

**Minutes of Regular Meeting of  
The Housing Authority of the City of Galveston, Texas  
Island Community Center – Community Room  
4700 Broadway, Galveston, TX 77551  
August 30, 2010 at 5:00 P.M.**

The Board of Commissioners of the Housing Authority of the City of Galveston, Texas, (GHA) met as stated above. Sharon Strain called the meeting to order at 5:00 p.m. and declared a quorum was present. The following commissioners were noted present: Sharon Strain, Chairperson; Paula Neff, Vice-Chair; Tom LaRue, and James Dennis.

Commissioners Absent:        Suzanne Choate

Others Present:                Mayor Joe Jaworski, Ex-Officio  
Pete Urbani, Jr., Legal Counsel;  
Harish Krishnarao, Executive Director/Secretary

**Approval of minutes for previous meeting of 07/13/10** – Commissioner Dennis moved for approval, and Commissioner LaRue seconded the motion. The following vote was recorded:

Ayes: Strain; Dennis; Neff; and LaRue  
Nays: None                                Abstentions: None                                Absences: Suzanne Choate  
The motion carried 4-0.

**Approval of minutes for previous meeting of 08/09/10** – Commissioner Dennis moved for approval, and Vice-Chair Neff seconded the motion. The following vote was recorded:

Ayes: Strain; Dennis; Neff; and LaRue  
Nays: None                                Abstentions: None                                Absences: Suzanne Choate  
The motion carried 4-0.

**Financial statements as of July 31, 2010** – Arvle Dunn, Senior Accountant, reported the following:

- a. Central Office Cost Center (COCC) - The total revenue year-to-date is \$127,842 and total operating expense is \$148,488. This leaves a residual from operations of \$20,647. Statement of Net Assets is: Total Assets of \$1,801,495 and Total Liabilities and Net Assets of \$1,801,495.

Chairperson Strain questioned whether there were two months of property fees in these numbers. Mr. Krishnarao stated that it appears as though the closing was done before the month was over and that is why the numbers are showing as a double expense. Chairperson Strain suggested a footnote be made to explain this on the permanent record.

- b. AMP #1 – Oleander Homes/Palm Terrace – The total revenue year-to-date is \$158,473 and total operating expense is \$30,682. This leaves a residual of \$127,791. Statement of Net Assets is: Total Assets of \$10,108,659 and Total Liabilities and Net Assets of \$10,108,659.

Mr. Krishnarao interjected that he is still talking with HUD about this situation. He explained that GHA is still trying to realize 100% subsidy on AMP #1, which includes the former Oleander Homes and Palm Terrace. HUD has still not made a determination on how they will handle the reductions for the phasedown.

Chairperson Strain commented that on the vacancy category, she and Commissioner LaRue had asked for a meeting with the Finance Director to discuss this issue. She requested that someone schedule that meeting as soon as possible.

- c. AMP #2 – Gulf Breeze/Holland House - The total revenue year-to-date is \$150,272 and total operating expense is \$151,999. This leaves a residual of \$1,728 minus the Asset Management Fee of \$3,970 with Cash Flow from Operations \$5,698. Statement of Net Assets is: Total Assets of \$11,799,121 and Total Liabilities and Net Assets of \$11,799,121.

Chairperson Strain explained to the new commissioners that this appears to be running over at this time of year, but it is due to the higher electric bills during the summer months.

- d. AMP #3 – Magnolia Homes/Cedar Terrace/Scattered Sites - The total revenue year-to-date is \$94,743 and total operating expense is \$30,744. This leaves a residual of \$63,999 minus the Asset Management Fee of \$350 with Cash Flow from Operations \$63,649. Statement of Net Assets is: Total Assets of \$13,211,439 and Total Liabilities and Net Assets of \$13,211,439.

Mr. Krishnarao stated that even though Magnolia Homes has been demolished, there are still scattered sites in this category. That is why you see an increase in revenue here. Once HUD determines the phasedown amount, these will be adjusted.

- e. Section 8 – The total operating revenue year-to-date is \$1,006,038 and the total operating expense year-to-date is \$1,028,776, leaving a deficit of \$22,738. Statement of Net Assets is: Total Assets of \$5,539,689 and Total Liabilities and Net Assets of \$5,539,689.

Chairperson Strain questioned the fact that there was a deficit when it appeared that all of the housing assistance payments had been received. She asked about the 108% showing on the total administrative expense line.

Mr. Krishnarao explained that two things were happening in terms of the administrative expense category. Since Hurricane-Ike, site inspections had begun, which is an additional incurred cost. Also, in terms of the staffing, GHA is currently overstaffed. Even though the ports are actually decreasing, GHA originally had about 350 ports that went to Texas City. Every month it is decreasing; it is down to about 190 ports. The expectations are that in the next six months, it will decrease even further.

Chairperson Strain asked whether this meant that these numbers would even out over time. Mr. Krishnarao stated that she was correct and that there had been some staffing adjustments, which should be reflected in the near future.

