

**MINUTES OF THE MEETING
of the
PORTLAND HOUSING AUTHORITY**

Thursday, January 3, 2019

The meeting of the Portland Housing Authority was held at the Portland Housing Authority Conference Room, 14 Baxter Blvd, Portland, ME. Upon roll call, quorum is declared. Meeting called to order by Mariar Balow, Chairperson, at 5:37 PM.

PRESENT	ABSENT
Mariar Balow, Chairperson Robyn Tucker, Vice-chairperson Kristin Blum, Commissioner Christian MilNeil, Commissioner Shirley Peterson, Commissioner Thomas Valleau, Commissioner Mark Adelson, Executive Director Cheryl Sessions, Deputy Executive Director Jay Waterman, Development Director Tyler Plante, Development Officer Larry Giddinge, Director of Finance Lourdes Alvarez, Administrative Support Specialist	Faith McLean, Commissioner

1. Presentation of the Fiscal Year 2018 Audit Results.

Presentation of FY 18 audit results by Mandy LASTNAME from CliftonLarson. She distributed a handout of the presentation to the board members. A copy of management letter, government of letter were included with the report that was mailed to the board members prior to the meeting (last week). She explained the contents of the reports, including the grant closeouts. She noted an increase in cash and investments, due to increase in rent revenue at developments and an increase in capital funds. Capital assets did decrease by depreciation. She reviewed the performance of the pension plans. This included an increase in current liabilities due to some offsets that was credited to unearned income, changes in staff salaries, and lesser cost in retirement funds due to investment returns on the state fund. Board members expressed concerns on the pension liabilities and suggest having a plan as the agency moves towards the RAD model to properly address those legacy costs. Of note, the State of Maine has 82% funding of the pension plan. The recommendation is to be in contact with MAINEPERS to make sure there are no major changes down the road that would impact the way the retirement is funded. Developer fees were the other factor in the reduction of income. Maintenance services saw a decrease in expenses due to a reduction in materials charges. She referenced the blended operations report showing monies shared by all the corporations (PHA/PHDC/PHSC/SSHPC). Mandy also presented comparative analytics going back five (5) years that shows the agency’s financial trends. PHA is operating within the public housing funds received. HCV program was tested, no findings were found; there was only a single file that was missing a document in verification but had no effect in the final audit outcome. She

reviewed the communication letter to the agency which is the high-level review of the audit, and also thanked the staff for all the help provided during the audit process.

The Board had questions on the performance of long-term investments and where to best invest. The response was the US treasury bills and US fund investments have performed well. She did point out the performance of the note with PHDC, whose income is shown in miscellaneous receivables.

Board members also asked about financial structuring on RAD conversions: the recommendation is to insure the development fees are structured so equal invested money returns to the agency. A thriving real estate market helps but do keep an eye on the trends and the costs in the current market. Keeping track of the expenses going out and what revenue is coming in. Caution on tax compliance as rehabbed units come back online. It is important to select an appropriate tax credit investor. Multiple audits will start happening once RAD conversion is on site. Finance Committee should be presented with a financial plan prior to full RAD conversion.

2. Resolution to approve the minutes of the meeting of December 6, 2018.

Resolution #2924

Be it resolved by the Commissioners of the Portland Housing Authority that the minutes of the meeting of December 6, 2018, be and hereby are approved.

The above resolution was moved by Shirley Peterson, Commissioner, and second by Robyn Tucker, Vice-Chair, and upon roll call, the ayes and nays were as follows:

<u>AYES</u>	<u>NAYS</u>
Mariar Balow, Chairperson	None
Robyn Tucker, Vice-Chair	
Kristin Blum, Commissioner	
Christian MilNeil, Commissioner	
Shirley Peterson, Commissioner	
Thomas Valleau, Commissioner	

Chairperson declared said motion carried and said resolution adopted.

3. Executive Director's Report

Mr. Adelson distributed copies of PHAS score sheet and proceeded to explain the details of the report. Score of 87 reflects us as a standard performer. High performers are a score of 90 or above. Changes are being proposed to the system by HUD.

Agency is operating within the government shut down. HCV funds have come in and HAP funds are being paid; operating funds will be requested and should be received if the monies are in the system. HUD is not functioning during the shutdown. Capital funds are still expected but may not be received if shutdown continues.

Sweetser mental health services will be offered to residents at no cost. Agency meet with representatives to work with PHA residents. They are already working with the Bangor Housing Authority.

