

**Minutes of Regular Meeting of  
The Housing Authority of the City of Galveston, Texas  
Island Community Center – Community Room  
4700 Broadway, Galveston, TX 77551  
December 20, 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. Vice-Chair Dennis called the meeting to order at 5:00 p.m. and declared a quorum was present. He further clarified that the meeting was duly posted. The following commissioners were noted present: James Dennis, Vice-Chair; Betty Massey; and Tom LaRue.

Commissioners Absent: Paula Neff, Chairperson

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 meetings of October 11, 2010, November 10, 2010, and November 29, 2010** – Commissioner LaRue moved for approval, and Vice-Chair Dennis seconded the motion. The following vote was recorded:

Ayes: Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: Neff

The motion carried 3-0.

**Financial statements as of November 30, 2010** – Ashland Ray, Finance Dept. Accountant, reported the following:

- a. Central Office Cost Center (COCC) - The total revenue year-to-date is \$603,203 and total operating expense is \$1,137,476. This leaves a residual deficit from operations of \$534,273. Statement of Net Assets is: Total Assets of \$1,308,821 and Total Liabilities and Net Assets of \$1,308,821.
- b. AMP #1 – Oleander Homes/Palm Terrace – The total revenue year-to-date is \$644,789 and total operating expense is \$130,842. This leaves a residual of \$513,947 and cash flow from operations of \$513,947. Statement of Net Assets is: Total Assets of \$9,900,921 and Total Liabilities and Net Assets of \$9,900,921.
- c. AMP #2 – Gulf Breeze/Holland House - The total revenue year-to-date is \$371,004 and total operating expense is \$699,858. This leaves a residual of \$168,983 minus the Asset Management Fee of \$19,850 with Cash Flow from Operations \$149,133. Statement of Net Assets is: Total Assets of \$11,963,644 and Total Liabilities and Net Assets of \$11,963,644. Mayor Jaworski asked whether the assets number would have been higher before Hurricane Ike destroyed the buildings. Mr. Krishnarao replied affirmatively.
- d. AMP #3 – Magnolia Homes/Cedar Terrace/Scattered Sites - The total revenue year-to-date is \$807,648 and total operating expense is \$174,527. This leaves a residual of \$633,121 minus the Asset Management Fee of \$1,750 with Cash Flow from Operations \$631,371. Statement of Net Assets is: Total Assets of \$14,383,950 and Total Liabilities and Net Assets of \$14,383,950.

Mr. Krishnarao explained that the \$631,371 includes Magnolia Homes, Cedar Terrace and the scattered sites. So far, GHA has not received instructions from HUD as to what is going to happen with the money for Phase II. GHA may be able to keep this funding when development begins. There are still some unknowns.

- e. Section 8 – The total operating revenue year-to-date is \$5,695,863 and the total operating expense year-to-date is \$5,868,378, leaving a deficit of \$172,515. Statement of Net Assets is: Total Assets of \$2,813,116 and Total Liabilities and Net Assets of \$2,813,116.
- f. ICC - The total operating revenue year-to-date is \$404,325 and the total operating expense year-to-date is \$362,499. This leaves a residual of \$41,827. Statement of Net Assets is: Total Assets of \$2,266,740 and Total Liabilities and Net Assets of \$2,266,740.
- g. DHAP – Ike - The total revenue year-to-date is \$5,687,999 and total operating expense is \$6,093,454. This leaves a residual deficit of \$405,455. Statement of Net Assets is: Total Assets of \$8,170,568 and Total Liabilities and Net Assets of \$8,170,568.

Mr. Krishnarao added that even though the previous numbers had shown an available cushion, GHA is currently working with HUD to obtain an additional operating subsidy for DHAP-Ike.

### **Resolutions - Approval of**

- a. #2486 – Awarding a Contract to GHA’s Modernization Services For Provision of Administrative Services - Commissioner Massey moved for approval, and Commissioner LaRue seconded the motion. Deyna Sims, Director of Real Estate and Development, stated that GHA had been utilizing the services of John Manuel for modernization efforts. She stated that Mr. Manuel had been updating and tracking GHA’s Capital Funds Program and utilizing that money to modernize Holland House and Gulf Breeze. She explained that Mr. Manuel had been a former GHA employee for ten years and is also a licensed engineer. Mr. Manuel’s contract expires December 31, 2010, and GHA wishes to extend said contract to December 31, 2011.

