

Housing Authority of the City of Laredo

Regular

Board of Commissioners Meeting

LHA Board Room

2000 San Francisco Ave.

Laredo, Texas 78040

Friday, May 26, 2017

1:00 p.m.

A-17-R-5

Minutes

May 26, 2017

1. **CALL TO ORDER** Chairman Ceballos called the meeting to order at 1:05 p.m.
2. **PLEDGE OF ALLEGIANCE** Jennifer Barrientos, Interim Section 8 Administrator, 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

Dr. Marisela Rodriguez, Commissioner

Gina Magallanes, Commissioner

Commissioners Absent

Anita Guerra, Commissioner

Staff Present

Melissa Ortiz, Acting/Interim Executive Director

Christy Ramos, Administrative Assistant

Bulmaro Cruz, Director of Modernization and Development

Jackie Gonzalez, Project Manager

Esmie Leyva, Project Manager

Alma D. Mata, Modernization Coordinator

Cesar Vasquez, Human Resources Manager

Maria Hernandez, Assistant Director of Housing Management

Alina Rios, Quality Control

Frank Lopez, Procurement Officer

Mauricio Del Barrio, Director of Finance

Jennifer Barrientos, Interim Section 8 Administrator

Roberto Pena, IT Coordinator

Jose Collazo, Special Projects Coordinator

Carlos Quiroga, Accountant

Attorney Doug Poneck

Attorney Ricardo De Anda

Others Present

Rosa Rios, Central Resident Council President

4. CHAIRMAN'S COMMENTS

No Comments

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

No Comments

6. APPROVAL OF MINUTES

A. Approval of minutes for Board of Commissioners meeting on March 29, 2017

Chairman Ceballos mentioned he noticed the difference in style in writing in the minutes, going from present to past tense. Vice-Chairman, Dr. Garza asked who was doing the minutes. Melissa Ortiz, Acting/Interim Executive Director, responded it was a lady who was contracted. Chairman Ceballos stated it should all be in past tense to keep it standard.

Chairman Ceballos motioned to approve the minutes.

Vice-Chairman Dr. Garza seconded the motion.

Motion passed unanimously.

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7. PRESENTATION BY CENTRAL RESIDENT COUNCIL

Rosa Rios, Central Resident Council President, expressed appreciation on behalf of the Councils from the different Colonias for the opening of the garage sales again, which she understands it has been a success and she also mentioned residents worked on improving the yards and grew some vegetables which were donated to Bethany House.

Chairman Ceballos thanked Ms. Rios for her presentation.

8. PRESENTATIONS (No Action to be taken)

Chairman Ceballos mentioned he would like to change the order and will go to Item 8 Presentations A, B, C, which are included in the packet, to the end of the meeting if time allows, just in case somebody needs to leave.

A. Executive Director

B. Unaudited Financials for the month of February 2017

C. Unaudited Financials for the month of March 2017

9. ACTION ITEMS

- A. Discussion and possible action to approve the certification of the Section 8 Management Assessment Program (SEMAP) for the Fiscal Year ending March 31, 2017, as presented by staff, and the Executive Director SEMAP Submission Certification to the U.S. Department of Housing & Urban Development (HUD) and adopt Resolution No. 17-R-11.

Jennifer Barrientos, Interim Section 8 Administrator, presented to the Board and stated the Code of Federal Regulation requires that public housing agency administering a Section 8 tenant based assistance program submit an annual Section 8 management assessment program SEMAP certification within 60 days after the end of its fiscal year, this would provide assurance that there is no evidence or seriously deficient performance in our agency and HUD uses this data to assess our public housing agency management capabilities and deficiencies and assigns an overall performance range to the Housing Authority, our projected score for this certification is 93%, categorizing our Housing Authority as high performer. Ms. Barrientos mentioned the packet included the certification that would be submitted to HUD.

Chairman Ceballos asked what the lease up rate was.

Ms. Barrientos responded the lease up rate is 94% and said the lease up rate comes from the HUD system.

Chairman Ceballos asked if there was any category that we were close to getting points, but we did not.

Ms. Barrientos replied it was only one category, the family self-sufficiency category, they have zero points, they have to work on this item, currently they do not have a corrective action plan, but if HUD requires it they would submit one, but they would have to get training on that indicator and for this year hopefully they get the maximum 10 points.

Vice-Chairman Dr. Garza mentioned if this was an issue, it should have been addressed already.

Chairman Ceballos mentioned this was the second year certifying SEMAP and requested Ms. Barrientos to explain what the concern was and what they were missing.

