

STATE OF NEW JERSEY
SECAUCUS HOUSING AUTHORITY
700 COUNTY ROAD
SECAUCUS, NEW JERSEY

July 28, 2016

This is a condensed transcription of the taped minutes as taken on Thursday, July 28, 2016 at Kroll Heights, 700 County Road, Secaucus, New Jersey.

Chairman Michael Harper welcomed everyone and called the meeting to order.

ROLL CALL

Present: Chairman Michael Harper
Commissioner Richard Fairman
Commissioner Patricia Mondadori
Commissioner Carmen Rivera
Executive Director Christopher Marra (**via telephone**)

Also Present: Deputy Executive Director Jake Naszimento
James Burke, Esq., Counsel to the Authority
Lisa Petrosky, NW Financial RAD Financial Consultant
William Ketchan, CPA to the Authority

Absent: Commissioner Michael Grecco
Commissioner Michael Schlemm

Chairman Harper read the Open Public Meetings Act.

OPEN PUBLIC MEETINGS ACT

“Adequate notice of this meeting, as required by the Open Public Meetings Act, has been provided by the filing of a Regular Meeting Notice with the Municipal Clerk, the posting of said notice on the official bulletin board in the Municipal Government Center, and delivery of same to the Jersey Journal and Secaucus Homes News on December 26, 2015. This body wishes to advise you that, in accordance with N.J.S.A. 26:3D(1), et seq. (Smoking in Public Buildings), smoking is prohibited while this body is in open or closed session.”

FLAG SALUTE

(At this point in the proceeding, the Pledge of Allegiance was recited by all present.)

APPROVAL OF PREVIOUS MEETING MINUTES

Motion to accept minutes made by Commissioner Fairman; seconded by Commissioner Mondadori.

VOTE: AYES/All Present Commissioners (4) Absent: Grecco/Schlemm

PAYMENT OF CLAIMS – JULY 2016

Motion to approve payment of claims made by Chairman Harper; seconded by Commissioner Fairman.

VOTE: AYES/All Present Commissioners (4) Absent: Grecco/Schlemm

COMMITTEE REPORTS

Rental Assistance Demonstration – (RAD Program)

Lisa Petrosky said everyone received memo from ED Marra regarding discussions with HUD. The response was received from HUD regarding financing plan. HUD said that they want to see additional items in SHA's 20-year need schedule, originally wanting over \$5 million of 20-year needs, which wasn't financially feasible for this property. After several more discussions with HUD, an agreement was reached whereby the Authority would borrow \$500,000 additionally to be put in their Initial Deposit for Replacement Reserve (IDRR) account. This deposit is an upfront funding of a Replacement Reserve Account. (Lisa passed out 20-year schedules, outlining what was previously in reports and what has been added to the reports.) The IDRR and the Annual Deposit Replacement Reserve (ADRR) assure that the items estimated can be completed for capital improvements throughout the 20-years of the property.

The 20-year schedule handed out is just estimates based on an engineer's report and based on a useful life table, i.e. refrigerator is to last 15 years – it may last 2 or 20. What HUD likes to see via this program is that you are being a prudent homeowner, money put away for a rainy day so that between the IDRR and annual deposits of \$55,000/year, funds will be put away for capital improvements. Although it says you will spend \$10,000 in year 15, you don't have to purchase \$10,000 worth of refrigerators in year 15; these are just estimates. You will buy whatever needs to be done or whatever repair needs to be done; you show the receipt that it was a capital improvement item and money gets transferred out of there back into Operating Account. It is HUD's

way of forcing you to be a prudent homeowner, because in their Section 8 Projects, many homeowners aren't prudent. This forces housing authorities to make improvements over the 20 years. Discussions went back and forth and an agreement was reached with HUD. At this point instead of the mortgage being just a bit over \$2 million, it's \$2.5 million. Lisa said the money will sit in the bank and be used for improvements at the property. It has to be used only for capital improvements over the 20 years.

