NEWARK, DELAWARE
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Temporary Address

Newark Housing Authority
Board of Commissioners Meeting
June 11, 2025

Summary of (Hybrid) Meeting Minutes

- Per the hybrid meeting provisions as provided in 29 Del. C. §10006A, this meeting was held in person with remote access via Zoom Meeting at:

  https://us02web.zoom.us/j/81865276513?pwd=6hf74QS2kcUqkD3awMWZZXaipfQrTP.1

Chairperson Lane called the Board of Commissioners hybrid meeting for June 11, 2025, hybrid to order at 5:02 pm with roll call.

I. Roll Call

Commissioners present were Chairperson Lane (in-person), Commissioner Tillman (virtual), Commissioner Brown, (in-person), Commissioner Pollack (virtual), Commissioner Moone (virtual), Commissioner Tompkins (virtual), Commissioner O'Neal (virtual). Also present were Attorney Gouge (virtual) and the Executive Director, Marene Jordan (in-person).

II. Guest Speaker/Presenter:

(a). Hannah Moran; Fee Accountant – Presentation of Financials

Hannah Moran thanked the Board for inviting her to the meeting. She began with, "I hope this format wasn't too terribly difficult to understand versus the normal financial format that we do monthly. I think this shows a higher level when we collectively look at the year end and see how we compare it to the budget overall. We can go through it at a higher level, and you can stop me if you have any questions. There is one change from when this report was sent out and when the FDS was submitted to HUD. The change is in the actual column for LIPH, the low-income public housing. The gain on the sale that is seen here should be $13,000 instead of $424,000. The difference is going to be that the gain is primarily from a note on the land that's reported now under business activities and is going to be recognized over 15 years. So, the same way that the Alder Creek note is recognized in business activities is how this George Read Village is going to be recognized. None of it is the current year, because closing happened in March of 2025.

When looking at public housing, you'll see in the subsidy, the rent collected from tenants, the capital fund money is going to be the amount of capital fund draws that were used for expenses. You'll see that kind of flow through the capital fund column compared to the public housing column. So, this capital funds activity, is coming from here, (shown in screen sharing) and then it flows out into public housing. As far as revenue is concerned, most of those expenses are going to be in the general expense of development activity. The other activity in public housing is the developer reimbursement expenses and the interest income on the CDs. A lot of the operating expenses are similar. Some of the higher amounts were for a reasonable rent test that was done for George Reed village, some wait lists accounting fees, and for general expenses. There are a lot of expenses with CSG advisors and legal fees with the George Reed village transaction."

Chairperson Lane asked, "Where were the expenses for George Read Village in the reports?"

Hannah replied, "The total expenses for Geroge Read Village were $128,691.00 compared to what was budgeted at $68,765.00. The $128,691.00 for legal and consulting was funded through capital funds."

Chairperson Lane acknowledged her response.

Hannah continued, "So, if we hop over to the Housing Choice Voucher program and look at the admin fees you will see revenue of $98,342 to cover your administrative expenses. The administrative fee revenue that you see in the Housing Choice Voucher exceeds the administrative expenses of housing choice vouchers. That's good. The budget for the program is operating within its budget. Then we have the HAP portion. This revenue can only be used for HAP expenses. Right now, for March, we are doing well. We've got more revenue than we have expenses for HAP. This is also good. The capital funding that is coming through and flowing into public housing, and then the business activities. We had a Delaware State award for $100,000. We have a ground lease of $33,333 that we recognized from Alder Creek. This ground lease is also how George Read Village is going to be recognized over 15 years as well, starting this year. The other income was developer fees and reimbursements from George Read Village and then there is interest income on CDs." She asked if there were any other questions or details the Board wanted her to dig into further.

Chairperson Lane referred that question to Paul, the chairperson of the finance committee, to see if he had any questions and also asked if any board member in general had questions.

