

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

October 22, 2018

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

MINUTES OF MEETING

Present Representing the Board of Commissioners

Steven Martin, Chairman
Steven Washington, Secretary
Ben Cohen, Treasurer
Betty Pinkett
Matthew Heckles
Earl Jeter (arrived @ 6:16)

Absent: James Spadola, Vice Chairman
Timothy Crawl-Bey
Vincent White

Barry Willoughby, General Counsel

Present Representing WHA:

John Hill, Executive Director
Rosemarie Bizune, Finance Director
Roger Turk, Development Director
Kathi Sulsky, HR Chief
Sandi Rosmini, Housing Management Chief
Christine Arnold, Special Assistant/Scribe

Laverne Hanson, Procurement Chief
Donna Starkey-Ford, Section 8 Chief
Sarah Babaian, IT Chief
Yolanda Durant, Security
Vibhuti Talwar, Finance
Shanitha Wilson, Resident Services

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: None

Public Officials: None

Community-at-Large: None

1. MINUTES OF MEETING

The Chairman called for a motion to approve the Minutes of the September 24, 2018 Board meeting. Commissioner Cohen made the motion and Commissioner Washington seconded the motion. With no questions from the Board, the Chairman called for the vote. Motion carried.

Minutes of the September 24, 2018 Regular Meeting adopted unanimously.

2. EXECUTIVE DIRECTOR'S REPORT

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

Commissioner Heckles asked if the trash collection is part of the agreement between the City of Wilmington and WHA that the City will do that in lieu of taxes. Mr. Hill replied that he does not have any documentation that specifically states that the City would pick up trash in lieu of taxes, it is generally understood that be the case; therefore, that is what he is attempting to do. The Chairman added that when he spoke with the mayor apparently no one knows of anything that is formally executed so we are looking for some clarity.

The Chairman asked how long would it take to do the portfolio assessment and how often will this be performed? Mr. Hill replied it will take about 6-8 weeks. They will go to every site and do a comprehensive analysis and the timeline of how often will be determined during the assessment based on what they recommend for each site. Whether to convert to RAD, keep it Public Housing, do a 4% tax credit deal, etc.

Chairman Martin commented that he believes this is a great opportunity for the Housing Authority. It provides a second source of eyes to take a look at some of the decisions that we are making and someone who is part of that business on a regular basis. It adds value to the decisions that we are making and will help the Board members be more informed.

Mr. Hill added that about three (3) weeks ago he asked general counsel to do a real estate search of all the properties that we own. Mr. Hill should receive the results within a week. That will provide the Board with information regarding what we own so we can make some recommendations on that.

Mr. Hill continued with his report regarding "Response to Inquiries from Public Comments" from last month's Board meeting. Ms. Dunn received a 7-day termination letter stating that her granddaughter was residing in her unit without authorization. The manager met with Ms. Dunn on September 25, 2018 and Ms. Dunn provided documentation showing that her granddaughter did not reside in her household via self certification.

Commissioner Heckles asked for clarification. Was the family member using the public housing unit as a mailing address? Ms. Rosmini responded that during the application process it was discovered that the granddaughter listed Ms. Dunn's address as her current address.

Commissioner Heckles asked if there is a policy about people using WHA residences as mailing addresses. Ms. Rosmini replied yes, she did not indicate that it was a mailing address but that she was living there. She was not listed on the lease as a member of the household; therefore, triggering the termination letter to Ms. Dunn.

Commissioner Heckles added that if a person is not living at the residence he/she should not be using it as a mailing address, correct? Ms. Rosmini responded correct.

Commissioner Washington asked is there any situation where someone has used a WHA address as their mailing address. Ms. Rosmini responded that there have been situations where an applicant states that they have been receiving mail at a WHA address because he/she does not have money for a PO Box and they are homeless.

Commissioner Washington asked that the termination letter be shared with the Board and can it be reworded so it is not as harsh. Ms. Rosmini responded yes, however, it is not a termination letter. It is a 7-day notice to cure. It is not that we are going to evict, it is a notice letting them know what we found.

Commissioner Heckles shared that there are many homeless service providers within the State and many have a program by which their clients can receive mail. They do not need to use a relative's address. People need to establish residency and WHA properties should not be used to cheat that system.

