



## Delray Beach Housing Authority

### REGULAR BOARD MEETING

JANUARY 19, 2012

### MINUTES

#### **I. CALL TO ORDER**

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

#### **II. ROLL CALL**

Joseph Hepp – Present

Christel Silver – Absent

Choli Aronson – Present

Sylvia Morris – Absent

Shelly Petrolia – Present

Guarn Sims – Absent

Marcia Beam – Present

#### **III. APPROVAL OF AGENDA**

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

At this time the CEO noted that an amendment to the agenda was being made moving item B. the Chief Financial Officer's report to Old Business item G. Also, adding item D. to New Business, Approval of the second amendment to interlocal agreement for Real Property located at 82 NW 5<sup>th</sup> Avenue, Delray Beach FL.

A motion to approve the amended agenda was made by Commissioner Aronson. Motion seconded by Commissioner Beam. All in favor. Motion passed.

#### **IV. APPROVAL OF THE MINUTES OF DECEMBER 15, 2011**

A motion to approve the minutes of December 15, 2011 was made by Commissioner Aronson. Motion seconded by Commissioner Beam. All in favor. Motion passed.

#### **V. RECOGNITION OF VISITORS**

Kevin Kenny- CliftonLarsonAllen

#### **VI. PUBLIC COMMENTARY**

None

#### **VII. CONSENT**

A motion to approve consent agenda was made by Commissioner Aronson. Motion seconded by Commissioner Beam. All in favor. Motion passed.

#### **VIII. CORRESPONDENCE**

A. NAHRO Newsletter

- B. Journal of Housing & Community Development
- C. Request to Amend the Interlocal Agreement for Real Property Located at 82 NW 5<sup>th</sup> Avenue.

The CEO informed the Board that this letter was what prompted New Business Item D, and would be discussed at that time.

## **IX. OLD BUSINESS**

### **a. CliftonLarsonAllen - Kevin Kenny, Audit Presentation**

Mr. Kenny presented the results of the Annual Audit for Fiscal year ending March 31, 2011. Mr. Kenny reported that it was their Unqualified Opinion (in good order) that the Financial Statements were presented as required by the Generally Accepted Accounting Principles.

#### Audit Findings

Mr. Kenny reported that two comments had been reported to management. Following is a summary.

#### 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. Mr. Kenny informed the board that due to HUD's significant budget cuts HUD had created a Shortfall Specialist Committee to deal with high volume of questions and was the result of these actions. Mr. Kenny noted that current Financial Reports indicated that this issue was being taken care of.

#### 2. Material Audit Adjustment

Mr. Kenny reported that the Authority was responsible for preparing various analyses and reconciling all significant account balances. A Material Audit Adjustment had been 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.

In addition Mr. Kenny informed the Board that LarsonAllen had merged with Clifton Gunderson and were now CliftonLarsonAllen. Mr. Kenny reassured the Authority that the merger would only enhance the services being provided.

### **Chief Operations Officer's Report**

#### Reporting Sec 8 Voucher System (VMS)

The Chief Operations Officer reported that as requested by HUD all data entries into the VMS system of all updated Section 8 Funding expenditures, utilization and income activities for the ending of the year 2011 had been completed. The task was necessary in order for HUD to forecast and calculate proper funding levels for the year 2012. It was

reported that the CFO and the COO worked closely to get as accurate data as possible hence the financial reports for the year had not been reconciled.

#### Resolution 2012-01 Approval of 2012/2013 Annual Plan

The Chief Operations Officer noted that on December 15, 2011 the Authority had initiated soliciting comments on its Annual Plan for 2012-2013 and no comments had been received. The final draft was presented for Board approval. The plan had been updated to reflect the agencies goals, objectives and projected plans for the upcoming fiscal year 2012/2013.

The goals set were as follows;

- The DBHA will implement its Public Housing Program with the 7 units acquired with the first two of five allocations Replacement Housing Funds (RHF) and the Authority's commitment to replace the public housing units.
- The DBHA will initiate the first phase of the Development of Village Square-formerly Carver Estates site with Low Income Housing Tax Credit and Project Base Section 8 Housing Choice Vouchers for all (84) Elderly units.
- The DBHA will set aside 84 Section 8 Housing Choice Vouchers for Project Basing of the first phase Elderly Housing of the Village Square Development.
- The DBHA will continue to work closely with the Developer in acquiring financing for the development of Village Square and the Community Service Building and whereas, the third and fourth allocation of the FHF funds will be used as part of the construction financing.
- The DBHA will continue to make all efforts to acquire additional Management opportunities for its Non-Profit Instrumentality.
- The DBHA will continue to seek and apply for competitive funding opportunities not limited to HOPE VI.
- The DBHA will continue to commit to its High Performance Status in Management of its Section 8 and Public Housing Program. The Chief Operations Officer noted that the Annual Plan will be presented for approval at the January meeting. A draft copy is available for public review.

Approval was recommended. A motion to approve Resolution 2012-01 was made by Commissioner Petrolia. Motion seconded by Commissioner Aronson. All in favor. Motion passed.

#### **b. Development Officer's Report**

##### West Settlers Service Center-Financing Update

The Development Officer reminded the Board that the first amendment to the interlocal agreement was approved on January 27, 2011 by the CRA Board. The amendment extended the deadline for the DBHA to obtain Construction financing until February 9, 2012. The Development Officer noted that the DBHA had received the second Interlocal Agreement for the Real Property and noted that the CEO would go into the details under New Business.

