

**CITY OF ALAMOGORDO, NEW MEXICO
PUBLIC HOUSING AUTHORITY BOARD
SPECIAL MEETING MINUTES
MUNICIPAL BUILDING, 1376 E. NINTH STREET
COMMISSION CHAMBERS
DECEMBER 7, 2004**

**CHAIRMAN DON CARROLL
VICE CHAIRMAN RON GRIGGS
MEMBER INEZ MONCADA
MEMBER DON COOPER
MEMBER ED COLE**

**MEMBER JOHN ROBERTSON
MEMBER MARION LEDFORD
CITY MANAGER PAT McCOURT
CITY ATTORNEY KEN McDANIEL
SECRETARY ANGIE RAHN-BROYLES**

Call Meeting to Order and Roll Call.

The Meeting was called to order at 7:05 p.m.

1. Minutes of Special Meeting of August 10, 2004.

Recommendation: Approve the Minutes.

Member Cooper moved to approve the minutes of the Special Meeting of August 10, 2004. Seconded by Member Robertson. All voted "aye". The motion carried by a vote of 8-0-0.

2. A) Review and discuss HUD audit and PHA response and timeline.
B) Approval of PHA Resolution No. 2004-09 amending the PHA Board Bylaws.
C) Review and approve HUD/PHA Memorandum of Understanding.

Recommendation: Approve PHA Resolution No. 2004-09 and approve the PHA Board Chair signature on the HUD/PHA Memorandum of Understanding.

Executive Director Cheryl Town said each of these items were directly related to a HUD audit which was done last June. They had made some recommendations to the Housing Authority for improvements to their score. The major component in their score was the financial input, which had been an uphill battle in trying to contract with a fee accountant who was capable of getting the required items to HUD before their deadlines. She'd attended some training in July and she had met a fee accountant at that time, and had since retained his services. He would not agree to take on the previous fee accountant's numbers until he was assured that person was neglecting us. He did agree to this in early October, and he'd sent one of his staff here to collect the paperwork and get the year end submitted. They were able to get those submitted by the end of November, so we'd lost four points in that area. This was the first year she'd worked for Housing where the financials were submitted before getting to the point where they received no points at all. This audit was a result of fiscal year ending June 30, 2003. There were quite a bit of recommendations on here, and many were repeats of previous recommendations. Some did not apply to us, but others did. The spreadsheet summary would be used as a tool to help them get these items done. She'd met with the Board Chair yesterday, and she'd given a one-page outline which covered the cost for training.

Ms. Town said regarding the Resolution, for Page 1, Section 9, staff was recommending a change to the alternate for consideration.

Member Ledford asked if the audit was actually performed by HUD? Ms. Town said it was contracted with a professional training company that specialized in Housing Authorities. Member Ledford asked how often that happened? Ms. Town said only at the point where a troubled status was reached. Member Ledford asked if they'd had audits before? Ms. Town said yes, by City auditors, but they had never found these problems. They had the HUD field office here back in September, 2000 by the Housing Authority's request. Member Ledford asked what the drop in points did for us? Ms. Town said it got us an audit like this one. Member Ledford asked if it affected any of the relationships for Grants? Chairman Carroll said it could. It could take us off the list for some of the potential Grant programs. Member Ledford said he assumed items B and C came about because of what it took to do what they wanted us to do as far as changing the Bylaws. Ms. Town said yes.

Member Ledford asked if the training was also for the Board? Ms. Town said yes. Member Ledford said to read and understand these findings, it could take awhile. What did the Board not do which would require it to be at this training? Ms. Town said she planned on going to the training too. She was not aware of something they could have addressed earlier. Member Ledford asked what they were doing for the future to make sure we didn't have these kinds of findings that hurt our score? Ms. Town said number one was the training of staff. They had a good training budget, but the training was expensive. We trained staff as we could and as was appropriate. Turnover was a problem. There were components of the reports which were brought forward for approval, and the Board was doing that. Member Ledford asked if there was anything the fee accountant had done which caused some of these findings? Ms. Town said yes. The major problem was that they were not being done on time and submitted to the React Site, which was another area of HUD.