Mr. Hill added the point is, if someone wants to use an address they should ask. This person stated that they were living in the unit which is a violation of HUD policy. We have to let the person know that up to and including eviction can happen. We have to let them know that. The staff did do what they were supposed to do but we will provide a copy of the letter.

The Chairman asked that the policy regarding situations like this be shared with the Board. As we all know, our residents may have guests for an extended period of time. It could become an issue; therefore, he would like to take a look at that policy. Mr. Hill responded that the residents are aware of what the policy is and that they need to report to management when they have guests staying with them. That section of the policy will be provided to the Board.

The Chairman called for a motion to accept the Executive Director's Report. Commissioner Cohen made the motion and Commissioner Washington seconded the motion. With no further questions from the Board, the Chairman called for the vote. Motion carried.

3. DEPARTMENT REPORTS

Mr. Turk provided the update. We have an application in or a phase 3 Energy Performance Contract that will supply WHA with about \$5,000,000 worth of funds to do energy related improvements. We are directing those at 25 scattered site units; 19 are in West Center City. The 25 units are part of 36 units whereas there are several buildings that have multiple units in the building. Because of the City's ordinance on vacant property, any property that is vacant over one year is required to be returned to a single family unit. This is why there is a reduction in the number of units.

We had some correspondence with TD Bank who is scheduled to refinance the EPC loan. They were anxious to close it in October. We contacted HUD and asked them for an update and HUD shared that they are swamped and are hiring 3rd party contractors to help finish the applications. We are anticipating that it may be completed by November 15th but have no

guarantee. We are awaiting final HUD approval and TD Bank is ready to refinance it as soon as possible.

Commissioner Cohen asked what the total outstanding debt is for the EPC and what the rate for the loan is. Mr. Turk responded almost \$8,000,000 with the total loan being \$13,000,000. The rate is 4.2% and the original is about 3.2%. We are increasing the rate but are extending the payback an additional period until 2029. Currently there are 7 years remaining in our original 12 year deal.

Commissioner Cohen asked what the timeline is. Mr. Turk replied we are hoping for HUD approval by November 15th. TD is able to process the refinance within two (2) weeks after we receive Board approval. When we receive HUD approval we will bring resolution to the Board for approval and two weeks after that we should be able to close on that money. We will then be able to start our construction project. Commissioner Cohen asked that this be placed on the agenda for the Finance Committee Meeting scheduled for November.

The Chairman asked if this is the same contract where we have awarded the bids already for certain projects. Mr. Turk replied yes. We have already solicited all of the contractors and our Procurement department has kept them updated because it has been extended for a long time. Currently we are good through December 31st.

The Chairman asked that a report be provided to the Development Committee regarding the priority and the number of properties being done at the same time. Provide a timeline so that we are all on the same page.

Mr. Hill added that November 15th is our best guess because it rests with HUD. We thought they would be a little bit farther ahead than what they are now. We don't have any reason to believe that they are not going to approve it but the timeline may be earlier or later than November 15th.

The number of units that we have identified with this is 36 units but we are increasing the livable space within those units. When the project is done there will be 25 units. Mr. Hill is concerned about the process with HUD since our unit count is going to be reduced. Mr. Turk replied that it is merely a Property Inventory Control System (PIC) exchange and we just need to notify them when the units will be reoccupied to make to adjustments in the system. PIC is a HUD system where all of the statuses of our properties including the addresses, the number of bedrooms, which AMP they are in, is documented there. It is just an administrative change.

The Chairman asked that Mr. Turk provide an update to the Riverside Redevelopment project. Mr. Turk replied that we have signed the term sheet. Mr. Hill and Ms. Spellman will be going to the Purpose Built conference later this week. The project has been accepted as a "Purpose Built Community".

4. FINANCE REPORT

Commissioner Cohen provided an update of what was discussed in the Finance Committee meeting on October 18, 2018 regarding the Park View refinancing. We have a Board resolution approving the Executive Director to refinance the bond on Park View as well as a loan in the amount of over \$10,000,000. That would refinance us down from a bond at 6.25% to 4.3%. What we have found in the meantime was the additional funds that HUD had identified that were used to renovate the Park View in and around 2000 – 2005. That amount is about \$4,000,000 and WHA has been repaying \$80,000 a year for the next 40 years out of the COCC which is depleting the COCC and putting that money into Public Housing.