A. RAD Update

A phone meeting with the consultant was held this afternoon to discuss current conversion plans. Agency is waiting on the renovation assessment to be completed on the properties. HUD expects to see progress in the planning progress, even if an extension is required to submit updates. Project tax credits may be available – for Riverton Park as a 9% deal, for Washington Garden and Harbor Terrace projects as a 4% deal, Anderson Street may be done as a disposition or straight RAD conversion. A HUD Readiness Transaction manager is an assigned RAD consultant who has knowledge of the process. Calls will be scheduled once a month with the manager/consultant. Anderson being planned as a six-unit building so it will probably be kept simple due to the nature of the size. Units may be added to the Harbor Terrace subdivision, using space available on back corner plot. Unit additions are also being considered for Riverton Park. The recommendation is to subdivide development plots before the RAD conversion happens so the property equity is available in the future. RAD project was presented to the City of Portland housing committee and the response was positive and well received.

B. Development Update

Mr. Waterman proceeded with an update on the Front Street project, currently waiting on a new market study and a cost estimate from Portland Builders expected any day. On 58 Boyd Street, project is moving towards a closing in a few months. Wright-Ryan construction budget is in and will be presented to MaineHousing soon for approval. The bid package for demolition and soil remediation is going out and work expected to start in February. Construction loan closing may occur in April. Construction costs have gone up 10 to 15% since the project planning started. Note that no developer fee was given up and project still has a 5% contingency after the value engineering completion.

The five-unit building at 841 Congress Street is being bought from Perrigrine. The closing is expected to be next Thursday. Agency is only waiting on final financing from MaineHousing and tax credit work with the City of Portland. The property is currently tax exempt and is expected to stay as such. Rehab work would start approximately one month after closing sale.

Once 841 is completed, the 47-49 Boyd project can move forward, with the potential of increasing housing to 12 units. Rehab could take place once residents are moved into 841 Congress. Currently working on lining up the financial resources to get these projects online. The Kylie property purchase

option is being exercised and the closing will be in the next week. Funding for the purchase is coming from PHDC reserves and the lot will be a good addition to the Front Street project. Liability insurance will be kept on the building on the property until it's time to demolish. The current owner will have 60 days to move out before building is cleared to be demolished.

Mr. Adelson finished up his report with upcoming meeting reminders for the Finance Committee on January 15 and the next Board meeting on February 7.

4. Finance Committee Report

The November 2018 PHA income report was reviewed by Mr. Adelson. Income and operating subsidies have increased. Operating expenses are down but final numbers will depend on the winter weather and heating costs due to natural gas use.

5. Resolution: Approval to submit application to the Environmental Protection Agency Brownsfields Program for a grant up to \$500,000 for the removal of contaminated soil as part of the Front Street Redevelopment Project. The EPA Brownsfields Program requires local matching funds of 20% of the grant amount.

Mr. Waterman presented the resolution to submit application to the EPA for grant monies to remove contaminated soils as part of the Front Street Development project. An application was submitted last year but grant was not awarded to the project. Agency is planning to apply for the EPA Brownsfields Project grant to fund the clean-up at Front Street property. He points out that the scoring system for this grant is different from last year's review. It is a simpler process this year and trainings were attended to improve on the application. Match monies are already available and set aside should the grant be awarded.

Resolution #2925

Be it resolved by the Commissioners of the Portland Housing Authority that the application to the EPA Brownsfield Program for a grant up to \$500,000 for the removal of contaminated soil as part of the Front Street Redevelopment Project and the required 20% grant matching funds, be and hereby are approved.

The above resolution was moved by Thomas Valleau, Commissioner, and second by Shirley Peterson, Commissioner, and upon roll call, the ayes and nays were as follows:

AYES

Mariar Balow, Chairperson
Robyn Tucker, Vice-Chair
Kristin Blum, Commissioner

NAYS

None

Christian MilNeil, Commissioner
Shirley Peterson, Commissioner
Thomas Valleau, Commissioner

Chairperson declared said motion carried and said resolution adopted.

6. Resolution: Appointment of search committee for new PHA Executive Director

Chairperson Mariar Balow presented the resolution and asked commissioners Shirley Peterson, Kristin Blum, and Thomas Valleau to be the core members of the search committee. The Board agrees on the nominations. Ms. Balow noted that the committee meetings will be open to the whole Board and participation is encouraged.

Resolution #2926

Be it resolved by the Commissioners of the Portland Housing Authority that the appointment of the PHA Executive Director Search Committee, be and hereby are approved.

The above resolution was moved by Robyn Tucker, Vice-Chair, and second by Christian MilNeil, Commissioner, and upon roll call, the ayes and nays were as follows:

<u>AYES</u>	<u>NAYS</u>
Mariar Balow, Chairperson	None
Robyn Tucker, Vice-Chair	
Kristin Blum, Commissioner	
Christian MilNeil, Commissioner	
Shirley Peterson, Commissioner	
Thomas Valleau, Commissioner	

Chairperson declared said motion carried and said resolution adopted.

7. Additional agenda items

With no more business on the agenda, meeting adjourned at 7 PM.