

**HOUSING COMMISSION OF ANNE ARUNDEL COUNTY
BOARD MEETING MINUTES
February 27, 2017**

Present: Peter J. Ponne, Chairman
Bob Bradshaw, Vice Chair
William F. Utz, Commissioner
Sandra Ervin, Commissioner
Carrie Blackburn Riley, Attorney-at-Law
Clifton C. Martin, Chief Executive Officer
Diane Haislip, Deputy Chief Executive Officer
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: Beryle Downs, Commissioner
Tanya Hill-Brown, Commissioner
Michael Hale, Director of Modernization

Guest: Kathleen Hughes, Legal Aid
Tony Palmer, Financial Consultant, Kubas Keller Group

Meeting called to order at 11:00 a.m. by Chair Ponne.

Chairman Ponne welcomed guest Kathleen Hughes, Legal Aid and Tony Palmer, Financial Consultant, from Kubas Keller Group to the meeting

RESIDENT COUNCIL

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

MINUTES

Chair Ponne opened the discussion of the January 2017 minutes.

- ⊘ Chair Ponne asked if there were any questions concerning the minutes from the January 2017 meeting.
- ⊘ Counsel Riley noted "current liabilities" statement is repeated 2 times. Mr. Martin noted that several bullets were repeated erroneously.

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

BUSINESS AGENDA

Chairman Ponne moved on to the first item on the business agenda, Resolution # 640 Capitalization Policy.

- € Mr. Martin turned the discussion over to Ms. Anu Francis, Director of Finance.
- € Ms. Francis gave a PowerPoint Presentation to clarify the objective of recommending changes to the capitalization rules. She stated the original policy was written 22 years ago in 1995 and amended in 2002 with no concrete instruction on file to follow. Ms. Francis stated the key objective is not to overstate capital assets: if a fixed asset's related expenditures keeps property in efficient operating condition, restores property to its previous condition or protects underlying property through routine maintenance, the minimum expected life is not beneficial to use to capital asset and if it has a high probability of repairs costing less than \$25,000, it is determined to significantly increase the useful life of the asset and/or avoids premature obsolescence of the asset.
- € Counsel Riley asked if this policy includes the Corporation. Ms. Francis said it will include the Commission and the Corporation.
- € Mr. Martin added the current \$1000 threshold is way too low and no companies have it that low.
- € Commissioner Utz asked if we expense computers. Mr. Palmer said we will use each computer as an individual asset but we still have to safeguard our assets so we are not creating an individual list to depreciate.
- € Counsel Riley asked about property taxes. Mr. Palmer stated the Commission does not pay property tax but the Corporation still has to file with the IRS. Counsel Riley stated the Corporation does pay taxes. Mr. Martin said we will need to take a separate look at the Corporation. Commissioner Utz asked what the IRS guidelines are? Mr. Palmer said it depends on the threshold. Mr. Martin noted the Corporation meets in June and we will do a separate policy. Counsel Riley said we can make it a similar policy but separate entities. Mr. Palmer stated because we are non-taxed it is not logical to catalogue our depreciation expense but HUD still has this process and it creates more work.

Chairman Ponne asked for a motion to accept resolution #640. Commissioner Ervin made the motion, Commissioner Utz seconded and all in favor.

Chair Ponne moved on to the second item on the business agenda, Resolution # 641 Write Off's.

- € Counsel Riley noted the first quarter amount one year ago was \$19,000, now it is \$2,600 and why the difference? Mr. Martin added a specific event last year possibly a fire in a unit caused the amount to be high. Counsel Riley asked about the "0" write off for the other sites? Mr. Martin said it is rare but it does occur.

Chairman Ponne asked for a motion to accept resolution #641. Vice Chair Bradshaw made the motion, Commissioner Boyd seconded and all in favor.

Chair Ponne moved on to the third item on the business agenda, Resolution # 642 MEEHA Empower Grant - Pinewood Village.

- € Mr. Martin stated this is our fourth MEEHA grant and Crilley Road was chosen for energy efficiency upgrades in the amount of \$520,734 for HVAC, boilers and plumbing upgrades. Vice Chair Bradshaw asked if the amount will cover it. Mr. Martin said yes. Commissioner Ervin added there are 120 units on Crilley Rd.
- € Mr. Martin stated the grant will help defer RAD costs and hoping first of a few to for Pinewood and Glen Square. He added we are trying to get 2.3 million for Glen Square to replace an old HVAC system. Mr. Martin added this resolution approved by the Board is required to submit the application. Vice Chair Bradshaw asked about the timing of the upgrades. Mr. Martin said hopefully within the year.

Chairman Ponne asked for a motion to accept resolution #642. Commissioner Utz made the motion, Vice Chair Bradshaw seconded and all in favor.

Chair Ponne moved on to the fourth item on the business agenda, Update on RAD Processes.