He has asked Finance and Development to go back and look and see if we somehow come up with the full amount so that the partners that own the Park View which are subsidiaries of WHA can actually reimburse WHA to money that was loaned by WHA to the various entities of the Park View. We are working through that process. There are some outstanding questions; therefore, the next Finance Committee meeting will cover that. Likely at the next Board meeting some kind of resolution of forward movement will be presented.

The Chairman commented that is a great path forward. We all had that concern about the outstanding debt and now understand what it is and he is glad to hear we are trying to find resolution.

Ms. Bizune provided the Finance Report overview.

OPERATING FUND–Public Housing Program

RESULTS OF OPERATION

Management prepared a budget that reflects a Net Gain of \$135,878 which includes \$277,182 for AMP 11 reserve and \$365,314 for the payment of the Energy Performance Contracting (EPC) Loan. Actual results of operation for the month of September 30, 2018 reflected an Operating gain of \$1,095,905. After offsetting the EPC loan amount of \$359,401 there is a net positive cash position of \$736,504. The program reflects a Loss of \$726,392 after offsetting Depreciation Expense.

REVENUE

Total Operating revenue year to date is \$7,244,039. This is 2% above the budgeted amount of \$7,086,724. This is due to receiving an increase in operating subsidy.

EXPENSE

Total Operating Expense year to date are \$6,148,134 which do not include the Energy Performance Contracting (EPC) loan amount of \$359,401 (EPC loan is reflect on the balance sheet). Total Operating Expenses year to date is 11% below the budgeted amount of \$6,904,041.

Administrative Expense was 2% below the budgeted amount. This is due to Travel, Legal, Audit Costs and Management Fees.

Salary and Benefit Expense is 1% below the budget when compare to the budgeted amount. Overall Salary is 10% below the budget while benefit is 9% above the budget due to compensation absence.

Tenant Services are 52% below the budget due to decrease in tenant property damages.

Utility Expenses are 22% below the budget amount due to not all the utilities have been received. Also, Wilmington Housing Authority only pays Electric and Gas on vacant units.

Ordinary Maintenance Expenses are 4% above the budget. This is due to an increase in Maintenance Materials and Casualty Loss. There was a house fire in Riverside where \$25,000 had to be paid out of pocket (our deductible).

Protective Services are 18% below budget.

General Expenses are 38% below the budget. This is due to AMP11 reserve budget amount.

Section 8 Programs

RESULTS OF OPERATION

Management prepared a budget that reflects a Net Gain of \$142,137. Actual results of operation for the month of September 30, 2018 reflected an Operating Gain of \$100,865 and a Non-Operating Gain of \$422,556. Overall, Section 8 program is reflecting a Net Gain of \$523,421.

OPERATING REVENUE

Total Operating revenue year to date is \$784,535 which is 3% below the budgeted amount of \$812,471.

OPERATING EXPENSE

Total operating expense year to date is \$683,670 which is 2% above the budgeted amount of \$670,134.

NON-OPERATING REVENUE (HAP/UAP)

Total HAP revenue year to date is \$8,010,192 which is 5% above the budgeted amount of \$7,619,738.

NON-OPERATING EXPENSE (HAP/UAP)

Total HAP expense year to date is \$7,587,636 which is breakeven when compare to the budgeted amount of \$7,619,738. This is due to a decrease in leasing due to transfers and turnaround of units. Currently, The Housing Authority has 31 Vouchers out on the street but budgeted 668 vouchers to be out on the street from now until CY 2019. These vouchers include 237 new vouchers which included the 178 Luther Towers, 51 Pearl Center, 8 VASH Vouchers and 431 regular vouchers.

Commissioner Cohen asked if there have been further discussions regarding the voucher issuance process since the Finance Committee meeting? Mr. Hill replied that he has not had that meeting with staff but it will happen this week. He wants to review the written schedule and ensure that we can follow up and report to the commissioners what the plan is to get them on the street. Some landlord recruitment discussions will occur as well. Commissioner Cohen shared that 431 vouchers need to be issued by December 31, 2018 and leased up by March 31, 2018.

