

## MINUTES

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

A public meeting of the City of Douglas Community Housing Corporation was convened on Thursday, April 15, 2021, at 9:33 a.m., at the Rancho La Perilla Apartments Community Room, 1201 E. Fairway Drive. The following matters were discussed, considered, and decided at the meeting.

2. Roll Call.

Board members present were Debra Wendt, Belen Durazo, and Vicky Merritt. City Official(s) present were Luis Pedroza, Interim City Manager. Others present were Frank Moro telephonically and Ana Salazar.

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

None.

4. Discussion/Decision on approval of meeting minutes for January 7, 2021.

Motion by Debra Wendt, second by Belen Durazo to approve the meeting minutes for January 7, 2021. Motion unanimously passed.

5. Management Report and presentation of current Financial Reports for the CHC and Facility to include the January, February, and March 2021 Monthly Owner Report(s), to include Balance Sheets, Rent Rolls and 12-month trailing(s), and any related facility valuation, loan, tax matter or property condition.

Frank Moro stated the balance sheet was previously never focused on because there was nothing in it. Mr. Moro stated there is now a payroll reserve from the PPE program, forgiveness has been applied for, and they are awaiting a final response from Wells Fargo. Once Wells Fargo confirms forgiveness of the first PPE, the money will be converted into cash. Mr. Moro continued with the next line item of cash reserves in the amount \$48,716 which has been saved. Mr. Moro informed the board members that HUD is now requiring the money be placed into a surplus funds reserve separate account, and if the money is needed, requests must be made to use it. Furthermore, Mr. Moro addressed Luis Pedroza with a need to reconcile with the City of Douglas to find out if they are caught up with their debts to the city, otherwise the funds set aside would be used for capital improvements.

Mr. Pedroza stated he would obtain exact balances.

Mr. Moro explained the replacement reserve account is still maintained and was funded in the last financing and has continued to be funded monthly. The replacement reserve account has \$333,261 along with other items to include insurance reserve and real estate tax reserve. Mr. Moro stated the cash is a replacement reserve used for capital improvements and is billed against

the fund to get the money back, which goes back into the cash reserves, which is now going to be a surplus receipts fund and it will be changed into a process to be used with permission.

Vicky Merritt inquired on the permission request process to use funds.

Mr. Moro stated the language refers to commissioner's approval which he believed could be a letter of request. Furthermore, in the case of replacement reserves, the money is immediately available and permission can be requested as simple as sending an email.

Mr. Moro elaborated on the gross income for the last twelve months. He stated the journal entry required by the auditor should be removed from the gross income and would leave the total at just under \$700,000. Mr. Moro referred to expenses under net operating income and stated the expenses were about \$350,000 for the last twelve months. He estimated the debt service was about \$236,447.

Mr. Moro asked Ana Salazar to provide information on the loss of residence and what happened afterwards.

Ms. Salazar reported in the last three months there were twenty vacancies, there are currently thirteen vacancies, and nine of the vacancies have been preleased. Ms. Salazar expected four more vacant units, but she had a lot of customer traffic and was optimistic that at least half would fill. Ms. Salazar noted the individuals on the waitlist were contacted, some individuals were no longer interested, and some individuals applied. Ms. Salazar said she continues to receive new customers and noticed new Border Patrol and Customs agents were coming to Douglas and signing longer leases. Ms. Salazar concluded there was 83% occupancy.

Mr. Moro asked what percentage of tenants Border Patrol and Customs agents were.

Ms. Salazar responded between 85% and 90%.

Mr. Moro inquired if it was due from back pressure of higher rent and decreased availability in Sierra Vista.

Ms. Salazar stated unavailability could be a contributing factor but not necessarily due to the higher rent in Sierra Vista because Rancho La Perilla also increased the cost of rent.

Mr. Moro elaborated on the Sierra Vista and Fort Huachuca area. He stated there is a greater military presence which caused escalated rent beyond historical levels. Mr. Moro believed the combination of unavailability and higher rent caused back pressure in demand in Douglas for people who are commuting to work. Mr. Moro anticipated the trend would possibly continue for at least nine months. Mr. Moro inquired if anyone heard about updates regarding the wall construction.

Mr. Pedroza stated the construction employees were not notified after the 60 days' notice and there was no official answer on the wall construction continuation.

Debra Wendt asked Ms. Salazar on long term leases the Border Patrol and Customs agents were signing to.

Ms. Salazar replied the leases were six to twelve months as opposed to the unstable month to month leases.

Ms. Wendt suggested the commute and local market might be encouraging them not to travel from Sierra Vista and instead reside in Douglas.

Mr. Moro elaborated on the increased demand for housing in the Fort Huachuca area.

Vicky Merritt asked if there were anymore questions hearing none moved to next item.

6. 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 and considerations on rental rate related concepts.

Ms. Salazar stated there is continued use of the Facebook page and referred to Mr. Moro to elaborate on the new program being implemented.

Mr. Moro informed the group they launched an upgrade in their existing system which has a tenant and rental portal and a marketing platform that connects with several sites and populates information for rental websites. Mr. Moro stated they launched a hybrid product from \*inaudible name\* that was released prematurely and oversold and had been a failed launch because of bugs in their system. Mr. Moro stated it turned out they were doing more beta testing while there were bugs in the system. Mr. Moro continued explaining the portal was working well and tenants could eventually begin to pay online and file maintenance requests online.

Furthermore, Ms. Salazar said it would be a good tool to use for advertising, for presentation of information to tenants and allow them to apply online.

Mrs. Merritt commented it was a nice tool.

Mr. Pedroza informed Ms. Salazar there was a welcome packet available for individuals who were unfamiliar with the area. The welcome packet lists all the amenities, doctors, schools, restaurants, and activities to do in Douglas. Mr. Pedroza said he would distribute the packet.

Ms. Salazar expressed interest in the welcome packet and stated it would be very helpful.

Mr. Moro asked if the welcome packet was a digital packet or a hardcopy.

Mr. Pedroza informed the group it was located on the website and can be easily printed as a pdf.

Ms. Merritt moved on to the next item.

7. Discussion/Decision on approval of the creation of the Residual Receipts Account per the Regulatory Agreement.

Motion was made by Debra Wendt.

Mr. Moro stated Paul Addington completed an audit and noticed they were sitting on a lot of cash that was transferred from year to year. Furthermore, Mr. Moro said Mr. Addington informed him the Residual Receipts Account needed to be created according to HUD due to the Regulatory Agreement. Additionally, Mr. Moro said the agreement dated back to 2000/2012 and was necessary to create the account because the agreement had many requirements that pertained to

certain programs. Mr. Moro informed the group he needed to ensure they did not switch programs and ensure they created separate interest-bearing accounts to properly transfer funds.

Board members reviewed the packet for more information.

Motion by Debra Wendt, second by Belen Durazo to approve the creation of the Residual Receipts Account per the Regulatory Agreement and follow all the regulation as required. Motion unanimously passed.

Mr. Moro referred to page 37 section 2C and read the language to the board members and briefly discussed what it meant before concluding and moving onto the next agenda item.

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

Board members discussed setting the future meeting for July 1, 2021.

Board members briefly discussed upgrades to the clubhouse and finding estimates for resurfacing the pool and spa area.

9. Adjournment

Motion by Belen Durazo, second by Debra Wendt to adjourn the meeting at 10:07 a.m. Motion unanimously passed.

Prepared by:

Jesalen Luna  
Deputy City Clerk