

**NEEDHAM HOUSING AUTHORITY
BOARD OF COMMISSIONERS**

SPECIAL BOARD MEETING MINUTES

**PROPOSED NHA 2022 BUDGET
Thursday, December 9, 2021, 7:15 PM**

ROLL CALL BY CHAIR FOSTER TO CONVENE THE SPECIAL MEETING

COMMISSIONERS PRESENT:

Chair Reg Foster
Vice-Chair Eleanor Evans
Treasurer Ed Scheideler
Commissioner Penny Kirk

NHA STAFF PRESENT:

Angie Medeiros,
Executive Director & Secretary

ABSENT: Commissioner Janice Bennett

GUESTS: Richard E, Shaw, CPA. Milne, Shaw & Robillard, P.C,

Adequate notice of this meeting has been provided by the Secretary of the Needham Housing Authority (NHA) by preparing a Public Notice dated December 6, 2021, setting forth the date, time, and place of this meeting. Said notice was filed with the Clerk of the Town of Needham and provided to persons requesting it.

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CONVENE:

Chair Foster called the meeting to order at 7:15 p.m. and roll-called the NHA Board of Commissioners to convene the Special Meeting for December 9, 2021, Virtual Meeting. Commissioners Foster, Kirk, Scheideler and Evans were present. Commissioner Bennet was absent; Chair Foster added she was absent due to a death in the family.

CHAIR'S ANNOUNCEMENTS:

Chair Foster announced that the Needham Community Preservation Committee (CPC) met yesterday evening to discuss the twelve Applications for CPA funding, four of which are from the NHA. Chair Foster stated that the CPC had reviewed the applications to determine if they were eligible for CPA funding, and all four NHA applications are eligible for CPA funding. Chair Foster stated that CPC would meet again on December 22nd, and the NHA will present to the CPC on Wednesday, January 12, 2022.

AGENDA

ITEM #1: 2022 NHA BUDGET

[Minute-taking note: the meeting was frequently interrupted by tech support issues from Mr. Scheideler's and Ms. Kirk's connections. These have been edited out as much as possible.]

Chair Foster welcomed the NHA's Fee Accountant Rick Shaw, CPA from Milne, Shaw & Robillard, P.C, and invited him and Executive Director Medeiros to present the proposed 2022 NHA Budget.

Rick Shaw began by noting that all NHA programs have relatively healthy reserves. He noted two significant changes from the 2021 Budget to the 2022 Budget: rental expenses for office space and funding for the Assistant Executive Director position. He stated that \$70K is being budgeted for rental office space for the NHA administrative offices. Mr. Shaw recapped the Department of Housing and Community Development's (DHCD) 2021 budget guidance to the NHA which proposed a 4% cut in allowable expenses. He pointed out that this did not happen and that the 2021 Budget was level-funded by DHCD. He stated that for the 2022 Budget DHCD is allowing a 4% increase in allowable expenses.

Mr. Shaw continued with additional information on allowable expenses. He stated that DHCD is allowing a 4% increase in administrative salaries, which went up by 12%. He stated that this was due to the Resident Service Coordinator position changing from part-time to full-time and a new position added titled Public Relations Officer. He stated that the Public Relations Officer is already a contracted position but that he moved it to the salaries line item. He also stated that Executive Director salaries across the commonwealth are frozen pending the state's new salary schedule to implement a new maximum. He added that he would prepare it for the Board's consideration and possible vote when the schedule comes out. Mr. Shaw reported that the legal expense went up by \$5,200, and \$4,000 of that is being funded by DHCD. He also reported that travel went down because the NHA is running their Section 8 program, absorbing some of the administrative and travel costs. He stated that the accounting line item stayed the same and that DHCD sets agreed-upon procedures (i.e., audit). He noted that the administrative other line item increased due to the upcoming office rental space.