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 \$1,645.961 with zero voucher termination.

Capital Fund Obligation & Expended Grant Report

Capital Fund Obligation & Expended Grant Report September 30, 2018						
Program	DATE OF Grant	Authorized	Obligation Amount	Percent	Expended Amount	Percent
Capital Fund 501-16	4/13/2016	\$ 2,548,070.00	\$ 2,548,070.00	100%	\$ 2,416,286.18	95%
Capital Fund 501-17	8/16/2017	\$ 2,805,746.00	\$ 1,665,028.54	59%	\$ 1,392,526.30	50%
Capital Fund 501-18	5/29/2018	\$ 4,308,930.00	\$ -	0%	\$ -	0%

Ms. Bizune shared that our current 2018 grant is not obligated or expensed. We are currently in the budgeting process. It is expected that some of it will be obligated by January 2019. Commissioner Cohen asked if we have access to those funds as this point. Ms. Bizune replied we do not. 2018 is in the LOCCS system. We are awaiting the completion of the environmental review by the City. Once received HUD will release the administration portion of those funds.

The Chairman asked if this is the environmental review that we have been waiting on since June. Mr. Turk replied no, we sent this to the City about a month ago.

ROSS and FSS Obligation & Expended Grant Report September 30, 2018						
Program	DATE OF Grant	Authorized	Obligation Amount	Percent	Expended Amount	Percent
FSS Grant	1/1/2018	\$ 138,214.00	\$ 111,275.12	81%	\$ 80,955.88	59%
ROSS Grant	2/8/2017	\$ 492,000.00	\$ 365,349.32	74%	\$ 365,349.32	74%

Agency Wide Reserve

Agency Wide Reserve September 30, 2018	
Programs	Amounts
Section 8 - Unrestricted Net Asset (UNA)	\$ 1,063,492.00
Section 8 - HAP/UAP Restricted Net Asset (NRA)	521,848.00
Total Section 8 Reserve	1,585,340.00
Public Housing Authority	2,764,351.70
Public Housing Authority - Center Cost Center (COCC'S)	27,281.92
Total Public Housing Authority Reserve	2,791,633.62
Parkview (Bonds Reserve)	902,775.20
Madison Garden	6,304.04
Grand Total	\$ 5,286,052.86

Commissioner Cohen asked when a new or revised budget will be presented to the Board. Ms. Bizune replied she was planning on bringing the 2019 revision to the Board in January and the new 2020 budget will be presented in February 2019.

Commissioner Cohen added that one of the reasons that he has been pushing so hard in the Finance Committee to get back the money from Park View is because the COCC is so low in its reserves.

The Chairman asked if there is any historical data for our year end reserves that can be shared with the Board. Ms. Bizune replied that can be provided. It is in the audit books. How far back do you want to go? The Chairman replied three (3) years. Commissioner Cohen agreed. Ms. Bizune stated that she would share it at the next Finance Committee meeting.

PHAS Designation Status

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 month. While July'2018 score was 22 points averaging at 89% and August'2018 score was 21 averaging at 84%. The September'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%.

September'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% and August'2018 score was 18 averaging at 71%. The September'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%.

September'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	1.00		
5	AR - Account Receivable	0.00	0.00	0.00	2.00	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	4.00		
25	Total MASS (out of 25 points)	20.00	12.00	20.00	20.00	16.00	20.00	16.00	5.00	17	70%

Mr. Hill shared that we reduced the deficit in the COCC from over \$400,000 to \$91,000 and in addition to that we found out some other things that we can do. When we bring back to the Board, he estimates that the COCC will be close to \$200,000 in the black which means it will earn some money with the things that we have done over the past week. This will be reflected in the next Board report.

The Chairman asked if there is a schedule for depreciation expense. Ms. Bizune replied she can provide it by development. The Chairman continued. He is glad that some things are being uncovered that the Board has not historically known about. He thanked Ms. Bizune and Mr. Hill for uncovering some of these things so that we can actually level the playing field and start working to making the Agency more profitable.