Ms. Barrientos explained that they have to enroll families to the program, it is a contract that they have to follow thru for five years. It is a progression plan that, they get escrow on a monthly basis and after five years, the last year, they have to be off welfare, any general assistance. Some of the families are on general assistance like food stamps or TANF, so it is getting together with the family on a yearly basis on the

progression of their plan and working with them. Right now they do not have enough families.

Vice-Chairman Dr. Garza mentioned then was like a financial literacy assistance for the most part.

Ms. Barrientos stated there used to be a grant for an FSS coordinator, but the grant was no longer available.

Vice-Chairman Dr. Garza mentioned the State of Texas has what they call Financial Literacy to make them aware of credit cards and debt.

Chairman Ceballos asked if for this year they did not include any points for FSS and what was the potential of points.

Ms. Barrientos confirmed they did not and said the potential was 10 points.

Chairman Ceballos mentioned that in the past it used to be an easy 10 points and asked how much time would be needed to lease up to get the 10 points.

Ms. Barrientos mentioned approximately three months to talk to the families to see who was interested in the program and said she has one potential family interested in enrolling.

Vice-Chairman Dr. Garza asked if there was a way to motivate them to enroll in the program.

Ms. Barrientos confirmed and said they would need to talk to them about the program because a lot of families do not even know what FSS was, they would explain the rules and regulations of the program and how in the future it is going to benefit their family.

Chairman Ceballos mentioned he used to be the designated FSS coordinator back in the days and added there was a home buyer program where families would participate and used the escrow, so as families income goes up, instead of sharing more of their income towards rent, it was placed aside and when they found a home, they could use that escrow to pay for the down payment, which is an option that they have if they want to incentivize families to dedicate to match, families that escrow \$1,000.00 to match for their down payment to get to homeownership; maybe that is something for us to think about in the future, and yes, he said, we should be getting those 10 points.

Chairman Ceballos stated in the motion that they can entertain adding the directive to come back and report in 90 days with recommendations on how to incentivize the participants and see with Compass and other banks if we decided to integrate an incentive, maybe they would co-share or match the incentive for a loan or down payment; that was the idea on how to graduate these people and not to stay.

Vice-Chairman Dr. Garza motioned to approve Item 9A as presented
Chairman Ceballos seconded the motion.
Motion passed unanimously.

Chairman Ceballos motioned for staff to come back with a recommended incentive program and a status of lease up for the FSS with the target of leasing all the mandatory slots within 90 days
Commissioner Dr. Rodriguez seconded the motion.
Motion passed unanimously.

- B. Discussion and possible action related to maintenance and repairs being done to the Asherton Housing Development.

Chairman Ceballos stated the Board had probably seen the communication on Asherton along with the maintenance and repair issues and they also had a lease up issue and wanted staff to give an update on Asherton.

Melissa Ortiz, Acting/Interim Executive Director, mentioned there was a team that would be presenting the item.

Maria Hernandez, Assistant Director of Housing Management, Jacqueline Gonzalez, Project Manager for Colonia Guadalupe and Acting Manager for Asherton Housing Development, Alina Rios, Quality Control, presented to the Board. Ms. Hernandez mentioned that in the packets there were Asherton Housing development pictures of the sites and the repairs that had been done and stated Ms. Gonzalez would specify the improvements for maintenance.

Chairman Ceballos asked if Commissioner Dr. Rodriguez was familiar with Asherton or if she needed some background. Commissioner Dr. Rodriguez replied she would like some background; therefore, Chairman Ceballos requested the team to provide information on Asherton as to the conditions and the lease up so that Commissioners would know what they might be getting into in terms of the next six months.

Ms. Hernandez informed Asherton is located 72 miles from Laredo and consists of 32 units and at the time there were 11 vacant units to lease up, they do not have a permanent manager, they do not have a full time project manager nor maintenance personnel, they have applications and would start interviews early next week to fill out those positions.

Vice-Chairman, Dr. Garza asked if the 11 units were livable. Ms. Hernandez confirmed.

Chairman Ceballos mentioned a couple of months back that they made a trip at the end of April and saw the condition of the complex, in pretty poor condition from maintenance issues to deferred repair issues, some had already been addressed, the cleanliness and overgrown grass probably worse than South Laredo and that was before Chairman Ceballos learned there were so many vacant units. He stated that it

was a combination of issues and the losses in the vacancies resulted from the oil and gas boom, but they have not had a boom in two years.

Chairman Ceballos stated they made a trip to see the new Mayor, Mr. Silva, who was actually on the Board back when Chairman Ceballos was an employee and the Housing Authority was handed over to them. Chairman Ceballos spent time with him and mentioned it was a successful meeting, they have a City Manager who wants to be helpful.

