

**HOUSING COMMISSION OF ANNE ARUNDEL COUNTY  
BOARD MEETING MINUTES  
JANUARY 22, 2018**

Present: Peter J. Ponne, Chairman  
Bob Bradshaw, Vice Chair  
William Utz, Commissioner  
Danny Boyd, Commissioner  
Sandra Ervin, Commissioner  
Beryle Downs, Commissioner  
Carrie Blackburn Riley, Legal Counsel  
Clifton C. Martin, Chief Executive Officer  
Diane Haislip, Deputy Chief Executive Officer  
Michael Hale, Director of Modernization  
Gina Dyer, Director of Property Management  
Anupama Francis, Director of Finance  
Christopher Ostovitz, Director of Information Technology  
Lanita Hillen, Director of Housing Services  
Carole Ann Brazeal, Executive Administrative Assistant

Teleconference:

Absent: Tanya Hill-Brown, Commissioner  
William Sansing, Senior Finance Manager

Guest: None.

Location: HCAAC, 7477 Baltimore-Annapolis Blvd, Third Floor,  
Glen Burnie, MD 21061

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

**RESIDENT COUNCIL**

Chairman Ponne noted no residents in attendance and acknowledged guests and visitors. No topics were presented for discussion.

**MINUTES**

Chair Ponne opened the discussion of the December 2017 minutes.

Chair Ponne asked if there were any questions concerning the minutes from the December 2017 meeting. Minor corrections were offered and will be reflected in the approved minutes.

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

## BUSINESS AGENDA

Chairman Ponne moved on to the first item on the business agenda, the Audit Presentation. Edmund Fosu-Laryea and Steve Kutsauflakis from Barbacane Thornton introduced themselves and proceeded to give the annual Audit Presentation to the Board.

Mr. Fosu-Laryea stated after on-site fieldwork for FY 2017, they issued a clean unmodified audit opinion on the Commission's financial statements. He stated the following notable items:

- There were no findings or material violations in the financial operations of the agency.
- During their current year audit, they noted that the Commission had contracted with a third-party payroll vendor who completes a Service Organization Controls Report. Per their review of the report, all necessary requirements were met. Therefore, this recommendation is no longer applicable.
- They recommended the agency create a policy that inter-program receivable and payable balances be settled in a timely manner, if possible, before year end. To further improve controls, they recommended that inter-program receivables and payables be reconciled as of the end of each month so that all payable amounts agree to corresponding receivable amounts. The reconciliation should be prepared within 30 days of the end of each month, signed, and dated by the preparer. The reconciliation should also be reviewed by the supervisor of the preparer, who should also sign and date the reconciliation to indicate review and approval.
- During their current year audit, they again noted material inter-program receivable and payable balances remained at year end. Even though management has taken steps to reconcile and settle these balances, there are still balances that have been outstanding since the end of the previous year's audit. This recommendation is still applicable for the current year. However, Mr. Martin asked for clarification that this cannot be done until the RAD closings of Meade and Freetown which are causing these items to carry over at year end. You cannot reconcile until the cash is received at settlement. The auditors agreed.
- As part of their audit procedures for fiscal year 2017, they performed an expanded test of controls on a sample of disbursements and payroll transactions. They noted no issues with the sample tested on the Commission's Housing Choice Vouchers and the Public Housing Programs to ensure compliance with federal rules and regulations (Single Audit).
- Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- In their opinion, based on their audit and the report of other auditors, the financial statements present fairly, in all material respects, the financial position of the Housing Commission of Anne Arundel County, as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.
- Mr. Fosu-Laryea noted some major financial highlights of the year:
  - The total assets of the Commission decreased by \$3,450,879 (or 10.4 percent) during 2017. Total assets were \$29,756,659 and \$33,207,538 in 2017 and 2016, respectively. The decrease is primarily due to the demolition of 100 public housing units in the current year.
  - The total liabilities of the Commission decreased by \$884,447 (or 10.5 percent) during 2017. Total liabilities were \$7,556,395 and \$8,440,842 in 2017 and 2016, respectively. The change in liabilities is primarily due to a decrease in long-term debt, accounts payable, and accrued liabilities.
  - Total net position decreased by \$2,566,432 in 2017. The decrease in total net position is primarily due to the increase in operating costs and loss on disposition of Burwood Gardens. The Commission paid \$590,923 towards predevelopment costs for the Rental Assistance Demonstration Program (RAD) out of the Operating Budget in the current year.
  - The total revenue of the Commission increased by \$1,578,490 (or 5.3 percent) during 2017. Total revenue was \$31,393,049 and \$29,814,559 in 2017 and 2016, respectively. The primary cause of the change to revenue was an increase in government operating grants and other revenues.

