

**WILMINGTON HOUSING AUTHORITY
REGULAR MEETING OF THE
BOARD OF COMMISSIONERS**

September 24, 2018

**400 N. Walnut Street
6:00 p.m.**

MINUTES OF MEETING

PLEASE NOTE: THERE WAS AN ISSUE WITH THE RECORDING DEVICE WHERE IT OVERLAPPED PREVIOUSLY RECORDED INFORMATION; THEREFORE ALL DISCUSSIONS COULD NOT BE CAPTURED IN THESE MEETING MINUTES. A NEW RECORDER HAS BEEN ORDERED AND RECEIVED.

Present Representing the Board of Commissioners

James Spadola, Vice Chairman
Steven Washington, Secretary
Ben Cohen, Treasurer
Earl Jeter
Betty Pinkett
Vincent White
Matthew Heckles

Absent: Steven Martin, Chairman
Timothy Crawl-Bey

Present Representing WHA:

John Hill, Executive Director
Rosemarie Bizune, Finance Director
Laverne Hanson, Procurement Chief
Donna Starkey-Ford, Section 8 Chief
Sarah Babaian, IT Chief
Christine Arnold, Special Assistant/Scribe

The Chairman called for the roll. A quorum was established to proceed with the Public Session..

PUBLIC SESSION:

Senior Residents: None

Family Residents: None

Scattered Sites Resident: Ms. Beatres Dunn, Scattered Site resident, shared that she received a 7-day termination letter stating that her granddaughter was residing in her unit without authorization. She wanted to inform WHA that sometimes family members use Public Housing resident's addresses for mailing purposes only. She will meet with her manager to discuss.

There was a problem with the recording equipment. Chairman Spadola called for a motion to take a 10-minute break to resolve the issue. Commissioner Cohen seconded the motion.

With no questions from the Board, the Chairman called for the vote. Motion carried.

The meeting resumed at 6:20 p.m.

Public Officials: None

Community-at- Large: None

1. MINUTES OF MEETING

The Chairman called for a motion to accept the Minutes of the August 27, 2018 Board meeting. Commissioner White made the motion and Commissioner Cohen seconded the motion.

With no questions from the Board, the Chairman called for the vote. Motion carried.

Minutes of the August 27, 2018 Regular Meeting adopted unanimously.

2. EXECUTIVE DIRECTOR'S REPORT

Mr. Hill provided highlights from his report which is included in the Board Book.

Mr. Hill mentioned that Wilmington Housing Authority has an overall PHAS score of 68. A score below 60 is failing and triggers certain other monitoring of WHA by HUD. His goal is for WHA to become a high-performer. Commissioner Heckles asked what does PHAS do for us; what is the gradient impact? Mr. Hill replied that being a "Troubled Agency" HUD will be very involved with the business; they will be talking with Board members and staff. WHA would not be able to apply for grants. Being a high-performer the Agency would receive additional capital funds. This year we received about \$2,800,000, if we were a high performer we could have received another \$600,000 - \$700,000.

Chairman Spadola questioned if when updating the website does it includes a social media push by focusing more on Twitter and Instagram? Mr. Hill replied that he had not mentioned that is a good idea and he will include it in the redesign.

Commissioner White asked when the minutes from the Board Retreat will be sent to everyone. Ms. Arnold replied that they will be completed and sent out by the end of the week.

Commissioner White questioned what is the projected cost for the Force Account team? Mr. Hill replied that the details have not been worked out yet.

3. DEPARTMENT REPORTS

Commissioner White called for a motion to waive the Public Housing Assessment System report and Commissioner Cohen seconded the motion.

With no questions from the Board, the Chairman called for the vote. Motion carried.

Mr. Hill provided the Security Update. He shared the security team met and discussed how we can provide better security. For the size of the agency, WHA's costs are "way over" on security

in terms of dollars per unit. Chairman Spadola asked where he believes the excess is. Mr. Hill responded that is what we are trying to figure that out now. Currently we pay over \$700,000 annually for security. He will bring a report to the Board next month. Commissioner Cohen questioned how much should be budgeted for security. Mr. Hill replied \$300,000 - \$350,000. Commissioner Pinkett shared that last month a new resident's hub caps were stolen, her tires were slashed, the tag on the back of the car was torn off and her car was keyed. It happened in the parking lot. She wanted to know if it was caught on the camera.

