



Delray Beach Housing Authority

REGULAR BOARD MEETING

OCTOBER 20, 2011

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 – Absent

Sylvia Morris – Absent

Shelly Petrolia – Absent

Guarn Sims – Present

Marcia Beam – Present

III. APPROVAL OF AGENDA

A motion to approve the Agenda was made by Vice Chairman Silver. Motion seconded by Commissioner Sims. All in favor. Motion passed.

IV. ANNUAL ELECTION

a. Election of Chairman

A motion nominating Mr. Hepp for the position of Chairman was made by Vice Chairman Silver. Motion seconded by Commissioner Sims. With there being no other nominations, Mr. Hepp was elected Chairman by acclamation.

b. Election of Vice Chairman

A motion nominating Ms. Silver for the position of Vice Chairman was made by Commissioner Sims. Motion seconded by Chairman Hepp. With there being no other nominations, Ms. Silver was elected Vice Chairman by acclamation.

V. APPROVAL OF THE MINUTES OF SEPTEMBER 15, 2011

A motion to approve the minutes of September 15, 2011 was made by Vice Chairman Silver. Motion seconded by Commissioner Sims. All in favor. Motion passed.

VI. RECOGNITION OF VISITORS

Michael Hartman – Roundstone Development

VII. PUBLIC COMMENTARY

None

VIII. CONSENT

A motion to approve consent agenda was made by Vice Chairman Silver. Motion seconded by Commissioner Sims. All in favor. Motion passed.

IX. CORRESPONDENCE

Journal of Housing & Community & Community Development

X. OLD BUSINESS

a. Chief Operations Officer's Report

Delray Beach Housing Authority-Annual Plan

The Chief Operations Officer noted that the Authority's Annual Plan is due to HUD on January 15, 2012. The plan was currently being updated to reflect the agencies goals, objectives and projected plans for the upcoming fiscal year 2012/2013. A draft copy will be available for public review at the December 2011 Board meeting.

SEMAP – Mid Year Status Report

The COO reported that an updated report was available as of September 30, 2011 from the PIC System that confirms the current status of the SEMAP Indicators tested by HUD that outlines the Agency's performance in the Management of the Section 8 Housing Choice Voucher Program. According to this report the Authority continues to maintain a High Performance status.

Reporting Sec 8 Voucher System (VMS)

The Chief Operations Officer noted that as reported monthly, she submits to VMS an estimated HAP expenditure totals based on reports generated by the program's software when generating outgoing payments. The Chief Operations Officer reported that she is not able to report the actual total HAP expenses until the Accounting Department has completely reconciled the monthly expenditures. It was reported that an estimated report for the month of August was submitted on September 19, 2011 and was approved by the Financial Management Center. The actual expenditures report will be resubmitted to VMS at a later date.

b. Development Officer's Report

West Settlers Service Center-Financing Update

The Development Officer noted that previously the Board was informed that the DBHA had enlisted the services of Jenkins Appraisal and Realty to provide the Agency with a Prospective Real Estate Appraisal for the proposed West Settlers Service Center development. This Real Estate Appraisal was required as part of the Construction Loan Application. A question was raised by the Board as to whether the DBHA could afford to move forward with this development. It was later reported that given the current economy and reduction in Administrative Fees from HUD, the feasibility of this development was a concern. After further discussion, the Board's decision was to move forward with the Loan Application to obtain realistic numbers in order to determine project feasibility. The Development Officer reported that he had been in contact with John Jenkins from Jenkins Appraisal and Realty and was told that for this appraisal, it was necessary to have the most current cost estimate from the contractor to consider. A copy of the Bid Proposal (\$1.96 M) from Brooks & Freund was forwarded to Mr. Jenkins for review. Mr. Jenkins contacted Eric Brooks of Brooks & Freund who reviewed the

\$1.96M bid and said that; overall, the bid was still good for current value. The CEO added that for the moment the Loan application was on hold due to the DBHA's financials and she will keep the Board updated.

226 SW 12th Avenue Duplex

The Development Officer reported that currently approval had been received from Mechanical, Electrical, Plumbing, Landscape and the DBHA was currently waiting on the irrigation review, it was reported that plans had been submitted.

2011 Bank of America Grant

The Development Officer reported that notification had been received and they were not awarded the contract. No further information was available. Chairman Hepp requested that staff try to obtain the reason for the non-selection to assist the next time around with the submission of this application.

c. Roundstone Development Update

Mr. Hartman reported that currently they were waiting for a ruling for the 9% Tax Credits. A hearing was held on September 8, 2011 and the judge has 30 days to publish a ruling. The earliest that the application cycle would close is early November and Mr. Hartman noted that the development team was ready to move as soon as the rules are finalized.

