

**MEETING MINUTES  
BOARD OF DIRECTORS  
CITY OF DOUGLAS COMMUNITY HOUSING CORPORATION**

Thursday, July 19, 2018 at 9:30 a.m.  
Rancho La Perilla Apartments, Community Room  
1201 E. Fairway Drive, Douglas, AZ 85607

1. Call to Order.

Rancho La Perilla Board members held their quarterly meeting on Thursday, July 19, 2018 in the community room at Rancho La Perilla Apartments, 1201 East Fairway Drive, and the meeting was called to order at 9:30 a.m.

2. Roll Call.

Board Members present were Vicky Merritt, Michael Gutierrez, and Felix Soto. City Attorney, Juan Pablo Flores was also present on behalf of Administration for the City of Douglas, and he noted absent members were Arturo Escalante and Richard Yanez (who was reported as not interested in finishing out his term). FW management team members present were Frank Moro 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 Minutes for the April 5, 2018 Board Meeting.

A Motion was made by Vicky Merritt and seconded by Felix Soto to approve the April 5, 2018 minutes as presented and motion was approved unanimously.

5. Management Report and presentation of current Financial Reports for CHC and Facility, along with a status on the Security Deposit Account.

Frank Moro began to cover the year to date financial statements (that happen to be the 12 month trailing due to the fact we are in July). The 12 month trailing is from August '17 to July '18, and it kind of gives us a full picture of our calendar year. The effective rental income \$ 623,718 with the total income being noted as \$ 307,722. After debt service the net income was about \$30K. There were Capital type expenses of \$ 173K roughly reported, and a loss of \$141,909. The last couple of months show there is a trend increasing slowly if you look at the NOI. Prior to Ms. Salazar giving an update on occupancy, Frank Moro noted that many bills were paid with a payable to the City lagging and still remaining behind; these represent Water & Sewer service, and the deficit loan. Roughly \$15K is owed and there is about \$23K in the operating account.

Occupancy was reported at 90% with 8 units available and by the end of July we should be at 98% occupancy, with 2 units left that would only be available to the income qualified program applicants. General discussion on sources of residents filling the occupancy numbers being generated as of late, along with commentary on the need for a street sweeper for the premises. It was reported that the CHC still has 1 unit as part of a deal worked out with the golf course MPC. Parking lot needs to be swept per Frank Moro. Michael Gutierrez asked for financials to be mailed on a monthly basis to include a balance sheet, a rent roll and a 12 month trailing (year to date operating statement). After agenda item 6, the discussion then came back to this item and focused on the agreement with the Golf Course MPC and the need for a signed agreement to be presented to FW, and it was noted that it will be implemented on a vacancy availability basis, as there may be an August move-out possibilities.

6. Standing Report from management regarding ongoing marketing efforts and results for the CHC and Facility, to include possible Discussion/Decision on any related concept noted herein.

The increase in occupancy was attributed to the FB campaign and marketing, but due to the fact no TDY units are available the BRBO would not make sense to engage at this point in time. The discussion then turned its focus to the agreement with the golf course MPC, and Frank Moro requested that the agreement be executed so management can place it into practice as units are available. Ana reported that CHC tenants were getting get free golfing for tenants but not the golf carts as part of the agreement-but is not being currently offered, but may be worthwhile to revisit the program.

7. Presentation/Discussion/Information and possible Discussion/Decision/Direction regarding converting the current CHC facility to an Affordable Housing Program (also known as tax exempt government subsidized housing facility).

Frank Moro reported the various components of an Affordable Housing Program and it may involve by way of example it would involve an increase in the rents by say \$50 to be able to offer a discount for families to income qualify at a 50% of medium income; and this would be available to 100% of the population. Currently the discount offered to those that qualify is 10%. Mr. Flores interjected the current choice for the board is whether to move toward an income qualifying program at a point where the board has solved the occupancy problems through the use of web-based marketing.

Michael Gutierrez posed the question of what in the potential downside of the an insufficient amount of income qualifying market sector along with a potential for attracting an undesirable elements and apartments being left in bad shape & or condition. Frank Moro explained that the tenants would need to be filtered and screened by management, additionally the manager could alternate between market rate and income qualified families in order to make the property tax yearly expenditures. The board asked various questions about the 50-60% income qualification brackets county-wide and noted it the program is a bit complicated and will need Mayor and Council approval from the City of Douglas, and will most certainly need approval from the County Assessor's office to establish the public benefit of the program. Frank Moro explained that the program would have the availability of reversing and returning to the tax rolls and presented a scenario for same. A motion was made by Vicky Merritt to design an affordable housing draft program and presents it to the appropriate Cochise County departments for preliminary approval, and the motion was seconded by Felix Soto. After a brief discussion talked about negative and positive implications, the Board approved the motion unanimously.

8. Discussion/Information and possible Discussion/Decision regarding the repayment plan and revised or new note(s) owed to the City of Douglas on cash infusion loans.

Mr. Flores explained that per the City Finance Director, the report would require some research and review of existing accounts and that a report would be forthcoming in the near future.

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

The Board suggested an October 4, 2018 at 9:30 a.m., along with a standing marketing report and an update on the progress on the Affordable Housing Program.

10. Adjournment

Motion made by Vicky Merritt and seconded by Felix Soto to adjourn the meeting at 10:26 a.m., and motion was approved unanimously.

Prepared by: Juan Pablo Flores, City Attorney