



NEWARK HOUSING AUTHORITY

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Newark Housing Authority
Board of Commissioners
September 23, 2015
REVISED 9/24/2015

Summary of Meeting Minutes

Opening:

The regular meeting of the Board of Commissioners was called to order by Chairperson, Lloyd Harris on September 23, 2015 at 5:00 pm.

I. Roll Call:

Board of Commissioners present: Lloyd Harris, Kevin Heitzenroder, Donna Shand, Sharon Smith, Don DelCollo and Peter Hartranft. The Roll Call of the Commissioners was individually confirmed by an "I" response. NHA Staff present: Executive Director, Marene M. Jordan; Attorney, Don Gouge.

Absent:

Mark Dougherty

II. Guest and/or Visitor or Petition:

Mr. Edmund Fosu-Laryea and Mr. Steve Kutsuflakis of Barbacane Thornton & Company

The Chairperson opened the floor and allowed Ms. Jordan to introduce the members from Barbacane Thornton & Company to the board. Mr. Fosu-Laryea was the lead auditor who was present for the field work was the primary presenter. He introduced himself to all in attendance and called everyone's attention to the FYE Final Report for the period covering 3/31/2015 and 3/31/2014. He acknowledged Barbacane Thornton & Company has audited the basic financial statements of the Newark Housing Authority for the FYE 3/31/2015 and 2014, respectively. It reports on the auditors being able to express an opinion about the financial statements as based on our audit. Basically, these financial statements are management financial statements. The auditors' opinion states that Barbacane Thornton & Company has accepted the auditing and governing standards while performing this audit. The financial statements were fairly presented as of the March 31, 2015 and 2014 FYE. Mr. Fosu-Laryea stated, "What we have here is an unqualified opinion (a clean opinion)". He stated that because the Newark Housing Authority receives federal dollars that they (Barbacane Thornton & Company) are required to perform additional tests for compliance. The Management Discussion and Analysis (MD&A) is a report prepared by Ms. Jordan (Executive Director) & Mr. Marc DeBeary (fee accountant) and is a narrative of what took place during the fiscal year under review. The MD&A is a report that basically compares last years audit to this years audit to show a comparison in determining how well the agency is performing (in this case) over a three year period while reviewing FYE 2015 and making a comparison to FYE 2014 and 2013.

The Authority's cash and cash equivalents balance as of March 31, 2015 was \$568,544 representing an increase of \$483,070 from FYE 3/31/2014. This increase was the result of the authority receiving an earned ground lease payment for Alder Creek in a lump sum onetime payment at settlement. The Authority

recognized \$25,000 for the year ended 3/31/2015 and deferred \$475,000 to be recognized over the remainder of the tax credit period.

Key Points referenced during the exit meeting:

- Capital assets decreased by \$56,608 from the prior year. This was the result of depreciation expenses in the amount of \$149,777 exceeding additions \$93,169.
- Current liabilities increased by \$38,537 from the prior year. This increase mainly represented the unearned current portion of fees derived from Alder Creek.
- Noncurrent liabilities increased by \$448,343 as compared to the prior year. This increase mainly represented the unearned noncurrent portion of fees derived from the Alder Creek.

Mr. Fosu-Laryea reported on the Single Audit Supplement. This section made reference to the Internal Control over Financial Reporting. He reported Barbacane Thornton & Company considered the Newark Housing Authority's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Newark Housing Authority's internal control. Given the limitations during the audit, Barbacane Thornton & Company did not identify any deficiencies in internal controls that were considered to be a material weakness; *thus, the internal controls were not audited but tested so no opinion was given.*

Mr. Fosu-Laryea reported on the Compliance part of the audit. As part of obtaining reasonable assurance about whether the Newark Housing Authority's financial statements are free from material misstatement Barbacane Thornton & Company performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. In providing an opinion on compliance with these provisions was not an objective of our audit and accordingly Barbacane Thornton & Company do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Mr. Delcollo asked if phone calls are placed to landlords to verify payments. *He also asked if physical inspection were performed to determine if families are living in the units.* Mr. Fosu-Laryea responded, *"No phone calls are made nor are inspections performed"*. He further replied that, "As part of the compliance review, Barbacane Thornton & Company selects a sample of tenants files to review as part of the audit to determine if the files are in compliant with having the required documentation in the participants files (Signed Lease Agreement, Signed HAP Contract, Utility Allowance Worksheet, Rent Rolls etc.." He added there are checks and balances that are reviewed to determine compliance with regulatory requirements.