4. PROJECT REPORTS

The Chairman called for a motion to move the "Update on the Riverside Redevelopment Project after the resolutions are presented. Commissioner Cohen seconded the motion.

With no questions from the Board, the Chairman called for the vote. Motion carried.

Brent Shaffer from Young Conway Stargatt and Taylor provided a background history of the Park View including the partnership buyout. He has not been included in the refinance and could not provide details about that. Neither Ms. Spellman nor Mr. Turk was available to provide additional information as they were at Baynard Apartments dealing with a fire emergency. There were questions about how much debt is owed. Mr. Shaffer provided a copy of the Promissory Note regarding the payback of \$4,178,124 to WHA's LIPH program.

Mr. Hill shared that now that the Board is aware of the debt and that the Board has already approved the refinancing he wants to bring this back to the Board Committee to reconsider their choices with full knowledge. Commissioner Cohen added that the uncovering of the additional debt adds question to the refinancing. He shared that additional information will be provided regarding the repayment during Ms. Bizune's Finance Report.

Commissioner White asked if the debt, circumstances, history, thereof discussed or provided to the existing BOC and if not will it be provided. Mr. Hill assured the Board that all information regarding the Park View will be disclosed to the Board and the refinance will be placed on hold until the Board can make a more informed decision.

5. FINANCE REPORT

Ms. Bizune provided the overview.

OPERATING FUND–Public Housing Program INCOME STATEMENT – YEAR TO DATE BUDGETARY ANALYSIS August 31, 2018

RESULTS OF OPERATION

Management prepared a budget that reflects a Net Gain of \$113,231 which includes \$304,429 for AMP 11 reserve and the payment of the Energy Performance Contracting (EPC) Loan. Actual results of operation for the month of August 31, 2018 reflected an Operating gain of \$868,434. After offsetting

the EPC loan amount of \$299,129 there is a net positive cash position of \$569,305. The program reflects a Loss of \$649,774 after offsetting Depreciation Expense. The table on page 2 illustrates our analysis.

REVENUE

Total Operating revenue year to date is \$6,052,299. This is 2% above the budgeted amount of \$5,905,604. This is due to receiving an increase in operating subsidy.

EXPENSE

Total Operating Expense year to date are \$5,183,864 which do not include the Energy Performance Contracting (EPC) loan amount of \$299,129 (EPC loan is reflect on the balance sheet). Total Operating Expenses year to date is 10% below the budgeted amount of \$5,753,367.

Administrative Expense was 4% below the budgeted amount. This is due to Travel, Legal, Audit Costs and Management Fees.

Salary and Benefit Expense is breakeven when compare to the budgeted amount. Overall Salary is 8% below the budget while benefit is 11% above the budget.

Tenant Services are 67% below the budget due to decrease in tenant property damages.

Utility Expenses are 17% below the budget amount. Wilmington Housing Authority only pays Electric and Gas on vacant units.

Ordinary Maintenance Expenses are 5% above the budget. This is due to an increase in Maintenance Materials and Casualty Loss.

Protective Services are 19% below budget.

General Expenses are 37% below the budget. This is due to AMP11 reserve budget amount.

Section 8 Programs

INCOME STATEMENT – YEAR TO DATE BUDGETARY ANALYSIS

August 31, 2018

RESULTS OF OPERATION

Management prepared a budget that reflects a Net Gain of \$118,614. Actual results of operation for the month of August 31, 2018 reflected an Operating Gain of \$91,597 and a Non-Operating Gain of \$322,821. Overall, Section 8 program is reflecting a Net Gain of \$414,418. The table on page 4 illustrates our analysis.

OPERATING REVENUE

Total Operating revenue year to date is \$664,277 which is 2% below the budgeted amount of \$677,059.

OPERATING EXPENSE

Total operating expense year to date is \$572,680 which is 3% above the budgeted amount of \$558,445. This increase is due to administration costs.

NON-OPERATING REVENUE (HAP/UAP)

Total HAP revenue year to date is \$6,610,584 which is 4% above the budgeted amount of \$6,349,782.

NON-OPERATING EXPENSE (HAP/UAP)

Total HAP expense year to date is \$6,287,763 which is 1% below the budgeted amount of \$6,349,782. This is due to a decrease in leasing due to transfers and turnaround of units. Currently, The Housing Authority has 36 Vouchers out on the street.

