

# CITY OF DOUGLAS COMMUNITY HOUSING CORPORATION

## MINUTES

Board of Directors Regular Meeting  
City of Douglas Community Housing Corporation  
Thursday, January 4, 2024, at 1:00 p.m.  
Zoom Meeting

1. **CALL TO ORDER.** 1:31 p.m.

2. **ROLL CALL.**

Board Members present were Vicky Merritt, Belen Durazo and Denise Machado. City Official(s) present were Ana Urquijo, City Manager and Luis Pedroza, Deputy City Manager. Others present were Frank Moro, Stacey Loucks and Ana Salazar.

3. **PERSONS WISHING TO ADDRESS THE COMMITTEE IN WRITING OR VERBALLY ON ANY ITEM NOT ON THE AGENDA.**

Ms. Merritt reported none.

4. **DISCUSSION/DECISION ON APPROVAL OF MEETING MINUTES FOR OCTOBER 5, 2023.**

Motion by Belen Durazo, second by Denise Machado to approve the meeting minutes for October 5, 2023. Motion passed unanimously.

5. **MANAGEMENT REPORT AND PRESENTATION OF CURRENT FINANCIAL REPORTS FOR THE CHC AND FACILITY TO INCLUDE THE OCTOBER THROUGH DECEMBER 2023 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.**

Mr. Moro presented the October 2023 balance sheet with an amount of \$6,913 residual receipts account. He also reported on the 12-month trailing statement which included \$446,000 in total operating expenses and \$264,000 in net income, he also includes discussion of balance sheet and income statement. He mentions outstanding payables, including a mortgage payment, and plans to handle them by reallocating funds. He noted an amount remaining in a residual receipts account and intend to close it as it is unnecessary. Other reserves are held with Dunlap, with potential expenses to close out. He anticipates reconciling income by mid-month. Regarding income and expenses, he explains how expenses may be reclassified, mentioning operating expenses and debt service. He discussed valuation based on net operating income and capitalization rates, highlighting a purchase price close to property valuation. He acknowledged the need for adjustments to increase property value, such as raising rents and reducing expenses.

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 reported five vacancies, two TDY units and three regular units. Traffic is excellent, with units not being turned over fast enough. She stated for the past two years there has been an extensive waiting list with 85 for two-bedroom and 65 for one-bedroom units.

Mr. Moro reported the completion of all required work, except for the replacement of a slide, which turned out to be more expensive and challenging than anticipated. He attempted to replace only the parts but couldn't find compatible ones and ultimately had to replace the entire slide, incurring higher costs. Despite efforts to minimize expenses by keeping existing poles, they ended up facing difficulties during installation. He expressed frustration with the process and highlight the significant expense involved. However, they managed to have their in-house installer oversee the installation. The total cost of the slide was nearly \$12,000, exceeding the projected \$8,000. Mr. Moro also mentions encountering electrical line breaks beneath the parking lot asphalt, causing lights to malfunction across the property. Repairs were conducted by locating and fixing the faulty lines, which required digging a trench. However, he indicated that all issues have been resolved, and the lights are now functioning properly.

Mr. Pedroza inquired of the handicapped accessible trash bin.

Mr. Moro discusses encountering issues with Waste Management, who have been unable to provide an ADA trash can needed for the property. He expressed frustration with the delay, stating that if it continues, they may need to devise an alternative plan. This alternative might involve purchasing the required bin, which would incur additional costs for the property in terms of rent for the bin and paying for the dumpster service. However, he emphasizes that the design difference of the bin itself doesn't affect the cost.

Mr. Pedroza inquired if all the compliance items on the PCNA report are complete and what needs to be done to get HUD or their contractors back to review what has been completed.

Mr. Moro expresses doubt of inspections being done, suggesting that inspections may not occur as expected. He mentioned the possibility of a future inspection by HUD, possibly within a year or by June.

Mr. Pedroza inquired if the transfer of the loan is contingent upon satisfactorily accomplishing all the items on the CNA report.

Mr. Moro stated no it remains the obligation transfers to the borrower.

**7. DISCUSSION/UPDATE REGARDING THE STATUS OF WORK PERFORMED AS A RESULT OF THE CAPITAL NEEDS ASSESSMENT REPORT RECOMMENDATIONS.**

Reported with item #6

**8. DISCUSSION/DECISION TO AUTHORIZE THE PRESIDENT OF THE COMMUNITY HOUSING CORPORATION TO SIGN ALL NECESSARY DOCUMENTS RELATED TO THE SALE OF RANCHO LA PERILLA APARTMENTS.**

Mr. Pedroza requested background information to be reported by Mr. Moro.

Mr. Moro outlined the tasks and documents required for the closing process, including the need for signatures from the president and buyers, amendments to the purchase agreement, and reconciliation of financial matters such as rent proration and prepaid rents. He discussed the transfer of contracts, leases, and employee terminations, as well as the handling of utility contracts and collections. Additionally, they mention the creation of separate accounts for financial reconciliation and the challenge of managing a \$399,000 payment related to reserve funds, which requires coordination with HUD and the title company. Despite uncertainties, he aims to streamline the process and ensure proper handling of all financial matters.

Mr. Pedroza inquired what funds were used to front capital expenses.

Mr. Moro answered from cash flow and the replacement reserves.

Mr. Pedroza inquired of a January 31, 2024 closing date.

Mr. Moro agreed.

Mr. Pedroza presented the final execution documents related to loan and rental assumptions, required for the transfer of the loan approved by HUD. He reminded the board that the purchase contract was initially approved on October 6, 2022, and today's motion is to authorize the president to execute all necessary documentation to complete the transaction as per HUD requirements.

Mr. Moro discussed a section in the purchase agreement regarding the requirement for an extended policy and an Alta survey. He explained that while the agreement initially stipulated that the buyer would pay for the survey if necessary, it's now determined that it won't be required. He expressed the importance of having a survey to understand the property's boundaries and prevent disputes in the future.

Mr. Pedroza requested for that information to be included in the motion to the purchase agreement amendment of as presented.

**Motion by Denise Machado, second by Belen Durazo to allow the president of the corporation to sign all necessary documents related to the sale of Rancho La Perilla Apartments with the amendment to the purchase agreement. Motion passed unanimously.**

Mr. Pedroza suggested the possibility of holding a special meeting to reconcile all matters and propose the dissolution of the Community Housing Corporation. He plans to bring the proposal to the mayor and council for approval or ratification of the sale, with the net proceeds intended to settle any outstanding debts owed by the corporation to the City of Douglas. He anticipates finalizing the dissolution process after the closing and reconciliation of funds, at which point the corporation's assets will be returned to the city.

Mr. Pedroza requested collaborating for next year's audit.

**9. ADJOURNMENT.**

**Motion by Belen Durazo, second by Denise Machado to adjourn the meeting at 2:09 p.m.**

A handwritten signature in blue ink, appearing to read "Cynthia Robles", is written over the printed name of the Deputy City Clerk.

Prepared by: Cynthia Acuña Robles, Deputy City Clerk