out, they had already sent the wrong message to the owner. Chairman Ceballos mentioned they had not said that.

Mr. La Vaude stated that Chairman Ceballos was saying he had met with the City, but he had not met with the City. He said Chairman Ceballos had met with the City Manager and that the City Council was not on board with it. Mr. La Vaude said he spoke to the Mayor and three City Councilmen in the last two days and they were not on board with it at all. He said that Chairman Ceballos was saying he was getting the charge from the City and he was not, that Chairman Ceballos was getting the charge from Alex Perez and the City Manager and that was not the City Council. Mr. La Vaude mentioned that the City Council and the Ad Hoc Committee were not in favor of it either and it sent a bad message that the City would be buying out properties that were non-conforming. Chairman Ceballos stated that nobody was saying that. Mr. La Vaude said we would do a site analysis for what purpose, he said it had to be for a purchase and that he would not look at something if he would not buy it. Chairman Ceballos stated that a site analysis could be for potential use. Mr. La Vaude said they would love to have a potential use and bring a private investor, but there was none and there had not been one for 18 years. He said LISD had passed on it, LCC had passed on it, the City had passed on it, Webb County had passed on it, everybody.

Mr. La Vaude mentioned that the best thing they could do was to let the City, let Mr. Garcia continue with what he was doing, that it was getting results. He said he had been by the hospital and had seen they had been fixing the fence, mowing the grass, and cleaned the adjacent properties, that it was working. He asked Chairman Ceballos whether the owner had given him a price and that they did not even know where they would be going with the price, that the owner would be moving the bar up on them. He said Attorney De Anda had dealt with the owner and Mr. La Vaude himself had dealt with him for years, that he had known him all his life, that we would not be able to deal with him, that the owner was not friendly with the City and would not be willing to make a deal. Mr. La Vaude mentioned they had asked the owner point blank at their meeting if he would be willing to donate the property and the owner had said no. Mr. La Vaude stated the owner had the property on the market for \$7.5 million which he said was ridiculous, but would sell it to the City for \$4.5 million. Mr. La Vaude stated that if the owner would come and would say he would sell it at assessed value, which would be \$1.1 million, it would still be a bad idea.

Chairman Ceballos mentioned that an analysis would be needed even to entertain a \$1.0 million transaction. Mr. La Vaude stated again that we would do an analysis only if we were going to buy it. Chairman Ceballos stated that he disagreed. Mr. La Vaude said

what would happen was that we would continue with it for six months and then would come down to what LISD, Webb County, and LCC came to.

Chairman Ceballos thanked Mr. La Vaude and asked Mr. Arturo Garcia from City Community Development to present his comments. Mr. Garcia expressed his appreciation to Mr. Ceballos for his collaboration, not only on this particular item they were contemplating, but on many others. He stated that as a representative of the City of Laredo he would work a lot with the Laredo Housing Authority Interim Director and said that the partnership they had as a community not only with Housing Authority but with the HUD funds they receive through the Community Development would tie them together.

Mr. Garcia said his main mission as the department head for the Community Development was to create and look for any methods possible for affordable housing or economic development opportunities. He stated that the City Manager had asked him to look into a site analysis of the potential uses for the old Mercy Hospital site. He said that Mr. La Vaude's committee was charged by City Council to find options, not only an option, but options and said that his department was trying to find options.

Mr. Garcia mentioned he was very glad Chairman Ceballos expressed all the issues and concerns regarding access to the building and access to the information because they wanted to make sure they had good, accurate information to make a good decision in terms of any potential use for the building. He stressed the fact that he had said potential use not acquisition, that the word acquisition had never been discussed. He said they had discussed how much the value of the building had been, but never had they discussed acquisition. He said it had always been what the potential uses would be for the site, how the City could help, and how the Housing Authority could help them at the City to eliminate that blight.

Mr. Garcia stated that as the Community Development Director he held two hats, one was the code enforcement side and they had been citing the property owner not only on that site but on 18 different properties in the same area to clean up the properties. He mentioned they had been citing the owner every week and that at the Ad Hoc committee meeting that was coming up, he would be presenting the results only in regards to his department, that there were other issues the building department would have in regards to sub standards and blight issues with the structure.

Mr. Garcia mentioned that the City had been working with the property owner to try to clean up and remove the blighted condition of the building and that the Committee had brought up some good recommendations to the property owner like putting a for sale sign because he said it was critical, how would you sell a site if there was not a for sale sign on it. Mr. Garcia stated that the City staff would just want to see what the best use for the site would be and weight all the options of that potential use. He stated that when he first met Mr. Carranco in the preliminary discussion, he had no dealings with him, did not know him, and had no financial ties to him, no relations, nothing, so he said

they were just looking at the issue from the standpoint as Department Director for affordable housing opportunities.