TWO-YEAR FORECASTING TOOL EXPENSE (HAP/UAP)

Per the Section 8 Housing Choice Voucher (HCV) Two Year Forecasting Tool, WHA is projecting a CY'2018 Restricted Net Position (RNP) of \$74,281 with zero voucher termination. See page 18 and 19 for our analysis.

Commissioner Cohen questioned the first line item on page 5, for Public Housing, rent is 5% below the budget. Ms. Bizune replied that the resident's rent is based on their income. If their income goes down or new residents come in with lower income this can affect the budget.

Commissioner White asked if vacancies are accounted for in this projection. Ms. Bizune replied because it is not fixed rent it is difficult to project.

Commissioner White asked if there are any issues that cause alarm or concern regarding monitoring the budget. Ms. Bizune shared that we are over budget in the Central Office Cost Center (COCC) which charges each site a management fee due to vacancies. This is monitored on a regular basis. Savings from the EPC will help. Additionally funds from the COCC are being used to pay back the Section 8 repayment because non-federal funds must be used. She will provide more information regarding this in a few minutes.

Mr. Hill added that we are also reviewing all costs that are allocated to the COCC as some positions have already been identified and there may be others where they should be "cost out". As details are discovered they will be shared with the Finance Committee.

Commissioner White requested that in future reports to include any issues that cause alarm to share that with the BOC during her report.

Ms. Bizune continued with her report.

Capital Fund Obligation and Expenditures Report

Program	Date of Grant	Authorized	Obligation Amount	Obligation Percent	Expended Amount	Expended Percent
Capital Fund 501-16	4/13/2016	\$ 2,548,070.00	\$ 2,548,070.00	100%	\$ 2,376,395.53	93%
Capital Fund 501-17	8/16/2017	\$ 2,805,746.00	\$ 1,577,239.20	56%	\$ 1,323,137.09	47%
Capital Fund 501-18	5/29/2018	\$ 4,308,930.00	\$ -	0%	\$ -	0%
FSS Grant	1/1/2018	\$ 138,214.00	\$ 73,920.59	53%	\$ 73,920.59	53%
ROSS Grant	2/8/2017	\$ 492,000.00	\$ 347,727.77	71%	\$ 347,727.77	71%

Commissioner Jeter asked if the spending was based on priority. Ms. Bizune replied obligation amount is based on executed contracts and expended amount is based on invoices received and paid. We are on target for all grants at this time as they must be expended within three years of receipt.

Ms. Bizune provided an overview of the repayment agreements.

Section 8 Repayment

The OIG audited the Wilmington Housing Authority's (Authority) administration of its housing quality standards inspection program for its Section 8 Housing Choice Voucher program to determine whether the Authority adequately administered its Section 8 housing quality standards inspection program to ensure that its program units met housing quality standards in accordance with U.S. Department of Housing and Urban Development (HUD) requirements.

During the Audit the OIG found that the Authority did not adequately administer its inspection program to ensure that its program units met housing quality standards as required. They inspected 60 housing units and found that 52 units did not meet HUD's housing quality standards. Moreover, 37 of the 52 units materially failed to meet housing quality standards. The units had significant health and safety violations that the Authority's inspectors did not observe or report during their last inspection. Also, the Authority spent \$66,526 in program and administrative funds for these 37 units.

The OIG recommended that the Director of HUD's Pennsylvania State Office of Public Housing require the Authority to ensure that housing units inspected during the audit are repaired to meet HUD's housing quality standards, reimburse its program from nonfederal funds for the improper use of \$66,934 in program and administrative funds for units that materially failed to meet HUD's housing quality standards.

The repayment agreement requires the Authority to make annual payment of \$6,252.60 on or before April 15th of each year beginning in 2011 and ending in April'2021. As of April'2018, the Authority paid \$51,353.10 and a balance of \$11,172.90 is due.

Commissioner Cohen added that this was discussed in the Finance Committee meeting and asked Mr. Hill if he has any comments regarding if future violations are brought up. Mr. Hill replied that in the HUD meeting he brought this up and shared that in some respects HUD was incorrect here. The typical time frame is to perform quality control inspections within 30 days and in some instances the time lapse was three months. Anything could have happened during that time.

It is his understanding that the previous Executive Director tried to fight the violations but the OIG made a determination and would not budge; therefore, we are required to pay back the monies as agreed.

Commissioner White asked for future cases, if a unit fails the inspection on the first visit can we charge the landlord? Ms. Donna Starkey-Ford replied that we can't charge them after the first violation. They are given time to correct the violation and failure to do so the second time results in HAP abatement until the violation is corrected. They will not be paid during the time that the unit is not in compliance.

