

**MINUTES OF REGULAR MEETING
OF
HARRIS COUNTY HOUSING AUTHORITY**

Houston, Texas

January 21, 2015

**THE STATE OF TEXAS §
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COUNTY OF HARRIS §**

The Board of Commissioners of Harris County Housing Authority met in regular session, open to the public, on the 21st day of January 2015, at Harris County Housing Authority, located at 8933 Interchange Drive, inside the boundaries of Harris County in Houston, Texas. Chairman Wright called the meeting to order at 1:39 p.m., and the roll was taken of the duly constituted officers and members of the board:

Kerry Wright	Chairman	Present
Joe Ellis	Vice Chairman	Absent
Roberto Gonzalez	Commissioner	Present
Gerald Womack	Commissioner	Present
Joe Villarreal	Commissioner	Present

Attending for all or portions of the meeting was Scott Lemond from the County Attorney's Office as general counsel to HCHA. Present additional attendees included the following:

Tom McCasland, Horace Allison, Beverly Burroughs, Paul Curry, Paula Burns, Katie Thomson and Kristen Domeracki of Harris County Housing Authority; Wanda LeBlanc, David Riddle, and Jacinta Hutchinson were also in attendance.

Chairman Wright invited David Riddle to open the meeting with a prayer, followed by Commissioner Gonzalez, who led the pledge of allegiance.

APPROVAL OF MINUTES FROM DECEMBER 16, 2014

Commissioner Villarreal moved to approve the minutes from the December 16, 2014 Board Meeting, Commissioner Womack seconded, and the motion carried unanimously.

PUBLIC COMMENT

Commissioner Womack welcomed Jacinta Hutchinson formerly of Housing Authority of the New Orleans. Ms. Hutchinson introduced herself to the Board and thanked Commissioner Womack for the warm welcome.

CHIEF EXECUTIVE OFFICER'S REPORT

Tom McCasland began his report by reviewing HCHA's progress on the goals for HCHA set by the Board in early 2014.

Mr. McCasland reported that HCHA operated its housing choice voucher program at 98% occupancy, its VASH program at an 86% occupancy rate, and ended the year with an overall occupancy rate of 93%. While HCHA exceeded the national average for issuing VASH vouchers, Mr. McCasland conveyed that HCHA will continue to strive for a higher rate in the coming year as long as there are homeless veterans living in Harris County. HCHA applied for and received an additional 196 VASH vouchers during 2014, which was one of the highest allocations in the country. Mr. McCasland thanked staff for a job well done and for increasing HCHA's VASH voucher program by 52% in a single year to end veterans' homelessness.

Mr. McCasland also reported that HCHA submitted a low income housing tax credit application in 2014. HCHA also applied for additional funds for its proposed family self-sufficiency programs even though these applications were not approved. HCHA will continue these funding efforts in 2015. One of HCHA's biggest disappointments of 2014 was seeing the development for the Retreat at Westlock halted after breaking ground. However, HCHA currently has four developments moving forward in 2015 and is aggressively pursuing opportunities to add additional affordable housing units to its portfolio.

HCHA was able to successfully utilize housing as a platform for improving quality of life for families in 2014 and continued to provide a local preference for homeless families with school children in HCHA's primary service area. Under this local preference, 81 vouchers were issued to families who would have been in shelters or worse, and Mr. McCasland reported that the first family to qualify for this preference already rolled off HCHA's program because their income was too high. HCHA also provided additional subsidy for high opportunity zip codes to help clients find homes near highly rated public schools. While this is a step in the right direction for these families, Mr. McCasland said HCHA still has a long way to go with this effort because 50 of 51 large apartment complexes in these zip codes will not accept vouchers.

HCHA was also able to utilize funding to improve health outcomes for the homeless population by continuing to house homeless veteran and by collaborating with projects like the County Jail Diversion program. While HCHA will not be moving forward with the Bute Park development, HCHA has similar projects lined up for 2015. Chairman Wright asked if any additional properties were being considered to host the Jail Diversion program. Mr. McCasland said HCHA is working with the county to find new apartment complexes, and quality landlords willing to accept project-based vouchers to move forward with the project.

Mr. McCasland discussed HCHA's goal to utilize funding to increase economic security and self-sufficiency in 2014. While HCHA did not receive sufficient funding to develop this program, the efforts to raise necessary funding will continue in 2015. HCHA also worked with a large number of local organizations to make client referrals, and helped 103 clients at 80% median income become self-sufficient, allowing HCHA to reduce its payments to zero. HCHA was able to reduce the number of long-term zero income families on its program, and Mr. McCasland reported that the total number of zero-income households had fallen from 179 to 102 in 2014.

HCHA utilized funds to improve housing stability for vulnerable populations, including the elderly, people with disabilities, homeless people, and those individuals and families at risk of becoming homeless. Chairman Wright asked for an update on the waiting list. Mr. McCasland said HCHA has about 3,000 applicants to go through, and staff is still working their way to the bottom of the list to identify local preferences before looping back to the top of the purged list. Chairman Wright asked if HCHA has been able to reduce the list significantly. Mr. McCasland said HCHA staff has worked hard to purge the

list and to remove stale addresses, applicants who are no longer interested, and applicants who are well above the income level. Mr. McCasland told the Board he expects to have the numbers condensed in the next 30 days and hopes to present them at the next Board Meeting. Chairman Wright thanked Mr. McCasland and his staff for cleaning up the list, and Mr. McCasland said the achievement was a tremendous effort by the staff.