Mr. Steve Kutsuflakis from Barbacane Thornton & Company added if there were any problems as a result of the audit, a finding, a recommendation or a management note would be issued as a part of the audit which is not the case here. He added the monthly financial reports that are being presented to the board are actually stated and shows a true projection of financials and having Mr. DeBeary as the fee accountant is a good resource for NHA. He added this audit did not require any journal entries necessary and the audit is clean.

Mr. Hartranft (member of the Finance Committee) made reference to the FYE 3/31/2015 audit being clean and asked what were the results last year? Mr. Steve Kutsuflakis responded, "The NHA's audits have been clean for several years".

Ms. Shand (Chairperson of the Finance Committee) commented that she would like to review the audit and if she has any questions, she will let Ms. Jordan know.

Ms. Jordan asked for clarification of auditor's report on the Internal Controls. She asked, that during the review of the Internal Controls for NHA given the size and number of staff members were there any concerns with the current Internal Controls? Mr. Steve Kutsuflakis responded, "We test for the obvious things and if something doesn't appear right we question it but that not we do not express an opinion".

III. Approval of Minutes:

The Chairperson asked for approval of the July 8, 2015 meeting minutes. Before a motion was made Ms. Smith made reference to some typo's that needed correction. With the correction, Ms. Smith made a motion to approve the minutes. The motion was second by Ms. Shand.

Aye 5 (Mr. Harris, Ms. Shand, Ms. Smith, Mr. DelCollo and Mr. Hartranft)
Nay 0
Abstained 1: Mr. Kevin Heitzenroder (Absent)

IV. Report of the Executive Director:

(A). Staff Report:

The Chairperson asked for approval of the Staff Reports for July and August. Before the Staff Report was approved, Ms. Jordan made reference to the July Staff Report. She referenced the following:

- Receiving notice from HUD regarding the Section 8 Management Assessment program (SEMAP) score for FYE 3/31/2015 and grade for the 15 indicators in the assessment. The HUD report as of July 31, 2015 scored NHA as 100%; thus the performance rating is High.
- In correspondence dated for July 30, 2015 from DNREC, the 1 Million Brownfields Grant awarded NHA to address the environmental issues at Alder Creek is fully expended; and, after a reconciliation of the grant, cost representing oversight/monitoring of grant that exceeded the total grant resulting in a balance due to DNREC. NHA has forward the invoice and back up documentation to Ingberman for direct payment to DNREC.
- A Grand Opening for Alder Creek is yet to be determined.

She referenced the following in the August Staff Report:

- Received notice from HUD regarding the Low Income Public Housing Program score and assessment for FYE 3/31/2015. The report as of August 20, 2015 for the 4 indicators that are reviewed under this program scored NHA as 99; thus the performance rating is High.
- NHA has setup a workstation in the community room affording all residents with an opportunity to use the internet, use the computer to look for employment, to prepare resumes and printout information that maybe needed during their annual re-certification.

The Chairperson asked for a motion to approve the Staff Reports for July and August. Mr. Heitzenroder made a motion to accept the Staff Reports. The motion was seconded by Ms. Shand.

