

HOUSING AUTHORITY OF BERGEN COUNTY  
One Bergen County Plaza, FL 2  
Hackensack, NJ 07601

MINUTES OF THE MEETING OF FEBRUARY 27, 2014

THESE MINUTES ARE NOT VERBATIM BUT ARE INSTEAD A SYNOPSIS OF WHAT TRANSPIRED AT THE REGULAR MEETING OF FEBRUARY 27, 2014.

PRESENT:

Chairman Bruce Walenczyk  
Commissioner Kay Nest  
Commissioner Steven Kopf  
Commissioner Mark DiPisa  
Commissioner Joanne English Rollieson (left at 6:51 p.m.)  
Domingo Senande, Executive Director  
Lynn Bartlett, Deputy Director  
Charlotte Vandervalk, Director of Development  
Julia Orlando, Director, BC Housing, Health & Human Services Center  
Terrence Corriston, Esq., Counsel  
Esther Gatria, Human Resources Manager  
Heather Wei, Executive Assistant

ABSENT:

Commissioner Andrew Rudman

NOTICE OF MEETING

Mr. Domingo Senande read the following statement:

Consistent with the Byron M. Baer Open Public Meetings Act: P.L.1975c231, all meetings of public bodies shall be open to the public at all times. Notice of the regular meeting was provided to The Record and the Jersey Journal on February 20, 2014, and was provided to the County Clerk for posting at the County Administration Building, at which time the date, time and place were set forth. The minutes of the regular meeting will be available following the next regularly scheduled meeting.

The meeting was called to order at 5:06 p.m.

PLEDGE OF ALLEGIANCE

Chairman Walenczyk led the Board in the Pledge of Allegiance.

APPROVAL OF MINUTES

A motion was made by Commissioner Nest to approve the minutes of the meeting of January 30, 2014. Motion was seconded by Commissioner English Rollieson.



of 16 hours of comp time and that it was to be used 30 days from the time it was accrued. However, due to the excessive snow fall this winter, essential field staff have accumulated much more than 16 hours and cannot spend down their comp time within 30 days. Ms. Gatria asked the Board to approve an addendum to the Personnel Manual allowing for an unlimited amount of weather related comp time, which must be taken one year from the date it was accrued.

Commissioner Kopf made a motion to approve the addendum and Commissioner DiPisa seconded it.

Ms. Gatria reported that she was working with William Katchen and Polcari & Co. on preparing an analysis for lifetime benefits. She will report back at the next regular Board meeting.

Ms. Gatria further reported that she had received over 600 applications for the Receptionist position and would be reviewing them to find 10 eligible candidates to consider.

#### **Financials:**

Kevin McCann reported on the HABC financials.

Operating cash accounts decreased by \$364,000. Major changes occurred mainly due to:

- 1<sup>st</sup> installment on annual JIF policy - \$221,000
- An additional \$150,000 because of 3 payrolls in January

HDC operating cash accounts decreased in total by \$79,000 mainly due to:

- Brookside Gardens - \$26,000 in utility charges; and
- Insurance payments

HDC Corporate decreased \$19,000 mainly due to:

- \$16,000 - normal operating expenses; and
- \$3,500 for development costs - \$2,578 in development costs for Saddle Brook and \$913 for St. Anthony's Northvale

Other operating properties increased by \$22,000 which are normal operational swings.

#### **HDC and CHRB Draft Budget:**

Mr. McCann reported on several format changes to the budget:

- A 2% vacancy loss will be added as a line item
- Non operating cash expenditures will be included; and
- Balances of operating cash as of the start of the year will be shown.

Mr. McCann reported the following budget assumptions:

- 2% increase in salaries as allocated and approved by the HABC personnel committee.
- A new contracted tenant service coordinator - \$62,000 allocated across most properties.
- Utilities based on current annualized amounts.
- Maintenance Materials based on first 9 months annualized.
- Insurance costs based on actual policy renewals.
- Employee benefits based on actual renewal costs for the first nine (9) months plus an 8% increase for the final three (3) months given that is the average increase over the last couple of years.
- Mortgage interest expense is based on the actual interest rates.
- Management fees are based on 6% of rental income with the exception of Brookside Gardens and Lehmann Gardens which are at 5%.
- Bookkeeping fees are based on \$7.50 per unit per month.

Northvale – Although there seems to be a significant year over year variance, it is because The Manor was just completed and last year's budget did not assume full occupancy of the new building.

Lehmann Gardens – The mortgage payments have decreased significantly, as per HUD and the new approved amortization schedule. As a result, additional cash flow has been allocated for needed capital and maintenance projects.

HDC – The bottom line seems to show a significant loss. The reason for this is due to the allocation of 40% of the Executive Director's salary for development projects and 100% of the Director of Development's salary to HDC without sufficient offsetting revenue. However, in reality, the loss is really a timing issue given that significant developer's fees will be earned right after the close of the budget year.

