

Housing Authority of the City of Vineland

REGULAR MEETING **Thursday, March 15, 2012** **7:00 p.m.**

The Regular Meeting of the Housing Authority of the City of Vineland was called to order by Chairman Robert A. D’Orazio on Thursday, March 15, 2012 at 7:00 p.m. at the office of the Authority located at 191 W. Chestnut Avenue, Vineland, New Jersey 08360. The following Commissioners were present:

Commissioner Joseph Asselta	(absent)
Commissioner Elizabeth Gordon	
Commissioner Beatrice Corbin	(absent)
Commissioner Carmen Nydia Diaz	
Commissioner Mario Ruiz-Mesa	
Chairman Robert A. D’Orazio	

Also present were Jacqueline Jones, Executive Director, Wendy Hughes, Assistant Executive Director, Charles W. Gabage, Esquire – Solicitor, and Dan Avena from the VHA’s fee accounting firm, Rick Ginnett, Consultant and Gloria Pomales, Executive Assistant.

Chairman D’Orazio read the Sunshine Law.

The Chairman entertained a motion to approve the minutes of the Regular Meeting held on January 19, 2012. A motion was made by Commissioner Diaz and seconded by Commissioner Gordon. The following vote was taken:

Commissioner Joseph Asselta	(Absent)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Beatrice Corbin	(Absent)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Abstain)
Chairman Robert A. D’Orazio	(Yes)

Chairman D’Orazio called for the Financial Report from Avena’s office. Mr. Avena reviewed the Financial Report for the five months ending February 29, 2012. A brief discussion was held regarding the profit due to the hard work of Mrs. Jones. There was also a discussion on HUD recapture.

Chairman D’Orazio requested the Executive Administrative Report. Mrs. Jones reported the Parkview Apartments electrical upgrade is completed. There are few outstanding punch list items. The Authority had the electric company move the transformers that were in the middle of the property. They are now mounted on the pools. There is new outside lighting as well as all new electric meters for each apartment. The goal is to eventually have the tenants be responsible for their utilities. This is one of the first steps in that process. This will be worked on in the next year or so.

The front lobby area is progressing nicely and should come together in a week or so. There were some problems with the windows on the north side of building. When the contractors removed the wall covering there was evidence of mold and leakage from the windows. It is actually all the way

up that side of the building. The Authority will have more information to report next month. There is a change order allowance issue and we'll go over the 20% of the cost of the job. A resolution will need to be approved because of the overage. Things like this are unavoidable. Sometimes when you open a wall you do not know what you are going to find. It apparently has been leaking like that for years. There were grading issues on the ground and the weep holes were covered which means there was no where for the water to go so it gets stuck in the walls. There were no gutters above the windows and that part of the building gets a lot of exposure.

The Authority received the 2012 Operating Fund Subsidy amounts. Funding at 100% eligibility is \$1,485,718 for the four AMPs.

Mrs. Jones would like to discuss the Chapman Terrace project.

Chairman D'Orazio questioned the electric meters at Parkview. He asked if in the next year or two the tenants will pay for the electric. Mrs. Jones stated the terms of the lease can not be changed until their renewal. This will be a process that will take at least a year when each tenant's lease is renewed. The other issue is the Authority is putting out an Energy Performance Contract. This is where the Authority will ask for suggestions on how to save energy and has to do with the financing issue discussed several months ago. The Authority will receive proposals to make changes for energy efficient measures and the savings the Authority receives from that will go towards the loan received to make the energy efficient changes. The Authority will need to measure whether to convert the tenants now or wait because the higher our electric is right now the more savings we'll have. Chairman D'Orazio asked once this is finished is there a way to start informing the residents that "if you were paying for your electric this is what you would be paying". Mrs. Jones said she could, but in most cases they do not care until they actually have to pay for their own energy usage. Chairman D'Orazio stated this is leading to the point that they will be paying for it. Mrs. Jones stated that when the conversion is done the Authority will give them 90-120 days notice. They will also need to come up with a deposit for Vineland Electric. Mrs. Jones believes the tenants know things are changing because last year the Authority put in set back thermostats so they can not regulate their heat anymore beyond certain range. Mrs. Jones has noticed that AMP (Parkview/D'Orazio) is now in a complete profit, where last year it the AMP struggled financially. The authority would receive less rent and the residents would get a utility allowance when they pay for their electric (electric cooking and other electric – blower for heat). Overall, the residents paying for their utilities will save the Authority substantially on the utility bills. The goal overall is to have all of the Authority's residents pay for their utilities. The only residents who pay for their utilities now are the scattered sites. Every unit is wired to pay for there own utilities except for Kidston Towers because of the way it was built with a master meter. There are no individual meters there.

