

MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF GEORGETOWN

December 20<sup>th</sup>, 2018

Item 1. Call the meeting to order. Roll Call. – Chairman Raper called the meeting to order at 1:30 pm. ED Brennan proceeded to take roll call and the following members were present: Commissioner Todd, Commissioner Ramsey, Commissioner Karr, Commissioner Raper, Commissioner Cruz and Commissioner Clark Absent: Commissioner Scott.

Others present were Tom O’Leary, Attorney and Meredith Turcotte, fee accountant

Item 2. Pledge of Allegiance – All present recited Pledge of Allegiance.

Item 3. Public Comment – No Public Comment

Consent Agenda: The Statutory Consent Agenda includes non-controversial and routine items that the Board may act on with one single vote. A Board member may pull any item from the Consent Agenda in order that the Board discuss and act upon it individually as part of the Regular Agenda.

Item 4. Discussion, Consideration and Possible Action to approve the minutes of the November 2018 meeting, Nikki Brennan, Executive Director

Item 5. Discussion, Consideration and Possible Action to accept the Departmental Reports, Nikki Brennan, Executive Director

- a. Stonehaven Monthly Report: Prior Month Delinquent Rents and Security Deposits, Reexaminations Past Due, Vacancies by Bedroom Size, waiting list by Bedroom Size, Move-Ins, Move-Outs, Work Orders
- b. Shady Oaks Monthly Report: Prior Month Delinquent Rents and Security Deposits, Reexaminations Past Due, Vacancies by Bedroom Size, waiting list by Bedroom Size, Move-Ins, Move-Outs, Work Orders
- c. Resident Services Monthly Report: Prior Month Count of Activities in Direct Services, Agency Services, Activities, Administrative Contacts, Family Self-Sufficiency, Community Service
- d. Section 8 Monthly Reports: Prior Month Reexaminations Past Due, Delinquent Inspections, Vouchers, Waiting List, New Admissions, Port-Ins, Port-Outs, Hard to House, Termination of Assistance
- e. Maintenance Department Monthly Report (Stonehaven and Shady Oaks): Prior Month Vacant Units by Address, Work Orders
- f. Board Attendance Report
- g. Director of Housing Operations Report
- h. Executive Director’s Monthly Report
- i. Resident Council Report
- j. Financial reports for Shady Oaks LP, Housing Development Corp., Low Rent and Section 8

*Motion: Commissioner Karr made a motion to accept the Consent Agenda, Item 4 & 5 a-j, Commissioner Todd seconded this motion, and this motion passed unanimously, 5/0.*

Regular Agenda: The Board will individually consider and possibly act on any or all of the following items:

Item 6. Discussion, Consideration and Possible Action to amend the partnership agreement regarding 2018 Tax Law Changes affecting Shady Oaks GHA Housing LP – Nikki Brennan, Executive Director

to First, The Bipartisan Budget Act of 2015, Pub. L. No. 114-74 (“Budget Act”) directed the IRS change the way that it conducts partnership tax audits for partnership tax years after December 31, 2017. Under the new rules for partnership, the IRS will no longer recognize a “tax matters partner” instead will deal with a “partnership representative.” Basically, the IRS wants an “individual” to represent the Partnership instead of a “Partner” we need to amend the Partnership Agreement is a legal item. Currently ED Brennan is that representative, a new representative can be named but we have to name an individual person.

Secondly, the Tax Cuts and Jobs Act passed in December 2017, that changes the rules relating to the depreciation of residential real property for tax years beginning with 2018. The Partnership can decide whether to elect to be treated as a “real property trade or business,” or RPTOB. Depending on what the partnership decides to elect, whether such election is made, the amount of bonus depreciation that the Partnership can claim is modified. The asset manager, PNC will notify us by December 31, 2018 if they believe the Partnership should make the RPTOB election for the 2018 tax year and will send us the RPTOB analysis review. This election has to do with depreciation. Accelerated depreciation would increase expenses/losses that would flow through to the GP which is .01% and LP which is 99.99%, of the losses. The LP might not want to accelerate their losses, because of the effect on their capital account (it would decrease faster if more depreciation is taken). The LP’s tax capital account is a big factor that comes into play when the LP goes to sell their interest in the Partnership usually at the end of the Compliance Period. In general, the LP tries to keep their tax capital account positive for as long as possible. The GP and LP try to be fair with each other and not do something that would be detrimental to the other. Once we hear back from PNC on the tax election, we can run this buy through our auditor Novagradac. If we do not agree with what PNC suggest for making the election or not, we can possibly run our own analysis for comparison with Novagradac, their quote ranges for this analysis from \$500 to \$2,000 depending on exactly what we want them to look at. To simply figure out what will generate more losses is in the \$500 range, while a full analysis of capital accounts and gain/loss on sale as a result of making the election is more in the \$2,000 range. Tom O’Leary has prepared the draft fifth amendment to the partnership agreement. PNC is wanting us to send this back to them and to address the new partnership tax audit rules and the RPTOB election in order for the amendment to be in place prior to the end of this year. Nothing is final it is a draft. Tom O’Leary mentioned that 1) it will name Nikki Brennan as the individual that the IRS will deal with for tax matters 2) PNC can make election according to the tax changes. Georgetown has a .01% interest in this transaction not a huge impact. ED Brennan asked: do we need an emergency meeting to approve it? Tom O’Leary responded that they wanted a draft by the end of the year.