Chairman Carroll said he understood that what put us on the troubled list was the fee accountant not getting the documentation in when they were supposed to. The individual comments and concerns raised by the audit were not enough to put us on the troubled list. This was basically someone who came in who was paid to find something they were not happy with; there was always things that could be done differently or better, etc. Member Ledford clarified that if the fee accountant had been on time, then we wouldn't have had this HUD audit. Ms. Town said that was correct. Member Ledford asked how often the training would happen? Chairman Carroll said we had never had any training, period. He felt what prompted this was that once you got into a position where you had the HUD audit and they came in and made these recommendations, then Ms. Town, the Board, or both, needed to address and respond to all of these comments. Obviously when the auditor came in and said the Board needed training, then her response had to be that we would train the Board and not that we didn't think the Board needed any training. It would not hurt any of us to have a better feel for all of the elements that went into the whole Housing Authority and exactly what our roles and responsibilities really were.

Member Ledford said when we responded to all of these findings, did we get a response from HUD satisfactory with our responses? Ms. Town said after this meeting she would be sending this entire packet to the HUD field office. Member Ledford clarified that our expectation was for them to accept it and we could get back on track. Mr. McCourt said he wanted to make sure that everyone was aware that we were already out of that troubled status.

Chairman Carroll said the information in the packet was for training out in Las Vegas, and he felt it would be a whole lot more cost effective to have someone come here to conduct the training, as opposed to all of the Board going out there for training. If no one had a problem with that, then Ms. Town could get back with this company and find some proposed dates to schedule the training. If we did the first training from NAHRO, he wasn't sure whether the second training from another organization would be worth each of their time or the cost. In looking at the proposed schedule of training that was being mentioned by Nan McKay, he felt it would be beneficial to try and get those people in and get us all a better understanding of everything we were being charged to oversee.

Member Cole asked what was taking place for the audit of the current year? Ms. Town said we had a preliminary score of 78. Chairman Carroll said we were a standard performer for the fiscal year ending June 30, 2004. We were no longer in the troubled category. However, we were not totally out of the woods yet because there were several things that had to happen. The fee accountant had to have their reports into HUD by a deadline. That had happened. The City's auditor needed to get the audit of the Housing Authority into the State and also to HUD. To this point, the City's auditor had not gotten the City's audit in because he was late with that. Until HUD got the City auditor's report and could compare it to the fee accountant's audit, because one was an unaudited set of financial statements and the other was an audited one, we were going to stay in the troubled status as far as HUD was concerned. Once that happened, then we would become a standard performer, which the audit of 2004 said we were. The financials were what needed to go in to put it all together to finally remove the troubled status cloud. Member Cole asked if there were types of penalties which HUD could assess, financial or otherwise? Chairman Carroll said yes; they could come in and take over the whole operation. As long as we were in this troubled status, he understood there were certain types of programs and Grants that we didn't qualify for. So it was in our and HUD's best interest to get us off that troubled list. Ms. Town said nothing we had currently would be lost.

Member Cole asked if it was mandated for the community to participate in this type of program, or could other agencies do it? Chairman Carroll said originally the Board was an oversight Board which was appointed by the Mayor. They were a stand alone Board that answered to the City Commission, but they basically did what we were doing now. A number of years ago there were some real difficulties between the Board, City management, and the Housing Authority, so it was decided to dissolve the purely volunteer citizen Board and that the City Commission would take over as the Housing Authority Board, which was permitted. So for a number of years now, the City Commission had been the Housing Authority Board of Commissioners.

Chairman Carroll reviewed the two proposed changes for Resolution 2004-09. On page 1, Section 9 was being deleted because it was not relevant because the Bylaws said that the Chairman and Vice Chairman should be the Mayor and Mayor Pro-Tem. Those offices were reorganized as the City Commission, so it was automatic and there was no need for the Housing Authority Board to reorganize itself. On page 2, the recommendation for Section 1 was to go with Alternate Section 1, with the change of taking out the wording "at least monthly", and to replace it with "as needed". He had spoken with Ms. Town, and we would plan on having quarterly Board meetings as we had done in conjunction with the same meeting where the City's quarterly financial reports were given. The two did not need to be handled together, but that seemed like good timing.

