

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

December 10, 2018

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

MINUTES OF MEETING

Present Representing the Board of Commissioners

James Spadola, Vice Chairman (chaired mtg)
Steven Washington, Secretary
Ben Cohen, Treasurer
Vincent White
Betty Pinkett
Earl Jeter

Absent: Steven Martin, Chairman
Timothy Crawl-Bey
Matthew Heckles

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
Irmina Williams, Resident Services Chief
Laverne Hanson, Procurement Chief
Christine Arnold, Special Assistant/Scribe

Donna Starkey-Ford, Section 8 Chief
Sarah Babaian, IT Chief
Denise Miller, Manager
Yolanda Durant, Security
Vibhuti Talwar, Finance
Darniece Hampton, Resident Services
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 October 22, 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 October 22, 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 White shared that he attended the Riverside Press Conference and Mr. Hill did not indicate that in his report. He requested that a copy of the PowerPoint from the Procurement Workshop be sent to him. Also send him the minutes from the meeting with Pennrose. In August 2018 the Board asked that conflict of interest statements be provided for all persons associated with the Riverside project with a due date of September 15, 2018. Have they been submitted? Mr. Hill replied that he will provide the information that Commissioner White requested.

Commissioner White continued. He asked if the HR policy will be amended regarding the confidentiality agreements that staff will sign. Mr. Hill shared that Ms. Sulsky is indicating that the policy does not need to be amended. Commissioner White also questioned if the confidentiality statement would that survive employment (after termination) and if so for how long. Mr. Willoughby replied that typically confidentiality does survive termination of employment. Mr. Hill added that he will ensure that this is included in the form and will be reviewed by Mr. Willoughby prior to implementation.

Chairman Spadola asked who Jared Oliver, WHA's web designer, is and how much is being spent on the website. Ms. Babaian replied that WHA has an ongoing history with Mr. Oliver. He developed the last website under our previous Executive Director. Mr. Hill did meet with Mr. Oliver and expressed his vision of the development of the new site. He will be developing our new website. She has not had a conversation regarding the costs but will get that information. The Chairman mentioned to Mr. Hill that this may be a good time to revisit the contract. Commissioner White added that a scope of services should be provided as well.

Commissioner Cohen shared that he is very pleased with the Finance staff and Mr. Hill for putting together the plan for the upcoming budget. It is what we have asked for and he wanted to note they are responding to the committee's requests.

Commissioner Jeter asked that a brief summary be provided about what happened at the Purpose Built Conference and if that model would be successful in Wilmington. Mr. Hill shared that it was announced at the conference that Wilmington is an affiliate town that will be looking at implementing the Purpose Built Community at Riverside. It was a very good conference. The model does not change in 2019. There are different variations on the education piece. He recommends that as we move forward that members of the staff and the Board tour the other sites, there are 19 total, other than just the original. Commissioner Washington shared that he would like to see the newer projects and schools that have been in effect for two years.

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

Executive Director's Report accepted unanimously.

3. RESOLUTIONS

Amendment to Resolution 16-24 Authorizing the Wilmington Housing Authority to Add Funds to a Contract for Housing Quality Standards (HQS) Inspections to McCright & Associates for WHA Housing Choice Voucher Units

Commissioner White called for a motion to waive the reading of the Amendment to Resolution 16-24 and just provide a synopsis, Commissioner Cohen seconded the motion.

Ms. Starkey-Ford presented the synopsis. The purpose of this amendment is to add funds to the contract between McCright and Associates and Wilmington Housing Authority for inspection services for units participating in the Housing Choice Voucher Program. The original contract was approved for a term of five (5) years. Funding projected was insufficient to fund the total five (5) years due to a substantial program increase and unpredicted special inspections and no-show inspections.

The amount of increase being requested to provide funding for the remaining balance of the contract term (3 years) is \$310,000. This will allow WHA to continue the services provided by McCright and Associates through the balance of the term of the contract at the current Housing Choice Voucher allocation.

Commissioner White called for a motion to adopt the Amendment to Resolution 16-24 and Commissioner Cohen seconded the motion. The Chairman asked for questions on the motion. With no questions from the Board, the Chairman called for the vote.

