

HOUSING COMMISSION OF ANNE ARUNDEL COUNTY
BOARD MEETING MINUTES
January 23, 2017

Present: Peter J. Ponne, Chairman
Bob Bradshaw, Vice Chair
William F. Utz, Commissioner
Sandra Ervin, Commissioner
Beryle Downs, Commissioner
Tanya Hill-Brown, Commissioner
Carrie Blackburn Riley, Attorney-at-Law
Clifton C. Martin, Chief Executive Officer
Diane Haislip, Deputy Chief Executive Officer
Michael Hale, Director of Modernization
Christopher Ostovitz, Director of Information Technology
Gina Dyer, Director of Property Management
Lanita Hopkins, Director of Housing Services
Anupama Francis, Director of Finance
William Sansing, Fiscal Analyst
Carole Ann Brazeal, Executive Services Administrator

Teleconference: Danny Boyd, Commissioner

Absent:

Guest: Kathleen Hughes, Legal Aid

Meeting called to order at 11:00 a.m. by Chair Ponne. He mentioned that he would change the Agenda order to go immediately to the Audit Presentation and handle other items thereafter.

RESIDENT COUNCIL

Chairman Ponne noted no residents in attendance and no topics were presented for discussion.

BUSINESS AGENDA

Chairman Ponne moved on to the first item on the business agenda, the Audit Presentation.

- He introduced Edmund Fosu-Laryea and Steve Kutsauflakis from Barbacane Thornton to give the annual Audit Presentation to the Board.
- Mr. Fosu-Laryea gave each Commissioner a handout with a summary outline of the Audit results.
- Mr. Fosu-Laryea stated On-Site fieldwork for FY 2016 was completed November 11, 2016 and they issued a clean unmodified audit opinion on the Commission's financial statements. He stated the following notable items...
 - As part of our audit procedures for fiscal year 2016, we performed an expanded test of controls on a sample of disbursements and payroll transactions. We noted no issues with the sample tested. Performed testing on the Commission's Housing Choice Vouchers and the Public Housing Programs to ensure compliance with federal rules and regulations (Single Audit).
- Commissioner Ervin asked if they still use a checklist.
- Mr. Fosu-Laryea added yes; Mr. Martin said it includes Attributes, Income, Assets and Family Composition.
- Mr. Kutsauflakis also stated they looked at the waitlist and it was in compliance.
- Mr. Fosu-Laryea stated we are on pace to meet the filing deadlines of March 31, 2017.
- Mr. Fosu-Laryea moved on to the Summary of Financial Data...
 - Total Assets \$33,207,538 Total Liabilities \$8,440,842 Net Position \$24,766,696
 - Total Revenues \$29,817,559 Total Expenses \$31,013,896 Change In Net Position \$(1,199,337)

- Cash and investments of \$3.83 million compared to \$4.08 million as of June 30, 2015. Of the June 30, 2016 amount, \$1.35 million is restricted
- Capital assets of \$27.97 million compared \$29.30 million as of June 30, 2015
- Total revenues for the year ended June 30, 2016 was \$29.81 million compared to \$30.18 million in 2015
- Current liabilities of \$1.51 million compared to \$2.1 million as of June 30, 2015. The current portion of the Commission's long-term debt makes up \$566 thousand of the current year amount and \$542 thousand of the 2015 amount
- Capital assets of \$27.97 million compared \$29.30 million as of June 30, 2015.
- Current liabilities of \$1.51 million compared to \$2.1 million as of June 30, 2015. The current portion of the Commission's long-term debt makes up \$566 thousand of the current year amount and \$542 thousand of the 2015 amount.
- Long-term liabilities of \$6.93 million compared to \$7.28 million as of June 30, 2015. The non-current portion of the Commission's long-term debt makes up \$6.28 million of the current year amount and \$6.74 million of the 2015 amount.
- Total revenues for the year ended June 30, 2016 was \$29.81 million compared to \$30.18 million in 2015
- Total expenses for the year ended June 30, 2016 was \$31.01 million compared to \$29.94 million in 2015
- Mr. Fosu-Laryea Provided a summary of required communications between the audit team and those charged with governance.
- Commissioner Ervin stated she spoke with Ms. Francis and she said everything from previous years (referring to checks) has been cleared. Mr. Fosu-Laryea stated they have.
- Commissioner Ervin said Mr. Fosu-Laryea made a recommendation that the reconciliation should be viewed by a supervisor of the preparer and should also be signed and dated and asked if that was happening. Mr. Fosu-Laryea said that is still an open recommendation and Ms. Francis has started working on it. Ms. Francis added we will start doing that recommendation when we reconcile at year end.
- Commissioner Ervin stated Ms. Francis, Director of Finance is doing a great job.
- Mr. Martin said our financial position had a net-loss of Federal Subsidy and additional expenses due to pre-development cost but we will be reimbursed for some of the losses at the settlement. Vice Chair Bradshaw asked what the timeline is. Mr. Martin said we may settle Freetown Village in April and Meade Village will be in late fall 2017 if we are awarded the 9%. Chair Ponne noted we have about \$500,000 total in pre-pays for RAD. Counsel Riley asked if that is per site or total. Mr. Martin said it was the total. Mr. Martin stated we will recover it once we settle and our other communities will be starting pre-development. Chairman Ponne added we have 4 more properties to develop. Mr. Martin said we should have a full recovery of all pre-development expenses by 2019.
- Commissioner Ervin noted the architectural fees cost a lot of money.
- Mr. Martin added our Net Position is negative compared to last year losing subsidy. Mr. Martin said all agencies are seeing a net loss in their voucher receivables.
- Counsel Riley asked is the RAD Cost chart just for December 2016 or the full year? Ms. Francis sates it is cumulative and there is a note at the bottom of the chart reflecting that.
- Mr. Martin asked when auditors test contract files; do they test for procurement rule compliance? Mr. Fosu-Laryea stated depending on the program. We just looked at the CFP program and there are new guidelines coming so next year they will be testing a sample of all files. Counsel Riley asked if auditors randomly spot test or go through all files. Mr. Fosu-Laryea said they will take a sample size of files
- Mr. Fosu-Laryea stated the Uniform Guidance has a couple of new policies and procedures that are required. He will make a recommendation to have those new requirements in place. Commissioner Ervin asked if we have the policy. Mr. Fosu-Laryea said it is new, just came out. Mr. Martin stated we have to modify it. Mr. Fosu-Laryea we have till next year to get it done.