Commissioner Tillman did have a couple of questions/comments. "One is, I'm not an accountant, but it always irritates me a little bit when the numbers don't foot. So, on the actuals, if look across from the low-income public housing, $1,169,475, and just add the other numbers, that actually adds up to $2.5 something million, because $424,000 isn't included there."

Hannah replied, "I see that now. That is a mistake. I know it came down, but it should still be reflected."

Commissioner Tillman then replied**,** "Okay. Oh, this is fantastic."

Executive Director asked Hannah if she could highlight what Paul was referring to.

Hannah commented, "He noticed that this line here (screen sharing) did not foot, which is throwing off this total. That total with the inflated amount of $424,000 should be $2.51 million, instead of $2.09 million. This is because that line didn't get caught into the formula to add up to the total operating revenue line."

Commissioner Tillman asked Hannah if she was going to send out a revised version of this that has both the changes that she described as well as just picking up that line in the totals.

Hannah replied, "Yes, but I wanted to explain it before sending it so that people knew what was coming and what to look for."

Commissioner Tillman followed up with a second question. "We didn't have a monthly expense overview in last month's meeting, and we don't have one again in this month's meeting. Is that a normal thing, or is that an abnormal thing?"

Hannah replied, "It is going to be coming. So, the way we do the year end close process is to take NHA's trial balance out of the system. We then put it into one of our software programs and provide all our support through there. Our reconciliation is done there, and then there's the transition back to the client's software. In this case, it's QuickBooks. So once that transition is made, we will have the regular monthly financials for the next board meeting, which is, I believe, scheduled for August 13th. We will be caught up through June."

Commissioner Tillman asked, "July won't be closed yet."

Hannah replied, "Correct. You will see this in the regular monthly format that you're used to, and you will see the other months caught up as well."

Commissioner Tillman questioned, "Okay, so I understood that, but I'm not sure that I got a sense for how it's going to be going forward. Is this going to be every year at annual close time that this is going to happen? Meaning that for a couple of months, we don't get monthly financials?"

Hannah: "Yes, historically that's been the practice. It varies. Sometimes we are able to keep pace with it. That's the idea but there usually is a month lag after the year end close, where we're finishing the year in closed submission, getting those work papers all settled, transitioning back to the software, and then preparing the next month's recommendation."

Commissioner Tillman concluded his questions and **Chairperson Lane** asked for further questions from Commissioners. There were none.

The Executive Director added that in closing out the report from the finance committee, the next step was Hannah's explanation of the scoring for MASS (Management Assessment Subsystem) for the LIPH program. This system is how HUD evaluates performance. There are four categories: Physical, Management, Financial and Capital Fund.

Hannah began with, "For a small PHA under 250 units, if you're a high performer, you have an assessment every three years. That would be in 2025 which is this year for the Newark Housing Authority. If we're looking at it overall, you can be a High Performer if you score 90 or above. For a Standard Performer you have a score between 60 and 90 points out of 100 and you're a Troubled Performer with a score under 60. Using the physical score from 2023, because we don't have that figure for 2025 yet, we're right at 90. The Financial score is broken down into three parts. The quick ratio looks at your current assets versus your current liabilities and your months expendable net assets. This is saying that if we just took our current assets, how many months could we survive. Your debt service coverage ratio is not an issue because you don't have debt on public housing. Therefore, NHA doesn't need to be worried about that. For the physical NHA is scoring 25 out of 30. For the financial, we have 25 out of 25 points. So, you're doing well here."

Chairperson Lane asked for a further explanation of the Financials.

Hannah replied, "This is all calculated right off the financial data submission. The management score looks at tenants' accounts receivable. So, they're saying how much of your tenant's revenue has been collected; how timely are you in collecting tenant rents, and if you are scoring the full five points for that ratio. HUD looks at accounts payable to see how much of your average expenses are sitting in accounts payable; how quickly invoices are paid; and if NHA is scoring all the points on that ratio. Then the last one for management is occupancy, which is tough. You can't get the full 16 points on occupancy unless you're 98% occupied, which is hard to do. NHA is 96% occupied, which gets you to 12 points.