Commissioner Massey stated that this topic had been discussed in the board workshop, and it was determined that this was the most cost effective, efficient way to obtain he needed supervision in GHA’s modernization program. She further stated that there is a \$99,000 cap on the contract, which is hourly, and is not to exceed twenty hours per week. Mr. Krishnarao explained that last year GHA only incurred about \$56,000 in total expense. He stated that Mr. Manuel had been instrumental in Oaks I, Oaks II, Cornerstone, most scattered sites, Holland House and Gulf Breeze.

The following vote was recorded:

Ayes: Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: Neff

The motion carried 3-0.

- b. #2487 – Housing Choice Voucher Program Fair Market Rents and Payment Standards Effective January 1, 2011 – Commissioner Massey moved for approval, and Commissioner LaRue seconded the motion. Mr. Krishnarao explained that there were

going to be three possible modifications made to this resolution:

1. to include a WHEREAS statement for HUD's strategic standards;
2. to include GHA Board of Commissioners' for deconcentration of poverty; and
3. to set the limits between 90-110% as applicable under the law as compared to 91-109%.

Mona Purgason, Deputy Executive Director, stated that GHA does have the discretion to set the payment standards between 90-110%. GHA proposes to do such in relation to census tracts, poverty, transportation, etc. By setting these different payment standards within different census tracts, GHA is providing an incentive for families to live in the lower poverty-concentrated areas. The formula is very technical for this process.

Mr. Krishnarao explained that over an extended period of time, families would make a choice to migrate out of a high poverty concentration area to a desirable, low poverty concentration area, which provides multiple opportunities at the choice of the family.

The following vote was recorded:

Ayes: Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: Neff

The motion carried 3-0.

- c. #2488 – Amending the Admissions and Continued Occupancy Policy to Establish a Local Preference for Admissions into the Public Housing Program for Former Public Housing Families Displaced As a Result of a Natural Disaster – Commissioner Massey moved for approval, and Vice-Chair Dennis seconded the motion. Ms. Purgason stated that this residency preference will not have the purpose or effect of delaying or otherwise denying admission to the program based on race, color, ethnic origin, gender, religion, disability or age of any member of an applicant family. This preference shall take precedence over any other public housing program preference.

Mr. Krishnarao explained that these three resolutions are an attempt to include a preference for Galvestonians and former public housing residents. The next step will be to provide preference to families that are working at least 30 hours per week. GHA is migrating in that direction and this resolution will provide the preference for the former public housing residents. He added that the next resolution would provide preference for non-public housing residents, but Galvestonians and the third resolution would provide preference for Galvestonians under Section 8 program.

Commissioner Massey clarified that the work preference was dependent upon whether GHA is accepted into the Move to Work program. Mr. Krishnarao agreed, but stated that

the board could proceed with these resolutions.

The following vote was recorded.

Ayes: Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: Neff

The motion carried 3-0.

- d. #2489 – Amending the Admissions and Continued Occupancy Policy to Establish a Local Preference for Admissions into the Public Housing Program for Local Galveston Residents Displaced As a Result of a Natural Disaster – Commissioner LaRue moved for approval, and Commissioner Massey seconded the motion. Ms. Purgason explained that this resolution was specific to prior Galveston residents.

The following vote was recorded:

Ayes: Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: Neff

The motion carried 3-0.

- e. #2490 – Amending the Section 8 Administrative Plan to Establish a Local Preference for City of Galveston Residents For the Housing Choice Voucher Program Waiting List – Commissioner LaRue moved for approval, and Commissioner Massey seconded the motion. Ms. Purgason reported that the residency preference must not be based upon how long an applicant has resided or worked in a residency preference area. Any applicants who are working or have been notified that they are hired to work in a residency preference area must be treated as residents. Mr. Krishnarao added that this was an attempt to incorporate the community's wishes in this particular area.

The following vote was recorded:

Ayes: Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: Neff

The motion carried 3-0.

