

**Minutes of Regular Meeting of
The Housing Authority of the City of Galveston, Texas
Island Community Center – Community Room
4700 Broadway, Galveston, TX 77551
November 29, 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. Chairperson Neff called the meeting to order at 5:00 p.m. and declared a quorum was present. She further clarified that the meeting was duly posted. The following commissioners were noted present: Paula Neff, Chairperson; James Dennis, Vice-Chair; Betty Massey; and Tom LaRue

Commissioners Absent: none

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

Approval of minutes for previous special meeting of October 25, 2010 – Vice-Chair Dennis moved for approval and Commissioner LaRue seconded the motion. Commissioner LaRue commented that the names of the motion and second were not recorded on Page 5, item h. He stated that it had been approved. He further stated that on Page 6, item j., the minutes were missing the wording “be tabled” after resolution. The minutes were approved with stated modifications. The following vote was recorded:

Ayes: Neff; Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: None

The motion carried 4-0.

Financial statements as of October 31, 2010 – Mr. Bruney, Finance Director, reported the following:

- a. Central Office Cost Center (COCC) - The total revenue year-to-date is \$489,131 and total operating expense is \$832,867. This leaves a residual deficit from operations of \$343,736. Statement of Net Assets is: Total Assets of \$1,600,704 and Total Liabilities and Net Assets of \$1,600,704.
- b. AMP #1 – Oleander Homes/Palm Terrace – The total revenue year-to-date is \$104,655 and total operating expense is \$103,776. This leaves a residual of \$257,970 and cash flow from operations of \$257,970. Statement of Net Assets is: Total Assets of \$9,645,125 and Total Liabilities and Net Assets of \$9,645,125.
- c. AMP #2 – Gulf Breeze/Holland House - The total revenue year-to-date is \$602,194 and total operating expense is \$550,690. This leaves a residual of \$51,504 minus the Asset Management Fee of \$15,880 with Cash Flow from Operations \$35,625. Statement of Net Assets is: Total Assets of \$11,851,485 and Total Liabilities and Net Assets of \$11,851,485.

- d. AMP #3 – Magnolia Homes/Cedar Terrace/Scattered Sites - The total revenue year-to-date is \$646,125 and total operating expense is \$129,282. This leaves a residual of \$516,843 minus the Asset Management Fee of \$1,400 with Cash Flow from Operations \$515,443. Statement of Net Assets is: Total Assets of \$14,267,324 and Total Liabilities and Net Assets of \$14,267,324.

Mayor Jaworski questioned the bank fees item on the sundry expense page. Mr. Bruney explained that because of the current economy, the bank is incurring significant charges in collateralizing GHA's money. For every dollar GHA has at the bank, they must put up securities equal to that amount. As a result, the losses are kicked back to GHA. GHA has a current contract stating that they must pay us at 2.56% and they are only making 2.1%. Although this fee is tracked on the sundry items list, it is almost a wash when compared to interest earned.

- 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 \$2,722,751 and Total Liabilities and Net Assets of \$2,722,751.
- f. ICC - The total operating revenue year-to-date is \$317,698 and the total operating expense year-to-date is \$315,151. This leaves a residual of \$2,547. Statement of Net Assets is: Total Assets of \$2,249,665 and Total Liabilities and Net Assets of \$2,249,665.
- g. DHAP – Ike - The total revenue year-to-date is \$4,629,515 and total operating expense is \$5,017,145. This leaves a residual deficit of \$387,630. Statement of Net Assets is: Total Assets of \$7,190,160 and Total Liabilities and Net Assets of \$7,190,160.

Commissioner Massey stated that she would like to take an hour, perhaps in a workshop setting, to go over these reports in a detailed manner. Mr. Krishnarao agreed to personally go over the financial reports with her. Chairperson Neff concurred that this would be helpful.

Mr. Bruney stated that behind the red page is the last voucher management system submission, which is GHA's numbers on Section 8. He explained that it details the number of vouchers issued that are actually leased-up to date. Also, it details how much GHA spent and how many new vouchers will be issued. Mr. Krishnarao added that this was submitted to HUD on a monthly basis and that the numbers are audited annually.

Resolutions - Approval of

- a. #2480 – Change of Bank Signatories to Include New Chairperson at BBVA Compass Bank (Formerly Guarantee Federal Bank) - Commissioner Massey moved for approval, and Vice-Chair Dennis seconded the motion. Mr. Krishnarao explained that this resolution was necessary to remove commissioners that are no longer serving on the board and to enable the new commissioners to sign.

