



Delray Beach Housing Authority

ANNUAL BOARD MEETING OCTOBER 18, 2012 MINUTES

I. CALL TO ORDER

Meeting called to order at 8:50 a.m.

II. ROLL CALL

Joseph Hepp – Present
Christel Silver – Present
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 Vice Chairman Silver. Motion seconded by Commissioner Petrolia. All in favor. Motion passed.

IV. ANNUAL ELECTION

Election of Chairman

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

Election of Vice Chairman

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

V. APPROVAL OF THE MINUTES OF SEPTEMBER 20, 2012

A motion to approve the minutes of September 20, 2012 was made by Commissioner Petrolia. Motion seconded by Vice Chairman Silver. All in favor. Motion passed.

VI. RECOGNITION OF VISITORS

- Clifton Phillips, Roundstone Development
- Steve Kaplan, Roundstone Development
- Bobby Colvard, Roundstone Development
- Steve Bien, Roundstone Development
- James Crowder, Hunt Companies
- Ken Wall, Hunt Companies

- Dana Mayo, Hunt Companies
- Brian Townsend, Hunt Companies
- Shawn Offutt, Brian Rumsey Architect

VII. PUBLIC COMMENTARY

None

VIII. CONSENT

A motion to approve Consent Agenda was made by Vice Chairman. Motion seconded by Commissioner Petrolia. All in favor. Motion passed.

IX. CORRESPONDENCE

- NAHRO Newsletter
- Mayor's Letter

The CEO informed the Board that this letter was received the day before the Board meeting and would explain its contents under her report.

X. OLD BUSINESS

A. Chief Financial Officer's Report

As reported last month the CFO reminded the Board that they had received notice from HUD that the funds that will be received from the Housing Choice Voucher Program for October would be reduced to \$777,981 due to the recapture of \$138,014 excess funds disbursed through HUD's second quarter. In addition, the amounts they are scheduled to receive in November and December will be adjusted to \$915,995 each month.

The CFO informed the Board that a notice from HUD had been received informing the DBHA that the FSS Coordinator Award for calendar year 2013 would be \$51,426 (unchanged from the previous year).

The CFO reported that he was currently working with the Chief Operations Officer and Mike Carney, of the HUD field office in preparing the Public Housing Operating Subsidy. Since they have not been receiving this subsidy there were some additional steps that had to be completed in order to begin receiving this operating subsidy.

B. Chief Operations Officer's Report

- Reporting Section 8 Voucher Management System (VMS)

The COO reported that an estimated report for the month of August had been submitted to VMS on September 17, 2012 and approved by the Financial Management Center. The actual expenditure report and correction would be resubmitted to VMS upon completion of the end of the month financial reconciliation report provided by the Accounting Department. The COO reported that revisions had been up to the month of August 2012.

- PIH Information Center (PIC) Reporting Rate requirement

The COO reported that as part of HUD's Internal control efforts, the Department's Real Estate Assessment Center (REAC) continuously monitors the timeliness and accuracy of tenant information reported to the Public and Indian Housing Information Center (PIC), REAC performs data comparisons of tenant information reported in PIC to data obtained from other Federal databases to validate the accuracy of tenant reported income, Social Security Numbers, name and dates of birth. The intended outcome of monitoring is to identify, reduce and recover improper payments within HUD's rental Assistance

programs, improve the accuracy and integrity of tenant data and to verify the Housing Authorities comply with PIC reporting and use of the Enterprise Income Verification (EIV) system. Therefore, HUD was requiring that all PHA's improve all efforts to report 100% by September 28, 2012.

The COO reported that the DBHA's reporting rate was 100%.

DBHA's Annual Plan

The Chief Operations Officer noted that the DBHA's Annual Plan was due to HUD on January 15, 2013. Currently the COO was in the process of updating the agencies goals, objectives and projected plans for the upcoming fiscal year 2013-2014.

HUD Quality Control study to be conducted regarding the Section 8 Housing Choice Voucher Program for the County of Palm Beach

The COO reported that HUD had requested that an online Project Specific Information Survey be completed by staff. The survey was regarding the Section 8 HCV Program and was needed in preparation for a field data collection review which will be scheduled between November 2012 and April 2013. The survey was completed and submitted to HUD.

C. Roundstone Development Update

Reported by: Steve Kaplan/Clifton Phillips

Permitting/Plat

- **SPRAB:** Mr. Kaplan reminded the Board that they had received final SPRAB approval for the project but certain conditions had been applied. Currently they were working on incorporating all of the required conditions into plans so that they meet all of the SPRAB comments. Once all the comments are incorporated they will submit 3 sets of plans back to planning and Zoning and they will certify that they have met all of the SPRAB comments/conditions. Once certification is received, building permits could be issued. Mr. Kaplan is hopeful of final acceptance within the next couple of weeks.
- **Final Plat Submission:**
Mr. Kaplan noted that as reported last month they had submitted for final plat approval and obtained preliminary approval with comments last month. They were currently working on those comments which could take a couple of weeks. They will then resubmit and should be ready to go to city council for approval.

Mr. Kaplan also reported that building permits had been submitted for both PHASE II and PHASE I. Mr. Kaplan anticipated that they should be permitted on both phases by late November or early December.

