

Housing Authority of the City of Ocean City

Regular Board of Commissioner Meeting Minutes

June 20, 2017 – 5 p.m.

The regular meeting of the Housing Authority of the City of Ocean City was held on June 20, 2017 at 5:00 p.m. at 204 4th 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 Robert Halliday	
Commissioner Edmond Speitel	
Commissioner Portia Thompson	(Absent)
Commissioner Paula McFarland	
Commissioner Patricia Jackson	(arrived at 5:41 p.m.; left at 7:18 p.m.)
Chairman Robert Barr	

Chairman Barr stated general counsel, Charles Gabage is present via telephone due to a traffic jam and will arrive shortly. (Mr. Gabage arrived at 5:24 p.m.)

Chairman Barr read the Sunshine Law.

Minutes

Motion to approve the Regular Meeting minutes from April 18, 2017. Tabled for next month.

Motion to approve the Regular Meeting minutes from May 16, 2017. Tabled for next month.

Fee Accountant's Report

Linda Cavallo reviewed the Financial Report for the eight months ended May 31, 2017. Presently, the Authority has spent approximately \$20,000 more than what was budgeted for this fiscal year. **Motion to approve the Treasurer's Report made by Commissioner Speitel and seconded by Commissioner Halliday. The following vote was taken:**

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

Executive Director's Report

Mrs. Jones stated her report was distributed to the Commissioner's last week and she would normally just update the Board on anything that has happened of significance from the date of her report to the meeting date. Since this is Mrs. Jones first meeting with the Board, she will provide more detail. Mrs. Jones stated she will give her

report and three other staff members will also provide a report in their respective areas. She introduced Wendy Hughes who will be reporting areas of finance and human resources as well as Sandy Velez who will be reporting on all areas of Occupancy and Ron Miller who will be reporting on all areas of maintenance and capital needs.

Mrs. Jones summarized the overview of activities from May 17th to present by reporting the Vineland Housing Authority has covered a lot of area in the last couple of weeks. A Vineland Housing Authority (VHA) staff has been present every day. Mrs. Jones reported four VHA staff members have devoted 457 hours to work at the Authority from May 17th through June 16th.

Mrs. Jones discussed the bill list. This is possibly a little bit different than what the Commissioners have been used to seeing. The bill list in the Board Packet includes everything invoice the Authority had to date that needed to be paid totaling \$95,365.92. This list includes all invoice being submitted for payment as well as any payments that have been made electronically, such as pension, and payroll. After the Board Packet went out there were some bills that came in and are also due. These invoices were added to the updated bill list so the Board can consider these additional bills for approval too. The bill list total for the meeting is now \$104,140.13. The bill list will be the first resolution to be passed each month for approval of the payment of the invoices. Should any Commissioner have any questions regarding any bills, they are readily available for review and/or discussion. If there is a bill the Commissioners decide should not be paid or needs to be looked into further, it can be removed from the bill list and we will revised the total amount of the bill list being paid and that will be reflected on the resolution. By implementing this process, the board will approve all payments prior to the checks being released with the exception of utility bills that may incur service charges if not paid before the next board meeting. Mrs. Jones reported this bill list is a bit higher than an average bill list since we've included all invoices that are due now, which is a different process than in the past. Also, this bill list includes the Joint Insurance Fund (JIF) payment totaling about \$37,000. Any questions regarding the invoices on the bill list can be discussed during the Resolution portion of the meeting.

In regards to Occupancy, Mrs. Jones reported there are a lot of issues to discuss and Sandy Velez will present this information to the Board following this report.

Mrs. Jones referred to the Budget next and as she put in her Board Report, the current budget is for 2017, the Authority's fiscal year ends September 30th and to date the Authority does not know exactly what HUD will be funding the Authority in regards to subsidy and Capital Fund for this fiscal year. This is not unusual and this process has been delayed each year for the past 8-9 years. Currently, the Authority is being funded at 83% of the proration, which means it's being funding at 83 cents on the dollar on what the Authority is really entitled to, but Washington changes the proration. The proration could go up or it could go down. The board should know the proration in the next month or two. Washington has already started to work on the 2018 budget and it is important to know that there are projections of some extreme cuts to the HUD budget. The Authority has started working on the 2018 budget internally. In the next couple of weeks, Mrs. Jones will be meeting with the Finance Committee to review the budget and have it prepared to present to the Board in July. Even though the Authority's new fiscal year does not start until October 1st, the budget is due to the State by end of July.

Mrs. Jones next discussed the Request for Proposals for the Authority's professional services. The professional services are for Legal, Accounting, Auditing and Consultant Services. Typically, from an administrative point of view it is a more efficient process to have the contracts with the professionals aligned with the fiscal year of the Authority. This makes more sense for budgeting purposes. The RFP's will probably be issued next month and the responses offered to the board for approval and will be effective for October 1st. This process will improve

the scheduling for the audit as well. The auditor will be in place prior to the year end, which will enable a better scheduling opportunity with the auditors and with the staff to complete the next audit.

