

Minutes
Board of Directors Regular Meeting
City of Douglas Community Housing Corporation

Thursday, February 13, 2020 at 9:30 a.m.

Rancho La Perilla Apartments
Community Room
1201 E. Fairway Drive
Douglas, AZ 85607

1. Call to Order.

After a multi-month delay due to a lack of quorum and management company illness, Rancho La Perilla Board members held their quarterly meeting on Thursday, February 13, 2020 in the community room at Rancho La Perilla Apartments, 1201 East Fairway Drive, and the meeting was called to order at 9:31 a.m.

2. Roll Call.

Board Members present were Vicky Merritt, Michael Gutierrez, Debra Wendt and David Hargis. FW management team members present were Frank Moro and Ana Salazar, City Staffer Juan Pablo Flores, City Attorney was present.

3. Persons wishing to address the committee in writing or verbally on any item not on the agenda.

(NONE)

4. Accept resignations from Michael Gutierrez do to professional commitments causing an inability to attend and conduct swearing in of new Member Debra Wendt and possible election of Board officers.

The swearing in of new Member Debra Wendt was performed by City Attorney, Juan P. Flores Esq., and all went according to standard protocol. Vicky Merritt made a motion to accept the noted member's resignation. The motion was seconded by Debra Wendt, and after little to no discussion, the motion was approved unanimously. Some background as to the facility and the board officer positions was presented. Vicky Merritt made a motion to move the nominations forward and then the motion was seconded by Debra Wendt After unanimous approvals, Board Members Vicky Merritt, Debra Wendt and David Hargis are now appointed as new President, Treasurer and Secretary Board officers, respectively.

5. Discussion/Decision on Approval of Minutes for the August 8, 2019 Board Meeting.

David Hargis made a motion to and it was seconded by Vicky Merritt (with Debra Wendt abstaining from voting) to approve the minutes from the 8/8/2019 meeting, and after little to no discussion, the motion was approved unanimously.

6. Management Report and presentation of current Financial Reports for CHC and Facility.

There was extensive financial back-up presented as part of the meeting documentation included the balance sheet, the rent roll, vacancies and 'loss-to-lease'. The income 12 statement which is the 12-month trailing statement showing income and expenses for that period. Frank Moro talked about the loan/grant with the State going away in May 2020, as they are forgivable due to it having fulfilled its commitment as low-income housing. Operating Cash Reserves were reported at \$57,470 (not net cash flow as part of those funds are replacement reserves for the asphalt project in March) and Security Deposits are currently at \$24,670 and money in on deposit to cover those. The Reserve Replacement concept was explained and the asphalt parking lot project was explained as being part of that. Basically, representing a snap shot in kind of a trend analysis with a fiscal year ending in December 2019 and includes the last 12 months trailing, Frank Moro reported about financial concepts of the property per the documentation, explained loss to lease concept and how it has been going down. Due to the high debt on the property, occupancy at the facility has to be at around 92% to break even financially. The facility is doing better (due to great marketing initiatives for the entity) with effective gross income showing increases. Frank Moro went over expenses and Net Operating Income (NOI), and also explained the mortgage insurance, and how this combination plays into the overall income and expenses, Then Mr. Moro noted that capital expenditures totaled during the trailing periods at \$41,223 and explained effective net cash flow and capital expenses just before Ana went into reporting on the current occupancy figures of 95-98% and 2 units are reserved under the State trust fund for income qualified at medium income as well as the overall property conditions. Rental figures were discussed with brief management commentary on possible future rent increases in standard apartments and TDY units.

7. Standing Report from management regarding ongoing marketing efforts and general results of these efforts for the CHC and Facility, to include possible Discussion/Decision on any related marketing concept, to include bill board on "A" Avenue and HWY 80.

Marketing is reported to be going well and plans were revealed by FW for refurbishing the bill board in the vicinity of "A" Avenue and HWY 80.

8. Scheduling and/or confirmation of next Meeting date(s), and suggestions for future agenda items.

Board looked at and informally approved April 2, July 9 and October 1 2020 as tentative meeting dates as well as a January 7, 2021 meeting. Future agenda items were to hopefully have new board members approved, and any other items that Board would come up should kindly be sent to Mr. Flores or the Board President for processing.

9. Adjournment

A motion was made by Debra Wendt to adjourn the meeting, and the motion was seconded by David Hargis, and the motion was approved unanimously with the group adjourning at 10:16 a.m.

Prepared by Juan P. Flores
Douglas City Attorney