- f. ICC - The total operating revenue year-to-date is \$81,747 and the total operating expense year-to-date is \$60,219. This leaves a residual of \$21,528. Statement of Net Assets is: Total Assets of \$2,286,837 and Total Liabilities and Net Assets of \$2,286,837.
- g. DHAP – Ike - The total revenue year-to-date is \$1,234,280 and total operating expense is \$1,308,884. This leaves a residual of \$74,604. Statement of Net Assets is: Total Assets of \$12,190,474 and Total Liabilities and Net Assets of \$12,190,474.

Chairperson Strain stated that Mr. Krishnarao had previously indicated that someone from HUD would be coming to GHA to work on this. Mr. Krishnarao answered that this was correct and reported that he actually met with someone from HUD about four weeks ago. He explained that this particular issue was discussed and they will schedule a follow-up meeting to come to Galveston and discuss the public housing side as well as the community planning and development side.

Mr. Krishnarao continued that DHAP-Ike is scheduled to expire on October 31, 2010, and recalled that it was previously pointed out that GHA was losing a lot more than \$150,000 per month on this program. Since then, GHA has made some staffing changes which have reduced this figure, but once HUD input is received, GHA should be in a much better position. On one last note, this program was initially frontloaded. HUD is aware of this situation, but has not alleviated the problem at this time. Mr. Krishnarao explained that staffing adjustments typically trail by thirty days or more from when the units are lost. He added that GHA may be losing up to 150 units in a short time, which will result in a reduction of staff.

Mr. Krishnarao reported that there is a marginal cushion just in case HUD does not cooperate within the next few months. HUD's concern is that DHAP-Ike will expire and they would like to see some sort of comprehensive approach overall so that previously unassisted families would be transitioned after that time. This has been discussed with the city manager and the city housing director.

Chairperson Strain questioned whether the June 30, 2010, financial statements would be discussed. Mr. Krishnarao explained that there would be changes made to those financial statements before that discussion because they reflect the end of the fiscal year, and that these were just preliminary reports.

### **Resolutions - Approval of**

- a. #2459 – Awarding a Contract to Yeager & Boyd, Public Housing Consultants and Certified Public Accounts, for Audit Services for FY10 In the Amount of \$38,709 - Commissioner LaRue moved for approval, and Vice-Chair Neff seconded the motion. Mr. Krishnarao explained that Yeager & Boyd had been the lowest qualified bidder for independent public auditors two years ago, and they conducted the audit last year. Currently, the bid has increased by about two percent. We would like to bring them back as they did a very good job previously. HUD regulations are such that dollar for dollar, this amount is reimbursed.

The following vote was recorded:

Ayes: Strain; Neff; Dennis; and LaRue

Nays: None

Abstentions: None

Absences: Suzanne Choate

The motion carried 4-0.

- b. #2460 – Awarding a Contract to Flores Residential, L.C. for Technical Assistance and Development Consulting Services Not to Exceed \$250,000 – Mr. Krishnarao requested that this resolution be tabled until further notice. Commissioner Dennis moved to approve the postponement, and Vice-Chair Neff seconded the motion.

The following vote was recorded:

Ayes: Strain; Neff; Dennis; and LaRue

Nays: None

Abstentions: None

Absences: Suzanne Choate

The motion carried 4-0.

- c. #2461 – Awarding a Contract to Local Initiatives Support Corporation (LISC) for Technical Assistance and Development Consulting Services not to Exceed \$250,000 – Mr. Krishnarao requested that this resolution be tabled until further notice. Commissioner Dennis moved to approve the postponement, and Vice-Chair Neff seconded the motion.

The following vote was recorded:

Ayes: Strain; Neff; Dennis; and LaRue

Nays: None

Abstentions: None

Absences: Suzanne Choate

The motion carried 4-0.

- d. #2462 – Awarding a Contract to EJP Consulting Group for Technical Assistance and Development Consulting Services not to Exceed \$250,000 – Mr. Krishnarao requested that this resolution be tabled until further notice. Commissioner Dennis moved to approve the postponement, and Vice-Chair Neff seconded the motion.

The following vote was recorded:

Ayes: Strain; Neff; Dennis; and LaRue

Nays: None

Abstentions: None

Absences: Suzanne Choate

The motion carried 4-0.

### **Secretary's Report –**

Mr. Krishnarao reported that there were two consultants present who would be giving a brief presentation. The consultants, Dr. Deidre Oakley and Dr. Erin Ruel, from Georgia State University, gave a presentation on the needs of the city of Galveston. Chairperson Strain thanked the presenters for their hard work and participation.

John Manuel, Modernization Coordinator, reported that he is currently working on The Oaks III and IV, as well as the modernization of Gulf Breeze Development. He stated that the Gulf Breeze modernization project, on about two hundred units, would be completed within about three months. Mr. Manuel explained that the next project would be modernization at Holland House Development during the next few years.

Mr. Krishnarao presented the “Dreams Come True” award for The Oaks to Chairperson Strain. He also presented another award for the DHAP-Ike. Chairperson Strain congratulated the GHA staff for their hard work and dedication. Mr. Krishnarao introduced Christina Allen-Crowder, Director of DHAP-Ike.

There being no further business, the meeting was adjourned at 6:43 p.m.

(d:minutes083010)