Chairman Ponne asked for a motion to accept the Audit as Presented. Commissioner Ervin made the motion, Commissioner Hill-Brown seconded and the motion was accepted and all in favor.

MINUTES

Chair Ponne returned to the discussion of the December 2016 minutes.

- Chair Ponne asked if there were any questions concerning the minutes from the December 2016 meeting. Counsel Riley noted a grammatical error page 1, 2nd line from bottom "Mr. Martin said he heard nothing all summer until he went levels finally and immediately received an email". Mr. Martin clarified the statement by saying he went **levels up** and finally received an email.
- Commissioner Downs asked Mr. Martin if we are doing shorthand or summary or a combination of both. Mr. Martin said we record it, then Ms. Brazeal does shorthand, writes them out and edits to a readable format. Ms. Haislip edits and Mr. Martin does a second edit before sending out. Commissioner Downs stated she feels what she shared about her position is not reflected in the minutes based on how the minutes were collected (referring to Old Business, line 3 & 4). Mr. Martin stated he remembers the discussion and as far as making sure it reflects what the Commissioner's true feelings were, he feels it is best to have Commissioner Downs articulate better at this meeting for the record. Mr. Martin asked Counsel Riley her opinion. Counsel Riley proposed Commissioner Downs suggest how she wants it modified and in addition with voting and approving these minutes, Commissioners will vote if they agree and if not, we will go back to the record. Counsel Riley suggested Commissioner Downs go back to the sentence she dislikes and suggest how it might be modified. Commissioner Downs asked if she could review for a minute, while the Board moves on to something else.
- Commissioner Ervin asked about a sentence that mentions the accounts receivable stating a tenant's "grant" was not paid, what does it mean? Ms. Dyer stated there is an organization that offers to pay tenant's rents for multiple months and we had an issue collecting the payments. Mr. Martin said so it is both a grant and rent. Ms. Dyers added it is rent. Mr. Martin said we will change it to "rent."
- Commissioner Boyd noted he would like clarification concerning the statement in the minutes on page 18, line 7 stating "Chair Ponne asked if someone dropped a loan". Commissioner Ervin stated it was in regards to CDA. Counsel Riley we did drop a loan, went from 3 to 2 (million). Mr. Martin added at the last minute before settlement Penrose called ACDS and told them they didn't want the ACDS money. It did not go over well with the County because that money was earmarked for award to HCAAC and they can't just give it to other entities in the county. It was all reversed; so that "dropped" the loan amount, and Pennrose decided we were going to take \$750,000 from ACDS.
- Chair Ponne asked Commissioner Downs if she had revised her statement. Commissioner Downs stated she will not make any changes.

Chair Ponne asked for a motion to approve the minutes with corrections. Motion made by Commissioner Ervin, seconded by Commissioner Hill-Brown and all in favor.