- f. #2491 – Authorize the Executive Director to Terminate Relationship With Michaels Development Company – Commissioner LaRue moved for approval, and Commissioner Massey seconded the motion. Ms. Sims stated that Michaels Development had previously been evaluated and brought in some time ago under a letter agreement, a copy of which has been included in the board packets. The letter agreement authorized Michaels Development to assist GHA with the implementation of planning and programming of a HOPE VI application. GHA is no longer proceeding with a HOPE VI application and, therefore, no longer require the services of Michaels Development. This resolution would formally terminate said letter agreement. The following vote was recorded:

Ayes: Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: Neff

The motion carried 3-0.

- g. #2492 – Awarding a Contract to Georgia State University for a Regional Housing Study Not to Exceed \$50,000 – Commissioner LaRue moved for approval, and Vice-Chair Dennis seconded the motion. Ms. Sims stated that this proposal would be to provide the following:

- Geospatial Analysis of Subsidized Housing in the City of Galveston and Galveston County;
- Demographic and Socio-economic Analysis with CS and Census 2010 Data;
- Impact Assessment of Additional Children Attending GISD;
- Legal Analysis of Cases Focused on Public Housing, Concentrated Poverty, and Racial Segregation.

Ms. Sims added that within the proposal there is a timeline and that the draft of a final report was scheduled to be provided to the board in August 2011. Mr. Krishnarao recalled that when Ashland Ray presented the financial statements, there was \$1.6 million or more per month that GHA expends. GHA needs to consider an in-depth analysis by an independent agency to determine the long-term impact and how it will affect the City of Galveston. GHA was pleased with their work in the past.

Commissioner Massey expressed her reservations about various aspects of this resolution. Mr. Krishnarao offered to approach them and reframe the proposal until we have further clarification on Item 4. Commissioner Massey liked this idea. Mr. Krishnarao asked if they could vote on Items 1-3, excluding Item 4.

The following vote was recorded:

Ayes: Dennis; Massey and LaRue

Nays: None

Abstentions: None

Absences: Neff

The motion carried 3-0.

**Secretary's Report** – Mr. Krishnarao reported the following:

- a. Agency Plan - The Agency Plan is updated annually and the Five-year Plan is usually updated every five years. Historically, GHA has updated the Five-year Plan on an annual basis. This document is to be submitted to HUD 75 days before the fiscal year ends, which is July 1, 2011. GHA normally attempts to submit the plan by April 14-15 of every year. In order to submit at that time, GHA is required to go through a public hearing and provide the notification at least 45 days prior to that. GHA will publish it in the newspaper some time during the mid-February. In order to meet these deadlines, GHA typically schedules a board retreat near the end of January to discuss the goals and

objectives that the board would like to see incorporated into the plan. This year, Courtney Beck, along with Deyna Sims, will be working on the agency plan. At the last board meeting, it was mentioned that there were some personnel issues to discuss in an Executive Session, however, because the Chair is absent today, it will be postponed until the next board meeting.

Vice-Chair Dennis asked if it were possible to just have an Executive Session scheduled for every meeting. Robert Bastien, Attorney, stated that, legally, there would have to be a separate agenda posted and, thus, a “blanket” Executive Session cannot be scheduled. Even if the agenda is broad, there must be an actual agenda. He explained that although Executive Sessions are not public record, there must still be a record kept of what topics were discussed.

- b. Purpose Built Communities – Mr. Krishnarao reported that last month some representatives from Purpose Built Communities visited Galveston and provided a full-day planning session with the Board of Commissioners. Since that day, there have been some technical discussions between GHA staff and Purpose Built Communities. Ms. Sims stated that she had been in communication with Kathleen Brownlee of Purpose Built Communities. She has a standing 9:00 a.m. conference call on Monday mornings and will continue to do so until a timeline has been mapped out. GHA is currently defining roles, discussing the RFP process, the lead organization, and other local issues.
- c. Modernization – John Manuel, Modernization Coordinator, reported that all framing has been completed at The Oaks. The total completion of the project is at around 45%, with a projected completion date of May 2011. He stated that there are two current contracts at Gulf Breeze. The first is a \$1.6 million contract with Omega Builders to modernize floors 2-5 at Gulf Breeze; floors 4 & 5 are 100% complete. The remaining 40 units are near completion. There is another contractor doing exterior and landscaping work at Gulf Breeze. At Holland House, the west wing is scheduled for modernization. The residents on these floors need to be relocated to Gulf Breeze during renovations.