The Rental Assistance Demonstration (RAD) program may have been discussed previously with the Board and may be it has been a while. Mrs. Jones explained the RAD program and what it may be able to do for Ocean City. The Authority is funded from the government with an operating subsidy and a capital fund subsidy. Every year these subsidies have been getting cut. The RAD program is a different way of receiving funding. The RAD program consists of a contract with HUD for a certain period of time (20-30 years). Traditionally, what has happened with these type of HUD contracts or Housing Assistance Payments (HAP) contracts is the funding does not get cut. It actually increases slightly every year. After a RAD conversion, the operating subsidy and capital funding would be replaced with a Housing Assistant Payment (HAP). The Ocean City Housing Authority (OCHA) was not in the initial round of authorities that were interested in the RAD program in 2012. A couple of months ago there was an email that went out from HUD stating if any authority was interested in the RAD program to contact them. This was done and the OCHA received an email a few weeks ago stating if we are interested in the RAD program they opened the number of units now that are permitted to apply for RAD. If the OCHA is interested it will have 60 days to submit its financial plan and make application once the rule is published in the federal register. Mrs. Jones does not feel the Board needs to act on this tonight, but it is something to think about. Next month Mrs. Jones will probably suggest the OCHA enlist its consultant, Rick Ginnetti from the Brooke Group to put together a preliminary financial plan to see if the OCHA would be a candidate. The application for the RAD conversation is due 60 days from the date the rule is published in the federal register. It is possible if the OCHA got the application in this calendar year (by the end of December) then the OCHA could "close" next year.

The Pre-develop Loan that was authorized with the NJHMFA is still in motion. Mrs. Jones has a resolution that needs to be signed by Commissioner Jackson when she arrives. The resolution from last month will be resigned. The New Jersey Housing & Mortgage Finance Agency (NJHMFA) has requested that it be resigned along with Mrs. Jones name on it. Once NJHMFA receives the signed resolution, the Authority can look forward to a closing which sounds like it will be within 30-45 days. NJHMFA is waiting for an environmental review. Mrs. Jones received an update today from the consultant, Rick Ginnetti and NJHMFA said the environmental review should be done any day. Once NJHMFA receives the resolutions closing can be schedule. As soon as the OCHA has the commitment to close then it can schedule some meetings with the architect and the engineer to begin the pre-development process.

Mrs. Jones stated the OCHA has a lot of work to do on policies. The policies are not up to date. The Board will be seeing a few policy recommendations over the next few months. There are regulations that change from time to time and policies need to be updated based on those changes.

Commissioner Speitel requested the OCHA's bylaws be reviewed. Mrs. Jones stated she believed Chairman Barr will discuss that tonight.

Mrs. Jones indicated there are two things in her report that may look a little different than the Board is used to seeing. One of them being the cash report, which is an overview of where the OCHA is financially. Ms. Jones will need to know if there is something the Board wants changed, added and/or deleted with the cash report. As the Board knows the financial statement shows where the OCHA is at this point in the fiscal year with regard to income and expenses. The cash report shows how much cash the OCHA has or doesn't have to pay for those obligations.

General counsel Mr. Gabage arrived at 5:24 p.m.

The other report included is the Program Statistic Report. This is an overview of the OCHA in regards to how many vacancies the authority has, how much rent was collect, waiting list status, work order information as well as the PHAS scores for the past 6 years.

Mrs. Jones turned to Wendy Hughes for her report. Wendy Hughes began by introducing herself. Ms. Hughes stated she has about 25 years of housing authority experience. Ms. Hughes originally started in housing in Section 8 and then moved into the finance department, but also assisted in other departments as well including occupancy and administration. Mrs. Jones added that Wendy has a finance degree from Georgetown University. Wendy is the analytical person of the group.

Wendy discussed accounts payable first because this was the area we concentrated on first to get the bills in order. Payments were being made without any documentation or receipts to justify the payment. There was not a voucher system in place to show the invoice number and the account number to be charged. As well as no proof that the bills were being reviewed before the checks were cut. A voucher system has been implemented with a review and approval process for each payment. Balances on bills were not being paid in full and only minimum payments or odd payment amounts were being made that could not be backed up by the invoices. This has been eliminated. Check copies and bills were filed alphabetically by vendor as opposed to by check number by month making it more difficult to quickly find a specific check number. The filing system will be changed to make it easier to locate checks when necessary.

In regards to accounts receivable - the Security deposit account - there's a discrepancy between the account balance with the bank and the balance showing in QuickBooks, the accounting system as well as PHA web. It appears that some tenants may have not have paid security deposits. More research is needed on this matter to see if it was bookkeeping error or if that's actually the case. The procedure for process and reporting the excess utility or miscellaneous charges in QuickBooks is not consistent. A determination needs to be made on what actually should be charged and what is actually being charged to reconcile. The detail of miscellaneous charges report had past residents listed as well as charges for current residents that appear to no be reflected in PHA-Web. Currently, we are working on determining what the correct charges are and then develop a month procedure to accurately report these charges going forward. There is also a discrepancy on the tenant accounts receivable report, which lists all the balances (i.e. rent, late charges, legal fee) owed by the residents. The discrepancy is between the charges reported and the actual charges in PHA-Web. A lot of these discrepancies are from the excess utilities charges. A tenant analytical will be implemented, which will show all the charges and payments to be reconciled to PHA-Web and QuickBooks to insure accurate reporting.

Health benefit deductions are not being calculated in accordance with the 2011 Pension and Health Benefits Reform Law. The amount of the deduction is supposed to be the greater of either 1.5% of base salary or a percentage of the premium based on the type of coverage, the premium and the employees base salary. Currently, it appears (3) three employees are paying more than is required by the statute and (1) one employee is paying less than is required by statute. OCHA passed a resolution in 2015, which would change the contribution to 15% of the premium for new employees hired after 9/2015. It does not appear that the law allows for alternate contributions in the absence of a collective negotiations agreement, which would be with a union. The 2011 Pension and Health Benefits Reform Law also required local agencies to establish a Section 125 Plan so that the required health benefit contribution could be deducted before federal income and FICA taxes are calculated. Agencies were also required to create a Flexible Spending Account (FSA) program. It does not appear that OCHA established these plans.

