



**Peoria Housing Authority
Board of Commissioners
Regular Board Meeting**

MONDAY, NOVEMBER 24, 2014

MINUTES

OPENING: At 4:32 p.m., Chair Zika opened the meeting with the Pledge of Allegiance, a moment of silence and roll call.

ROLL CALL: Commissioners Present: Commissioners, Cannon, Fassino, Robinson and Chair Zika; Late Arrival: Commissioner Perkins and Williams; Staff Present: Coates, Cueller, Jones, Kamradt, Krueger, Long, McKean and Redding

COMMUNITY COMMENTS:

Chair Zika called for community comments.

C: L. Williams – Ms. Williams expressed an interest of having the website kept up to date with the appropriate materials – minutes and agendas, etc. In addition, Ms. Williams requested that a link be established for the new PHA website – www.peoriahousing.org – Ms. Williams was not aware of the new site prior to this evening's meeting. Ms. Williams is friends with PHA on Facebook and no announcement of a new site has been shared. Mr. Timm Krueger, Community Relations Manager, explained some difficulties being experienced. Efforts will be made to get a proper redirection as well as postings on social media with the new website information.

C: K. Alms – Ms. Alms made additional comments regarding the PHA website; one comment regarding the master list for PHA meetings and a better way to catalog the PHA press releases. Ms. Alms also commented on the Preliminary Project Assessment (PPA) related to the Greeley Project. Specifically, Ms. Alms expressed interest in knowing who provided the list of amenities on the PPA. Ms. Brenda Coates, CEO suggested that the request be made in writing.

NEW EMPLOYEES:

Ms. Kate Jones introduced three new employees: Al Cueller, Temporary Asset Management Director, Jessica King, Section 8 Leasing Specialist and Robert (Bob) Cranston, Modernization Manager.

APPROVAL OF MINUTES:

Chair Zika presented the following minutes for approval:

- 10-14-14 Public Hearing and Special Board Meeting Minutes – no comments or corrections requested;
- 10-17-14 Board Conference Call with Joliet Housing Authority Board Chairwoman – no comments or corrections requested;
- 10-20-14 Meeting with the Springfield Housing Authority – no comments or corrections requested;

- 10-27-14 Regular Monthly Board Meeting – it was requested to add the issue of occupancy as discussed on page 8 of the board packet to the open items list.

Chair Zika asked for a motion to approve. Motion to approve moved by Commissioner Fassino, seconded by Commissioner Robinson. Roll call.

Ayes: Cannon, Fassino, Perkins, Robinson, Williams and Chair Zika.

Nay: None, motion carried.

ACTION ITEMS AND RESOLUTIONS:

The following reports were reviewed and discussed:

Financial Report – Chair Zika asked for questions or comments. Matthew Kamradt, Finance Director responded to questions he had received via email:

- Differences in the benefits at Cost Center are due to staffing changes. Not a difference in benefits, but difference in benefits taken by employees.
- Collection Loss (pg 25) – Mr. Kamradt explained that the issue reaches back to the October 2014 report; the YTD collection loss was stated to be \$31k, but the current financial reflects \$29k. Mr. Kamradt is looking into the issues.
- Scattered Site Other Income – was identified as FSS forfeiture, reverse of Riverwest maintenance and insurance dividend.

A ten month budget variance spreadsheet was distributed and discussed. Chair Zika and Mr. Kamradt put together the spreadsheet to capture a big picture overview. The spreadsheet reflected the variance from budget, not actual. Chair Zika and Mr. Kamradt conveyed that AMPs 3, 6 and 8 were a little distorted, but the others were pretty accurate. Mr. Kamradt explained that the CFP column reflect an amount of work completed mainly during the time of preparing for the REAC inspections but the operating cost could not be covered by the capital fund. The cost could be covered by an operating transfer from a capital fund. The costs were incurred by the AMPs and the revenue was transferred back to the AMPs via a transfer from the capital fund. The CFP column shows the amount of revenue that was transferred back to the AMPs covering cost to correct deficiencies and bring the AMP back to the appropriate REAC level. This was an appropriate use of the funds and somewhat mitigated a problem; however the funds could have been used for other items. Chair Zika pointed out that the column reflecting the YTD losses after the transfers and observed the big challenge. In addition, when reviewing the net cash position for all AMPs as of September 30, 2014, there was approximately \$200k.