For the record, Chairman Ceballos mentioned he did not interpret any interest to hand over the Housing Authority to Carrizo, which is important for everybody to know, which he knew Carrizo has reached out to The Laredo Housing Authority to potentially take over running that project. Chairman Ceballos stated, for their information, he did not see an interest in the Mayor for us doing that; politics is what it is in other places, but this was a small community and the Mayor offered to help, post jobs vacancies at City Hall, the Post Office, and other places and we need to keep them informed because they can be helpful. Chairman Ceballos also stated he offered the Mayor if he wanted to use the community hall for a public purpose to use it; they do not have their own community hall and it is an asset that belongs to that community.

Chairman Ceballos stated they were generally happy to see them; it was a good time, they had a new Mayor and two new Commissioners, it was a brand new City Council.

Chairman Ceballos stated to the Managers that they cannot afford not to have a permanent Manager there, also structurally, they need to look at how our management was operating in terms of directives within our system, so in Asherton the Manager needs to have the say so over how things get done because Chairman Ceballos stated he was seeing patterns in South Laredo, Farm Labor, now we have Asherton where Managers do not seem to be empowered, which was his personal opinion. Chairman Ceballos also mentioned that the day they went to Asherton the place was in disrepair and the Manager needed to be empowered to get things done and they needed staff and have maintenance staff to get it done. Chairman Ceballos said it would be a financial fix there, because they would need to budget staff, they cannot provide that kind of housing in any community.

Commissioner Dr. Rodriguez asked how Laredo got involved with the project.

Chairman Ceballos mentioned the Asherton Housing Authority was having performance issues and there was an attempt to regionalize small housing authorities and consolidate small ones. Carrizo offered to take on Asherton's so when there were performance issues, there was a push to consolidate and Chairman Ceballos added he did not know where it started, but ultimately they were contacted when the performance issues had gotten so severe that if they did not correct them, the community was going to lose the assistance and the elected officials at the time did not want to hand it over to Carrizo. They were told they were not going to survive on their own so they either picked Laredo or Carrizo, as per Chairman Ceballos

recollection, and said he actually happened to be the person that went and picked up the keys to take over the Housing Authority and that was when Mr. Silva and couple other Commissioners met with him to hand him the keys and informed him about all the issues. Chairman Ceballos also mentioned the Project had good reserves back then and even has good reserves today, an analysis was made before taking it; the project was fully leased. Chairman Ceballos stated he did not remember the flooding issues, it had a lack of maintenance, so that was the history of it, it was HUD's intervention and it involved them and they took it on; that was how it ended up.

Chairman Ceballos stated they needed to change the management system and needed to give the Board the background so they were aware because they would be spending money there for staff and not only maintenance, but also they need trenches. Vice-Chairman Dr. Garza asked whether the trenches were the responsibility of Housing and not the City of Asherton. Chairman Ceballos responded no, it is all in our property, a section of the city drains through a piece of our property that is currently a street, but also everything that is coming from that property drains into that same channel and that channel has been plugged for years.

Vice-Chairman Dr. Garza asked what Chairman Ceballos meant by not being empowered. Chairman Ceballos responded that what he thought was necessary was for the Manager to say, today I do not want you to cut grass but to handle all the drain channels, clear them out. Chairman Ceballos said that there was probably about 8 or 10 channels and the sidewalks have a channel that needs to be maintained and he thought maintenance was not doing it or just showing up and doing what they thought should be done next without direction so management needs to come in and set the priorities. Chairman Ceballos asked when HUD was coming. Ms. Hernandez responded June 7. Chairman Ceballos said HUD was coming in, so they had 11 units vacant and it was a HUD Real Estate Assessment Center Inspection and the Manager was ultimately responsible for the score this property would get.

Chairman Ceballos mentioned Ms. Gonzalez was also in charge of another project and asked her if she felt she had everything needed to take care of this property. Ms. Gonzalez responded that when she started going to Asherton it was not in good condition and she did not have the manpower until later on. Chairman Ceballos asked if Ms. Gonzalez had asked for the manpower. Ms. Gonzalez responded she had, but Russell was also having their inspection at the time and she was trying to get manpower from all the other projects they have. Chairman Ceballos asked Ms. Gonzalez how she thought she could be empowered to say I need them now. Vice-Chairman Dr. Garza asked whether they could contract out somebody in Asherton so that when she needs the manpower it would be there. Chairman Ceballos asked Ms. Ortiz if she had anything to add. Ms. Ortiz stated they were trying to contract it out and somebody was going to try for the position there, but it is hard to have someone permanent and they were trying to do everything they can, their focus right now is Asherton. Chairman Ceballos asked how they can empower Ms. Gonzalez and said they missed her when they visited, Chairman Ceballos stated she had probably just left when they got there and mentioned how come she had left the property like that. Ms.

