

**Newark Housing Authority
Board of Commissioners
November 11, 2020**

Summary of Meeting (Virtual Zoom) Minutes

Before the Board of Commissioners meeting was called to order, the Vice-Chairperson acknowledged our new board member, Ms. Denise Foreman Gaines, appointed by the Mayor and Council. The Vice-Chairperson asked Ms. Gaines to share a little about herself. Ms. Gaines acknowledged living in Newark; although not a native like her husband. She is a local realtor in Newark working for Century 21 Gold Key Realty. She is president of New Castle County's Board of Realtors. She is also a member of the National Association of Realtors and the Delaware Association of Realtors.

The board members welcomed Ms. Gaines to the Newark Housing Authority's Board of Commissioners.

Opening:

The regular meeting of the Board of Commissioners was called to order at approximately 5:01 PM by the Vice-Chairperson, Marguerite Ashley.

I. Roll Call:

The Vice-Chairperson made a request for Roll Call. Board of Commissioners present: Marguerite Ashley, Nikki Lane, Donna Shand, Emile Brown, Paul Tillman and Denise Gaines. Marene Jordan (Executive Director) and Attorney Donald Gouge Jr. were also present.

II. Guest: Representative from Barbacane, Thornton & Company (Mr. Edmund Forsu-Laryea CPA): Presenting the Final Draft for the FYE 3/31/2020 Independent Audit.

The Vice-Chairperson introduced Mr. Forsu-Laryea providing him the opportunity to present the assessment for the independent audit.

Mr. Forsu-Laryea acknowledged that Ms. Jordan had provided the board with a copy of the report. He stated that the presentation will be brief, confirming that there were no audit findings to report for this audited period. The presentation commenced with reference being made to page 2; specifically the section of "opinion" where the auditors issued a modified opinion. No audit findings or any major deficiencies were found.

Page 5, Analysis of Entity-Wide Net Position: Comparing (2020) totaling \$2,672,812 to (2019) \$2,599,014.

- Total assets for the year ended March 31, 2020 was \$2,267,812. This represents an increase of \$73,798 from the year ended March 31, 2019.
- Cash and cash equivalents increased by \$36,904 compared to the prior year.
- Capital assets decreased by \$3,267 from the prior year. This was the result of depreciation expenses exceeding the additions in the current year.
- Current liabilities increased by \$51,272 as compared to the prior year. The increase is mainly due to the timing of payments on accounts payable and accrued expenses.

- Noncurrent liabilities decreased by \$23,443 compared to the prior year. The decrease mainly represents the recognition of a portion of the unearned lease revenue derived from the Alder Creek development.

The total comparison of Entity-Wide Net Position when comparing (2020) totaling \$2,264,631 to (2019) totaling \$2,218,662.

Page 6, Analysis of Entity-Wide Revenues: Comparing (2020) totaling \$1,719,866 to (2019) totaling \$2,421,98.

The total revenues for the year ended March 31, 2020 were \$1,719,866, reflecting a decrease of \$702,116 compared to the prior year. The decrease is primarily due to the fact that there was no gain on the sale of capital assets recognized in the current year.

Page 7, Expenses: Comparing (2020) totaling \$1,673,897 to (2019) totaling \$1,665,737.

The total expenses increased by \$8,160 for the year ended March 31, 2020 as compared to the year ended March 31, 2019.

Page 19, reference was made to note 13 – Uncertainties: Due to COVID-19 there was a need to reference this note into this year’s audit.

Note: As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Authority’s operations in 2020-2021 fiscal year. Other financial impact could occur though such potential impact is unknown at this time.

Reference was made to an addition to the audit of financials. A Single Audit was completed due to the agency receiving more than \$300,000 in HAP funds from the U.S. Department of Housing and Urban Development (HUD). The Single Audit allowed for an audit for compliance in regulations of how the Housing Choice Voucher Program is being administered.

This audit allowed for a sample of files to be audited to ensure the files had the necessary documents, forms and verifications for compliance purposes. The audit also included an independent audit and a report on Internal Controls.