Commissioners discussed the number of items that are outstanding and would add how will managing the financial condition of the AMPs going forward be done. The \$251k deficit also speaks to the unrealistic budget developed during the budgeting process. Chair Zika shared his analysis of revenue lost due to vacancies (AMPs 2, 3, 4 and 5). As a generalization an estimated \$132k was lost due to occupancy issues. Commissioners questioned if the PHA manages in a “zero sum” fashion and at what level. Brenda Coates, CEO explained that the budget is managed at the AMP level through a requisition and purchase order process. Ms. Coates noted that Asset Managers are not being sat down when specific line items are over ran to make adjustments to other line items. In addition, Ms. Coates shared in preparing for the REAC inspections there was a lot of extra work and increase expenditures; however, it was Ms. Coates understanding that the extra expenditures would be covered by the transfers from the capital funds. Commissioners expressed that it would be their hope that Asset Managers are

aware of their AMPs budget and have a level of accountability. Ms. Coates explained that the Asset Managers receive the same financial statements by AMP as the board receives. It is not clear to what level the variances are discussed. Also, Asset Managers have expressed that there are expenses allocated to the AMP's budget that they are not aware of. Ms. Coates is hopeful through updated software that better detail will be available to the managers. Ms. Coates also explained in the past a finance liaison was available to assist managers in working and managing their budgets.

Ms. Coates also shared that in 2010 the federal government made an allocation adjustment. The federal government decided that all public housing authorities would receive 94.9% of the operating subsidy for that year. Because there was not enough money appropriated for this decision, reserves were taken away from housing authorities and Peoria Housing Authority (PHA) lost \$1.2M and it did not cost housing authorities that did not have reserves anything. Ms. Coates also explained that it is currently being discussed that the OIG is recommending that COCC funds should not be de-federalized.

Overall, Commissioners expressed that as complicated as things are, it is still requested that every manager understand and be accountable to their budget. The Finance Committee chair explained that the Finance Committee meeting with the managers present was a good opportunity to discuss the deficiencies and improvements are expected by the next Finance Committee meeting. Also, in addition to having a good budget and staying within the budget, there is still a need to execute at a standard of what is expected by the community and Board. Chair Zika recapped if occupancy would have been at the 97% level and bad debts were half, an estimated \$75k would have been added to the bottom line.

Commissioners expressed a preference to the format of the 10-Month Budget Variance spreadsheet or a simple GL and would like to see this format monthly or quarterly. In response to the question regarding reports being received by the CEO, Ms. Coates explained that currently, no report is received; however, Ms. Coates has requested a written comprehensive plan how the budget will work with this budget cycle. Ms. Coates hopes to have managers on the same page as well as gain buy in from the Finance Committee as it relates to the budget. Ms. Coates is trying to prevent the lack of ownership on the approved budget.

In the wrap up discussion, Chair Zika expressed the goal to have information for the Board and the analysis is an important function that the Finance Director adds to the financials. The Finance Director can help the Board, managers and CEO understand the issues and opportunities.

Lastly, Mr. Kamradt, made comments on page 57 – Tenant Accounts Receivables; a second MASS Scoring Table that previously existed on this spreadsheet had been removed, creating a formula error in the potential write-offs column. Also the formula error for Harrison Homes has been corrected. Upon additional analysis of the negative net tenant accounts receivables column, Mr. Kamradt found that often prior quarter write-offs were being captured and if the prior quarter was a large amount, this would create a negative number. Going forward, the less potential write-off column and an analysis of what number should be used will take place. Ms. Coates commented on the questions raised at the October Board meeting regarding which set of percentages were being used for reporting the goal outcome. Chair Zika expressed that this issue had been resolved. Ms. Coates wanted to reflect for the record, that when Mr. Kamradt was not present for the meeting when this issue came up, Ms. Coates spoke with Mr. Kamradt and discussed which percentage was being used for the MASS scoring. During that

conversation, Mr. Kamradt indicated that the second set of percentages is used for the Financial Data Schedule (FDS). When Mr. Kamradt made that comment, Ms. Coates thought Mr. Kamradt was referring to the goal as well. The misunderstanding was between Ms. Coates and Mr. Kamradt and did not involve Ms. Elizabeth Lewis, Asset Management Director.

Section 8 Reports – Chair Zika asked for questions or comments. Congratulations were given on the increased number of vouchers in addition to 100% of VASH vouchers being leased up. The question was raised if there is an additional need in the VASH category. Ms. Robin Redding noted this would be something to look into.