Chairman Harper asked Treasurer Fairman, in looking back since the beginning, this was not totally unforeseen. SHA always knew that number was built into SHA's conservative numbers. Lisa said SHA was trying to borrow as little as possible, \$2 million, and work in SHA's operating account as opposed to putting all the money into the capital reserve account because as Mr. Ketchan will say, you're borrowing money to put it away, and not really getting interest on one side, and paying interest on the other. However, it is HUD's way of making you be a responsible homeowner. Lisa did say early on that SHA might have to borrow more money. Treasurer Fairman said at the committee meetings, several mentioned that this was a possibility. He asked Lisa how that additional money impacts SHA's debt service ratio and risk of default under that ratio, as he's assuming that's the ratio that the lender is going to want SHA to commit under. Lisa answered HUD looks at it also and has recommendations where they want things, on the good side, rents went up – income went up 1.9%; a rent adjustment since this began. HUD is still requiring SHA to meet those marks for debt service coverage; SHA exceeds what they recommend. The bank is reviewing it again, but should have no problem with the bump up.

Lisa stated initially it was thought the loan could be paid off in 10-11 years, but now might be an extra 2-4 years. Treasurer Fairman asked if there was anything that SHA can look at that says here's the ratio and here's the math to the ratio and here's your margin above the ratio. Lisa answered she did not put in the margin above the ratio to cash flow that was provided, but will do it and send it to SHA if Mr. Fairman would like that extra information. Commissioner Fairman explained he just wants to see what that comfort level is, that SHA has flexibility over and above the requirement. Lisa said in the first year you're required to have 1.1, and SHA is at 1.3. For the first 10 years, SHA's lowest debt service coverage is 1.35, which takes into account a 5% vacancy bad debt and in year 5 that's \$120,000. Realistically, it's for 5-\$6,000, so there is a large cushion, plus cash flow at the end. Commissioner Fairman wants to know what ratio the bank will underwrite – to the 120 or an 85% of what SHA forecasts. Are they going to have a different ratio for default. Lisa answered they're usually looking at 115, maybe 120, and if it's at 120, she will look at the proposal the bank gave SHA. Maybe it is 120 in their proposal, but it's based on actual vacancy bad debt. The banker confirmed that it's on actual vacancy bad debt. Lisa has built in 100,000 and realistically, if it's 20, SHA is very conservative, even though SHA is borrowing \$500,000 more, it's conservatively done.

Commissioner Fairman asked if everything is in proper order and will SHA get a new letter and a final commitment. Lisa spoke with banker and she's getting the new commitment. Lisa sent her over new numbers. Friday HUD contacted Lisa and ED Marra and said the plan has been approved; now just waiting for restructuring commitment. HUD is allowing SHA to go forward, if SHA chooses to go forward and HUD is sending a commitment to go to the next step, which is dealing with and securing the lender.

(At this point in the proceeding, Lisa Petrosky left the meeting.)

Chairman Harper noted everyone had the list of Expenses to date for Professional Services for RAD Conversion, and would be discussed at September meeting.

FINANCE COMMITTEE

Mr. Ketchan discussed SHA fought hard not to increase the contribution to reserve for repair/replacement, an increase of \$38,000, of what was on the last pro forma, but it was a pie in the sky because SHA considered tax credits. That was brought down to a more realistic PCA and HUD, when they brought in their Finance Manager, their Transaction Manager, did an about face and said this is what we want to see. After the dust clears, ED Marra and Mr. Ketchan have to sit down and look at the refrigerators, ranges, etc. and say SHA doesn't want to change their policy; you don't need to purchase bulk ranges and refrigerators if you don't need them, replace over time, as SHA has. Mr. Ketchan added: keep in mind in your Operating Pro Forma in the Maintenance Contract area, Materials, SHA has ranges and refrigerators in there that have been purchased on an as-needed basis. They now will be extracted from that line item and paid for out of the Reserve Replacement. They should come from that account, as SHA is borrowing money to fund that, which allow other funds to be available from Operations for either (1) accelerate the debt service payoff; (2) build-up that separate operating reserve or (3) to meet other expenditures.

