



Delray Beach Housing Authority

JUNE 19, 2014
BOARD MEETING
MINUTES

I. CALL TO ORDER

Meeting called to order at 9:00 a.m.

II. ROLL CALL

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

III. APPROVAL OF AGENDA

At this time the CEO moved Consent Agenda Item B. to Old Business Item C.
A motion to approve the Agenda as amended was made by Commissioner Aronson.
Motion seconded by Commissioner Sims. All in favor. Motion passed.

IV. APPROVAL OF THE MINUTES OF MAY 16, 2014

A motion to approve the minutes of May 16, 2014 was made by Commissioner Aronson. Motion seconded by Commissioner Sims. All in favor. Motion passed.

V. RECOGNITION OF VISITORS

- Clifton Phillips, Roundstone Development
- Larry Zabik, Zabik & Associates

VI. PUBLIC COMMENTARY

None

VII. CONSENT

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

VIII. CORRESPONDENCE

None

IX. OLD BUSINESS

A. Chief Financial Officer's Report

Net Use Proceeds

The CFO reminded the Board that last fiscal year public housing received \$2,178,000 from the proceeds for the ground lease for Delray Village Square. The Approval from HUD SACS office for the use of the net proceeds was received on December 20, 2013. The CFO reported that changes in this asset during the year were as follows:

- Interest earned \$2,308
- \$160,000 transferred to PH for further payment to Section 8 Due To accounts.
- \$155,082 transferred to PH for payment of A&E fees, Western Settlers Office Bldg
- \$41,384 for purchase of office equipment
- \$46,000 for purpose of offsetting Section 8 operating expenses

The CFO noted that all disbursements were made in accordance with the approval letter. The remaining balance is \$1,777,842.

Public Housing

The CFO reported that Public Housing had an operating loss of \$2,117 and depreciation expense of \$16,768 but due to the transfers from the net proceeds restricted asset the unrestricted asset at year end was \$279,684.

Section 8

The CFO noted that restricted assets decreased \$82,656 to \$913,902 and the unrestricted assets decreased \$116,746 for a year-end balance of \$13,486. The CFO noted that both decreases were due to decreased funding by HUD. Administrative fees were over \$100,000 less than they were last fiscal year, being funded at 69% for most of the year. The CFO reported that it has been anticipated that administrative fee funding will be increased to at least 75% for the new fiscal year.

Delray Housing Group

The CFO informed the Board that the Delray Housing Group had a net operating loss of \$38,004 and depreciation expense of \$28,784. Of the \$38,000 loss, approximately \$34,500 was directly attributable to Delray Village Square.

HUD Financial Management Review

The CFO noted that as reported last month two individuals from the HUD Quality Assurance Division were here on May 13, 2014 through May 15, 2014 to conduct a financial management review of the Housing Choice Voucher program.

At the end of their review they conducted an exit conference which included the HUD Miami field office by teleconference.

The result of their examination presented at their exit meeting was:

- The Net Restricted Position was understated by \$108K
- The Unrestricted Net Position of was overstated by \$24K

The CFO noted that there had been no explanation as to how they arrived at the discrepancies. They stated that a written report would be provided within 45 days from the end of the review. On June 11, 2014 the Authority received the letter issued by HUD providing HUD's calculation of the NRA balance as of December 31, 2013 and as a result the Authority responded in writing to the review of Net Restricted Assets specifying that the Authority did not concur with its 12/31/13 NRA balance as reported in VMS. The CFO noted that the DBHA originally reported a NRA balance of \$922,168, the CFO noted that this calculation incorrectly included Portability transactions when it should have not. Therefore the amount identified by HUD in the amount of \$886,504 was correct.

The CFO noted that HUD's proposal was to recapture the entire NRA balance as reported on 12/31/13, however this recapture would impose a severe hardship on the Authority and therefore the DBHA requested that \$500,000 be recaptured on 7/1/14 and the remainder on 3/31/15.

At this time the CEO reminded the Board that prior to Sequestor the DBHA had taken many precautionary measures in the past several years with regards to the Agency's expenses and noted that the Authority continued to be mindful of all expenses. However this recapture may put the Agency in a situation where HAP to landlords will not be able to go out on the 1st of every month, creating a real problem. The CEO noted that DBHA staff will need to monitor the HAP expenses very closely since HUD will need to be notified ahead of time in the event a request for additional funds are needed.

The COO noted that she had made contact with the responsible HUD personnel and had been reassured that if funds were needed to meet the monthly HAP it would not be a problem so long as a request for funds was made at least two weeks prior from the need date. The COO noted that a request of funds for July had already been submitted and was currently waiting for their response.

Accounting Department

The CFO reported that Ada among many other things had been working on the reconciliation of Portabilities, a total of \$3,366 of unpaid HAP had been secured. An additional \$12,754 of unpaid HAP had been promised. At this time the CFO commended Ada for a job well done.

B. Chief Operations Officer's Report

Section 8 Management Assessment Program (SEMAP)

The COO reminded the Board that SEMAP Certification for fiscal year end 2014 was due to HUD on May 30, 2014. The COO reported that the Section 8 Management Assessment Program was designed to assess whether the Section 8 tenant based rental assistance program operates to help eligible families afford decent rental units at the correct subsidy cost. It also establishes a monitoring system for HUD to measure the Housing Authority's performance in the indicated key areas and assigns performance rating. The SEMAP program also provides procedures for HUD to properly identify the Housing Authorities Management capabilities and deficiencies in order to target monitoring and program assistance more effectively. The COO reported that she anticipated that the Authority would once again receive a High Performance for fiscal year end 2014.