The Executive Director asked Hannah if she could share more about the Management Indicator. She asked if she could share a little more about the HUD approval of the vacant units at George Read Village. Specifically, how those units are not held against us, but the normal vacancies are what is triggering that lower ratio.

Hannah said, "You are correct. When you have a HUD approved vacancy, it comes out of your units leased as well as your unit months available. So, it's not held against you, but it does make that ratio harder to achieve because you're working with less units."

The Executive Director added, "So if I could just piggyback off that, this should be the year that HUD notifies me that our units are going to be inspected and because we don't have a lot of units that we own and manage right now, in part due to construction and with three vacancies under the scattered sites, it will be difficult for us to maintain this indicator. The inspector will pull from occupied units and select a sample

of the units to inspect. The physical score of 34 is subject to change as it was carried over from 2022, the last time HUD inspected our units. So, our MASS score right now is 90% - High Performer. It wouldn't shock me if we fell slightly below 88%, which would decrease our overall performance, from a High Performer to a Standard Performer."

Hannah stated, "So, that's the fast score. Once we have that physical score, then it'll determine where we end up." She then asked if there were any questions on scoring.

Commissioner Tillman had an additional for Ms. Jordan. "So if we fall below 90, the implications of that I can see here are we have inspections every other year instead of every three years. Are there any other implications for that?"

The Executive Director answered, "No, that's the only change. Having inspections other than annually has no bearing on overall operations. The units are kept in good condition, and we rely on the tenants to report repairs timely to avoid repairs becoming projects. However, if you look at the 16 scattered sites for example, one deficiency could have a major impact on the physical score because of the sample size the inspector has to pull from."

Chairperson Lane thanked **Hannah** for attending and providing an overview of our finances. Hannah graciously accepted the acknowledgement.

III. Approval of Minutes

(a). Meeting Minutes of May 14, 2025

Chairperson Lane asked if all had the chance to review the minutes and if there were any questions or if revisions were needed.

Commissioner Tompkins stated that her name was misspelled.

Chairperson Lane added, "On the meeting agenda the meeting minutes state May 11th, but the meeting minutes are for May 14, 2025, and that is correct."

The Executive Director also agreed that the agenda has the incorrect meeting date, but the date is correct for the meeting minutes.

Chairperson Lane requested a motion to approve the Meeting Minutes from May 14, 2025, with noted corrections. Commissioner Brown made a motion to approve the minutes which were seconded by Commissioner Tompkins. The motion carried and the minutes were approved.

Aye 6 (Tillman, Brown, Tompkins, Pollack, Moone and O'Neal)
Nay 0
Motion passed, Vote: 6 to 0

IV. Report of the Executive Director

(a). Staff Report May 2025

Executive Director:

Proposed Bills SB115 and SB116

"As a follow-up to last month's board meeting where we discussed the proposed bills. SB 115, and SB 116, I think Don had suggested that I speak to some of the other housing authorities to see what their thoughts were on these two bills. I only had the opportunity to speak to a representative from DSHA, and basically the director is okay with both bills as they are right now, but he also remains neutral. There appears to be a lot of support. There is large support for SB 115. But SB 116 seems to be where further discussions are needed. That is the one that allows tenants to stay and pay their bill."

Ms. Jordan asked **Attorney Gouge** if he wanted to comment now or wait later in the meeting.