Mr. Shaw reported that maintenance/labor salaries are determined by Labor and Industry which reports on salary rates in March, and those rates are effective April 1st. He also said that the insurance went up, state property insurance went up, and workers' compensation went up. Mr. Shaw noted that unexpended funds are placed in the operating reserves. He explained that the NHA has a \$602K budget. Anything that is expended below that amount goes into the operating reserves, and anything spent above that amount comes out of the operating reserves. Mr. Shaw reported that the NHA has state capital money for various capital projects and that 10% of that funding can be used for admin costs. He also reported that DHCD is giving the NHA funding for Stove Top Fire Stops at \$45/per unit. He stated that if the NHA does not expend this funding, they would need to return it to the state. Mr. Shaw noted that the NHA had gotten their reserves to a level that is \$70K above the DHCD recommended amount. He stated that this is a good thing because financially, the NHA will get good grades on the performance indicators in the Financial Performance Review, which are reported publicly.

Commissioner Scheideler asked why not reclassify the Public Relations Officer in the administrative salary line item instead of administrative other. Mr. Shaw pointed out that he did that and mentioned it earlier in the meeting that the Public Relations Officer was taken out of the administrative other and put into administrative salaries. Mr. Shaw explained that the \$25K is also being charged to the administrative other line items for rental expense, which is a line item

that the state uses. He added that he would show the budget that is being charged to the office next year.

Commissioner Kirk referred to the Resident Services line item in the budget. She noted that it never changed from year to year and asked why. Mr. Shaw explained that this amount is allocated for tenant organization, and any expenses they incur would be charged to this line item. He added it is not an appropriation for the Resident Service Coordinator position. Commissioner Kirk also asked why employee benefits were reduced. Mr. Shaw responded that this line item went down because health insurance costs and staff turnover went down.

Commissioner Evans stated that when we review next year's budget, she would like to see the actual expenditures numbers from the previous year vs. budget. Mr. Shaw replied that he would do that.

Mr. Shaw continued with an overview of the entire budget, including how capital items are calculated. He referred to the exemptions line item and stated that the NHA will need to absorb any increases in health insurance, retiree group insurance, and property insurance. Adding that DHCD would only pay for a portion of these costs. He noted that DHCD funds the Resident Service Coordinator position.

Mr. Shaw continued with the salary schedule for the NHA and responded to Commissioner Scheideler request for clarification on the exemption frozen. Mr. Shaw explained that eight years ago DHCD stopped funding this line item up to \$52,000. Mr. Shaw went on to summarize salaries. He added an Assistant Director salary line item to the budget and took out the Director of Leasing line item. He stated that all other salaries are put in at the actual amounts. He stated that the Resident Coordinator position used to be half-time and is now considered full-time to that line item. He stated that the Public Relations Officer position is being added in. He stated that the NHA already has this person, but they are getting paid as a contractor and not an employee. He stated that this position has been shifted to the salary line item from the administrative other line item.

Commissioner Scheideler asked: where is the salary for the Manager/Director of the Afterschool Program. Executive Director Medeiros added that the person that is currently running the Afterschool Program and has been a contractor for years is not an employee of the NHA, because it is funded from outside donations. Commissioner Scheideler replied that the motion that was carried in a previous board meeting said that the new position would be paid for hours worked as an employee. Executive Director Medeiros added that in the past the position has been funded through outside donations and a \$5K donation from the NHA. She added that the program is a separate and standalone program. Commissioner Scheideler reiterated that a motion was made and passed by the Board of Commissioners that the new Manager/Director for the reopening of the Afterschool Program would be paid hourly by the NHA and that he assumed this position would be on the list of administrative salaries. Mr. Shaw said no, it would still be charged to the program and funded by the donations. The position would not be on this list of administrative salaries, because it only covers employees who are funded by the state or the feds.

Commissioner Evans asked to clarify whether there is a separate budget for the Afterschool Program. Mr. Shaw answered: no, in the past there hasn't been a separated budget created for the Afterschool Program. Commissioner Kirk confirmed that in the past, to fund the coordinator of the Afterschool Program, she raised donations and purchased supplies with the money raised for the program. She added that she assumed that going forward, there'd be a different format based on the motion that was passed at a previous board meeting on the Manager/Director position for the Afterschool Program, and that the cost of this position would be paid for by the NHA from state and federal subsidy funding.

