

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

WEDNESDAY, JANUARY 13, 2016, 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 Wednesday, January 13, 2016 and the meeting was called to order at 9:35 a.m., in the community room at Rancho La Perilla Apartments, 1201 East Fairway Drive.

2. Roll Call:

Board Members present were, Vicky Merritt, Felix Soto and Veronica Abrigo. City Staff members present was Juan Pablo Flores, City Attorney and Barbara Rodriguez, Administrative Assistant. Present from First West Management Company was Frank Moro, and Ana Gutierrez, Property Manager.
(Absent was Mr. Frank Melgoza).

**3. Persons wishing to address the committee in writing or verbally on any item not on the agenda:
(None)**

4. Approval of Minutes:

Motion made by Veronica Abrigo to approve meeting minutes from October 1, 2015 and seconded by Felix Soto. **(Motion approved unanimously)**

5. Management Report and Presentation of related Financial Reports:

Mr. Moro reported on the unit financials for the month of December, also included in the report was a 12 month statement of cash flow. He explained that FW has been dealing with a negative cash flow since the last report and probably for the last 9 months. The last month financials showed a negative cash flow and are having to juggle funds and pay essential operating costs and also working with the City of Douglas has been waiving water and sewer fees which has been a great help and have advanced funds to float the expenses to be paid for on behalf of the CHC The replacement reserves are being used for the purpose they were intended. In other words, Mr. Moro explained that you have to spend money of capital replacement in order to get reimbursed. This year for the last 12 months the effective gross income has been at a negative cash flow in excess of \$20,000.

There has been an aggressive marketing campaign that FW has engaged in to improve vacancies, to include furnishing apartments to make more revenue, and various TDY and Executive Suites have been prepared. Rental rate for a one bedroom Executive Suite is \$1,300.00, two bedroom Executive Suites is \$1,600.00. Normal rent on a two bedroom is \$714.00 off setting vacancy loss.

Ana Gutierrez reported that the complex is currently at 78% occupancy, where as last meeting we were at 72%, currently 17 units are vacant. Ana went on to state that furnished Apartments and Executive suites are in high demand. There were 2 furnished rental units this month and she has 9 leased furnished units. Mr. Moro went on to say that there were more allotments given to tenants like allowing pets and free golf for tenants in order to promote the facility's rentals and also partnering with Sierra Vista business entities to increase tenancy rates. BP may be showing more interest in leasing premises due to perks being offered. Cost of living was discussed by comparing cost of livings between Douglas and Sierra Vista and may have a difference of 10-15% with Douglas being lower.

Audit was just completed and files are available to Board Members for review.

6. Discussion/Information from Carlos De La Torre, City Manager, or his designee, regarding updates on City of Douglas projects that may be related to or have implications to the CHC:

Mr. Juan Pablo Flores reported CM was out of town on City business and that there was basically not much to report under the noted concept.

7. Information/Discussion and possible direction to file an Appeal regarding the 2015 Property Tax Notice received by the CHC:

Mr. Frank Moro explained to the Madam Chair and Board Members, that the Cochise County property tax appeal that was won this year is not effective until this year and will show some partial relief. Mr. Moro explained that there have been various appeals over the years and feels the County has been less than fair. The first appeal was done by way of litigation over 10 years ago and the City was not very successful. The problem City has had over the years that it is difficult to establish a valid public purpose in order to obtain the tax break we are looking for. The true purpose does not seem to provide low income housing across the board to the general public, but likely to provide housing in general as Mr. Moro sees the matter. The low income housing availability is only limited to 8 housing units, and of those 4 units are currently vacant. By the next CHC meeting there is a reasonable prospect that 2 more of the units will be occupied. The goal may be to income qualify certain units in order to meet a legitimate public purpose for the general public and thereafter possibly obtain a property tax rate break. Mr. Flores pointed out since there is now a subsidy to the facility and the rental rates it may be more likely that the CHC could obtain a better public purpose than in the past, since now it does apply across the board. The discussion continued regarding the public purpose concept and how the income qualification for tenant applicants needs to all prospective tenants in order to meet public purpose legal considerations.

8. Discussion/Information and possible Decision(s) by Board regarding recent capital outlays by the City of Douglas to the CHC as cash infusion to handle outstanding bills of about \$25,000, and to consider the pay-back options.

Capital outlay or advance was determined to be in the amount of \$20,000 along with the utility float by the City and a payment plan was discussed as operational at this time as determined with Finance Director of the City, Luis Pedroza.

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

The next Board meeting was set for Thursday, April 7, 2016 at 9:30 a.m., by the Board President. Future agenda item was discussed to add a new member to the Board along with electing new officers that could include Michael Gutierrez, potentially or other real estate professional.

**10. (Motion to Adjourn: Mr. Felix Soto and Seconded by Veronica Abrigo)
(Motion was approved unanimously and meeting adjourned at 10:07 a.m.)**

Prepared By:

Juan Pablo Flores Esq.,