Asset Management Memorandum – Chair Zika asked for questions or comments. Ms. Coates noted that Al Cueller, Acting Asset Management Director is reviewing the eligibility process. Discussion took place regarding the inadequate paperwork being presented by Asset Managers in relations to court cases and if this also contributed to TARs issues. Ms. Coates explained that inadequate paperwork did contribute to TARs and the request for refresher training was made by her based on a comment made by Mr. Brian Mooty during a conference call. On page 70, a question was raised regarding how long units sat vacant and ready. Commissioners asked what Mr. Cueller had observed since joining PHA. Mr. Cueller expressed his interest in having Asset Managers present options when dealing with various tenant issues. Mr. Cueller expressed how everything needs to be considered when trying to solve the problems. Chair Zika commented on PHA’s history and the pendulum swing that has been experienced – from very lenient to stern. In responding to the Commissioner’s question on page 70, Mr. Cueller explained that he recently discovered that the reports being presented are not totally accurate – for instance, a unit may be listed as vacant and ready but has various issues that will preclude it from being leased immediately. Mr. Cueller was not aware of the reasons for the two units to which the question was raised, but will research and report back. A question regarding the “occupied” column on page 69 was raised. The previous month the occupied number was 781, with the number of move-in and move-outs listed, there should be a greater difference than 1. Mr. Cueller will review all number of the master utilization report and report back to the Board.

Operations Report – Chair Zika asked for any questions or comments. Yvonne Long, Modernization and Development Director reported on two projects. Approval for the demolition of the old Harrison Homes Administration building should be received tomorrow based on conversations with the Special Application Center (SAC). A schedule will have to be finalized. Chair Zika advised that extra money should not be spent to expedite the demolition. A second project at Sterling Towers West consists of the popcorn ceilings fixtures on the fourth floor that have tested positive for asbestos. There will be abatement of asbestos containing material conducted in approximately twenty units on the fourth floor of Sterling Towers West. PHA Modernization is working with the HUD office engineer and an environmental engineer to finalize the procurements and write the specs. The project will consist of abatement and restoration of the ceiling and painting on the fourth floor. Ms. Long also explained the closed status of the occupied painting project at Sterling Towers West.

Chair Zika called for a motion to approve the financial, Section 8, Asset Management and operations reports. Motion to approve moved by Commissioner Fassino and seconded by Commissioner Cannon. Roll call:

Ayes: Cannon, Fassino, Perkins, Robinson, Williams and Chair Zika.

Nay: None, motion carried.

RESOLUTIONS:

#AR112414-01 – Approval to Amend the Employee Handbook and Conflict of Interest Statements

Chair Zika called for questions or comments. Kate Jones, Human Resources Director explained that the clarification of "half" and "step" relatives were included to coincide with the ACC from HUD. Chair Zika called for a motion to approve Resolution #AR112414-01. Motion to approve was moved by Commissioner Robinson, seconded by Commissioner Cannon. Roll call:

Ayes: Cannon, Fassino, Perkins, Robinson, Williams and Chair Zika.

Nay: None, motion carried.

#AR112414-02 – Approval to Post for a 30-Day Comment Period the Revision of the Section 8 Utility Allowance Schedule

Chair Zika called for questions and comments. Robin Redding, Section 8 Director explained the requirement to review the utility allowance each year and determine if the revised allowance will be adopted. This year's schedules fluctuated depending on unit size, but overall the increase/decrease was minimal. Ms. Redding further explained how the rent calculation is used in determining the gross rent of which the Section 8 client's affordability is based on. The total utility allowance is added to the rent being charged by the owner to calculate total gross rent. There was some discussion regarding clients that receive utility allowance checks from PHA and utility assistance such as Percentage of Income Payment (PIPP) from PCCEO. Ms. Redding will try to identify the proper contact to discuss possibilities for streamlining. Chair Zika called for a motion to approve resolution #AR112414-02. Motion to approve moved by Commissioner Perkins, seconded by Commissioner Williams. Roll call:

Ayes: Cannon, Fassino, Perkins, Robinson, Williams and Chair Zika.

Nay: None, motion carried.

OLD BUSINESS:

Taft Redevelopment Update – Yvonne Long, Modernization and Development Director passed out an overview of the framework strategy for affordable housing document. Ms. Long explained the purpose of the strategy document stating it would address the larger analysis of impediments as well as solidify the strategy being used to considered parcels for redevelopment. In addition, the document is about the PHA service area (Peoria County) as well as the region. Ms. Long gauged the Commissioner's interest in seeing the framework document prior to it being distributed to other stakeholders. Ms. Long expressed the desire to gain consensus from several stakeholders and the document being driven by stakeholder comments. Discussion arose regarding the feasibility of proceeding with the strategy at this time given various items in need of PHA's immediate attention in addition to operations not being at a favorable point. The driving factors for the document were also questioned. Ms. Long acknowledged Taft redevelopment as one driving factor; however, there are additional benefits for PHA's overall portfolio and the ability to begin looking at long-term diversification strategies via mixed use and repositioning assets. Ms. Coates expressed the need to go forward with the strategy and present it to the HUD officials, PHA Board and City of Peoria staff. Ms. Coates also suggested a review be conducted in 2015 (60 days) to re-exam the timing and resources available. Ms. Coates reminded Commissioners of the importance in balancing the needs of the site and HUD requirements with the obsolesce test. Ms. Coates reiterated that both the City of Peoria and HUD have expressed interest in reviewing PHA's development efforts in the context of an overall strategy; therefore, this would be the first step. Chair Zika

concluded and suggested the strategy framework be considered in the 2015 plan. Chair Zika commented that the Preliminary Project Assessment (PPA) for December 2014 is very unlikely for the spring tax credits.

