



John A. Boris, Chairman
Kimberley Driscoll, Vice Chairman
Charity Lezama, Treasurer
Benjamin Shallop, Assistant Treasurer
Sue Kirby

Cathy Hoeg, Executive Director

**MINUTES OF THE
REGULAR MEETING
WEDNESDAY, JULY 14, 2021
6:00 p.m.**

I. Called Meeting to Order at 6:00 p.m.

II. Roll Call

Present

Sue Kirby
Charity Lezama
John A. Boris

Absent

Benjamin Winthrop
Kimberley Driscoll (arrived at 6:18 p.m.)

Also Present:

III. Minutes of Previous Meeting(s)

Charity Lezama moved to accept the Minutes of the Regular Meeting held on Wednesday, June 9, 2021. Sue Kirby seconded the motion and the vote was as follows:

Ayes

Sue Kirby
Charity Lezama
John A. Boris

Nays

IV. Tenant /Public Engagement

There were no comments from the tenants or public.

V. Communications

- Attorney Theresa M. Santalucia Klein Hornig, LLP- "A presentation by Attorney Teresa Santalucia from Klein Hornig, LLP to include the varying types of non-profit affiliations for the housing authority to consider an application for. Teresa will review the pros and cons and the differences



in each type of non-profit affiliation and answer any questions from Board members.” This presentation is organized as part of an effort to organize the housing authority position moving forward with future development opportunities.

Cathy Hoog – We put Attorney Santalucia would be doing a presentation at the Board Meeting this evening, however, we inadvertently left it off the discussions page. It is an informational presentation only and no board vote is required as part of this and I don’t see it as an issue. I just wanted to state that for the record. Cathy introduced Attorney Santalucia to the Board. Attorney Santalucia is going to give the board a presentation on the different types of non-profits that are possible for us to apply for ad to organize for a housing authority. She will describe the basic differences of those non-profits and give the board an opportunity to ask questions.

Attorney Santalucia – Thank you all. I am a partner at a Law Firm and Klein Hornig with an office in Boston and Washington DC and we work nationally. Our entire focus is affordable housing and the and community developments. My specialty is representing non-profits and those who are developing affordable housing, small developers, and housing authorities. As an aside, I am also a commissioner in my town and I understand the circles that a lot of housing authorities have in terms of better engaging in the community and address the housing and address the housing crisis that we have in our communities and applaud you for looking for other ways that you can engage with the community to further preserve and produce affordable housing. Cathy came to me and said that we are doing various types of developments specifically but also generally we would like to engage more and she said we are thinking about creating a non-profit. Is that something you could do for us. That is one of the things that I do is work with non-profits in Massachusetts quite a bit. When she came with that idea, I said what kind of non-profit do you want and I started to layout the various types of non-profit options and she thought it would be a good idea and helpful to the Board if I did a short presentation on the 2 different types of non-profits that you can work with. A non-profit corporation is a corporation that you file article of incorporation with the Secretary of States Office, it is a corporation and it is created under MGL Chapter 180. It is a corporate entity separate and apart from the Housing Authority. It is its own corporate entity. Once you file the non-profit, it gets an EIN Number and you also adapt By-laws and the by-laws contain the rules of how that non-profit corporation is run, how the Board of Directors is elected and how the Board should operate. The board of directors are the ones who oversee the non-profit corporation. Some non-profits stop at that point and are just non-profits registered in their state. Most non-profits go on to ask the Federal Government for tax exemption. The Federal Government has a policy that they have decided to subsidize non-profit organizations because they are engaged in certain purposes that are deemed worthy. For example: charitable, educational, literary, etc. They give that subsidy by providing tax exemption. There is a second part. Once you are incorporated at your state level you then go to the IRS. You say to the IRS that you think you deserve that tax exemption and the IRS reviews the application that you submit and makes that determination. If they determine that you are a tax-exempt entity. You are exempt from taxation under 501C3 (the IRS code). Then you register with the Attorney General’s Office. The Attorney General’s Office in Massachusetts oversees looking over charitable assets and making sure they are spent for the charitable or educational purpose. There is a whole corporate formation of a non-profit. The State first then the Federal Government and back to the State again. When a housing authority is thinking about engage with a non-profit, the first thing that the housing authority has to answer is will the housing authority control the non-profit or not. By control I mean, does the housing authority have the ability to control the Board Members either by mandating that the Board Members are the same as the commissioners or that the housing authority appoints and removes