The final conclusion of the FYE March 31, 2020 audit ended with no audit findings and no recommendations.

Mr. Forsu-Laryea provided an opportunity for questions to be asked.

Ms. Lane asked her “historical” question of how many files were audited this year. In response; “The exact number was not known but around 15 files were pulled and audited for compliance.”

Mr. Tillman asked a question regarding Note 6 on page 16 of the audit; specifically regarding Custodial Credit Risk for funds in excess of \$250,000 that are not covered by the FDIC. Mr. Forsu-Laryea responded, “Normally the bank collateralized funds in excess because the funds exceed the FDIC limit.” He added, “We report this because the funds are not in the name of NHA but the funds are secured by securities by Fulton Bank.”

Mr. Tillman thought that perhaps looking into other financial institutions to lower the risk with multiple banks may be beneficial in protecting NHA’s funds.

Ms. Gaines asked if it would be necessary to open another account so the funds do not exceed the FDIC limit.

Mr. Mr. Forsu-Laryea stated, “The reason for keeping the funds in one bank could be that the rates are better.”

Mrs. Jordan added that NHA did solicit the services for responses from banking institutions in an attempt to get better rates and at that time it was determined that the rates were best with Fulton Bank. She added, “We can follow-up again to explore other options.”

The Vice-Chairperson thanked Mr. Forsu-Laryea for his report.

III. Approval of Minutes:

(a). Meeting Minutes from October 14, 2020

The Vice-Chairperson asked for a motion to approve the meeting minutes from the October 14, 2020 meeting. Ms. Lane made a motion to approve the meeting minutes. The motion was 2nd by Mr. Brown

Aye 4 (Mr. Brown, Ms. Lane, Ms. Shand and Mr. Tillman)
Nay 0
Motion passed, Vote: 4 to 0

III. Report of the Executive Director:

(a). Staff Reports from October 2020

The Vice-Chairperson asked for the report of the Executive Director for the month of October 2020. Mrs. Jordan provided the following report.

October Staff Report:

City of Newark’s Comprehensive Development Plan Review:

A representative from the City of Newark’s planning department contacted NHA regarding the review of their Comprehensive Development Plan. Part of the review for this department is the appointment of a Steering Committee that will lead the the review. NHA was asked if there would be a resident who would be interested in serving on the Steering Committee. The city is looking for fresh/new interested faces to serve. There was some interest expressed by a couple of our senior residents. NHA referred Ms. Roxanne

Hayes, a senior resident who appeared to be excited to be asked to be part of this community planning process.

Survey of Parents Regarding Education concerns due to COVID-19:

During the last the meeting, Ms. Lane asked that NHA follow-up with our residents to inquire as to how the children are progressing with the remote learning. This was suggested in an effort to determine if resources from the CARES Act Funds could be used in providing resources for tutoring if needed.

NHA contacted a number of our Public Housing program participants with school aged children and inquired about any concerns or difficulties they are encountering with the current educational setup. All district students are currently attending the Virtual Academy. This is scheduled to be changed to the hybrid model in late October or early November.

Some of the questions asked of the parents were as follows:

- What are the basic concerns you have with the virtual schooling process?
- Do you feel that your child is making progress and is the current education situation meeting their needs?
- Is your child receiving the additional support (tutoring, etc.) they may need?
- Were you provided with the technology (Chromebooks, WIFI, etc.) needed to access the virtual learning model?
- What could be done to enhance this experience for you and your child?
- Are there any additional concerns that need to be addressed?
- Is there a need for additional tutoring services?

Parent Responses:

Most of the parents feel that the current situation is working as well as it can. Many feel that students are not benefiting as much as they could compared to the benefits of their physically being present in the school environment.

Some parents also feel students would be more attentive if they are in the physical school setting.

For working parents, the current educational environment presents a situation where older siblings may have to assist with younger ones; if the parent has to work. This causes a bit of a strain on those older siblings who may be trying to do their own school work.