Gonzalez said they were waiting for them, but then they were asked to come back to Laredo so they could get the trailer to Russell before 5 p.m.

Vice-Chairman Dr. Garza mentioned he understood each Colonia has its maintenance crew and Ms. Gonzalez does not have a maintenance crew. Ms. Gonzalez mentioned she now has Mr. Jose Chapa, Javier Garcia and Mr. Rodolfo Cervantes that go to Asherton, but said she learned about the channels just that week, that she did not know they had always been there or that they had to be maintained, so now they would go with her so they can get the project ready so when they hire full time for management and maintenance they would know exactly what needs to be done and they would be able to maintain it.

Attorney De Anda asked whether these persons lived in or travel to Asherton. Ms. Gonzalez replied they are from Laredo, she goes three times per week, Mondays, Wednesdays and Fridays. At this time Chairman Ceballos said he appreciated Attorney De Anda's input and to please wait so the Commissioners had the opportunity to ask questions.

Vice-Chairman Dr. Garza asked Ms. Gonzalez when they go to Asherton if she has to travel with the maintenance crew or if she goes in her own vehicle. Ms. Gonzalez responded she goes in the company vehicle. Vice-Chairman asked if Ms. Gonzalez could go on a separate vehicle in case she needed to stay. Ms. Ortiz mentioned they have company vehicles they take. Ms. Gonzalez said that when she has to do outreach, she would take a separate vehicle. Vice-Chairman Garza asked Ms. Gonzalez if she had any issues with the maintenance workers. Ms. Gonzalez responded she did not and also stated that the maintenance worker, who is a foreman, that travels to the project was also a foreman for one of the other projects and said she did not have any issues with the maintenance workers, when she tells them something needs to be done, it gets done and when they went to the project they focused on the units that were occupied at the time because with the inspection those were the units they were going to target. Ms. Gonzalez stated she thought they would be able to target the outside prior to the first inspection that got postponed, now they needed more time to focus on the outside and they had been working very hard and have to take into consideration they only go for four hours.

Vice-Chairman Dr. Garza mentioned that with the bad weather they had the past week, he said what he would have done was that after the bad weather he would have gone the following day to see how bad the grounds looked, they had bad storms there too and if they had done that a long time ago, then the issue could have been resolved and would not have escalated to what it is now and that it was just his opinion.

Ms. Gonzalez stated they now have an issue with picking up grounds, there were stray dogs that do not belong to anybody and just yesterday they could not even walk the project because dogs dig into the trash cans and trash was everywhere, maintenance would pick it up, then they would go outside and the dogs would again reach into the trash cans and there would be a mess again.

Vice-Chairman Dr. Garza stated "Pueblo chiquito, Infierno grande."

Chairman Ceballos mentioned Ms. Gonzalez was operating in a box, not outsourcing, and she just described the limitation of being there for only four hours so what about the next day. Chairman Ceballos stated that was what he meant by empowering and what if she needed to put a fence up to keep the dogs out, who was going to make that decision.

Commissioner Dr. Rodriguez mentioned there needs to be more management, not just identifying the problem and not finding a solution to it, they are going to end up in a year or two with the same problem and she said there has to be more management and more of a routine and also nowadays there is a lot of technological tools.

Commissioner Dr. Rodriguez stated the responsibility should not only be on three employees, but also the whole Housing Authority; there has to be something strategic and most important identifying the problem and reaching a solution for it because for her, the dogs issue was something simple, it would be just doing something about it and being proactive.

Chairman Ceballos mentioned that is why it is important for the Commissioners input and stated one time he asked Bulmaro Cruz, Director of Modernization and Development, if he thought they understood what the function of the gutters were and Mr. Cruz said he did not think so, obviously if the maintenance person did not realize it either, they had a problem because they were supposed to know; there were channels for the water to get out the property and if they were just cutting grass and never dealing with it, that might be a training issue where they get empowered through training so that when they were walking the property they start looking at these things that maybe before they did not even looked at and the Manager needs to be able to help with that. Chairman Ceballos mentioned he is in the business of looking at property, so when he walks, he notices how water drains in and out, but if they were only going to cut the grass because they only have four hours and they would go back until two weeks, there was a management problem there.

Chairman Ceballos mentioned he had asked Mr. Cruz what he could do, that was why the item was on the agenda, basically outsourcing from within, but now we could potentially do the same thing, depriving him from good work to go do something that maybe needs to be outsourced. Mr. Cruz would have to answer that, but we were going to take him from doing things that he is on a schedule to do to go fix Asherton.