Board Members of the non-profit. That is a controlled non-profit. We call that an instrumentality. It is another instrument of the housing authority. It is almost like another program of the housing authority.

Another way to create a non-profit is to create an entity where the housing authority is affiliated with the non-profit. Maybe there is a Board of 5 members and two of the members are always commissioners of the housing authority but the housing doesn't control the entity. It is a separate, independent, non-profit. Again, maybe as part of its purpose it could support the housing authority. That is called an affiliate.

At your basis level, you have a controlled or non-controlled which we call instrumentality or affiliate. That is one decision that the board has to make. Why would you do either? If you were to do a non profit that is fully controlled, you have to treat that non-profit as a non-profit corporation and like an arm or instrument of the housing authority. That non-profit would be subject to all of the public business requirements, Chapter 30B. All of the various things that the housing authority would have to comply with if they engage themselves in development. If the commissioners are the same members as the directors, you may have to publish in open meeting law because you would have 3 or more commissioners at the Board of Directors Meeting and business of the housing authority may come up. You really end up treating it much like the housing authority as if the housing authority were engaged in the development. The benefit of having the non-profit is that there are certain funding sources that are out there and available to only non-profits that would not be available to the housing authority. So, there may be opportunities to use that non-profit to go out and do some development work, work in the community, receive grants from foundations who only give it to non-profit corporations and not a public entity like the housing authority.

The other way that you would do a non-profit that you don't control but you are affiliated with in some way can also be more helpful, nimbler in the development process and it doesn't necessarily have to follow all of the various requirements a housing authority has to follow as a state entity. You would not have to file wage rates automatically. You would not necessarily have to follow the bidding requirements for the development work and would not necessarily comply with 30B but the housing authority would have to treat that non-profit just like a separate non-profit So if the housing authority wanted that non-profit to receive Section 8 Vouchers, they would have to put an RFP out and that non-profit would have to respond, if they wanted to give money to that non-profit they would have to put out an RFP out that says we are giving money out to non-profits and that non-profit would have to respond. They would have to treat that non-profit as a separate entity from the housing authority and there could not be any preferential treatment to that non-profit. I think that another big reason why housing authorities don't go that way is because there can be conflicts of interest. It can also be an affiliated entity but not part of the housing authority. A lot of times, housing authorities feel more comfortable having full control over a non-profit. I would also say that an entity that is not fully controlled by the housing authority, if the housing authority were to give an asset to that non-profit there is no real security that the housing authority would have long term control over that asset. It would go to a separate entity. That can be another factor. The most elemental decision is do you want a non-profit that you fully control or do you want a non-profit that is an affiliate that you don't control?

Does anyone have any specific questions?

Cathy Hoog - It is a lot of information but it is generally one director of the other that housing authorities choose to take and they both have pros and they both have cons.

Sue Kirby - Do you have any examples in Boston or on the North Shore about either one of these or what difference it has made?

Attorney Santalucia - Sure, I will give an example of the housing authority that is on the south shore and that I am a commissioner on. We are doing a Section 18 Disposition to maintain and hold the property. We do not want that property to go to an independent, non-profit. We want to maintain control over it but as part of the Section 8 Disposition we actually have to transfer it to a different entity so we created a non-profit that we fully control and when we do the purpose of that non-profit, we also add in that it could also do resident services and it could get grants from organizations. It is now an instrument of the housing authority. It is holding property that the housing authority used to hold and it could go out and do some fund raising that could be used to supplement some of our programs.