Mr. Garcia said that it was not the only site they would be looking at, that they were always looking at other options just like Housing would do with Casa Verde and River Bank Village and that they would partner with Housing through their Housing Finance Corporation. Mr. Garcia mentioned that they did not even know whether the owner would accept the conditions in the MOU and that they would still have to take the MOU to City Council and as Mr. La Vaude had mentioned, the Council would decide whether they would want to even consider it which at that point it had not even been expressed. He said Council had directed the Ad Hoc Committee to find options and the City staff would facilitate it and they were hoping to provide the options not only to the Ad Hoc Committee, but also to the Housing Authority and the community as a whole.

Mr. La Vaude mentioned that Mr. Garcia was correct, but they had to remember what the public wanted. He said that we would be using public money and regardless where we would get it from, it was still public money. He said the public did not want to see one dime paid to the owner and said what part of that they did not understand, not one dime, whether the money would be used to tear the building down or refurbish it. He stated that maybe the public would accept it, but if they thought the public would accept us stepping in to buy it or the Community Development doing that, there was no way. He mentioned the City was also adamant to use public money to bail out an investor in a bad investment and that it had to stop. Mr. La Vaude stated that the Councilman they had talked to was the prime example of those abuses and gave the example of the Canseco house that sat empty, off the city tax rolls, maintained by the City, and the City had done nothing with it, so they would not do the same with the hospital building and that it had to stop. He said that they were driven by what the public and City wanted, to look at the options, which were very limited.

Mr. La Vaude stated that they should go ahead and check on the building which had been abandoned for 18 years and the reason it was sold was because it was 45 years old when they sold it and it would be a 65-year old building that had been gutted, looted, stripped of materials like copper and aluminum, set on fire, vandalized, so what would they think they could do with it, he added.

Chairman Ceballos mentioned that he had already said the other day that the community was going to have a reality check and at the end of the day when the property would be taken from the owner through legal process, it would be the City that would have to demolish it. Mr. La Vaude said he agreed and as a citizen he would prefer for them to use the money to demolish the building than to give one penny to the owner. Chairman Ceballos stated that it was the strategy Mr. La Vaude wanted. Mr. La Vaude responded that it was not what he wanted, but what the public and the City Council wanted. Mr. La Vaude said he knew it because he had spoken to the Mayor and to three City Councilmen and that as a matter of fact one Councilman had told him that if there was something the Councilman could do to stop it, to let him know and said he

would let him know. Chairman Ceballos mentioned he wanted to hear any comments from the Commissioners.

Commissioner Dr. Rodriguez stated that she would like some legal advice because she thought it was very controversial and she did not know how Laredo Housing had gotten involved and why the City would not resolve it. She said she would like to see something in writing from the City and she was not even sure if legally they would have to go into closed session. She said that she felt very confused. Chairman Ceballos asked Attorney Darby to respond to it.

Attorney Darby mentioned that as Chairman Ceballos had stated, the proposed MOU did not even mention or envision a purchase or acquisition and that the private owner might even reject it. He said that the proposed MOU would be for a site study and would require the owner to allow for inspection. Commissioner Dr. Rodriguez asked how come the City would not take full responsibility.

Mr. La Vaude mentioned that Housing had gotten to that point because after the first Ad Hoc Committee meeting, Chairman Ceballos, Mr. Garcia and the City Manager had met with the owner to talk about how they could facilitate a buyout. Chairman Ceballos stated that it was not accurate and asked Mr. Garcia to explain the City question.

Mr. Garcia stated that the City had been working hand in hand with Housing and the success of both Casa Verde and River Bank had been partnerships with the City through its Laredo Housing Finance Corporation which would not have happened without that partnership. He said that at that time the request had come from Nono Flores and it had been a resolution by the Council to support those two projects Laredo Housing Authority was taking under its wing to develop. He mentioned they were very appreciative because the City would always be in need of affordable housing and stated that the City had facilitated past loans for those two projects.

Chairman Ceballos mentioned that the City had asked if they would entertain it and it was what they were doing, so they would entertain the potential site analysis to have options, which was their charge, and if there were none, it would go into a conclusion and there would be no liability, it would be the owner's responsibility and the City would continue to fine.

Mr. La Vaude mentioned we should wait to do an analysis until we would get full approval by City Council to do it, which he said we did not have. He said we only had one City Councilman and the City Manager asking us to do it, so we did not have approval of the City Council.

Chairman Ceballos stated that the Housing Authority was its own entity and the City had made that request, so if the City would decide it would not be necessary, then the City would tell them so. He stated that what they were doing was accepting making changes to a draft that would get circulated to the City, would get circulated to the owner, and would go back to them if there were to be an agreement. If there were to be no

agreement and the City would say no, the community would have spoken and if they would not want additional studies, it would end.

