



**Office of the Houston City Controller
Harvey Recovery Oversight Committee (HROC) Meeting
August 1, 2018**

Meeting held at: Controller's Office 8th Floor Conference Room

Committee Members Present:	Members Not in Attendance:
City Controller Chris Brown; Chair	Representative from Department of Homeland Security, Office of Inspector General
Shannan Nobles, Chief Deputy Controller	Courtney Smith, City Auditor
Alexander Obregon, Deputy Controller	
Christine Lally	
Michael Porier	
Gary Horn	
John Sorrells	
Marvin Odum, Chief Recovery Officer	

I. Meeting Called to Order at 1:31 PM **by Controller Brown**

II. Introductions

- **Controller Brown** welcomed committee members and thanked them for their continued commitment to the committee and the City of Houston.

III. Committee Review

- **Controller Brown** introduced **Marvin Odum**, Chief Recovery Officer for the City of Houston, to present updates on federal funding and insurance reimbursement updates.
- **Marvin Odum** advised no Federal funds have been provided to the City as of current.
- **Marvin Odum** provided updates on the progress of Federal funding awards:
 - **Marvin Odum** indicated FEMA's Public Assistance funding is not a capped amount, and over 400 infrastructure projects may get as much as \$3 million.
 - **Marvin Odum** indicated the City successfully negotiated with the U.S. Department of Housing and Urban Development to secure \$1.1 billion. **Marvin Odum** advised the State of Texas will receive 15 percent of every \$1 spent in FEMA Hazard Mitigation Grant Program (HMGP) funds for infrastructure mitigation. Marvin Odum advised Texas cities will submit applications for these funds competitively.
 - **Marvin Odum** advised \$4 billion in HUD CDBG mitigation grant funding will be provided to the State of Texas, of which the City of Houston and Harris County will receive \$1 billion each and reiterated the need for a strategic approach to infrastructure improvements with regional entities.

- On the discussion of a fourth possible tranche of funding from the Federal government, **Marvin Odum** indicated that while Superstorm Sandy and Hurricane Katrina saw supplemental appropriations, Congress will likely not provide a fourth appropriation.
- **Marvin Odum** provided updates on the \$1.1 billion provided for housing purposes. Per HUD requirements, the City must submit an *action plan* to the Texas GLO for approval of the use of funds. Once the GLO approves the *plan*, HUD must give approval as well. Once HUD approval is received, the City may expend the funds.
 - **Marvin Odum** cautioned the funds likely won't be available to the City until mid-November 2018.
- **Deputy Controller Alex Obregon** inquired whether or not the \$1.1 billion in housing funds was for reimbursement or "seed" purposes. **Marvin Odum** indicated the funds are advances in tranches – and that while FEMA's awards stipulate match requirements, HUD funds are all grants.
- **Committee member #1** inquired about the delay homeowners may face in receiving these funds. **Marvin Odum** advised that through community engagement, homeowners have been encouraged to maintain records should they elect to fund the costs of improvements themselves at the onset.
- **Marvin Odum** said that of the 416 projects that have been inspected for FEMA-funded rebuilds, while the projects' damage assessments were completed and submitted, only three projects have been approved FEMA.
- **Marvin Odum** outlined the current funding received to-date:
 - \$55 million has been received from the State (\$36 million has been spent).
 - \$163 million has been received from FEMA (\$94.9 million has been spent).
 - \$100 million has been received from the City's insurance carrier (pending approval of allocation methodologies by FEMA). Allocation methodologies were submitted in May 2018.

IV. Discussion

- **Deputy Controller Alex Obregon** asked if the \$55 million received from the State includes Governor Abbott's \$50 million award. **Marvin Odum** advised the \$50 million award was a part of the \$55 million package the State provided.
- **Marvin Odum** indicated housing funds should become available in mid-November, and mitigation funds are expected to become available in early 2019.
- **Marvin Odum** provided an infographic outlining the reporting requirements at various levels of the recovery process, and advised the Federal government can rescind grant awards if reporting requirements are not in compliance.
 - **Controller Brown** reiterated this is the Controller's Office's – and the HROC's – biggest responsibility. **Marvin Odum** concurred this should be the City's most important fiscal responsibility and advised each Federally awarded dollar will be audited by a Federal agency.
- **Controller Brown** expressed the need to have independent auditing functions and internal controls autonomous of city departments.
- **Committee member #2** inquired about the 10 percent FEMA match requirement. **Marvin Odum** outlined the circumstances relating to the City's 10 percent match obligation.

- **Controller Brown** advised this will be a long recovery process and asked if long-term plans have been outlined. **Marvin Odum** advised that discussions are ongoing internally.
- **Controller Brown** asked if there were any concerns HROC should be made of aware of as they relate to illegitimate contractors and/or contractors abusing the recovery process. **Marvin Odum** indicated that generally selecting multiple contractors mitigates the likelihood of fraud or abuse.
- **Controller Brown** reiterated the importance of allowing the Controller's Office's Audit Division to take the lead on audit functions in the recovery process due to the Controller's Office's autonomy.
- **Controller Brown** mentioned the Controller's Office participating in a call with the New York City Comptroller to discuss best practices in the recovery process, and expressed the importance of tracking funds for Purchase Orders appropriately, specifically Emergency Purchase Orders.
- **Deputy Controller Alex Obregon** asked if Marvin Odum thought the Housing & Community Development Department (HCDD) has sufficient staffing capacity to administer the \$1.1 billion award. **Marvin Odum** indicated he's not as concerned with HCDD as he is with other city departments.

V. Future Meeting Dates

- The next meeting date is tentatively set for November 2018.

VI. Adjournment

- **Meeting adjourned at 2:40 PM.**