Special Board Meeting
held by the Bord of Commissioners of the
Housing Authority of the City of Pharr

December 12, 2019

A Special Session was held by the Board of Commissioners of the Housing Authority of the City of Pharr, Texas on Thursday, December 12, 2019 at 6:00 p.m. at the Pharr Housing Authority, Administration Building, Board Room located at 104 W. Polk Avenue, Pharr, Texas. Upon roll call those present were as follows:

Chairman: Mario Guajardo

Vice-Chairman: Artemio Palacios

Commissioners: Monica Pena, Deborah Lopez

Absent: Nick Gutierrez, Hector Trevino, Mario Lizcano

Also, Present; Noel De León, Secretary; Lazaro Guerra, Finance/Human Resource Director; Janie Barrera, Administrative Assistant; Derek Rangel, yourlifevr

First Order of Business was Chairman Call Special Meeting to Order. Chairman Mario Guajardo called the Special Meeting to Order at 6:02 p.m. and Welcomed Everyone Present.

Next Order of Business was Roll Call, Certification of Quorum and Possible Action on Excusing any Absent Board Member. Chairman Mario Guajardo requested roll call. Janie advised Commissioner Nick Gutierrez had emailed he would be present. Commissioner Mario Lizcano had advised he would not be able to be present due to hospital partnership scheduled meetings. Commissioner Hector Trevino did not respond. Chairman Mario Guajardo made a motion to excuse the absence of Commissioner Nick Gutierrez and Commissioner Hector Trevino and Commissioner Mario Lizcano. Commissioner Monica Pena duly seconded. Upon call for votes the following was recorded.

Ayes: Mario Guajardo, Artemio Palacios, Monica Pena, Deborah Lopez

Nays: None

Next Order of Business was Pledge of Allegiance/Invocation. Chairman Mario Guajardo led with the Invocation; Ms. Marissa Carranza-Hernandez followed with the Invocation.

Next Order of Business was Public Comments. A registered speaker may speak on several items or topics of public concern*; A sign-in form must be filled out prior to the meeting to allow the registered speaker to address the governing body.* Chairman Mario Guajardo advised there were no registered speakers.

Next Order of business was Consideration and Possible Action to Approve Resolution No. 685 – Resolution Approving the Operating Budget for the Public Housing Program for Fiscal Year October 01, 2019 through September 30, 2020. Mr. De León stated this is the budget for the Low-Rent Department Budget. Revenues for the Low-Rent are at $2,514,100 the different columns there is that we budgeted the, this is different from previous years, we made it based on the AMPs that we have, the projects that we have and the amount of money that we get for operating subsidy the Capital Fund is broken up by the different properties, projects that we have out and as you can see there is only tenant rent on the properties that are the properties that we manage there is no tenant rent over here on the property that is managed by UAG and that is because of the tax credits, that is reflected here on the income loss of the AMPs, it is reflected here as a net of income loss for the tax credits themselves. And this office rent is the rent that is being paid to the different programs or non-profits that use our building. This is a low rent building they will from this point forward take care of all the expenses to maintain the building and all the other programs will be paying the rent to public housing. Instead of paying part of the expenses as they did in the past, they will just be paying the rent. In total the total revenue is $2,514,100 for low rent with all the AMPs put together. Salary wise we are going to spend $856,258 in salaries as you can see the salaries are allocated out among all the AMPs based on the units of service that they create, even though we don't directly work over there we manage the Public Housing in those areas, that is the reason we allocate expenses to those AMPs because we do manage those. An example will be Las Canteras, they have 40 public housing even though we have a management company over there, the management company manages the building, but we manage the people that we put there for those forty public housing units. So, we allocate expenses over there as well, and it helps us allocate expenses to those areas because in now repositioning with HUD and trying to move away from public housing and just get with the voucher program. We need to know how those AMPs are doing so that way we know if its beneficial to us or not. Which program is more beneficial for us to move into as we transition over from public housing over to strictly section 8, so it is good for us to know how we do in those AMPs. As you can see, we have allocated all expenses out to those public housing units because those public housing units like I said do get subsidy and capital funds, they do receive revenue. That is aside from the revenue that is collected over there at the tax credit, they do receive revenue. Mr. De León stated, total revenue, total expenses $1,656,000 giving us a net income of $348,272; depreciation is $374,477 again allocated out to all the different projects that we have gives us a net loss after depreciation of -$26,205; the statement of cash flows we add depreciation back, because depreciation really is money going out, strictly what goes out is really the payment that you make from operations. But that is through the balance sheet not through the income statement. Cash available is the $348,272 that is how much they are going to have available. As far as capital expenditures that we are planning for the year we plan to spend about $95,038 in