- Financing/Timing

- **PHASE I:**

Mr. Phillips reported that Klewin Construction was currently bidding out the final plans for both Phase I and Phase II. They believe that bidding out both set of plans simultaneously should generate some cost savings/efficiencies since subcontractors will have steady work for a period of time. Mr. Phillips reported that Klewin expects to have rough numbers for both phases on October 18th and final numbers by the following week, they should then be able to enter into contracts on both phases.

- **PHASE II:**

Mr. Phillips informed the Board that Amerinational Community Service (the Underwriter on behalf of FHFC) had entered a positive recommendation letter to Florida Housing Finance Corporation. This letter was based on their review of the latest market study, debt, and equity proposals and preliminary sources and uses. At this point FHFC will issue a carryover agreement which secures the low income housing tax credits and allows the deal to enter into full credit underwriting.

Mr. Phillips reported that they had entered into an equity syndication agreement with Hunt Capital Partners for the syndication of the low income housing tax credits. Mr. Phillips also reported that they had entered into an agreement with JP Morgan Chase on the debt side as anticipated in last month's meeting.

- Timeline

Mr. Phillips reported they were working diligently and believed that they can complete underwriting for all the parties (Amerinational, Hunt Capital, and JP Morgan Chase) and close into the transaction in Mid-December for PHASE II.

Mr. Phillips also reminded the Board that as discussed in previous meetings the creation of the Articles of Organization for the PHASE II needed to be created. Commissioner Aronson Suggested that the Authority use the name of Delray Village Square Family, LLC, the same name as the Elderly but with the word Family.

D. CEO/President's Report

1. Ground Lease Discussion-

The CEO noted that she and the Attorney had been in discussion with the Developer and the Partnership's Legal representative Ms. Heather Troft regarding the structure of the Ground Lease. The discussion was regarding the question of what taxes would be due if the Ground Lease remains structures as operating lease and what taxes would be due if modified to be structured as a sale (Capital Lease)? Ms. Troft was researching the issue and will provide details sufficient enough for the Board to decide whether to have the lease remain as is (Operating) or convert to capital. The CEO noted that if they convert to capital lease, then they would need HUD approval as this would modify the DBHA's approved Disposition. The Attorney recommended that they have a conference call with the appropriate to discuss the Ground Lease modifications and then bring to the Board.

2. Palm Beach County Commission on Ethic Memorandum of Understanding (Mayor's Letter) The CEO informed the Board that this was requesting their consideration in submitting to the jurisdiction of the Commission by entering into a MOU allowing them to "hear complaints, process advisory opinions and conduct investigations." The Attorney did not see an issue with the MOU but recommended that the Board review the Palm Beach ordinance and should they have questions to contact him. The CEO recommended that the Board review the MOU and she would summarize the ordinance for the next board meeting and perhaps a motion a motion could be made.

E. Approval to Issue RFQ for Owner's Construction Representative for Village Square

The CEO informed the Board that this RFQ was designed to attract qualified professionals (Architects, Engineers, etc.) to serve as the DBHA's representative in the construction phase of Village Square. The CEO noted that the attorney had reviewed the document and approval was recommended. A committee to review the proposals was selected and will consist of Joseph Hepp, Dorothy Ellington, and Jakeleen Fernandez.

A motion to issue the RFQ for Owner's Construction Representative for Village Square was made by Commissioner Petrolia. Motion seconded by Vice Chairman Silver. All in favor. Motion passed.

F. President/CEO Evaluation

The CEO reminded the Board that last month an Evaluation Tool was provided via email. At this time the CEO summarized her performance in accordance with the CEO's contract.

- State of the Agency Finances

The CEO noted the serious financial bind that the Authority experienced following the termination of the Master Development Agreement (MDA) in 2009 between Auburn Developers and DBHA. This disastrous relationship cost the agency its "Repositioning Fee" which averaged approximately \$300,000 annually for three years. These funds were used to augment operations plus hire consultants related to the redevelopment. The period ending March 31, 2012 represented a change in direction for the agency's finances from a downward trend to stabilization. The CEO projected that upon closing on the financing for Village Square much of what has been lost since 2009 will be restored as they see earnings of Developer Fee and Land lease payments.

The CEO noted that they took decisive action, recognizing the dire nature of the fiscal health of the DBHA and accomplished the following:

- Secured Property Management Engagement w/CRA.
- Secured 5 Neighborhood Stabilization Program units.
- Secured 2 donated units from the CRA for Public Housing.
- At Boards Direction, moved forward with a MDA with a new Developer.
- Purchased 3 foreclosed Units and secured HUD approval to rehabilitate them along with two donated CRA units for Public Housing.
- Cut approximately \$200,000 in expenses by eliminating certain contracts, froze all vacated positions, froze employee raises, eliminated certain employee benefits, and relocated administrative office.
- Negotiated an enhanced Property Management Engagement with the CRA which now allows the DBHA to keep all rental income in lieu of an 11% Management Fee.

At this time the CEO announced her 16th anniversary which occurred on October 16, 2012 and stated how much she truly loved doing what she does. Chairman Hepp commended the CEO for her accomplishments and her leadership skills and noted how pleased the entire Board was with her performance.

XI. NEW BUSINESS

None

XII. COMMENTS

A. President/CEO

B. Commissioners

C. Attorney

XIII. ADJOURNMENT

Meeting Adjourned at 9:30 a.m.