

Housing Authority of the City of Laredo

Regular

Board of Commissioners Meeting

LHA Board Room

2000 San Francisco Ave.

Laredo, Texas 78040

Wednesday, September 20, 2017

3:00 p.m.

A-17-R-9

Minutes

September 20, 2017

1. **CALL TO ORDER** Chairman Ceballos called the meeting to order at 3:08 p.m.
2. **PLEDGE OF ALLEGIANCE** Ms. Jennifer Barrientos 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

Commissioners Absent

Dr. Marisela Rodriguez, Commissioner

Staff Present

Melissa Ortiz, Acting/Interim Executive Director
Christy Ramos, Administrative Assistant
Mary De la Rosa, 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
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, Office Clerk
Attorney Ricardo De Anda

Others Present

Rosie Rios
Mario Jasso
Adrian Rodriguez
Pedro Gonzalez

David Gonzalez
Allison Haynes
Rafael Vidaurri, III

4. CHAIRMAN'S COMMENTS

Chairman Ceballos updated the Board in reference to the former hospital building discussion the Board had at the previous meeting and said that the MOU was sent back to the City to act on it and City Council had authorized City Management to enter into a joint analysis with LHA, the City and the Owner. He mentioned they had since prepared a letter to the Owner providing the MOU with a 15 day response if the Owner would be interested and agreed to the terms, if so, it would be brought back to the Board for consideration. The letter was delivered September 14 and it allowed 15 calendar days for the Owner's response, if there would not be a response, then that would be the end of the Board's participation. Chairman Ceballos mentioned that the MOU was on the website for the public and all of them to read and said that it was basically the same they had at the last meeting with the addition of a reimbursement of any expenses clause the Board had requested. The City approved it with reimbursement at the time of disposition whether by sale or demolition. Chairman Ceballos stated that he would stop referring to the building as Mercy as a form of respect to Sisters of Mercy whom he acknowledged had done a great work then and continued to do a great work for the community, that it was not his genuine thought, but a request of somebody who had brought it up to his attention and he was happy to do it, so he said that the word Mercy was removed from the documents in the spirit of respect to the Sisters of Mercy who continued to do a great work for the City and the Country.

Chairman Ceballos asked if there were any questions and mentioned that everywhere he would go, he would be asked about the former hospital. Vice-Chairman Dr. Garza asked about the outcome of the Committee's meeting. Chairman Ceballos informed that the Committee had decided to support the analysis, but when it went before City Council, the Chairman expressed that he did not feel following the path of an analysis was good, which was Chairman Ceballos' assessment of what the Chairman at the City had expressed. The Owner was not present at the meeting which really bothered Chairman Ceballos because Ms. Ortiz, Ms. Mata and himself waited four hours to speak and skipped dinner, so he did not appreciate the Owner not being present, who had a lot at stake and was responsible for the impact the building had on the neighborhood. He stated that the Owner should have been present and engaged in the process. Commissioner Ms. Guerra asked whether he knew the Owner had been invited and said she would expect the City to invite the Owner. Chairman Ceballos mentioned he did not know whether the Owner had been invited, but they would expect the Owner to be present.

Chairman Ceballos stated that an analysis was important to quantify what they would be dealing with whether they would decide demolition would be in the future, which a lot of them thought would happen, so they would want to quantify based on facts not based on a report of something that had not been seen nor conducted and also maybe bring demolition experts to take a look and provide the cost. He said he joined the City in the idea to know what the cost or the problem was and what the solution could be, and whether the Owner would be cooperative or agreed to the terms would be a different story.

Chairman Ceballos stated that they would not proceed until there would be a decision on the MOU. Commissioner Ms. Guerra asked again about the time the Owner had to respond. Chairman Ceballos responded that the letter said 15 calendar days, which he said was reasonable because the original MOU draft had circulated a week and a half earlier. He stated that there had not been substantial changes on the MOU besides adding the reimbursement clause.

Vice-Chairman Dr. Garza asked whether there had been other studies conducted in the past. Chairman Ceballos mentioned there had been some studies and also stated they had some information that had been shared with them and was glad it was brought up because they had a media request to release some documents that would expire that day and asked Ms. Ortiz if the request had been amended. Ms. Ortiz confirmed. He stated that they would have to clear some through the Attorney General. He mentioned there were some studies, but were specialized, LISD had conducted a study specialized on an educational development complex which had demolition cost for limited demolition, a scope that did not include the entire building and included a parking lot. Chairman Ceballos stated that some of the studies belonged to the Owner and did not belong to the public yet, until released by the Owner and although they were in the public domain with the City and with them, his concern had been about them starting to release the information. He stated he had not seen a demolition study and that there might be one, but it had not been shared with him, nor had he seen a gutting or a bio hazard study and added that there were some gaps. The City had authorized an appraisal as part of the project which was important. He stated there were studies, but not all had been released. Chairman Ceballos mentioned the Owner had said he had a demolition cost, that might not be a study estimate, which he had not seen and was curious to see, particularly because the basement was so huge in that location, approximately 90,000 sq. ft., and almost a third of the building sat in the basement which would probably be a very expensive endeavor to demolish and remove.

Chairman Ceballos mentioned that was the background on the building and said he personally liked to do things in public, that it had been helpful to have done that exercise in public and everything that would get cleared would be posted on the website and stated he did not think there had been confusion. He mentioned he had thought of putting out a statement, but said the media had covered it well enough, but if ever they would feel they needed to put out an official statement, he recommended them to communicate with him and he would do it; if they were to feel there would be confusion and they would need to be more responsive, then to let him know. Chairman Ceballos said he had thought of putting out a statement, but thought the matter was so controversial that he thought it might not add any value, so he left it alone and stressed that if they would ever feel they needed to inform what their role was, to just let him know and he would be happy to do it.