Further research is needed in the areas Wendy discussed and will be reported to the Board accordingly.

Mrs. Jones commented in regards to the tenant accounts receivable and excess utility/other miscellaneous charges. There may be an opportunity there for increasing the accounts receivable because it appears that some tenants are not being charged for some of these items, which may account for why the OCHA's account receivable has decreased over the past few years.

Mrs. Jones turned to Sandy Velez for her report. Chairman Barr asked Mr. Gabage's opinion regarding the resolution passed in 2015 regarding the contribution of the 15% employee contribution of the health benefit premium. Mr. Gabage stated that is out of his area of expertise and if he commented on it he would not be accurate. Chairman Barr asked Wendy since there is so much catching up to do, how long does she feel it will take the OCHA would be caught up to speed with everything. Wendy stated it is hard to judge because it all depends on what is discovered, which sometime takes you down another path. Mrs. Jones stated new issues are being found every day. Until a year cycle of normal activity is analyzed, we won't know if everything has been discovered.

The meeting was turned over to Sandy Velez for her report. Sandy Velez stated she has been in the housing industry for 39 years. She started off in the private sector as a regional manager traveling up and down the east coast. Sandy has experience in condominium management and has also worked for the Smithville Community Association as the Director of Operations for 10 years. Sandy has been with the VHA for 13 years working in public housing.

Sandy reported that one of the first things that needed to be done at the OCHA was to schedule unit inspections. Uniform Physical Condition Standards (UPCS) had previously not been conducted. A certified UPCS and HQS housing inspector performed inspections on all 121 units. Work orders were created from the inspection findings and the emergency work orders issues were addressed within a 24 hour period as required.

In addition to the inspections, applications and the waiting list was reviewed. It revealed the waiting list is not being maintained as per your Admissions and Continued Occupancy Plan (ACOP), which states in the selection of tenants preference goes to Ocean City residents first and those working in Ocean City applicant second. It was discovered the waiting list was not maintained by those preferences. It is being maintained by date and time. The waiting list had to be restructured to service the Ocean City community first. All other applicants stay on the waiting list, but without a preference. Sandy discussed the breakdown of the applicants on the waiting list (for breakdown see attached report). The waiting list has been modified and corrected. All of the Ocean City applicants have been reached to qualify them for available vacancies. Since August 2013 to present there have been 39 units leased. Of those 39 units only 18 of them were leased to Ocean City residents. A Commissioner asked if the non-Ocean City residents leased were homeless. Sandy explained the OCHA ACOP does not address that selection would be made to anyone in the public before an Ocean City resident. The waiting list is currently closed. Sandy is recommending opening the waiting list to offer the opportunity again to Ocean City residents who need low income housing to apply and be considered. It does not necessarily mean that because they live in Ocean City and they apply that they will qualify. They would still need to meet the tenant selection criteria. The OCHA currently has eight vacancies.

Sandy discussed the resident files. The review of the resident files revealed great inconsistencies. Income and medical allowances are improperly calculated. There are no third-party verifications for income. None of the proper forms are being used. There are no Earned Income Verifications (EIV's). There is no resident search being done for any applicants being moved in. Utility allowances have not been applied correctly to all entitled

residents at Peck Beach. The utility allowances have not been updated since 2014, which impacts the rent. Resident Annual Re-certifications completed for 2016-2017 were never filed. They were boxed and placed in a closet. Currently, implementation of proper income verification and other required occupancy forms are ongoing. The OCHA occupancy specialist unfortunately was not properly trained. Currently, residents are not offered the opportunity to select between income-based rent and flat rent. There is no evidence of flat rents being established or implemented. The VHA's recommendation is to conduct a complete interim adjustment of all residents to obtain accurate information and comply with HUD and Federal Regulations.

Resident issues will come with the implementation of the leases and rent collection. Rents are due on or before the 1st of the month. There is an 8 day grace period before late charges are applied. This does not mean that you have the 8 days. Rent should be submitted on or before the 1st of the month. Proper fourteen day notices are not being served to the residents. No residents have been sent to collection for rent for failure to pay their rent. Proper fourteen days notices have been initiated and will move forward with initiating evictions for all non-payment of rent. Another notice will be sent out in compliance with the terms of the lease. The ACOP needs to be updated. It is completely outdated and does not meet Federal Regulations.

Referring back to the interim adjustment of all residents. It is recommended to have resident meetings before initiating any changes or intake of information. Two to three meetings would be scheduled and if necessary an evening meeting for those residents who work during the day to explain in detail what needs to be done for the interim adjustments. It will take approximately 420 hours of additional work and that is with complete cooperation of all the residents.

Chairman Barr asked that before the meeting turns to Ron Miller's report he request approval of Resolution 2017-38 authorizing Interim Re-certifications not to exceed \$12,600. A motion was made by Commissioner Speitel and seconded by Commissioner Halliday. This is in regards to the additional 420 hours of additional work for the Interim Re-certifications. Mrs. Jones stated this is for a 6 week timeframe of two staff members, 35 hours a week. The staff members will come to OCHA, meet with residents and gather information. Once this information is gathered they will work primarily in Vineland to save time and money. Thirty (30) days' notice must be given to each resident for change in rent for an October 1st effective date. A Commissioner asked if this was a finding on the audit report and if this has to be done. Mrs. Jones replied yes. The following vote was taken:

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

The meeting was turned to Ron Miller for his report. Ron has been with the VHA for 13 years. He has a background in public safety and information technology. He originally started at the VHA in information technology then progressed with working with bigger capital projects. He recently finished up overseeing the daily construction of a new development in Vineland. Ron also oversees general operations in Vineland including purchasing and maintenance. Ron holds a purchasing certificate with the State of New Jersey as a qualified purchasing agent and maintains CEU's for that.

