

**MINUTES OF THE QUARTERLY MEETING OF  
THE BOARD OF COMMISSIONERS OF  
THE HOUSING AUTHORITY OF THE CITY OF ELOY (HACE)  
100 WEST PHOENIX AVENUE  
ELOY, ARIZONA 85131  
MAY 9, 2011  
6:00 P.M.**

**(Meeting held at Eloy City Council Chambers, 628 N. Main Street, Eloy AZ 85131)**

**City of Eloy Staff Present:** Ruth Osuna-City Manager, Stephen Cooper-City Attorney, Mary Myers-City Clerk

**HACE Staff Present:** Cindi Herrera-President, Cindi Herrera & Associates; Emmally Mercer-HACE Manager

**I. CALL TO ORDER**

Chairman Byron Jackson called the meeting to order at approximately 6:02 p.m.

**II. ROLL CALL**

**Board of Commissioners Present:** Belinda Akes, Frank Acuña (arrived 6:47 p.m.), Byron Jackson, Etta Ruth Amerson, J.W. Tidwell, Jesse Rosel

**Board of Commissioners Absent:** Joel Belloc (called in)

**III. APPROVAL OF THE MINUTES - January 24, 2011**

Motion by Commissioner Rosel, seconded by Commissioner Tidwell, to approve the minutes of January 24, 2011 as presented, passed unanimously.

**IV. REPORT OF MANAGEMENT AGENT**

Ms. Herrera submitted a quarterly management report (January 31, 2011 through March 31, 2011) for the Commission to review. Due to the size of tonight's agenda, Ms. Herrera told the Commission that she would not review in detail her report, however, would answer any questions in reference to the report.

**V. NEW BUSINESS**

**a. Resolution 2011- 07**  
**Approval of the Amended and Restated By-Laws**

**Background Report:** *The Housing Authority by-laws were written in 1965 and have never been amended to comply with changes in State laws that govern Housing Authorities. The Memorandum of Agreement between HUD and EHA require the Housing Authority to update and amend the bylaws as needed.*

Ms. Herrera conveyed the amended bylaws are standard to what is required for housing authorities under the state's statute. She pointed out in Section 6 of the bylaws an exception as to how the Commissioners serve the Housing Authority. It states, "The governing body of the City of Eloy may elect by a majority vote to provide that each Council Member, while rightfully holding that office, shall automatically be and act as the Commissioners of the Authority, the Mayor of the City of Eloy, while rightfully holding that office, shall automatically serve as the Chairperson of the Authority." Ms. Herrera explained this section basically covers what is being done now. She also amended the regular meetings from monthly to quarterly.

Motion by Commissioner Rosel, seconded by Commissioner Akes, to approve Resolution No. 2011-07, passed unanimously.

**b. Resolution 2011- 08**  
**Approval of General Depository Agreement**

**Background Report:** *The U. S. Department of Housing and Urban Development requires that the Housing Authority execute a written depository agreement with any financial institution with whom the Authority conducts business with HUD funds. There is no record of such agreement having been executed in the past with Great Western Bank.*

Ms. Herrera conveyed this is merely a housekeeping matter to conform with HUD's requirement that this agreement be in place. The Housing Authority has had its accounts with Great Western Bank in Eloy for many years and is not proposing making any changes.

Commissioner Tidwell noted that Eloy was misspelled in first "Whereas" in the resolution.

Ms. Herrera said she would make the correction.

Commissioner Akes wanted to know who has access to the accounts.

Ms. Herrera said she and Ms. Mercer are signatories on the accounts which are done electronically. Her company's software has a security system built in for internal control purposes. Ms. Herrera explained that she has a clerk who enters all payments, Ms. Mercer processes them but cannot print any checks until she (Herrera) enters a password, which authorizes her signature to be printed on the checks. If a single check exceed \$10,000, Chairman Jackson's signature is required.

Motion by Commissioner Akes, seconded by Commissioner Tidwell, to approve Resolution No. 2011-08, passed unanimously.

**c. Resolution 2011- 09**  
**Approval of FY 2012 Budget**

**Background Report:** *The Public Housing Program generates revenue from two sources: tenant rent collected and operating subsidy calculated in accordance with the HUD Operating Fund requirements. The Housing Choice Voucher Program generates revenue from two sources: housing assistance payments received from HUD based on actual costs during the past twelve months and administrative fees earned based on vouchers under contract on the first day of the month. Actual funding to be received will be adjusted based on annual appropriations for the Federal Fiscal Year 2012.*

*The attached operating budgets have been prepared using the best estimates of revenues to be received and projected operating expenses based on historical information and property needs identified through inspections and work orders.*

Ms. Herrera conveyed this is in the same format she presented to the Commission last year. She said the Housing Authority is anticipating some significant decreases in its funding for 2012 due to changes in the federal budget. Overall, the Housing Authority is looking at a 25% decrease in revenue for 2012 compared to 2011. It was at this time, Ms. Herrera gave a brief overview of the proposed budget.

Motion by Commissioner Akes, seconded by Commissioner Rosel, to approve Resolution No. 2011-09, passed unanimously.