Commissioner Evans attempted to clarify terminology. She pointed out that the Afterschool Program is a program of the NHA and the funds that are donated, although restricted for use by the Afterschool Program, are funds donated to the NHA and are NHA funds for which the Board of Commissioners are responsible. She added that it is an NHA program, even if it is not funded via the NHA subsidy from HUD or DHCD. Mr. Shaw agreed...it is a "secondary program". Chair Foster said during his ten years as commissioner, there hasn't been a separate budget process for such secondary programs. The only budgets the board has considered every year is for expended for activities supported by our state and federal funding sources. Maybe we're identifying during this discussion is that the NHA has never had an annual budget for our non-state subsidized, non-federal subsidized "secondary programs." This practice goes back before Ms. Medeiros' time and Chair's Foster's time. Mr. Shaw agreed...that's what we're talking about.

Commissioner Evans opined that, with our new understanding the board going forward should receive, review and approve an annual budget proposal for any NHA secondary programs. She also asked: is a salaried afterschool director position an allowable expense by the State and HUD? Mr. Shaw answered he'd never seen it before, and he is the fee accountant for 70 housing authorities. The state would probably not allow the expense, especially because state subsidized residents are not benefiting from the Afterschool program. HUD might not notice charges to the federal program.

During the discussion, Mr. Shaw noted that he had not been prepared for this discussion. However, after a general discussion, Mr. Shaw recommended charging the afterschool position and expenses as a secondary program funded from outside donations and grants. If the program runs a deficit at the end of the year, the deficit would be charged to the federal program. He added that going forward, he could include a monthly report on expended funds for the Afterschool Program. Chair Foster stated that he would leave this up to Executive Director Medeiros and Mr. Shaw to develop a budget and track the financials for this program.

Mr. Shaw returned to the task at hand, to review and approve the 2022 budget for the state and federal primary program. Continuing on page 4 of the budget, he presented the maintenance salaries, reiterating that maintenance salaries are based on labor and industry. He noted that \$32K has been budgeted for maintenance overtime which will cover the increase that maintenance will get in April. Mr. Shaw summarized non-routine maintenance schedule. He noted that there is a new dump truck budgeted against this line item. Mr. Shaw also noted that the state budget is due to DHCD by December 31, 2021. Mr. Shaw described expenses that are charged to the federal budget. He stated that some of the expense line items have the same

increases has the state. He noted that the NHA would receive an increase in their federal subsidy for calendar 2022. He also noted that the NHA has a reserve of approximately \$700K.

Commissioner Kirk asked about the decrease in Matthews House administrative salaries decreasing by 19% on page six. Mr. Shaw responded that he re-prorated someone because the rents went down.

Starting to close, Mr. Shaw summarized that with the increase in 2022 expenses, he was initially whether NHA could afford it. But given NHA's excellent reserves, combined with reserves increasing for Matthews House, recent, unexpected increases in HUD subsidy funding, CARES Act money and surplus's resulting from taking the Section 8 program in-house. But he reminded the Board that most of these increases can be used for administrative expense. However, it makes it possible fund the moving of the NHA Office off-site and paying for the new Assistant Executive Director position.

Commissioner Kirk also asked if the Resident Services line item in the federal budget was appropriated to tenant organizations as well. Mr. Shaw confirmed that it is. He stated that this amount has been in the federal budget for fifteen years. He stated that the unexpended funds go into the reserves. Mr. Shaw went on to summarize the last page of the budget report. He noted that the NHA has four programs with excellent reserves. The 2022 NHA budget looks really good.