Chairman Carroll said one of the recommendations from the auditors was that the Board get monthly financial statements. Ms. Town was recommending taking the monthly fee accountant statements because they were a little more user friendly, and she would be furnishing them to

the Board on a monthly basis. It was felt that we really did not want to commit ourselves to monthly Housing Authority meetings.

Chairman Carroll said the third item they needed to consider was the Memorandum of Understanding between us and HUD. Again, this read as a troubled Authority as we technically still were because HUD had not gotten the final audit from our auditor which they could go back and reconcile with the fee accountant's audit. He'd spoken with Floyd Duran, who was the Program Center Coordinator out of Albuquerque, and he'd assured that once their office was satisfied that the financials were okay, he would send us a letter which superceded and cancelled this agreement. There were two time frames which got us into trouble. One was the fee accountant's audit which was due on the 31st of August. You would lose points until the end of November, at which point you automatically became a troubled agency. Or, the other was your audited financial statements which were due by the end of March. Failure to get either one of them in automatically designated you as a troubled agency. We were going to give this new fee accountant an opportunity and if this one didn't work, then his recommendation was going to be that we take that function in-house and do it ourselves. That was the reason for the Memorandum of Understanding.

Member Cole asked about the 60 percent figure on the first page of the agreement. Had it been that figure in previous years? Chairman Carroll said that was what it was the year we were troubled. Ms. Town believed the year before we were at 84 percent. Member Cole asked if there was a period of time when we were aware of the problem areas? Until this meeting he didn't realize there were problem areas. Chairman Carroll said we knew it last year when the fee accountant was late. None of us realized that by virtue of the fee accountant missing that deadline, that automatically put us into the troubled agency category. That was why we were changing fee accountants. That was what triggered the audit and the recommendations that we now had to answer to HUD's satisfaction. Ms. Town said she'd received the official notice in October, and it took her that long to work on her responses.

Member Cooper moved to approve the HUD audit response and timeline, approve PHA Resolution No. 2004-09 as amended, and approve the Memorandum of Understanding. Seconded by Member Robertson. All voted "aye". The motion carried by a roll call vote of 8-0-0.

3. Award of Bid for four (4) homes in the Owner Occupied Rehabilitation Program.

Recommendation: Award bid to Diamond-Oak Industries.

Ms. Barbara Jenkins, Homeownership Coordinator, said they'd advertised for bids and had several do the walk-through, but only had two that gave bids. One was not a responsible bidder as he did not carry any kind of performance insurance. Because of that, under this program we couldn't go with it. They had to protect MFA's money. Member Cole asked where Diamond-Oak Industries was located? Ms. Jenkins said Las Cruces.

Member Cole moved for approval to award the bid to Diamond-Oak Industries. Seconded by Member Cooper.

Member Robertson asked why there was a tremendous difference in these two bids? Ms. Jenkins said to be truthful, she felt the one bidder just plucked numbers out of the air. He came across as not breaking it down and just deciding to bid "x" number of dollars.

Member Cooper clarified that this bid encompassed four houses. Chairman Carroll said yes, and there was still money left in the Grant.

Chairman Carroll called for the vote on the motion. **All voted "aye". The motion carried by a vote of 8-0-0.**

4. Post approval of purchase of home at 1803 Corte del Sol.

Recommendation: Approve the purchase of the home.

Ms. Jenkins said this was a HUD repo home. Member Cooper said the figures looked good.

Member Cooper moved to approve the purchase of the home at 1803 Corte del Sol. Seconded by Member Cole.

Vice Chairman Griggs asked if the \$50,000 limit was for the actual sales price, or did it include when you added the repairs on top of that? Ms. Jenkins said it was the actual sales price.

Chairman Carroll called for the vote on the motion. **All voted "aye". The motion carried by a vote of 8-0-0.**

Member Cooper moved to adjourn. Seconded by Member Robertson. All voted "aye". The motion carried by a vote of 8-0-0. The Meeting was adjourned at 7:35 p.m.

/s/Donald E. Carroll

Chairman Donald E. Carroll

ATTEST:

/s/Angie Rahn-Broyles

Secretary Angie J. Rahn-Broyles
(SEAL)

(Prepared by Teresa Y. Gutierrez)

Approved at the Public Housing Authority Board Special Meeting of March 9, 2005.