Attorney Gouge chose to respond at this point stating, "This came to light and hit home this morning, as we had a former participant who emailed me and said, "I got a satisfaction piece from this judgment from 2022." She paid up and I filed a satisfaction piece. That's compliant with the law. Eventually she did turn over possession, but she owes the agency over $2 grand. Notwithstanding that she did not pay the water bill, which she agreed to do. There's a lot of damage to the unit. She left a lot of stuff behind that had to be removed. The Executive Director did a good job in providing evidence. I must have had 50 or 60 color eight by ten glossy photos to show how the place was left. To put it nicely, not very well. She was demanding that I do something with JP court in the 2022 judgment to vacate the whole case. The Executive Director and I went back and forth on this issue this morning and said "No". (A) It's not within more than five years. (B) You have outstanding obligations to the agency. I basically told her; I'm not going to do anything until she's paid up. Then there's talk about, well, I can make an agreement. But the problem is, once you sign the agreement, we won't see another dime. They get what they want, and we're not going to do that either. I think the proposed legislation has the heart in the right place, but it's a matter of how we can get the logistics worked out and such that NHA, for example, winds up getting paid whatever they're due and owed. The situation I just outlined with a lot of details omitted makes it a little concerning as to how this is going to work in practice.

The Executive Director thanked **Don** for his comments and **Chairperson Lane** asked if there were there any questions regarding what **Don** had spoken about.

The Centralized Waiting list, the streamlining of the Housing Choice Voucher process and the Landlord Engagement Consolidation:

"There will be a landlord outreach webinar that will take place on Monday, June 30, virtually. The purpose of this event is to engage more landlord participation in the voucher program through a streamlined process

with all five pages. The topic for discussion is unifying forms and inspections. So, the New Form is going to list all five PHAs on the form, and the landlord will then check the box for the housing authority that has jurisdiction over the property. The Landlord and the client will complete the RFTA and return the packet to Delaware Hosing Access Association for processing. The RFTA process should take no more than 3 business days to complete.

As far as the inspection process goes, the process may vary per PHA based on the demographics. We were able to stream the initial inspection process. Once the inspection form is complete, PHAs have up to 14 days to schedule the inspection. The initial inspection is free. However, for recurring failed inspections there will be a fee. For the 2nd inspection the fee is $50 and for a 3rd inspection for a landlord that has multiple units the fee is $75.

The landlord outreach webinar will include a landlord portal to demonstrate on how this portal works. New landlords can go into the portal and list their properties while existing landlords can go in and update their profile to add any additional properties. So, these changes will be very user-friendly. To attend the webinar, you will have to register for the event. I just received the link, so I'm going to circulate it to everyone. Everyone can join in, if you would like to hear the discussion and participate in the presentation. Once the flyers are generated, I plan to post the flyer on our website and then mail a copy to all our landlords. I shared with the group the need to share with landlords of an existing MOU between the WHA, NCC and NHA where in these three jurisdictions a client can use their vouchers in either jurisdiction no matter who issued the vouchers without any restrictions."

FYE March 31, 2025 - Unaudited Financials:

Our fee accountant submitted the financials on June 6, 2025. We entered the grace period without any penalty on March 31, 2025, even though our unaudited financials are due to HUD by May 30, 2025. PHAs are given a grace period of up to 15 days. So, we were able to get the unaudited financials submitted on time.

For the corresponding audit, our audit will commence on July 14, 2025, for the onsite review process. The site work will take about a week to complete in the field, and then they'll finish up the remaining work at their office.

The capital funding grant for 2025:

For this grant we received notice of availability a little late. NHA will be receiving $261,501 which includes a High Performer bonus of $12,402. HUD has not made these funds available, but it shows that this grant is awarded to the Newark Housing Authority.

Housing Choice Voucher Progress Reporting:

This report has to do with issuing vouchers and staying within our budget. Quarterly I met with my HUD rep just to go over the logistics of the program to see if there are any concerns. The only concern she had was our leasing at 104.2%, which is okay. It's a little high but we're well within the budget. It should be around 100% and our HAP reserves are at 3.2%, which really should be around 4%. This is why she is recommending that we do not issue any more vouchers. She wants to really monitor the program under the new administration. There is uncertainty about the type and amount of funding we're going to see under this new administration.

