



Delray Beach Housing Authority

AUGUST 21, 2014 BOARD MEETING MINUTES

I. CALL TO ORDER

Meeting called to order at 8:45 a.m.

II. ROLL CALL

Joseph Hepp – Present
Christel Silver – Present
Choli Aronson – Present
Sylvia Morris – Present
Marcia Beam – Present
Gaston Joseph – Present
Guarn Sims - Present

III. APPROVAL OF AGENDA

The CEO requested that an amendment to the Agenda be made Moving Old Business Item D to Old Business Item A of the Agenda.

A motion to approve the Agenda as amended was made by Commissioner Morris.

Motion seconded by Commissioner Silver. All in favor. Motion passed.

IV. RECOGNITION OF VISITORS

- Clifton Phillips, Roundstone Development
- Larry Zabik, Zabik & Associates
- Elizabeth Colome', Colome' & Associates, Inc.
- Lance Schmidt, CliftonLarsonAllen
- Earline Patterson, Joyful Cleaning

V. PUBLIC COMMENTARY

Ms. Earline Patterson, CEO of Joyful Cleaning informed the Board that her cleaning business developed in 2004 with the DBHA's assistance. Ms. Patterson noted that she was a former Carver resident and a participant of the DBHA's Family Self Sufficiency Program. Ms. Patterson noted that her reason for attending this meeting was to notify the DBHA's Board of Commissioners of her dissatisfaction with Klewin Construction, who awarded her a cleaning contract in May 2014 for the project known as Delray Village Square. Ms. Patterson noted she completed her cleaning services in July 2014

but had not been paid for the services provided. Ms. Patterson also reported that she had submitted her invoices and as of today's date had not received payment.

At this time the DBHA's Attorney noted that it would be in the DBHA's best interest not to get involved but may reach out to the Developer to inform him of the situation.

Mr. Clifton Philips (Developer) noted that he would look into the matter but that it was not uncommon for a construction company to pay invoices within a 90 day period depending on the project.

VI. CONSENT

A motion to approve Consent Agenda was made by Commissioner Silver. Motion seconded by Commissioner Beam. All in favor. Motion passed.

VII. CORRESPONDENCE

None

VIII. OLD BUSINESS

A. Zabik & Associates Update

Mr. Zabik reported that the project team had worked out a phased opening plan with the City of Delray Beach's Building Department. Mr. Zabik reported that they were anticipating the clubhouse to open by the first week in September and buildings 1 thru 3 would follow shortly after.

B. Chief Financial Officer's Report

Transfer of NRA Balance to HUD-Held Program Reserves

The CFO reminded the Board that as reported previously, HUD had notified DBHA that in July they would begin to transition the 12/31/13 Net Restricted Asset balance to a HUD held reserve. HUD stated that Housing Authorities were expected to have the funds fully available for transition, however, if funds were not available the Housing Authority would be required to submit a plan as to what will be available for transfer on 7/1/14 and when the remaining amount would be available for transfer. The CFO reported that since the DBHA's NRA balance at 12/13/13 was \$886,504 and the cash balance at 7/1/14 was estimated to be \$715,000 staff submitted a request that HUD recapture \$500,000 on 7/1/14 and the remaining be recaptured by 3/31/15. This request was approved by HUD and the 7/1/14 HAP was reduced by \$500,000, DBHA received \$350,628 for July.

The CFO noted that it has always been the DBHA's intention to increase the cash reserves to the point they support the NRA balance and have enough left over for administrative expenses. Although, we have made progress in this regard it has been difficult in that HUD last year reduced the amount of administrative fees to 69%. In July we received notification from HUD that the administrative fee will

be increased to 79% retroactive to January and on August 11 we received \$23,307 in retroactive administrative fee payment.

C. Chief Operations Officer's Report

Reporting Section 8 Voucher Management System (VMS)

The COO reported that an estimated report for the month of June was submitted to VMS on July 21, 2014 and approved by the Financial Management Center. The actual expenditure report and corrections will be re-submitted to VMS upon completion of the end of the month financial reconciliation report provided by the accounting department.

