

**BOARD OF COMMISSIONERS
OF THE
ANNISTON HOUSING AUTHORITY
February 25, 2020**

Members Present: Marcus Dunn, Chairman
Kenneth Winsley, Commissioner
Trudy Munford, Commissioner

Staff Present: Willie B. McMahand, Jr., Secretary-Treasurer
Alan Brown, Finance Manager
Terri Lloyd, Planning & Development Officer
Shazmine Gullett, Administrative Assistant
Stacy Parris, Housing Choice Voucher Coordinator
Lisa Willingham, Property Manager
Sharon Dunson, Resident Initiatives Coordinator
Doug Brooks, Technical Advisor
Clarence Copeland, Resident Safety Manager
Pamela Young, Property Manager

Others Present: Boice Turner, AHA Attorney
Paul Olsen, Gershman Mortgage

Call to Order

The meeting was called to order by Chairman Dunn.

Invocation

Invocation was done by Clarence Copeland, Resident Safety Manager.

Changes to the Agenda

Mr. McMahand announced that the board will go into executive session. He also informed everyone that today is a combination of our regular board meeting and a work session. We will cover the RAD Program and Paul Olsen, who will be our financial advisor will give us a presentation. The draft of the Housing Authority's operating budget will also be covered.

Police Report

Mr. Copeland reported on the yearly crime statistics for 2019. He pointed out that assaults went up, but domestic violence, drug arrests and violent crimes all went down. Mr. Copeland also mentioned that there were 8 violent crimes on our property last month, seven of which were vehicles that were struck by gunfire in Constantine; no one was

injured. There was also someone arrested in Glen Addie for child pornography as well as four drug arrests; three off the property and one on the property—none of the people arrested were residents.

Financial Report

Mr. McMahand informed the board that we have both December and January financials for review. Terry Brown, Finance Manager, reported that for the month of January, COCC's reserve fell \$13,144 and the AMPS had an increase of \$79,047. HCV Admin decreased \$911 and HCV HAP had an increase of \$8,628. December 2019, there was a decrease in the COCC of \$22,901 and the AMPS had an increase of \$103,829 and the HCV Admin had a reduction in reserves of \$3,533. HCV HAP had an increase of \$8,646. Chairman Dunn questioned the decrease in the COCC in which Mr. Brown says it was due to salaries. He also explained that the increase in the AMPS was due to an increase in subsidy from HUD.

In the interest of time, the rest of the monthly reports were not discussed. There were no questions from the board.

Approval of Minutes—January 23, 2020

The minutes had to be tabled due to the absence of Vice Chairwoman Calix.

Board Resolution AHA-20-004 Collection Loss Write-Offs

The Anniston Housing Authority requires that vacated tenant account balances be written off monthly for public housing residents. It is recommended that the Board of Commissioners consider and approve the write off collection losses in the amount of \$9,602.39 for Conventional Housing for the month of November 30, 2019. A motion was made by Commissioner Winsley to approve the collection loss write off. Commissioner Munford questioned why the write-off was as high as it was for the month. Mr. McMahand replied that we had a couple residents with high balances to move out, mainly in AMP 3. Three abandoned their units and one was evicted. Mr. McMahand also explained that when the resident skips out, they stay in our system, so if they ever want to apply for public housing again in the country, they would have to pay the balance. Commissioner Dunn requested more detail on balances in collection loss. Mr. McMahand agreed and says that we will have this for them beginning next month. Commissioner Munford questioned if this was a trend and if we were able to predict the balances being high. Mr. McMahand will have a trend chart made for the board to show the patterns in collection loss. There was also a brief discussion on vouchers and the resident's choice to stay in our community, versus taking their voucher somewhere else. The motion was seconded by Commissioner Munford. All voted unanimously.

Board Resolution AHA-20-005 Fixed Asset Write-Offs

Mr. McMahand pointed out the information provided. AHA must removed any fixed assets which have surpassed their useful life span and have been deemed scrapped. Commissioner Winsley motioned to approve the resolution. Commissioner Munford

seconded. All voted unanimously. Commissioner Munford questioned which line item identified how much money would be brought in for the write offs. Mr. Brown replied it will be in 'other income'. Commissioner Munford requested that whenever we do this type of write off that we give the specific number.