extra ordinary maintenance. What we mean by that, is that may be us replacing things of value that will give value to the unite like for instance when we were replacing the roof, that was giving value to the life of the unit. If we replace the cabinets, that's giving life to the units it does not include things like painting, like the maintenance stuff, it does not include that, it is included in the maintenance expenses but not on this capital expenditures. Mr. De León stated the next item is the replacement of non-expendable equipment the $59,939 that would be appliances that would be air conditioners, that would be water heaters, that type of equipment. Mr. De León stated, the last line is the capital expenditures is $148,000 for replacement of vehicles our vehicles that are ten years or older, we plan to replace the trucks, especially the trucks we also plan to replace the Tahoe, but the Tahoe as you may remember is being replaced under PHDC because it belongs to PHDC. All the other vehicles belong to the low rent program, so all the other vehicles fall in here. All the other vehicles that we are replacing are all low rent vehicles that we will be replacing, again this is a projected capital expenditure it does not mean that we might go we might we might not go through with every expenditure we have here it is just what we are planning for the year. Again, is just a plan just a way for us to measure ourselves and monitor ourselves that we don't overspend any funds and it may require for us to move funds around. We might spend to much in one category, but we have to cut back on another. As long as overall, we try to stay within the budget. Vice-Chairman Artemio Palacios asked if this budget was the same as the one, we just completed? Mr. De León replied, yes Sir as far as expenditures and revenues, yes. Mr. De León stated if you were to look at last years budget versus this one, the biggest difference that you will see is that the budget is not allocated out amongst AMPs, last year we presented just a budget for low rent we didn't spread it out, but during the year we had to spread it out where we were trying to study what would be best for us to do with RAD and the reposition, that is the only way we would now what, weather our project would make better since to go RAD to go straight conversion. Or like in the case of Meadow Heights where we are looking at to do a Section 18 which is a demolition/disposition type option that we are looking at because we feel that it would cost to much to rehab the units, it would be better for us to replace them than to rehab them. Chairman Mario Guajardo asked those are the ones? Mr. De León replied next to Pepe Salinas, the forty-two units. But again, this is the budget strictly for low rent. Mr. De León stated let me bring up the budget for the Housing Choice Voucher Program in this budget we have two separate columns, we have a column for the Admin Fee, and we have a Column for the HAP. HAP is strictly the Housing Assistance Payments that we receive, and we have to break up to because we maintain them separately and then you have a total for the whole program. Mr. De León stated on the Administrative Fee monies we are looking into getting $493,415 in grants from the government for housing assistance payments we are looking at receiving $3,643,956. If you look up here that will allow us to fund about $9,876 months and if you would like to know how many vouchers that average, I believe that is for a total of 823 vouchers a month. Total revenue, we are also looking in getting a contribution of $38,000 from PHDC and $55,000 from PAHC a total of $93,000
for the administrative fee program and the reason for that is as I mentioned to you in the past in that we want to end the year with an administrative fee reserve, with money in the administrative fee account because that is the only monies we can use to cover the Housing Assistance Payments, if for instance rents go up and in order

to do the same units that we are budgeting it takes more money to do that because the average rent goes up, that is the reason why we have to put contributions into the admin program so that we can make sure we have money left over. Mr. De León stated as far as expenses are concerned as you can see the only expenses that are operating expenses fall strictly under the admin account. We anticipate $407,980 in salaries and another $113,035 in administrative expenses. In liability insurance is $1,114 and under the housing assistance payments we expect to pay out $3,680,764 on the HAP side there will be utility allowances to pay out $9,201 is what we are estimating, and we are estimating we will recover from fraud recovery $3,200 from FSS forfeitures, remember when somebody goes into the FSS program the HAP account actually loses money because instead of the money going for rent it goes into the FSS escrow, so when somebody forfeits and leaves the money goes back into the HAP account. We expect to fund the HAP account for $15,836 that is why it becomes an expense to HAP because the FSS takes money away from it. In total we have $522,128 in operating expenses $3,685,798 in HAP expenses, income from operations that will give us $64,000 income in the administrative account that will go into the administrative fee reserve. Mr. De León stated we would loose $41,842 but that means, is we need another $41,000 to make all the payments in rent, and what happens here, what we would do her as you can see here, under statement of cash flow, we would actually from the administrative fee reserve we would actually move $41,482 to cover the money we need for rents, and consequently we would be at zero for rents and that would leave us short instead of the $64,000 that we see here we end up with only $22,445 in net cash because we use it to cover the HAP; Mr. De León stated the Budget on the FSS Program, is one grant that we received $39,082 that is all we receive and that has to cover all costs, again you see contributions here of $8,934 from PHDC and contributions of $8,934 from PAHC again we split it up among the non-profits for a total of $17,868 remember the person we have under the FSS does FSS, 100% of the times does, the whole program, but at the same time she also does the other activities for the tax credits and that is the reason we contribute to the funding of her salary and benefits cost associated with that employee $56,950 income of continuing operation would be zero, we just try and net out the program and give it the money it needs for the employee. Mr. De León stated those are the three budgets for the Low-Rent Program, the Section 8 Program and FSS. Commissioner Artemio Palacios made a motion to Approve Resolution No. 685 – Resolution Approving the Operating Budget for the Public Housing Program for Fiscal Year October 01, 2019 through September 30, 2020. Commissioner Deborah Lopez duly seconded. Upon call for votes the following was recorded.

Ayes: Mario Guajardo, Artemio Palacios, Monica Pena, Deborah Lopez

Nays: None

Mr. De León stated, the employees wanted me to mention to you all, thank you all for the Christmas party they thoroughly enjoyed it and also to thank you all for the Christmas gift, the Christmas incentive that they received, they wanted me to thank you all for that.

Next Order of Business was Adjourn. There being no further business to come before the Board of Commissioners, Chairman Mario Guajardo asked for a motion to Adjourn. Commissioner Artemio Palacios mad a motion to Adjourn. Commissioner Deborah Lopez duly seconded. Upon call for votes the following was recorded.

Ayes: Mario Guajardo, Artemio Palacios, Monica Pena, Deborah Lopez

Nays: None

The Meeting was Adjourned at 6:22 p.m.

SEAL:

Attest;

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Mario Guajardo, Chairman

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Noel De León, Secretary

NDL/jb