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)

There were no comments.

6. APPROVAL OF MINUTES

A. Approval of minutes for Board of Commissioners meeting on July 31, 2017.

Chairman Ceballos moved to approve minutes as presented.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

7. PRESENTATION BY CENTRAL RESIDENT COUNCIL

Ms. Rios, Central Resident Council President, presented to the Board and thanked them for the invitation to participate. She stated that with the demolition in Russell Terrace, they were wondering about the new Five-Year Plan, that the Councils were looking forward to start working on the requests to be included in the Five-Year Plan.

Chairman Ceballos stated that the Five-Year Plan had been approved. Ms. Rios said that they would like to hear from Ms. Ortiz as to when the Councils would be able to meet. Chairman Ceballos stated that they were in the middle of the fiscal year and should be able to communicate about the workshops for the different sites; therefore, he asked Bulmaro Cruz to provide them with the information on the workshops. Mr. Cruz mentioned they were working on the plan for next fiscal year and said the information on the Councils was part of the documentation they would submit to HUD.

Chairman Ceballos thanked Ms. Rios for her participation.

Chairman Ceballos moved to take Item 9A and 9H and then go back to Item 8A.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

8. PRESENTATIONS (No Action to be taken)

A. Executive Director's Report

Ms. Ortiz presented to the Board and stated that Section 8 staff had a training in August and that they had opened the waiting list for Asherton and Zapata at the Board's request. She mentioned that in Section 8 they added two applicants for Zapata and three for Asherton and the information was up to date as of September 4, 2017. She said they had opened the waiting list every Tuesday, but did not have a lot of calls. She mentioned they received a call from a displaced resident from the disaster area at Rockport, a victim of Hurricane Harvey, who said had family in Zapata. Ms. Ortiz called

the resident urging her to get on the waiting list and she said the resident did get on the waiting list the day before the meeting. They were also trying to help another displaced family who was in San Antonio and was looking into the preferences and trying to talk to the Consultant to see what they could do to get the family in the Section 8 waiting list.

Chairman Ceballos asked about Farm Labor's occupancy. Ms. Ortiz stated that they had two pending evictions and six vacancies and they would be able to lease four by the end of the month.

Chairman Ceballos asked about Asherton. Ms. Ortiz mentioned that Asherton was doing well, that they only had one vacancy and that the unit that was off line had been brought up to line, and would be able to lease both by the end of the month. Ms. Ortiz mentioned Ms. Pond had been very helpful, which was the reason they were able to lease up in Asherton. She said they had not been able to replenish all the 32 units in Section 8 and had three on the waiting list.

Vice-Chairman Dr. Garza asked about the vacancies in Farm Labor. Ms. Ortiz responded they had six vacancies and would be able to lease four and had eight on the waiting list.

Chairman Ceballos mentioned they would love to recognize some of the managers that were excelling and had turned projects around, especially Farm Labor and Asherton, which were leasing up fast, and if there were other managers excelling, they would love to recognize them as well, so he recommended Ms. Ortiz to look into some kind of recognition.

B. Unaudited Financials for the month of July 2017

Mauricio Del Barrio, Director of Finance, presented to the Board and stated that the Section 8 Voucher had a net loss of \$207,000 for the month, due to a recapture from HUD. Basically, it was funding HUD had given them in the past and now it was recaptured. Chairman Ceballos asked Ms. Ortiz to explain. Ms. Ortiz stated that HUD would always take a while to reconcile the previous calendar year, they would usually reconcile it around June or July, that essentially they had received \$7.8 million, but had spent only \$7.5 million, so they recaptured what was not spent, like on a cash reconciliation basis. Chairman Ceballos mentioned it was a recapture of budget authority, not a recapture of cash because they did not spend it. Ms. Ortiz confirmed. Chairman Ceballos asked if it should have been an adjustment to budget authority. Mr. Del Barrio said he needed to look at it closely and would get back to them. Chairman Ceballos stated, for the record, that he was very cautious of Commissioners approvals, even though it was an informal approval, he would not approve a loss because it was probably not a loss, and it would probably be underutilization that got recaptured. Chairman Ceballos asked Ms. Barrientos, Section 8 Administrator, if she agreed. Ms. Barrientos confirmed. Chairman Ceballos stated that it probably needed to be presented differently, as an adjustment to budget authority, and if they had spent it, it probably would have not been recaptured and said that the reason it was not spent

was because they had been under leased at some point. Ms. Ortiz confirmed and said that if they had overspent, they would have been given an adjustment. Chairman Ceballos mentioned that they would probably lose the amount in the next allocation because they did not spend it. Ms. Ortiz mentioned they would adjust their budget authority for the current year. Chairman Ceballos stated that the report needed to be modified because it was not really a loss.

In regards to Asherton Mr. Del Barrio mentioned they had indicated a transfer, a utilization from reserves of \$129,000.00 and would need to approach HUD to get a formal approval to be able to utilize reserves. He also mentioned that office expenditures continued to be high, that materials, supplies and maintenance contracts continued to be high not only in Asherton, but in general; however, he said they had received notice from HUD that the budget they had submitted had been approved and said that when they worked on the budget back in March they had estimated conservatively at 80% and from his calculations it seemed they would have \$400,000 that they would need to evaluate to see how they would utilize those funds. Chairman Ceballos mentioned that it would probably go into the COCC. Ms. Ortiz mentioned it would go into the AMPs and said she believed they were being funded at 92% as opposed to 80%. Chairman Ceballos suggested to take Asherton to the same level they were being funded immediately and stated that HUD was funding them more which was what they thought would happen because there had not been real changes in D.C. Ms. Ortiz mentioned that they would discuss part of it in the workshop scheduled for October and would bring it back for approval.