The Standby Power Generator at Bayview Manor was discussed. The unit is in good condition, but it was last serviced in August of 2015, and there were no current load test reports available, which puts it out of compliance.

A contract with GenServ was established for service and associated reports will be provided to the Fire Marshall annually as required. The generator was tested and serviced on 6/19/2017.

The Bayview Manor Tyco Simplex Grinnell Alarm Panel is up to date on its current test reports dated 3/2017, but there were several noted deficiencies for multiple failed heat detectors. The deficiencies were addressed by the vendor on 3/20/2017, and inspection report was sent to the State Fire Inspector on 6/13/2017.

Bayview Manor's fire pump and fire sprinkler was last tested in 8/2016. The report from the inspection specifically notes issues with the system. Ron indicated he performed a walkthrough of the building systems and noticed the fire pump control panel was turned to the off position. This system should never be turned off. It is a Life Safety system. Simplex Grinnell was notified immediately. A technician confirmed the system was turned off and the system was tested. The testing revealed the jockey pump was seized and not operational. A temporary fix was made and on 6/19/2017, final repairs were made to the jockey pump.

Ron reported he met with a representative from Wilhelm Roofing Company regarding the roofing system at Bayview Manor. The seams, transitions to the parapet and other apparent penetration are causing the roof to leak water into the 4th & 5th floor apartments and common spaces. Additionally, improper attempts to patch the roof by maintenance and others have caused degradation of the rubber membrane. Ron suggests an emergency contract be entered due to this being a public health issue. Wilhelm Roofing has provided the OCHA with a proposal to make the necessary repairs at a price not to exceed \$9,000. Ron recommends the Board pass this resolution tonight to avoid further damage to the building. There was a brief discussion on the roof repairs. A Commissioner asked about the life expectancy of the roof. Mr. Miller stated it was approximately 20 years old and once repairs are made its life expectancy is 25-30 years.

Chairman Barr asked in regards to the fire suppression systems, had there been a fire the residents would have been in great danger. Ron said that was accurate. Chairman Barr stated the Board would have been liable. Ron indicated that is a potential liability for the Board. Mrs. Jones added that one of the elevators not been working for quite some time and that adds another layer of an unsafe situation.

Ron discussed the elevator situation at Bayview Manor. He discussed the current maintenance contract with ThyssenKrupp Elevator Company, which the OCHA has been operating under since 1978 with an update made in 1991. Based on NJ Local Public Contracts Laws this contract is not valid. ThyssenKrupp expressed interest in retaining the new contract. A new contract has been reviewed and it is recommended the Board pass the resolution to award the elevator maintenance contract to ThyssenKrupp. This new contract represents a cost savings of \$3,425.76 annually over the previous contract.

In regards to the repair of the non-operational elevator car, repairs were authorized in 4/2017. The vendor, Schindler Elevator Company has manufactured the cylinder and will began work on 6/2017. The repairs will take approximately 3 weeks to complete. Residents were provided notification of the impending elevator repair work and notices were also posted in the common areas of the building. Once the repair is completed, the elevator must be tested by the State of NJ Elevator Inspector before being placed into operation.

Ron discussed on-site inspections and general knowledge of hydraulic elevator operations. On inspection of car #1 by Standard Elevator it was noted that it is approximately 10 ft. off the elevator pit floor and the pit valve was closed. On further inspection by Schindler Elevator it was verified that the pit valve was closed and the jack was the only thing holding car #1 suspended in the air. Based on this inspections, the jack may not be leaking in the ground. Failure to question the means by which the jack failure was diagnosed may have led the OCHA to improperly conclude its imminent need for replacement.

Elevator consultants, Huber Hays, Inc. issued an assessment report on the overall condition of the elevators at Bayview Manor. The equipment dates back to circa 1974 and has exceeded its useful life. To provide safe and

reliable operation modernization is recommended. Schindler Elevator proposed a \$290,000 budget for complete elevator modernization.

The OCHA engaged the services of Kim Law with LSEA Corporation on a limited scope of work. Ron spoke with Kim Law and was informed that the OCHA has no outstanding open contracts with LSEA. There is a balance due of \$1,882 for Synertec Inc.'s report on asbestos on the roof of Bayview Manor. Ron recommends payment to be made.

A Commissioner asked if alarm systems are up to speed. Ron indicated the alarm systems are fine.

Annual Fire Inspections for Bayview Manor were completed by the State Fire Marshal's office. As of May 2017, the reports contained multiple violations and orders to correct. All of the orders to correct revolved around the failure to provide required reports to the Fire Official and the deficiencies were inoperable heat detectors. Ron spoke with the Fire Inspector and reports have been provided and Simplex Grinnell has replaced the bad heat detectors. Ron also met with Chief James Smith of the Ocean City Fire Department to go over the status of life safety systems, procedures and to offer any assistance. He also assured Mr. Smith of providing him with an update of the status on building systems as they become available and communicating the needs of the OCHA with him directly. Reports have been provided to Chief James Smith regarding the repairs of the fire pump and testing of the generator.

