

# CORPORATE MINUTES - BOARD OF COMMISSIONERS HOUSING AUTHORITY OF THE TOWN OF MANCHESTER

2015

September 9, 2015

Mayfair Gardens Community Room

Attending: Chairman Josh Howroyd  
Robert Shanbaum -Vice Chairman  
Joseph D'Ascoli, Executive Director  
Judy Taylor – Tenant Commissioner  
Absent: Paul Rubin  
Susan Holmes

## I. Meeting Called to Order

Chairman Howroyd called the meeting to order at 6:57 pm. Chairman Howroyd asked to suspend the rules and take agenda item 5C1 – Jonathan Rose Companies Update for Squire Village. Mr. Shanbaum moved to suspend the rules and take agenda item 5C1. Ms. Taylor seconded and motion passed 3-0.

Mr. David McCarthy from Jonathan Rose Companies addressed the Board. Mr. McCarthy reported that Squire Village is now under contract for purchase. He outlined the plan and on shared they plan to close the sale on February 28. There is a 30 day due diligence period after which the contract will become fixed and we are now working on flushing out all of the issues that may affect the close. We met with the Town Zoning staff and he showed the Board the site plan. There are 30 buildings, some 374 units and the buildings are in very good shape. Current owners have updated the interiors of the units, replaced the siding, windows, common areas have been rehabbed, and security cameras have been added. The roofs need to be replaced. The heat and hot water is supplied by the owners and plans are to add insulation and possibly adding solar panels for energy efficiency. Mr. McCarthy commented the roadways and sidewalks need to be replaced and the landscaping needs to be upgraded. Currently there is a large open space where there is a small playground area for residents and they are looking at possibly building a community center, management office space and to move the police sub-station that currently resides in one of the units. They would also add a small playground area and community garden area and make the space more appealing.

Chairman Howroyd added it would make sense to have an onsite management office which would add some supervision to the complex. Mr. McCarthy added they currently have a management office but is not fully staffed; the current owners are located offsite.

Mr. McCarthy added some of the L-shaped buildings have space currently used for storage and we have had an architect look at maybe converting this space into apartments.

Mr. McCarthy reviewed a timeline that needs to be followed should MHA decide to enter into this financial deal. He reiterated that Connecticut allows housing authorities to issue tax exempt financing for any affordable housing development within their town boundaries. MHA's role would be to serve as a conduit issuer, where the funds would flow from the lender into MHA and then from MHA to the borrower. The security on the loan like the note and the mortgage would flow from the borrower to MHA and from MHA to the lender. Documents are written in a way so MHA takes no liability on the payments of loan. MHA would be at no financial risk. The first step MHA needs to take is to engage bond counsel, an attorney that represents MHA and drafts the documents that relates to MHA's role. Mr. McCarthy suggested that MHA use the law firm

of Robinson & Cole. Jonathan Rose Companies have used this firm before as they are very knowledgeable with this kind business and they will cover the cost of the Bond Counsel.

Chairman Howroyd shared that he is aware there are a few law firms in the State that handle bond counsel work, it is a specialty area of law and Robinson & Cole are a reputable firm. Mr. D'Ascoli reiterated that Jonathan Rose would be paying the total costs of using Robinson & Cole or any other law firm that specializes in bond counsel. Mr. McCarthy shared he will ask Robinson & Cole to send a sample engagement letter for MHA to look at. He also stated that once MHA has bond counsel on board MHA's board would have to approve an inducement resolution which says that MHA intends to issue bonds to support this project. This would not bind MHA to issuing the bonds should things not go as anticipated. Looking at the time line this action would have to happen in October. Jonathan Rose will be filing an application with the State for what is called Volume Cap in which the State has a finite amount of bonds that can be issued statewide for housing. In this case the amount would be approximately \$55m in bonds and MHA would make this request to the State for the authority to do so. Then a Tetra public hearing must be held as required by federal law. MHA has to post legal notice of this meeting so anyone who wants to attend to comment about the proposed bond issuance. The final action would be MHA Board approval of the draft documents and which gives the Executive Director permission to sign off on any non-substantive change of the document that occurs. This would take place about one or two months before the actual closing. At the closing the Executive Director acting on behalf of the Board would sign the documents.

Chairman Howroyd asked if there re any zoning issues. Mr. McCarthy shared it is hope that it will be an administrative approval and not require a public hearing.

Mr. McCarthy remarked that if MHA does not want to enter into this project Jonathan Rose would continue with the project and meet with CHFA about the financing or to go to another housing authority within Connecticut. MHA would have to issue a letter stating they decline. Mr. McCarthy explained that his Due Diligence expires in about two weeks so he is asking if it is something that MHA wants to do or not.

Mr. Shanbaum mentioned at the last meeting Mr. Rubin, another member of the Board, asked if Jonathan Rose is willing to indemnify MHA against any expenses incurred for this transaction. MHA might want their counsel to advise us. Mr. D'Ascoli noted that he has had several conversations with other housing authorities that have entered into this type of business deal. He also added this is new to him and he wants our counsel to take a look at this before we enter into any kind of business dealings. He does not want anything to come back against the housing authority. Mr. McCarthy suggested that MHA's counsel speak with Robinson & Cole and they could send documents for their review.