BUSINESS AGENDA

Chair Ponne moved on to the second item on the business agenda, Update on RAD processes.

- Mr. Martin said the meeting with CDA will be on or around February 9th, 2017. Mr. Martin asked Counsel Riley to attend. He said once closed we can start renovations
- Commissioner Ervin asked how the residents feel. Mr. Martin said "good" and the kick-off meeting will be February 9, 2017 and will focus on updating kitchens, bathrooms, exterior facelift, curb appeal and adding 48 new apartment homes. Mr. Martin said we will get the residents ideas on what they would like. Chair Ponne asked if we can still make changes after the loan closes. Mr. Martin said yes as long as we work within the budget.
- Chair Ponne asked when the next 4 sites begin. Mr. Martin said the financial plans will be completed this Fall.
- Chair Ponne asked Mr. Hale if he has the manpower to do 4 deals. Mr. Hale assured him he does.
- Mr. Martin stated Whiting Turner is a strong contractor.
- We are still waiting to see if we if we score well on Meade's 9% application and CDA is supposed to finish in February,
- Chair Ponne asked how many applications were submitted. Ms. Haislip stated there are 41 applications submitted. Mr. Martin added they will probably only award 23 or 24.

- Chairman Ponne asked about the next RAD meeting. Mr. Martin said we will schedule another one after the Kick Off and we have a document checklist to complete. Counsel Riley stated we will have more control over Freetown and Meade projects.
- Mr. Martin said this time we will not have 4 parties involved. It will include HCAAC, State and Royal Bank of Canada and not have Penrose in the middle.
- Mr. Martin said he had a meeting with the engineer and architect about Freetown Village. He was informed there is a rare plant and is protected in a wetland adjacent to the site. Mr. Martin said the EPA stated we may have to add a 100 foot buffer and we may have to move the planned buildings. An initial new plan was drawn but we rejected it.
- Chair Ponne asked how we cover the financing and Mr. Martin said we use the equity from our existing property. Mr. Martin added we may not be able to put 48 new units on the property. We are awaiting new drawings and more critical surveys from the EPA.

Chair Ponne moved on to the fourth item on the business agenda, the Annual Report to the County Executive.

- Mr. Martin stated the County Executive has asked for an annual report from his agencies. Mr. Martin gave a sample report to all Commissioners and asked for their opinion.
- Commissioner Downs stated she would like to see more information included especially about our great programs and data.
- Counsel Riley asked if the HUD score is out of a total of 100. Clif said yes and Counsel Riley suggested stating our scores as 88 out of 100 and 103 out of 100 to make it clear.
- Commissioner Downs suggested adding information about the FSS Program as she is aware the County Executive offers great support for FSS, She added we should include the Little Free Library and the Boys and Girls Club.
- Counsel Riley also suggested adding information about the Boys & Girls club and all we do for them.
- Mr. Martin stated he will revise the report and add the requested information and agreed with the Commissioners.

Chair Ponne moved on to the Commissioners Communication.

- Mr. Martin said we finally closed on Heritage Overlook on December 28, 2016 and are awaiting word on the official start of demolition. We expect it to commence in late January or February 2017.
- Mr. Martin said the Agency Plan process is now in place and will wrap up in March 2017. We will be providing you updates and draft as they are completed. If there are any items or updates that wish to offer regarding our goals and plans, please advise us now.
- Mr. Martin stated the County is in the process of transferring land to our agency at Meade Village. We are now awaiting the final transfer resolution to be presented to the County Council in the next 30-90 days.

Chair Ponne moved on to Old Business. He noted no comments made.

Chair Ponne moved on to New Business.

- Mr. Martin announced the NAHRO Conference will be in March in Capital City, Virginia and please let Carole Ann know if you would like to attend. Commissioner Downs asked for the information to be emailed to her.

Chair Ponne said if there is no other business we will adjourn, Chair Ponne asked for a motion to adjourn, Commissioner Utz made the motion and the meeting adjourned at 12:20 pm.

Chair Ponne immediately moved on to open the Closed Meeting at 12:21pm and invoked the process outlined in the Open Meetings Act under Article 3 and asked counsel to complete the required form.

Closed Meeting Minutes will be hand delivered to the Board of Commissioners

Chairman Ponne asked for a motion to adjourn the Closed Meeting. Commissioner Utz made the motion and the Closed Meeting closed at 1:25pm.

Chairman Ponne asked for a motion to re-open the Regular Meeting. Commissioner Downs made the motion, Commissioner Ervin seconded and the Regular Meeting was opened at 1:26pm.

Chairman Ponne then asked for a motion to close the Regular Meeting. Commissioner Utz made the motion and the Closed Meeting closed at 1:27pm.