Park View Repayment

The U.S. Department of Housing and Urban Development (HUD) determined that funding used to support the Electra Arms Senior Apartments project was an ineligible use of public housing funding. To

correct the situation it was decided that HUD and WHA enter into a repayment agreement to pay back the funds. Therefore, on November 03, 2009 WHA and HUD executed a repayment agreement. The Authority agreed to reimburse HUD in the amount of \$4,047,765 by making 'token' payments in the amount of \$1,000 per year in 2010 and 2011 while continuing to make payments to HUD under a previous repayment agreement that expired in March 2012. A new agreement effective April 2012 was then reached which required WHA to make fifty (50) equal annual installments of \$80,915.30. Each payment shall be made by the 15th day of April each year beginning in 2012, and ending in April of 2062. As of April 2018, the Authority paid \$568,407.10 with a remaining balance in the amount of \$3,479,357.90. Basically it is a paper transaction whereas it is a liability on Park View finances and a receivable on Public Housing finances.

Commissioner Heckles asked for clarification, the payback amounts to \$3,400,000 but there was \$1,700,000 in the promissory note of interest, have we paid that? Ms. Bizune replied that HUD only cares about the money that was used, not interest. We are paying back the principal of \$4,047,765.

Commissioner White questioned the promissory note references the property, the relationship. Mr. Shaffer replied that Electra Arms is the owner and Wilmington Revitalization Corp is WHA. Mr. Hill shared that there is a lot of information that needs to be shared with the Board regarding why this happened and it will be provided to them.

PHAS Financial Assessment Sub System (FASS)/Management Assessment Sub System (MASS)

This assessment is done by HUD on an annual basis; however, since we are standard we are required to do this monthly.

In order to achieve a Standard Performer status, the overall PHAS score must be at least 60% of total points available with no indicator scoring below 60% or 15 points for both the FASS and MASS. High performer overall PHAS score is at 90%.

Financial Indicator

April'2018 thru June'2018 FASS score was 24 points averaging at 97% each months. While the July'2018 scores was 22 points averaging at 89%. The August'2018 Financial Assessment Subsystem (FASS) scores have increased from March 31, 2018 from 16 to 21 points out of a possible 25 which is averaging at 84%.

August'2018 FASS Score Table:

Points Earned	Description	AMP 002	AMP 005	AMP 006	AMP 007	AMP 008	AMP 011	AMP 015	AMP 026	Weighted Avg.	%
12	QR-Quick Ratio	0.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00		
11	MENAR - Months Expendable Net Assets	0.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00		
2	DSCR -Debt Service Coverage Ratio	0.00	2.00	2.00	2.00	2.00	0.00	2.00	2.00		
25	Total FASS (out of 25 points)	0.00	25.00	25.00	25.00	25.00	23.00	25.00	25.00	21	84%

Management Indicator

April'2018 and May'2018 score was 13 points averaging 54% each month. However, June'2018 and July'2018 MASS scores were 17 points averaging at 67%. The August'2018 Management Assessment Subsystem (MASS) has increased from March 31, 2018 from 14 to 18 points out of a possible 25 which is averaging at 71%.

August'2018 MASS Score Table:

Points Earned	Description	AMP 002	AMP 005	AMP 006	AMP 007	AMP 008	AMP 011	AMP 015	AMP 026	Weighted Avg.	%
16	OR - Occupancy Rate	16.00	8.00	16.00	16.00	12.00	16.00	12.00	0.00		
5	AR - Account Receivable	0.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00		
4	AP - Accounts Payable	4.00	4.00	4.00	2.00	4.00	4.00	4.00	0.00		
25	Total MASS (out of 25 points)	20.00	12.00	20.00	23.00	16.00	20.00	16.00	0.00	18	71%

Reviewing the FASS score, AMP 2 which is Southbridge is our problem area and we need to focus on improving this score. Quick Ratio, which is the cash flow, do we have enough money to pay our current liabilities. Their funding is low. Mr. Hill shared that we need to look at our AMP configurations and decide if we need to reconfigure them to help our numbers flow.

Commissioner Cohen called for a motion to accept the Financial Report. Commissioner Heckles seconded the motion. With no further questions from the Board, the Chairman called for the vote.

The Finance Report accepted unanimously.