The OCHA currently has a contract with Western Pest Services and it has auto-renewed. A current contract is in place for treatment of rodents at Pecks Beach Village. Ron met with a technician who discussed the rodents being trapped and he felt the situation was improving. Additionally, the technician clearly indicated the need for better sanitation and housekeeping within the units. There appears to be two units with a possible bed bug infestation. These two units will be treated. Ron met with the Account Manager of Western Pest to discuss the contracts. They will be submitting new proposals with updated schedules. Ron anticipates the proposal will be a more competitive fee. The board will be updated on this matter at the July board meeting.

Commissioner Barr asked if the units that need better housekeeping are going to be monitored. Ron stated he and Sandy have been working on this on a daily basis. Sandy and he will coordinate on getting notices sent out to these residents. Commissioner Barr asked how often the residents will be monitored. Sandy stated they will begin checking the housekeeping of these residents weekly and then bi-weekly. This will be coordinated with the inspector from Vineland. Sandy reported the lease will be implemented as far as housekeeping is concerned and notices will be given to cease and terminate. Hopefully, this will ratify some of the housekeeping issues.

Bayview Manor has an air handler and it is currently inoperable. We are contracting with Ambient Heating and Comfort and they are scheduled to assess the system and recommend necessary repairs. HUD notified the OCHA in regards to outstanding Lead Based Paint (LBP) testing, which was identified during a REAC inspection. Mrs. Jones and Ron had a conference call with HUD to discuss this matter. HUD informed them of discussions with previous administration but that no action came from those discussions. Pecks Beach Village is currently in compliance with the latest regulation, however no documentation has been found to support any testing at Bayview Manor. Bayview Manor will need to either be tested for LBP or the OCHA will need to follow the steps to be granted exemption since this is an elderly/disabled person's property. Mrs. Jones stated the buildings were tested by a company called Craig Test Well who performed most of the testing on housing authorities in this area. Unfortunately, they are out of business. At that time it is likely Bayview was tested at the same time as Pecks. The Authority has the report on Pecks, but reports for Bayview cannot be found. To retest Bayview it will cost several thousands of dollars, which may have to be done. In regards to trying to getting an exemption, this is a technical issue with HUD and goes back to the day the property was placed in service. Technically, when the building was built it would have had to be designated for the elderly or disabled. Ron found the initial annual contribution contract, but it does not state the Authority designated the Bayview Manor building. Therefore, the Authority is most likely going to have to pay to have this building retested for LBP and the issue

is that without this Lead Based Paint testing report the Authority's Capital Fund money will not be available. What is ironic is that every year that there is a REAC inspection the Authority has to show both the LBP documents for both properties. Bayview Manor's documents are missing. Unless the testing is redone, the Authority will not get its Capital Fund money. It has been produced every year and even though it has been produced HUD wants to see it again every single year. A Commissioner asked if a document in this nature may have been submitted to the health department. Mrs. Jones stated that as far as she is aware that is not normally done. Commissioner Barr asked if Bayview Manor exhibits that there is lead based paint in the building. Mrs. Jones stated no and more than likely it does not. One of the reasons the Authority could try to get the exemption is if it could prove the designation and that is not typically a residence for children 6 years or younger. This is a HUD regulation and there is no way around it. The Authority has to have the LBP report or it will not receive its Capital Fund money.

The work order system is not up to date. Currently, the VHA staff is getting the system up to date with working on getting out of date work orders closed. UPCS inspections were completed on all OCHA units. Emergency work order findings were generated from those inspections and have been completed. The staff is focusing on completing unit turners to bring up the occupancy at the properties. Tenant generated work orders will continued to be addressed daily. The long term goal is for the staff to become more efficient during their work day, streamline processes and create a documented paper trail for all work orders allowing for historical data to be retrieved as well as analytical detail to be captured to determine average work and completion data. Mrs. Jones referenced the statistics report indicating there was a 155 work orders generated from the inspections, however those work orders have multiple items on them. This has serious REAC implications. The REAC score in 2015 for physical assessment was 30 out of 40 and it is on a decline. In 2016, it was a 28 out of 40. This means REAC will come back every year until the Authority reaches a 90 or above then they will skip a year and come every 2-3 years. The OCHA is facing another serious inspection from HUD and there is a ton of work to be completed. This will be discussed further next month. It doesn't only need to be done for the inspection. This work should be done all the time and this is what promotes safe and decent housing for the residents. A Commissioner asked for explanation regarding the number of work orders and what constitutes an emergency. Work orders were explained and are classified separately by emergency, routine or inspection generated. Examples of emergency work orders were explained such as missing smoke detectors, inoperable locks etc. Ron explained the OCHA has a multitask work order system, so these work orders that were just generated could have upward of 5-6 tasks on each of them.

Ron reported the senior maintenance staff has been very helpful in providing information regarding the OCHA properties to the VHA. Possession of the master keys have been obtained and identification of those who also may have keys has also been obtained. The maintenance shop and mechanical spaces throughout the property's conditions are less than acceptable. These spaces will be purged of unneeded items and reorganized during the next few months to create an efficient workflow.

The OCHA was utilizing Driscoll Landscaping for landscaping needs. The owner of Driscoll recently informed the OCHA that it would no longer provide landscaping services to the OCHA due to other obligations outside the area. RPM Landscaping Co will be handling the landscaping needs of the Authority at a comparable cost of Driscoll.

The OCHA website has been updated to reflect the change in administration and is currently online. Ron will continue to work with the web administrator to update the site as needed.

OCHA utilizes Convexserv for their information technology (IT) needs. Ron has obtained account information and passwords and has complete access to all accounts. The IT systems are running and secured properly at this time. Ron has met with Vector Security regarding the camera system. The camera system at Pecks Beach has experienced some outages and the issue has been narrowed down to a bad switch or wiring towards the 5th Street side of the property. The phone system has been updated to reflect the administration changes.

