

**Housing Authority of the City of Ocean City**

**Regular Board of Commissioner Meeting Minutes**

**April 18, 2017 – 5 p.m.**

The regular meeting of the Housing Authority of the City of Ocean City was held on April 18, 2017 at 5:00 p.m. at 204 4<sup>th</sup> Street, Ocean City, New Jersey 08226.

The meeting was called to order by Chairman Barr and began with the Pledge of Allegiance. Upon roll call those present were:

Commissioner Halliday  
Commissioner Speitel  
Commissioner Thompson  
Commissioner McFarland (absent)  
Commissioner Jackson  
Chairman Barr

Also present were the Executive Director Alesia Watson, Charles Gabage, Board Attorney, Linda Cavello, Fee Accountant, and Flo Driscoll.

Chairman Barr read the Sunshine Law.

Chairman Barr asked for a motion to approve the regular meeting minutes of March 21, 2017. Thompson stated she would motion but was on conference call and could not hear. Motion made by Commissioner Halliday and seconded by Commissioner Jackson. Chairman Barr asked if there were any comments on the minutes. Commissioner Speitel stated that the minutes do not reflect what Linda Cavallo discussed. It doesn't include the cash balances or anything that was brought up in that meeting that should be included. He also thinks that the actual budget numbers and also thinks the actual numbers of what was approved to be paid should be in minutes so that in the future someone who picks this up can follow. He also believes the statement by the Executive Director that the \$125,575, on the balance sheet is actually \$109,000 that was received in 1/16/2017 that Linda reflected in her later work should be in the minutes. He also stated that Commissioner Halliday's request for a summary of the FEMA account should be in the minutes. Also thinks that the denial of the treasurer's report it should also note that it was because the approved budget was not reflected in that report. He believes all those things are necessary especially since the electronic recordings are not kept. Ms. Watson stated she does keep the electronic tape and keeps the file. Commissioner Speitel stated that is not the case because he OPRA it and they did not exist. Ms. Watson said she would send all of them to him. Ms. Watson stated he did not come pick up the flash drive. She stated for the record they recordings exist. Commissioner Speitel will send another request for them. Stated he paid out of his own money and he didn't get them all. Chairman Barr asked if the minutes can be amended.

Commissioner Halliday additionally commented reiterating the treasurer's report in the minutes are sketchy and would like to reinforce all of the items that have been stated.

Chairman Barr stated they would approve those minutes as amended. Mr. Gabage commented stating there is nothing in the law that state what would have to be in the minutes. Some associations have minor details others have concepts. It is up to the Board on how they would

like the minutes done. If they want detailed minutes, sketchy notes or something in the middle. Mr. Gabage stated the first thing to do is vote on the minutes that are in front of them tonight. Chairman Barr stated all in favor of approving said minutes say aye. (not sure who voted yes – woman Jackson) Chairman Barr asked for those not in favor of approving the minutes say no. (not sure who voted no – Speitel, Halliday & Barr). Commissioner Thompson abstained. Chairman Barr asked for a motion to approve the minutes with Commissioner Speitel's amendments. Motion made by Commissioner Speitel and seconded by Commissioner Halliday. Those in favor voted yes, Speitel Halliday and Barr. Mr. Gabage stated a motion should be made that from this point forward the minutes be in more detailed especially in the Treasury Report. Commissioner Halliday motioned, seconded by Commissioner Speitel. The vote was as follows:

|                               |          |
|-------------------------------|----------|
| Commissioner Robert Halliday  | (Yes)    |
| Commissioner Edmond Speitel   | (Yes)    |
| Commissioner Portia Thompson  | (Yes)    |
| Commissioner Paula McFarland  | (Absent) |
| Commissioner Patricia Jackson | (Yes)    |
| Chairman Robert Barr          | (Yes)    |