Parents at home with multiple children in different grades find it sometimes difficult to monitor/supervise all children when all are engaged in different instructional activities.

Parents of students with special needs feel that additional services (speech therapy, etc.) are being provided adequately.

Some of the curriculum is a little difficult for parents being that the parent has not been put in the role of teacher before. But, parents are becoming more acclimated.

Additional help is being offered after school hours to students who need extra help. Therefore, parents feel no need for additional tutoring.

Several parents stated that they would not allow their children to participate in the hybrid model. This is for health reasons and otherwise.

Most of the parents we spoke with have no complaints regarding the current Virtual Academy model.

From the school district

NHA had a conversation with a representative from the Christina School District to get the district's assessment on how the virtual situation is progressing. The rep stated that there is an ongoing discussion as to how to improve the current virtual learning model. There was a virtual meeting scheduled for 10/21/2020 @ 6:30 PM with the capacity for 1000 participants. This meeting will provide the opportunity for parents to gain information about the hybrid plan, ask questions and hear directly from the District's leadership. The hybrid plan is scheduled to go into effect late October or early November. There are no reported major problems from the District with the current virtual set-up.

Ms. Lane was very thankful for this report. She commended NHA and acknowledged the level of effort put into this assignment in going over and beyond what she had asked for.

Capital Fund 2020 Revised Funding:

Mrs. Jordan reported that NHA received notification that HUD has determined there is additional Capital funding available for award for FYE 2020. HUD has revised NHA's award from \$297, 310 to \$299,469; an increase of \$2,159.

Mrs. Jordan provided an opportunity for questions to be asked.

Mr. Tillman asked about the status of the Housing Manager's position. Mrs. Jordan responded that we have identified some candidates and will be contacting them to inquire into their interest and begin scheduling interviews.

Ms. Lane inquired into the make-up of the NHA staff. Mrs. Jordan responded that currently it is her and her administrative assistant.

Ms. Lane commented, "So you are performing the work of the Executive Director and the Housing Manager?" Mrs. Jordan responded, "Yes."

Ms. Lane asked if we are still looking into outsourcing the inspections. Mrs. Jordan responded, "Yes."

Mr. Brown also inquired as to whether the Housing Manager's position was filled. Mrs. Jordan responded, "The selected candidate who made the short list did not respond in a timely manner with her response. Therefore, NHA is resuming with the interview process."

The Vice-Chairperson asked for a motion to approve the Staff Report for the month of October 2020. Mr. Brown made a motion to approve the minutes. The motion was 2nd by Ms. Shand.

Aye 4 (Mr. Brown, Ms. Lane, Ms. Shand and Mr. Tillman)
Nay 0
Motion passed, Vote: 4 to 0

IV. Committee Reports:

A. Report of Policies, Procedures, Compliance & Personnel Committee – Chairperson (Mr. Brown): Annual Review of the Executive Director; Executive Session – Closed to the Public

The Chairperson of this sub-committee, Mr. Brown, acknowledged that an Executive Session was held prior to the regularly scheduled meeting held today at 4:30 PM to perform the annual review of the Executive Director. The 2020 accomplishments of the Executive Director were discussed. The results of the review will be presented to the Executive Director and presented to the board for final approval. Mr. Brown reported the review went well.

The revisions to the By-Laws (referenced later in the agenda under Old Business from Legal Counsel) also fall under Mr. Brown's sub-committee. The revisions to the By-Laws were discussed during this report from Mr. Brown.

Mr. Gouge (attorney for NHA) referred to the By-Laws; specifically page 4 Section 8 – "Action Without Meeting". He noted that the language provided by Mr. Brown was sufficient for the intended use of "Action Without Meeting". Mr. Gouge added legal language from the Delaware Corporate Law. Basically, by adding this section allows the board to take "Action Without Meeting" allowing for more flexibility.

Ms. Ashley asked about the effect on Public Notice. Mr. Gouge responded that this section, "Action Without Meeting", should only be used in an extreme emergency situation. If not, there could be issues with FOIA.