Purchasing accounts have been updated with active vendors and the process of changing the contact information has begun. The current systems used for issuing purchase orders (PO's) is inadequate and opened the ability for duplicate PO's to be issued. PHA-WEB is currently being used for PO's while the needs for the Authority computer management system is being decided. Several new vendor accounts have been established. Ron has met with the Ocean City Purchasing Agent, Joe Clark, who has offered assistance. Ron is currently working with the City on changing the trash collection of the OCHA properties. A public bid for trash collection services will be advertised in the near future.

Chairman Barr asked if it was determined how many master keys are actively out there, who possesses them and are they going to be revoked. Chairman Barr feels it is inappropriate for any resident for any reason to possess a master key. Ron indicated persons who have keys have been identified and Mrs. Jones and he are working on obtaining those keys.

A copy of the reports presented by Wendy Hughes, Sandy Velez and Ron Miller will be attached to the minutes.

With no further discussion, motion to accept the Executive Director's Report made by Commissioner Halliday and seconded by Commissioner Speitel. The following vote was taken:

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

New Business

Chairman Barr called for the report from auditors Mike Garcia & Leon Costello of Ford-Scott & Associates LLC. Leon Costello indicated that it is obvious there is a lot that has come out in his report that are pretty glaring. There will be many corrective actions that will need to be put in place.

Chairman Barr explained that Mike Garcia will give the auditor reports and then copies of the audit will be passed to all the Commissioners. The Commissioners will have a month to review the audit and at the July Board Meeting the Board will vote to approve the audit.

Mike Garcia stated the assistance they received from the VHA staff and the Avena firm in being able to get this audit report done and pulled together in a very small window of time could have not been done without the full effort and the assistance that they all provided. The auditor's firm appreciated 100% because there was really no way with the transition of personnel that they could have walked in with the all of the unknowns without the help that they provided.

Mike Garcia indicated the bad news is that there are (15) fifteen audit findings for the period of 10/1/2015 through 9/30/2016. Some of them will be very familiar as what was heard from the VHA's reports. Mr. Garcia reviewed each of the (15) fifteen findings as follows:

1. OCHA Meeting Minutes (*minutes will be recorded & transcribed monthly*)
2. Approved Bill Lists (*bill list provided at this meeting meets the auditors recommendations*)

3. Voucher System for the Payment of Bills
4. Store Credit Card Account (*this is normally reviewed on a sample basis and not every transaction of the authority is reviewed, but due to the knowledge of the admitted fraud and embezzlement of the former Executive Director the auditors expanded its testing and looked at many more transactions than normally would have*). There was a brief discussion regarding closing the account. Mrs. Jones is still awaiting details of the account from Staples and Home Depot is requiring a formal letter to provide the details on the account.
5. Sample of expenditures testing did not contain full documentation of the expense being incurred namely reimbursement of out of pocket medical expenses for retirees did not contain receipts or other back up to support the dollar amount being reimbursed.
6. OCHA incurred back pension costs in the amount of \$78,139.02 due to failure to enroll a former employee in the Public Employees Retirement System (PERS) Pension System.
7. Checks and other documents were signed by office staff for the former Executive Director and the Board Chairman's signature stamp was used without his knowledge or permission. Chairman Barr stated that he was made aware that the Vice Chairperson Jackson's signature was on a nonprofit organization document in which she stated she signed no such document. Vice Chairperson Jackson reviewed document and stated it looks like her handwriting, but she does not recall signing anything other than a signature for the bank. Mr. Gabage briefly discuss the nonprofit organization which the former Executive Director established. Chairman Barr stated that the Board specifically instructed the former Executive Director not to create the nonprofit organization and she went ahead with it anyway.
8. 9/30/2016 Bank reconciliation and General Ledger Cash Account were incorrect.
9. Tenant files selected for testing did not contain all the required HUD forms and documentation.
10. Some of the Tenant Rent Calculations that we sampled for the audit were incorrect or incorrectly documented. It appears from the discussion the auditors had with the office staff many of the flat rate adjustments were made for tenants who were reportedly assisting the Authority in one action or another. Sandy Velez briefly explained flat rents.
11. Four instances in which applicants were placed in housing units before applicants who were ahead of them on the Waiting List.
12. In some cases, the Authority paid time and half overtime rate before 40 hours had been worked. The auditors reported the current method of paying overtime was corrected during the course of the year.
13. Upon resignation, the former Executive Director received payment for two unused personal days that per the Authority Policy Manual were not allowed to be carried over and therefor the payment was not due to her.
14. The Former Executive Director was paid as an employee of the Housing Authority after she resigned and became an employee of the Brick Township Housing Authority.
15. OCHA was not in compliance with Chapter 78 of the Laws of 2011 that requires contributions from employees for their share of Health Benefits Costs.

Mike Garcia reported based on the financial statements, the OCHA as of September 30, 2016 owes the City of Ocean City \$302,290.00 made up of about \$50,000 of pilot fees (payment in lieu of taxes for 2 years) and the balance is Hurricane Sandy expenditures that the City made on behalf of the Authority most of which has been reimbursed by FEMA or other insurance and that money is being held by the Authority, but is due back to the City because the City paid those bills for the Authority already. The Authority obviously has some significant financial strains. Mrs. Jones asked what the available cash was at the end of the fiscal year. Mike Garcia stated it was \$243,000.00.