6. RESOLUTIONS

Resolution 18-23 authorizing the Wilmington Housing Authority to enter into lease agreement with The Canon Financial Services, Inc. /Canon Solutions America, Inc. for copiers, printers, and multi-function devices

Commissioner White called for a motion to waive the reading and consider adoption of Resolution 18-23 and Commissioner Cohen seconded the motion. The Chairman asked for questions on the motion. With no questions from the Board, the Chairman called for roll call on the vote.

Resolution 18-23 adopted unanimously.

Resolution 18-24 authorizing the Wilmington Housing Authority to create an agency-wide strategic plan

Commissioner White called for a motion to waive the reading and consider adoption of Resolution 18-24 and Commissioner Cohen seconded the motion. The Chairman asked for questions on the motion. With no questions from the Board, the Chairman called for roll call on the vote.

Resolution 18-24 adopted unanimously.

7. UPDATE ON THE RIVERSIDE REDEVELOPMENT PROJECT TERM SHEET

Chris Lamb, Partner, Pepper Hamilton presented the overview. He stated that he and the team have spent the last couple of months working on a term sheet for the proposed redevelopment of Riverside. The term sheet is at a place where it is recommended to be approved by the Board.

The existing site is about 25 acres, 295 units hoping that the additional 12 acres from Kingswood will be included in the project. It is Kingswood discretion whether they want to join in and what terms. When this is fully built out we are anticipating 400 units, mixed income development with 350 homeownership units, new Kingswood Center. It is modeled against the Purpose Built model which has four pillars. High quality mixed income housing, cradle to college education, supportive family orientated health and wellness and an entity in place to oversee all of that.

The term sheet consists of a number of pages that describe the roles of the various players. Eastside Charter is not part of the redevelopment proper but will do the educational piece. Pennrose is the master developer and would manage the property. RRDC has been termed being the quarterback with a mission to being a center of influence and with partners involved where Pennrose and WHA may not get from traditional sources. The primary development team with its various responsibilities and the next step after approval of this document is to negotiate the master development agreement.

Commissioner Washington asked questions regarding Eastside Charter School including what grades would be at the school and what district it is in. Charles McDowell provided background information stating that the school would not necessarily be cradle to college. Kingswood has a daycare and there are partners that could provide the college education. They are still working out the details. Commissioner Washington shared that he is a school teacher and would be interested in being part of the planning.

Commissioner Washington also shared his concerns about the brown field in Riverside. Shouldn't that be taken care of first before the development begins? Logan Herring provided some information regarding the funds that have been provided to remedy the situation. Ryan Bailey assured Commissioner Washington that Pennrose has worked at many sites with various challenges and has the knowledge or access to the knowledge to address the issues.

Commissioner White asked if about Kingswood and discussions of swapping. Mr. Lamb responded that at this point the master planning has not been done. Part of that planning would be if Kingswood does want to be involved in the project does it make sense for them to give us some of their land for housing and we provide other land. All of that is up to the master planning process. When the master planning process is done we still have to present something to Kingswood that they can continue to operate during the development period and in a fashion after the development that they think is worthwhile.

Commissioner White asked about the expenses that WHA will incur. Mr. Lamb responded that WHA would agree to pay up to 25% of the predevelopment costs. Commissioner White responded that that is the question if we would agree to the 25% predevelopment costs and the land swap. Is this a question for the term sheet or the master development plan?

Mr. Lamb replied that Pennrose will provide their predevelopment budget and then people will review that budget and decide whether we are in for our 25% or not. There may be some value engineering to that budget.

Commissioner White disclosed that he and Mr. Lamb have a working relationship in another capacity other than through WHA.

Commissioner White was concerned about the "Redevelopment Summary" section. It states that the overall vision for the development site is high quality, mixed income housing. What percentage of median income do we plan is the mix? Mr. Lamb replied that we have set a goal for market and deep dip and have not got down to what the middle is going to be because the middle will dictate how well it can be financed or not. For each phase we are looking for optimum of 33%, market rate not less than 25% and between 25-33% be deep dipped income. It is that middle 40-50% that we have not tied ourselves down to because it might make a difference as to how Pennrose can structure the project and how we can get it financed.

Commissioner White asked what our default position is. Mr. Lamb replied assuming we get past the master planning, the next step for Pennrose with input from everyone to put together two tax credit applications, 4% and 9%. Part of that process will be Pennrose looking at what is the best application that they can put in to get funded. It is very competitive in Delaware to get a 9% tax credit project funded.