Aye 6 (Mr. Harris, Mr. Heitzenroder, Ms. Shand, Ms. Smith, Mr. DeCollo and Mr. Hartranft)
Nay 0

V. Committee Reports:

A. Report of Policies and Procedures & Compliance & Personnel Committee:

Mr. Doughty, Chairperson of this sub-committee, was not present for an update. Ms. Smith (committee member) provided the update from the committee. She made reference to the draft "On Boarding Information Manual that everyone was provided a copy of. The manual will include the following:

- An invitation letter to meet the Executive Director sent a part from the manual (which is provided by the director when appointed board members are confirmed).
- A Welcome Letter signed by the Executive Director and Chairperson
- An insert of the Newark Housing Authority's Mission Statement
- A Copy the Newark Housing Authority's Core Values for LIPH Redevelopment
- An insert about the Business of the Newark Housing Authority
- A brief bio of the Executive Director (pending)
- A insert of Accomplishments of the Newark Housing Authority
- A list of the Newark Housing Authority's Staff and Support Staff
- An Insert of the most recent approved Operating Budget
- A list of the Newark Housing Authority's Informational Booklets (HCV, LIPH and Commissioner Booklets)
- An insert listing the most commonly used housing acronyms
- An insert about the Board of Commissioners:
 - A current list of Board of Commissioners listing their roles, assigned committee(s), home addresses, phone numbers and email addresses
 - An outline of the process in filling a board vacancy
 - An outline of the process for re-appointments of Board Members
 - A outline on Meetings
 - A copy of the By-Laws
 - An outline of the Roles of the Board of Commissioners
 - An outline of the Responsibilities of Commissioners

- An outline of the Commissioner Performance and Expectations
- An outline of the Annual Review of Commissioners
- A list of forms requiring Board Members Signatures

Ms. Smith asked all board members to review the information provided from the committee as she welcomes any additional information to add or change to the manual and hopes to have board approval in the circulation of the manual to current and future board members.

At the end of Ms. Smith's presentation the board as a whole complemented her efforts in working with Mr. Doughty and Ms. Jordan in putting the manual together.

B. Report of Alder Creek:

Mr. Heitzenroder, Chairperson of this development sub-committee, reported that he and Ms. Jordan were able to resolve some minor issues with some concerns at Alder Creek. He noted that he had the opportunity to ride by the site and noticed some children toys behind some of the units which indicated some families have moved in. Ms. Jordan confirmed by saying residential buildings 1 through 4 are leased and Alder Creek management are actively pulling families from NHA's waiting lists for leasing of the other units. Ms. Jordan continued with the following update:

- NHA reported we have open issues with compliance with certified reports being provided from Ingerman resulting in NHA not signing any future change orders until the issues are resolved.
- As previously reported all Brownfields grant funds award to NHA have been expended. After reconciliation, Ingerman was notified of cost for oversight/monitoring of the grant that is due and payable to the DNREC. DNREC has informed NHA the issuance of the Certificate of Completion of Remedy once requested will not be issued until the money paid.
- NHA reported the signage for Alder Creek still remains unresolved. DSHA was contacted for guidance on how to resolve. NHA provided a copy of the approved monument sign designed by Haley Donovan and the proposed (approved) sign approved by Ingerman designed by Acorn as well as a quote from Sign-a-Roma sought by NHA as an independent quote which NHA will pay for to ensure the development has the appropriate signage for the site.
- NHA is waiting on Proof of Commercial Property for the News Units and Pratt insurance (NHA's agent) is following up.
- NHA was notified on Tuesday, September 22, 2015 Ingerman cannot met the deadline of having received all CO's and having at least 40 units leased (95%) by September 30th. So subsidy is being questioned as to how much and when will NHA make subsidy available. The issue is the building matrix keeps changing and there are reports of delays with construction. However, NHA has requested the subsidy excel tool from HUD to include the 42 units for CY 2016 and we have not received the tool yet.

C. Report of Finance Committee:

Chairperson of this sub-committee, Ms. Shand, referred to the Budget vs. Actual Report for the period covering April through July of 2015. In reviewing the budget line items below, some of the following questions were asked and answered:

- 3690.00 Other Income – Miscellaneous Fees; Looks higher than expected. Question: What does this represent? Answer: The increase is due to tenants paying more rent and repayment agreements with tenants for repairs beyond normal wear and tear; payments for extermination cost not covered in our quarterly services; and tenants failure to report income.
- 3690.88 Ground Lease Revenue; Looks low for the YTD vs. budget: Please explain. Answer: In reviewing this budget line item, it appears that July's revenue/allocation was missed for the YTD total. An adjustment will be made.
- 4140.00 Training; What is the make-up of this budget line item? Answer: Training is budgeted for management improvements consisting of staff training for any updates on HUD requirements, Fair Housing or refresher classes involving all aspects of administering, management, up keep and compliance on all programs we administer.
- 4510.00 &.01 Insurance; This line item seems low. Please explain. Answer: NHA's premiums were reduced as a result of Alder Creek. Ingerman is responsible for providing property and liability insurance.