Chairman Ceballos mentioned that the City had asked them to entertain an analysis, that it was their charge as the Housing Authority and it was what they were doing. He said they were an autonomous entity and if they were to decide it would be too troublesome, then it would end.

Commissioner Ms. Guerra suggested the City would take it up first and Housing would follow through if the City would be willing to step up, then the owner, and then Housing. Chairman Ceballos stated that it was a great idea.

Vice-Chairman Dr. Garza stated that he was not from Laredo and he was wondering why the City would want to save the building, whether it was the first hospital or there was some history behind it. Chairman Ceballos mentioned he did not think the City would want to save the building and asked Mr. Garcia to provide an explanation. Vice-Chairman Dr. Garza stated he was curious.

Mr. Garcia stated that he would like for them to entertain the MOU and then take it to the Committee for their review before Council and if they would say no, they did not like, or did not want it, then they would take it to Council and would say the Committee denied it. He also mentioned they did not even know whether the owner would agree and were trying to see if there was a possibility.

Vice-Chairman Dr. Garza asked why would the owner say no, whether he would not want to sell the building. Attorney Darby stated that the owner did want to sell the building. Commissioner Ms. Guerra wondered why the owner would say no.

Mr. La Vaude stated that the owner would not say no to the MOU, but the owner would never give a price. He asked Chairman Ceballos if the owner had given him a price and added that we would never get a price from him. He stated that the MOU was the typical document we would use to do a feasibility, economical or environmental study and said it was not a bad document. Mr. La Vaude stated that he agreed with Commissioner Ms. Guerra and recommended going to City Council first to get direction from the entire City Council as to whether they would want Housing to proceed with it or not because in his opinion, it set a bad precedent.

Mr. La Vaude stated things were moving, that Mr. Garcia's citations were working, the property was being cleaned and fixed, fences were being put up, but he would suggest like Commissioner Ms. Guerra said, to go to City Council and get the full approval of City Council before they would start doing something, because his personal opinion was that as soon as they would insinuate that we would use public money to buy the owner out, the owner would be moving the bar on them and that would not be the way to negotiate with the owner. He mentioned that Chairman Ceballos had stated he did not know the owner, but Mr. La Vaude said he had known him all his life, that Attorney De Anda had also known him for a long time. He said that we would not be able to deal with him and

that the owner was not being friendly with the City. Mr. La Vaude stated the owner was not a guy that would come and tell you he would sue you to refurbish the Cigarroa Clinic back to the condition they leased it from him at \$24,000 a month for seven years and it was occupied for three months. He asked if we were aware of that situation and added that they could not be dealing that way anymore.

Mr. La Vaude suggested LHA go to City Council to ask them point blank if they would want LHA to perform a site analysis, yes or no. If they would say yes, then to go ahead and do it and provide the information to them; if they were to say no, then just stop. He said it seemed that while they had the Committee working on it they had the City behind their back trying to buy the property from the owner. Chairman Ceballos said that was not correct. Mr. La Vaude stated we would not do an analysis without having some kind of purpose in mind.

Mr. Arturo Garcia mentioned there had not been any discussion of purchase and stated that they were not going behind the Committee's back, that they were actually trying to facilitate it by getting information, that the charge of the Committee was to find options, that City staff was moving along as per City Manager's directive to find any available options, and that it was all they were trying to do.

Mr. La Vaude stated he disagreed and that while they could give options, their task was not only to give options, but to give a recommendation and that at the end of the day their task was to give a recommendation. He said that the way it was going was that their recommendation was in part asking the City to remove all obstacles the owner might think existed so the owner could find a private investor and asking the City to place everything on the table such as tax abatements, trusses, empowerment zones, everything. He said they would not want to lose a private investor because the private investor might say the City was not behind that project, they wanted the barriers and obstacles removed, but the problem was that they did not have anybody coming to the table. Chairman Ceballos stated how would they be able to look at the property, if they did not have an agreement. Mr. La Vaude said everybody had already looked at the property, LISD, LCC, Webb County, everybody passed and now LHA would want to look at it 18 years later, the building had not gotten any better.

Attorney Darby mentioned that LHA was not under any obligation to entertain the MOU, which would be a partnership between LHA and the City and if the City would decide they would not be interested to enter into the MOU for a site study, whether Housing would authorize to enter into the agreement or not, that would not be the end of the question. Attorney Darby said the question was whether the City would agree to enter into it as well, and the question would also be whether the owner would agree to it. He said they did not have to act on it and even if they did, the City would have to agree. He said it would be a matter of whether Housing would want to consider entering into the MOU for a site study, which was the scope of the proposed MOU draft with the City.