George Read Village Reimbursement:

To date all NHA's out of pocket cost related to relocation expenses have been reimbursed. There were some concerns because we had signed a lease agreement for an offsite office and for 2 storage rental units and did not know if DSHA would approve these expenses to be a project cost. DSHA did approve our request for the two offsite rental units, as well as moving expenses from the administration building to the temporary office. That totaled $30,436. For expenses to date, NHA was reimbursed for out of pocket costs a total of $86,397.68.

The last thing that I would like to report on under the staff report is to remind the board members that the By-Laws do not require the board to hold a meeting in the month of July. So, our next meeting will be August 13th.

Chairperson Lane made a request for a motion to approve the Staff Report for May 2025. Commissioner Brown made a motion to approve the Staff Report which were seconded by Commissioner Moone. The motion was carried and the staff report was approved.

Aye 6 (Tillman, Brown, Tompkins, Pollack, Moone and O'Neal)
Nay 0
Motion passed, Vote: 6 to 0

V. Committee Reports:

A. Report of Polices, Procedures, Compliance & Personnel Committee:
Chairperson – (**Emile Brown**) No report from this committee

B. Report of Development Committee: Chairperson (vacant)
a. Development Update

The Executive Director reported that the administration building and some of the residential buildings have been demolished. The report from the construction meeting held on Tuesday states there is still a delay with Verizon. Verizon should be able to complete the relocation of service that will allow the start of the moving of the utility poles, so they don't interfere with construction. The banners displaying investors & partners and future home of NHA will be coming.

Commissioner Pollack asked if another resident's meeting is going to be held.

The Executive Director answered, "I do not see the need for an in-person meeting right now. We share progress updates in the Newsletters and the monthly board meetings are open for anyone to attend. The residents can call the office should they have any questions.

The Executive Director asked **Ms. Pollack** if there were any issues with the Dart Bus.

Commissioner Pollack answered, "There's still an issue. I didn't go to the meeting last month that Ed Osinski has on the first Friday of every month at the Newark Senior Center. Dart Bus representatives there. Most of the issues that were occurring have been resolved. Ridership has bumped up because the students are out of town and more people are riding. They still provide door to door service in my case. I walk down to the corner of the Independence Circle and Delaware Circle and get picked up there because the van can't turn around in the circle. Paratransit does the same thing for me. Both are aware that we're under construction.

The Executive Director surmised that the issue with public transportation has been somewhat resolved.

The Executive Director provided the following information. "The last update is for the $9.8 million in ARPA funds that was awarded to Newark Housing Authority to help fund George Read Village redevelopment. An email was sent to the Finance Committee just letting them know that on the recommendation of our financial consultant, CSG, we drew down $2.1 million in construction funds. A separate checking account was opened. The funds in use so far have been the funds awarded by DSHA. However, project funds awarded by DSHA and the State of DE ARPA funds have an expenditure deadline of December of 2026.

Commissioner Pollack asked the question: "Now that we've had all these incidents with pedestrian traffic, how will the building affect us? A lot of people here don't drive, either they get a ride, or they walk. And there have been city council meetings about changes starting at Tyre Avenue, and I didn't know how that would affect us."

The Executive Director responded, "I don't think it will. We're talking about incidents in the heavy flow of traffic, and that's primarily on Main Street. Tyre Avenue is a side street. I just don't think that's going to be an issue for Newark Housing Authority."

Commissioner Pollack said she was more concerned about the corner of Tyler Avenue and Main Street.

The Executive Director replied, "I don't have an answer for you. Miss Pollack. I'm reading what you're reading in the news regarding discussion held at City Council. As far as recommendations that Tom Coleman has made to the City Council, there are quite a few. There are at least 25 recommendations. I think the city is still working through that process to see what is best to implement, to reserve or to protect the

pedestrian right away. But from what I know so far, I still don't know how it's going to affect the project or Tyre Avenue at all. The project is more so in the rear, off Delaware Avenue. So, I don't think this is going to have any impact on the residents. Whatever is approved, I'm sure it will be best interest of the City of Newark.