I represent the Worcester Housing Authority, the New Bedford Housing Authority, and the Taunton Housing Authority. They have all done variations on this. I would say the majority of the Housing Authorities that I work with start with an instrumentality. They find it safer and understandable and where they tend to gravitate towards.

The New Bedford Housing Authority created an affiliate because they were going to do some real development work. There weren't enough non-profits in the area doing the work so they created an affiliate that is off and running. I always say before a housing authority creates an affiliate that they look in their community to see if there are some other non-profits that could do some of the work because maybe you should be partnering with them who are already there doing the development work in the community rather than setting up another non-profit.

Sue Kirby - What would stop the Housing Authority without a non-profit as it exists now from doing development work?

Attorney Santalucia - There are several different things that could stop a housing authority. One is that housing authorities are unable to provide guarantees. The biggest issue is that there are certain funding sources that are specific to a non-profit. There is certain funding that only goes to a non-profit that would not go to a housing authority.

Cathy Hoog - I would venture to say that that is probably the biggest reason that housing authorities look into going in this direction it is because of the opportunities that open up as a non-profit that are not necessarily available to us as a government entity.

Sue Kirby - We are getting grants now from the State. Would that non-profit be able to access those grants?

Attorney Santalucia - I don't know what grants those are. If the Housing Authority is able to get grants that is great. There is no reason why the housing authority couldn't continue to do that. I think that having a non-profit is an opportunity to tap into new sources that the housing authority would not be able to tap into.

Cathy Hoog - Most of the grants that are available through DHCD don't require a non-profit especially the grants available to the housing authorities.

John Boris - Any other questions or comments?

Cathy Hoog - It is a lot of information but I feel that it is a worth venture for us to consider and I wanted to take an opportunity to have someone that has a lot of experience both as a commissioner and as an attorney specific to this world do a brief presentation. We can certainly come back and re-discuss and maybe even invite you back Theresa if possible. I really appreciate you freeing up time to come tonight to do this presentation for us. It was really helpful.

Cathy Hoog - Thank you. I hope you found that helpful. Attorney Santalucia is really fantastic. She is the Attorney that assisted us with developing our RFP for the Leefort Terrace development. I have done a little bit of work with her in the past and a lot of housing authorities speak highly of her. I thought it was worthy of her coming to the meeting and giving us a presentation.

- Updated Waitlist
- SHA Department Reports (Move In, Move Out, State and Federal, Modernization Report, Voucher Report and Completed Work Orders for Month of June 2021)

Kimberley Driscoll arrived at 6:18 p.m.

VI. Reports of the Committees

There were no Reports of the Committees.

VII. Report of the Executive Director

- See attached report of the Executive Director
- Cathy Hoog - one really nice thing to hi-light this month is that the housing authority received a sizeable contract through Action Energy for \$1.1 million. It is great news We are going to be able to perform some much-needed work at Rainbow Terrace. We have aging boilers at the property. The parts for these boilers have become obsolete. It has become a dire situation We are looking to have to Phase the project because of the cost so we took a chance and submitted an application and they were very much amenable and I felt like it was a worthy project. I am happy to say we were awarded that. I also just want to take a minute to acknowledge Gary Dean's participation in this and he has been very instrumental in this process as they went through the site and working together with Action Energy. I am appreciative of him and his involvement in this. Gary is not able to be with us tonight. Apologies. I just wanted to take a minute to acknowledge how hard he worked on this. It is great news.

VIII. Unfinished Business

- Cathy Hoog - I don't have anything on this. I know that we tabled the discussion on Juneteenth. It has since become a National Holiday. It is worth a discussion but we certainly don't have to do that tonight. I thought it was worth mentioning. It was on my radar.

IX. Recommendations of the Chairman

There were no recommendations of the Chairman.

X. Report of the Treasurer

Bills and Transfers

Cathy Hoog presented the Bills and Transfers to the Board for approval.

Sue Kirby - On the first page, 3rd up from the bottom it talks about driving training courses. I have never seen that before.

