

**Derby Housing Authority
Special Meeting
Joan Williamson Aldermanic Chambers
February 14, 2018**

The meeting of the Derby Housing Authority was called to order at 7:00 PM by Linda Fusco, Chairperson; this was followed by the Pledge of Allegiance.

Roll Call

**Present: Ms. Fusco, Chairperson, , and Mr. Lisi and Mr. Pacheco Commissioners and Mr. Mazzola Resident Commissioner.
Mr. Hance, Consultant was also in attendance.**

Absent: Ms. Ducharme, Secretary and acting Treasurer.

Old Business

Ms. Fusco asked if under Old Business, we hold off on Item “A” until Mr. Thomas arrives and have Mr. Peter Lance, consultant, begin with Item “B” the Housing Authority Budget for 2018.

- **Mr. Lance asked the board to look at the budget sheets, and check the sheet that has the “captions”. This board has finally reached the point when it looking at the picture overall. This page shows the Section 8 is showing a negative of \$28,442.00, but at the end of next year a year from March, your ending balance will be a negative of \$8,427.00, this is because of the revolving loan. Through the efforts of Ellen and Bob, this board has been able to attain that deficit in a year. You will be able to accumulate more money in the Section 8 portion. Try not to accumulate too much, as they may take it away. You will be able to bring on a staff position to do this, a receptionist, at a living wage, a consultant (not me), and also another person to do the inspections.**

Your nightmare is just about over, CHAFA had said that you were in the default, \$106,000.00, but as of 2 weeks ago, your reserves are at \$187,000.00, and you are officially out of default. You now have reserves and now it is a matter of controlling the spending. At this rate, you reserves next year should be over

\$300,000.00. You will have hopefully gotten rid of the Barron Building, you will have repaid yourself in your development fund and you have added enough to pay back bills; paying WPCA if you want and be in a position to deal with your last big problem which is the Office Building, the \$400,000.00 you owe ; you can put in an application in to get that funded. This board has done it.

Ms. Fusco said that Mr. Thomas had arrived and asked Mr. Lance if he would mind finishing after Mr. Thomas had finished.

B. Discussion of and Possible Action to be taken on amended purchase agreement for the Barron Building.

- Mr. Thomas stated that he reviewed the contract as he presented and to be perfectly honest, we would have rejected the drafted contract. He investigated the Chazak group and found them to be completely legitimate, having a substantial financial backing and are represented by lawyers who are well known in their field. For what they're proposing, I know they were buying for cash. I didn't think they meant to do what they said by doing the improvements for cash as usually these are financed for tax purposes. I discussed everything with Attorney Milazzo, Peter also had some good comments. What you have is the "red line" version which I cleaned up and created a separate signature page for Linda. Basically it is a "Purchase and Sale Agreement", though it's called a "Land Development Agreement". One of the issues Peter was concerned about was the "Warranty Quick Claim" which indicated that we got this property at auction. I called Attorney Milazzo regarding this, and agreed that the quick claim would be fine as they would be getting Title Insurance. The Terms and Conditions are the same in regard to the purchase price and the deposit. They want to close in the next two weeks, so obviously they are not people out there looking for money. They have the money and are all set.**

On Page 4, Section 300, running for 15 years from the date. Mr. Thomas checked the RFP and looked at their response, and the issue had not been addressed and their response was they would be done with all the improvements in 4 months. Attorney Milazzo called me and I pointed out that this was issue with HUD. We agreed on 1 year and they are required to complete the within 1 year of the date of closing, and then the 15 years would begin at that point.

Mr. Thomas said the bulk of the language went back and forth in section 502C, where it states if the authority should sell the property within 4 years, they would want some of their money back. If the board sells the property for 2 million dollars, they feel some money should come back to them. If after the authority has to repay fees, penalties and all expenses including CHFA, Fannie Mae, HUD etc. then they would want to be reimbursed for the improvements they made. If the reinvesting occurs, this Board must be aware of the promised repairs and also to be sure they monitor their mandatory requirements, and should try to develop some type of certification of how they are filling the apartments with Section 8 occupants. Ms. Fusco said they already said they would like more Section 8 vouchers.