Commissioner LaRue asked the purpose of this particular account. Mr. Bruney explained that this was a money market savings account set up in G.R.A.C.E. Corporation. Commissioner Massey questioned whether double signatures were required. Mr. Krishnarao answered affirmatively. Commissioner Massey suggested discussing this policy in a future workshop since the

board is actually fiscally responsible. Chairperson Neff asked that this be put on the next workshop agenda. The following vote was recorded:

Ayes: Neff; Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: None

The motion carried 4-0.

- b. #2481 – Submitting an Application to The United States Department of Housing and Urban Development for Admission to the Moving To Work Demonstration Program – Vice-Chair Dennis moved for approval, and Commissioner LaRue seconded the motion. Courtney Beck, Home Ownership Coordinator, explained that this was an opportunity to apply for one of three available slots with HUD to become a Moving to Work agency. The board had discussed this in their workshop this afternoon and the basic idea is that this will allow GHA flexibility in the way policies are handled. It would enable GHA to have a work requirement instead of merely a work preference. That is one of the four activities that GHA has included in the application that will be submitted tomorrow. We hope to hear in the next three to four months whether GHA will be one of the agencies to become a Moving to Work entity.

Commissioner Massey requested that Ms. Beck run through the four activities as she had done earlier in the workshop setting. Ms. Beck complied and stated the following four activities:

1. Work requirement – participants in the program that are physically able to work would be required to work at least thirty hours or more per week or be in an equivalent work training program.
2. Increase our opportunity to use project-based vouchers – currently at 20% budget authority. This is a huge development tool to bring in private investment.
3. Begin a lease-purchase program – would allow GHA to defer a specific portion of maximum payment standard into an escrow account to save for down payments and take care of credit problems. A tangible example would be a participant who is eligible for a three bedroom property and according to federal guidelines is able to get up to \$1,000 to find a property. Suppose the participant finds a property that is \$800 per month. Under this program, that \$200 difference is a savings to HUD. This would allow GHA to take this \$200 and put it into an account over the following two years.
4. Catalyst program – This is a comprehensive service provider network that would work with Bridges Out of Poverty and encourage low-income families to chart their own path out of poverty rather than going to nine different plans.

Mr. Krishnarao stated that these were shown as Family Self-Sufficiency line items on Mr. Bruney's previous reports. Commissioner Massey stated that Moving to Work would

give GHA flexibility instead of a HUD template and enable the development of current housing authority programs to match Galveston and its needs. Ms. Beck added that benchmarks enable the programs to be improved upon year after year. The following vote was recorded:

Ayes: Neff; Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: None

The motion carried 4-0.

- c. #2482 – Submitting an Application to The United States Department of Housing and Urban Development for Funding Under the Notice Of Funding Availability for the Housing Choice Voucher’s Family Self-Sufficiency Program – Vice-Chair Dennis moved for approval, and Commissioner Massey seconded the motion. Mona Purgason, Deputy Executive Director, reported that this is a position that is currently held by Jackie Williams and that this is a renewal grant that is applied for annually. The Family Self Sufficiency Program (FSS) is an initiative that is intended to promote the development of local strategies to enable families, both in public housing and in Housing Choice Voucher (HCV), to achieve economic independence and self-sufficiency. This program provides the clients with the ability to save money in an escrow account. GHA currently has forty-five active participants and close to one half of those currently have an escrow account in which they are saving money for a down payment to purchase a home. We would like to maintain this program through this renewal grant.

Chairperson Neff inquired as to how someone becomes involved in the FSS program. Jackie Williams, FSS Coordinator, stated that she is a native of Galveston and grew up in the Palm Terrace area and graduated from college with honors with a bachelor’s degree in Business and Economics. She continued that she had spent twenty-three years working for Texas Employment Commission as a Workshop Facilitator. Ms. Williams explained that participants must be active in the HCV program to qualify for FSS. If they are interested in returning to school, obtaining a certificate or any other training they are assisted in finding these resources. They may also be assisted with transportation, child care and any other need in order to meet their goals. Some of these participants have gone on to graduate from the University of Houston with bachelor’s degrees, nursing degrees, accounting degrees, etc. A portion of rental increase can go into their escrow account. We counsel them and do an intensive needs assessment in order that they may find the correct career path that will lead to suitable employment and self sufficiency. After the fourth year of the five-year term, they must be completely free of any subsidized assistance. As of today, ten participants have purchased their own homes.

Commissioner Massey requested where the additional money to fund this program originates. Mr. Krishnarao explained that it comes from the Section 8 budget and the voucher management system. Chairperson Neff questioned whether the program was equally available to public housing resident as well as HCV participants. Mr. Krishnarao

explained that “incremental increase in earnings” goes into escrow, therefore, that portion is set aside. In public housing, that increase could be kept by the participant. As a result, there is more success when that option is not available. The following vote was recorded.