Cathy Hoog - On an annual basis, we provide the maintenance staff and the inspectors with a safety driving course. It is part of our agreement with the Collective Bargaining Unit and Vehicle Safety Policy.

Charity Lezama moved to approve the bills and transfers for the period June 1, 2021 through June 30, 2021 as presented. Sue Kirby seconded the motion and the **roll call** vote was as follows:

Ayes

Sue Kirby
Kimberley Driscoll
Charity Lezama
John A. Boris

Nays

Balance Sheet and Statements of Revenues and Expenses

Cathy Hoog presented to the Board for approval the Balance Sheets and Statements of Revenues and Expenses.

Sue Kirby - on the analogy of the non-routine expenditures, we are half way through the year and we have only used up ¼ of our operating/extraordinary maintenance funds and I am wondering if there is some special circumstances. There is \$184,000 for Covid allowance. It looks like it is not being used.

Cathy Hoog - We have an extended period of time to use the Covid Funding. If we don't allocate it to something specific. I believe we can absorb it in our operational costs. As far as the extraordinary expenses, we did have some purchases which I am not sure are listed yet. It is not entirely out of the ordinary that we don't necessarily make all the purchases we hoped to make. It is a matter of timing and circumstances and we were somewhat distracted this past year with the pandemic and managing all of that. If we don't purchase something that we hoped to purchase, it is not necessarily a problem or loss per say we can roll it into next year's wish list.

Kimberley Driscoll moved to accept the Balance Sheet and Statements of Revenues and Expenses prepared by Rick Fenton of Fenton, Ewald & Associates, P.C. for eight (8) months ending May 31, 2021. Charity Lezama seconded the motion and the **roll call** vote was as follows:

Ayes

Sue Kirby
Kimberley Driscoll
Charity Lezama
John A. Boris

Nays

XI. New Business

Budget Revision #1 for Fiscal Year Ending September 30, 2021

Cathy Hoog discussed and presented to the Board Budget Revision #1 for Fiscal Year Ending September 30, 2021. The purpose of the revision is to account for the settlement outlined in the documents included in your Board Package. No other revisions were made.

Cathy Hoog - The Salem Housing Authority has settled a case a slip and fall case from 2018 , it has taken some time for DHCD and its legal team to go through all the steps. Any time there is a change in our budget, you probably recall that we have to submit a formal budget revision. Because of the settlement, DHCD is covering the expenses. There are legal fees and line items for housing authorities across the state for things like this. So, we are going to receive a budget exemption but it requires us to do a revision. On the revision form, you will see that it lists my salary that is a requirement any time we do a budget revision whether or not anything changes, it is a requirement that my salary has to be listed so that it is transparent and that there is nothing going on or changing. Nothing has changed. It is part of the standard; budget certification form any time you do a revision.

Kimberley Driscoll moved to approve that the proposed Operating Budget for State-aided Housing of the Salem Housing Authority (Chapter 200/667/705/689/MRVP), Program Number 400-1 for fiscal year ending 9/30/2021 showing total revenue of \$4,715,922 (Acct. No. 3000) and Total expenses of \$4,723,690 (Acct. No. 4000) thereby requesting a subsidy of \$1,410,051 (Acct. No. 3801), and further that the Executive Director's total annual salary of \$159,258 for fiscal year ending 9/30/2021 be submitted to the Department of Housing and Community Development for its review and approval. Sue Kirby seconded the motion and the **roll call** vote was as follows:

Ayes

Sue Kirby
Kimberley Driscoll
Charity Lezama
John A. Boris

Nays

Audited Financial Statements and Agreed Upon Procedures for Fiscal Year Ended September 30, 2020

Cathy Hoog presented to the Board of Directors the Audited Financial Statements and Agreed Upon Procedures for Fiscal Year Ended September 30, 2019.

Cathy Hoog - I am pleased to say there were no finings for the housing authorities so that is good news. In order for us to finalize our audit, we need a board vote to except the audited financial statements.