Chairman Ceballos made reference to the last time Asherton was in the red and explained they would come back with a journal entry into reserves for approval and asked Mr. Del Barrio for the estimated amount. Mr. Del Barrio responded it would be about \$129,525. Chairman Ceballos asked if that was for improvements to the property. Mr. Del Barrio responded it was for expenditures already incurred as well as additional expenses for personnel that were not budgeted for the entire fiscal year, increase in spending in some areas that continued to exceed expenses as well as improvements such as the parking lot, the drainage ditch and those types of projects like beautification of the site. Chairman Ceballos suggested that Mr. Del Barrio separated soft cost because he had a feeling they would not authorize soft cost, he said they might authorize deferred repairs, but not soft cost and emphasized he should try it.

Chairman Ceballos stated that it was the second meeting Mr. Del Barrio had raised the issue of paper and office supplies and asked if it would be something administration could take care of or if they would want the Board to address the issue and stated that it could just be an inflationary issue and whether the budget would need to be adjusted. Ms. Ortiz stated she was trying to downsize, to not use fancy products and said the budget would have to be adjusted. Ms. Hernandez, Assistant Director of Housing Management, stated that the previous year the budget had been \$25,000 and this year it was \$7,000 which was a big difference. Ms. Ortiz stated that last year they did not have the funding, so they lowered it in order to meet salaries. Chairman Ceballos asked

if it was \$7,000 for the whole agency. Ms. Hernandez responded it was only for Russell Terrace, but Chairman Ceballos mentioned that as per Mr. Del Barrio, the issue was throughout the Agency not only in Russell Terrace. Chairman Ceballos recommended for them to try to resolve the issue; otherwise, if they needed the Board's help, they could bring it back to the Board and stated that to him it would only be an administrative issue, so if they could resolve it, they could make the adjustment now that they knew they would have additional cash from HUD.

Chairman Ceballos asked if they had been adjusting staff for the Russell Terrace Conversion. Ms. Ortiz responded they had not and would start slowly right after they start demolition. Chairman Ceballos asked about anybody being displaced, hoping it would not happen and to be given at least 90-day notice in case anybody would be displaced, demoted, or reclassified, and recommended to give them sufficient notice. Commissioner Ms. Guerra asked about the staff that worked at Russell Terrace. Ms. Ortiz responded there were seven persons, four in maintenance, two managers, and one assistant manager and it would be sizing down to about four persons which would be a project manager, possibly a part-time assistant and two persons in maintenance. Ms. Ortiz said that the units would be new and the need might not be as they had currently, so they would be looking as to how the need for staff would develop and would come back if they were to need additional staff. Chairman Ceballos mentioned it would be good to see how Russell Terrace would do in regards to cost compared to Casa Verde and River Bank.

Chairman Ceballos thanked Mr. Del Barrio for his presentation.

9. ACTION ITEMS

- A. Discussion and possible action to award RFP No. LHFC_RT2017_0818_3, Building Demolition Services for the Russell Terrace Revitalization Project and authorize the Acting/Interim Executive Director to negotiate and/or contract with the top evaluated firm.

Bulmaro Cruz, Director of Modernization and Development, presented to the Board and mentioned that the request for proposals was published August 18, 2017 and the deadline was September 8, 2017. He mentioned the information from the evaluation committee and procurement on three companies that responded was provided in the packets. Mr. Cruz stated that there were five factors they considered to score and were as follows: experience in demolition, ability to identify any hazardous substances during demolition, past performance records, evaluation from former clients and ability to perform services on a timely basis, to which all three companies complied. He mentioned that the pricing was also considered and that the top ranking company was Laredo Concrete Cutting and Sandblasting. Chairman Ceballos asked where Laredo Concrete was from and their location. Mr. Cruz responded that they were from Laredo. Vice-Chairman Dr. Garza asked about the recommended firm. Mr. Cruz responded it would be Laredo Concrete Cutting and Sandblasting which had been the top ranking firm. Attorney De Anda asked about the company disposing of the materials from the

demolition. Mr. Cruz responded he thought it would be at the City of Laredo landfill and would be negotiating the fee with the City because LHA had a lower fee than the firm. Vice-Chairman Dr. Garza asked about the company having the equipment and manpower required and whether the company had experience with major projects. Chairman Ceballos asked if they had requested references on the particular firm. Frank Lopez, Procurement Officer, mentioned that he had contacted the three references the firm had listed, one was U.S. Cold Storage whose contract was valued at \$165,000 and he had talked to a Mr. Diaz that morning who informed the firm had demolished part of the storage inside the building and part of the parking lot and they had also refilled it. Mr. Lopez also contacted Mr. Moore from Laredo Medical Office where the firm had demolished one office building. Another person Mr. Lopez contacted was Monica Guajardo at San Luis Rey Church who said the demolition value there had been \$360,000.

Vice-Chairman Dr. Garza asked Mr. Adrian Rodriguez from Laredo Concrete Cutting and Sandblasting to come forward and asked him about their experience demolishing old buildings. Mr. Rodriguez responded that they had demolished a 100 plus years old building on Guadalupe and Hendricks Streets. Commissioner Ms. Guerra asked for the value of that demolition. Mr. Rodriguez responded it had been \$120,000. Chairman Ceballos asked Mr. Rodriguez if he understood the foundations were to be saved on the project. Mr. Rodriguez confirmed. Attorney De Anda asked him about the principal of the company, the location and how long they had been there. Mr. Rodriguez stated he was the owner of the company, which was located at 7404 Mines Road and IH 35 and had been there seven years. Chairman Ceballos asked about the size of the crew and if they had the ability to crush on site. Mr. Rodriguez responded the crew consisted of 25 men and in regards to crushing on site he said it would be depending on the dust in the area, and also mentioned that the debris would be taken to the City of Laredo landfill. Attorney De Anda asked him if he had considered it was a housing project and there were people living in the demolition area. Mr. Rodriguez confirmed and stated that they would work as safely as possible and around everybody's schedule.