**d. Resolution 2011-10**  
**Approval of MOA Progress Report for period ending March 31, 2011**

**Background Report:** *CH&A and negotiated a revised MOA with HUD effective December 1, 2010 that is scheduled for all identified tasks to be completed by June 30, 2011 with the goal of removing the Authority from "troubled" status by the end of the current fiscal year. A quarterly progress report is required to be approved by the Board and submitted to HUD within 30 days after the end of the three quarters covered by the MOA.*

Ms. Herrera conveyed she will add in her report to HUD that Authority has met the targets that were identified for all of the quarters to date. She said there are a few things still pending for the June quarter, but once completed this should bring the Authority into compliance with the MOA. Ms. Herrera said this should take the Housing Authority off the “trouble” list with the exception of the physical scores for the condition of the public housing units. HUD has what is called (inaudible) center which employs third party inspection companies to inspect public housing units. The Housing Authority has been notified a third party inspection company will be here at the end of the month to inspect the units. Ms. Herrera said there is no way the units will meet the requirements and therefore will be expecting a low score.

Commissioner Akes wanted to know would the Housing Authority continue to operate even though the units won't be up to par.

Ms. Herrera said yes. The Authority will come up with a corrective action plan which eventually will be the elimination of some of the units.

Motion by Commissioner Rosel, seconded by Commissioner Akes, to approve Resolution No. 2011-10, passed unanimously.

**e. Resolution 2011 - 11**  
**Approval of 2012 Agency Plan**

**Background Report:** *The Authority is required to submit an Annual Plan each year 75 days prior to the commencement of the fiscal year. Federal regulations require that the Plans be made available for public comment for a minimum of 45 days and that a public hearing be conducted. A notice was published in the Casa Grande Dispatch on March 10, 2011 advising of the availability of the plans, soliciting public comments and providing notification of a public hearing conducted by the Authority in accordance with federal requirements.*

Ms. Herrera conveyed the plan basically lays out what the Authority anticipates to do for the next year. The Housing Authority has a very old administrative plan that has not been updated in several years. What makes Authority different from previous agency plans is that she has re-written some of the key policies of the Housing Authority that were posted for public and residents comments.

Ms. Herrera voiced a “Homeownership” and a “Project Based Voucher Program” section was added to the plan because the prior Housing Authority plan did not have these as options in the Section 8 Program. She said the Housing Authority will be holding mandatory workshops with public housing tenants to review the plan and execute new leases.

Chairman Jackson asked was there any documentation that the tenants had signed leases in the past.

Ms. Herrera said tenants signed an old lease which dates back to the 1990s and was last revised.

Motion by Commissioner Akes, seconded by Commissioner Tidwell to approve Resolution No. 2011-11, passed unanimously.

**f. Resolution 2011- 12**

**Review and acceptance of FY 2010 IPA Audit**

**Background Report:** *The U.S. Department of Housing and Urban Development requires an annual independent audit of all grants and programs administered by the Eloy Housing Authority. The IPA audit must be completed within 9 months of the end of the fiscal year (March 31).*

Ms. Herrera briefly reviewed the 2010 IPA audit. She pointed out that the audit is a repetition of what the Commission saw in the 2008 and 2009 audit they received last year because everything had not been corrected yet. When her firm came on board April 1<sup>st</sup>, they did not have much time (April through June) to correct the previous nine months. She sent a letter to HUD where she has addressed the audit review items. Ms. Herrera said next year she anticipates having the annual activities start in the month of January and have everything completed at least 60 days prior to the end of the fiscal year (June 30).

Ms. Herrera conveyed based on last year's audit, there was a determination the Housing Authority owed HUD \$163,000 and had entered into a repayment agreement of \$5,000 a year (this was mentioned to the Commission at a prior meeting). In working with the auditor this year, Ms. Herrera continued to believe the Housing Authority did not owe this money to HUD. It was discovered that the auditor who performed the 2006-07 audit of the Housing Authority had incorrectly booked what is called the "inner fund." The auditor did a prior year adjustment which eliminated the Authority owing any money to HUD. Also, whereas Section 8 owed both HUD and the Public Housing Program, the adjustment reversed this. Now the Public Housing Program technically owes the Section 8 Program \$73,000. At the beginning of last year when HUD thought Section 8 owed all this money, they allowed the Authority to do an allocation of cost of 80% to public housing and 20% to Section 8. Ms. Herrera said they plan to go back to the beginning of this fiscal year and re-allocate those costs which will probably be a 60/40 cost allocation. This will basically break even the inner fund and neither program will owe either program. Her plan is to have the inner fund cleaned up by June 30<sup>th</sup>.

Ms. Herrera said she has spoken to HUD about the error and they concur the Housing Authority does not owe this money.

Commission Akes asked if the Authority paid any monies to HUD.

Ms. Herrera said no. The first payment would have been due at the end of this year.

Motion by Commissioner Akes, seconded by Commissioner Rosel, to approve Resolution No. 2011-12, passed unanimously.

**VI. EXECUTIVE SESSION**

Motion by Commissioner Rosel, seconded by Commissioner Tidwell to hold an executive session at approximately 6:43 p.m. for approximately 15 minutes for legal matters/consultation with the City Manager, City Attorney, City Staff and Housing Authority Staff pursuant to A.R.S. §38-431.03 (A)(3) and (4), in order to consider its position and instruct its attorneys regarding position regarding purchase, sale or acquisition of real estate, passed unanimously.

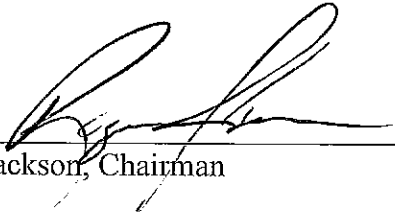
(Chairman Jackson reconvened the public meeting at approximately 6:57 p.m.)

**VII. PUBLIC COMMENTS**

None.

**VIII. ADJOURNMENT**

There being no further business, Chairman Jackson adjourned the meeting at approximately 6:58 p.m.

  
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Byron Jackson, Chairman

ATTEST:  
  
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Mary Myers, City Clerk