

PERSONNEL, PERFORMANCE, AND AUDIT REVIEW COMMITTEE

APRIL 3, 2012

3:15 P.M.

Councilwoman Scott, Chairman, called the meeting of the Personnel, Performance and Audit Committee to order with Councilpersons Ladd, McGary, Benson, Berz, Gilbert, Rico, Murphy and Robinson present. City Attorney Michael McMahan and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Dan Johnson, Bill Payne, Gary Hilbert, Chief Dodd, Chief Parker, Jim Templeton, Larry Zehnder, Fire Marshall Whitmire, Capt. Dunn, Dennis Malone, Daisy Madison, Jerry Stewart, Richard Beeland, and Dickie Hutsell.

On motion of Councilman McGary, seconded by Councilwoman Ladd, the minutes of the previous meeting were approved as published.

Chairman Scott stated that we would have an educational update of Dogwood Manor; that we had present Elizabeth McCright and Daisy Madison and that background would be included; that Mr. Thornton would update us on the real estate aspects.

Ms. McCright, Executive Director of the Chattanooga Housing Authority, thanked the Council for allowing her to address them. She also introduced the property manager. She explained that in the middle of last year the City Council approved the cessation/suspension of debt service payments because they did not have sufficient cash flow, and this really helped. She went on to say that the season is coming up, and it is very expensive to change air conditioning, and they were asking today that the Council review the situation and allow the cessation/suspension for another six months. She went on to say that they had saved money, and if the Council would continue this suspension for them, they would have sufficient cash flow.

Councilman McGary asked if we had any serious bidders for Dogwood Manor? Ms. McCright responded that she did not know.

Councilman Gilbert stated that he had a concern as to the relationship between the City and the Chattanooga Housing Authority? Ms. McCright responded that she hoped the relationship was good. She went on to say that it is the Mayor's responsibility, approved by the Council, to appoint their seven Board members; that when they engage in redevelopment, the Mayor must sign off on it; that Beverly Johnson signs off on grant applications. Councilman Gilbert then asked "so we are connected together", and she responded "yes".

Ms. Madison stated that she would offer some information and would be happy to answer questions; that the Chattanooga Housing Authority took over the management of Dogwood

Manor at the City's request; that this was acquired by the City and was owned by CNE prior to that; that CHA manages it; that prior there was a loan made against the property with the U. S. Bank out of Knoxville; that there are restrictions with HUD dollars. She talked about the cash flow issues and a balloon payment; that the City took assumption of the loan and hoped that management would cover debt service, and they did for awhile; that we had to provide some additional dollars to the Chattanooga Housing Authority; that from her perspective, the City should get this management into the private sector or non-profit; that it would be in our best interest to have this managed outside the city.

Councilwoman Robinson stated that she was trying to sort this out in her mind; that we have two towers in our area—the Towers and CHA—the Towers being owned by the Jaycee Corp. She wanted to know what the status was now with Dogwood Manor—who had the totally clear title? Ms. Madison responded “the City of Chattanooga”.

Councilman Benson stated that he had a question for Ms. Madison; that before he could make a judgment, he needed to know more about the early beginning; that Mr. Johnson was with the Jaycees—why was the Jaycee Towers there and what was their first mission? Mr. Johnson explained that the first Tower was owned by the Jaycee Corp. and was built as a need to handle retired teachers in the 1960's; that there was a Section 102 Loan, which no longer exists; that this was a successful endeavor and Billy Cooper added housing so the Jaycees tackled Tower #2; however the market changed and efficiency apartments were not in vogue and needed to be converted, and the Jaycees let this go back to HUD; that they tried to dispose of it and the City of Chattanooga and CNE had ownership and CNE managed it—it was converted to one bedrooms in 2000-2001.

Councilman McGary asked Ms. Madison if there were any serious bidders on Dogwood? She responded that Dan Thornton would have to respond to this. He also wanted to know how she felt about the letter from Ms. McCright, which is made a part of this minute material? She responded that CHA was managing this on our behalf; that we were not giving them money but waiving interest and penalty; that she thought this was the right thing to do.

Mr. Thornton responded that there were three proposals that had been reviewed by Ms. McCright, Mr. Johnson, Daisy Madison, and himself. Councilman McGary asked if any of them looked promising and was told “yes”.

Councilwoman Scott asked for verification that the conditions of the rent charged would be the same, regardless of who owns it. Mr. Thornton explained that there was a rent increase in June of 2010, and it should have rolled around by now; that CNE owned this in 2001; that Dogwood was the last remaining piece of multi-family and all of the HUD restrictions come with it.

Councilman McGary wanted the percentage of the rate increase and was told it went from \$495 to \$552. It was explained that there are two rents—the smaller went from \$495 to \$543; and the larger from \$525 to \$568.

Councilwoman Berz stated that she needed some clarification from Ms. McCright; that she had heard over and over that the City and CHA are two separate entities; however she had said that the City appoints their Board? Ms. McCright again stated that the Mayor appoints, with the approval of the Council; that it is five year terms. Councilwoman Berz asked if they were independent of the City? Ms. McCright responded that they were federally funded; that there was some question if they were an arm of the City; that this was created by Statute. Councilwoman Berz noted that the policy makers are appointed by the City and wanted to know what the Statute said. Attorney McMahan stated that he would have to look this up.

Chairman Scott asked that the City Attorney put this on as an agenda item in two weeks so that the Council can act on this request to renew.

This meeting was adjourned at 3:40 P.M.