Ayes: Neff; Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: None

The motion carried 4-0.

- d. #2483 – Authorizing the Executive Director to Execute a Memorandum of Understanding With Purpose Built Communities – Commissioner Massey moved for approval, and Commissioner LaRue seconded the motion. Mr. Krishnarao reported that some of the members of the board had recently had the opportunity to tour developments in both Atlanta and New Orleans. As part of the Eastlake Foundation, where a very successful mixed-income community was created, the founder of the program decided to create an entity called Purpose Built Communities. It was duplicated in Atlanta and New Orleans and similar developments can be duplicated in other communities. The board has expressed a desire to explore this option. After our trip last week, we have spent many hours discussing options with Purpose Built Communities. This resolution does not include any financial transactions. Purpose Built would merely be providing GHA guidelines as to its redevelopment options.

Ms. Sims explained that essentially the scope of services would be that Purpose Built would act as strategic advisor to GHA throughout the planning and implementation of the redevelopment and replacement of the 569 units that were lost during Hurricane Ike. It is a three-year agreement and it can be terminated with or without cause with a thirty-day written notice to either party. GHA’s responsibilities under this agreement would be to provide documentation and information requested by Purpose Built and related to Purpose Built responsibilities to move forward with a Move to Work designation, to cooperate with the lead organization that would be responsible for the social services aspect for the Purpose Built model and to be available to meet with their staff.

Ms. Sims discussed the scope of service outlined in Subsection E, Section 1. “Purpose Built will advise GHA in procurement of a “Development Consultant Firm” who will be responsible for assisting GHA in the management of its redevelopment initiative including without limitation issuing a Request for Proposals (RFP) to develop the new mixed-income housing communities, developing critical path schedules relative to the redevelopment of all three of GHA’s sites and any scattered housing development, navigating the HUD approval process and other duties consistent with the overall holistic mixed-income redevelopment plan.” She explained that Purpose Built staff would lend assistance and advice to GHA staff in the procurement of development consultants and any other consultants that may be necessary in moving forward using this model.

- f. #2485 – Awarding a Contract to GHA’s Modernization Director for Provision of Administrative Services – Vice-Chair Dennis moved for approval, and Commissioner Massey seconded the motion. Ms. Sims stated that this resolution approves GHA to offer a contract to John Manuel as GHA’s Modernization Director. Mr. Manuel is a former GHA employee and was Modernization Director for several years. He is a professional, registered engineer in the state of Texas, with over thirty years of experience in development and engineering. His current contract with GHA expires 12/31/10. GHA would like to continue to utilize his services and therefore requests that his contract be extended from 1/01/11 through 12/31/11.

Mr. Krishnarao explained that Mr. Manuel had worked for GHA for ten years. He explained that after Hurricane Ike, GHA hired several new staff members. Modernization is a very intricate issue to deal with under HUD program. At any given time, there are two to three grants that are current and at that time, we brought Mr. Manuel back. The long-term goal is to have Ms. Sims and Mr. Babalola take over the modernization responsibilities.

Chairperson Neff requested that when there is a resolution pertaining to a contract, the board could be provided with a copy of said contract so that they will be aware of the details of the contract on which they are voting.

At this time, Chairperson Neff made a motion to table this resolution until that documentation could be provided and Commissioner Massey seconded the motion. The following vote was recorded:

Ayes: Neff; Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: None

The motion was tabled.

Secretary’s Report –

- a. Mr. Krishnarao reported that the PIC Submission rate had been consistent with thanks to Darrel Phillips. He explained that Mr. Phillips is the technical expert that submits to HUD every month how many Section 8 vouchers have been issued, occupied, etc. Housing authorities are required to maintain a minimum of 95%. Because of Mr. Phillips, GHA has remained at about 98%.
- b. Mr. Krishnarao reported that GHA was exploring an interagency agreement with the Health Department and the City of Galveston regarding lead-based paint issues. GHA should be enhancing lead-based paint restrictions in its rental program. Chairperson Neff questioned whether this would be brought before the board at the next meeting. Mr. Krishnarao answered that it should be within the next 60 days or so.