Mr. Krishnarao stated that this would complete the interior renovations and the backside of Gulf Breeze and will provide an opportunity to work at Holland House. Mr. Manuel will focus on Holland House using a process called “force account labor,” which means GHA will use its existing maintenance staff. Mr. Manuel has registered GHA with the State Department of Labor, and a 4:1 ratio of journeyman to apprentice was approved. GHA will obtain a list of people that are interested in working through the jobs program, and they will be put into the hopper to work with our maintenance staff. Some of the families will be able to get into construction and utilize this program.

Mr. Krishnarao stated that he had mentioned earlier that there would be comprehensive census data that would be coming out in February 2011, which will provide a lot of information as to what has happened in Galveston during 2010. At this point, we are not certain of the impact of Hurricane Ike and what it will be on the 2010 Census data. We will know that some time probably in March 2011; once this data has been analyzed. Vice-Chair Dennis questioned whether residents that were here in Galveston on September 12<sup>th</sup> will be counted. Mr. Krishnarao stated that this was yet to be confirmed. He stated that GHA will work closely with the City of Galveston as the impact will be critical for long-term revitalization of Galveston.

Commissioner LaRue stated that a group of individuals had made a request to count people on the census as Galveston residents if they had been displaced and were living elsewhere due to this fact, but that the request had been declined. Mr. Krishnarao stated that this was correct and that there had also been some statements made that if a family

declared to a census worker that they were currently living in Galveston and could provide the back-up, they would be considered into that equation. In March, we will know for sure what steps will need to be taken.

Commissioner LaRue asked if the commissioners could be provided with a copy of the Agency Plan. Mr. Krishnarao answered affirmatively, adding that the normal procedure was to have the final session at the end of January. We just had a meeting this morning and the staff was instructed to provide the board with last year's Agency Plan, some proposals and some discussion notes.

**Public Comments –**

- a. A lady from the audience stated that she was a resident of Galveston before Hurricane Ike. She asked the board to please not brush former residents off to the side, thinking that they do not want to come back. She said she would like to see the commissioners make an extra effort to contact prior residents. She stated that letters had been sent out by GHA in the past, but they were geared mostly toward the elderly and the disabled who only needed a one bedroom apartment. She stated that this group of people does want to come back to the island and that they are all looking for a place to stay. At this present time, her husband is without a job and they are unable to afford the place where they are currently staying. It is merely by the grace of God that we will be able to make next month's bills. She urged the board not to procrastinate or drag things out too long to get these residents back to the island. She asked them to look at the situation fairly – not just for the elderly. She stated that many families could come back to the island and work and be productive citizens. They will, in turn, feed back into the economy with the money that they make. We must look at the whole picture. This was her special plea and she thanked the board for hearing her out.

**Commissioner's Comments -**

- a. Commissioner Massey wished everyone happy holidays.
- b. Mayor Jaworski reported on a West Galveston Island Property Owner Association meeting. These are monthly meetings and often they are discussing sand, streets, and/or sewer issues that concern properties on the west end. Apparently, a few months ago, the Galveston Open Government Project (GOPG) went out there to tell the west end the GOPG had done some research and clearly concluded that all of the public housing would have to be built on the west end. This caused some interest in the membership. They requested that a housing authority representative come out to discuss this issue. Betty Massey did a great job addressing their concerns, speaking on behalf of GHA. She did an awesome job setting forth the basic three big things that are currently happening: Purpose-Built Communities; the Move to Work application; and the preferences. She addressed the public housing on the far west end issue and stated that even if the census tract data came back indicating that this was the ideal location for public housing, other reasons would disqualify the area. Reasons such as it is not behind the seawall, there is no school in the area, no grocery store, no public transportation and no urban grid. These are all disqualifying factors. Mr. Stanowski and his group spoke about how burdensome public housing is on the school district, and there were about 20-30 minutes worth of questions.

There being no further business, the meeting was adjourned at 6:05 p.m.  
(d:minutes122010)