Chairman Ceballos mentioned that the last time he saw the storage area it was a mess, but Ms. Gonzalez mentioned it was now clean as well as the office and they even had pictures. Chairman Ceballos said they had HUD coming in two weeks and he trusted it was getting better. Chairman Ceballos said the Community Hall is a nice looking place though he had not been able to go in lately for it had been locked when he visited. Ms. Ortiz mentioned Capital Fund was doing those other improvements, which Ms. Gonzalez was not aware of and that there should had been more communication and

should have advised what they were doing and we would have never gotten around to it after five weeks, there should have been more communication from top management.

Ms. Gonzalez mentioned they were working on getting proposals for landscaping, asphalt, and concrete and should have a couple proposals by early Tuesday. Chairman Ceballos asked if they needed Mr. Cruz to be involved in this team and that even though he made the call and said he could do it, Chairman Ceballos said he preferred not to take Mr. Cruz off his schedule because then they go back to the same situation, Mr. Cruz having to go back to Russell. Ms. Gonzalez recommended that maybe Mr. Cruz' crew could finish with what they had already started until they would have somebody they would be contracting, maybe as long as he does the trenches. Ms. Ortiz mentioned they all go to Mr. Cruz for different reasons and he needs to be there just to consult with the other departments.

Chairman Ceballos mentioned that they needed to coordinate and grow the team of knowledge because ultimately it was not Mr. Cruz' responsibility to do it as much as they want him around. Ms. Ortiz stated they needed Mr. Cruz to tell them if there was something wrong with the process, he needed to step in if something was being done wrong, he needed to come in and say something and that was for all of us. Chairman Ceballos mentioned that it really was not Mr. Cruz' department, they only took him just because of his expertise, but he was not accountable for what happens in Asherton, it was management. Ms. Ortiz said he was not accountable, they only needed Mr. Cruz' guidance because he has a lot of knowledge and they learn a lot from him.

Chairman Ceballos mentioned he would be a little bit stronger with this because they went to Asherton in April, including Mr. Cruz. Chairman Ceballos stated he provided enough information of what he saw and it was a lack of decisiveness on getting a subcontractor on or an additional team on, so if they were in May, two weeks from another visit, they would have been in real trouble in May had HUD come in the week they were going to come in, so they really needed to make decisions, it worries Chairman Ceballos that they kept leaning on Mr. Cruz when it was not his responsibility; it was dysfunctional thing they were doing. Chairman Ceballos stated that they needed to lean on people that can sustain and maybe hire someone that can actually have the expertise in that department.

Chairman Ceballos mentioned that since April 23rd, the issues were the same, nothing had changed; they were working to clean the units and get them ready for inspection and besides one channel, they had not done the majority of the work so Chairman Ceballos thought it was a management fault. Chairman Ceballos questioned why that was not done in early May after their first visit and stated it was a management issue.

Chairman Ceballos asked if they needed to take any action to allocate funds before HUD comes or they had the resources they needed.

Ms. Hernandez said they had the resources and she would take over.

Chairman Ceballos asked again if they had all the resources in place and said that was why he had placed this item so if they needed to take action ahead of time and that they were not curtailed because they did not bring it to the Board.

Vice-Chairman Dr. Garza asked who was in charge.

Ms. Gonzalez responded she was in charge and she reports to Ms. Hernandez, Assistant Director of Housing Management. Ms. Hernandez said she would be working along with Ms. Gonzalez.

Chairman Ceballos asked how often Ms. Gonzalez goes to Asherton.

Ms. Gonzalez responded she started going March 21st, one or two times a week, but lately it had been three times a week.

Vice-Chairman asked who was going before March 21st. Ms. Gonzalez replied it was the prior manager they had, but she was no longer with us.

Chairman Ceballos mentioned his interest was to prevent the City from coming to us and say we are not taking care of their property; they could come and do that. Chairman Ceballos further stated that was his interest in going to see the Mayor to try to avoid an issue that would become a discontent because we did not serve the community. Chairman Ceballos stated there were 11 vacant units out of 32. Vice-Chairman asked if there were some applications already. Ms. Gonzalez informed she already had some applications which were incomplete, some income information was missing and as soon as she would get the information, she would start housing them.

Commissioner Dr. Rodriguez mentioned she agreed that due to the inspection that was coming up they needed to work on contracting the services immediately, but in general she would like to see a long term analysis of what is intended to be done and a cost analysis because the crew members go five times a week so taking into consideration the gas, lunch and whatever was paid to them, their jobs split on what they were supposed to be doing, it affected the projects in Laredo so rather than hiring a team, the quantity of persons involved, their salaries, the benefits versus contracting out and outsource. Commissioner Dr. Rodriguez said she would like to see the comparison of an internal group versus an outsource. Chairman Ceballos asked if Commissioner Dr. Rodriguez meant a property management company. Commissioner Dr. Rodriguez confirmed and stated whether it was worth hiring five people for 32 units versus outsourcing somebody going every day from the Carrizo, Eagle Pass, and Crystal City area.

