

**Minutes of the Special Meeting of The
Housing Authority of the City of Galveston, Texas
Island Community Center – Community Room
4700 Broadway, Galveston, TX 77551
May 17, 2010; 5:00 P.M.**

The Board of Commissioners of the Housing Authority of the City of Galveston, Texas, (GHA) met as stated above. Chairperson Mabasa 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: Arthur Mabasa, Chairperson; Sharon Strain, Vice-Chair; Suzanne Choate; Raymond Lewis; and Juan Gonzalez.

Commissioners Absent: None

Others Present: Pete Urbani, Jr., Legal Counsel;
Harish Krishnarao, Executive Director/Secretary

Resolutions - Approval of

- a. #2432 – The Housing Choice Voucher Utility Allowances for FY11 – Chairperson Mabasa announced that this item was tabled for the next Board meeting.

- b. #2433– Awarding a Contract to TDG General Contractors, Inc., for Phase VII B Modernization (1st floor interior renovations & courtyard improvements) of Gulf Breeze Housing Development - Vice-Chair Strain moved for approval, and Commissioner Lewis seconded the motion. John Manuel, Modernization Director, stated that GHA received seven bids from contractors and that the lowest bidder was TDG General Contractors, Inc. Although GHA has not previously worked with this company, Mr. Manuel assured the Board that the references and financial statements were found to be in good standing. He recommended awarding the contract to TDG General Contractors, Inc. Vice-Chair Strain questioned whether Dunn & Bradstreet had been checked and Mr. Manuel replied affirmatively.

Vice-Chair Strain questioned whether any consideration had been given during this renovation to changing the way the utilities are billed at Gulf Breeze and Holland House. Mr. Krishnarao explained that this had been explored prior to Hurricane Ike and, at that time, it was not cost effective. He stated that GHA would explore this possibility again. He added that GHA would also end up with a \$15 per meter, per reading charge. Vice-Chair Strain stated that the reason she brought the subject up was due to the significant difference in the proposed budget and the actual expenditure in this area.

The following vote was recorded:

Ayes: Mabasa; Lewis; Choate; Strain, and Gonzalez

Nays: None Abstentions: None Absences:

The motion carried 5-0.

- c. #2434 – Rescinding Resolution No. 2375, Awarding a Contract to EMJ Corporation for Construction of The Oaks Phase IV – Commissioner Gonzalez moved for approval, and Vice-Chair Strain seconded the motion. Mr. Manuel stated that the original bid had been opened in September 2009, but due to delays in permits, the contract had never been signed.

The following vote was recorded:

Ayes: Mabasa; Lewis; Choate; Strain, and Gonzalez

Nays: None Abstentions: None Absences:

The motion carried 5-0.

- d. #2435 – Awarding a Contract to Guaranteed Builders to Build 20 Duplexes at The Oaks IV – Commissioner Lewis moved for approval, and Commissioner Gonzalez seconded the motion. Mr. Manuel stated that six bids were received and that Guaranteed Builders was the lowest bidder. He explained that Guaranteed Builders had done Phase I and Phase II at The Oaks, but that there had been a material deficiency issue in one of the houses. Guaranteed Builders has given GHA their assurance that they will rectify these material deficiencies. There was no problem with the workmanship.

The following vote was recorded:

Ayes: Mabasa; Lewis; Choate; Strain, and Gonzalez

Nays: None Abstentions: None Absences:

The motion carried 5-0.

- e. #2436 – Amendment #1 to The Central Office Cost Center (COCC) Operating Budget for FY10 – Vice-Chair Strain moved for approval, and Commissioner Choate seconded the motion. Mr. Bruney explained that approval for all the budgets was being requested for amendments in order to keep the variance in budget year-to-date and the actual expenses at under 10%.

Vice-Chair Strain stated that she realized that this has been a very unusual year in the history of the housing authority with many unusual expenses. She stated that she would like to see better control of the budget for next year.

The following vote was recorded:

Ayes: Mabasa; Lewis; Choate; Strain, and Gonzalez

Nays: None Abstentions: None Absences:

The motion carried 5-0.

- f. #2437 – Amendment #1 to The Asset Management Project #1 Operating Budget for FY10 – Vice-Chair Strain moved for approval, and Commissioner Gonzalez seconded the motion.

Vice-Chair Strain questioned if the revised budget was the phaseout of Oleander Homes and Palm Terrace. Mr. Bruney replied that this was year one of the phaseout. Mr. Krishnarao stated that this year it was at 100% and would then reduce down to 66% and then 33%.

The following vote was recorded:

Ayes: Mabasa; Lewis; Choate; Strain, and Gonzalez

Nays: None Abstentions: None Absences:

The motion carried 5-0.

- g. #2438 – Amendment #1 to The Asset Management Project #2 Operating Budget for FY10 – Commissioner Lewis moved for approval, and Commissioner Gonzalez seconded the motion.

The following vote was recorded:

Ayes: Mabasa; Lewis; Choate; Strain, and Gonzalez

Nays: None Abstentions: None Absences:

The motion carried 5-0.

- h. #2439 – Amendment #1 to The Asset Management Project #3 Operating Budget for FY10 – Vice-Chair Strain moved for approval, and Commissioner Lewis seconded the motion.