Chairman D'Orazio requested an explanation regarding the problem with the extermination contractor. He requested an explanation now prior to the resolution. Mrs. Jones explained that when extermination bid went out for responses there is a sheet that summarizes the cost by property by month. The specification requires total elimination of pests such as roaches. Ant and rat treatments are a little bit different and of course bed bugs are different. The specification states to kill the roaches and how much will it cost to kill the roaches, period. The Authority awarded the bid and few months after that Mrs. Jones was reading the financial statement and something didn't look right. When she looked into it the exterminator was billing us for additional services and it was substantial. There was clearly a miscommunication as to what the expectation was and rather than get involved in a legal battle with the contractor it was decided to amicably part ways. The VHA obtained an exterminator on an emergency basis and are re-bidding the contract. Mrs. Jones

indicated a lot of contractors these days are maneuvering language, words and interpretations to increase their billing.

Mrs. Jones reported there was a meeting with the Commissioners last week regarding the Chapman Terrace Project. Not everyone was present at that meeting. The meeting covered not only the Chapman Terrace project, but a lot of different projects the VHA is exploring. Mrs. Jones would like to focus on the Chapman Terrace Project this evening. Everyone has received a flow chart of the funding sources for the project. Rick Ginnetti from the Brooke Group will explain the process. Mrs. Jones stated the Chapman Terrace property on Chestnut Avenue has existed for 10 years now or so. There have been several attempts to build a homeownership project there and now the idea is to build 17 homes for rent. Mrs. Jones turned the meeting over to Rick Ginnetti.

Mr. Ginnetti stated the homeownership concept does not fit at this time. There is no financing for it. It does not make economic sense. The property has a preliminary site plan approval. The sewer and water commitments expire December of 2012. There is a lot of investment that the VHA has already made to this property. Mr. Ginnetti stated he was asked to look into ways to turn that negative asset into a positive asset. One way is to turn it into a rental project. There are other sources of funds for rental homes. The biggest thing to access for rental homes are the low income housing tax credits. A Performa was done based on what the development budget would be for 17 rental units and how much money we can get from various sources as well as the tax credit source. The numbers in the budget are subject to change. This is a project where the Housing Authority and the Vineland Housing Development Corporation (VHDC) are acting as the developers. There is an additional risk acting as the developer so it is a good idea to make sure your numbers are conservative as possible. This project would be completed through mixed financing. There are no longer grants through HUD to build affordable housing. You have to combine multiple sources. Mr. Ginnetti reviewed the Flow Chart. \$90,000 is already committed from the City of Vineland to do this project. The Deferred Development Fee is essentially fees that will be earned by doing the project. The application for the Federal Home Loan Bank (FHLB) is in process currently. The FHLB is not a sure thing, but we have a fairly good application. If it is not received at this round you are allowed to apply for it again next year. This FHLB Application scores higher if the project is already started. There will also be permanent financing for this project, which will need to be paid back. Mr. Ginnetti and Mrs. Jones met earlier today with Colonial Bank to see if they would be interested because the FHLB requires a member bank to sponsor your application. Colonial has sponsored the Federal Home Loan Bank application for this same project when it was trying to be done as a Home Ownership Project.

Mr. Ginnetti explained none of the rental homes would be public housing. These homes would target very moderate income working families who may otherwise not apply for public housing. The 17 rental homes would consist of 4 accessible units. This rental project is to be owned by the VHDC though it may actually get owned by a single purpose entity that is controlled by the VHDC through a ground lease, but to be clear the management and operation would be done through a management regulatory operating agreement with the Housing Authority. These entities will be out there to help get these funds, but the Housing Authority will do the day to day operations of the project. This will establish partnerships with many different entities. These properties will produce a cash flow and will produce enough money to start paying off debts. Mr. Ginnetti reviewed and discussed the income generated on the flow chart. Mr. Ginnetti stated there will be a significant loan from the Housing Authority on this project to make it work. There is a resolution this evening authorizing the loan because by having the resolution as part of the FHLB application there are additional points awarded for the application. Any funding is subject to all of the other pieces coming into play. There is not going to be any funding turned over to the VHDC until we have a tax credit application approved by NJHMFA board and commitment from FHLB and permanent

financing. There will actually be a closing before construction starts and that's when all the money is made available and not beforehand.

Rick Ginnetti took questions from the board and further explained the process. Mr. Ginnetti explained the tax credits and investors. The VHA loan was discussed. Mrs. Jones explained this money is profits from a previous homeownership program. The profits from this program were put in the bank and invested over the years. This money is on the VHA's financial information to HUD. This money is in the right category right now and HUD will not take it today. Mrs. Jones is fearful if the VHA does not use the funds for affordable housing they may be lost. One of the things the VHA is suppose to be doing with the money is to further affordable housing. This is why it is being brought to the table as a way to fund this project. The VHA will be the developer and will receive a developer fee for doing all the work and in the long term some of this money does get paid back.