Vice-Chairman Dr. Garza stated he agreed.

Ms. Ortiz suggested another option, using a unit, then we would take it off line for an employee living at the unit. Chairman Ceballos asked if HUD would allow it. Ms. Ortiz responded HUD does allow it.

Vice-Chairman Dr. Garza asked if the units were in livable condition.

Chairman Ceballos mentioned it used to run just fine with permanent staff and that all of the 11 units were in livable condition and he also said that the unit that was flooding was in a high area and it was due to the channel being blocked.

Vice-Chairman Dr. Garza asked about the units available.

Ms. Gonzalez stated there were 3 units available and 8 about to be finished.

Vice-Chairman Dr. Garza asked if they needed to make a motion to help them go through the inspection. Chairman Ceballos asked if they had all the resources.

Chairman Ceballos asked if Mr. Cruz would still be working on the drainage project. Ms. Hernandez confirmed. Chairman Ceballos mentioned his concern was management, the full empowerment, because he had heard the same thing in Farm Labor and the same thing in South Laredo and it needed to be addressed.

Chairman Ceballos stated there was no action on this item and that Commissioner Dr. Rodriguez was asking for a long term plan cost benefit. Chairman Ceballos asked when they would get the REAC Inspection back. Ms. Hernandez replied it would be in about two to three months. Chairman Ceballos requested it be presented to the Board in about 60 days.

Chairman Ceballos recommended to look at all the alternatives and referred to a rental unit that was mentioned might available for rent, a duplex that would add rental revenue to the city and to look at all the options when considering the cost benefit.

Chairman Ceballos thanked the staff for their presentation.

- C. Discussion and possible action to approve the Limited Asbestos Survey for the Russell Terrace Revitalization Project to be performed by Terracon in the amount of \$18,170.00.

Mr. Bulmaro Cruz presented to the Board and stated that on March 17, 2017 the Board voted to hire Terracon for material testing in reference to the Revitalization project at Russell Terrace Revitalization, there was a need to do a Limited Asbestos Survey, a report needed to be provided to the financial institution that would be funding this project and also to clear the environmental review for one of the 2016 CFP for work items. Mr. Cruz stated they came to the Board to ask for the ratification; the work had already started, Terracon took the samples and were expecting the results from the lab by May 26 to May 30 and would have a written report by June 12.

Chairman Ceballos stated for the record Commissioner Ms. Magallanes joined the meeting at this time, 1:56 p.m.

Mr. Cruz recommended and requested approval of the work done by Terracon, ratifying it because it had already been awarded.

Chairman Ceballos stated he believed they had authorized the work to proceed because it needed to get started and asked the Commissioners if they agreed on the amount. Vice-Chairman Dr. Garza confirmed.

Vice-Chairman Dr. Garza asked about the Lead Base Survey.

Mr. Cruz responded it would be done in house and stated Ms. Mata went to a training in San Antonio and would need to take a state test in order to get the license. Chairman Ceballos asked if only one person attended. Mr. Cruz responded that also Ramiro Bernal from Section 8 attended.

Vice-Chairman Dr. Garza moved to approve Item 9C as presented.
Commissioner Dr. Rodriguez seconded the motion.
Motion passed unanimously.

- D. Discussion and possible action to approve the Boundary Survey for the Russell Terrace Revitalization Project to be performed by Terracon in the anticipated amount of \$7,475.00.

Mr. Bulmaro Cruz stated this survey was also required for Casa Verde and Russell Terrace and it had already been done, all the documentation was sent to our Consultant which was needed for the transaction and now Mr. Cruz requested to ratify the approval of the Boundary Survey for the Russell Terrace Revitalization Project in the amount of \$7,475.00.

Chairman Ceballos motioned to approve Item 9D as presented by Staff.
Vice-Chairman seconded the motion.
Motion passed unanimously.

Commissioner Dr. Rodriguez made reference to item 9C and stated that the lead base was being done internally.

Chairman Ceballos mentioned, for the record, on Item 9C that was approved on the asbestos, the proposal from Terracon included lead based and Mr. Ceballos said they were not authorizing payment for that, that work was being done internally, for the notes on the record, and thanked Commissioner Dr. Rodriguez.