C. Report of Finance Committee: Chairperson (Paul Tillman)

(a). Committee Report – Monthly Financials

Chairperson Lane reported that our fee accountant, **Hannah,** had provided the report from the committee and asked if Commissioner had anything to add. He had nothing further.

D1. Strategic Planning Committee: Chairperson (**Nikki Lane**)

(a). Committee Update – "I don't have anything."

D2. Greeting Sub-Committee: Chairperson (**Kelly Tompkins**)

(a). Committee Update

Commissioner Tompkins reported that she is working on the newsletter which should be a good one with lots of positive exciting information. She asked commissioners to provide any info they want included.

The Executive Director informed Commissioners to please log onto the website to see the groundbreaking ceremony tribute. There are pictures of the event. There's been a lot of articles covering the groundbreaking ceremony from different news outlets and they are all good read.

Chairperson Lane asked Commissioner Tompkins for the deadline for commissioners to submit items for the newsletter.

Commissioner Tompkins replied that the newsletter is done, and she would like to submit it to Marene sometime next week. So, if anyone had anything to add she would like to have it by Monday at the very latest.

VI. Attorney Issues:

There were no issues to report from the attorney.

VII. Old business:

A. From the other Commissioners

Previous discussion of a new logo is tabled until further notice

B. From the Executive Director

Nothing

C. From Legal Counsel

Nothing

VIII. New Business

A. From the other Commissioners

Chairperson Lane stated that **Commissioner Brown** has some news for the Board. There was also the need to have a legal response under new business regarding Commissioner Brown's news.

Commissioner Brown stated that he has been delegated as a new City Council Member for District 6 and he would be officially sworn in on Monday. He would be fulfilling the rest of Travis's turn until April 2026.

Everyone attending the board meeting congratulated Commissioner Brown

C. From Legal Counsel

Attorney Gouge in response to the announcement stated, "Once this exciting news was brought to my attention, I talked to my law clerk, and he did some research for me, which we then went over. There are a couple things to really address here. Newark Housing Authority was created by state law. So, Newark Housing Authority consists of seven commissioners, four of whom are appointed by the Mayor and three by the Governor. So, this is a state agency by state law, and Superior Court and the Supreme Court of Delaware have acknowledged that this is a state agency, so they have a different enabling statute, but it's all the same thing that we are a state agency. Based on case law, we think it's clear that the authority before us is a state agency created to discharge a public object essential to the public interest. So, I don't think there's any dispute whatsoever that NHA is a state agency and was created by state law, which obviously is important, because the charter for the City of Newark has a town ordinance that precludes city council members from working for the city in another capacity. So, there might have been some initial concern but it's not. I don't see any issues. Under section 305 of the Newark City Code, except we're authorized by law, no mayor or council members to hold any other city office or city employment to return to which they're elected to council, and no former mayor council member shall hold any compensation, appointed city officer employment one year after the expiration of the term and so on. So that's the city's charter, Article Three, section 305. I don't see a conflict here. The only concern that I would have is Commissioner Brown, aka City Council Member Brown would have to recuse himself from having to do with any City or Newark Housing Authority business. I would probably error on a side of caution, that if there was anything that came before City Council concerning affordable housing, I think that Commissioner Brown would also have to recuse himself, just out of an abundance of caution, because Newark Housing Authority is in the business of public housing and supporting affordable housing. So, I think that would also be a conflict as well. But beyond that, I think Commissioner Brown is good to serve both roles, if he is willing."

Commissioner Brown stated that the city solicitor basically said he would recommend or suggest that I resign from the Newark Housing Authority. I see the legal side from Don, but I also see what the city solicitor is saying too.

Attorney Gouge asked if it would be okay for him to reach out and talk to the City Solicitor.

Chairperson Lane said that it would be helpful to understand both sides so Commissioner Brown can be more informed.

