

MINUTES OF A REGULAR MEETING  
OF THE BOARD OF COMMISSIONERS  
OF THE HOUSING AUTHORITY  
OF THE CITY OF EL PASO, TEXAS  
WEDNESDAY, SEPTEMBER 17, 2014

**Item # 1. Call to Order.** The Chairperson called the meeting to order at 5:35 p.m.

**Item # 2. Pledge of Allegiance.** Recited Pledge of Allegiance.

**Item # 3. Invocation/Moment of Silence.** Moment of silence.

**Item # 4. Establishment of a Quorum.**

PRESENT: Chairperson Joe Fernandez, Presiding; Commissioners Burt Blacksher, Francisco Ortega, and Kevin Quinn. The Chairperson declared a quorum with four Commissioners present. Commissioner Lupita Licerio was absent.

ALSO PRESENT: Gerald Cichon, Chief Executive Officer; Robert Blumenfeld, HACEP Attorney; Arthur Provenghi, Corporate Attorney; Satish Bhaskar, Chief Financial Officer; William Zeigler, Chief Human Resources Officer; Daniel Cantu, Chief Information Technology Officer; Hector Montoya, HAC General Manager; Roman Velasquez, Director of Public Housing; Lorena Rivera, Director of HCV Program; Juan Olvera, Director of Development and

Capital Projects; Huu Dang, Director of Finance; Shane Griffith, Public Information Officer; Glo Dore, Executive Secretary to the CFO; Patricia Quintanilla and Aracely Saenz, Executive Secretaries.

**Item # 5. Resident Association Presidents to be Heard.** None.

**Item # 6. Citizens to be Heard.** None.

**Item # 7. Approval of Minutes of a Regular Board Meeting That Took Place on August 27, 2014.** Commissioner Blacksher made a motion to approve item # 7. It was seconded by Commissioner Ortega. Motion carried unanimously.

**Item # 8. Approval of Minutes of a Public Hearing That Took Place on August 27, 2014.** Commissioner Ortega made a motion to approve item # 8. It was seconded by Commissioner Blacksher. Motion carried unanimously.

**Item # 14. The Board of Commissioners May Retire Into Executive Session at Any Time Upon the Motion of Any Commissioner Pursuant to the Texas Government Code, Section 551.071-551.076 to Discuss Any of the Following:**

- |                        |   |
|------------------------|---|
| <b>Section 551.071</b> | <b>Consultation with attorney.</b>              |
| <b>Section 551.072</b> | <b>Deliberations about real property.</b>       |
| <b>Section 551.073</b> | <b>Deliberations about gifts and donations.</b> |

**Section 551.074                      Personnel matter.**

**Section 551.076                      Deliberations about security devices.**

Discussion on the Following:

- (a) Discussion and Update by Legal Counsel on Pending Litigation Matters. (Section 551.071)

Commissioner Ortega made a motion to go into executive session. It was seconded by Commissioner Blacksher. The Board went into executive session at 5:37 p.m.

Commissioner Ortega made a motion to come out of executive session. It was seconded by Commissioner Blacksher. The Board reconvened at 6:17 p.m.

**Consent Agenda:**

**Item # 9. Purchasing and Construction Contract and Purchase Order Awards:**

- A. Request that the Contracting Officer be Authorized to Sign Contract Modification for Internal Management Review Services Contract # FS 13-C-0016. This is for a One Year Extension. This Contract was Procured Through a Request for Proposal (RFP) Process. The Recommendation is as follows:

<b>Department:</b>	<b>Executive</b>	
<b>Award to:</b>	<b>Bronner Group LLC</b>	<b>\$30,000 est.</b>

**Funding Source:** COCC  
**Procurement Type:** Request for Proposal (RFP)  
**Contract Term:** Renewal

- B. Request That the Contracting Officer be Authorized to Sign Recommendation for Purchase Order Award for Shoretel Support Services, On-Site Assistance for Central and all Remote Sites, and Shoretel Enterprise Support for Three Years – no Phones Region 19 Contract No. 14-699. This Contract Was Procured Through the State of Texas Region 19 ESC Process. The Recommendation is as Follows:

**Department:** Information Technology  
**Award to:** Decision Tree Technologies **\$28,825 est.  
based on a  
3 year contract**

**Funding Source:** COCC  
**Procurement Type:** Region 19 ESC  
**Contract No. 14-699**  
**Contract Term:** Upon Completion

- C. Request That the Contracting Officer be Authorized to Sign Contract Modification for Office Supplies, Toner, Printing of Forms TCPN Contract No. R5023. This is a One Year Extension. This Contract Was Procured Through the TCPN Process. The Recommendation is as Follows:

**Department:** HACEP wide  
**Award to:** Office Depot **\$100,000 est.**

**Funding Source:** COCC  
**Procurement Type:** TCPN Contract No. R5023  
**Contract Term:** Renewal

D. Request That the Contracting Officer be Authorized to Sign Contract Modification for Contract # EX 14-R-0015 for Financial Consultant Services for Rental Assistance Demonstration (RAD) Program. This Contract Was Procured Through a Request for Proposal (RFP) Process. The Recommendation is as Follows:

<b>Department:</b>	<b>Finance</b>	
<b>Award to:</b>	<b>EJP Consulting Inc. Deval, LLC</b>	<b>\$140,000 est. combined</b>
<b>Funding Source:</b>	<b>RAD/Project Financing</b>	
<b>Procurement Type:</b>	<b>Request for Proposal (RFP)</b>	
<b>Contract Term:</b>	<b>New</b>	

Mr. Cichon reviewed the proposed items under the consent agenda. He offered to answer any questions.

Commissioner Ortega made a motion to approve consent agenda items # 9 A-D. It was seconded by Commissioner Quinn. Motion carried unanimously.

**Regular Agenda:**

**Item # 10. Discussion and Action Regarding Resolution Approving Adoption of Revised**

**Flat Rent Schedule.** Roman Velasquez, Director Public Housing Program, said that the flat rents were introduced to the public housing industry back in 1998 through the Quality Housing & Work Responsibility Act (QHWRA). In January 2014, President Obama signed into law the 2014 Appropriations Act; Section 210 of the Act requires public housing agencies to establish flat rents at no less than 80% of the fair market value (FMR). The rent schedule must be revised

in accordance to the Act and must be applied or offered to new applicants and families no later than October 31, 2014. Mr. Velasquez said that when we received notice of the Act, we began the process of informing our residents. We started with the initial 30-day public comment period in April 1, 2014. Due to this change, we had to amend our Annual and Five-Year Plan and part of the requirement is that we do a 45-day public comment period, which we started on July 13. From July 22 – 30, we held four community meetings at the various areas of the city. We also presented the proposed changes to the JWRC on August 18, 2014. Finally, on August 27, 2014, we had our Public Hearing meeting. Mr. Velasquez discussed the current and proposed 2014 and 2015 FMRs outlining the increase in rent and the number of affected families. We are requesting approval of Resolution No. 1970 establishing the flat rent rates at 100% of the 2015 FMRs effective October 1, 2014. The enforcement of the policy will be applied to existing residents implementing the new rates at the next annual rent option or recertification, and phase in increases over a three-year period for those residents experiencing an increase of 35%. We are also asking that with the approval of the Chief Executive Officer, the Director of Public Housing be allowed to increase/decrease the flat rent rates to match annual FMRs established by HUD. Mr. Velasquez offered to answer any questions.

Mr. Cichon added that we had two Resident Relations Committee meetings and we received support from the Committee members and the residents in that they believe that those residents that are making enough money to pay the fair market rent should do so.

Commissioner Blacksher made a motion to approve Resolution No. 1970 under item # 10. It was seconded by Commissioner Ortega. Motion carried unanimously.