Attorney Darby mentioned that in the proposed MOU draft there was no discussion of purchase and that the MOU did not talk about purchase nor acquisition, only about a

site study. He asked if people would do a site study before a purchase, he said of course, and then asked if people would do a site study and not purchase it, he answered that they did all the time. Attorney Darby stated that whether or not they would entertain it as a start and then let the City consider it, it would be up to the Board, but they were under no obligation to do it one way or another.

Chairman Ceballos stated that they were not approving the document and that it needed to go back to the City for approval, if City Council would intervene and would tell management they would not be interested, then that would be it, but even if they would consider it, if the City would not decide to do it, he added he did not necessarily have an interest; they had other projects and they already had a lot on their plate. Chairman Ceballos stated that if the City was asking them to join, they would entertain it and would have to work on it, it would go back to the City and if the City Council would not be interested on a site analysis, that would be it, it would not even get to the owner.

Commissioner Ms. Guerra asked if they could go into executive session. Chairman Ceballos asked if there was a clause that would allow it. Attorney Darby mentioned it was not a real estate transaction. Chairman Ceballos stated that he wanted to be open, that it was public.

Chairman Ceballos mentioned that he would like to take some sort of action either way, whether they would not want to do it or to do it subject to, he would like to hear the Commissioners' comments. Attorney Darby mentioned they had the big discussion and they had heard the issues and even if they voted for accepting the MOU draft, the City and the owner would have to approve it. He stated that nobody was forcing any acquisition. Chairman Ceballos mentioned that he wanted to have the public discourse because they were all educated persons and they all needed to work together. Commissioner Dr. Rodriguez mentioned she would not feel comfortable for them to go solely on it and said the City had to step up first and agree on the MOU. Commissioner Ms. Guerra stated that the owner needed to agree too. Chairman Ceballos mentioned the owner had to agree as well. Vice-Chairman Dr. Garza stated that if the City would agree, but not the owner, then why carry out the motion.

Commissioner Dr. Rodriguez inquired about the information gathered and if they would do it whether it would be public information. Commissioner Ms. Guerra confirmed and stated that she would like to make a provision in reference to any expense for a lien or future payment for whatever transaction if any, that Laredo Housing would be reimbursed. Chairman Ceballos stated it would be a change in the draft that would be very appropriate and mentioned that one of the actions he would like them to entertain would be to approve a draft subject to the City's review and approval to proceed, also with messages to include that the City asked them to do it and that they had drafted conditions they would like to include, like reimbursement for any expenses out of any project, and to put it in writing.

Commissioner Ms. Guerra mentioned that the City Council was more representative of the public, and if the public would want them to do it, then to let the City do it and vote

for it because since Council was elected, they had the leadership and it would be good for them to do it, then LHA would follow through. Chairman Ceballos stated that he was in agreement that the greater charge was the Council.

Commissioner Ms. Guerra stated that she knew Chairman Ceballos was doing it for the right reasons and that something needed to be done. She said that it was a community service they needed in order to help the area, that it was underserved, that it was low to moderate income, that it was in distress, and that it needed some kind of economic engine to bring it back, that it was a nice area, and that it had potential. She added that she felt the City Council represented the public and should have the leadership. Commissioner Ms. Guerra said Chairman Ceballos was a natural born leader; therefore, he wanted to take charge and would want to make things happen, that he was a can do things kind of guy, optimistic, and added why would he put himself in the firing line, after he had been accused of things that really were not true.

Chairman Ceballos thanked Commissioner Ms. Guerra for her comments and stated that it was something for all of them, including the Ad Hoc Committee, that the difficulty in moving ahead was truly the consequence of the owner's lack of responsibility for 18 years and that the fact they were having that difficult controversial meeting was a direct result of the owner not taking care of his property. Chairman Ceballos stated that if they as a community were to say they would not want to get involved, it would be fine, but at some point that property would probably be demolished and it would probably be public funds. Chairman Ceballos stated the reason they were discussing the item had nothing to do with Mr. La Vaude taking a job that was difficult, himself being in a place as were the Commissioners that was difficult, it was a civic cause, the consequence of a bad owner developing a slum there, developing nothing, a bad investment.

Chairman Ceballos stated they had told the owner directly and Mr. Garcia had told the owner that he was going to continue to get cited. Chairman Ceballos mentioned the owner was told, they had a Town Hall meeting and Chairman Ceballos mentioned he was there.

Chairman Ceballos mentioned he had the feeling that they would want to table the item and that they would want it taken back to the City and see them asking LHA again in an official capacity, and that if they were to do it, then they would entertain the item again, which would give them additional time to see if Mr. La Vaude would agree to do it. He said maybe Mr. La Vaude or other people might have more to add. Chairman Ceballos stated it would be a tough agreement and the only thing that was weak was the cause side of it, but maybe it would work by adding the changes. Mr. La Vaude mentioned that they would not get reimbursed. Chairman Ceballos stated that even if they would not get reimbursed, he wanted to have that public discourse and mentioned that he had talked to Attorneys Poneck and Darby, but did not have a chance to talk to Attorney De Anda that morning.