The Vice-Chairperson asked for a motion to approve the proposed language for Section 8 on page 4 of the By-Laws. Ms. Lane made a motion to approve proposed language. The motion was 2nd by Ms. Shand.

Aye 4 (Mr. Brown, Ms. Lane, Ms. Shand and Mr. Tillman)
Nay 0
Motion passed, Vote: 4 to 0

B. Report from Development Committee – Chairperson (Vacant):

(a). Committee Update:

The Vice-Chairperson of the Board acknowledged that this committee still does not have a Chairperson so she asked Mrs. Jordan to provide the update. Mrs. Jordan provided the following report.

Mrs. Jordan reported the following:

NHA received our developer's comments on the Co-Developer Agreement. There are a few key topics that need to be resolved and are being worked on. In receiving their comments, NHA referred to the RFQ solicited for a developer partner in an attempt to address their comments. Some concerns are the following.

●Relocation and Responsible Parties Roles:

Mrs. Jordan noted that she expected these activities to be funded or reimbursed out of the project budget. Normally, the PHA would pay for offsite relocation and the developer would pay for returning tenants. However, the developer is looking for NHA to pay for all associated costs. Mrs. Jordan added that she is in agreement for NHA to contribute to the relocation to ensure the residents are safely relocated to comply with HUD regulations. However, she does not believe NHA should bear this cost entirely, unless the board is of a different opinion. She referenced that NHA's five year capital fund plan approved by HUD, has a work item for relocation costs. The funding can be flexible. She asked if there is a CAP in available funds that NHA is willing to contribute to the deal inclusive of relocation costs.

A brief discussion took place with the board agreeing that NHA should contribute to the deal; specifically for relocation activities (relocation of off-site and returning residents). Although a CAP/threshold was discussed, the board reserved the right to determine the cost at a later date.

●50% predevelopment cost sharing:

Mrs. Jordan made reference to the RFQ where it states the developer shall fund all predevelopment activities for each phase of the redevelopment unless otherwise agreed to in writing. This is what we are working on now. Our predevelopment budget (for cost sharing purposes) will include expenses prior to the selection of our developer partner to project true expenses. LNWA is also proposing that NHA pay for demo cost. They only want to consider legal fees as a 3rd party reimbursable cost.

Mrs. Jordan referenced NHA's pre-development costs incurred prior to the selection of our developer partner includes:

- Consulting cost
- Legal Fees
- Appraisals
- Environmental Reviews
- Architect
- Physical Needs

A discussion took place on this topic as well. It was duly noted that NHA will not be contributing to any pre-development costs to comply with the requirements of the RFQ.

●Management Phase out/Step-down Approach:

Mrs. Jordan referenced that an early phase out/step down approach may be much later than we forecasted simply because NHA does not have any experience in managing a tax credit property. Within the proposed 5 year step down approach, NHA is considering and will work towards a tax credit (in house) certification. Consideration is also being given to hiring a third party (DSHA approved agency) to oversee the compliance component for the remainder of the 15 year compliance period.

The board understood the requirements during the compliance period.

●501c3:

Mrs. Jordan noted that the “status” of NHA’s filing status came up during some discussions with the developer in terms of applying for grants to assist with funding the redevelopment. The developer was looking into grants under the Delaware Community Foundation. To be eligible, NHA would be required to have a status of 501c3 to be considered. As it stands right now, NHA’s filing status with IRS has not been determined other than we were created as a state/federal agency. NHA has learned that DSHA has funding available that can assist with our funding gap (approximately 1 M). Use of their funding would lower the cumulative points scored on the 9% tax credit application.

The board thought that pursuing a 501c3 status for the agency is beneficial.

Mrs. Jordan reported engaging our attorney (Reno & Cavanaugh) to review the comments received from LNWA. She noted having placed a pause on any future developer calls until we have a fully negotiated agreement. Therefore, NHA’s projected internal timeline is uncertain.