Amendment to Resolution 16-24 adopted unanimously.

Resolution 18-27 Authorizing the Submission of the Wilmington Housing Authority's Annual Plan for Fiscal Year 2019

Commissioner White called for a motion to waive the reading of Resolution 18-27 and just provide a synopsis, Commissioner Cohen seconded the motion.

Ms. Spellman presented the synopsis. The Wilmington Housing Authority is requesting approval to submit the Annual Plan for its fiscal year beginning April 1, 2019. The process requires a resolution from the Board of Commissioners approving the plan for submission to the U.S. Department of Housing and Urban Development (HUD) for its review and approval. The plan will be submitted by January 16, 2019. The plan is consistent with last year's plan except for the changes that are outlined in the enclosed summaries.

Commissioner White called for a motion to adopt Resolution 18-27 and Commissioner Cohen seconded the motion. The Chairman asked for questions on the motion.

Commissioner Cohen shared that the Board was provided the information at the last minute as was the case last year. This is a lot of information and should be shared with the Board sooner so it can be reviewed more adequately. Is there anything dramatically different? Mr. Hill replied that in the future he will ensure that the Board members will receive the information during the 45-day review period.

Ms. Spellman added that there were some minor policy changes with one of the most significant is a new change to the Housing Choice Voucher Program regarding the Small Area Fair Market Rents (SAFMR). HUD is allowing the Authority to go between 90-110% of the fair market rents to enable participants to move out of poverty areas into more mixed income communities. We worked with HUD and we had to assess our communities to determine how those changes would impact the population. There was no affect on our population but the policy is in effect.

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

Resolution 18-27 adopted unanimously.

Resolution 18-28 Authorizing the Executive Director of the Wilmington Housing Authority to Submit a Rental Assistance Demonstration (RAD) Application for Certain Public Housing Asset Management Project (AMP) Units

Mr. Hill presented the resolution. Congress has authorized the RAD program to go up to 455,000 units nationwide. We have just obtained services to do our portfolio assessment which will take approximately 3 months to complete. It does not harm the Housing Authority in any way to complete a RAD application and withdrawal it at a later date if it is decided to not implement the program at any given site. He just wants to get WHA properties on the list.

Commissioner White called for a motion to adopt Resolution 18-28 and Commissioner Cohen seconded the motion. The Chairman asked for questions on the motion.

Commissioner White asked the date that this is filed? Mr. Hill replied that once this resolution is approved by the Board we can start the process immediately on filing the applications. There is no deadline date. It is open. The Board will have the authority to pull the applications at any time.

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

Resolution 18-28 adopted unanimously.

Resolution 18-29 Authorizing the Executive Director of the Wilmington Housing Authority to Issue a \$400 Holiday Appreciation Bonus to All WHA Employees

Commissioner White called for a motion to adopt Resolution 18-29 and Commissioner Cohen seconded the motion. The Chairman asked for questions on the motion.

Commissioner White asked if these monies are in the budget and if it is allowed by HUD. Mr. Hill replied it is. He spoke with the Budget Director and this does not harm our budget and it is allowed by HUD. This is a gift and is not taxed. They will receive gift cards.

Mr. Hill, Ms. Sulsky and other members of the senior staff are working together to design a performance evaluation. Employee performance will be measurable for their position and there will be outcomes where we can let the staff know how they are doing; whether they receive a raise or not. Job descriptions are also being updated. It is anticipated that these will be available by June 2019.

Commissioner White asked if employees receiving the bonus are employees in good standing. Mr. Hill replied they are all employees and he is assuming that they are in good standing even if there are things that are going on. They are still employees.

Commissioner White asked why \$400? Mr. Hill replied that he provided a figure and after discussions it was determined to be \$400 per employee. The Executive Director is excluded from this resolution.

Commissioner Cohen shared that the Finance Committee is very much in favor of this. It is a great mechanism to increase employee morale.

Commissioner Washington asked which bank is being used. Ms. Bizune replied that TD Bank will be providing VISA gift cards. There are no fees.

