

HOUSING AUTHORITY OF BERGEN COUNTY
One Bergen County Plaza, Fl 2
Hackensack, NJ 07601

MINUTES OF THE MEETING OF FEBRUARY 23, 2017

THESE MINUTES ARE NOT VERBATIM BUT ARE INSTEAD A SYNOPSIS OF WHAT TRANSPIRED AT THE REGULAR MEETING OF FEBRUARY 23, 2017.

PRESENT:

Commissioner Bruce Walenczyk, Chairman
Commissioner Steven Kopf, Vice Chairman
Commissioner Danielle Peterson
Commissioner Bob Taschler

Lynn Bartlett, Executive Director
Kevin McCann, Director of Finance
Vincent Bufis, Field Operations Manager
Esther Gatria, Human Resources Manager
Julia Orlando, BCHHH Director
John Biale, Director of Development
Terrence Corrison Esq., General Counsel

ABSENT:

Commissioner Mark DiPisa
Commissioner Joanne English Rollieson
Commissioner Steven Weinstein

CALL TO ORDER

Chairman Walenczyk called the meeting to order at 5:31pm and asked that the open public meetings statement be read. Executive Director Lynn Bartlett read the following:

Consistent with the Bryon M. Baer Open Public Meetings Act P.L.1975c231, all meetings of public bodies shall be open to the public at all times. Notice of the regular meeting was provided to The Record and the Jersey Journal on December 15, 2016, and was provided to the County Clerk for posting at the County Administration Building, at which time the date time and place were set forth. The minutes of this meeting will be available following the next regularly scheduled meeting.

PLEDGE OF ALLEGIANCE

Chairman Walenczyk lead the Board in the Pledge of Allegiance.

ROLL CALL

Commissioner Walenczyk asked that roll be called. Commissioners Taschler, Kopf, Peterson, Walenczyk were present. Commissioners DiPisa, English Rollieson and Weinstein were absent.

APPROVAL OF MINUTES

A motion was made by Commissioner Kopf to approve the minutes of the meeting of January 26, 2017. Motion was seconded by Commissioner Peterson.

VOTE: AYES: All Present Commissioners (4)
 ABSENT: Commissioners DiPisa, English Rollieson, Weinstein (3)

PRESENTATION OF THE 2016 AUDIT

Commissioner Walenczyk introduced Rich Larsen from Novogradac & Co LLP. Mr. Larsen informed all that they have given the HABC an Unmodified Opinion, which is the highest level of assurance they can give. Mr. Larsen explained that due to the level of funding received by HABC it requires three audit reports be completed. Audit testing internal controls of the HABC (payroll, procurement, cash receipts, cash disbursements and board meeting minutes) Novogradac & Co. found no material weaknesses or significant deficiencies in any of these processes. The audit of compliance with HUD rules (the Authority's Housing Choice Voucher program) earned an Unmodified Opinion. The compliance audit does note an exception in housing quality standard inspections which Mr. Larsen pointed out has already been resolved. Other than this note, the HABC audit is an exceptional audit report he said.

Mr. Larsen stated that the finances of the HABC are strong and very liquid. He identified that the Authority has approximately 9 ½ months of housing assistance payment reserves for the Housing Choice Voucher program. The current HUD recommendation is 4 to 6 months of reserve. He stipulated these funds are solely federal program funds that cannot be used for any other purpose than the program and are subject to its rules and regulations.

Mr. Larsen then reported new regulatory changes that impacted the financials. The Government Accounting Standards Board passed new regulation that applies to government agencies participating in the Public Employees Retirement System (PERS) and requires that they report their unfunded pension liability on the books. As a result, the State of New Jersey had to report an approximate \$50 billion unfunded pension liability. The State put out a report that all the participants in the PERS plan must report their portion of this liability. The HABC's portion of \$11.6 million is offset by a few small items netting approximately a \$10 million negative effect on the Authority's financial position. This caused unrestricted net assets to go from a \$5 million to approximately \$3.5 million negative position. The State of NJ publishes the report on their website which identifies the liability of all program participants. Mr. Larsen was quick to point out that this reporting does not affect the Authority's scoring with HUD since it's a noncurrent liability and doesn't affect liquidity. Mr. Larsen did admit that seeing such a large negative number on the financials, especially when the financials are managed so well, that some Boards are surprised by the number. Mr. Larsen did reinforce the importance of understanding the report appropriately and underscored his earlier point of the strength of the Authority's liquidity and this being the most important point of consideration when evaluating the strength of the Authority. The bottom line being that the financials are still strong despite this charge.

Mr. Larsen made point of the audit going smoothly and thanked HABC staff.

Commissioner Walenczyk followed up the presentation asking if this, Pension entry, is something that is going to change every year and if the State is required to update the report annually. Mr. Larsen affirmed that reporting will change and that's it's dependent upon a variety of factors.