Chairman Ceballos thanked all the proponents and mentioned that all of them had done good work in the city, but they had to pick one. He thanked Mr. Gonzalez who was present and said that Mr. Davila also did good work and would hope to work with others in the future. He said he would recommend to go with the firm recommended by staff and mentioned that the cost estimate was also a decisive factor for recommending Laredo Concrete Cutting and Sandblasting.

Chairman Ceballos moved to approve Item 9A as recommended by Staff.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

- B. Discussion and possible action to authorize the Acting/Interim Executive Director to execute the transfer of the remaining balance of the LHA's Retirement Account 401(k) and 457(b) from Billings & Company, Inc. to Housing Authority Retirement Trust (HART).

Cesar Vasquez, Human Resources Manager, presented to the Board and stated that Life Associates had been a retirement company since 1965, but back in July, 2010, they filed for Chapter XI Bankruptcy and the Agency was notified. Mr. Vasquez' assumption was that the Agency was put in a situation as to what to do with the retirement funds. He stated contributions were still made to Life Associates and as per his research he found that there was a plan to go with a new retirement company and in May, 2013 HART came into plan which was Housing Authority Retirement Trust fund and was approved by the Board of Commissioners; therefore, there was a new retirement plan in place and during that time they could not make any transfer of funds due to litigation in bankruptcy court. Mr. Vasquez stated that after 2013 Life Associates was bought by Billings & Company and bought all the assets which included LHA's funds and on December 30, 2016 LHA was notified that if they wanted to transfer their funds from Billings to the current retirement plan, they could do so, however, there was a cost to do it, an IRS fix for some taxes and plan sponsors being penalized, so the amount was close to \$5,000 and they started the process of transferring the funds; therefore, they were requesting the Board of Commissioners to authorize the Acting/Executive Director to continue the process and he said there would be no cost on the transfer because the Company was notified within the year. Chairman Ceballos asked if Russell Terrace development would be included in the retirement now that they would be converting. Mr. Vasquez responded it would be everybody that was participating in the plan. Chairman Ceballos asked whether it would include Public Facilities. Ms. Ortiz mentioned she would check into it.

Chairman Ceballos asked if they needed to make a decision or if they could bring it back and whether they were under a time frame. Ms. Ortiz mentioned they were not under a time frame. Mr. Vasquez suggested they could authorize to start the process, that they did not have to make the final decision and they could bring it back to the Board. Chairman Ceballos mentioned they could authorize contingent on Russell being included and that he would hate to have another plan for that group because a group of four would be very difficult. Mr. Vasquez said it was the plan they had not contributed since 2013 and would only affect the employees from 2013. Vice-Chairman Dr. Garza asked where the other retirement was and that they were transferring to HART. Mr. Vasquez confirmed. Vice-Chairman Dr. Garza asked if employees at Russell would be affected. Mr. Vasquez mentioned that about half of the employees had some money with Billings. Ms. Ortiz mentioned it was about two employees. Mr. Vasquez mentioned it was an inactive account that they could not contribute to. Chairman Ceballos asked if they would be able to have a retirement account with HART for the four employees at Russell. Mr. Vasquez responded that it would need to be negotiated with HART. Chairman Ceballos asked if they would qualify even though they would be working for a non-profit. Mr. Vasquez responded that they should be because it was a 401(K) plan. Chairman Ceballos stated that it would need to be confirmed, that they would probably qualify because it would be a direct affiliate of Housing and was an old account and the other issue was whether they could support it with a retirement trust under HART for Russell Terrace.

Chairman Ceballos requested they inform the Board in case they would see anything detrimental to any employee because they would not want to impact any employee's retirement in any negative way. He also requested they get response in writing if anyone could continue with the affiliate non-profits.

Chairman Ceballos moved to authorize the Acting/Interim Executive Director to transfer the remaining balance from Billings to HART Retirement Trust and to report back the following month on whether affiliate authorities could be serviced under HART Retirement Program.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

- C. Discussion and possible action to authorize funding assistance for rent and/or utility deposits for currently homeless clients being newly admitted into and assisted by the Section 8 Housing Choice Voucher program, and identify funding source, possibly the Laredo Housing Development Corporation.

Jennifer Barrientos, Section 8 Administrator, presented to the Board and stated that they had opened the waiting list for the homeless population and had issued vouchers for them and since they did not have income to cover deposits for rent or to open the utilities. Ms. Barrientos requested the Board if they could use the Laredo Housing Development Corporation funds to assist the families with the deposits and mentioned that there were two accounts that could be used either the unrestricted de-federalized funds which was the Laredo Housing Development Corporation PFC or the Laredo Housing Development account. She mentioned that she had met with finance department in regards to the balances for those accounts and was informed that Laredo Housing Development Corporation had a balance of \$3.7 million and the Development account had \$1.4 million; therefore, she was recommending to use the PFC.

Chairman Ceballos provided background on the item and mentioned that they had created some preferences in order to house the street homeless, so now there were 18 families that would be taken from the shelters and the streets and would go to a unit. He mentioned Ms. Barrientos had informed him that these families had gone everywhere, to Catholic Social Services, Bethany House, the City, Webb County, and nobody seemed to have money to help them get their utilities or rent deposit, but the issue he said would be that once they would open that door, they would never have enough money to help everyone and said that the way Ms. Barrientos presented it would be a one-time situation. Ms. Barrientos mentioned that it would be for a maximum of \$15,000 per year with no roll over and only for the current homeless population getting assistance with Housing that were referred by a social service agency that had an MOU with Housing, the ones that got referred were by Casa de Misericordia and Bethany House. Ms. Ortiz mentioned they did not want to lose the vouchers, they needed to lease up and said that if they would do that on a one-time basis it would sort of stabilize the family and if they worked together with the community service partner, they would be successful because since it was a pilot program Housing would want to succeed and it would definitely help the families.