### **Treasurer's Report**

Chairman Barr moved onto the Treasurer's Report which includes the approval of the unpaid bills and vouchers. Linda Cavallo passed out the budget report. Ms. Cavallo stated this is the budget being used for the monthly report. A few items were changed on the budget, but it did not change the bottom line much (other income - laundry). Total operating receipts went down about \$3,000 for the year. There was also a change in other administrative expenses in regards to legal and accounting fees. Commissioner Speitel asked in order to amend the budget the Board would have had to vote on it. Commissioner Halliday stated he viewed the budget off of the OCHA website and it does not look anything like the budget report provided today. Ms. Watson stated the budget submitted to the State is not like what is presented today. Linda Cavallo stated it was changed several times. Commissioner Speitel stated they only voted once to amend the budget and it was in regards to the accounting fees. Linda Cavallo stated she thought a resolution would have been passed. Ms. Watson stated the reason why there was not a resolution because at the Finance Committee meeting they talked about stop changing the budget and work with the current budget. That is why a resolution has not been submitted to the table. Ms. Watson stated when the Avena's office sent the current budget presently being discussed she did not prepare a resolution based on the instructions she received from the Finance Committee. Ms. Watson stated at this point this is a budget Ms. Cavallo has prepared and if it's the Board pleasure to vote for this budget, this would not be changed at the State and this would be an internal change. Ms. Cavallo stated a couple of months ago at a meeting Ms. Watson asked her to revise the budget with these changes when they went over them. Ms. Watson agreed. Ms. Cavallo stated it was discussed at one of the meetings.

Commissioner Speitel stated he believes he asked for a copy of the original budget that was approved. Commissioner Speitel stated this was why they denied the Treasurer's Report last month. Ms. Cavallo stated the original budget was sent over to the office. Ms. Watson stated everyone received the original budget that was submitted to the State. It was emailed out to the Finance Committee. The one being discussed today is different and is the final one per Linda Cavallo. Ms. Watson stated at this point the board has to make a decision if they want to approve this budget that is in-house not just change it from the State. Changes were only internal items.

Ms. Cavallo stated if you keep sending revised budgets to the state they will get upset. She further explained these were categories that were changed on decisions that weren't resolved. The budget was changed at one meeting and then the next meeting it was changed. There was one change in regards to insurance that there was a miscommunication that was supposed to be \$10,000 lower and Lori from the Avena's office went over it with the OCHA office. They thought it was going to be a higher amount and it wasn't. Adjustments were also made in regards to the Accounting contract which the Board voted on and approved. Commissioner Speitel stated that revision that the Board voted on the \$11,000 left the OCHA with a \$17,000 net profit and this is what the Board voted on. Commissioner Jackson questioned changes all the other times when the Board only voted for the Accounting contract increase. The Board stated they should be voting on every change. It's as if only certain things are being presented to be voted on. Ms. Cavallo stated she made changes as she was requested and assumed Ms. Watson would pass a resolution. Commissioner Speitel stated this is why the Treasurer's report was not passed last month. Conversation ensued about all the changes and what budget actually needs to be approved. Ms. Watson stated the changes came from the Finance Committee. Commissioner Barr does not believe that to be true. Ms. Watson stated based on her meetings with the Finance Committee they talked about the budget and about what should be eliminated and what should be added. Therefore, Linda Cavallo has been making those changes accordingly. Ms. Cavallo agreed and she stated a lot of numbers were misclassified and adjustments needed to be made. Ms. Watson stated one example was the furloughs. It was said to do the furloughs, but the Board never voted on it and that number was never changed. Ms. Cavallo stated at one of the meetings the Board stated the budget should be amended so that when it is viewed it is not that far off. Ms. Cavallo stated every time there was a meeting she would write down what the Board wanted her to change and she would go back and make the changes as requested and send over to Ms. Watson. Commissioner Speitel stated he wanted to see a comparison and the goal was to see a whole year to see if the OCHA keeps going as it is going now what would happen at the end of the year. Discussion of net profit ensued. The budget was changed to show more realistic figures. Ms. Cavallo again reiterated nothing was changed at the State in regards to the budget. This was just internal changes for purposes of comparison, but it would have to be approved by the Board. Reviewed and discussed the budgets on hand comparing what the Board has and what Ms. Cavallo has in front of her. Ms. Cavallo explained the actual vs. budgeted. The figures were changed in the budget to show a more realistic figures because in the beginning they were classified wrong. The actuals are correct because this is what has been spent to date. The net is off about \$5,000. Commissioner Speitel stated the net is really a negative due to it not reflecting some payments that have not been made for example the Pilot. The OCHA is in the whole approximately \$24,091. The Capital Fund was also discussed. Capital Funds can be used for operations. Linda Cavallo reviewed and explained the actual budget line numbers. Ms. Cavallo stated she gave Ms. Watson explanation on each line item that was either under or over each month and she will continue to do that each month so the Board can see the changes. Ms. Cavallo stated the Board can vote on whatever budget they want and she will have it prepared so that next month a resolution can be passed for it. Commissioner Speitel asked if it was a fair to conclude that at the end of six months the OCHA spent \$11,000 more than it budgeted and come the end of the year it would be doubled if not more. Discussion in regards to moving Capital Fund money. Commissioner Jackson feels the Capital Fund money should be moved. Commissioner Speitel does not agree because there is a roof and elevator issue that needs to be addressed. Commissioner Jackson wants to know how they can move forward and states it is obvious OCHA has been in debt for a while. Now that everyone knows, how is this resolved and what is to be