Chairman Ceballos mentioned that he trusted the group, which were educators, grant writers, residents, and housing experts; therefore, it was good to deliberate and in fact

he did not want to go into executive session because Mr. Garcia and Mr. La Vaude were there and wanted to have the discourse. He stated that the tone was that the responsibility belonged in a great extent to the City leaders and if they were to consider it, if it would be the right document and path, then LHA will support it; if they were to say it would not be the viable option given the leadership, then it would be fine and Chairman Ceballos would come back and report it. Chairman Ceballos mentioned there was no intention or discussion of acquisition or project and stated that he had put it in writing in an e-mail to Mr. La Vaude.

Chairman Ceballos moved to table the item until they would hear back from the City in official capacity if the City would like for Housing to proceed. Commissioner Ms. Guerra recommended for it to be in writing and signed from an official Council meeting with the revisions they had discussed. Mr. La Vaude suggested for Chairman Ceballos to do it at the next City Council meeting. Mr. Garcia recommended for Mr. La Vaude as head of the Ad Hoc Committee to look at the MOU first. Mr. La Vaude mentioned he could review the MOU. Chairman Ceballos stated he agreed that Mr. La Vaude would prepare the document as needed because the Ad Hoc Committee was supposed to look for options and they would consider if there would be a need for a site analysis. Mr. La Vaude said he would rather hear that from the City. Mr. Garcia mentioned that when they had committees, they would make the recommendation whether it would be staff recommended or committee recommended, they would still take it to City Council.

Chairman Ceballos stated that what they had was a draft and recommended not to present it as final because it was intended to be modified as necessary. Chairman Ceballos mentioned it should also be as they had discussed and that if City Council would really not want to do it, he would like to hear about it, but if they would, then they would hammer a better agreement. Mr. La Vaude mentioned that he and Mr. Garcia could present it at the next City Council meeting. Mr. Garcia mentioned it would also be his recommendation. Chairman Ceballos stated that as he had previously said, it was the consequence of the damage left from an owner that had not taken care of the property. Commissioner Dr. Rodriguez recommended that if they would approve it, they should keep the Attorney abreast of any revisions before it would be brought to City Council.

Chairman Ceballos mentioned that, for the record and in fairness to the City Manager, the City Manager was only in the spirit of options not a project and as it had been stated before, there was not a project coming, it was the City Manager's attempt to find options.

Chairman Ceballos moved to table the item.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

- B. Discussion and possible action to award RFQ No. LHA2017_0528_3 Housing Development Consulting Services and authorize the Action/Interim Executive Director to negotiate and/or contract with top evaluated firm.

Mr. Frank Lopez, Procurement Officer, presented to the Board and stated that they had three respondents out of 12 firms they had contacted. He mentioned he had provided the Board with the evaluation sheet.

Chairman Ceballos asked Ms. Ortiz to provide background on the item. Ms. Ortiz stated that the person would help them analyze and assess their current stock and had vast experience in submitting tax credit applications. Ms. Ortiz said that it was the only firm that provided information as to the process, how to go about it, and who to contact at the state and also that they had experience in appeals and in presenting before TDHCA Board. Ms. Ortiz mentioned that the other firms did not have that connection nor the expertise. She mentioned they had done extensive interviews with all three firms, over the phone interviews first before the Board's July 31st meeting, and then in person interviews with each firm; one firm brought two persons, another firm brought only one person, and the third firm brought one person and the owner of the company was interviewed by phone.

Ms. Ortiz mentioned that the consensus from the committee was that they felt the particular firm was the most qualified to work with LHA based on the needs and based on what they wanted to do at LHA. Ms. Ortiz mentioned that each interview had been one and a half to two hours long; therefore, they had taken the time to evaluate the weaknesses and strengths.

Chairman Ceballos stated that his only reservation was that they were trying to hire someone that preferably had presence in Austin due to Texas Department of Housing being there and for the Board meetings. Chairman Ceballos mentioned that they had asked all of them if they had anybody in Austin and only one firm had said they used to have somebody in Austin, but was no longer there, so to Chairman Ceballos the only setback in the process was that they would end up with somebody in Houston. He stated there was one person in Austin, but did not have any working relationships with Texas Department of Housing.

Chairman Ceballos mentioned that what they had faced with Russell Terrace had been brutal because they did not have any relations, and it had been an uphill situation, and they had a potential housing project at the airport where they would need somebody to look at it.