Commissioner Washington continued. He shared that he asked that question because he received a check from WHA and he went to TD to cash it. Because he did not have an account at TD he was charged \$7.00 to cash the check. Is that a normal bank practice? Ms. Bizune replied it is normal bank practice. She mentioned that in the future she can have his payment sent via ACH.

Chairman Spadola asked if there are safety precautions being taken into consideration? Ms. Bizune replied that either someone from her staff will go to the bank and get the cards or the Bank Manager will bring them to the Housing Authority. The cards will be in a secure bag, a list of the card number and amount will be provided so the cards can be tracked.

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

Resolution 18-29 adopted unanimously.

Resolution 18-30 to Rescind Resolution 18-07 Authorizing the Wilmington Housing Authority to Purchase Two New Construction Townhomes at 525 and 527 N Scott Street., Wilmington, DE 19805 with Replacement Housing Factor (RHF) Funds

Mr. Hill presented the resolution. Resolution 18-07 was approved by the Board on April 23, 2018 to purchase two homes with a cost of \$130,000 - \$150,000 each. His recommendation is to rescind the purchase of these homes because the monies would be better served being used for the redevelopment of Riverside.

Commissioner Cohen called for a motion to adopt Resolution 18-30 and Commissioner Jeter seconded the motion. The Chairman asked for questions on the motion.

Commissioner Cohen asked if this process has started to purchase the homes and are we breaking any contracts. Mr. Turk shared that a contract has been signed and the contract allows us to withdrawal if

we do not receive approval from HUD or the Board. HUD has not approved the purchase; therefore we can withdrawal without penalty.

Commissioner Jeter asked who owns these homes. Mr. Turk replied that they are new construction homes owned by Casale.

Commissioner Cohen asked for confirmation that the purpose to purchase these homes was to increase our scattered site inventory to create newly available housing within that area of the City. Mr. Turk replied correct.

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

Resolution 18-30 adopted unanimously.

4. FINANCE REPORT

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 \$158,524 which includes \$323,379 for AMP 11 reserve and \$426,200 for the payment of the Energy Performance Contracting (EPC) Loan. Actual results of operation for the month of October 31, 2018 reflected an Operating gain of \$1,151,879. After offsetting the EPC loan amount of \$419,823 there is a net positive cash position of \$732,056. The program reflects a Loss of \$974,656 after offsetting Depreciation Expense.

REVENUE

Total Operating revenue year to date is \$8,392,215. This is 2% above the budgeted amount of \$8,267,845. This is due to receiving an increase in operating subsidy.

EXPENSE

Total Operating Expense year to date are \$7,240,336 which do not include the Energy Performance Contracting (EPC) loan amount of \$419,823 (EPC loan is reflect on the balance sheet). Total Operating Expenses year to date is 10% below the budgeted amount of \$8,054,714.

Administrative Expense was 1% below the budgeted amount.

Salary and Benefit Expense is 1% below the budget when compare to the budgeted amount. Overall Salary is 11% below the budget while benefit is 10% above the budget due to compensation absence.

Tenant Service is breakeven when compare to Budgeted amount.

Utility Expenses are 19% below the budget amount due to not all the utilities have received. Also, Wilmington Housing Authority only pays Electric and Gas on vacant units.

Ordinary Maintenance Expenses are 7% above the budget. This is due to an increase in Maintenance Costs and Casualty Loss.

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 \$166,060. Actual results of operation for the month of October 31, 2018 reflected an Operating Gain of \$111,196 and a Non-Operating Gain of \$647,829. Overall, Section 8 program is reflecting a Net Gain of \$759,024.

OPERATING REVENUE

Total Operating revenue year to date is \$905,284 which is 4% below the budgeted amount of \$947,883.

OPERATING EXPENSE

Total operating expense year to date is \$794,088 which is 2% above the budgeted amount of \$781,823. This increase is due to administration costs.

NON-OPERATING REVENUE (HAP/UAP)

Total HAP revenue year to date is \$9,500,003 which is 7% above the budgeted amount of \$8,889,695. This is due to the new vouchers were awarded.

NON-OPERATING EXPENSE (HAP/UAP)

Total HAP expense year to date is \$8,852,175 which is breakeven when compare to the budgeted amount of \$8,889,695. See page 4 for our Analysis.