Vice-Chairman Dr. Garza mentioned that the fact that they had tried and made the effort to look for the funds, to him it meant a lot that they tried to do something about it, so he felt they should be helped.

Chairman Ceballos stated that these families had nothing, that they would be getting an apartment and they did not have a bed, anything, and he said that hopefully other agencies would help if they would get organized with social agencies. He said they were 18 families that had nothing and would walk into a home and also that they might coordinate with the food bank to get food, hoping they would get a unit that would come with appliances. Ms. Barrientos stated that the families had no furniture at all, no beds, TV, nor couches. Chairman Ceballos suggested that it would be something Ms. Barrientos could bring up at the homeless coalition meeting and between several of them, that maybe two or three of them could adopt a family.

Vice-Chairman Dr. Garza wondered if it would be possible for any organizations in the country that would be willing to help people by providing at least a frame and a mattress. Chairman Ceballos mentioned that maybe Habitat. Vice-Chairman Dr. Garza mentioned a place that had used furniture that people did not want to throw away. Chairman Ceballos mentioned furniture at Goodwill was for sale. Ms. Barrientos suggested that they could use the website and flyers about accepting donations with Mr. Collazo. Vice-Chairman Dr. Garza stated that many times people did not go on the website and suggested personally visiting the places.

Chairman Ceballos asked Ms. Barrientos about the number of families and individuals. Ms. Barrientos responded they had four individuals and the rest were families and that out of the 18, 12 were from Bethany House and the rest were from Casa Misericordia.

Commissioner Ms. Guerra asked if they knew what the obstacles were that prevented them from getting assistance from the other agencies. Ms. Barrientos mentioned that in some cases they owed money to the utility companies and they could not pay it for them to connect the services or they would not get approved because of credit issues. Chairman Ceballos asked whether they were finding units for them. Ms. Barrientos mentioned there were a couple landlords that included the utilities in the rent.

Chairman Ceballos asked Mr. Collazo, Special Projects Coordinator, if there was anything they could do to find out about the needs of these families to try to help them especially with beds. Mr. Collazo mentioned they had been helping the senior citizens with furniture and that they had just received some donated furniture, some coffee tables and chairs. He said they had also been looking for mattresses for the senior citizens and would start looking for beds for the homeless. Mr. Collazo mentioned that they were currently trying to help a gentleman that had recently entered the Senior Home, who was in a wheelchair and did not have any furniture. Chairman Ceballos asked if he would reach out to Lacks and Texas Discount. Mr. Collazo said he would and that mostly they received donations from Jaime Arizpe and other agencies. Chairman Ceballos suggested that Ms. Barrientos would present a list, with the families' permission, to see if the

Coalition could help because he said it was just 18 families and maybe all of them could help. Ms. Barrientos responded she would. Mr. Collazo said they were getting prices on mattresses because the resident council would usually have fundraisings and they would get mattresses which were lent to residents and when residents would leave, the mattresses were kept at the Senior Home. Chairman Ceballos mentioned that if they would provide him with the information, he could send an e-mail because he had a huge homeless coalition mailing list consisting of about 200.

Ms. Barrientos asked whether they would use the PFC or the other account. Chairman Ceballos asked for Ms. Ortiz recommendation who recommended using the PFC Laredo Housing Development Corporation account with a maximum of \$15,000 per year and for it to be on a first come first serve basis for the homeless that would be moving up through the preferences.

Chairman Ceballos moved to approve Item 9C as recommended by Staff.
Vice-Chairman Dr. Garza seconded the motion.
Motion passed unanimously.

- D. Discussion and possible action to approve the write-off of non-collectable accounts of \$3,057.96 for vacated units for April 1, 2017 to September 30, 2017.

Ms. Ortiz stated that it was uncollected rents for six months due to residents moving out and leaving outstanding balances. She mentioned the amount was \$3,057.96, which was half of the amount that was brought before the Board in March and mentioned that the Managers had been doing very well collecting rents. Chairman Ceballos mentioned he wanted to congratulate the Managers and said he had told Ms. Hernandez it was the first thing he had noticed because he knew Vice-Chairman Dr. Garza always focused on that. He said that for the last couple months they had done great getting that improved.

Chairman Ceballos moved to approve Item 9D.
Vice-Chairman Dr. Garza seconded the motion.
Motion passed unanimously.

- E. Discussion and possible action to authorize the Acting/Interim Executive Director to acquire insurance coverage as required by BBVA Compass Bank for the closing of the construction loan for the Russell terrace Revitalization project.

Chairman Ceballos mentioned they would take Item 9F together with Item 9E because they were related.

Bulmaro Cruz, Director of Modernization and Development, presented to the Board and stated that he had provided them with the insurance documents required for the insurance certificates and said that they were having a hard time getting deliveries due to Hurricane Harvey, so he said they had finally received them and had provided the information to the bank the day before in order to proceed with the closing, but they just needed the approval from the Board to proceed.