Attorney Gouge said he would follow up with an email to the City Solicitor immediately.

The Executive Director followed up with, "I may be out of line because I am secretary to the board but, Commissioner Brown if you can, and if you're willing, to serve dual roles the Newark Housing Authority would appreciate that, but the final decision is yours."

Commissioner Brown replied that he had not yet decided.

Chairperson Lane added, "So, you're still deciding. You're weighing what Paul said as well. Correct?"

Commissioner Brown stated, "Yes, I personally would like to see this project to the end, or at least until the end of my term, which is, in 2027 if possible. But I don't want any conflict of interest or anything coming through."

Chairperson Lane also added, "On the record, I want to say I don't want to lose you here either, but I know that conflict of interest is a big thing, and you don't want to be in a position where you're constantly recusing yourself on the other end as well. So certainly, it obviously is up to you. And I mean, I support you wherever you're going to do."

Attorney Gouge said, "As a suggestion (something to think about), you might want to see how it plays out. If you wind up going to council meeting after council meeting with agendas that have lots of conflicts, then that may be answer the question. But since this project's already been approved by city council, I think that gets us past the big hurdle as far as any conflicts are concerned."

Commissioner Brown thank all for their input.

B. New Business from the Executive Director

"I do have some new business to share with you all. I received a notice from our developer Partner saying that it is his intent to sell Alder Creek. I received this notice by certified letter. There were no heads up, no conversations other than here is my certified letter, and this is what my intentions are. I spoke to HUD. I expressed interest in repurchasing the property. I reached out to the mixed finance attorney who will be overseeing any and all future correspondence as it relates to this sale. I do have a call tomorrow to be formally introduced to an Ingerman potential buyer. To my understanding the buyer is based in California. They do have an office in Florida and may manage properties in Maryland. I don't know if they have any LIHTC experience or if they manage any properties in Delaware or even how this all transpired but I have some concern. As you all know, this is a tax credit property, and the compliance period is for 15 years. Alder Creek was placed in service in 2014, so the compliance period ends in 2029. We are just four years from

exercising our rights to purchase the property back. The problem is, NHA is not a tax credit property manager. We don't have tax credit experience and have no owner interest. That presents two red flags. However, in speaking to the attorney, we do have some some leverage here. So, what I propose to do is to generate a proposal to present to Brad Ingerman (CEO), expressing our interest in purchasing the property. I don't know what he is selling the property for. That's something that I asked. And basically, his response was, you're not a managing member. So, what does that matter? But I think I've come up with the solution if he is willing to sell to NHA. The concern would be for the remaining four years of LIHTC compliance. We would also need investors, DSHA and HUD, to approve the sale. I'm in conversations with a couple of managing companies who have tax credit compliance experience. They are interested in maintaining the property for the remainder of the four years of the compliance period, should NHA become successful in purchasing the property. The attorney Marty is working on a proposal. I have a call from the group tomorrow. This potential buyer is in the same situation as NHA (no LIHTC experience). Thus needing a DSHA approved managing company which is why Ingerman is willing to stay in for the remainder of the four years for Alder Creek. Brad Ingerman is not only selling Alder Creek, but this sale includes the other 87 properties in his portfolio including George Read Village. I will say I was shocked to get the letter knowing we closed the deal for George Reed village on March 20th. The certified first letter was dated March 26th just six days after closing followed by a subsequent letter in April. To me there is an apparent lack of professionalism from the Ingerman team overall and its really disturbing. NHA is working on a reasonable plan that I am hopeful that can be approved by all parties involved so that the housing authority could regain ownership of Alder Creek."

Chairperson Lane responded, "So Marene, thank you. Just for the commissioner's knowledge, explain their ownership of Alder Creek. So not everybody understands that NHA owns the ground, right? Let's just explain that, because a lot of folks think that NHA owns Alder Creek."