The rest of the contract is basically the same. I added the designated representative. I would like to get all this cleaned up. I have added Exhibits A & B which are the RFPs, that shows the detail of all they are going to do. Ms. Fusco asked about the contract we approved in December. She wanted to know if the only changes in this new contract are the red line changes. Mr. Thomas said the board had approved his contract, but they chose a different format. Basically, there are comparable paragraphs. Mr. Thomas said they were anxious to get moving on this, so rather than hold everything up, he decided not to submit anymore drafts, but let them give us their form. Mr. Lance added that the board wants the results, they didn't care who the author was. We want to be sure the improvements are done and the Section 8 requirements be put in place.

Mr. Lisi said we are going to award them with 7 project based vouchers. Mr. Lance said No. They have to apply to the board through a process, and Mr. Lisi should be very careful saying this. Mr. Lisi added, that give or take, there are 21 apartments in the building and of the 16 apartments, 7 would be Section 8 of which the city has the right to inspect. In the awarding of the rest, would the city have a problem if they wanted to go for all 16. I am saying this thinking of the quality of Section 8 applicants we would attract and what it does to the community as well as the school system. Mr. Lance added that if you put in the 7 vouchers, you know you will get a number of the other tenant vouchers. The city will have the authority to inspect and you will know month to month what you have in there, The board is much more diligent about it, My recommendation is to keep the Section 8 vouchers low, keep it at 7 vouchers. Mr. Thomas added you will be able to control everything through Section 8 and must comply with all the improvements. Once this building is improved, you will see changes in the neighborhood. People will start making improvements to

their own properties just as they did in the Caroline Street area. You will not change the demographics, but you will see the confidence in the neighborhood improve. If these people should walkaway voluntarily, you will have a beautiful improved building. Ms. Fusco said when she did the walkthrough, she encouraged there be no 3 bedroom apartments.

Ms. Fusco asked if the board had any other questions, and hearing none, asked Mr. Pacheco to make his motion.

Mr. Pacheco made the motion to authorize the chairperson, Ms. Fusco to enter and execute the Land Disposition agreement between Chazak, LLC and the Derby Housing Authority. Mr. Lisi seconded the motion. Motion Carried.

Mr. Lance asked how fast they want to close and Mr. Thomas said they want to close by the 28th of February.

B. Continued Discussion of proposed 2018 DHA Budget.

- Mr. Lance said that most everything had been discussed. We don't have a second maintenance person. We should be looking at staffing. The state is making noise on the office building which we are already looking at. Section 8, will take about 6 months to clean up, and June is doing a wonderful job, her salary being \$1100.00 per month. She works very well with Janet, the CPA. There should be money put aside for training for Ellen, she is still hourly and as a supervisor, this is not normal. Bob has taken on a huge roll, and we should hire a receptionist with full benefits. We now have only 1 maintenance person who is doing an incredible job. Mr. Pacheco said we need to have a job description for the full time receptionist. Mr. Lance went on to discuss wages for the various positions, and the board concurred with the suggestions. Mr. Pacheco was concerned about going from 1 part time employee to going to 3 full time employees with benefits when we have to be careful with our finances. Providing the finances will allow for it, we should go ahead with it. Mr. Lance said you have had a chance to look at the budget for a while; you can make a motion to accept the budget as submitted. Ms. Fusco wanted to go back and asked for recommendations on salaries for the Section 8 coordinator, would be in the low 50's and Public Hearing coordinator around \$66,000 and make her a salary employee, and this will take in the overtime. Diane could do the recertification of the tenants which take a tremendous load off of Ellen. Mr. Pacheco added he would like to see the compliance inspections done by the

maintenance. A motion to accept the budget as submitted was made by Mr. Pacheco and seconded by Mr. Mazzola. Motion Carried.

E. Executive Session

- **Ms. Fusco said there is no need for an Executive Session.**

Adjournment

Ms. Fusco asked for a motion to adjourn. A motion to adjourn was made by Mr. Pacheco and seconded by Mr. Lisi. Motion Carried. The meeting was adjourned at 7:51 PM.

Respectively submitted,

**Louise Pitney
Recording Secretary**

****These minutes are subject to the approval of the Derby Housing Authority at their next schedule meeting.**