ED Brennan is recommending that the board approve the draft fifth amendment to the partnership agreement

*Motion: No motion needed at this time. Approval will be tabled.*

Item 7. Discussion, Consideration and Possible Action to amend Maintenance charges to tenants - Nikki Brennan, Executive Director - Resolution 673

ED Brennan presented to the Board a list of modified charges for maintenance items not due to wear and tear but due to tenant's negligence. This list was last revised in 2016. GHA will give at least 30-day written notice to each affected tenant setting forth the proposed modification, and provide the tenant an opportunity to present written comments. Any comments will be taken back to the board for consideration by the PHA prior to the proposed modification becoming effective. If no comments are received, the proposed maintenance charges will become effective February 1, 2019. ED Brennan is requesting the Board approve the amended maintenance charges to tenants to be posted for resident comment. The following motion was made:

*Motion: Commissioner Karr made a motion to adopt the resolution 673, to Amend Maintenance charges to tenants, Commissioner Todd seconded this motion and the motion passed unanimously 6/0.*

Item 8. Rental Assistance Demonstration (RAD) Update - Nikki Brennan, Executive Director

ED Brennan gave the Board an updated list on all the steps taken so far and discussed with the Board.

Recent discovery of Stonehaven sewer lines needing to be replaced, GHA should look into Emergency Grant. ED Brennan had a conference call with Stan McCall, an emergency grant writer who has experience with Emergency Grant applications for PHAs. She discussed the feasibility of GHA applying for the Emergency Grant. He said that from the information he said GHA has a high probability of receiving the grant with the sewer lines permeating into the ground if they are affecting the community. Apparently, he said GHA has an extensive amount of usable data to pursue the grant. He is planning to visit the property and walk each type of unit with our architect on January 11, 2019

The emergency awards are for public housing authorities, RAD properties are not eligible. I would like to look into the emergency grant for \$4-6M to fix the pipes. If Stan McCall thinks we are in a good position for this, we could turn in the CHAP before the application goes in because we could not do both. If we got the grant, fix the pipes and reapply for RAD this would make the RAD transaction much more viable.

After discussing with the Board the following motion was made:

*Motion: Commissioner Todd made the motion to proceed with the grant application with Stan McCall, and to give ED Brennan the authority to hire a grant writer, ask HUD for extension to remove the PIC inventory. Commissioner Karr seconded this motion and this motion passed unanimously, 6/0.*

The Board proceed to move into Executive Session at: 2:20 pm

Executive Session: Pursuant to the Open Meeting Act, Chapter 551, Texas Government Code, the items listed below will be discussed in closed session subject to the right of the employee to request a public hearing and are subject to action in the open session that follows:

Item 9. Section 551.074 - Personnel Matters: (1) to deliberate the appointment, employment, evaluation reassignment, duties, discipline, or dismissal of a public officer or employee: Executive Director - Nikki Brennan.

Board Out of Executive Session at 2:29

Open Session: The Board individually consider, discuss and possible take action on items discussed in Closed/Executive Session.

*Motion: Commissioner Karr made a motion to give Nikki Brennan Executive Director a 3% increase in salary, and a 2% on pension subject to review by council that this is allowable, Commissioner Ramsey seconded this motion and this motion passed unanimously, 6/0.*

Item 10. Adjournment: Commissioner Karr made the motion to adjourn, Commissioner Ramsey seconded this motion, and this motion passes unanimously, (6/0).

The meeting was adjourned at 2:33 p.m.