Executive Director, Marene Jordan explained, "NHA only has general oversight over Alder Creek through a mixed finance transaction. Alder Creek has 42 low-income public housing units and 14 project based vouchers. So normally, when developers partner with the housing authority, we bring resources (land and vouchers). We are the pass-through agency serving as the middle person to provide the subsidy to the site passed down from HUD. As the owner of the land at Alder Creek, NHA entered into a ground lease recognizing $33,333 as income in our operating budget annually. NHA received its ground lease payment upfront during closing for $500,000. NHA serves as the direct liaison for all HUD reporting and compliance while Ingerman manages the site and is responsible for compliance with City, DSHA and LIHTC."

Commissioner Brown asked, "So, what happens in year 15 when the credit compliance period is over?"

The Executive Director answered, "The investor can pull out because there is no longer a risk of recapturing the credits."

Commissioner Brown also asked, "Would NHA be able to buy without that compliance piece?"

The Executive Director explained, "We could exercise our right to purchase before the compliance period is up, but we would need a management company to manage until the compliance period is up. The regulations say normally when there is a change in ownership it happens after the compliance period is complete. Here with Alder Creek, the offer to sale (which is his right to do) is 4 years earlier. However, any sale would need to be approved by HUD, DSHA and the investors. My issue with the sale Ingerman's sale of ownership interest is NHA was not given professional courtesy. I think this is bad business."

Chairperson Lane added, "There are a few things here. Number one, we do not know what the relationship is between Ingerman and the new folks. And two, Ingerman has already put together the agreement to continue to be the tax credit manager for the new folks and this agreement may be the same with people on other properties. MRK is stationed in California, they have portfolios in Florida, Maryland and now perhaps Delaware. So, this group is trying to grow. There is a reason why Ingerman bypassed NHA and that will come out."

Commissioner Tillman asked, "Marene, you mentioned something about a right of first refusal, which I thought we had, does that mean whatever the price is, if we match that price, we are entitled to buy it, or does that mean something less than that."

The Executive Director responded, "We're not entitled but we can exercise the right to purchase. However, we would have to show a means to purchase, align a management company and then go through the approval process. As of right now, I do not know what the sale price is."

Chairperson Lane stated that "The right of first refusal does not go away with the new owner. That right is carried over to the new owner because it's already in the deal."

Commissioner Tillman asked, "So, after 15 years, does the new owner understand that NHA has the right to purchase first?"

The Executive Director responded, "Yes, In my view the proposed sale of Alder Creek is a short-term transaction only because there are four years left. I'm not sure what this means to the potential buyer, but NHA has already expressed interest and did reach out to the HUD office."

However, what is most disturbing is Ingerman is our George Read Village partner and I'm not sure what this means since construction began just a few months ago. I don't know where George Read Village fits (short or long term). These two deals are separate, but will both have an impact on NHA overall.'

Chairperson Lane asked Counsel if he had any comments or questions. "I know this is not your area of expertise, but I wanted to give you an opportunity to share some thoughts or comments."

Attorney Gouge replied, "I must absorb it a little bit. I'll probably have questions later."

Chairperson Lane added, "I'm surprised on multiple levels that they just sent you a certified letter without a heads up. And I think the timing of it says a lot. They waited until the deal for George Read Village was closed, signed, sealed and delivered. And then you want to get rid of this. So, I don't know if they're not making money on it, trying to shed money, shed portfolio, or take some money. But to not give you a heads up to me, especially when you're doing a new project is slimy."

IX. Visitors and/or Petitions:

No visitors were present or online.

X. Adjournment

Chairperson Lane asked for a motion for the meeting to adjourn. Commissioner Brown made a motion for the meeting to adjourn. The motion was seconded and carried.

Aye 6 (Tillman, Brown, Tompkins, Pollack, Moone and O'Neal)
Nay 0
Motion passed, Vote: 6 to 0

Meeting adjourned at approximately 6:19 PM.
Minutes submitted by Marene M. Jordan, Executive Director