**Item # 11. Discussion and Action to Approve Interlocal Cooperation Agreements With the Following Jurisdictions for the Purposes of Acquiring an Interest in and Operating a Low Income Housing Tax Credit (LIHTC) or Home Program Funded Residential Development Within Territorial Jurisdictions in El Paso County, Texas Yet Outside of the Limits of the City of El Paso, Texas.**

- a. Town of Anthony, Texas**
- b. Anthony Housing Authority (Anthony, Texas)**
- c. El Paso County, Texas**
- d. El Paso County Housing Authority (El Paso County, Texas)**
- e. Town of Horizon City, Texas**
- f. City of Socorro, Texas**
- g. Town of Clint, Texas**

Mr. Cichon said that for the Housing Authority to own any properties outside its jurisdiction, even though it is through an instrumentality, we have to have approval of those other government entities that may have an oversight since they are located within their local government. As such, we need to get approval in the form of an interlocal agreement. We have gone through the agreements and, at this time, we are requesting approval from the Board to enter into those interlocal agreements.

Attorney Blumenfeld said that he wanted to thank Mr. Cichon, Mr. Provenghi, and the IBI team for their work. Most of these agreements were fairly easy to get, but it took a lot of work. These

interlocals say that the Housing Authority, through one of their affiliated entities, is going to become a General Partner in a tax-credit or home-funded residential development in their jurisdiction. It does not mean that the Housing Authority is going to operate in any other way other than as the manager and general partner of these specific units listed below. The interlocal agreements are identical except for the names of the entities and the properties. We are asking for the Board's approval of item # 11.

Commissioner Blacksher made a motion to approve Resolution No. 1971 under item # 11. It was seconded by Commissioner Ortega. Motion carried unanimously.

**Item # 12. Discussion and Action to Approve the Purchase and Sales Agreements and the Closing on the Acquisition of Partnership Interest and Other Interests in the 25 Low Income Housing Tax Credit (LIHTC) and Home Program Funded Residential Developments Listed Below to be Acquired From Investment Builders, Inc. and or its Affiliates, and to Authorize the Chief Executive Officer to Execute Any Documents and Agreements to Effectuate the Purchase of Such LIHTC Partnership Interests.**

Development Name	Address and Location	Number of Units
Mountain Heights	3575 Lincoln Ave. El Paso, Texas 79930	31
Mission Pass	633 Dindinger Rd. Socorro, Texas 79927	36
Desert Breeze	14700 Cactus View Ct. El Paso, Texas 79928	36
NCDO I	5250 Wren Ave. El Paso, TX 79924	32
NCDO II	5250 Wren Ave. El Paso, TX 79924	16
Western Whirlwind	131 E Lake Dr. Horizon City, Texas 79928	36
Desert Villas	173 Coronado Rd El Paso, Texas 79915	94
Painted Desert	12682 Rio Negro Dr. Clint, Texas 79836	20
Notredame Hills	598 Peyton Horizon, Texas 79928	8
Patriot Hills	5725 Fairbanks Dr. El Paso, Texas 79924	22
Prado I	151 S Prado Rd El Paso, Texas 79907	64
Prado II	151 S Prado Rd El Paso, Texas 79907	16
Hillside Senior	770 Resler Drive El Paso, Texas 79912	25
Santa Lucia	596 Giles Rd. El Paso, Texas 79915	36



Tierra Socorro	560 Three Missions Dr. Socorro, Texas 79927	64
Whispering Sand	500 Omar St. Anthony, Texas 79821	36
Western Sunshine Pass	1421 Geronimo Dr. El Paso, Texas 79925	36
Cactus Rose	225 Poplar St. Anthony, Texas 79821	26
Mission Del Valle	621 Dindinger Rd. Socorro, Texas 79927	16
Arrowhead Place	5051 Trojan Dr. El Paso, Texas 79924	24
Spanish Creek	610 Lee Trevino Dr. El Paso, Texas 79907	136
Woodchase Senior	8410 & 8411 Tigris Dr. El Paso, Texas 79907	128
Fonseca	627 Fonseca Dr. El Paso, Texas 79905	14
Geronimo Trail Townhomes	1404 Geronimo Dr. El Paso, Texas 79925	22
Canyon Square	8622 N Loop Dr. El Paso, TX 79907	104
<b>TOTAL UNITS</b>		<b>1,078</b>

Attorney Blumenfeld said that this is a transaction that began late in 2013. It has been described at the Board meetings, in Board trainings, and in materials that have been provided to the Board. The purpose of this item is to authorize Mr. Cichon to sign the actual purchase agreements. There are twenty-five separate purchase agreements for twenty-five separate properties. If everything is approved by the Board and all the various conditions that need to be met are met, it would close by September 30, 2014. There will be a slight delay with seven properties because we need time to obtain the approval of TDHCA to switch certain partnerships. Each one of these tax-credit properties was created in a specific fashion at the time IBI created and applied for their tax-credits. The required change is non-substantive and does not mean anything from the Housing Authority's prospective, but it means something from the regulatory and compliance side. In order to put them in the best possible structure for the Housing Authority, the closing on those seven will be delayed a short period of time.