Ms. Long reported that PHA was competitively selected for an \$810k Affordable Housing Program grant for the scholar house concept. PHA has to claim the grant by December 5, 2014. Chair Zika shared that the halfway house issue has not been solved as it relates to the scholar house at the Greeley site. Efforts are still being made, but no solution to date. The Greeley site is still a PHA option and costs come into play after December 31, 2014.

Commissioners agreed to hold a Working Policy Session for December 10, 2015 at 1:00 p.m. Commissioners will receive an 80% document for review and input. Any future documents will need to have markups. Chair Zika expressed that Board approval is important prior to taking the plan to HUD.

Board Outstanding Item List – Chair Zika asked for questions or comments. Hearing none, Chair Zika moved to the next agenda item.

NEW BUSINESS:

3E Program – Timm Krueger, Community Relations Manager announced the graduation of the 3E participants. The graduation will take place on Wednesday, November 26, 2014 at Taft Homes. Previous graduates are on track to take their state medical exams.

Santa Claus Parade – PHA is scheduled to participate in the Santa Claus parade on Friday, November 28, 2014.

CHIEF EXECUTIVE OFFICER'S REPORT:

Brenda Coates, CEO handed out a letter from ICC regarding the GED program at Harrison Homes being closed. ICC expressed interest in continuing efforts to partner with PHA.

Ms. Coates also reported that a meeting was held with NAACP last month. The meeting was called because of rumors that PHA was waiving requirements for percentages of African American workers on contracts. Ms. Coates explained that PHA has made no such waivers. In addition there were questions raised by NAACP regarding a specific contract awarded to a Hispanic contractor. Ms. Long received a legal opinion from KSSF who advised that PHA does not have to verify additional status outside of its requirements. Lastly, NAACP suggested PHA work with Gabe Jaja regarding a database for tracking Section 3 contractors. Ms. Coates also shared that PHA has a Section 3 certification program available to contractors. PHA will be responding to NAACP.

The PHA Christmas Luncheon will be held on December 18, 2014 at 11:30 a.m. – 1:30 p.m. at Childers Banquet Hall on Dries Lane. All Commissioners are invited.

BOARD COMMENTS:

C: Chair Zika reported that both his and Mr. Williams' terms ended on Nov 17, 2014; however, both are on the City Council agenda for reappointment to the PHA Board of Commissioners.

Chair Zika shared that no additional action would be taken after the executive session.

EXECUTIVE SESSION:

Chair Zika called for a motion to move into Executive Session for the purpose of personnel and collective bargaining. Motion to move into Executive Session was made by Commissioner Fassino, seconded by Commissioner Robinson. Roll call:

Ayes: Cannon, Fassino, Robinson, Williams and Chair Zika.
Nay: Perkins; Motion carried.

ADJOURNMENT of EXECUTIVE SESSION:

Chair Zika called for a motion to adjourn the executive session. Motion to adjourn the executive session was made by Commissioner Cannon, seconded by Commissioner Robinson. Roll call:

Ayes: Cannon, Fassino, Perkins, Robinson, Williams and Chair Zika.
Nay: None, motion carried.

RESUME REGULAR BOARD MEETING:

Chair Zika called for a motion to resume the regular board meeting. Motion to resume the regular board meeting was made by Commissioner Robinson, seconded by Commissioner Cannon. Roll call:

Ayes: Cannon, Fassino, Perkins, Robinson, Williams and Chair Zika.
Nay: None, motion carried.

ADJOURNMENT of the REGULAR BOARD MEETING:

Chair Zika called for a motion to adjourn the regular board meeting. Motion to adjourn the regular board meeting was made by Commissioner Perkins, seconded by Commissioner Robinson. Roll call:

Ayes: Cannon, Fassino, Perkins, Robinson, Williams and Chair Zika.
Nay: None, motion carried.

Meeting adjourned at 8:17 p.m.

Respectfully Submitted by:



Arthur Perkins
Board Secretary

/bm