done with regards to the budget. Ms. Cavallo suggested the cash report should be reviewed. Ms. Watson stated everyone received the cash report in the Board Packet. Ms. Cavallo presented the cash report as well as some anticipated expenses in the future. The end result is there will be no cash left to spend unless an agreement is made to resolve these issues about the money that is due back to the City. Commissioner Speitel discussed the FEMA money, which he states was not \$109,000 based on Ms. Watson's Executive Summary. Commissioner Speitel stated the number actually owed to the City or to the City and FEMA is \$248,411.89. Ms. Cavallo stated this was not reflected in the audit last year. Discussion ensued in regards to when the money was received from FEMA and it was spent on other things and not returned to the City as it should have been. Commissioner Jackson discussed the appeal. Commissioner Halliday stated whatever money came to the OCHA from FEMA was to go to the City. Ms. Watson stated it was not to exceed the \$252,000 and the City was willing to accept up to \$252,000. Ms. Watson discussed the appeals she submitted in regards to the additional units with mold that possibly may be coming to the OCHA. If this appeal money is received it will go back to the City, but it is unknown if it will satisfy the debt. The big question is where is the money going to come from to pay back the City? Ms. Cavallo stated the Board needs to find out when the \$141,991.35 came in and where did it get reported in the Financial Statement. Review of the 2013 Audit may be required. It appears an audit that goes all the way back to Hurricane Sandy may be required. Commissioner Speitel is at the point of writing a letter to HUD that they are out of trust. Commissioner Jackson stated they were not even there at the time of this occurrence. The point is the current Board now has knowledge and responsibility. The Authority does not have enough cash to pay back the City. Commissioner Jackson asked the possibility of negotiating with the City to waive all or some of the debt. This would have to be a city council meeting and decision. Commissioner Jackson stated that this is just a suggestion and possibly an option. Commissioner Halliday stated how do you even approach the City to state we received the money we owe the City, but we spent it and now ask the City to waive the debt? Regardless, the Board needs to know the facts before discussing this with the City. The check received last January was when all the current commissioners were on the Board. Chairman Barr stated the Board has fiduciary responsibility to the City, tax payers, the Housing Authority and HUD. A meeting with all is required, but first the Board needs to find out where the money went before any meeting. The check was cashed and deposited on 5/1/2016. Ms. Watson stated Joe Cavanaugh was the fee accountant at the time and unfortunately he has passed away recently, but she believes the Authority can contact his son for the information as Mr. Cavanaugh kept great records. Ms. Watson does have the 2013 audit which was from Holman who were the auditors at the time. Chairman Barr stated he spoke with Frank and he may have misunderstood what he said but there is no record of that money anywhere. Ms. Watson stated it should be listed on the insurance proceeds. There was a schedule of insurance proceeds that was attached to the shared services agreement. Ms. Watson does not know, but she thinks there was \$140 thousand something on the schedule. She is not sure if that was part of the \$141 thousand but there is copies of the checks that came in from the insurance proceeds. There is paperwork to show how much money the OCHA received from the proceeds. Ms. Watson believes there is a paper trail. Mrs. Watson states when the money came in from the insurance proceeds the previous administration put it in operations instead of putting it in escrow until it was time to reimburse the city. Instead it stayed in operations and paid bills from it and didn't release it back to the City right before the Board changed. The Board voted to release the money back and it was agreed upon between the OCHA and the City that they would receive \$973,000 back with the shared services agreement that whatever monies returned back from FEMA the housing authority would release it back to the City

up to \$252,000. Chairman Barr states the Authority needs to find out where the \$141,000 went and also the \$125,000. Commissioner Speitel agreed. Commissioner Jackson asked if it is found that the \$141,000 went into the operations accounts, will this be brought to the City's attention? Commissioner Speitel stated the City knows it. Commissioner Jackson states the Authority doesn't have it so the City can't get it. Commissioner Jackson feels it's best to bring this discussion to the table with the City with the Board, OCHA Administrative Staff, FEMA and HUD so everyone is on the same page.