Sue Kirby - This Audit is for DHCD?

Cathy Hoog - It is two parts, it is a Federal Audit and then we have the AUP Audit, which is the Agreed Upon Procedures which is the State Audit. They go through all of our programs and financials Later on in the year, we go through Performance Management Review That is an audit that is done internally by DHCD that involves our maintenance department including work orders, how we process inspections, physical conditions of the property, etc.

Charity Lezama - Great job!

Cathy Hoog - Thank you!

Sue Kirby moved to accept the audited Financial Statements and the Agreed Upon Procedures for the Fiscal Year Ended September 30, 2020 submitted by Independent Auditor Marcum, LLP. Kimberley Driscoll seconded the motion and the **roll call** vote was as follows:

Ayes

Sue Kirby
Kimberley Driscoll
Charity Lezama
John A. Boris

Nays

2021 Federal Annual Plan

Cathy Hoog, Executive Director, presented and submitted to the Board for approval the 2021 Federal Annual Plan.

Cathy Hoog - As you probably remember there are two processes that are very similar. An annual plan for the Federal Program and an annual plan for our state programs. The components to the process that are similar in that we have an obligation to meet with participants and we have an obligation to have a public hearing to receive feedback. We did go through that process with the federal annual plan. The public meeting was not part of our Board Meeting. It was a separate public meeting and there was light participation. I am happy to say that all of the feedback we received was very positive. Folks from our Section 8 Program called in and had a lot of really great things to say about their experience work with our agency and didn't feel that they needed to suggest any changes. Jacqui, If I left anything out and there is anything you would like to add please feel free to speak up.

Jacqui Guzman - No, you covered it all. Thank you.

Sue Kirby - is that the same, where there is an attachment where at one meeting there is Sergio.....I guess I am wondering why there are so few people in attendance and both had no answer or it wasn't recorded what they said. Am I looking at the right document?

Jacqui Guzman - Yes, you are. They did not comment anything on the plan. All they said was that they were happy to be on Section 8, etc. and only a few people attended each meeting.

Cathy Hoog - In order for us to submit this document to HUD, it does require a board vote for approval. Annual Plan

Kimberley Driscoll moved to approve the 2021 Federal Annual Plan and authorize Chairman John A. Boris to execute the Civil Rights Certification and Certification of Compliance with PHA Plans and Related Regulations including required Civil Rights Certifications.

Charity Lezama seconded the motion and the vote was as follows:

Ayes

Nays

Sue Kirby

Kimberley Driscoll

Charity Lezama

John A. Boris

State Annual Plan//Capital Improvement Plan

Cathy Hoog presented to the Board the State Annual Plan/Capital Improvement Plan for approval. Public Hearing was held on June 9, 2021 at the Regular Board Meeting for comment on the State Annual Plan/Capital Improvement Plan.

Cathy Hoog - You may remember receiving that large document and a link to that document. We had an opportunity to discuss this at our public hearing/board meeting and we had a generous amount of participation from residents and LTO's. In the process, it was very helpful to hear from folks. I mentioned that at our last meeting was also a public hearing, we did incorporate all of the comments we received in a summary and uploaded them in an attachment to our draft state annual plan. I also included those comments in your board packet so you could see what specifically people had recommended and discussed during their process of participation. I am happy to discuss this further or answer any of your questions. We are ready to submit our plan to DHCD, the state version which also includes the Capital Improvement Plan. I am happy to answer any further questions.

Sue Kirby - I don't have a question but because of the dual role that I am playing. I did notice under the comments that were made. The Board of Directors of the Tenants' Association. We did write up a list and sent it over to you and then there was a discussion. I was not at it because I am not allowed to be at it. That is one of the regulations. I did notice one thing with the additional tripping hazards to be repaired and then in parenthesis it says that these were determined to be City sidewalks. I know this list because I was involved in making it and they were two separate things. One was about a city sidewalk that needs repairs and there was another one about continued tripping hazards from last year when work was done last year and at the end of that you said you would be able to do all of the repairs as the SHA did not have the funds. So, we put in let's finish up what was started last year. Those are two very different things and they have been combined here and I wanted to match up the document that we sent in. Maybe it communicated that way at the hearing or maybe it was misunderstood. I do not know what you do in this case.