Commissioner Jeter asked if there is anything that is on the horizon that can negatively or positively impact the organization. Ms. Bizune replied that the negative impact would be the Baynard water damage. Our deductible is \$25,000. The most positive impact will be the adjustment to the budget for the COCC. In the past she would prorate the fees that were charged to the sites because the sites could not be burdened. If they were operating at a loss the COCC would have to inherit the loss. If the operating subsidy was prorated, the admin fees were prorated. With the increase of \$4,300,000 to the capital grant, 25% was given to the sites and the 1410 increased by \$400,000 that helped with the COCC.

Ms. Bizune added that if we do not lease up the 431 vouchers that funding will be recaptured for the following year. Our budget authority is calendar year. HUD will look at how we spend for the calendar year and then that is what is received the following year. They will only give what was spent. The reason why we are in this pickle is that HUD gave us new funding, new vouchers that took time to lease up. We had to put out an RFP for an inspector and a rent comparability study had to be performed which took a couple of months. HUD also revised our budget authority and we did not know about it until September.

The Chairman asked if a letter can be sent to HUD asking for an extension due to the circumstances surrounding the late notice and some of the other issues. The last thing we want to do is lose some funding that we can utilize next year. Some work has been done that will allow us to be a little more nimble. It is important for the staff to assemble something for the Board to see if we can reach out to HUD and ask for a waiver.

The Chairman asked how we manage the costs of the properties that we no longer receive subsidy for. Ms. Bizune replied that the development that they are located in funds them.

Mr. Hill asked Ms. Starkey-Ford to provide the Board an update regarding the HQS quality control inspections. Ms. Starkey-Ford shared we contracted McCright & Associates to conduct our Housing Quality Standard inspections in October 2016. They are required to do our annual inspections and our quality control inspections. It was determined that they were not meeting their contract requirements by conducting the quality control inspections. We have met with them and they are going to complete 30 QC inspections before 12/31/2018. They are required to do a total of 32 according to our program size. The QC inspections are part of our SEMAP certification. We must have a certain percentage completed. This deficiency was discovered in September.

Mr. Hill added we need to better manage the contract and they provide a report every month so it needs to be verified that they are doing quality control inspections sufficiently to meet the goal. Failure to do that would cause us to lose 5 points with SEMAP.

The Chairman asked when their contract expires. Ms. Starkey-Ford replied it was extended in October. Ms. Hanson added that it is a five (5) year contract with four (4) optional one year renewals. The contract began in 2016; therefore, we are in the 4th year of the contract.

The Chairman asked how they have performed in the past. Ms. Starkey-Ford replied they have done OK. We are going to sit down with them to address some minor issues. If we are not satisfied we will put out another RFP.

Commissioner Jeter asked if they have been paid. Ms. Starkey-Ford responded they only bill what they have done. They have not billed us for the QC inspections yet.

The Chairman called for a motion to accept the Finance Report. Commissioner Cohen made the motion and Commissioner Jeter seconded the motion. With no further questions from the Board, the Chairman called for the vote. Motion carried.

The Finance Report accepted unanimously.

5. BOARD COMMITTEE REPORTS

Finance

Commissioner Cohen asked Ms. Bizune to provide an update regarding TD Bank. Ms. Bizune replied that less than a week ago she received a letter from TD Bank stating that they are going to liquidate our mutual fund investments. We are going to look at other banks to see what options we have.

Mr. Hill added the issue is we have not had sufficient notice because the Board must approve where our monies are invested. Ms. Bizune sent them an email asking for additional time (60 days) and they said no. Mr. Hill wrote an email to them this past Friday stating how dissatisfied he was and that it was poor customer service only giving us 30 days to make a decision. He is awaiting a call from the bank manager.

Ms. Bizune added that she received Commissioner Cohen's email with Wells Fargo contact information and she will be reaching out to them. She stated that in the letter from TD Bank it stated that it was a Board decision that happened last month to stop mutual fund investments.

In the interim we will decide what type of money market account the money will be put into until we can find a bank to reinvest the monies. Then we will come to the Board for approval.

By-Law Ad Hoc

Mr. Hill shared that he received notification from Commissioner White stating that he is hopeful to bring a recommendation to the Board by the next meeting as it relates to the By-Law Ad Hoc Committee.