Chairman Ceballos mentioned that Mr. Lopez had taken months trying to get people to respond and did not get a lot of response, so he said people might not want to come to Laredo. Chairman Ceballos stated he would be fine with the person that would be the lead and said that they were expensive, rates close to \$300.00 per hour. Vice-Chairman Dr. Garza asked Ms. Ortiz about the hourly rate. Ms. Ortiz responded that with the recommended firm it would be \$225.00 per hour. Chairman Ceballos asked if that was the negotiated rate. Ms. Ortiz confirmed.

Chairman Ceballos stated that if they would entertain action he would like to keep an eye on the firm's responsiveness and recommended to have a 30-day clause.

Commissioner Ms. Guerra asked if it could be longer. Chairman Ceballos stated that notification to terminate the contract was 30 days and would like to keep it the same because they had had people that had not been a good fit, so if it would not be a good fit, the clause would allow them to terminate with a 30-day notice if they would want to try it for a year.

Attorney De Anda mentioned that a professional services contract on an hourly basis would normally have provisions that would allow it to terminate at will. Chairman Ceballos mentioned that the recommended person had worked at the Texas Department of Housing, but the issue was whether she would have presence when they would need her because she was from Houston and the cost of having to fly to Austin instead of being there in Austin. Chairman Ceballos mentioned the ideal situation would be to have somebody there in Austin that could be there for meetings, to follow trends and discussions, so it would basically be a cost.

Chairman Ceballos mentioned that it was what they had, other than tabling it and opening it again. Vice-Chairman Dr. Garza asked how long it would take if they were to table it and open it again. Chairman Ceballos responded that even if they would do that, they already had it open for six months and would not expect to get more responses and would be losing another 60 days. Chairman Ceballos mentioned that they had that project at the airport that would need somebody on it.

Chairman Ceballos mentioned that if it would not work, he would recommend staff to keep an eye on them. Vice-Chairman Dr. Garza asked that at \$225.00 per hour, how would they keep track. Chairman Ceballos responded that they would submit bi-weekly reports and when negotiating the agreement, it would need to have deliverables, whether they would be coming to Laredo once or twice a month or however the project would demand, and keeping sign in sheets. Vice-Chairman Dr. Garza asked if it would be Mr. Lopez who would be keeping track of it. Ms. Ortiz responded it would be herself and another staff who would be working directly with them. Vice-Chairman Dr. Garza mentioned he recalled somebody that when they would need the person at TDHCA meetings, the person would not be available. Chairman Ceballos mentioned that it had been all conference calls and were not able to provide staff training.

Vice-Chairman Dr. Garza stated that if the Board felt they would go with the recommended firm, they would need to realize that when they would need them to come to Laredo, they would need to do so, because first, they would be paying them, secondly, they would need to provide the services and also that there would not be conference calls, they would need to be present. He said that if they wanted the money, they would need to come to Laredo. Ms. Ortiz stated that they had emphasized and stressed enough that they would need their presence to provide training and guidance.

Attorney De Anda mentioned that it was a strict consultant hourly rate agreement they negotiated with no action with management. Mr. Lopez mentioned that they had presented another option by hourly rate for developing the strategy and as far as closing the transactions, a percentage at the option of LHA. Chairman Ceballos stated that he

understood Attorney De Anda and said that it was strictly for planning and advising, and that if they had an interest in becoming part of a partnership, it would need to be set up in a legal document. Ms. Ortiz mentioned that all three firms stated they were not interested as developers, they would be strictly consultants. Ms. Ortiz added that they had asked each firm three times.

Vice-Chairman Dr. Garza moved to award Item 9B to the recommended firm RECAP Real Estate Advisors.

Commissioner Dr. Rodriguez seconded the motion.

Chairman Ceballos mentioned that the item had been moved and seconded and asked if there was any additional discussion.

Chairman Ceballos mentioned that they needed to establish in writing when negotiating the final contract that they would have Texas presence and in case Ms. Martin would no longer be with the firm, then they would replace her with somebody in Texas.

Vice-Chairman Dr. Garza moved to award contract in Item 9B to RECAP Real Estate Advisors.

Commissioner Dr. Rodriguez seconded the motion.

Motion passed unanimously.

Chairman Ceballos thanked Frank Lopez and everybody that had worked on the item, Bulmaro, Alma, Jose, everybody and stated that it had been a lot of work.

- C. Discussion and possible action to adopt procurement procedures and guidelines regarding contractor bonding and insurance requirements for the Russell Terrace RAD project.

Chairman Ceballos mentioned that he would recap what Attorney Poneck had advised over the phone. He stated that Russell Terrace was converting from public housing to a non-profit ownership, so instead of Laredo Housing Authority having the ownership with HUD covenants, it would be a non-profit, however, it would not be a completely separate non-profit, it would be a non-profit affiliate of a governmental entity and the main structure would not be as loose as maybe a private non-profit, but it would not also be as stringent as with the Housing Authority. Chairman Ceballos stated that the staff would be managing it, but the ownership would be Laredo Housing Facilities Corporation and under that structure they would present items under their table.