Mr. McCasland presented an update on HCHA's goal to build communities that are affordable for very low income households without concentrating poverty. HCHA has four active developments and is working with Commissioners Court and state officials to see the developments through to completion. HCHA also changed its payment standards to allow for 110% subsidy for zip codes identified as high opportunity areas to prevent clients from being pushed into high poverty areas.

In 2014, HCHA focused its efforts on its strategic mission set for the year and will continue to do so with guidance provided from the Board. Mr. McCasland said HCHA staff have made great strides toward balancing the requirements of proper documented paperwork and client-focused service. HCHA implemented Client Comment Cards at the beginning of 2015, and of the 23 cards submitted, 100% indicated that their overall service was excellent and that they were properly greeted when they arrived. Mr. McCasland read a card to the Board that conveyed the great work HCHA staff members are doing for clients. Mr. McCasland also reported the staff's continued ability to provide timely and complete financial statements, check registers and other financial reports to the Board to ensure complete transparency in HCHA's financial management and decisions. After reducing operating expenses by 47% for the 2013 financial year, HCHA was able to achieve an additional 26% reduction in operating expenses in the 2014 financial year. Mr. McCasland reported that HCHA has continued its efforts to eliminate fraud, waste and abuse by landlords and tenants, and recovered \$50,266 of housing assistance payments improperly made for 2014. A former tenant and landlord was sentenced to 20 years in prison and ordered to pay HCHA \$29,000 in fraud charges.

HCHA also met its goal to build staff capacity and professionalism to achieve HCHA's five year plan in 2014. Staff members attended multiple trainings throughout the year, and HCHA created three new positions, two of which have not yet been filled. Commissioner Gonzalez asked Mr. McCasland how many people and how many families HCHA served in 2014. Mr. McCasland said he would be happy to send the Board the numbers. Chairman Wright thanked Tom for his presentation.¹

FINANCIAL AGENDA

Paul Curry presented the financial statements from November 2014 and answered the Commissioners' questions. All HCHA lines of business are showing a positive cash flow except Cypresswood Estates. Mr. Curry reminded the Board that the money from the Cypresswood Estates account was moved into HCHA's business account due to excess revenue, causing the account to show a negative cash flow. However, Mr. Curry explained that the cash flow would be positive by the end of the year. In the consolidated budget, revenue is under budget by 9% due to HCHA absorbing all of its portability clients to get the lease up rate to 98% for 2014. Expenses are also under budget by 12%. Commissioner Womack asked if HCHA has enough money to pay bills for 30 days without a HUD payment. Mr. McCasland said the goal for other Public Housing Authorities is to have enough funds to pay at least one month out of pocket if needed. During the last government shutdown, Public Housing Authorities still received HUD payments for a few months and were not drastically affected. Chairman Wright asked how much in operating expenses would be a good amount to make payments for 30 days without HUD assistance. Mr. Curry estimated about \$200,000.

¹ Per an email sent later to all Commissioners, HCHA served 5,295 households and 14,079 individuals in 2014.

ADMINISTRATIVE AGENDA

Beverly Burroughs presented information on the lease-up rates for the HCV program. For December, the Housing Choice Voucher (HCV) lease-up rate was at 98% of HCHA's awarded vouchers, Veteran Affairs Supportive Housing (VASH) is at 86%, Single Room Occupancy (SRO) is at 94% and the Mod Rehab program is leased at 100% of authorized vouchers.

Paula Burns reviewed the status of properties within the Affordable Housing Division. All properties are at least 95% leased. Resident Community meetings have been scheduled for all properties, at which HCHA and the property manager will take suggestions from tenant discussions for community improvements. Mrs. Burns also reported the status of resident concerns that were reported at the Board Meetings hosted at the communities, and HCHA's follow up actions for each issue. Chairman Wright asked when HCHA's next SEMAP report is due. Mrs. Burroughs said that the report is due at the end of May and will be presented at the May Board Meeting.