Section 8 Fraud Recovery

The COO informed the Board that in closing the fiscal year 2014 staff reported to FDS- Financial Data System a receivable of \$ 26,314.00 in the Section 8 Program for outstanding fraud recovery repayments. This had been the highest receivable reported for outstanding fraud recovery. As an incentive to recuperate these frauds, HUD allows PHAs to keep 50% of the total collected as administrative funds and the other 50% reported into Net Restricted Asset balance. The COO noted that as an attempt to recoup these funds, notices were sent to participants and revisions made to the repayment agreements in order to collect as much of the outstanding payments as possible. At this time the COO commended Bridgette Huff (Sec 8 Coordinator) because as of July 31, 2014 a total of \$1,224.18 had been collected

DBHA Contract with GoSection 8.com for SEMAP compliance

The COO reported that for the Agency to be in compliance with SEMAP, HUD requires PHAs to conduct a rent reasonable market study of all initial lease up units and units that are increasing in rents. Previously the DBHA purchased a program from Management Resource Inc. that provided the Agency with a listing of market rents and unit profiles that included HUD required components for these comparable unit. Unfortunately, this data has become outdated and is very limited.

The COO informed the Board that as a result she reached out to the most trusted and only vendor in the industry, Go Section 8.com. Go Sec 8.com provides a wealth of data through a software that streamlines the rent reasonable process by automatically integrating comparable data and generating HUD compliance rent reasonable reports. The cost to access the license was proposed at \$ 3000.00 per year however the COO noted that she was able to negotiate a rate of \$ 2000.00 per year.

Roundstone Development Update

Mr. Phillips noted that as reported in the past previous months Delray Village Square Family was approximately 6 months behind schedule and the delay has had a financial impact on the project. Mr. Phillips noted that there are direct costs from the simple delay in delivery of units that are related to construction items such as

inspections, insurance, security and bond costs. Mr. Phillips reported that they have had to extend the builder's risk coverage costing approximately \$50,000 due to the risk exposure of the carrier since the project is basically completed. It was also reported that they have had to employ security in off hours to protect the property due to the value of goods in place. Mr. Phillips informed the Board that the bond required by the city for the improvements had to be renewed at about \$45,000 of which they could only get 50% back.

Mr. Phillips reported that most importantly they have costs associated with delivery of the tax credits and explained that if they assumed that they would be getting three buildings this month and three next month, he felt that the credit adjuster for the tax credits would be approximately \$600,000. This cannot be predicted until lease-up of the units happens and could be more or less.

Mr. Phillips further explained that the credit adjuster is a timing adjuster due to the late delivery of tax credits. Basically, the investors determines an amount of return on their money based upon when they put their money into the deal and when they start receiving losses from the property and their portion of the tax credits. Mr. Phillips noted that in order to protect their estimated rate of return, they put in credit adjusters for any tax credits that are not delivered when they expected them to be. So, if they expected \$100,000 of tax credits in 2013 but only received \$50,000, there would be a tax credit timing adjuster of \$50,000. Mr. Phillips reported that there was a formula in which one can calculate the present value of the credits they get in the 15th year.

Mr. Phillips noted that this delay does affect the deal because they have used all of their contingency in soft costs to cover the costs and have utilized any savings in any category. Mr. Phillips noted that any monies to be earned during lease-up will now go to offset any amounts spent. Hunt capital has determined that they will take the adjuster at completion in full (which they can). This will mean developer fee at completion will be much lower than expected.

D. President/CEO's Report

Phase II Village Square Elderly

The CEO reported that the DBHA had closed on the financing of the Elderly Phase on July 17, 2014. Construction has begun. The CEO noted that she was hopeful that the project would remain on schedule for completion within one year of the date of closing.

West Settler's Office Building

The CEO informed the Board that they were looking at a schedule that would hopefully allow them to move into this building by December 2015. The CEO

reported that they had submitted for Site Plan Approval on August 11th and there remained a HUD requirement that staff submit for approval a Development Proposal to the Miami Field Office. Staff was finalizing that submittal.

Phase III Homeownership Update

The CEO reported that she had submitted a funding request for infrastructure costs to the City of Delray Beach on July 9, 2014. It is estimated that these costs will be approximately \$300,000. To date the CEO had not received a response.

E. New Business

A. CliftonLarsonAllen- Audit Presentation for FY Ending March 31, 2014

Mr. Lance Schmidt, presented the results of the Annual Audit for Fiscal year ending March 31, 2014. He reported that it was their Unqualified Opinion (in good order) that the Financial Statements were presented as required by the Generally Accepted Accounting Principles. Mr. Schmidt reported that both compliance and internal controls were in conformity with Government Auditing Standards.

Staff was commended both from the Auditor and the CEO for their hard efforts.

B. Resolution 2014-09

The CEO informed the Board that this Resolution was approving the Forth Amendment of the Contract between DBHA & Colome' & Associates to include Green Globe Certification at an additional cost of \$10,945. Board approval was recommended.

A motion to approve Resolution 2014-09 was made by Vice Chairman Aronson. Motion seconded by Commissioner Sims. All in favor. Motion passed.

IX. COMMENTS

ADJOURNMENT

Meeting Adjourned at 9:54 a.m.