Commissioner Walenczyk then inquired if the new report effects the contribution the Authority makes each year? Mr. Larsen explained that if the Authority's payment is greater than the change in the liability then our liability will reduce but if it is less, liability will go up. He further stated that it is an actuarial science that determines the billed amount and pointed out the liability applies only for those entities that must be GAP compliant.

Director of Finance, Kevin McCann informed all that current expenses did go up but that is due to two staff members retiring and a third that put retirement papers in but has not started collecting yet.

Authority counsel, Terry Corrison, inquired although the reporting requirement has changed and there is no negative impact with HUD if there is a negative impact anywhere else. Mr. Larsen responded that Departments within State of NJ do not really understand the report, they have questioned the reporting and have requested a work out plan. Mr. Larsen said The New Jersey Department of Community Affairs (NJCA) has been known to request this as well. Other Auditors have been known to explain that the deficit is non cash long term liability not a deficit. To Mr. Larsen's knowledge the reporting requirement has not impacted financing of RAD conversions. Further, Mr. Larsen pointed out that comments have been received from HUD requiring explanation on how voucher program runs negative, since this isn't permissible.

Commissioner Walenczyk inquired if there was a need for the Board of Commissioners through committee to be more engaged in this process or its review. Mr. Larsen recommended having an entrance conference to discuss concerns, questions or levels of risk with the Budget, Finance and Audit Committee. This process would communicate focus or target areas to auditors who would then take these considerations into audit process. This was a well-received suggestion by the Board and is anticipated to be put into place moving forward.

EXECUTIVE DIRECTOR REPORT

Bergen County Housing Health and Human Services Center (BCHHH)

Letter from the US Interagency Council on Homelessness (USICH) was circulated to all present Board members. The letter congratulates Bergen County for being the first county in the Nation to end chronic homelessness. Further communication from USICH has informed us that this information is pending imminent announcement by the Feds and we need to await federal announcement. At present we do not know how it will be announced or what agency will announce. All congratulated the BCHHH staff present and the efforts of the shelter and Continuum of Care.

Discussion on contract to manage the BCHHH is that there has been no follow up from the County as yet acknowledging the HABCs funding restriction changes. HABC next steps would be to submit a budget that appropriately compensates the Authority for its role in BCHHH management.

Commissioner Taschler inquired into the nature of the County's non-responsiveness to our information. Director Bartlett stated that she believes the reason for the lack of movement is that no one specifically is responsible for tasking this item on an administrative authorization/approval level.

Chairman Walenczyk stated that HABC should communicate to the County HABC's willingness to meet with County officials or Freeholders to discuss should they wish to. Commissioners Taschler and Kopf individually stated their willingness to attend a Freeholder meeting should it be necessary.

Human Resources

Director Bartlett pointed out the new Board report circulated that evening. The report gives more detail with analysis to better understand agency efforts as well as identification of issues that may influence the hiring process and the timeliness of filling vacancies.

Chairman Walenczyk commented on the time it has taken to fill the reported vacancies and its inherent burden on those employees that must pick up that additional work load.

Director Bartlett further explained some current considerations regarding the needs of the Authority's front end reception and the possibility of hiring a blended full time reception position that would also have direct support of the Executive Director and Board.

Budget

Ms. Bartlett further reported that the HABC 2017 budget submission has been received by NJDCA. They have reviewed the submission and had sent back comments requesting additional information on some items. An Authority response was composed by ED Bartlett, CFO McCann and Fee Accountant Bill Katchen and sent to the State. It is anticipated that the budget adoption process will be on time.

Voucher Program

Regular voucher utilization analysis for all voucher programs reflects the need for the HOME funded TBRA and HOPW program to lease up. The HCV program will maintain current expenditure levels until a federal budget is adopted and the Authority has knowledge of new funding levels.

Executive Director Bartlett stated there is no further update of the HOTMA regulation changes reported last month.

Ms. Bartlett also addressed the resolution this month approving the PHA Plan and discussed upcoming changes that will be put in place later in the year implementing the CoC Coordinated Assessment System, streamlining the HCV relocation process, and changes to the notifications for annual recertification processes.

Vacancies – filled two of the ten reported this month of the eight remaining four are due to tenants passing.

Development Updates

Saddle Brook – A copy of the executed funding contract with the Federal Home Loan Bank of New York (FHLBNY) was received. Closing for the NJHMFA financing is targeted presently for April. Staff continue to move forward with closing due diligence items.

Upper Saddle River – Project engineers met to attempt resolution of some issues which effect the affordable housing development site. Mutual concessions made by the Borough and Porcelanosa moved drainage for the Porcelanosa expansion to the affordable site. Additional concerns for development costs relating to large retaining walls on two sides of the affordable development were further considered to find the appropriate development design. Unfortunately, concession from the Borough was not to be had due to legal obligations they have to developers. As a result, construction of a basement has been proposed as well as construction of parking beneath the affordable units. The latter of which might leave the areas of Porcelanosa drainage untouched and covered by possible green outdoor community areas.