- Total expenses and losses increased by \$2,945,585 (or 9.5 percent) during 2017. Total expenses were \$33,959,481 and \$31,013,896 in 2017 and 2016, respectively. The change was primarily due to increases in administration, housing assistance payments, ordinary maintenance, utilities, protective services, insurance premiums, general expense, non-routine maintenance and depreciation offset by decreases in tenant services and interest expense.
- Legal Counsel Riley requested that in the future the Housing Corporation Audit should be presented in a separate schedule, discussion ensued and all were in agreement.

Chairman Ponne asked for a motion to accept the Audit as Presented. Commissioner Downs made the motion, Vice-Chair Bradshaw seconded, the motion was accepted and all in favor. (Note: This will be resolved as #651 and presented in February as official resolution.)

Chair Ponne moved on to the second item on the business agenda, approval of Resolution #650

- Collection Losses were presented for the Period Ended June 30, 2017 in the amount of \$4,679.11 for Public Housing and \$3,223.70 for Non-Public Housing for a total amount of \$7,902.81.
- Mr. Martin said Meade Village had unpaid maintenance balances and Glen Square had unpaid rent.
- Ms. Dyer added we had 3 residents pass away at Glen Square causing the unpaid rent and a 4-bedroom unit became vacant at Meade Village that required a lot of repair.

Chairman Ponne asked for a motion to approve Resolution #650. Commissioner Ervin made the motion, Commissioner Utz seconded, the motion was accepted and all in favor.

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

- Freetown Village gets closer to closing as CDA has moved the process into the last stage of approval before settlement. Anticipated to close in April 2018. After review, both CDA and ACDS have requested modifications to the proposed development, especially regarding ADA unit locations and parking. This may slow the process down further; more news to come.
- Meade Village is moving into the next stage for closing; with the Viability Package has been submitted and the final drawings and prices will be completed soon; which is on schedule. Once this is completed we will work to final specs and costs and possible close in Summer 2018. Mr. Martin added the government shutdown may cause a delay.
- Preliminary work continues on the remaining 4 communities with environmental reviews and title work is being reviewed at this time. Plans are to convert to Project Based Rental Assistance on January 1, 2019; financing plans during 2019 and renovation in 2020.
- Commissioner Ervin asked if we received funding back from College Parkway. Mr. Martin said yes we received the funds last year. Ms. Francis stated the funds are reflected in the reserves.
- Ms. Haislip added in response to the Board's inquiry that the audit cost \$30,000.

Chair Ponne moved on to the fourth item on the business agenda, 50<sup>th</sup> Anniversary of the Housing Commission.

- Mr. Martin said our 50<sup>th</sup> Anniversary is officially in October 2018. Mr. Martin asked the Board to think about what type of event we can have to celebrate and at the next meeting we should share ideas.

Chair Ponne moved on to the fifth item on the business agenda, Chief Executive Officer Reports

- Mr. Hale said the first building in Heritage Overlook has turned over and been issued occupancy permits. Mr. Martin added others will continue to come online as each building is completed, inspected and issued occupancy permits. Mr. Martin said the Club House and the Boys and Girls Club have been completed and the resident Center is finished.
- Mr. Martin stated the Personnel Policy has had a thorough internal review with considerable revisions. The work on the policy continued through December with a draft to be provided to the broader committee in late January. Mr. Martin said he has slowed this down a bit to make certain that we look at any and all secondary policies that we may consider attaching and stated that there are several proposed. There was a discussion about the context and changes and Board's involvement in reviewing and approving. Mr. Martin stated the Board will certainly be involved. Mr. Martin's goal is to have this ready for review by the Board in February.

Chair Ponne moved on to the Dashboard.

- Legal Counsel Riley asked if NAP is fully occupied and Ms. Haislip confirmed 100% occupancy.
- Mr. Martin added the restaurant is taking longer to renovate due to having to update safety standards and everything must be approved by the County.

Chair Ponne moved on to Old Business.

- Mr. Martin said County Executive Schuh is introducing legislation proposing all County Boards have a standard term of 4 years for all commissioners rather than the current 5-year term. He is attempting to bring all terms for county commissioners in line and wants to know the opinion of our Board. The Commissioners all agreed with the 4-year term.

Chair Ponne said if there is no other business we will adjourn the regular meeting and move to the closed session, Chair Ponne asked for a motion, Commissioner Downs made the motion, seconded and the regular meeting was adjourned at 12:40 pm to open the Closed Session.