- E. Discussion and possible action to approve the Housing Authority of the City of Laredo Operating Budget Amendment #1 for FY 2016-2017 and adopt Resolution No. 17-R-12.

Mr. Mauricio Del Barrio, Director of Finance, presented on this item and stated that the budget being presented was an amendment to the budget to allocate monies spent, they had expenditures and stated it was preliminary, they anticipated coming before the Board at a later date once the financials were completed and ready for the audit.

Chairman Ceballos requested Mr. Del Barrio to explain again why an amendment was being done. Mr. Del Barrio informed there were expenses in administration and contractual services that exceeded the budget; therefore, we were amending the budget and asked permission to do it and when they finalized the numbers, they would come to the Board for a second budget amendment.

Chairman Ceballos asked why they had to do an amendment if they had a year to balance the budget to operate under a budget and or if the deficit was for the month only.

Mr. Del Barrio explained by looking at the financial statements presented, Section 8 ended up negative in March, COCC depending upon the actions the Board decided to pursue. Chairman Ceballos asked if it was for the prior year. Mr. Del Barrio responded it was for 2016-2017.

Ms. Ortiz mentioned for the Fiscal Year that just ended they had to submit the unaudited financials and they needed to show the auditors that the Board approved increasing some line items and decreased others that they were recommending, and once they submit the final Audit in December they might have to come back and revise it then, for example, COCC staff training exceeded the budget by \$ 17,000.00 so we had to increase the budget there and decrease it somewhere like in administration salaries. Mr. Del Barrio stated we were in the red in Section 8 in the Financials, page 2, tab 8c.

Chairman Ceballos asked if they had a net deficit all together, when they net everything in, all the line items, was there a net deficit or they were in the black.

Mr. Del Barrio responded that they were in the black.

Chairman Ceballos asked where was it that they were in the red, where was it that they lost money when they consider all the line items, whether it was COCC.

Mr. Del Barrio responded that all programs had expenditures over the Budget in some areas and savings in another areas.

Chairman Ceballos mentioned he understood, but asked when they take all the line items, which programs were in the red. Mr. Del Barrio responded it was COCC. Chairman Ceballos asked whether it was by \$39,000.00. Mr. Del Barrio responded it was actually closer to \$35,000.00, but for the sake of clarity they would use

\$39,000.00. Chairman Ceballos asked if that was the amount money they needed to fund from Reserves. Mr. Del Barrio confirmed.

Chairman Ceballos asked if there was a deficit in Section 8. Mr. Del Barrio mentioned there was a deficit in Section 8 which was not in the budget proposal presented, but on the Financial Statements, it was a little clearer for the month of March. Mr. Del Barrio stated the \$157,914 is after budget and it is a little misleading because they had increased revenues that would offset some of the expenses, there were also some expenses that were authorized by the Board that were included, but they did not show the revenue, the transferring from the Reserves of about \$25,000.00. They would bring from the Reserves to COCC and back to Section 8. Chairman Ceballos asked if that had resulted from activity they had at the last meeting where they entered into agreements to buy equipment. Ms. Barrientos stated it was also for RAD conversion software upgrade.

Vice-Chairman, Dr. Garza asked if they need to approve it.

Chairman Ceballos mentioned he did not want to approve something that shows them in a deficit, if that was not what they had voted on and said he thought they had voted to allocate reserves, which was different than showing deficits and said they should be asked to approve the entry from Reserves. Chairman Ceballos stated he did not want to approve a deficit because it speaks poorly of their job and said he welcomed the Board to disagree and articulate their position.

Chairman Ceballos said they were being asked to approve programs with deficits because of software or last minute purchases which they had voted on, but they articulated reserves which was different than replenishing a program from reserves that had a deficit.

Mr. Del Barrio stated it was not only Reserves, but also some additional funding or additional revenue that was generated by the program that had not been budgeted for and, consequently, they did not have a budget on the expenditures either.

Chairman Ceballos asked the Board if they had any comments.

Vice-Chairman Dr. Garza suggested to put it off.

Commissioner Dr. Rodriguez states she agreed, she did want to show a negative.

Chairman Ceballos stated that they needed to show the Board when it was budgeted and if the Board took action that they were going to use Reserves, to put it on the page and then conduct the general entries that match. Chairman Ceballos said they were not approving an item that said they have a deficit when their action was to allocate reserves to pay for software, unusual software expenses, and he asked how much had been allocated. Ms. Ortiz responded \$21,000.00 and Chairman Ceballos added that during the year they had already allocated something else and asked how much had been allocated in total. Ms. Ortiz responded it was \$46,000.00. Chairman Ceballos

said Section 8 actually has a net income and added he thought they should present the request differently.