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 \$1,605,232 with an "excess reserves subject to offset" of \$352,284. With the new additional funding that we received, we were not able to lease up the units within the short amount of time. The monies may be recaptured by HUD.

Commissioner Cohen asked vouchers issued September 2018 lists 41. Are those actual and November 2018 and December 2018 each has 81. Ms. Bizune replied that September is actual numbers and November and December are projections.

Ms. Starkey-Ford added that actual for November is 42 and for December 50 will be issued by 12/31/2018. For the VASH vouchers, 39 have been issued for the Pearl Center with one remaining. 178 vouchers for Luther Towers have been issued but they are not under contract yet. The goal is to have them contracted by January 31, 2019.

Mr. Hill added that there have been issues with the Luther Towers issuance of vouchers. He is going to send HUD a letter asking how long we have to hold onto these vouchers before they can be put into the

regular pool. Our utilization has dropped because of these extra vouchers and we want to resolve this issue.

Commissioner Cohen asked for clarification that we are unlikely to meet the full target for the end of the year but we are just asking HUD for more time. Ms. Bizune replied that HUD does take into account the issuance of the vouchers. They do include them in the next year's two-year tool calculations.

Capital Fund Obligation & Expended Grant Report

Capital and Replacement Factor Fund Obligation & Expended Grant Report							
October 31, 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%	\$ 2,455,221.68	96%	
Capital Fund 501-17	8/16/2017	\$ 2,805,746.00	\$ 1,881,927.12	67%	\$ 1,569,199.39	56%	
Capital Fund 501-18	5/29/2018	\$ 4,308,930.00	\$ 1,292,679.00	30%	\$ -	0%	
RHF 501-16	4/13/2016	\$ 157,050.00	\$ -		\$ -		
RHF 502-16	4/13/2016	\$ 276,514.00	\$ -		\$ -		
RHF 502-17	8/16/2017	\$ 3,529.00	\$ -		\$ -		

ROSS and FSS Obligation & Expended Grant Report							
October 31, 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	
October 31, 2018	
Programs	Amounts
Section 8 - Unrestricted Net Asset (UNA)	\$ 1,063,526.00
Section 8 - HAP/UAP Restricted Net Asset (NRA)	751,882.00
Total Section 8 Reserve	1,815,408.00
Public Housing Authority	2,764,351.70
Public Housing Authority - Center Cost Center (COCC'S)	31,699.59
Total Public Housing Authority Reserve	2,796,051.29
Parkview (Bonds Reserve)	958,078.68
Madison Garden	6,309.47
Grand Total	\$ 5,575,847.44

Commissioner Cohen asked if the 2018 grant where 30% has been obligated, can this be transferred back? Ms. Bizune replied yes, we obligate in October to withdrawal the funds and then in November the expense will be shown. The funds will transfer from the Capital fund to LIPH operating fund at the AMP level.

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 months. July'2018 score was 22 points averaging at 89% while August'2018 and September '2018 score was 21 averaging at 84%. The October'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%.

October'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	10.71	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	24.71	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%. September'2018 score was 17 averaging at 70% while October'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 72%.

October'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	4.00		
5	AR - Account Receivable	0.00	0.00	0.00	5.00	0.00	0.00	0.00	5.00		
4	AP - Accounts Payable	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00		
25	Total MASS (out of 25 points)	20.00	12.00	20.00	25.00	16.00	20.00	16.00	13.00	18	72%

Commissioner Cohen commented that regarding the FASS score, after the AMPs are reorganized it will help with the scores. He is looking forward to that because there are some structural things that need to be shifted.

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. DEVELOPMENT AND CAPITAL IMPROVEMENTS REPORT

Mr. Turk presented his report as written with a few comments. We are moving forward with the Riverside redevelopment. We had a kickoff meeting on December 4, 2018 with our REACH Riverside team and the developer. We have recently received notice that HUD was ready to issue a RAD CHAP. We are in the process of working with the developer to begin working on a master plan for the development. That will determine how RAD is blended with the project.