Ms. Shand asked, if anyone from the board had any questions regarding the financials? Since there were none, she moved on to the Profit Loss Report for the Section 8 program. This is a straight forward report showing income vs. expenses with a net income today of just above \$4,000. She asked, if anyone had any questions regarding this report. There were none and that concluded her report.

VI. Attorney Issues:

N/A

VII. Old Business:

A. From other Commissioners:

On Boarding Process Procedure; See Report under Committee Report

B. From the Executive Director:

Property Swap – 101 New London: Ms. Jordan reported she met with the RAB members and they provided written comments to the board. The members are here and will discuss their comments with the board when the floor is open to visitors. Ms. Jordan added, the annual plan process will begin in November. The process will include a public notice of our intent to sale 101 New London. The annual plan will have language of real estate transactions NHA may want to consider and follow-up on a later date being this is not the first time NHA has been contacted from interested parties who expressed interest in purchasing scattered sites in the past.

C. From the Legal Counsel:

None

VIII. New Business:

A. From other Commissioners:

None

B. From the Executive Director:

Ms. Jordan reported that NHA is in the process of updating the policies for both programs. She provided a copy of everyone for their review and approval and made reference the proposed changes will be part of the annual plan process affording the public with an opportunity to submit written comments for review and approval within the review period for the board to consider before approving any changes.

Ms. Jordan also mentioned a few issues that she is working on.

- NHA will be soliciting for audit service (RFP 2015-01). The packet will be available on October 9, 2015 with all responses due by October 23, 2015. A review committee will be created to review and make the recommendation to the board for approval.
- She mentioned the website is down and currently under construction.

C. From Legal Counsel:

Mr. Gouge provided the board with an update on the Environmental Covenant DNREC is requiring NHA to sign in order for them to issue the Certificate of Completion of Remedy for Alder Creek closing out the required remediation work. Mr. Gouge acknowledged he sought the advice/opinion of an Environmental Lawyer to review the covenant being this was not his area of expertise. In his review, the covenant appeared to be a boilerplate document. He reported there is a long term Stewardship Plan in place for Alder Creek that must be followed throughout the use for affordable housing. He referenced absolutely no disturbance of the ground is permitted with DNREC or NHA's approval.

Mr. DeBeary asked, What if Ingerman or someone starts digging without approval. What liability does that pose for NHA?

Mr. Heitzenroder, board member, acknowledged the questioned asked by Mr. DeBeary is a legitimate question and asked Mr. Gouge to research and report his findings at the next board meeting.

IX. Visitors or Petitions

Mr. Harris opened the floor to our visitors. In attendance were members from the RAB board; Ms. Warrington (President); Ms. Frantz (Vice-President) and Ms. Breakley (Secretary-Treasurer). The RAB members attended the meeting to express their concerns for the sale of 101 New London for 718

Swathmore Drive Newark, DE. Although the RAB provided a written statement to the Executive Director which all board members received a copy of, the members wanted to express their concerns in making sure NHA receives a better deal “a Substantial Profit” then the interested party. The other concern was to make sure the family who current lives at 101 New London is provided suitable housing and all moving cost should be deferred to the interested party.

X. Adjournment

Mr. Harris asked for a motion for the meeting to adjourn. Ms. Shand made a motion to adjourn the meeting. The motion was 2nd by Ms. Smith.

Aye 6 (Mr. Harris, Mr. Heitzenroder, Ms. Shand, Ms. Smith, Mr. DeCollo and Mr. Hartranft)
Nay 0

Meeting adjourned at 6:27 PM

Minutes Submitted by: Marene M. Jordan, Executive Director