Commissioner Evans asked why the federal budget is not submitted to HUD before the beginning of a fiscal year. Mr. Shaw responded that HUD looks at the year-end expenditures to make sure everything is OK. He stated that the only time a federal budget is submitted to HUD is when the housing authority is considered a troubled agency. He noted that the NHA budget does not show signs of being a troubled agency.

Commissioner Scheideler mentioned that HUD has a Tenant Opportunities Program (TOP) that has initiatives to increase upward mobility for residents. He asked Ms. Medeiros to explore this to see what type of opportunities are available to the NHA and whether or not funding could be used for the Afterschool Program.

Executive Director Medeiros asked Mr. Shaw to prepare monthly statements for the Afterschool Program. Mr. Shaw noted that he would do a year-end report and going do a monthly report.

Commissioner Scheideler stated that he'd researched the ratio for maintenance workers for elderly, handicapped, and family properties. He stated that the NHA has five maintenance workers, one out on Workers Comp. A general conversation followed on whether or not the NHA could add a maintenance worker. Mr. Shaw stated that he would discuss this offline with Executive Director Medeiros and that if the costs could be absorbed in the 2022 budget, they could consider adding it.

At this point in the meeting (1:25:46), Chair Foster opened this portion of the meeting for public comment. There was no public comment.

Commissioner Scheideler asked to be recognized. He referred to the net income on each of the four programs. He stated that the NHA shows a net profit of \$36,991 according to the recorded net profit per program. He commented that a motion was passed at a previous board meeting on hiring a Manager/Director for the Afterschool Program. He stated that it has been ignored and that he won't be able to vote positively for this budget unless he has a commitment that the Board will figure out a way to hire a new Manager/Director for the Afterschool Program. That is where he stands. Mr. Scheideler stated needed a guarantee that this is going to take place.

Chair Foster stated that the issue Mr. Scheideler is raising is on the agenda for next week's Board meeting on 12/16/2021. Chair stated that right now that, per the agenda posted for this meeting, the Board is considering whether to approve the NHA 2022 budget for the federal and state programs. The Board has been and is reviewing whether this budget has been thoroughly planned and put together by Mr. Shaw and Executive Director Medeiros. Does the proposed budget cover all our ongoing expenses as well as our major new expenses? In the Chair's opinion, the answer is "yes", including anything we want to do with the Afterschool program in 2022. Chair Foster said he notes your comment for the record, but it not relevant to what we have on the agenda tonight; however Commissioner Scheideler can withhold his vote on the 2022 budget for any reason he wants, or whatever he thinks makes sense. has the option to vote or not to vote on the 2022 budget for any reason.

Commissioner Scheideler insisted again that he needs a guarantee from Chair Foster and Executive Director Medeiros. Chair Foster responded that he could provide no such guarantee. Further he ruled Commissioner Scheideler's demand as out of order for this meeting, but stated again that Mr. Scheideler could vote not to approve the 2022 budget, if that's what he wants to do.

Commissioner Kirk stated that she would like to know that financially funding for this position could be supported within the NHA 2022 budget based on tonight's conversation. Mr. Shaw responded that, without getting into the priorities for the NHA, the 2022 budget could support this position. The Board could get into the details at next week's meeting on 12/16/2021.

Motion and Vote

Upon a motion duly made by Commissioner Foster and seconded by Commissioner Evans to approve the NHA 2022 Budget as the Board has come to understand it, for submission to DHCD for the federal and state subsidized programs.

The motion carried. The vote was unanimous 4-0 as follows:

Chair Foster – aye
Vice Chair Evans – aye
Treasurer Scheideler – aye
Commissioner Kirk – aye
Commissioner Bennett - absent

Chair Foster thanked profoundly Rick Shaw for the presentation tonight, and his patience with all our questions. Each Board member added additional accolades. Mr. Shaw said he welcomes meeting with boards that actually care.

Upon a motion made by Chair Foster and seconded by Commissioner Kirk, the Board voted unanimously 4-0 to adjourn the meeting.

The adjourned at approximately 8:47 PM

Minutes Prepared by

Cheryl Gosmon