We are anticipating receiving HUD approval of the EPC contract by 12/31/2018. TD Bank has pre-approved WHA for the energy performance funds and those funds will help our scores because we will rehabilitate 36 long-term vacant scattered sites in West Center City.

We are looking for final approval from Delmarva Power on the second phase of our Solar Project.

We have a backflow prevention project that we have received bids on and are in the process of doing some value engineering to lower the cost. We were projecting \$240,000 and bids came in over \$300,000.

The Chairman called for a motion to accept the Development and Capital Improvements Report. Commissioner Cohen made the motion and Commissioner Pinkett seconded the motion. The Chairman asked for questions on the motion.

Commissioner Washington asked how many acres in Riverside are owned by WHA. Mr. Turk replied 25 acres. Mr. Hill added that he has requested that a survey be done to show where the boundary lines are provide an accurate account of how much acreage WHA actually does own.

Chairman Spadola asked if there have been any conversations with Dr. Yasser Sain from the University of Delaware. He does a lot of research about the root cause of the violence and the economic culture behind it. He attended a presentation that he gave yesterday and he mentioned Riverside multiple times. The Chairman believes that we should bring him into the conversation. The Doctor does have a relationship with the Mayor's office. The Chairman will provide his contact information to Mr. Hill.

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

The Development and Capital Improvements Report accepted unanimously.

6. BOARD COMMITTEE REPORTS

Finance

Commissioner Cohen shared that the Finance Committee met on November 27, 2018 and reviewed many items including Park View which will be discussed tonight. Everything that you heard in the Finance report was discussed in the Finance Committee. There is also an item that was discussed in the committee meeting that will be discussed in Executive Session tonight.

7. OLD BUSINESS

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

Mr. Hill shared that Commissioner Heckles asked that this item remain on the agenda so that at any point discussions can occur to pull the application if desired.

8. NEW BUSINESS

New Administration Building for WHA at Riverside

Mr. Hill shared that many months ago in meetings with REACH Riverside WHA staff discussed the possibility of building a new administration building in Riverside. Mr. Hill wanted to bring it to the Board's attention because it would be an ideal place to have a new administration building because we have outgrown this one. We could rent this building out and generate some additional income for the COCC. There were concerns on how funds would be obtained and the safety and convenience of location for residents and participants to get to.

Universal Payout for Retirees

Mr. Hill shared that the Housing Authority management has some work to do regarding managing employees Comp Time to ensure they do not exceed the maximum allowable carryover time as outlined in the union contracts. Specific discussions were deferred to Executive Session.

Synopsis of Issues at the Park View Apartments

Mr. Hill provided a packet for the Board members to review regarding the Park View Apartments. Information will be used to determine if Park View should be refinanced and how much should be borrowed. Mr. Turk provided an overview of the refinance data and capital needs and which should be addressed first.

Commissioner Cohen summarized that we are looking back at the \$10,800,000 initial and considering the \$2,000,000 energy loan. We are reviewing the cash flow analysis and will determine which is most reasonable. Mr. Hill replied correct.

Commissioner Jeter asked how much cash flow is possible with the rent increases. Mr. Hill replied \$267,000 annually.

Commissioner Jeter continued. The immediate need is the boilers, correct and how will it be financed? Mr. Hill replied there are three (3) immediate needs –replacement of hot water holding tanks, the boilers, and the elevators. As for the costs, we may need to not do something and do some deferred maintenance. That information needs to be determined on how it will be handled.

We have applied for a line of credit to address the immediate need to replace the hot water holding tanks because this is considered an emergency situation.

Commissioner Cohen asked for an explanation of which entity owns what. Ms. Bizune replied that Electra Arms Senior Association will be the borrower for the line of credit and the loans for refinancing. Park View LLC owns 99% of the building and is the limited partner. WRC owns 1% and is the general partner.

9. EXECUTIVE SESSION

The Chairman called for a motion to go into Executive Session. Commissioner Cohen made the motion and Commissioner Pinkett seconded the motion.

The Board went into Executive Session at 7:55 p.m.

10. 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 8:20 p.m.

ADOPTED:

Respectfully submitted,


Steven Washington, Secretary