Work Session

Mr. McMahan introduced Paul Olsen. Mr. Olsen stated that he was able to drive around Parkwin Homes this morning and says the units seem to be in good shape. He also explained that the 221 (d) (4) program is a 40-year fixed rate non-recourse loan to a limited liability company, set up by a sponsor which would be AHA. Mr. Olsen is a commercial mortgage banker for Gershman Mortgage based in Chicago, Illinois. His specialties include FHA, affordable housing lending, and tax credit finance. He was able to get into the RAD industry through Bessmer Housing Authority. He explained the 221 (d) (4) program, while going through a PowerPoint presentation. The loan to the sponsors could only go towards the operation of the property. Along with the loan, there would be certain escrows and placement reserves along with the regular payment. In order for this to work, Parkwin & Washington Homes would be placed into a single purpose limited liability company (LLC) and the housing authority would be the managing member of the LLC. The LLC would borrow funds from Gershman Mortgage and would undertake the rehabilitation projects and repay the loan over a 40-year period. During the loan application process, Gershman Mortgage would be responsible for most interactions with HUD, who would be the mortgage insurer of the loan. This would require a conference call with HUD in Atlanta, a pre application and then a firm commitment application that would be prepared for HUD. This is a \$6.1 million first mortgage loan. Mr. McMahan added that the big takeaway is the construction number; we would be spending over \$4 million for this project which is \$42K/unit. Chairman Dunn expressed concern about going into a 40-year mortgage in which Mr. Olsen explained that it has less interest than a 30-year loan. Mr. Olsen also expressed concerns that may come about with making everything come together; environmental. They have to make sure that the site is not contaminated, as it is against their lending philosophy. Mr. Olsen assured the board that his company has ran into site contamination problems before and that there are various ways to satisfy their requirement of a clean site. Mr. Olsen reiterated that he looks forward to working with AHA and thanked AHA for choosing Gershman Mortgage.

Budget Work Session

Mr. McMahan presented the draft budget to the board and reminded them that this is still a working document. He also mentioned that our budget is in transition simply because of the Glen Addie demolition, the Barber Terrace deal, Parkwin/Washington transition, the HCV program, Resident Services, Protective Services AHA's benefit packet and the organization itself. Mr. McMahan thinks Mr. Brown has done a good job on the budget, making most of the numbers work. The budget will be presented to the board as an action item at the March board meeting.

Mr. Brown went over the budget by cost center as well as the total budget. Last year's budget had a projected surplus of \$461K. This year we will budget a surplus of \$119K which is a decrease from last year. Commissioner Munford questioned why we are adding staff if we are losing money and units. Mr. McMahan explained this is because of the vouchers that we project to receive from HUD, we will need a full-time inspector to keep up with all inspections. The HCV Program is in the hole, mainly because of the new position. The AMPS payroll costs have gone down and maintenance payroll costs has also gone down. Mr. McMahan mentioned that there will be a few salary changes; we had Nelrod look at four different positions and the effected salaries will be adjusted at the beginning of the fiscal year. Mr. Brown spoke about our subsidy income; it has been budgeted lower than the previous years. All funds from Cooper are gone, which hit our budget hard. We have also reduced the number of Cops that will work for AHA. We have added a lighting lease for the AMPS by \$13K for Constantine, Glen Addie and Norwood and a camera lease as well, all of which are in the utility line item. We are currently looking at if it will be more feasible to purchase the cameras, but it is still in discussion. The camera system will be amended if we find a more affordable approach. We will also be reducing the funds that we give the Boys & Girls Club. The Fatherhood budget and the Section 3 budget have been reduced as well. There was an increase in healthcare costs by 10% and supplies were reduced 10% across the board. Currently, we have not budgeted for a salary increase for employees, however, the numbers will be reviewed around September and if it allows, one will be added. Commissioner Munford requested another budget work session before the next board meeting.

Executive Director's Comments

There were no comments from the Executive Director.

Executive Session

Commissioner Winsley motioned to go into Executive Session to discuss threatening or pending litigation. Commissioner Munford seconded. All voted unanimously. Commissioner Winsley voted to come out of Executive Session and Commissioner Munford seconded. All voted unanimously. No action was taken.

Adjournment

A motion was made by Vice Chairwoman Calix adjourn the meeting. The motion was seconded by Commissioner Winsley. All voted unanimously.