Some additional comments regarding the proposed HDC budget:

Saddle River - total profit decreased by \$2,500 due mainly to:

- The allocation of the contracted tenant service coordinator.

Hasbrouck Heights – total profit decreased by almost \$6,000 due mainly to:

- \$5,000 budgeted for the tenant service coordinator.

Old Tappan – profit increase of \$15,366 primarily due to:

- Revenue increases due to lower vacancy losses.

Northvale – profit increase of \$12,000 mainly due to:

- The efficiency of managing both buildings (Franklin Heights and the new Manor) together.

Montvale – Minor decrease of \$348 due to:

- Cost of living decreases.

Fairview Gardens – decrease of \$4,600 mainly due to:

- Utility fees increasing; and
- Vacancy budget of \$2,500.

Silver Maples Gardens – decrease of \$10,000 mainly due to:

- Reallocation of salaries to reflect actual staff time;
- \$3,400 in increased utilities; and
- \$2,600 for the tenant service coordinator.

Edgewater – decrease of \$4,000 mainly due to:

- \$1,500 in increase utilities;
- \$2,000 in additional administrative costs.

Brookside Gardens – increase of \$6,800 mainly due to

- Utility costs being down.

Grove Gardens -- Mr. McCann reported that Grove Gardens in South Hackensack has its own budget because it is required by NJHMFA. He explained that revenue has gone up about \$8,000 due to allowable rent increases over the past year.

He further explained that expenses went up about \$24,000 mainly due to administrative changes; items that were not previously budgeted such as stationery, office supplies; and other expenses are now required to be budgeted as per NJHMFA. Mr. McCann further reported that another minor increase was the year's auditing fee which increased by \$1,100 over last year. Also, the bookkeeping and accounting fee increase by about \$600.

Mr. McCann also reported that the professional fees budgeted include the tenant service coordinator in the building. He explained that part of the grant to fund Grove Gardens required a guarantee to provide certain levels of support to its tenants. Lastly, he explained that PNC Bank received a fee as well. PNC has final approvals with regards to this projects because it all ties in with the tax credits.

Park Ridge (owned by Community Housing Resource Board of Southern Bergen County, i.e. CHRFB) – decrease of \$22,798 mainly due to:

- \$12,000 in labor and materials;
- \$5,600 for the tenant service coordinator; and
- An increase of \$3,000 for the PILOT.

Mr. McCann then explained that there were write offs on for resolution at tonight's meeting. He stated that for HABC there was about \$5,000 in write offs and \$720 for HDC.

He explained that these write offs were a result of the following:

- Tenants whom have been evicted for non-payment of rent;
- Damages and costs incurred once someone has passed away or moved out.
- When a participant moves out and does not provide the required 30 days notice, they are charged an additional month at market rate.

In most of these cases, HABC will not see the money. There is a lengthy process before items are placed on resolution for write-off. Correspondence must be sent notifying the participant or the participant's estate that money is owed. Thirty (30) days are given before another correspondence is sent. If still no response, the debt then gets sent to a collection agency. If the collection agency is unsuccessful, it then gets brought before the Board for write off approval. The process can take between 4-5 months.

Finally, Mr. McCann reported that he was working on a return-on-investment analysis for the Board so that it may consider purchasing a 5th plow pickup truck since the thought is to plow even more of our properties in-house. Property Manager Richard Goddin, Jr. explained that the present trucks were bought specifically for the properties they would be used at, as would the new truck. Mr. Goddin explained that the plan was to review the property(ies) that the truck would be used at and make a sound decision that way.

Domingo Senande reported that HABC had to eliminate one of the contracted snow plowing vendors this season since they were not doing their job correctly and that HABC staff had to step in to get the properties cleared.

Mr. Senande also reported that a physical needs assessment of all the major buildings, which includes approximately 800 of the 1,000 units in our portfolio, would be completed shortly. He explained an outside engineering company would be providing a 20 year analysis of the buildings which would be utilized to create a capital budget.

Mr. Senande also reported that JIF completed the reappraisals of all the buildings. He stated that he did not agree with some of the figures and would be speaking with them and HABC's risk manager regarding the methodology and implications.

### **Development:**

#### Emerson

Ms. Vandervalk reported that the American Legion was anxious to sign the lease and move forward with the project.

She further reported that HABC/HDC is sensitive to the surrounding neighbors, so the thought is to make the new construction only a single story with possibly 14 units for veterans. The neighbors would be hard pressed to see the structures during the summer given the vegetation along the perimeter.

Ms. Vandervalk explained that we are treating this project as if it was two separate projects. The housing for the veterans would be separate from the rehab of the historic house on the lot. She believes that there are grants available to rehab the house which will house the community room for the site along with being the meeting space for the American Legion.