Mr. Shanbaum shared that if Rose is willing to give MHA some broad indemnification against any costs associated with this that it would go a long way in alleviating Mr. Rubin's concerns.

Mr. Counihan shared the East Hartford Housing authority was approached about this kind of a deal and while it was being considered, someone else entered the deal. It is certainly part of MHA's mission statement is to help provide affordable housing in Manchester.

Mr. McCarthy reiterated that MHA is looking to have their counsel review documents before entering into any kind of agreement. The indemnity makes sense that the borrower incurs the cost and pays MHA a fee.

Chairman Howroyd noted that within the next two weeks MHA Board would have to have a special meeting to engage with counsel. We have until October to make a Board resolution. Mr. McCarthy asked if the Board wants him to contact Robinson & Cole to send out a sample engagement letter for the Board's review. Mr. D'Ascoli agreed and said that Robinson & Cole can contact Rome & McGuigan and speak with our Attorney Andrew Holding. He is sure that there are people in that law firm familiar with bond issuance. Mr. Shanbaum stated that it would be less expensive if we had some kind indemnification document from Jonathan Rose than have Rome McGuigan go over all these documents that Robinson & Cole sends. Chairman Howroyd shared he understands that Jonathan Rose is interested in having a bond counsel that has done this specific kind of project. We just want to be sure that our bases are covered we don't want to incur any unnecessary costs. Mr. D'Ascoli shared he would be comfortable with getting the advise of our own counsel.

Mr. Shanbaum shared usually there is some kind of letter of intent that explains what the parties are getting involved in. Usually there is some kind of written agreement that says what we plan to do.

Chairman Howroyd stated the Board will schedule a meeting, perhaps at lunch time in the next week or so to specifically discuss this item. If needed because of schedules it could be a conference call, he will set it up.

Mr. McCarthy shared he will ask Robinson & Cole to contact MHA's counsel, he will send along an engagement letter from them, a sample inducement resolution from another project to see what it says and if the Board wants he can sent sample bond documents. The Board requested electronic versions as they would be most helpful.

Mr. McCarthy reported in terms of laying out the fee to MHA and the legal costs we had discussed paying 75 basis points fee on the bond issuance. The amount of the bond issuance is \$55m; that would be \$375k for MHA. Mr. Shanbaum shared that costs that we do not ourselves incur we would expect to be covered by Jonathan Rose. **\*\* Please note received a call from David McCarthy and he misquoted the basis points. The actual basis points is 50 and we are looking at \$250k to \$300k.\*\***

## II. Adoption of Minutes – Meeting of July 15, 2015

Chairman Howroyd asked for a motion to approve the minutes. Mr. Shanbaum moved to accept the minutes of July 15, 2015 as presented. Ms. Taylor seconded. Motion passed 3-0.

## III. Correspondence

PHAS Scores FYE 9/30/2014 REAC Inspection as of 09/2015 – Mr. D'Ascoli shared that MHA scored 80 out of 100 points at West Hill Gardens. We did not have any 24 hour violations. We were however sited for our sidewalks and the auditor reported things different from our previous auditor. Mr. D'Ascoli shared he is confident we are looking at things closer, and new policies are in place. Overall we are in good shape. Mr. Shanbaum asked what is above standard. Mr. D'Ascoli explained that once you get above 90 then a HA is considered a high performer. Being

a high performer means you are audited every three years and it also means that you can go for specialty grants when you are a high performer.

**IV. Accounts Payable**

**A. July & August 2015 Payment Summary & Detail Report**

Mr. D'Ascoli reviewed the report and shared he is asking looking to write off unpaid expenses from vacated tenants. Since we are ending FY 2015 included are the vacated tenant write offs for FY 2015. These are individuals that are no longer living at the housing authority and they left owing money. He is asking the board to authorize to write off the \$8,163 to get it off the books.

Chairman Howroyd asked about former tenants and if they are billed for the owed money. Mr. D'Ascoli stated he can go into the EIV computer system and monies owed to a housing authority can be entered. Should these individuals try to get any other kind of housing their record will show they owe MHA money and will not be allowed housing until they pay off the debt. It would cost MHA more in attorney fees to go after the vacated tenants.

Mr. Shanbaum moved that we authorize the Executive Director to write off A/R as reported. Ms. Taylor seconded. Motion passed 3-0.

Chairman Howroyd asked about the expenses for Brewer Paving and Mr. D'Ascoli explained that was for the repaving of the Mayfair Gardens parking lots. Mr. D'Ascoli also shared new electrical panels are being installed at Mayfair Gardens.