Family Self Sufficiency Program (FSS)

The COO reported the FSS grant application had been successfully submitted in the month of May and staff was currently waiting for HUD's response. The CEO noted that in previous years the Authority outsourced this program but due to one of their many efforts to reduce expenses they brought the program in-house.

Public Housing Directors Association (PHADA) 2014 Convention

The COO reported that the PHADA convention was very informative. Commissioner Aronson along with Commissioner Joseph who also attended the conference stated that they were pleasantly surprised to learn how smoothly the DBHA was running due to the DBHA's CEO's reporting and leadership methods. That is not the case with many other agencies. Commissioner Aronson thanked the CEO for her open door policy. At this time the COO thanked the CEO and commended her for her leadership.

C. Compliance Officer's Report

West Settlers Office Building Project Update:

The Compliance Officer reminded the Board that previously the Board determined that it would be in the best interest of the Authority to draw new plans to include the elimination of the first floor. As a result on May 15, 2014 Elizabeth Colome' of Colome' & Associates, Inc (Architect) presented a new design concept addressing the Board's request. The new design reflects a two story building and offers both a historic and modern feel. The new design was approved by the DBHA's Board at the May Board Meeting.

The Compliance Officer reported that on May 20, 2014 the architect/DBHA staff met with Amy Lavarez, Historic Preservation Planner with the City of Delray Beach Planning Department to obtain her input regarding the new design. As a result Ms. Lavarez stated that it was her opinion that the design be either modern or historic but did not think that the current combination worked well together. As a result of Ms. Lavarez opinion the Architect/DBHA staff requested a Concept Plan Review with the Historic Preservation Board. This meeting was scheduled on Wednesday, June 18,

2014 and as a result staff was presently surprised with the Historic Preservation Board's comments basically loving the design and not foreseeing any issues getting the design approved.

D. Roundstone Development Update

Mr. Phillips reported that the closing for the Elderly Phase was underway and reminded the Board that the Housing Assistance Payment Contract (HAP) was needed prior to closing.

At this time the attorney recommended that a motion authorizing the CEO to execute the agreement be made to ensure there be no hold ups in closing.

A motion authorizing the CEO to execute the HAP contract was made by Commissioner Aronson. Motion seconded by Commissioner Joseph. All in favor. Motion passed.

E. Zabik's 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 are anticipating the clubhouse to open by the middle of July and the first residential building by the first week in August. The CEO noted that she was not happy with Klewin Construction due to all the delays.

F. President/CEO's Report

New Business

A. Public Hearing-Resolution 2014-06 Amending the Annual Plan to Include the Statement Concerning Flat Rent Policy

The CEO noted that the Public Hearing was scheduled in compliance with a federal statutory requirement concerning the Public Housing program that was passed as part of the 2014 Appropriations Act.

At this time the floor was opened to the public for comments. There being no public comments, the floor was closed.

The CEO further reported that the new law required that Housing Authorities provide an opportunity for Public Housing tenants to choose between an income-based rent and a flat rent, this is most applicable to those families whose income has increased to the point that the rents could exceed what would be a reasonable rent for a comparable market rate housing unit. The law requires the flat rent be set at no cost less than 80% of the applicable Fair Market Rents. Approval was recommended.

A motion to approve Resolution 2014-06 was made by Commissioner Aronson. Motion seconded by Commissioner Joseph. All in favor. Motion passed.

Resolution 2014-07 Ratifying the Adoption and Implementation of the Admissions & Continued Occupancy Policy

The CEO reported that the item before the Board was to ratify the Public Housing policy that was updated in 2010. As the Authority prepared to revise the policy to accommodate the Flat Rent requirement, it was discovered that while the DBHA had updated the policy in 2010, it had never presented to the Board for review and approval.

The CEO reported that when Carver Estates, (Public Housing development) was vacated and later demolished, the need for an ACOP was eliminated since the DBHA no longer had a Public Housing program. However in 2010 the Authority received the donation of a duplex which was rehabilitated using Public Housing Replacement Housing Factor funds. This duplex was the first of 5 units that would become the Agency's Public Housing inventory.

The CEO recommended approval of the policy which was developed using a template supplied by the Nan McKay company, experts in HUD programs.

A motion to approve Resolution 2014-07 was made by Commissioner Sims. Motion seconded by Commissioner Beam. All in favor. Motion passed.

Resolution 2014-08 Approving the Amended and Restated Ground Lease Agreement between Village Square Elderly, LTD & DBHA.

The Attorney reported that the Lease was subsequently amended pursuant to the First Amendment to Ground Lease Agreement dated as of December 15, 2011, and that Second Amendment to Ground Lease Agreement dated as of June 21, 2013 and together with the Lease and the First Amendment the Authority and the Partnership wish to amend and restate the Ground Lease. The Attorney recommended approval.

A motion to approve Resolution 2014-08 was made by Commissioner Sims. Motion seconded by Commissioner Beam. All in favor. Motion passed.

X. COMMENTS

The CEO noted that it was a pleasure to have Commissioner Guarn Sims back on the board and welcomed him.

ADJOURNMENT

Meeting Adjourned at 9:54 a.m.