Ms. Vandervalk reported that funding would be through the NJHMFA with a zero interest loan. A portion of the loan would be repaid over a 30 year period based on available

cash flow. 25% of free cash flow goes towards repaying the HMFA loan. The remainder of the loan is forgiven after 30 years. She did however explain that we risk predevelopment dollars if the project is not ultimately funded. She further explained that 14 vouchers would be needed otherwise there was little chance the project would be funded.

Ms. Vandervalk reported that while she was in Trenton at NJHMFA, they strongly suggested that HABC/HDC make a capital contribution to the project. Before the Board tonight is a resolution requesting a \$300,000 capital investment from HDC to the project. The return on investment is significant: 14 debt free units would be created and free cash flow of \$28,000 annually. In addition, HDC would earn a significant developer's fee if the project is funded.

Mr. Senande explained that as part of the project, the HABC would be applying to HUD for VASH vouchers for veterans.

Ms. Vandervalk further reported that the project's financial consultant would be paid from the developer's fee. We anticipate the financial consultant's total fee to be approximately \$55,000.

Chairman Walenczyk asked for further clarification on whether HDC would be required to spend the \$300,000 plus the projected \$156,000 of pre-development costs. Mr. Senande explained that the predevelopment fees are all part of the \$300,000 figure. HDC is at risk of losing the predevelopment costs should the project not be funded.

Ms. Vandervalk further outlined the process regarding developing the historic preservation plan for the existing structure. It is a complicated process that starts with hiring a State-approved historical architect who applies for the certificate of eligibility that qualifies the site as historic.

Once the certificate of eligibility is granted by the State, we can apply for grants. The grants will likely reimburse our preservation plan expenses and will provide money for the actual rehabilitation. We have already applied for a CDBG award to rehabilitate the existing structure. The rehabilitation will be done in stages as money becomes available.

Commissioner Kopf asked about the cost to rehabilitate the existing historic structure. Ms. Vandervalk stated that it would be approximately \$300,000 to 400,000.

### **ATTORNEY'S REPORT**

Terrence Corriston, Esq. reported that a pretrial conference was scheduled for next month on a termination of a Section 8 participant.

Mr. Corriston also reported on the many COAH units around Bergen County that the HABC and HDC helped develop, one of them being Clinton Terrace, which has been brought up before. He explained that he is being made aware that some of the units may not have been sold in accordance with the requirements of the master deed. Mr.

Corrison explained that for most of these units, HABC/HDC has the right of first refusal to purchase before they can be sold at market rate. He explained the reason he brought it up is because the Board should think about whether they want to acquire the units to keep them affordable.

## CONSENT AGENDA

A motion to approve the consent agenda was made by Commissioner DiPisa and seconded by Commissioner Nest.

VOTE:           AYES:           All Present Commissioners (4)  
                  ABSENT:       Commissioners English Rollieson and Rudman (2)

- A. Resolution 2014-16  
Resolution approving the routine expenditures for the HABC for the period of 01/17/14 – 02/18/14.
- B. Resolution 2014-17  
Resolution approving the routine expenditures for the HDC for the period of 01/17/14 – 02/18/14.
- C. Resolution 2014-18  
Resolution approving an agreement for legal services with Breslin & Breslin, P.A., for the period beginning April 1, 2014 and ending on March 31, 2015.
- D. Resolution 2014-19  
Resolution approving a contract with William Katchen, CPA LLC, for the accounting and financial advisory services for the period of one year.
- E. Resolution 2014-20  
Resolution approving a contract with Polcari & Co., CPA, for the annual audit services for YE 2014.
- F. Resolution 2014-21  
Resolution authorizing the Chairman/Executive Director to execute a contract with Christi Cleaning Services Corp. for window washing services at various locations.
- G. Resolution 2014-22  
Resolution authorizing Change Order #4 with H2M Architects for A/E Professional Services for site remediation at David F. Roche Apartments, Dumont, NJ.
- H. Resolution 2014-23  
Resolution authorizing Change Order #6 with Montana Construction Inc. for site remediation at David F. Roche Apartments, Dumont, NJ.
- I. Resolution 2014-24  
Resolution authorizing Change Order #1 with LAN Associates for additional A/E Professional Services for the replacement of emergency generator at Boiling Springs Gardens and repairs of emergency generator at Carucci Apartments.



J. Resolution 2014-25  
Resolution authorizing the write-off of uncollected rents.

K. Resolution 2014-26  
Resolution approving the budget for the Housing Development of Corporation  
of Bergen County.

Commissioner DiPisa moved that the meeting be adjourned. Commissioner Kopf seconded the motion.

VOTE:           AYES:           All Present Commissioners (4)  
                  ABSENT:        Commissioner Rudman (2)

Meeting adjourned at 7:09 p.m.  
Minutes prepared by: Heather Wei