**V. Executive Director's Report**

**A. Financial Statements – July & August 2015**

Mr. D'Ascoli reviewed the monthly reports. For August MHA has a gain of \$98k which gives us \$206k year to date. Mr. Counihan, our financial accountant, explained we have used an average of the last three years for our budget for fiscal year 2015-2016. Mr. Counihan shared MHA has been trying to watch all the expenses for the year and we are trying to keep our total payables down. A quick summation is the Federal programs AMPI and AMPII will show an overall gain for the year but AMPII might show a loss when it is closed. The State elderly should show a gain at the end of this fiscal year. The Congregate is brand new in this Fiscal year and we are trying to watch that more closely than in the past. North Elm Street is Town owned and MHA manages the property. We have made some big ticket repairs, with the Town's approval but rather than bill them we have not been paying them the rents collected for the last several months.

Mr. D'Ascoli shared he has been keeping the town apprised of the repairs that need to be done. There are some residents that are complaining about the radiant heat and in some units we replaced it with baseboard heating. Gary Sweet made up a proposal to install baseboard hearing in a unit and the Town denied permission to do the work. Mr. D'Ascoli shared he is trying to keep a good rapport with the Town and they will not be seeing check from us for another couple of months to recoup what we have paid out in repairs.

Chairman Howroyd shared there needs to be a long term plan to finance the long overdue improvements at that complex. Part of that is the Town has to figure out what they want to do with North Elm Street long term. We are doing the improvements that need to be done

but MHA knows there are some large ticket items that need to be done and we cannot do them with out the Town's approval.

Mr. Counihan further explained he made an error on the Central Office Cost Center. We get admin money from the Congregate and the AMP programs and we are allowed to take it down and put it in the COCC and that helps pay for some of the salaries. The Section 8 program has been running well. In the beginning of the year HUD was not giving us enough money for the program and now we are getting more than we are spending. We did receive a memo from HUD saying we could take some of those funds and put it in the COCC. With the CERP program it would judicious for us to transfer to the COCC any money that is a profit at the end of the year.

Mr. Shanbaum asked for an explanation for the income expense columns totals \$1.8 m and the other page says \$1.3m. Mr. Counihan explained that subsidy is part of the income that we show. HUD wants HA's to approve a yearly budget before the start of the new Fiscal year. The budget calculations are comprised of an average of the last three years. HUD does not notify us if the amount of money they are going to fund us until quite a ways into the new FY. To note we were just notified of our HUD funding for the 2015 year. The bottom line is that is that our subsidies will cover our deficit and that is what we are trying to do with it and still have some money as far as AMPI goes and trying to break even.

B. Vacancy Reports – July & August 2015

Mr. D'Ascoli reviewed the vacancy report and the numbers look good. Question was asked about a unit that is 89 days empty. Mr. D'Ascoli shared the unit is ready to be occupied and the situation is a tenant was found and then they decide not to take the unit. So the property managers have to start a tenant search again.

C. General Information

1. Jonathan Rose Companies – Update regarding Squire Village – see above
2. Modernization Report – Mr. D'Ascoli stated he wanted the Board to be aware of the projects Gary Sweet is working on. The grant money comes through the Capital Funds. He shared residents at Mayfair Gardens have requested some flowering trees planted around the complex. We will be sending out an RFP for snow removal on the sidewalks at the various scattered sites.
3. 2015 NAHRO National Conference & Exhibition  
Mr. D'Ascoli asked if any of the Board members are interested in attending this conference which will be held in Los Angeles this year. If so, please let him know, he will make hotel reservations.

**VI. Chairman's Report - None**

**VII. Old Business - None**

**VIII. New Business**

**A. Resolution 2015-8 – MHA Vehicle Parking Policy**

Mr. D'Ascoli shared MHA does not have a written parking policy. An issue came up after the 3 parking lots were repaved at Mayfair Gardens. He has drafted a Parking Policy and he asks for the Board to approve it.

Ms. Taylor moved to approve Resolution 2015-08 MHA Parking Policy. Mr. Shanbaum seconded. Motion passed 3-0.

**B. Resolution 2015-9 – Approving Federal Operating Budget for FY 9/30/16**

Chairman Howroyd stated MHA's budget is based on a three year average. He called for a motion to approve.

Mr. Shanbaum moved to adopt Resolution 2015-9 Approving Federal Operating Budget for FY 9/30/16. Ms. Taylor seconded. Motion passed 3-0.

**IX. Items for Future Agenda - None**

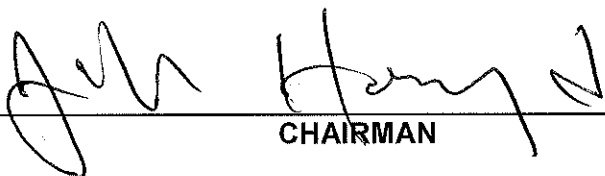
Chairman Howroyd called for a motion to enter into executive Session at 8:30 pm. Mr. Shanbaum so moved Ms. Taylor seconded motion passed 3-0.

**X. Executive Session – None**

A. Discussion of strategy with respect to Management Plan observation from D&V Mainsail

**XI. Adjournment**

Chairman Howroyd called for a motion to end the Executive Session at 9:07 pm

  
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CHAIRMAN

10/21/2015

  
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ATTEST:

10/21/15