Mr. Cichon said that as mentioned in other Board meetings, there is historically underutilized business overlaid that happened with some of these properties. We are trying to change that from a HUB to a non-profit that creates a legal issue with the transfer of the property. We are hoping to finalize these seven by November of this year.

Attorney Blumenfeld said that Mr. Monty from IBI is present in case the Board has questions for him.

Commissioner Ortega made a motion to approve Resolution No. 1972 under item # 12. It was seconded by Commissioner Blacksher. Motion carried unanimously.

**Item # 13. Secretary's Report.**

- **RAD Update.** Mr. Cichon said that we recently had an eight-hour RAD meeting with the working group at the Hunt offices. The group included Bracewell & Giuliani, bond attorneys; Ballard Spahr, attorneys for the capital group; Coats Rose, which represents the Housing Authority on the tax-credit side; Sarah Anderson, tax credit Consultant; Scott Jepsen, Financial Consultant working together with HUD; Centerline, the syndicator; sixteen members from the Housing Authority including Chairman Fernandez, who joined us briefly; Hunt Capital; Hunt Construction; and other people. That is the team that is working on tranche one, which consists of the 1700 units that we will be converting. We got through a lot of the issues, but there are still things to do. We will be going to DC to present the information to the HUD RAD team that is working with us. We are trying to get a close on the bonds early next year with construction starting in early March. We are still working with some of the 9%; we got the awards for two of them absent a FHA letter that we believe we can get through, and the appeal is still going on for Westfall/Baines for about \$8 million. Based on the positions that the TDHCA staff has presented to us, we do not know if we are going to be successful. We are going to be appealing, but there is a disagreement in the way they are adding up their numbers and the way

we are adding up our numbers and the Board is going to have to make a decision. Traditionally, they make a decision in favor of the staff's recommendation. That means that we may receive about \$2.2 million in tax-credits instead of the full \$3 million. Mr. Cichon recognized the residents and their hard work as it relates to RAD. He said that we had a very positive three-hour meeting on Saturday. He thanked them for taking the time to come down because their participation and their concerns are very important to us.

### **Chief Financial Officer Reports.**

- **Statement of Revenues/Expenses for June 2014.** Mr. Bhaskar discussed the financial reports and offered to answer any questions.
- **Statement of Changes in Net Assets for June 2014.** No discussion.

**HACEP News Articles/Events.** Mr. Cichon said that we are officially a high performer housing authority. We scored 94 out of 100 points making us a high performer for the 18<sup>th</sup> time out of 19<sup>th</sup> years; he congratulated the staff for their great work. He said that HUD is looking at possibly giving us a waiver of our PHAS score next year due to the RAD conversions and the impact the vacant units will have in our scores. Mr. Cichon said that tomorrow we will be hosting an open house for fourteen different housing authorities, which are coming with groups of six to eight people just to see the computer and technology system that we have in place.

Commissioner Blacksher made a motion to go into recess. It was seconded by Commissioner Ortega. Motion carried unanimously. The Board went into recess at 6:40 p.m.

Commissioner Ortega made a motion to come out of recess. It was seconded by Commissioner Blacksher. Motion carried unanimously. The Board reconvened at 6:45 p.m.

**Item # 15. Adjournment.**

There being no further business to be discussed before the Board, Commissioner Ortega made a motion to adjourn. It was seconded by Commissioner Blacksher. Motion carried unanimously.

The meeting was adjourned at 6:45 p.m.

**ATTEST:**

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Gerald Cichon

\_\_\_\_\_  
Joe Fernandez