- c. Mr. Krishnarao stated that annually GHA is required to submit the Agency Plan document, which is a long, marathon process. The plan is normally submitted to be effective July 1 of the fiscal year. In order to do this, GHA is required to submit the document in the month of April. In order to submit the document in April, the process must begin in December and January. This process is now beginning and we will be requesting the board to have a retreat some time in January to discuss various options for the plan. Ms. Beck will be working on this Agency plan.
- d. The residents of the Oaks I have requested bug screens to be placed on the properties and GHA is currently looking into this.
- e. Modernization Update – Mr. Manuel reported that Oaks IV framing is approximately 80% complete and the street concrete has started and is about 50% complete. The overall completion is at about 55%. The projected completion date is May 2011.

The modernization of the 80 units at Gulf Breeze Development is 95% complete. We hope to complete this project before Christmas. At Holland House, we will be rehabilitating thirty-nine units in the west wing. GHA is doing the reconstruction plans and specifications in-house. He stated that GHA would be doing the work by force account and the construction of the west wing is schedule to begin February 2011 with a completion date of September 2011. Force account means that we do not hire a contractor, but will be doing the work directly with our own workers and additional workers as needed.

Mr. Krishnarao explained that this would be a pilot program in which the Section 3 plan would be implemented. GHA will be using existing maintenance staff and will also be hiring outside workers that are associated with the job training program. GHA will be providing training and required assistance needed at this particular location. Mr. Manuel explained that since some of the units have been previously demolished, a portion of the maintenance staff has been utilized in working on the first floor at Holland House.

Commissioner Massey asked whether the job training program being referred to was something that GHA did in-house or working with another organization. Mr. Krishnarao answered that while GHA would be acquiring partners in this effort, we would also be doing some on our own.

- f. Mr. Krishnarao stated that last week GHA had made a presentation to the school board and he understood that there was another presentation made as well. Commissioner Massey replied that she and Mayor Jaworski had attended that presentation. She further stated that Mr. Pappous had made a presentation and that all but one of the trustees had spoken in opposition to his proposition. The last trustee was simply silent and no action was taken.
- g. Mr. Krishnarao stated that a Procurement Training was scheduled to be held on 12/03/10 for staff but that everyone was welcome. He noted that the training had been duly posted and that some of the board members would be in attendance.
- h. Redevelopment Plan – Ms. Sims stated that the board had approved a Redevelopment Plan that consisted of 569 units. The breakdown is a 72-unit, elderly mid-rise on the Harborside parcel at Magnolia. GHA has received a fee proposal from JHP and is in discussion with the principal of that firm regarding the proposal. As it relates to the

scattered sites of the Redevelopment Plan, GHA has issued an RFP and the pre-proposal conference was today with a submission deadline of 12/10/10. Regarding the mixed-income component for Cedar Terrace and Magnolia – the Magnolia mixed-income component is 48 public housing units on and around the Magnolia site and the component for Cedar Terrace is 66 public housing units on and around the Cedar Terrace site. GHA anticipates working closely with Purpose Built to develop a plan that will meet the board's approval.

Mr. Krishnarao announced that GHA is currently having some staffing challenges and requested an executive session at the next regular board meeting to address these issues. He stated that he is currently working with outside counsel in dealing with these matters.

Mr. Krishnarao then pointed out that GHA staff had collectively completed 2,029 training programs. He recognized and commended Randi Jensen, Human Resource Director, for this increase in training participation. He added that GHA had also received a National Award for Excellence for DHAP.

Public Comments -

- a. Christina Allen-Crowder stated that although she was accustomed to standing before the board and presenting informational updates, tonight she stands before them as a former GHA employee. Today I was fired by the Executive Director of the housing authority. The first time that I was fired by the Executive Director in 2009, I had no idea what the reasons were. This time, I know the exact reason. It is because I spoke up for myself as an employee, which apparently angered the Executive Director. The first time I was fired, I had only worked at GHA for approximately three months. The second time I was fired, I had only worked in my new position – which was received as a promotion – to be Director of DHAP and Housing Choice Voucher (HCV) Programs, for about three months. The first time I was terminated was about three weeks before my wedding. The second time I was terminated, it is about three weeks before the beginning of the holiday season. Oddly enough, I filed an employee grievance on October 25, 2010, and my termination of employment “for cause” is the end result. Oddly enough, I was informed twice since October 25, 2010, that my job was not in jeopardy. However, something apparently changed and the Executive Director, who has the final say, disagreed. What has happened to me is retaliatory, unfounded, vindictive and vile. It is not an isolated incident. I am imploring the board members to perform your due diligence and examine not only my claims and what I have shared, but to examine all of the information that is related to the GHA and the treatment of its employees. I submit to you that the infrastructure of the City of Galveston is not the only item that is need of serious repair. Thank you.
- b. David Miller thanked Chairperson Neff for asking for documentation before voting on a resolution earlier. Concerning hiring on the construction work, he expressed his frustration that no one seems to be working as of yet, but many promises have been made. He stated that a lot of money was being spent and no one has been hired. He does not understand this. He stated that he is making a request and wants to know how many people have actually been hired. He said that when he worked for the government, anyone with a Spanish surname was a minority. He stated that now, they are a majority in