Mr. Gabage commented it is one thing to go to a creditor and say you can't pay them and you will never be able to pay them and it's another thing to go to a creditor and say look I don't have the money right now but we have a plan and we are going to stay solvent. He believes the OCHA has to clean up whatever it has to clean up so that when you have these monthly meetings you see if there is a profit, loss or you are breaking even and be able to go to the City to show you are trying. Unless the Authority cleans up where it is going as far as the monthly budget is concerned, the City is not going help you. Commissioner Jackson feels it is important to pay the City, but it's more important to fix the elevator and the roof for the safety of the tenants. Commissioner Jackson likes the idea of having a plan, but realistically what kind of plan can you have to pay someone when you are so deep in debt? Chairman Barr stated the point is the Authority cannot continue to do what it is currently doing and right now today the Authority is still doing things that got the Authority into this mess. Commissioner Jackson asked what the Authority is still doing. Commissioner Speitel stated the Authority spent \$11,000 more than budgeted. Commissioner Jackson said he believes Ms. Watson has come up with a budget to help the Authority decrease some of its spending. Ms. Cavallo questioned if the City is going to forgive some of the amount due to the City can it be spread out in different years so it does not fall all under one year? Commissioner Speitel stated a request to amend the Shared Services Agreement with the City would have to be requested. Chairman Barr stated the City is not going to forgive the money in one year. Basically, today the Authority cannot pay its bills tonight and cannot pay the City back. It was unable to pay it last month and the Board didn't know it then, but this month now they know it. Commissioner Speitel said no one knew about the \$141,000. It wasn't until an email was received from the City about it. It wasn't really known until April 5<sup>th</sup>. Chairman Barr stated HUD needs to be advised. HUD may take over the housing authority. Ms. Watson stated it is not that easy for HUD to take over because everything is based on scores that HUD does. She stated she has been talking to the field office about the OCHA financial situation so HUD is not in the dark about the Authority's financial situation. Ms. Watson stated the OCHA can write a letter to HUD indicating to them about the Authority's financial situation and show them that this Authority is in financial trouble. Ms. Watson has printed out the 2016 PHAS scores that the Board requested. She stated the Authority can let them know that there is some concerns financially and possibly they can provide some direction. HUD will first ask for the Authority's plan of action. Ms. Watson stated HUD doesn't just come in and put a housing authority into a receivership. HUD will look at the numbers and scores. It is a long process that is drawn out with that. HUD typically does not like doing this because it costs them money. When a housing authority goes into receivership HUD comes in and takes over the Board and dismantles the Board. HUD then serves as the Board. It is not just HUD taking over and the Commissioners stay on the Board. Everybody goes including the Executive Director. Ms. Watson states before you ask HUD to do that the Board really needs to think about what they really want to do. The first thing is to write them a letter, give them a plan of action and ask them for financial assistance. The answer for financial assistance will more than likely be no because they indicated they do not have money.

Ms. Watson feels the OCHA should issue the first PILOT payment by the end of the fiscal year. The reason why the 2 years of PILOT has been delayed is due to conversations indicating that the City will waive the PILOT agreement, a lot of back and forth and that is why the PILOT payment has not been released. Commissioner Speitel stated he does not know how the OCHA got to this point and how did the Board vote or not vote on giving this money back. He believes it is a procedure and this has never come to the Board. Commissioner Jackson said the Board needs to move forward. Commissioner Speitel agrees but it is also necessary to find out what mistakes were made going forward so this does not happen again. Discussion on where the Authority's money was spent, which most of it was salary and benefits. There was also a protective services expenditure. Apparently, there was approximately \$50,000 spent on resident services that was not on the budget and the Board never approved. Commissioner Jackson stated the Board now knows its situation and needs to move forward and find solutions. Commissioner Speitel stated he believes the Authority needs to terminate the agreement with Brick Housing Authority and a complete change of management of the Authority and Staff. Commissioner Jackson stated if the OCHA gets rid of Brick what are the options to make OCHA better? Commissioner Speitel stated a new Executive Director and new shared services agreement. An RFP can be advertised. Commissioner Jackson asked how a new Executive Director would make things any different. Changes in staff can be made over and over just like Commissioners, but you still have the same situation. Commissioner Speitel believes that all this information and situation the OCHA is in should have been brought to the attention of the Board by the Executive Director years ago. Commissioner Speitel stated he brought these issues to the Board and was laughed at. When that happened nobody took it seriously and nobody looked at the numbers. It took a year now for the current fee accountants to get to the truth. He believes the leadership has let the OCHA Board down. Commissioner Jackson's opinion is that the blame does not only lie on the Executive Director, but other professionals such as fee accountants in place at the time as well as consultants and professionals that all were working together and believe the Authority needs to move forward and work with the current contract. Commissioner Jackson feels the Executive Director deserves a chance instead of trying to sabotage and micro-manage her or if the Board is going to work with another housing authority then the Board needs to put it on the table as a board as a whole and what another housing authority is going to bring that is so different.