Mr. Gabage confirmed that the existing loan to the VHDC from the VHA will not be paid back. The loan can be against the VHDC as a line of credit, but not project specific because then you would not qualify for the FHLB. It would make it too expensive. If VHDC donates the land it will get 5 points added toward that application. Mr. Gabage wants the Board to understand that there is a cost to VHA not just for the \$2.1 being borrowed, but for forgiveness for the previous loan to the VHDC. Mrs. Jones stated at the meeting last week it was discussed there is a significant investment already made into this property and it either sits there or we try to use it in a project like this.

Mr. Gabage asked if Mr. Ginnetti has any experience on how HUD feels of taking Public Housing Authority money and putting into a non-public housing project. Mr. Ginnetti states it is allowed. He also explained the \$90,000 of Home Funds. The City of Vineland is an eligible city that receives Home Funds and CBDG Funds. The \$90,000 is the City's contribution to the project. Mr. Ginnetti explained this project is structured with no fees to any outside agencies. Mr. Gabage asked what happens if the project goes over budget. Mr. Ginnetti explained it would come from two spots. One is to get additional tax credits and the remaining would come from the Housing Authority. Mr. Ginnetti explained you would not start the project until everything is solid. There was a brief discussion on the possibly of being unable to rent all the units. A reserve is incorporated into the budget for this reason. The project is also structured so that eight of the units would be project based vouchers. The tax credit requires a market study.

Mr. Gabage raised a concerned about who are the VHDC Board Members. Mrs. Jones stated the board is currently comprised of Mr. Asselta, Alexis Cartenga who represents our low income participation for the CHDO and Mr. Chapman. Mrs. Jones explained that Mr. Chapman has been involved up and until the Homeownership Project. He has not seen these current numbers yet on the rental idea. Mr. Gabage would feel very comfortable that Mr. Chapman remains on the Board. Mr. Gabage stresses the importance of having a very knowledgeable involved VHDC Board. Mrs. Jones agrees and stated she is not sure what the future of Mr. Asselta is going to be on the VHDC Board. Mr. Asselta's position on the VHDC Board is the representation from the VHA Board. Mrs. Jones mentioned to Mr. D'Orazio last week that we may have to ask him to step into that position because of meetings and being able to approve resolutions for this process. Mrs. Jones wanted to point out that the resolution asking for a commitment of \$2.1M is a lot of money, but it is a commitment letter to go with the application to see if we can get funding. As Mr. Ginnetti stated, if any of the funding sources do not come through the project does not go forward. Mrs. Jones wanted to make it clear that they are not asking the VHA to write a \$2.1M check. This is just the first step in a long, complicated process. Mr. Gabage asked if the Board passes this resolution at what point does it become impossible for VHA to back out. Mr. Ginnetti stated after the loan documents are signed. It is a long lead time. If everything goes smoothly and perfectly it could be

9 months out for the commitment from the VHA. The fee accountants have been involved in this process and did attend the meeting last week. Mrs. Jones stated the resolution is part of the application process. The VHDC cannot do anything without the approval of the VHA Board. Mr. Gabage explained this is not the final approval to lend \$2.1M. The resolution is a piece of paper that can be given to the lender, which is necessary as part of the application to get one of the pieces of the funding, but in a month if there was another meeting and the VHA Board decides they do not want to proceed you rescind the resolution and its over. Mr. Gabage has a comfort level with this and understands the need to get moving with making the application. He has no objection to the VHA Board passing the resolution tonight as long as everyone understands the Board can back out of it up until the last minute. Mr. Gabage suggested it might be a good idea to provide the VHA Board with the minutes of the VHDC Board meetings. Mr. Gabage explained why the VHDC was established. Years ago there were certain grants/funding sources that were available that VHA does not have access and can not get money from because it is a public housing authority. The VHA Board created VHDC for the purpose of being able to go out and get funding from the sources that VHA could not get funding.

With no other discussion in related matters the Chairman moved to the Resolutions.

Resolution #2012-07
Resolution to Approve Monthly Expenses

Chairman D’Orazio called for a report from Commissioner Ruiz-Mesa. Commissioner Ruiz-Mesa reported he reviewed all the bills and recommended payment in the sum of \$955,383.08. Commissioner D’Orazio called for a motion to approve the monthly expenses. A motion was made by Commissioner Diaz; seconded by Commissioner Gordon. The following vote was taken:

Commissioner Joseph Asselta	(Absent)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Beatrice Corbin	(Absent)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Yes)
Chairman Robert A. D’Orazio	(Yes)

Resolution #2012-08
Resolution to Authorizing an Extension of Time for Bayshore General Contractors on the Electrical Alterations Contract for Parkview Apartments

Chairman D’Orazio called for a motion to approve Resolution #2012-08. A motion was made by Commissioner Diaz; seconded by Commissioner Gordon. The following vote was taken:

Commissioner Joseph Asselta	(Absent)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Beatrice Corbin	(Absent)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Yes)
Chairman Robert A. D’Orazio	(Yes)

Resolution #2012-09
Resolution Vacating the Award of Extermination Services Contract with Alliance Commercial Pest Control, Inc.