Galveston. He is concerned about people who look like him – people of color. How are we going to buy these houses that you are building and remodeling if we can't work? I hope you understand where I am going with this. Will you get a report to me as the NAACP president as to how many people were hired, when they were hired and what do they do. Another statement I would like to make is that there seems to be not enough reason lately for people being discharged and shifted around and losing their jobs. Other people are then coming in and making more money. I do not like that report. One other thing, I was at the school board meeting. I thought Ike was a disaster, but that presentation was a disaster.

- c. Linda White stated that she is a resident of Galveston but that she is treated like she is a dog on the streets. My children and I have been going through bad stuff with these caseworkers since I've been here. Every time I am told to complain about something, I seem to be shafted. The landlords get the right of way and the tenants get the boot. I talked to Harish once and he did help us. But we have caseworkers that treat us like nothing. I have been going through stuff and now I am seeing a psychiatrist every month or every other week. My medications have been doubled because of housing. When I came here from Katrina, I was not on any medications. I complained about one landlord and showed pictures of how horrible my house was and I have been in trouble ever since. Right now, I am in a house where I am required to pay \$355 per month but I was not told about this before I moved into this residence. I cannot afford this. I have a senior in high school and my child cannot get his ring. He got a \$92,000 scholarship with honors but I don't have the \$325 to send for a deposit for his dormitory and orientation. Not only that, but this is the time of year when my children should be enjoying Christmas. My children have not enjoyed Christmas since we have been in Galveston. We don't even put up a Christmas tree anymore. I have two children with Sickle Cell disease, Lupus, asthma, juvenile arthritis, pulmonary disease and had to live in a house for four months in extreme heat to the point where my children's blood became thick and gooey. They could have almost died. I couldn't get any of these staff members to please talk to me. No one came back to me on anything. I have begged and begged and begged and begged to the point where I am on Prozac. I shouldn't be having mental health problems, seeing a psychiatrist and a psychotherapist because one is not going to do it for me. I may have to be on these medications for two years or more. I don't want to be on this stuff. As far as the self sufficient program, this lady put me off the program. She put me off because I complained about my landlord. I would like to own a house. I want to go to school. I brought her the paperwork to show that I was going to apply for Galveston College, but I'm not mentally equipped to go to nobody's college. I can't do anything. If it's three minutes, ma'am then it's three minutes. I did what I had to do. Thank y'all and I'm sorry.
- d. Raymond Lewis stated that his comment was going to be more about the timeline of where GHA is going. He agreed that Eastlake sounds very exciting, but that when he hears Ms. Sims discuss the Redevelopment Plan, it would be helpful for him and probably the rest of the community if, in fact, there were some type of timeline to know how we know when we get there. How will Eastlake be incorporated? When will the development begin? When will key components be implemented? These are just suggestions that would be helpful.

Vice-Chair Dennis replied that he had discussed some of this at the last board meeting. Eventually, this will all be public knowledge and we wanted to get the MOU with Purpose Built done first. There will a timeline, what monies we are filing for, which grant, etc. This information will be updated on a monthly basis.

Commissioner's Comments -

- a. Vice-Chair Dennis commented that when a resolution is tabled, it needs to be placed on the following board meeting agenda. Chairperson Neff added that it should be placed on the next workshop agenda as well.
- b. Commissioner Massey thanked the staff and commented that she had learned a lot here at her first meeting and is looking forward to continuing this good work.
- c. Chairperson Neff thanked the GHA staff for all of their patience and cooperation in working with this new board.
- d. Mr. Krishnarao had Randi Jensen introduce herself. She spoke briefly about HTVN training.
- e. Mr. Krishnarao introduced Helen Smith. She stated that she has enjoyed working here at GHA and that she is 78 years old and still working. She commended the GHA staff as well. She shared her gratitude for Mr. Krishnarao and his dedication to the Galveston community.
- f. Mr. Krishnarao introduced Ashland Ray and commended her work efforts.
- g. Mr. Krishnarao introduced Pablo Cisneros. Mr. Cisneros stated that he had been at GHA for fourteen years and had weathered many changes, especially since Hurricane Ike.

There being no further business, the meeting was adjourned at 6:32 p.m.
(d:minutes112910)