### 226 SW 12<sup>th</sup> Avenue Duplex

The Development Officer reported that the rehabilitation work on the duplex is proceeding as planned.

### **Roundstone Development Report**

- Mr. Hartman reminded the Board that the tax credit application for the family phase was filed on 12/6/11. Five applications including Village Square were filed in Palm Beach County. A preliminary review gave the developer a good feeling about the DBHA's application. Mr. Hartman reported that the preliminary scores should be posted Friday January 20, 2012 and anticipated that "Final Scores" should be posted on March 28, 2012.
- Permitting  
Mr. Hartman reported that they submitted for SPRAB approval for all three phases on 12/20/11. At this time the Board discussed a concern regarding P&Z comment #4 in regards to a guardhouse at the entryway off of Auburn Avenue. Mr. Hartman expressed concern by stating that clarification had been requested as to location, staffing, and why a guardhouse was needed when they already had gates to control access to the property. No answers had been obtained at the time of this meeting. Commissioner Aronson requested that all documentation regarding this matter be provided to her because she felt that perhaps by the DBHA simply rephrasing their response it may satisfy their request.

### **c. President/CEO's Report**

The CEO informed the Board that the Balance Sheet and Income Statements for July 2011 were included in Item G. of Old Business. The Board was reminded that the Accounting Department was playing catch-up because they had been so far behind in the reporting. Dennis Tanner the new CFO had committed to having the July reports for this particular time. Chairman Hepp Commended Mr. Tanner for his efforts and for a job well done.

## **X. NEW BUSINESS**

### **A. Resolution 2012-02 Approval of Sustainable Communities Grant Consortium Agreement**

The CEO reminded the Board that in June 2010 the Authority had entered into a Memorandum of Understanding with the South Florida Regional Council in support of a planning grant application to the U.S. Department of Housing and Urban Development (HUD). The application was successful and the partnership received 4.25 million to develop a vision for the region which included Indian River, St. Lucie, Martin Palm Beach, Broward, Miami-Dade and Monroe counties. The CEO explained that the one benefit of the partnership is future federal grants will be tied to whether or not applicants are participants in this Consortium. Approval was recommended.

A motion to approve Resolution 2012-02 was made by Commissioner Petrolia. Motion seconded by Commissioner Beam. All in favor. Motion passed.

B. Resolution 2012-03 Approval of the 2<sup>nd</sup> Temporary Use Agreement between DBHA & Foster Marine

The Development Officer reminded the Board that the DBHA executed a Temporary Use Agreement with Foster Marine on July 25, 2011 to allow them to utilize the DBHA's vacant 3 acre site for the storage of clean fill associated with the Roadway Improvement Project. The term of the Temporary Use Agreement expired on December 31, 2011 to coincide with Phase 1 of these improvements. Foster Marine has indicated that they will continue to need the use of the site until mid-May 2012 and therefore was requesting a Second Temporary Use Agreement. Approval was recommended.

A motion to approve Resolution 2011-16 was made by Commissioner Aronson. Motion seconded by Commissioner Petrolia. All in favor. Motion passed.

C. 2012/2013 Preliminary Budget Review

The CEO reported that the benefit of the DBHA's Management Agreement with the Community Redevelopment Agency could not be understated as they review the projections of revenue for the new year beginning April 1, 2012. While the Authority continues to be fiscally challenged due mainly to federal budget cuts that continue almost monthly, the income derived from Carolyn Quince, LaFrance Apartments and the scattered Neighborhood Stabilization Program units is a tremendous stabilizing force for the DBHA operations.

The CEO reported that the DBHA's primary source of revenue is through the management of the Section 8 Program known as Administrative Fee; this source is projected to be estimated at 84% of what the Authority is expected to receive this current Fiscal Year ending March 31, 2012. The reduction could be more or less depending on Congressional budget approvals which have been unpredictable over the past 3 years.

D. Approval of the second amendment to interlocal agreement for Real Property located at 82 NW 5<sup>th</sup> Avenue, Delray Beach FL

The CEO reminded the Board that the Authority has placed a hold on the loan application due to the uncertainty of the federal budget. The Authority has experienced extreme budget cuts in the middle of the Fiscal Year that began April 1, 2011 thru March 31, 2012. Therefore the Authority is not able to show adequate income to repay a loan without preleasing the building. Given the history of this Agreement (three extensions so far) the Authority requested that the repurchase requirement be removed so that the DBHA may protect its investment which is additional to the purchase price. The CEO explained that both the CRA and the DBHA desired to amend the original Agreement in order to cancel the CRA's right to repurchase, and provide for the CRA to retain a right of first refusal in the event the DBHA desired to sell the Real Property. Approval was recommended.

A motion to approve the second amendment to interlocal agreement for Real Property located at NW 5<sup>th</sup> Avenue, Delray Beach Fl was made by Commissioner Petrolia. Motion seconded by Commissioner Beam. All in favor. Motion passed.

**XI. COMMENTS**

A. President/CEO

none

B. Attorney

none

C. Commissioners

none

**XII. ADJOURNMENT**

Meeting Adjourned at 9:45 a.m.

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