- € Mr. Martin said we had the Kick Off Meeting with the State and we are very pleased with how supportive they are. Mr. Martin added we are working towards the Viability Study and we are on the fast track to complete it. He said we will then move on to the financing piece with the gap closing on the Freetown equity, right now it is a gap of \$400,000 to \$600,000. Commissioner Ervin asked about the rare plant that was an issue. Mr. Martin stated is a non-issue now but another issue has been raised about how one corner drains into Stoney Creek. Mr. Martin said we have retaining walls to deter the flow and actually may help.
- € Mr. Martin said we are waiting on the notification of awards for CDA, 41 applications came in and it was said they will work with 20. Mr. Martin added the County Executive sent a letter stating the importance of the CDA project because RAD conversion is important. Legal Counsel Riley asked if we are worried investors may back out. Mr. Martin said the Royal Bank of Canada has pooled resources and have committed to HAI. Ms. Francis added she has considered approaching BB&T because we work with them and they have purchased Susquehanna Bank. Mr. Martin said PW and PWE are one application; and GS and SH are one application, so we are basically getting 2 for 4. He added we will not be able to use the 4%, may have to go with the 9%.
- € Vice Chair Bradshaw asked if the Annapolis HA will be an opportunity for us maybe to help with their redevelopments? Mr. Martin said no as RAD is shut off to them.
- € Chairman Ponne asked about the next RAD meeting. Mr. Martin said we will schedule another after we hear about the tax credit award.

Chair Ponne moved on to the fifth item on the business agenda, Chief Executive officer Report

- € Mr. Martin said demolition has begun and is nearing completion on the north side of Burwood Gardens; the only remaining remnants will soon be the original community building.
- € Mr. Martin said the Agency Plan process is now in place and will wrap up in March 2017. He added we are in the comment period now and any comments go to Ms. Haislip. Counsel Riley asked if there are any big items and Ms. Haislip said no. Mr. Martin said he will be providing the Board members updates and drafts as they are completed.
- € Mr. Martin said the County is in the process of transferring land to our agency at Meade Village. We are now awaiting the final transfer resolution which will be heard by the County Council on March 6 at 7 PM. Mr. Martin attended their work session on this bill and there were no questions or concerns raised.
- € Mr. Martin said he has been contacted by Bill Tamburino at HUD, the County Executive and the Board at HACA to ascertain how we might be able to assist the interim Director of the Housing Authority of the City of Annapolis (a current Board Commissioner) for his 100 days in office. Mr. Martin added he will be meeting with Chip Doordan (interim ED) and analyzing the situation. He said this may become a more serious commitment in the near future; our agency might be able to establish a business partnership with their agency. Mr. Martin added HUD is doing an extensive audit and Mr. Doordan has questions he can help with. Mr. Martin added after the audit HUD will make a decision on how to move forward. Commissioner Utz said they definitely need oversight. Counsel Riley said there are currently 3 openings for Executive Directors in Maryland.
- € Mr. Martin said we have finished all of the negotiations surrounding the expansion of the Boys and Girls Club, which is to open in January 2019. He said this will be a partnership between the Housing Commission and the Boys and Girls Club of Anne Arundel County. Mr. Martin said we have committed to funding up to \$90,000 per annum to maintain the club, while BGCAA will pay all overhead and minimize our commitment through fundraising and grant applications. Counsel Riley stated she did not like the wording in the contract "we will pay all overhead and contribute up to \$90,000". Mr. Martin said for the first 5 years, the project will use a reserve of \$250,000 (in decreasing amounts each year) to help the club and Board raise funds. He stated it is anticipated that our contributions will be minimal in years 1-3 and may increase in years 4 and 5. He stated we have discussed this numerous times in general, but we have now finalized the financial components and felt it appropriate to share openly with the Board of Commissioners. Ms. Haislip added we just need the final approval from the lenders and we do not anticipate any problems. Counsel Riley said up to \$90,000 is the subsidy to make operating cost. Mr. Martin said with

fundraising they may be able to afford it but we can only offer up to \$90,000. Mr. Martin added the Boys & Girls Club and the HCAAC have come to the table with funds but the owners have not. Counsel Riley stated the owners said they could contribute up to \$250,000 (but isn't that coming out of the reserve?) Ms. Haislip said there are 100 family and disabled units and we could possibly have 75% of clients include families; our kids will be in this club. Ms. Dyer added we will give the B & G Club applications with the initial move in and can help cover the \$20 application fee.

Chair Ponne moved on to the Dashboard.

- ⊘ Counsel Riley referred to Financial Section and noted there was a big drop in reserves from last month for the PH and Voucher numbers saying they are much bigger.
- ⊘ Ms. Haislip said we are now only getting 77% of our voucher operating funds now. Counsel Riley asked how we will cover the gap. Ms. Francis said that we meet on a monthly basis to determine how to use. Mr. Martin said HUD uses a formula on how to get hap funds annually and they use a snap shot of December by averaging the last three months and now HUD has changed it so everyone took a hit. He said now we submit the money we need, deplete our reserve funds and then use the reserve they have for us.
- ⊘ Counsel Riley asked if we are issuing vouchers and Mr. Martin said no. Ms. Hopkins added we used 60 vouchers recently relocating Burwood residents; most of them are leased.
- ⊘ Counsel Riley stated our last waitlist purge was February of 2016 and asked when we will have another purge. Ms. Haislip stated we are working on it right now. Mr. Martin added our policy says we can purge once every two years.

Chair Ponne moved on to New Business.

- ⊘ Mr. Martin commented on the removal of the red typeface in the Board Report has made it easier to read.
- ⊘ Counsel Riley commented the new Boys and Girls club report is great and includes more information.
- ⊘ Chair Ponne reminded everyone the next Board Meeting will be March 20, 2017 at 6:30pm at Heritage Crest. Mr. Martin noted Ms. Haislip will be presenting.

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.