Mr. Del Barrio stated that in his opinion it was just an intermediate step, it was not going to be a final product, they would come back to the Board at a later date.

Chairman Ceballos stated he did not want to ask the Board to vote on a deficit, especially when it is not really a deficit, and added if it was a deficit and they tell him is a deficit, then there was no choice.

Mr. Del Barrio stated that if it would get to that point, he would bring it to the Board's attention.

Chairman Ceballos asked when they will see this item back and if this was going to cause a problem with the auditor.

Mr. Del Barrio responded it should not cause a problem with the auditor.

Chairman Ceballos asked the Board for any comments.

Commissioner Dr. Rodriguez asked in case there was a deficit, what they would do.

Chairman Ceballos responded what they could do was ratify the action the Board took to fund reserves and to come back and show where it was actually voted on, which was done as an integrated action with the budget and say this was what the Board authorized and bring it back as a presentation, one thing Chairman Ceballos mentioned he would not do is show a program in a deficit from an item that was funded from Reserves

Chairman Ceballos stated there was no action on this item.

- F. 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.

Chairman Ceballos mentioned he would provide background on this item and mentioned he would like to get the Board out by 2:30 p.m.

Chairman Ceballos mentioned it was a CD that covers any utility work in the public area that needed to be bonded and guaranteed typically by the owner; we had a Letter of Credit certifying to the city that it was going to be done based on the terms that they set up. Chairman Ceballos asked Mr. Cruz the amount of the Letter of Credit.

Mr. Cruz responded the amount was \$549,834.00

Chairman Ceballos asked what the original term was.

Ms. Ortiz responded it was six months.

Chairman Ceballos asked the request for approval was for how many more months.

Ms. Ortiz responded it was for an additional six months.

Chairman Ceballos asked for the cost of the Letter of Credit.

Ms. Ortiz responded it was 2%.

Chairman Ceballos asked if the Letter of Credit could be terminated earlier if they were released from those public improvements. Mr. Cruz responded if the improvements are approved by the City of Laredo, the Letter of Credit can be released.

Chairman Ceballos asked if he could work on it so they can be released.

Chairman Ceballos mentioned it would be an additional \$5,000

Chairman Ceballos asked if they are working on the Casa Verde Project as well and stated that the improvements look like they were almost done.

Mr. Cruz mentioned he was at the site this morning and said there was still some work to be done.

Chairman Ceballos asked if they were certain they could get out in the six-month term.

Mr. Cruz confirmed.

Ms. Ortiz recommended a three month agreement.

Chairman Ceballos mentioned three months was fine.

Chairman Ceballos motioned to approve item 9F with a three month term.

Commissioner Dr. Rodriguez approved the motion.

Motion passed unanimously.

10. EXECUTIVE CLOSED SESSION IN ACCORDANCE WITH THE TEXAS GOVERNMENT COD

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

- A. Discussion and possible action related to the filling of management positions, including the Executive Director position, and any changes to organizational structure.

Chairman Ceballos mentioned the Director was not recommending any action on this item and stated he did not have any updates in terms of the Executive Director and stated what was discussed the last time was still the case and unless the Board wanted to go into Executive Session and discuss anything they would like to discuss, he did not have any updates. Chairman Ceballos stated this referred to Item 10A Discussion and possible action related to the filling of management positions including the Executive Director position and any changes to organizational structure.

Chairman Ceballos stated that they had a number of management vacancies, Director of Housing Manager, Section 8 Administrator, Construction Project Manager; any management position comes back to the Board and stated that within the next 45 days they would see those positions filled.

Chairman Ceballos asked the Board if they wanted to go into Executive Session and have a discussion.

**Vice-Chairman Dr. Garza motioned to go into Executive Session.
Commissioner Ms. Magallanes seconded the motion.
Motion passed unanimously.**

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

The Board went into executive Session at 2:15 p.m.

The Board returned from Executive Session at 2:55 p.m.

Chairman Ceballos stated there was no action taken in Executive Session and mentioned they were not entertaining any action on this item.

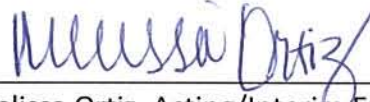
11. ADJOURNMENT

Chairman Ceballos motioned to adjourn the meeting.
Vice-Chairman Dr. Rodriguez seconded the motion.
Motion passed unanimously.

Meeting adjourned at 2:56 p.m.

A handwritten signature in blue ink, appearing to read 'J. Ceballos', written over a horizontal line.

Jose L. Ceballos, Board Chairman

A handwritten signature in blue ink, appearing to read 'Melissa Ortiz', written over a horizontal line.

Melissa Ortiz, Acting/Interim Executive Director