Ms. Watson stated she knows the process of how housing authorities are ran, but when the three new commissioners came on Board which was Barr, Speitel and Halliday, the OCHA was very excited because of the expertise they were bringing to the Board. Respectfully, since they have been on the board she feels they have micro-managed her and have not given her the opportunity to do her job. She stated Speitel has some very good concerns about the budget and as he has brought them up she has been cutting the expenses and has been doing what she is supposed to do as the executive director. She has taken charge to secure this money from NJHMFA...END OF TAPE.

The below minutes are from the hand-written notes by Flo Driscoll.

A motion to approve the Actual Budget without the bills made by Commissioner Speitel and seconded by Commissioner Halliday. The ayes voted there was no opposition.

A motion was made by Commissioner Speitel not to pay the bills owed for the PILOT and seconded by Vice Chairman Jackson.

Roll Call:       Commissioner Halliday       (Yes)  
                  Commissioner Speitel       (Yes)  
                  Commissioner Thompson       (Yes)  
                  Vice Chairperson Jackson       (Yes)  
                  Chairman Barr       (Yes)

The motion passed to not pay the PILOT unanimously.

Motion to separate the unpaid bills from the Treasurer's Report and approve the payments only on the bill list made by Commissioner Halliday and seconded by Vice Chairperson Jackson.

Roll Call:       Commissioner Halliday       (Yes)  
                  Commissioner Speitel       (Yes)  
                  Commissioner Thompson       (Yes)  
                  Vice Chairperson Jackson       (Yes)  
                  Chairman Barr       (Yes)

### **Executive Director**

A complete copy included in the minutes on the Pre-Bid meeting on 4/12/17 with R. Ginnetti about the redevelopment, representatives, architects and engineers. Special Board Meeting scheduled for 4/25/17, to make awards. RFP for audit services due June 30, 2017. Executive Director meeting with residents took place on 3/3. Survey issued to residents regarding the audio camera system at Bayview Manor. With 50% response major would like the system to remain in place. See Policy & Initiatives. OCHA Administration requesting cuts in the operational costs. Rents collected Bayview Manor & Pecks Beach Village. YELE event discussed and scheduled for Saturday, May 13, 2017.

NJHMFA documents still have to be completed and the FEMA money is subtracted from the Grant. No building permit necessary.

M# requested by Chairman Barr. Alesia Watson issued the PIC data to the Chairman with scores of the OCHA 2016 of standard status.

Letter send to HUD and attached placement on the RAD list.

Elevator at Bayview Manor to be repaired by Schindler. If approved half down and half financed by the end of this year.

Guest Speaker, Mr. R. Ginnetti, Brooke Group consultant, talking about the pre-development project and review of the proposal.

Motion to approve the Executive Director's report made by Commissioner Halliday and seconded by Vice Chairperson Jackson. No discussion. The ayes voted with no opposition.

**Committee Report**

Finance Committee discussion in the Treasurer's Report.

**Old Business**

None

**New Business**

Discussion about monies to be removed from the Capital Funds for elevator repair.

Commissioner brought up the letter to HUD and Ocean City council regarding the City debt requesting ways and means for assistance, and it is decided the Finance Committee members send the letter. Motion made to request to send letter for assistance from the City and State made by Commissioner Halliday and seconded by Commissioner Speitel. The ayes have it and there is no opposition.

Motion to adjourn the meeting made by Commissioner Halliday and seconded by Commissioner Speitel.