Mr. Hartman reminded the Board that a Conditional Use Application was approved by Planning & Zoning in July, 2011 and subsequently approved by City Commission in August, 2011. Mr. Hartman reported that according to the development schedule, a class V Site Plan and Final Plat submission was scheduled for October 14, 2011. Mr. Hartman reported that a Draft Commitment Letter regarding Gap Financing for \$2.7 million had been received from the CRA and was currently being finalized regarding the comments.

d. President/CEO's Report

The CEO welcomed Marcia Beam, Pastor of St. Matthews' Episcopal Church as the DBHA's newly appointed Commissioner, who will be filling the seat vacated by former Commissioner Weil.

The CEO informed the Board that in view of trying to improve the ease of utilization of the packets, the Board Packets had been hyperlinked to the Agenda Items to allow the Board the ability to move back and forth from the Agenda and vice versa.

Audit Findings

The CEO reported that the auditors had completed their field work and anticipated being totally completed by mid-November. The CEO reminded the Board that prior to their arrival there was some concern regarding this year's Audit in that they would have Audit Findings (a first for this administration) related to budget shortfall. The CEO reported that two Findings had been reported

1. Deficit Balance in Unrestricted Net Assets within the Section 8 Program Criteria:

The Authority is required to operate the Section 8 program using fees earned through administering the program on behalf of the Department of Housing and Urban Development (HUD). Meaning that due to HUD's significant budget cuts the Authority utilized restricted assets for operating the Section 8 Program. The CEO noted that though the Authority took severe measures to reduce expenses she did not realize the full scope of the impact budget cuts had on the Authority due to untimely financial Reporting. The Board was reminded that for the past several months they had not received a monthly report regarding the financials because the Chief Financial Officer had fallen behind with the reporting due to other demands.

The CEO informed the Board that Naomi Durham, Chief Financial Officer had given her resignation and will be leaving around the middle of November. Dennis Tanner who was currently holding the Accountant's position will replace Naomi and a new person will be hired to take over Dennis's position. The CEO was confident that Mr. Tanner could do the job also allowing the Authority to make some changes to facilitate the steps in reporting by this department. The CEO informed the Board that Jakeleen Fernandez was currently assisting the department with Payroll and Accounts Payable and commended her on in her efforts in doing so.

2. Material Audit Adjustment

The CEO reported that the Authority was responsible for preparing various analyses and reconciling all significant account balances. A Material Audit Adjustment was noted during the audit that affected revenue and fixed assets. Without recording this audit adjustment, the Authority's financial statements would have been materially misstated. The CEO informed the Board that though she truly did not agree with this finding in its entirety because the error was basically a typo. The asset was reflected on the spreadsheet but it was an error in the way it was accounted for. The CEO reported that the recommendations from the Auditor made these findings somewhat easy to address and are being handled accordingly.

XI. NEW BUSINESS

A. Resolution 2011-13 Approving to Amend the Existing Retirement Plan Agreement between the DBHA and ICMA-RC

The Office Manager reported that ICMA-RC was awarded the administration of the Authority's Retirement plan in January of 2002. At the time the Authority established a 401 Money Purchase Retirement Plan benefits for employees to supplement their retirement income. Previously the Authority provided a contribution of 9% to all participants, effective April 1, 2011 the Authority was forced to amend the agreement by reducing the contribution percent from 9% to 0% due to the severity of this year's budget. However, all participants have continued to contribute the required 3% as reflected in the Adoption Agreement.

It was noted that throughout the years the Authority has maintained a very conservative outlook for allowing participants to borrow against their retirement, however due to the global economic recession the Authority is recommending that a change to allow participants to borrow against their retirement be made to the current agreement. Staff recommended approval.

A motion to approve Resolution 2011-13 was made by Vice Chairman Silver. Motion seconded by Commissioner Sims. All in favor. Motion passed.

Commissioner Sims requested that the Authority provide a counseling session to its employees and create a form for the employee to sign off on reflecting that they have received this counseling session.

A motion to approve the document as amended with an employee counseling provision was made by Commissioner Sims. Motion seconded by Vice Chairman. All in favor. Motion passed.

B. RESOLUTION 2011-14 Approving a Repayment Agreement between DHG & DBHA

The CEO informed the Board that the DHG has cumulatively amassed a debt to the Section 8 Program of \$155,084 as of March 31, 2011. This was due to the fact that the Section 8 serves as the Authority's General Fund. Shared expenses such as rent, utility, office supplies and allocated salaries are paid for by the Section 8 program and then reimbursed by the various programs. The DHG is the Authority's property management and development arm and has not attained self sufficiency it operates at a deficit and is not positioned to repay its share of expenses. The Auditor recommended a Repayment Agreement to address this "unpaid loan". Approval was recommended.

A motion to approve Resolution 2011-14 was made by Vice Chairman Silver. Motion seconded by Commissioner Sims. All in favor. Motion passed.

XII. COMMENTS

None

XIII. ADJOURNMENT

Meeting Adjourned at 9:57a.m.