6. RESOLUTIONS

Resolution 18-26 authorizing the Wilmington Housing Authority to create and implement a Force Account Program through the Capital Fund Program to turn vacant Public Housing units

Mr. Hill presented the resolution.

The Chairman asked if there is a budget for the labor for the Force Account program. Mr. Hill responded that the budget has not been developed but the monies are there. We did have a conversation about what that budget could look like and we believe that it would be \$350,000 - \$375,000 annually for the labor.

The Chairman shared that what he is trying to do is determine what the cost to the agency will be on a monthly basis. What will our costs be and what savings will be realized, what is the impact? Mr. Hill replied that an analysis of how this will help the agency by reducing this cost. We have already identified that we do not have the staff capacity to actually turn these units and maintain 10-15 vacant units per month. He will provide that analysis by the next Board meeting.

The Chairman asked if the 89 units include the EPC units. Mr. Hill responded that the EPC units will be going to the contractors that have been identified; therefore, 53 units will be turned by the Force Account Program.

The Chairman wants to make sure that financially we are making the correct decision. He wants to see the numbers.

Ms. Bizune added that with the Force Account we will not be using the operating funds, this will be done through the capital funds. The benefit is that we will be able to use capital grant funds to pay for their salary and benefits in lieu of outsourcing the work to outside contractors. We will hire these employees and we will have control and manage them better. Mr. Hill stated that when we signed the ACC for capital fund one of the priorities is to turn vacant units.

The Chairman asked if the monies are not used they get recaptured. Mr. Hill replied correct. We have two years to obligate. We are good with the allocation. Mr. Turk and staff are reviewing the budget and determining the capital needs.

Commissioner Heckles called for a motion to adopt Resolution 18-26 but that we request the ED to provide a report on the cost savings prior to implementing the 2nd part of the resolution 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.

AYES

Matthew Heckles
Earl Jeter
Betty Pinkett
Steven Washington
Benjamin Cohen
Steven Martin

NAYS

ABSTENTIONS

Resolution 18-26 adopted unanimously.

7. OLD BUSINESS

Resolution 18-19, Rental Demonstration Program (RAD) application for Lincoln Towers

Mr. Hill shared that the reason why this is on here is because the resolution stated:

BE IT FURTHER RESOLVED that without an affirmative vote by the Board of Commissioners to confirm the application at the October meeting that the application be withdrawn.

Therefore, it is being brought to the Boards attention to review the resolution and determine if the application should be withdrawn.

Mr. Hill stated that the application was submitted to HUD. If the application is approved, HUD will provide a CHAP (Conditional Housing Assistance Payment) agreement and it can be withdrawn by the housing authority at any point, there is no penalty or risk.

Commissioner Heckles mentioned that some of the concern was that Lincoln Towers and Riverside RAD applications were presented to the Board for adoption in September. Our concern was if they were the two (2) developments that would be picked if we had to pick two. Lincoln Towers was the most in doubt of being the highest priority. He believes that this item should be kept on the agenda and that it be deferred until HUD awards a CHAP or the needs assessment is completed. At that point it would be a good time to review it again and make a determination.

Commissioner Cohen asked for an update on Baynard. Ms. Sulsky shared that there was a fire at Baynard on September 24th. It was a minor fire; however, one of the sprinklers went off causing \$400,000 - \$450,000 worth of damage. We processed a claim and we have a contractor and a remediation company working on the project. They have completed the 6th and the 7th floors and the residents are back in their units. They are currently working on floors 4 and 5. The units affected were 01 – 06; the rest of the floor was OK. The residents that were affected were placed in a hotel for two weeks while the contractors worked on their unit.

We have moved the first two (2) floors back; we are working on the 2nd two floors and anticipate to have them returned to their units by October 31st and then floors 2 and 3 will be worked on. The community room suffered some water damage. Some tile and ceiling work need to be done to complete it; however, it is being used as a staging area for the contractors.

We recognize that November 6th is Election Day and Baynard is a voting site. We have been assured by the contractors that all of their equipment will be out of there on Monday, October 29th when they move the election machines in. At that point they said they will have the tiles and ceiling work completed by November 6th.