Vice-Chair Strain stated that GHA appeared to be producing some income from the scattered sites, and she was wondering if a reserve could be set aside for painting. She explained that the scattered sites were built in 2000/2001 and that the Gulf air would soon be wreaking havoc on those paint jobs. Mr. Krishnarao replied that GHA had just been through a complete cycle of renovating and painting and this has already been done. These 34 units should be available for viewing on GHA's website.

The following vote was recorded:

Ayes: Mabasa; Lewis; Choate; Strain, and Gonzalez

Nays: None Abstentions: None Absences:

The motion carried 5-0.

- i. #2440 – Amendment #1 to the Housing Choice Voucher (HCV) Operating Budget for FY10 – Vice-Chair Strain moved for approval, and Commissioner Lewis seconded the motion.

The following vote was recorded:

Ayes: Mabasa; Lewis; Choate; Strain, and Gonzalez

Nays: None Abstentions: None Absences:

The motion carried 3-0.

- j. #2441 – Amendment #1 to the Island Community Center (ICC) Operating Budget for FY10 – Vice-Chair Strain moved for approval, and Commissioner Lewis seconded the motion.

Vice-Chair Strain asked whether there was any new information on the end-of-year reconciliation with the deficit. She wanted to know if that would come from reserves or if the fair market rent is starting to reduce that on a monthly basis. Mr. Krishnarao stated that HUD had increased GHA’s baseline by approximately \$1.2 million. This was done previously in 2009 as well. He added that this should help GHA somewhat, but that it would still be difficult because of the devastation experienced from Hurricane Ike.

Vice-Chair Strain questioned the status of the weekly drive-by inspections. Mr. Krishnarao assured the Board that the inspections were going extremely well.

Commissioner Lewis questioned what “sundries” were on the budget. Mr. Bruney explained that it was anything that did not fit into another budget category, such as office supplies, office rent, etc.

Mr. Krishnarao explained that in the last two years, the way GHA has done business has changed significantly. GHA used to have a single budget for the entire housing authority. Since 2002, HUD went through a transitioning process called the Asset Management implementation. GHA was required to break the budget down into much smaller components. The accounting complexity increased by about seven times. GHA went from a single budget to approximately seven different budgets. HUD did not supply, however, additional funds to perform all of these added functions. Also, initially for the ICC, GHA would procure for materials and supplies, whereas it is now slowly transitioning into the individual Asset Management programs picking up the expenses. GHA is in the first year of the Asset Management implementation and it will probably take two full business cycles, or 24 months, to get these allocations under control.

Commissioner Lewis questioned when more itemizations would be implemented. He stated that going from \$45,000 to \$186,000 was a huge variance. He added that he was

not questioning the legitimacy of the increase, he would just like to see the details. Mr. Krishnarao stated he would provide supporting documentation.

The following vote was recorded:

Ayes: Mabasa; Lewis; Choate; Strain, and Gonzalez

Nays: None Abstentions: None Absences:

The motion carried 5-0.

- k. #2442 – Amendment #1 to the Disaster Housing Assistance Program (DHAP) Operating Budget for FY10 - Vice-Chair Strain moved for approval, and Commissioner Lewis seconded the motion.

Vice-Chair Strain stated that she is not sure the community understands the magnitude of what GHA did with DHAP. At a time when things were not going well, \$27 million was put into housing people who had never been on housing before who lost their homes during Hurricane Ike. Originally, it was thought that \$34 million would be needed, but instead it was the \$19 million that went to direct payments to help house people after the hurricane. She commended GHA staff for their efforts.

The following vote was recorded:

Ayes: Mabasa; Lewis; Choate; Strain, and Gonzalez

Nays: None Abstentions: None Absences:

The motion carried 5-0.

Secretary's Comments –

Chairperson Mabasa introduced and welcomed the new mayor, Joe Jaworski. Mayor Jaworski thanked Mr. Krishnarao for the invitation and thanked the Board.

Mr. Krishnarao stated that while the last resolution regarding DHAP was a good thing, there are still many people that are in need of help. As a result, there were several local entities that contacted the State of Texas and HUD, and they have finally extended DHAP for an undetermined period of time. HUD would like to visit Galveston and explore options for long-term viability of affordable housing. There are a tremendous number of people, approximately 1,700 according to DHAP, that are currently in need of housing assistance. The majority of these people were not previously assisted. About 60% of these people are classified as elderly and/or disabled.

Vice-Chair Strain questioned whether some of these people were still in the system because of the inability to get back into their homes due to funding issues. Mr. Krishnarao replied that this was part of the problem and that some homeowners were waiting for their homes to be repaired. He further explained some of the homes no longer exist because they were totally demolished by Hurricane Ike.

Commissioner's Comments –

Commissioner Choate asked when the new van for the seniors would be delivered. Mr. Krishnarao answered that he had just signed the procurement authorization and that the van would be coming from Indiana within the next 30 days. Commissioner Choate then proceeded to read a poem written by a Holland House resident for Mayor Jaworski.

Commissioner Lewis commented that he was glad to see the stakes in the ground at The Oaks.

There being no further business, the meeting was adjourned at 5:35 p.m.