- Section 18 Application submitted: October 31, 2020. NHA will be moving forward with the Section 18 dispo application for the 18 scattered site properties.
- Planning Commission Submission by mid-February 2021
- Tax Credit Application submitted in mid-April 2021
- DSHA to announce the award of the 9% tax credits mid-July 2021
- Settlement to close the deal early in 2022

The board is in agreement in holding a Special Meeting in December (if needed) to discuss any further developments should the need arise; since the board doesn’t usually meet in December.

C. Report of Finance Committee – Chairperson (Ms. Shand):

(a) Monthly Financials:

The Chairperson of this sub-committee, Ms. Shand, was present. She acknowledged that all commissioners received a copy of the financial reports for the period covering April – August of 2020. Ms. Shand

acknowledged reviewing the reports and had no questions or concerns. She asked if there were any questions from the other board members.

Mr. Tillman asked if the maintenance contract had been awarded. Mrs. Jordan responded, “Yes. Our maintenance has always been out-sourced.”

Mr. Tillman noted that the budget for General Maintenance was below budget. He asked if we were up to date with maintenance. Mrs. Jordan noted that we are currently up to date. She added that as of September the reports will reflect direct cost related to maintenance.

Ms. Shand asked if Ms. Jordan could comment on how COVID impacted the income and expenses so far this year.

Ms. Jordan responded with the following:

“When the CARES Act Funding became available to PHA’s in May of 2020, HUD provided guidance (a list) of what are approved COVID related expenses. With this guidance came a deadline of December 2020 (a mere 7 months) to use these funds. So within the provisions HUD provided, NHA started utilizing these funds to avoid recapture.

Without these funds, the direct expenses related to COVID (care packages, sanitizing of the office, new phone system, upgrading internet access, etc.) would have had a negative impact given that the pandemic (unforeseen) was nothing that we could have prepared for. However, with the CARES Act funds, our revenue pool has increased and provides another revenue stream for related expenses that were not budgeted for.

The CARES Act funds for the LIPH program have been used more so than the Section 8 funding simply because we envision using these funds for the section 8 inspections.

Recently, HUD provided new guidance issued in September that states that they have extended the obligation and expenditure of these funds (CARES Act) until December of 2021 and that the funds can be used for operations.”

D. Strategic Planning Committee – Chairperson (Ms. Shand):

The Chairperson of this sub-committee, Ms. Shand, was present. There was no report from this sub-committee.

V. Attorney Issues:

Mr. Gouge reported that he had no report.

VI. Old Business:

- A. From the other Commissioners: N/A
- B. From the Executive Director: N/A
- C. From Legal Counsel:

1. Board Vacancies

Mr. Gouge reported that he had not received a response from the Governor's office regarding Mr. Harris' appointment. He is waiting for a response.

Mrs. Jordan reminded all that this seat is reserved for a resident. She added that we have an interested resident once this seat becomes vacant. She also noted that once there is confirmation of the vacant seat, there will need for the nomination of a Board Chairperson.

VII. New Business:

- A. From Commissioners: Mrs. Lane noted that the CDBG committee is in the process of reviewing applications received. She noted a question came up during their meeting seeking clarification as to what is NHA's funding request. Mrs. Jordan responded, "The request is for internal predevelopment cost which was clear in our request." Mrs. Jordan will follow-up was asked to contact the City to clarify the specifics of the request.
- B. From the Executive Director: N/A
- C. From Legal Counsel: N/A

VIII. Executive Session: No Executive Session was held.

IX. Visitors and/or Petition: N/A

X. Adjournment:

The Vice-Chairperson asked for a motion to adjourn the meeting. Mr. Brown made a motion for the meeting to adjourn. The motion was 2nd by Mr. Tillman.

Aye 4 (Mr. Brown, Ms. Lane, Ms. Shand and Mr. Tillman)
Nay 0
Motion passed, Vote: 4 to 0

Meeting adjourned at approximately 6:17 PM
Minutes Submitted by: Marene M. Jordan, Executive Director