Commissioner White continued. The ownership portion, can you discuss the option mentioned in the draft for the ownership portion, especially where WHA is mentioned. Mr. Lamb responded we anticipate that most of these phases, if not all of them, will be funded where the investor gets 99.99% and Pennrose will get a 0.1% interest. Under the code you could buy the investor out about 15 years after the project is placed in service. The commitment that the team came up with technically is that absent Pennrose wanting to get out because they have had enough of us or we wanting to get Pennrose out because we do not think they are doing the job, we have committed to 25 years. If Pennrose does the job that they have historically done they will be the general partner and manager of all of the phases that they can get financed for us. RRDC must approve any changes in the property manager or sale of Pennrose's interest in an owner entity.

Commissioner White asked if it would require both RRDC and WHA to exercise that. Mr. Lamb replied yes, it would have to be unanimous. It will get fleshed out a little bit more in the planning but in the term sheet it is 50-50.

Commissioner White continued. Number 6, WHA responsibilities, e. what is the PILOT agreement. Mr. Lamb replied Payment in Lieu of Taxes. The Authority presently has a shelter

plus arrangement with the City and the County. He is not sure if a PILOT is going to be applicable, maybe there is an opportunity in some of these to enter into some kind of enterprise zone. It is better to anticipate something coming down the pike than to miss out.

Commissioner White shared the conversation regarding RAD, there is no stipulation that RAD may be in the best interest of WHA on some of these projects does this hurt us. Mr. Lamb replied that the way it is written it is any and all programs. RAD is currently the hottest flavor in Public Housing today; therefore, you would be remiss if you didn't mention it. Choice is mentioned. Commissioner White shared that he does not want anyone to think that we are obligated to do this if it is not in our best interest.

Commissioner White asked for clarification of item # 13, predevelopment and development costs, regarding the 25% of approved expenses. Mr. Lamb responded that is a commitment that would be firm, whether it is 25% of \$200,000 or 25% of \$1,500,000 is up to the Authority. The Commissioners need to decide if a cap should be put on it and how much.

Commissioner White was also concerned about item # 18, local, minority and Section 3 participation. How do we ensure that this gets done? Commissioner Jeter was also passionate about this.

Commissioner White shared that he does not necessarily agree with the terms in item # 16, cash flow and can it be changed? Mr. Lamb replied that the typical tax credit has a waterfall. First thing is the investors, anything they are going to get paid to make themselves whole. Then it is usually deferred development fee and then if there are sponsored loans, sometimes they have priority and then at the bottom are cash flow. What you see in a lot of these deals are whether WHA gets cash flow characterized as return of a loan payment or cash flow, they just end up with \$5. Just to make it clear, you will never get rich on a cash flow. These projects are designed to work at relatively thin margins.

Commissioner Jeter asked item # 11, third party contractors; are all of these companies part of the plan and how many are minority owned? Mr. Mark Dambly, Pennrose President, replied Social Solutions is.

There was discussion of who would manage the property. Mr. Lamb shared that many of our partners feel extremely strongly that given Pennrose's track record with mixed income developments that they should certainly be the lead property manager.

Since there were issues with the recording, not all of the conversations were able to be transcribed and included in these notes. Enclosed is a copy of an email from Mr. Lamb with his list of comments from the Commissioners with his thoughts.

It was recommended that because of the imposing deadlines regarding tax credit submissions that are due in April that a special Board Meeting be held on October 3, 2018 to vote on the resolution to execute the term sheet.

8. OLD BUSINESS – None

9. NEW BUSINESS

Commissioner White proposed a motion that all and any resolutions that require a vote of the Board be presented to the BOC no later than 15 days prior to the Board meeting. Rationale is on occasion we receive resolutions the night of or the day before and does not provide enough time for the Board to digest the information.

Mr. Hill shared that he agrees with the spirit of the resolution, the timeframe is unreasonable. He proposes that the Board will receive resolutions and Board packets 4 business days prior unless they are emergencies. Commissioner White compromised to receive them 7-days prior to the BOC meeting, when the BOC Notice is posted.

Commissioner White called for a motion to receive the Board packet 7-days prior to the Board meeting and Commissioner Pinkett seconded the motion. The Chairman asked for questions on the motion. With no questions from the Board, the Chairman called for the vote.

Motion adopted unanimously.