Chairman D'Orazio called for a motion to approve Resolution #2012-09. A motion was made by Commissioner Diaz; seconded by Commissioner Ruiz-Mesa. The following vote was taken:

Commissioner Joseph Asselta	(Absent)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Beatrice Corbin	(Absent)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Yes)
Chairman Robert A. D'Orazio	(Yes)

Resolution #2012-10
Resolution Awarding Temporary Emergency Extermination Services Contract to Brown's Pest Control

Chairman D'Orazio called for a motion to approve Resolution #2012-10. A motion was made by Commissioner Diaz; seconded by Commissioner Ruiz-Mesa. The following vote was taken:

Commissioner Joseph Asselta	(Absent)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Beatrice Corbin	(Absent)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Yes)
Chairman Robert A. D'Orazio	(Yes)

Resolution #2012-11
Resolution Authorizing Payment under the Capital Funds Appropriations Program to Charles J. Collins/Architect

Chairman D'Orazio called for a motion to approve payment to Charles J. Collins/Architect in the sum of \$6,800. A motion was made by Commissioner Diaz; seconded by Commissioner Ruiz-Mesa. The following vote was taken:

Commissioner Joseph Asselta	(Absent)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Beatrice Corbin	(Absent)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Yes)
Chairman Robert A. D'Orazio	(Yes)

Resolution #2012-12

Resolution Authorizing Payment under the Capital Funds Appropriations Program to Beaudoin & Papagno Construction Corporation – D’Orazio Structural

Chairman D’Orazio called for a motion to approve payment to Beaudoin & Papagno in the sum of \$22,000. A motion was made by Commissioner Diaz; seconded by Commissioner Ruiz-Mesa. The following vote was taken:

Commissioner Joseph Asselta	(Absent)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Beatrice Corbin	(Absent)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Yes)
Chairman Robert A. D’Orazio	(Yes)

Resolution #2012-13

Resolution Authorizing Payment under the Capital Funds Appropriations Program to EMG (Energy Audit)

Chairman D’Orazio called for a motion to approve payment to EMG in the sum of \$25,535. A motion was made by Commissioner Ruiz-Mesa; seconded by Commissioner Gordon. The following vote was taken:

Commissioner Joseph Asselta	(Absent)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Beatrice Corbin	(Absent)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Yes)
Chairman Robert A. D’Orazio	(Yes)

Resolution #2012-14

Vineland Housing Authority 2012 Capital Fund

Chairman D’Orazio called for a motion to approve Resolution #2012-14. A motion was made by Commissioner Diaz; seconded by Commissioner Ruiz-Mesa. The following vote was taken:

Commissioner Joseph Asselta	(Absent)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Beatrice Corbin	(Absent)
Commissioner Carmen Nydia Diaz	(Yes)
Commissioner Mario Ruiz-Mesa	(Yes)
Chairman Robert A. D’Orazio	(Yes)

Resolution #2012-15

Chairman D’Orazio entered a motion to hold an Executive Session. A motion died for lack of need.

Resolution #2012-16

Vineland Housing Authority to Commit Homeownership Funds for the Vineland Housing Development Corporation's Chapman Terrace Project

Chairman D'Orazio called for a motion to approve Resolution #2012-16. A motion was made by Commissioner Ruiz-Mesa; seconded by Commissioner D'Orazio. The following vote was taken:

Commissioner Joseph Asselta	(Absent)
Commissioner Elizabeth Gordon	(Yes)
Commissioner Beatrice Corbin	(Absent)
Commissioner Carmen Nydia Diaz	(No)
Commissioner Mario Ruiz-Mesa	(Absent)
Chairman Robert A. D'Orazio	(Yes)

No comments from the press or the public.

Commissioner Diaz questioned about last month's meeting. Chairman D'Orazio stated the meeting was cancelled due to lack of a quorum. He explained a Special Meeting could be scheduled if the Board is unable to have the meeting on the regular date. He stated there was nothing pressing so they did not schedule another meeting.

With no further business to discuss, Chairman D'Orazio entertained a motion for adjournment of the Regular Meeting. A motion was made by Commissioner Diaz; seconded by Commissioner Ruiz-Mesa. The vote was carried unanimously by the Board Members present. The Regular Meeting of The Board of Commissioners was adjourned at 8:29 p.m.

Respectfully submitted,



Jacqueline S. Jones
Secretary/Treasurer