The longest piece will be the source apartment which is 704. The resident was relocated to another apartment on a higher floor. That will be the last apartment that will be done. We are on target and anticipate the project to be completed before Thanksgiving.

The Chairman asked what the cause of the fire was. Ms. Sulsky replied a gas stove where the gas was not turned off. There were no injuries and so far we have had two liability claims for possessions. One was that we sent a lady's clothes to be dry-cleaned and she was pleased with that. The second was furniture and that claim has been settled. We understand there may be a few more liability claims. They are not injuries – they are possessions only.

Mr. Hill added that he should be receiving a report about the details of what happened and who was involved. If any training or other actions need to be done he will share the outcomes with the Board.

Commissioner Cohen asked if the \$25,000 deductible comes out of that AMP. Mr. Hill replied correct.

The Chairman asked if the properties that were being renovated in Riverside have been completed. Mr. Turk responded we have a roofing contract that is in progress. He has completed one building and two more to go. We have some other projects going on there including concrete, window replacement, tree trimming, and erosion control. Everything is in progress. We started the roofing process in June that usually takes 30 days to execute; however there was a slight delay because we had to get Board approval.

Mr. Turk added there are also two fire units that are being repaired and those units are in progress. The insurance company and the contractor are working with the City to get the permit and their structural analysis worked out.

The Chairman shared that it is important that these issues get reported to the Development Committee and that they are monitored.

8. NEW BUSINESS

Mr. Hill added there is an additional risk that could impact the Housing Authority that he wanted to mention. Our overall REAC score was 68, 60 is failing. If we receive a score of 59 or below the Housing Authority will be a "poor performer". There are two sites that remain for receiving their physical REAC inspection which are Scattered Site North and Riverside. The team has been working really hard on addressing issues before the inspections to help bring up the scores. Moving forward we will be developing a plan to address the needs before the REAC inspections occur. The inspections will be complete by the end of October and when the inspection reports come in he will present them to the Board.

The Chairman asked how does the properties that we have not completed or fixed impact the score (the roofs from the fire, the EH &S, etc.)? Mr. Hill replied it does, issues outside of the unit have the biggest impact. Although they may pick a number of units to go inside, if a resident blocks a window with a dresser it is considered a blocked egress and we lose points. We are staying on top of that and get into the units more than once a year. We are also going to improve the way we walk the sites and reporting things that need to be done. Mr. Hill walked

the sites and saw that there were issues with the concrete sidewalks that needed to be fixed; therefore, that is being done now.

Commissioner Jeter thanked Mr. Hill for sharing that information. He stated that was the reason for his question, he is looking for transparency. When he asks if there is any impact he does not necessarily mean something that is right in front of you, he is thinking all encompassing including from Washington all the way down. What do you see on the horizon that could negatively or positively impact WHA and what are the risks and what should we as a Board be considering and thinking about? We want to be ahead of the curve and be proactive instead of reactive.

Commissioner Heckles asked if we can project a REAC score before they come out. Mr. Hill replied we are piggy backing on a contract that Philadelphia Housing Authority uses to do the annual inspection before us before REAC. Commissioner Heckles added that we should be able to anticipate what score we will receive. For instance, if the Housing Authority is looking at a property and we expect it to get a 60 and it gets a 60. That is not a good score, but there is something good about that that it is a problem property and we have to improve the score on. In another case, if we look at a property and we believe that it will get an 80 and it turns out getting a 60 in some ways he believes this could be a bigger problem because we do not have a good understanding of the property.

What made him think of this is through the Qualified Application Process for tax credits developers are asked to self score and most of the time they are very close to what their actual score is. It helps them understand where they have a strong or weak application. Going through the process of self scoring can be revealing. Mr. Hill responded that raises a good point and that is one of the reasons this group is coming in because it is done through training, what to look for. Commissioner Heckles suggested that key topics that are on the agenda for the Board meetings. Perhaps REAC could be one of them.

Mr. Hill mentioned that the next Board meeting will be Monday, December 10th. The November and December meetings have been combined because of the holidays.


ADJOURNMENT

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

The meeting was adjourned at 7:53 p.m.

ADOPTED:

Respectfully submitted,


Steven Washington, Secretary