Chairman Ceballos asked if the Letter of Credit was as expensive as or cheaper than the bond. Mr. Cruz responded that it was cheaper. Ms. Ortiz stated that it was cheaper in the sense that they would get the money back, they had to pay a fee, the payment and performance bond would be an upfront cost, but would not worry to tie the money down. Vice-Chairman Dr. Garza asked where they would get the money for the Letter of Credit. Ms. Ortiz stated they were recommending to be funded out of the Laredo Housing Development Corporation and said they had the item in the Facilities Corporation, but that the Facilities did not have money because it was all transferred to the Development Corporation. Chairman Ceballos stated that they should be closing in two days and mentioned that everybody had learned a lot with that problem, that now they knew about bonds, performance, and payments, that it had been hard, and wondered which had been harder, whether Casa Verde or Russell Terrace. Both Ms. Ortiz and Mr. Cruz responded it had been Russell Terrace. Chairman Ceballos mentioned that now they had the experience of having done it and the next one would be much easier. He mentioned he thought all they were waiting for was just a signature on the Letter of Credit and should be ready to close. Mr. Cruz confirmed.

Chairman Ceballos thanked everybody for all the work and stated that it had been a huge team effort, that he appreciated everybody's work and hoped it had been a good learning process and said he knew it had been painful. Mr. Cruz mentioned it had been for some of them. Ms. Ortiz mentioned they would buy the cake once they closed. Chairman Ceballos mentioned he and Ms. Ortiz had met the day before with Monica who would help them plan a ceremony and said that anybody who would want to get involved in the planning to let Ms. Ortiz know. He said they had not decided on a theme yet and that it would really not be a groundbreaking, but a symbolic reconstruction demo, and he mentioned they did not like to use the word demolition so much. He said it would be an opportunity to join the residents in putting up with the uncertainty for years that they were going to be displaced and also thanking the elected officials and non-profits representatives that went to Austin and fought with them a battle in terms of what they were asking for; a time to symbolically rejoice together with the residents. Chairman Ceballos mentioned Commissioner Magallanes knew the anticipation of not knowing whether you would stay and the kids going to school the following year. He said they had approximately 14 meetings at Russell Terrace and asked whether they would like a specific theme.

Chairman Ceballos mentioned that Senator Judith Zaffirini had been instrumental, also her staff, Tim and Shawn, by pushing forward their requests, learning what the issues were, and negotiating with the TDHACA staff, so he stated they were looking for ways to leave a mark at Russell Terrace, a permanent mark for them. Senator Zaffirini many times was not in Laredo and had done a tremendous work that saved the community and also the Mayor who did not make the second trip, but made the first one and said that had he not been there for the first trip, it would have not laid the ground for the second trip, so he was also critical. Chairman Ceballos mentioned that he did not know when he was going to serve that they were going to face that, but anyway, he said it

would be a time to rejoice as they would start the project and if anybody had any ideas on how to recognize them to let them know.

Chairman Ceballos mentioned that they had lost Ms. Sara Rodriguez and would like to offer a space for her and her family somewhere in the project, a plaque or something, an idea on how to recognize a community civic leader that, even while on dialysis, had traveled to Austin, but did not get an opportunity to speak because she was too weak, so he asked how they would recognize that effort, because to him it would be with a little monument on site that would allow them to always think of her in terms of Russell Terrace, that maybe the Resident Council could come up with some idea to recognize her efforts and even though she was the one they looked up to and remembered, like her there were many single moms, single dads, and families that fought the fight to lead a community. Chairman Ceballos recommended they e-mail him or visit with Ms. Ortiz or Ms. Mata for any ideas. He said the ceremony would probably be after they would clear the hazardous materials that would need to be removed which would take about two weeks from when they start, so it would probably be in approximately 45 days.

Chairman Ceballos moved to authorize the Acting/Interim Executive Director to acquire insurance coverage necessary to close on Russell Terrace and to acquire Letter of Credit with the backing of the Laredo Housing Development Corporation for the Russell Terrace Revitalization Project in lieu of payment and performance bond.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

- F. Discussion and possible action to authorize the Acting/Interim Executive Director to acquire a Letter of Credit for the Russell Terrace Revitalization Project in lieu of payment and performance bond.

Item 9F was discussed and approved together with Item 9E with motion stated above under Item 9E.

- G. Discussion and possible action to adopt procurement policy along with liquidated damages schedule for construction contracts for the Laredo Housing Facilities Corporation.

Mr. Frank Lopez, Procurement Officer, presented to the Board and stated that he provided the Board with the procurement policies for purchasing materials for Laredo Housing Facilities Corporation and made reference to the liquidated damages schedule which he mentioned would be a schedule they would reference for the construction contract. Chairman Ceballos mentioned that really the main truss of it would be the liquidated damages and when somebody would not perform right, or would not deliver in accordance with the agreement, and the contract would not be extended, they could start charging per day and the scale would be \$200 per day for a contract of \$1.00 to \$100,000 and \$400 per day for a contract of \$100,000 to \$500,000 and so on down the line. Mr. Jasso, Consultant, recommended to keep it at \$200, not setting up a large cost upfront that would diminish the opportunity to get contractors and mentioned that it

was important to realize that when they would require liquidated damages, the contractor would add them on to protect himself, so they would need to be careful about penalizing the contract. He said that liquidated damages was typically an agreed amount that they would arrive on before the contract would be signed to avoid disputes as to how much they would collect from the contractor. He said that it would apply when they would have losses, like when they would be doing the construction work and would need to have the houses finished in 30 days, and the contractor would not finish them in 30 days, then you would need to house the people in a rental unit and they would be paying the rental amount, the liquidated damages would cover those expenses, it would not really apply if there was no loss. He said he had a case when a client was building apartments and were completed, occupied, rented, and only because the client personally did not like the contractor and wanted to penalize him, he refused to accept the units, thinking that as long as he did not accept them, he could charge liquidated damages, in that case he could not apply liquidated damages because he was not losing any money, the units were occupied and was making money, it just did not apply. Mr. Jasso said they could add liquidated damages, which would be an incentive for the contractor to finish on time, if they would set the time for it to be finished in 30 days and the contractor would think he would not finish in 30 days, but will finish in 45 and thinking he would be charged \$15 for the additional amount, the contractor would add the \$15 to the price, so Mr. Jasso recommended giving a reasonable amount of time, not to penalize the contractor so that he would not have to inflate the price to offset what he may be charged. He said it would be good to clarify it upfront so they would not have any discussions.