There was discussion about updating the WHA by-laws. Mr. Hill suggested that a committee be formed to review and update them. Commissioner White agreed to Chair the committee and Commissioner Heckles volunteered to be on the committee as well. Mr. Hill will be the third member. Commissioner White stated that the draft will be presented to the Board within 30 days.

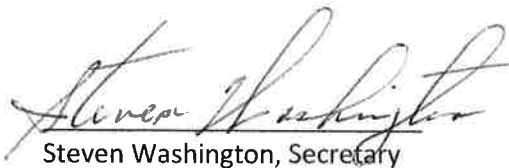
ADJOURNMENT

With no further business to come before the Board, the Chairman called for a motion to adjourn the meeting. Commissioner White made the motion and Commissioner Cohen seconded the motion.

The meeting was adjourned at 9:16 p.m.

ADOPTED:

Respectfully submitted,


Steven Washington, Secretary

Christine Arnold

From: Lamb, Chris [LAMBC@pepperlaw.com]
Sent: Tuesday, September 25, 2018 10:37 AM
To: John Hill; jane Vincent
Cc: "Steve T. Martin" (stmartin@wilmingtonde.gov); Christine Arnold
Subject: Riverside Term Sheet

Good morning. Below is my list of comments from the Commissioners with my thoughts in CAPS after the comments:

1. WHA should be paid its entire portion of the developer fee before Pennrose receives any fee. UNLIKELY THAT PENNROSE WILL AGREE.
2. add default/termination provisions for Pennrose's nonperformance. ADDRESS IN THE MASTER DEVELOPMENT AGREEMENT(S).
3. make express that job opportunities with Pennrose include property management positions. STATE IN THE MASTER DEVELOPMENT AGREEMENT(S).
4. a reference to fair housing with respect to section 6(e). NOT CLEAR TO ME WHAT THIS SECTION HAS TO DO WITH FAIR HOUSING.
5. a question about which contractors in section 11 our minority contractors. NO CHANGES REQUIRED.
6. several questions about the amount of the predevelopment budget. BASED ON RYAN BAILEY'S JULY 23 EMAIL, PENNROSE ESTIMATES THAT THE MASTER PLANNING BUDGET WOULD BE \$284,000 (I EXCLUDED 10% DEVELOPER OVERHEAD) AND THAT THE PREDEVELOPMENT BUDGET FOR PHASE 1 WOULD BE \$480,000. THE COMMISSIONERS SEEMED, UNDERSTANDABLY, INTERESTED IN CAPPING WHA'S COMMITMENT. WHAT AMOUNT WOULD YOU LIKE TO USE FOR THE CAP?
7. there were a few comments regarding MBE/WBE and Section 3: (i) if the goals are not met, WHA should have the right to terminate Pennrose, (ii) WHA should draft a plan and (iii) it is important to provide opportunities for minority-owned businesses to grow with the development. WITH RESPECT TO THE FIRST POINT (I.E., TERMINATE PENNROSE), I THINK PENNROSE WILL WANT SOFTER LANGUAGE (E.G., BEST EFFORTS OR THROUGH NO FAULT OF PENNROSE). IF WHA WANTS TO COMMIT TO TAKING THE LEAD ON THE MBE/WBE AND SECTION 3 PLAN, THAT IS FINE WITH ME. I DON'T THINK THE OTHER POINT NEEDS TO BE ADDRESSED IN THE TERM SHEET, UNLESS
8. there was a comment about the need to resolve potential "approval deadlocks" between RRDC and WHA. I THINK WE CAN WORK ON THAT IN THE MASTER DEVELOPMENT AGREEMENT(S).
9. there were comments about what approval rights the Commissioners would have with respect to the development process if they approved the term sheet. PERHAPS THE APPROPRIATE PLACE TO ADDRESS THIS COMMENT IS IN THE RESOLUTION APPROVING THE TERM SHEET.
10. Commissioner White has additional comments that he would email to John or me. I HAVE NOT RECEIVED ANY COMMENTS.

When I left the meeting last night, I heard two different approaches from the Commissioners about moving forward: (i) get a revised term sheet to the Board and have a special meeting for approval next or the following week or (ii) conduct an educational session about the term sheet with the finance and development committees and then schedule for Board approval.

Please keep in mind that whatever changes are made to the term sheet need to also be approved by Pennrose and RRDC. Accordingly, I don't know the best way to expeditiously achieve that result.

I have a call at 3 pm. Otherwise, I am available to discuss. Regards.

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Partner

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