Chairman Barr asked if there were any other questions or comments for Mike Garcia regarding the audit. Chairman Barr reminded the Board to please review the audit, return with any questions at next month's meeting and approval of audit will be requested at the Board Meeting next month.

Mrs. Jones stated there are copies of the Audit for all the Board Members. She discussed the forensic audit issue. She believes the Board approved and/or authorized a forensic audit last month after the discovery of fraud. Tom Heist, the OCHA Risk Manager, was in touch with the two insurance companies. There was actually some dual coverage. One of the insurance companies (Mrs. Jones believes it was the Joint Insurance Fund – JIF) stated they would cover the loss up to the amount of the plea agreement. The insurance company was to contact Mrs. Jones to move to the next step. To date, Mrs. Jones has not been contacted. Mrs. Jones has contacted Tom Heist who is the advocate for the Authority's insurance issue.

Chairman Barr would like the Board to consider Resolution 2017-39. Chairman Barr explained this resolution is giving himself and the Executive Director Mrs. Jones the ability to send a packet of information to the Prosecutor's office as well as the Federal Prosecutor and HUD regarding recent fraud findings.

Chairman Barr called for a motion for Resolution 2017-39. Motion made by Commissioner Speitel and seconded by Commissioner Halliday. The following vote was taken:

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

Committee Reports – None

Old Business -- None

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

Resolution #2017-28
Resolution to Approve Monthly Expenses

Chairman Barr called for a motion to approve the monthly expenses. A motion was made by Commissioner Speitel; seconded by Commissioner Halliday. Commissioner Speitel questioned payment to Brick Housing Authority. Mrs. Jones explained it was for two days of work and Brick owes the OCHA about \$880. Paying them for these two days of work, they will pay the OCHA and it can be finalized unless the Board does want to pay them. Commissioner Speitel wanted to clarify if the Staples bill is being paid off the credit card debt that the OCHA is unaware of what the purchase was for. Mrs. Jones stated that is correct. The Staple credit card debt balance was accumulated over a period of years as the credit line was increased and what was presented to the Board for payment in the past were odd amounts, which were much lower than the actual balance as a form of payment to Staples. The intent with this check is to pay off the Staples Credit Card account and close it. A new account will be opened with WB Mason for office supplies. Commissioner Speitel questioned the invoice for the asbestos on the roof and asked why this work had to be completed. Ron Miller state the OCHA had an existing contract with LSEA Corporation to investigate for the replacement of the roof. Commissioner Speitel suggested they amend the motion to hold Check # 5216 made payable to the Brick Housing Authority. Mrs. Jones asked if it should be held or voided. The Board agreed to void it. The monthly expenses amended total is \$102,999.25.

Chairman Barr called for a motion to approve the amended monthly expenses. A motion was made by Commissioner Speitel; seconded by Commissioner Halliday. The following vote was taken:

Commissioner Robert Halliday	(Yes)
Commissioner Edmond Speitel	(Yes)
Commissioner Portia Thompson	(Absent)
Commissioner Paula McFarland	(Yes)
Commissioner Patricia Jackson	(Absent – left at 7:18 p.m.)
Chairman Robert Barr	(Yes)

Resolution #2017-29

Appointing Jacqueline S. Jones as the Authority's PHAJIF Fund commissioner

A motion was made by Commissioner Speitel; seconded by Commissioner Halliday. The following vote was taken:

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

Resolution #2017-30

Authorizing Contracts with Approved National Contract Vendors

A motion was made by Commissioner Speitel; seconded by Commissioner Halliday. The following vote was taken:

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

Resolution #2017-31

Authorizing Contracts with Approved State Contract Vendors

A motion was made by Commissioner Halliday; seconded by Commissioner Speitel. The following vote was taken:

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

Resolution #2017-32
Resolution of Compliance (Board of Commissioners/Executive Director)

A motion was made by Commissioner Speitel; seconded by Commissioner Halliday. Mrs. Jones stated this resolution is required to be done every year and right now the Authority is in compliance although Commissioner McFarland is new. She has not completed her courses, but she is still within the timeframe to complete the required courses. Mrs. Jones will contact her to arrange for the required remaining courses. The following vote was taken:

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

Resolution #2017-33
Approval of Voucher Certification Policy

A motion was made by Commissioner Speitel; seconded by Commissioner Halliday. Mrs. Jones explained every voucher/check that is written for the Authority according to the NJ statute requires every vendor to sign off on a certification for every check written to them. The VHA's experience with its auditor in Vineland is that if this resolution is passed stating any payment under \$5,000 does not require a signature with the exception of a reimbursement to employee, commissioner for travel expenses and in this case reimbursement to an ex-employee, retiree, for health benefits. This satisfies the OCHA's auditors. The following vote was taken:

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

Resolution #2017-34
Awarding Elevator Maintenance Services Contract

A motion was made by Commissioner Speitel; seconded by Commissioner Halliday. Ron Miller stated it is roughly a \$3,500 contract annually with ThyssenKrupp and believes it is prudent to award the contract. The following vote was taken:

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

Resolution #2017-35
Authorizing Emergency Contract for Roof Repairs at Bay View Manor

A motion was made by Commissioner Halliday; seconded by Commissioner Speitel. The following vote was taken:

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

Resolution #2017-36
Adopting Flat Rents

A motion was made by Commissioner Speitel; seconded by Commissioner McFarland. As Sandy Velez mentioned in her report and Mike Garcia mentioned in the audit report, flat rents at the OCHA have not been established. This resolution establishes flat rents based on a publication from the federal government. The numbers are based on the fair market rent. The following vote was taken:

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

Resolution #2017-37
Approving Current Utility Allowance Schedule

A motion was made by Commissioner Halliday; seconded by Commissioner McFarland. Mrs. Jones reported the last updated utility allowance schedule found was from 2014 and that was not implemented properly. Mrs. Jones recommends the updated utility allowance schedule for Pecks Beach Family and Pecks Beach Seniors and for the record Bayview Manor is not wired for individual metering. The following vote was taken:

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

Chairman Barr stated at next month's Board Meeting he will be bringing forward a resolution to authorize a shared services agreement with the Vineland Housing Authority (VHA) for the period of one year. In light of what has been discovered in the last month, it is proven in his opinion to allow the VHA to develop a plan for the OCHA on a month to month contract. He believes it is the best thing to do in his opinion and in speaking with the Vice Chair Jackson as well she agrees. Commissioner Speitel made a motion because of the demonstrated professionalism and dedication of the past 30 days, he believes the OCHA enter into a contract with the VHA tonight for a shared services agreement and believes it should run until September 30, 2018; seconded by Halliday. The following vote was taken:

Commissioner Robert Halliday	(Yes)
Commissioner Edmond Speitel	(Yes)
Commissioner Portia Thompson	(Absent)
Commissioner Paula McFarland	(No)
Commissioner Patricia Jackson	(Absent)
Chairman Robert Barr	(Yes)

Discussion was had regarding the development corporation that was formed. Mr. Gabage stated the development corporation situation will dissolve itself because the Authority will ignore the required fees. Mrs. Jones stated, maybe unbeknownst to the Board, the affiliate (the development corporation) was listed on the OCHA's website as an active corporation. Meaning it was active affiliate associated with the Housing Authority for whatever purposes. This has since been disabled. Mrs. Jones only concern about active corporations is receiving solicitations for credit cards and other types of financial inquiries.

In regards to the Chapter 78 issues with the employee deductions, currently one employee is not paying enough according to the statute. This will be corrected immediately.

Commissioner emails have been established. This month Mrs. Jones did not email everyone with those Ocean City email addresses, but she will next month. There will be a test to make sure everyone can get into it and make sure email is not going into spam. These emails are due to the recommendation of Solicitor Gabage based on OPRA requests.

Mrs. Jones thanked the Board for their vote of confidence. Chairman Barr wanted to thank the VHA Staff for all that has been done and it is very much appreciated. Mrs. Jones stated the VHA appreciates the challenge.

Chairman Barr asked for any other comments from the Commissioners at this time. Seeing none, the meeting will go out to public comment.

Jody Davis – Bayview Manor; Apt. 207. Ms. Davis asked where the security deposits being held and the security of the deposits. Wendy Hughes stated the deposits are being held at PNC. The Authority is in the process of verifying all security deposits. Ms. Davis asked if the Authority will be getting more maintenance staff due to the amount of work that needs to be completed and in regards to keys to the properties what will the procedure going forward be. Ms. Davis stated that she is aware some of the tenants have a key to the security closets on each floor. The maintenance staff maintains their keys when they are not working because they are on-call and may or may not be required to respond after hours. In light of obvious funding issues, the staff is still be evaluated and Ron cannot comment on staffing issues. Ron Miller agreed there is a lot of work and the work will be prioritized. Ms. Davis is aware of the inspections of the all the units. It was discussed in the meeting today regarding housekeeping inspections to alleviate rodents, bed bugs, etc. and asked how often these inspections will be performed. Sandy Velez stated the Authority is required to perform annual inspection and if necessary additional inspections can be performed. Mrs. Jones added that with unit inspections and the roach issue there was a direct correlation with housekeeping issues. Once those units are identified in particular a plan will be developed. Brief discussion on how Western Termination services the OCHA.

Donald Chattin – Bayview Manor; Apt. 209. Mr. Chattin stated the brick on the outside of Bayview Manor has not been coated in 13-14 years. Mr. Chattin spoke to the former Executive Director about this issue. He also stated the air handler was not working for years. Mr. Chattin stated he has had an issue with his bathroom switch. Ron Miller will look into his bathroom switch issue on Thursday.

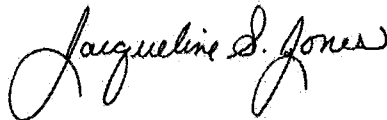
Ms. Davis stated her refrigerator does not close and issues with the carpet strip. Ron Miller stated he will look into Ms. Davis's apartment issues on Thursday as well.

Florence Driscoll – Bayview Manor; Apt. 407. Questioned the source of the Fair Market Flat Rent. Mrs. Jones explained they are from the federal government, but derived by county. Questioned the utility allowance and individual meters. It was clarified that if a resident has a separate meter they receive a credit for electricity from their rent. Ms. Driscoll stated that Vera Garrish of Bayview Manor Apartment 306 has a key to the storage room as well as resident services. When Ms. Garrish is not available on a weekend, resident services is called and Mrs. Driscoll will go down to resident services office and get the key to the storage room.

Ms. Davis, Bayview Manor; Apt. 209 asked if the meeting minutes will become available to the residents. They will be posted on the OCHA website or she may request a copy at the office once they have been approved by the Board.

With no further business to discuss, Chairman Barr entertained a motion for adjournment of the Regular Meeting. A motion was made by Commissioner Halliday; seconded by Commissioner McFarland. The vote was carried unanimously by the Board Members present. The Regular Meeting of the Board of Commissioners was adjourned at 7:49 p.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Jacqueline S. Jones".

Jacqueline S. Jones
Secretary/Treasurer