Chairman Ceballos asked Mr. Lopez to present the details. Mr. Lopez mentioned that there were primarily concerned with the \$100,000 threshold because the majority if not all of the contracts they would bid on would be over that amount assuming that the whole project would be bid up at once as opposed to phasing.

Chairman Ceballos mentioned that what Attorney Poneck was explaining was that if they would bid in phases, which would be permitted, and would award something

\$100,000 or more, it would need to be bonded. He stated that the bonding would be for payment and performance; performance would be if they would fail on something or if somebody would not get paid under a subcontractor ladder, then the insurance company would cover it. Chairman Ceballos mentioned that what Attorney Poneck was saying was that the project would probably be done in phases and believed it would comply, so the bonding requirement could be waived if it would be done in phases and if they could prove the subcontractor would not subcontract any work, which meant he would not owe anybody because he would be the last line and said that Attorney Poneck suggested the items would go back to the Board if there would be a waiver of bond for any based on phasing.

Chairman Ceballos asked if there were any other details. Mr. Lopez responded there were not any, that he had covered all because one of the issues of the caveat was the payment bond which was normally applied after \$25,000, not only after \$100,000 as opposed to the performance bond and it was something they would be looking at.

Chairman Ceballos mentioned that they thought the payment bond would be easy to obtain for most, but the same would apply if they would struggle to obtain it, then it would be brought back to the Board to address it.

Chairman Ceballos moved to approve Item 9C as presented and discussed.

Commissioner Dr. Rodriguez seconded the motion.

Motion passed unanimously.

Commissioner Dr. Rodriguez requested a correction be made at the bottom of Item 9c communication, to edit the information under recommendation.

Chairman Ceballos thanked Commissioner Dr. Rodriguez.

Chairman Ceballos recommended Mr. Lopez to add an asterisk on the worksheet about bringing back items that would not be bonded for Board approval with staff recommendation.

- D. Discussion and possible action to approve to transfer the Russell Terrace's Ownership to Laredo Housing Facilities Corporation.

Mr. Bulmaro Cruz presented to the Board and mentioned that as previously stated, the owner of Russell Terrace would be Laredo Housing Facilities Corporation. He mentioned that they had filled out all the forms on the application for RAD Conversion and the Laredo Housing Facilities Corporation would be the owner, but they had not executed any documents to that effect, so the item would be to ask for authorization to execute the documentation. Chairman Ceballos asked Mr. Cruz to inform the Board about the date for closing. Ms. Ortiz mentioned they executed all the documents on August 9th and would have to close by August 23rd. Chairman Ceballos asked if they would be ready and made reference to an issue with the bank that would be resolved later. Ms. Ortiz confirmed and mentioned that the bank was aware.

Chairman Ceballos stated that although he had already said it, it would no longer be public housing, but a RAD property which would essentially be Section 8 project based and it would continue to have property tax exemption as an affiliate of the Housing Authority. Chairman Ceballos said it would be tax free and that there would be a process to get it, but they were honoring it for Casa Verde and River Bank, so he thought it would not be a problem and stated that a legal opinion had already been prepared.

Chairman Ceballos moved to approve Item 9D.

Commissioner Ms. Guerra seconded the motion.

Motion passed unanimously.

- E. Discussion and possible action to authorize the Acting/Interim Executive Director to renew the Certificate of Deposit (CD) covering the Letter of Credit for the Casa Verde Low Income Housing Tax credit Project Public Improvements.

Bulmaro Cruz presented to the Board and stated that on May 26th they had asked the Board to authorize them to extend the Certificate of Deposit covering the Letter of Credit for Casa Verde's public improvements for six months and it was authorized for three months. Mr. Cruz stated that he had talked to Mr. Brown to see if it would be completed by the time the Letter of Credit would cover it which would be September 8th but Mr. Brown said it would not be ready, so they were recommending to extend the Letter of Credit. Vice-Chairman Dr. Garza asked what it was that would not be ready by September 8th. Mr. Cruz responded all the public improvements.

Chairman Ceballos explained that the City would require the work on any improvements in the public right of way like water connections and sidewalks to be bonded or a Letter of Credit be bought to guaranty the City of any potential damages. He mentioned the delay had to do with the City working on the street; therefore, they had not been able to finalize the improvements. He asked how much the extension would cost. Ms. Ortiz mentioned it would be 1% because it would only be for three months or \$5,498.00 and would run thru December 8th.

Commissioner Dr. Rodriguez moved to approve Item 9E as presented by staff.

Chairman Ceballos seconded the motion.