Mr. Ketchan is excited about the conversion of The Elms from electric to gas, which HUD wanted SHA to drop. In looking at prices of oil and gas and the estimate of 75-\$80,000 annually, which might have increased now; secondly, that was the one project that SHA is comfortable with the cost estimate as being on based upon (inaudible) analysis. SHA will see an immediate savings, which could be higher than what the project shows. Mr. Ketchan wasn't in favor of the 2-1/2 or 38 to 60 to 55, but SHA can afford the 50, the 2-1/2 debt service and SHA can afford to accelerate to the 55, keeping in mind SHA is not paying anybody, that that is SHA's money, going into SHA's restricted reserve.

Commissioner Mondadori asked if the greenhouse could come out of this. Chairman Harper said yes, and it would be gas heated. Commissioner Fairman added that the memo ED Marra put out with Mr. Ketchan dated July 22, he

thought it walked the Commissioners through a lot of complex items, and made it simple to understand.

Chairman Harper noted August 8-9, the annual audit with Polcari will be conducted.

BUILDINGS & GROUNDS

1. RESOLUTION 2016-23 – AWARD ELEVATOR MAINTENANCE CONTRACT

RESOLUTION 2016-23

Award of Two Year Elevator Maintenance Contract

WHEREAS, the Housing Authority of the Town of Secaucus has need of an elevator maintenance company in order to maintain its equipment; and

WHEREAS, the Housing Authority publicly bid the elevator maintenance contract in accordance with the requirement of the New Jersey local Public Contract Law and the Authority’s procurement policy; and

WHEREAS, bids were received on June 29 and three (3) bids were received in response to its duly published Request for Bids that were reviewed by the Executive Director; and

WHEREAS, it has been determined that the bid submitted by ThyssenKrupp Elevator of Cranford, NJ is the lowest responsible bidder and should be awarded the contract;

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the Town of Secaucus that a contract for elevator maintenance be hereby awarded to the lowest responsible bidder:

ThyssenKrupp Elevator:
Year 1: \$15,060
Year 2: \$15,060

BE IT FURTHER RESOLVED that funds for this contract have been made available through the Housing Authority’ operating fund.

Commissioners	Ayes	Nays	Absent
Chairman Harper			
Vice Chairman Schlemm			
Commissioner Fairman			
Commissioner Grecco			
Commissioner Mondadori			
Commissioner Rivera			

Chairman noted the cost would be \$15,060 the first year; \$15,060 the second year, which is close to what has been paid recently. Maintenance for this is

expensive, but ThyssenKrupp Elevator is good at what they do. ED Marra added the other two bids were attached to the resolution. Commissioner Fairman inquired about the other two: Slade and Bristol in Mountainside. SHA went with the lowest bid.

Motion to approve made by Commissioner Mondadori; seconded by Commissioner Rivera.

VOTE: AYES/All Present Commissioners (4) Absent: Grecco/Schlemm

2. RESOLUTION #2016-24 – AWARD OF CONTRACT FOR ELECTRICIAN

Resolution 2016-24

(Approval of Contract for Electrician Services)

WHEREAS, the Housing Authority of the Town of Secaucus has need for the services of an electrician in order to adequately manage its housing stock at an acceptable standard; and

WHEREAS, the Housing Authority’s Procurement Policy requires that the Housing Authority solicit proposals in order to obtain a high level of services at the best possible and reasonable price; and

WHEREAS, the Housing Authority publicly advertised for electrician services in order to request written proposals for these services; and

WHEREAS, three (3) vendors provided quotations for their services which were reviewed by the Executive Director; NOW THEREFORE

BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of the Town of Secaucus that a contract for electrician services be hereby awarded to:

William Lillis Electrical Contractors
16 Village Place
Secaucus, NJ 07094

In the amount of \$65.00 per hour for an electrician and \$35.00 per hour for a helper with a Material Markup of 10% profit and 10% overhead.

