

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

THURSDAY, APRIL 2, 2015, 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, April 2, 2015 at 9:30 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. Present from First West Management Company was Frank Moro, and Ana Gutierrez, the property manager. The meeting started at 9:35 a.m.

(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 Felix Soto to approve meeting minutes from June 5, 2014 and Second by Veronica Abrigo. Mr. Estrada abstained as he was not a member at the time these minutes were taken.

(Motion Passed)

Motion made by Art Estrada to approve meeting minutes from January 8, 2015 and Second by Felix Soto.

(Motion Passed)

5. Management Report:

Mr. Moro reported on the current financial condition of the apartments and the vacancy conditions. The economy has not responded and the complex cannot well afford vacancies and cannot sustain large vacancy amounts. Currently the complex has been deferring about \$7,000 of monthly bills to the following month. The replacement reserves are being used for the purpose they were intended. In other words, you have to spend money of capital replacement in order to get reimbursed. There is a yearly negative cash flow of about \$43,000 and so there is a need to juggle funds.

There has been an aggressive marketing campaign that FW has engaged in to improve vacancies. Ana Gutierrez reported that the complex is currently at 90% occupancy and up from 82.3 % since last reported to the Board in January 2015. There are currently 8 vacancies and then the report turned back to Mr. Moro.

Mr. Moro recapped the year to date over a 12 month financial trailing the net operating income was approximately \$ 278,656 and the expenses were approximately at \$276,676 with a capital improvement expenditure of about \$30,000 for the same approximate period of time. There was an explanation about the reserve replacement funds from staff and according to HUD regulations.

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 on the prospects for the sale of the apartments and the golf course. The City is motivated to sell due to the current state of financial for both the City and the CHC. The report concluded that current negotiation talks with possible buyers are slow, but that the door is still open for viable offers. The City of Douglas is currently actively engaged in organizing an MPC to care for and manage the golf course as a private going concern outside of City Ordinance regulation in order to have more freedom to have arm's length transaction with the public in order to increase revenue for the golf course and ultimately reduce the City's subsidy for the golf course facility. Mr. Flores explained the structure of the forthcoming MPC as well as the various sustaining

agreements that will need to be entered into for the management and transfer of City assets to the newly organized MPC.

Mr. Flores concluded with a bit of levity by saying that the CHC Board members will continue to have duties into the foreseeable future as the assets will be remaining in the hands of the CHC as it relates to the apartments.

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 members of the Board, that the Cochise County has increased the valuation on the CHC apartments and now FW seeks authorization to file an appeal with the taxing authority. Mr. Moro explained upon inquiry by Mr. Flores that the valuation has increased by over \$1,000,000 since the last valuation.

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 is not to provide low income housing, but to provide housing in general as Mr. Moro sees the matter. The low income housing availability is only limited to 8 housing units. High property taxes can and have almost bankrupt the CHC in the past. Upon inquiry by Mr. Estrada, it was explained that the appeal process will entail a comparable analysis of like HUD properties with similar rents and similar income in hopes of establishing the fair assessment value.

(Motion made by Veronica Abrigo and seconded by Art Estrada to file an appeal on the subject corporate 2015 tax notice and motion was approved unanimously)

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

The next Board meeting was set for Thursday, July 2, 2015 at 9:30 a.m., by the Board President.

9. (Motion to Adjourn: Mr. Art Estrada and Second by Felix Soto)

(Motion Passed and meeting adjourned at 10:02 a.m.)

Prepared By:

Juan Pablo Flores Esq.,