Chairman Ceballos seconded the motion with the following discussion by Vice-Chairman Dr. Garza who asked for an explanation on the \$5,498. Ms. Ortiz mentioned it was the fee to renew the Letter of Credit for an additional three months. Chairman Ceballos mentioned it had been moved and seconded and asked for any additional discussion, motion passed.

Commissioner Dr. Rodriguez moved to approve Item 9E as presented by staff.

Chairman Ceballos seconded the motion.

Motion passed unanimously.

- F. Discussion and possible action to approve allocating an additional \$250,000 of equity to meet loan guaranty requirement by BBVA Compass Bank for the Russell Terrace Reconstruction Project.

Ms. Ortiz presented to the Board and stated that the bank would not approve the Russell Terrace Reconstruction loan of \$6.6 million with Housing Authority putting 40%. She said the contributions of the Laredo Housing Authority and its affiliates combined was close to \$5.5 million. Ms. Ortiz mentioned that credit would approve that, but needed a full guaranty from either the Laredo Housing Opportunities Corporation or the LHA. Ms. Ortiz stated that LHOC could not provide the full guaranty and the bank came back and said the limited guaranty could be provided by the Laredo Housing Authority, but Ms. Ortiz said that LHA had federal assets and could not necessarily do it.

Ms. Ortiz stated that the bank wanted the limited guaranty to be provided for the entire term of the construction loan which would be approximately two years plus the permanent loan of 18 years, so they wanted it for the full 20 years. Ms. Ortiz said they could not do that. They went back to credit and said they could do a \$250,000 additional equity that could be provided out of the contingency already budgeted in the construction loan and what they would have to do would be to have a third party review to see if the contingency would allow it. She said the contingency was \$1.2 million, already budgeted, so they would take \$250,000 off of it to provide the additional equity which would put the contingency at \$870,000 and they would be able to do it if the third party review would approve it; therefore, Ms. Ortiz was requesting the Board to authorize them to provide the \$250,000 out of the contingency if the third party would allow it. Ms. Ortiz mentioned the third party still needed to do the review any way and the review would take about a week, so if they would not allow it, they would still have to put the additional equity of \$250,000 by the time they would go into the permanent loan.

Ms. Ortiz stated that they would have two years to fund it and would be in an interest bearing account. Vice-Chairman Dr. Garza asked if that would come out LHA. Ms. Ortiz responded it would be additional \$250,000 on top of the \$5.4 million, the 40% Housing Authority and the entities were contributing. She said they would have to provide the equity so that LHA would not provide the limited guaranty for the 18 years. Chairman Ceballos stated that they should not do it, that he did not think LHA should be guarantying for 18 years and said that if they did not have the \$250,000 because they would use it up and did not have contingency, they would come back to fund it.

Chairman Ceballos stated he was sure the project might have some funding that might not be utilized on certain trades like drive way money and that they had a healthy contingency even with the asbestos additions. Ms. Ortiz mentioned that the \$250,000 would be kept in an interest bearing account for three years only, after the three years, it would be released back to LHA. Chairman Ceballos said it would not be bad because they would have it in an interest bearing account, it would really be an escrow. Ms. Ortiz mentioned it was a second option. Chairman Ceballos mentioned it had come as a

surprise and that it had not been in the terms they had been given. He added it had been a tough process with the bank.

Chairman Ceballos moved that they would first attempt to allocate the funds for the additional equity out of the contingency and if the equity would not be there, then they would go back to the Board for other sources to be allocated. Chairman Ceballos mentioned that the Board agreed with submitting the additional equity, so they would be able to close the loan.

Chairman Ceballos moved to approve Item 9F with the Board recommendation.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

- G. Discussion and possible action to approve recommendations to fill administrative positions. Possible Closed Session pursuant to Texas Government Code, Section 551.0743.

Chairman Ceballos asked if they would go into Executive Session for item 9G. Ms. Ortiz confirmed.

Chairman Ceballos moved to go into Executive Session.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

10. 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).

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

The Board entered into Executive Session at 5:27 p.m.

The Board reconvened from Executive Session at 6:05 p.m.

Chairman Ceballos mentioned there was no action taken in Executive Session.

Chairman Ceballos asked Ms. Ortiz for her recommendation in reference to Item 9G.

Ms. Ortiz mentioned she was recommending to hire Mr. Raul Barriga for Director of Housing Management.

Commissioner Dr. Rodriguez moved to accept Ms. Ortiz recommendation.
Chairman Ceballos seconded the motion.
Motion passed unanimously.

11. ADJOURNMENT

Chairman Ceballos moved to adjourn the meeting.
Commissioner Ms. Guerra seconded the motion.
Motion passed unanimously.

Meeting adjourned at 6:05 p.m.



Jose L. Ceballos, Board Chairman



Melissa Ortiz, Acting/Interim Executive Director