BE IT FURTHER RESOLVED that this contract shall be for a period of 24 months and funds have been made available for these services through the operating budget.

Commissioners	Ayes	Nays	Absent
Chairman Harper			
Vice Chairman Schlemm			
Commissioner Fairman			
Commissioner Grecco			
Commissioner Mondadori			
Commissioner Rivera			

Chairman Harper noted the winning bidder was a local man from Secaucus, William Lillis. Commissioner Fairman asked if there were any disclosures or conflicts of interest with Mr. Lillis being from Secaucus. Chairman Harper said no, and thought he also did township work, emergency electrician. Commissioner asked who the electrician is now. ED Marra said he's been the electrician for the last eight years.

Motion to approve made by Commissioner Fairman; seconded by Commissioner Rivera.

VOTE: AYES/All Present Commissioners (4) Absent: Grecco/Schlemm

Update on Boiler Control System @ Kroll Heights

Update on new Condenser and Air Handler @ The Elms

ED Marra (via telephone) said if the Commissioners read through the memo and look at the timeline of each, there is a good possibility a minor **special** meeting will be held to award contracts for these at the end of August, as it cannot wait until the 4th Thursday in September, especially to award boiler heating contract for Kroll Heights. ED Marra noted in the memo when the bids would be opened – August 10th and August 17th. It would be one quick meeting for these two items.

HOUSING CHOICE VOUCHER (HCV) PROGRAM – Deputy ED Naszimento

Deputy ED Naszimento was pleased to announce SHA received a score of 100 for SEMAP this year – 4 out of 5 years. He has met with Mr. Ketchan recently and 8 additional vouchers should be added ASAP to the program. The letters will go out to families very soon.

CORRESPONDENCE & EXECUTIVE DIRECTOR'S REPORT

ED Marra said he's on vacation down the shore. Chairman Harper reported ED Marra, Deputy ED Naszimento and Joe Junewicz went to a Supervisory Management Training by the JIF. ED Marra said he met with the residents in each of the buildings for a one hour chat to hear what some of their issues are, most of which didn't have to do with Housing Authority policy, just some minor things they wanted in each building and he's trying to work toward; complaints about other residents, which he's trying to work on. Commissioner Rivera was at the meeting at Kroll Heights. In general, ED Marra thought they were good so tenants could air out their grievances that they had. ED Marra also gave them good information about what was occurring at SHA.

Mr. Marra thanked Mr. Ketchan and Lisa for all their help by way of phone calls in dealing with HUD over the four-week period. As Mr. Ketchan indicated, it wasn't exactly the result SHA hoped for, but it was the best result SHA could get. After next week, there will be 90 days in which to close; the clock is ticking.

INFORMATIONAL

Chairman Harper reported there has been a telephone issue this week. They are working with Verizon in dealing with it. Usually, everyone contacts the Mayor, but not this time. He also informed the Commissioners he's seen Mayor Gonnelli, who looks excellent and is driving again. The Mayor is slowly increasing his schedule and sneaks into Town Hall, when possible. Commissioner Fairman reported he just attended NAHRO's Summer National Conference. One take-away he got from attending breakout sessions was that most of the housing authorities across the country that spoke, as well as from the audience, are happy with their decision to move to RAD and are happier with their experience compared to the ones that were at the front of the line. It sounds similar to where SHA is now; some said policies have been changed, amended, revised, etc. through the progression of applications.

REMARKS OF CITIZENS

Carol said to tell ED Marra everyone is waiting for him to return to the office.

ADJOURNMENT

Motion to adjourn made by Commissioner Rivera; seconded by Commissioner Mondadori.

VOTE: AYES/All Present Commissioners (4)

Absent: Grecco/Schlemm

Respectfully submitted,

Deborah L. Alvarez
Secretary/Transcriber