Horace Allison presented on development activities within the Affordable Housing Division. HCHA entered into a MOU with AMCAL to develop Cherry Park Senior and Cherry Park Family, and intends to submit Bond Reservation Applications to the Texas Bond Review Board, prior to December 31, 2014, for an allocation for both developments. The Developer obtained proposals for debt and equity financing for the project, and after review, Mr. Allison recommended HCHA to work with Hudson Capital to provide tax credit equity funding, and Community Bank of Texas to provide construction and permanent loans for the developments. HCHA worked with ITEX to submit an LIHTC pre-application for the Retreat at Westlock on January 8, 2015, and HCHA staff will proceed with the development of the architectural plans, prepare the formal application before February 27, 2015, and seek community and governmental support for the development. Mr. Allison reported that HCHA's presentation on Bernicia Place for the Greater Southeast Management District in December was well received, and HCHA is working to formalize the METRO proposal for submission. HCHA was able to obtain approval from the Amy Young Barrier Removal Program, and staff conducted a pre-bid conference on January 12, 2015, and pre-construction conferences at each residence on January 20, 2015. HCHA worked with ITEX to submit the pre-application for Greenhouse on January 8, 2015, and Staff will prepare the formal application before February 27, 2015. HCHA's Board of Commissioners authorized the negotiation and execution of an engagement letter for the 2014 Audit and Tax preparation Services for seven affordable housing developments during the December Board Meeting, and staff is negotiating with Novogradac & Company and Cohen & Reznick to execute the Engagement Letters. Mr. Allison said the audits and returns are scheduled to be completed the first quarter of 2015. Chairman Wright asked what HCHA's four development projects were. Mr. Allison said HCHA is working on Cherry Park Family and Cherry Park Senior with AMCAL, Green House with ITEX, and Westlock with ITEX also. Commissioner Gonzalez congratulated Mr. Allison on a job well done.

BOARD ACTION ITEMS

Discussion and request to approve or deny a resolution adopting a revised HCHA Administrative Plan

This resolution approves revisions and edits to HCHA's Administrative Plan to improve its clarity, comply with federal regulations and reduce redundant, contradictory or extraneous information. Commissioner Womack asked if the Administrative Plan was submitted to HUD. Mr. McCasland said the Administrative Plan needed to be approved by the Board of Commissioners before it is submitted to HUD for approval. Chairman Wright moved to approve the resolution, Commissioner Gonzalez seconded, and the motion carried unanimously. (Resolution 15-01)

Discussion and request to approve or deny a resolution adopting the 2015 Annual Plan

This resolution approves HCHA's Annual Plan for 2015. Commissioner Womack moved to approve the resolution, Commissioner Gonzalez seconded, and the motion carried unanimously. (Resolution 15-02)

Discussion and request to approve or deny a resolution of the Board of Commissioners of Harris County Housing Authority as part of the development plan for the Cherry Park Family and Cherry Park Senior apartments authorizing (1) the negotiation and execution of debt and equity letters of intent for each of the Cherry Park Family and Cherry Park Senior apartments and (2) The Chief Executive Officer of Harris County Housing Authority to take such other actions necessary, convenient or appropriate to carry out this resolution

This resolution authorizes the CEO to negotiate with the Investor and Lender to execute and deliver letters of intent, consents, agreements and other documents for both Cherry Park Family and Cherry Park Senior apartments. Mr. Allison said HCHA staff recommends moving forward with Hudson Housing Capital. Commissioner Womack asked how staff determines if the quotes the developers receive are accurate and are at Fair Market Rate value. Mr. Allison said staff reviews the quotes with legal counsel and assured Commissioner Womack that all rates are competitive. Commissioner Womack said he would like to see more local banks involved in the future. Commissioner Gonzalez moved to approve the resolution, Chairman Wright seconded, Commissioner Womack abstained, and the motion carried. (Resolution 15-03)

EXECUTIVE SESSION

The Board went into executive session at 3:43 p.m. to discuss matters with HCHA's attorney regarding the value or transfer of real property.

The Board of Commissioners reconvened into public session at 6:22 p.m.

ADDITIONAL BOARD ACTION

Discussion and request to approve or deny a resolution approving revisions to HCHA's Employee Handbook

This resolution allows HCHA to adopt an updated Employee Handbook, and the policies included therein. Commissioner Gonzalez and Commissioner Villarreal asked whether the 90-day waiting period for vacation time could be changed. Chairman Wright said the Board would discuss the suggested revision further in Executive Session. After Executive Session, the Board and Mr. McCasland agreed to revise the 90-day waiting period to 9 months. Commissioner Gonzalez moved to approve the resolution, Commissioner Womack seconded, and the motion carried unanimously. (Resolution 15-04)

Discussion and request to approve or deny a resolution authorizing the execution and renewal of HCHA's Chief Executive Officer's employment agreement

This resolution approves the Chairman of the Board to execute an employment agreement with Tom McCasland as CEO for HCHA. Chairman Wright moved to approve the resolution, Commissioner Gonzalez seconded, and the motion carried unanimously. (Resolution 15-05)

Discussion and request to approve or deny a resolution approving the creation of an in-house Legal Counsel position

This resolution approves the creation of a full-time in-house Legal Counsel position. Commissioner Gonzalez moved to approve the resolution, Commissioner Womack seconded, and the motion carried unanimously. (Resolution 15-06)

ADDITIONAL COMMENTS

None.

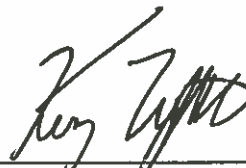
COMMENTS BY COMMISSIONERS

None.

ADJOURNMENT

Commissioner Womack moved to adjourn at 6:25 p.m. Commissioner Villarreal seconded, all were in favor, and the motion carried.

Adopted and approved this 18th day of February 2015.



Kerry Wright, Chairman



Tom McCasland, Secretary

Attachments: Resolutions 15-01 to 15-06