Chairman Ceballos thanked Mr. Jasso for his information and recommendation.

Vice-Chairman Dr. Garza asked about how critical it would be if the contractor would be late. Mr. Jasso mentioned that for the demolition it would not be very critical because they would still need to do the construction which would be done in phases and they would be doing 20 at a time so there would be plenty of time because it would be rolling over. He said what they could do with the demolition phasing was to accept buildings prior to the full 30 days, so they would roll over the liquidated damages.

Vice-Chairman Dr. Garza asked whether they would be in a position that if they would not finish on time, they would need to house people in hotels. Mr. Jasso said they should not because they would be doing it in phases, if it would not get finished, they would not move out people; they would move out people until units were completed, so at the end of the project they should have 28 units that they would need people moving into that would no longer be there.

Mr. Jasso recommended they could go low and give ample time so they would not hurt themselves, it would be an incentive to finish the project, if they were to charge too much, they would include it to cover themselves. He said the numbers presented were typical numbers and he wanted the Board to consider when they were talking about \$200 instead of \$400 that even though the contract was \$498,000, they would not get

all the work at one time, so if he would start on 28 units, why charge \$400 if they would not be able to work on all the units.

Chairman Ceballos said the demo had come in under budget. Mr. Cruz mentioned it was \$14,000 under budget. Chairman Ceballos congratulated Mr. Jasso, who said he was seriously concerned about the last minute performance payment bond and it had started to complicate the scenario, but said they had a good bidder and would be ready to go. Chairman Ceballos mentioned they were fortunate they had three bidders. Mr. Jasso stated that the other two were over. Vice-Chairman Dr. Garza mentioned that the firm would need to be able to demolish on time. Mr. Jasso said they would be able to start the work on the units as quickly as possible, they could not wait for him to finish all 28 units to start construction and then start abatement of the other one because it would delay everything, so they would work it out and phase it with the contractor. He said the one thing that was encouraging from the proposer was that he had a big fleet of trailers and vehicles, that he had enough equipment to move it out quickly and said they would discourage a lot of the country crossing because of the dust and would require to wet the surfaces couple times a day to make sure dust would be kept down.

Chairman Ceballos mentioned that Attorney Poneck suggested to do it through the standard procedure, that the only thing they had exempted was the performance bond at the last meeting and that they would adopt the liquidated damages, but that the rest of the procurement policies still applied and that when he shared the non-profit model he was overwritten by what Attorney Poneck suggested, he said to leave it the same and just change the performance bond requirement which was what they had done the last time and would be just adopting the liquidated damages.

Chairman Ceballos moved to approve the liquidated damages section of the schedule for construction contracts for the Laredo Housing Facilities Corporation.

Motion seconded by Commissioner Ms. Guerra.

Motion passed unanimously.

Chairman Ceballos mentioned he had a question as to whether they had liquidated damages for the Housing Authority and if they should adopt them along with the motion for the Housing Authority as well. He asked Attorney De Anda if they could adopt it under the item even though it just said Laredo Housing Facilities Corporation or if they would need to bring it back. Attorney De Anda stated they would need to bring it back.

Chairman Ceballos moved that the schedule be approved just for Laredo Housing Facilities Corporation.

Motion seconded by Commissioner Ms. Guerra

Motion passed unanimously.

- H. Discussion and possible action to rescind the June 26, 2014 donation of twelve (12) acres of land from Khaledi Properties, Ltd for the construction of affordable housing due to the lack of development infrastructure at said property.

Chairman Ceballos stated that the date he had for the donation was July 21, 2014 on the actual document and said he had little background on the item and would rely on Ms. Ortiz for the information. He stated it was something that predated all of them and mentioned there was an agreement of a very kind offer of the property to the Agency from the Khaledis, but there were some infrastructure challenges which was a provision on the agreement to revert back if the property would not be developed within three years and it actually had already expired. Chairman Ceballos mentioned that although the discussion said June 26, the warranty deed said July 21st, so it had expired a couple months back.

At Chairman Ceballos request, Ms. Ortiz provided some background and mentioned that the previous Board of Commissioners had executed the property donation from the Khaledi Properties Ltd. on June 26 which consisted of approximately 12 acres of land and had been kept quiet; therefore, they did not know much until recently that they had started asking questions. She said it was an agreement for three years to develop affordable housing, but nothing was developed due to lack of infrastructure. She mentioned it could have been politically motivated, but was not sure and it was what they had gathered. Vice-Chairman Dr. Garza asked about the location of the land. Ms. Ortiz mentioned it was around the old detention center by the Killam property and Casa Verde Road. Chairman Ceballos mentioned it was by the old Webb County Detention Center. Vice-Chairman Dr. Garza asked what the Board had in mind to do about the property. Ms. Ortiz responded that honestly she did not know, that it could have been a dispute of some sort with the owners. Chairman Ceballos mentioned that there was a representative from the Khaledis present and he asked her if she would want to say any comments and mentioned that he appreciated her for being present.

Ms. Allison Haynes, representing the Khaledis, mentioned they had been approached approximately three years ago about making a donation to Laredo Housing Authority and said they had agreed and came up with a piece of property they donated. Ms. Haynes stated that since the donation, they had tried to communicate with Laredo Housing Authority to find out the status, to see if they needed any assistance, and said that to her knowledge, there had never been a conflict between them and Laredo Housing or otherwise, so to hear at the meeting that there were conflicts between them and Laredo Housing Authority, it was new to her, she said. Ms. Haynes mentioned that the problem they had was that she had submitted letters and made phone calls to which nobody ever returned. She said they tried to provide the appropriate level of assistance, communication, and support to the Housing Authority, to which they did not receive a response.