Cathy Hoog - we can modify the comments to make sure that they are two separate recommendations listed and make sure that that goes in with our submission.

Sue Kirby - thank you.

Further discussion ensued between the Board of Directors and Cathy Hoog.

Sue Kirby - Could you send me a copy of the Preventative Maintenance Plan for 2021?

Cathy Hoog - Yes, there is a link to it on our website too, if you want to click on it.

Sue Kirby - Okay.

Charity Lezama moved to approve the State Annual Plan/Capital Improvement Plan as presented. Sue Kirby seconded the motion and the vote was as follows:

Ayes

Nays

Sue Kirby
Kimberley Driscoll
Charity Lezama
John A. Boris

Change Order #1 for DHCD Project #258116 Replacement of Locks at 27 Charter Street

Cathy Hoog presented Change Order #1 for DHCD Project #258116 Replacement of Locks at 27 Charter Street.

Cathy Hoog - This additional request is for door locks that we did not think we could afford to do at the Charter Street location replacement of locks projects. These locks would include the entrance locks on the doors on the first floor. Basically, all of the doors on the first floor that are not apartment doors, we left off because we thought the tenant doors were the most important. It came in under budget so we had an opportunity to look at what it would cost to do these additional doors. It would make a whole lot of sense to do this. We upgraded all of the locks and handsets in the building to the keyless entry fobs so if we could include these additional doors within this project, it would be really great for the building.

Sue Kirby - So, the cost for this would come out of the original estimation?

Cathy Hoog - no, it would be in addition to. We came in under budget. We also have contingency money in case something happened. It is a reasonable dollar amount. It was pre-approved by the architect on the project and pre-approved by the state. It does require a board vote in order for us to move forward.

Charity Lezama moved to approve Change Order #1 in the amount of \$13,226.18 as presented by MJS Construction for DHCD Project #258116, Replacement of Locks at 27 Charter Street. This Change Order represents adding the replacement of 11 first floor locks for improved building safety and security. Sue Kirby seconded the motion and the **roll call** vote was as follows:

Ayes

Nays

Sue Kirby
Kimberley Driscoll
Charity Lezama
John A. Boris

Collection of Losses – Write Offs Through 06/30/21 per Public Housing Notice 2017-17

Cathy Hoog presented the Collection of Losses – Write Offs Through 6/30/21 per Public Housing Notice 2017-17.

Cathy Hoog - There is a summary in your board packets of the write-off for the quarter totaling \$3,921.00,

Charity Lezama moved to approve write offs through June 30, 2021 for State Development 667 in the amount of \$1,533.00 and State Development 200 in the amount of \$2,388.00 for a total amount of \$3,921.00 pursuant to Public Housing Notice 2017-17. Kimberley Driscoll seconded the motion and the **roll call** vote was as follows:

Ayes

Nays

Sue Kirby

Kimberley Driscoll

Charity Lezama

John A. Boris

XII. Other Business/Late Communications

There was no other business or late communications.

XIII. Adjournment

Kimberley Driscoll moved that the Board adjourn the Regular Meeting of July 14, 2021 at 6:50 p.m. Charity Lezama seconded the motion and the vote was as follows:

Ayes

Nays

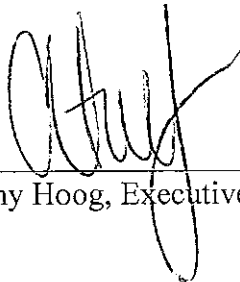
Sue Kirby

Kimberley Driscoll


Charity Lezama

John A. Boris

Respectfully Submitted,



Cathy Hoog, Executive Director



Anne M. Cameron, Executive Assistant