Closter – The Borough is currently negotiating the purchase of a site for the development of housing to meet their affordable obligations. The primary need is to meet greatest amount COAH obligation possible. Original discussions between the HDC and Borough Officials lead to design of 39 units of senior housing. We then asked project Architect, Anthony Iovino, of Arcari Iovino, to re-design the site to determine the maximum possible small family units, a mix of 1 and 2 bedroom units, that could be built. He was able to fit 36 units on site. This information was shared with the Mayor and Borough Attorney for their consideration.

Fort Lee – Engineering design consultant, Neglia Engineering, had furnished design concept for the site earlier in the day. Staff will be sharing the concept of 36 senior units with new parking and a new senior center with borough officials and will report back on receptivity of borough to the design and next steps for development.

RAD rehabilitation work as funded by the HDC loan has begun for the HABC properties. Progress on this work is found in monthly board reports.

Finance

Director of Finance, Kevin McCann reported cash for public housing decreased by \$169,000; the bulk being operating subsidy not be available in January. He reported at present that both January and February operating subsidies have been received. He pointed out the RAD conversion influence is that the Authority's 2017 funding is from Public Housing capital and operating funds and that no project based assistance will be received until 2018. Further, Public Housing Capital funds are not usually released until May typically, therefore another reason cash is down.

CoCC decreased by \$26,000 due to renewed insurance policies. These funds will come back though since they are billed out to individual properties.

BCHHH decreased by \$43,838 which is normal. Mr. McCann also reported that HABC received payment for the 2016 2nd and 3rd quarter operations of \$323,000. Bills for 4th quarter have been submitted.

HCV decreased by \$3.5 million, Mr. McCann pointed out that this was simply a matter of presentation and timing; for the first time ever January HAP and Administrative fees were paid in December which were \$3.5 million.

Grant programs decreased \$138,000. The Authority has been fronting Continuum of Care (CoC) grant funds then awaits payment. Submissions totaling approximately \$900,000+ have been submitted to HUD, with the exception of \$25,000 all have been received in February.

The Director of Finance noted for all in attendance that there will be a \$460,000 payout on April 1st for the annual pension contribution.

Lastly, Mr. McCann pointed out that the BCHHH Budget report for shelter comparing budget to actual numbers is reported on a January 1 calendar year, the same way that the Contract is run. Therefore, although it looks like a new report it is not.

Attorney Report

General Counsel Terrence Corriston reported that the prior month's OPRA dispute has been resolved. He stated that there have been minor tenant issues which all have been resolved, that there are no litigation items and all else is routine.

Public Comment

Paul Nickels complimented the success and efficiency of Project Homeless Connect which is run from the Bergen County Housing Health and Human Services Center. He informed the Board in regards to complaints he has been receiving on Mental Health agencies not undertaking responsibility of completing basic forms for clients.

Julia Orlando assisted in explaining for board understanding that Mr. Nickels issue is with the role of the case manager for a mental health services recipient. Mr. Nickels has taken issue with Michele Hart-Loughlin of the BC Mental Health Board, in better support of clients basic needs to complete applications for various assistance programs. Executive Director explained that the HABC has no control over mental health providers but stated the willingness of the Authority to assist anyone having difficulties with the housing application or recertification process. Ms. Bartlett further assured Mr. Nickels of the HABC commitment to assist those housed with support as necessary from HABC staff from the BCHHH to help clients having any difficulty navigating paperwork.

Consent Agenda

A. Resolution 2017-17

Resolution approving the routine expenditures for the HABC for the period of 01/14/17 – 02/10/17.

B. Resolution 2017-18

Resolution approving the routine expenditures for the HDC for the period of 01/14/17 – 02/10/17.

C. Resolution 2017-19

Resolution authorizing execution of a contract extension with Standard Elevator for Maintenance and Repair Services at Brookside Gardens – Bergenfield, Franklin Heights – Northvale, Hasbrouck Heights Senior Housing and Ridgecrest - Ridgewood.

D. Resolution 2017-20

Resolution adopting the Annual Agency Section 8 only Plan for submission to the U. S. Department of Housing and Urban Development.

E. Resolution 2017-21

Resolution adopting purchases under the State of New Jersey Cooperative Purchasing Program.

A motion to approved the consent agenda was made by Commissioner Taschler and seconded by Commissioner Kopf.

VOTE: AYES: All Present Commissioners (4)
 ABSENT: Commissioners DiPisa, English Rollieson, Weinstein (3)

Chairman Walenczyk then asked if there was any new business to discuss. Seeing there was no new business to discuss Commissioner Kopf moved that the meeting be adjourned. Commissioner Peterson seconded the motion

VOTE: AYES: All Present Commissioners (4)
 ABSENT: Commissioners DiPisa, English Rollieson, Weinstein (3)

The meeting was adjourned at 6:19pm