In reference to the terms of the deed she said it would revert back to the property owner and they were respectfully requesting for it to be honored, to be deeded back, however, if the Laredo Housing Authority would like to work with them on a property donation, they would always be willing to work with the community in trying to give back.

Chairman Ceballos thanked Ms. Haynes for the extended offer, expressed his appreciation and asked her if there was anybody in the meeting that she had

communicated with or if they were no longer there. Ms. Haynes stated that there had been some turn over and could not recall anybody seated at the meeting that she had submitted a letter to, but she said she was watching the website, especially after two months had passed and would not get a response and unfortunately, she had not had the pleasure of meeting anyone in the meeting other than Counsel with whom she had never discussed the issue. Chairman Ceballos mentioned he had come on board in late January after some resistance to come on board in December, Ms. Magallanes and Dr. Garza had come on board January 27 or so, and then Commissioner Guerra, so he said Commissioners had been on the Board for about a year and a half and asked if she was probably talking about a period before that. Ms. Haynes mentioned that she probably sent communication twice in 2016 and could go back and verify so the office could be aware. Vice-Chairman Dr. Garza asked Ms. Haynes if she represented Shawn Khaledi or his brothers. She responded she represented his brothers and she represented Shawn in other matters.

Chairman Ceballos asked if there were any questions or discussion in regards to the issue. Commissioner Ms. Guerra wondered whether there would be a viable project in the future if they would be willing to work with them. Chairman Ceballos asked if the infrastructure situation had changed in the area. Ms. Haynes stated that to her knowledge, it had not, but mentioned that if Laredo Housing Authority would like to communicate with her, they could at 956-722-1417, that she was available locally with the law firm of Trevino, Valls and Haynes and that if there would be something in the future they would like to discuss, they could always give her a call.

Chairman Ceballos thanked Ms. Haynes and mentioned that he did not know the history of the donation which did not really matter much, but if there was an offer that could potentially work with them, they should look at it.

Vice-Chairman Dr. Garza thanked Ms. Haynes and expressed his appreciation. Chairman Ceballos mentioned that he hoped Ms. Haynes would take away the level of professionalism she experienced as not being responsive because he mentioned they did value partnerships and did things professionally and he would welcome Ms. Haynes copying him on any communication.

While moving to approve the item Chairman Ceballos mentioned that it actually was an expired agreement and would execute rescinding of the agreement in a way that would satisfy Khaledi Properties addressing their needs and to move on with their property if need be.

Chairman Ceballos moved to approve Item 9H.
Vice-Chairman Dr. Garza seconded the motion.
Motion passed unanimously.

Attorney De Anda mentioned that if they would like, he could meet with Ms. Haynes and report back to the Board if there would be something they would like to pursue, that maybe they could extend the three years as opposed to rescind.

Chairman Ceballos asked for recommendation on how to proceed because they would not want to get into a legal situation if they were not to rescind the agreement.

Ms. Haynes stated that all her client as the property owner would want was title to the property and that they would be able to communicate with staff.

Attorney De Anda mentioned that the motion was appropriate and if they would come to terms with Khaledi Properties on an extension, they would be able to do it.

Chairman Ceballos stated they would amend the motion by adding to communicate with Khaledi Properties for any options in working with them in the future.

Vice-Chairman Dr. Garza seconded

Motion passed unanimously.

The Board went back to Item 8A.

- I. Discussion and possible action to approve recommendations to fill administrative positions. Possible Closed Session pursuant to Texas Government Code, Section 551.074.

Chairman Ceballos mentioned they would adjourn the Laredo Housing Regular meeting to go to the Corporations meetings and then they would resume and go into executive session for Item 9I.

Chairman Ceballos moved to adjourn.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

Meeting adjourned at 4:40 p.m.

Chairman Ceballos resumed the Laredo Housing Authority Regular Session at 4:47 p.m. and would entertained Item 9I into Executive Session.

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, and Attorney Ricardo De Anda to enter into Executive Session.

Board entered into Executive Session at 4:48 p.m.

Board reconvened from Executive Session at 5:35 p.m.

No action was taken into Executive Session.

Chairman Ceballos asked Ms. Ortiz to make her recommendations for Item 9I to fill administrative positions. Ms. Ortiz recommended Rafael Vidaurri III for Director of Housing Management and Alma Mata for Community Programs Director.

Chairman Ceballos recommended that the Community Programs Director job description be modified to include at least 50% if not more of the work to be in the housing development side including RAD and public housing development; he would not want the position to become exclusively a social service collaborative position, that he and probably the Board would like that development to include future expertise in developing performance, learning inspections, learning how to deal with architects and consultants, he would not want it to be lost in community social services and hoped Ms. Mata would accept the challenge.

Chairman Ceballos moved to accept Ms. Ortiz recommendations with the modification in the Community Programs Director job description.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

Chairman Ceballos congratulated both employees on their positions and mentioned that Alma had done a great job and he welcomed Mr. Rafael Vidaurri III.

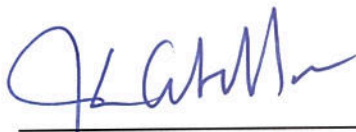
11. ADJOURNMENT

Chairman Ceballos moved to adjourn the meeting.

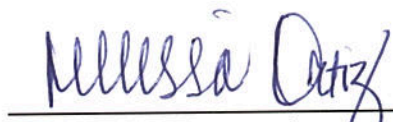
Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

Meeting adjourned at 5:40 p.m.



Jose L. Ceballos, Board Chairman



Melissa Ortiz, Acting/Interim Executive Director