

**CITY OF BROOKSVILLE
&
BROOKSVILLE HOUSING AUTHORITY
WORKSHOP
COUNCIL CHAMBERS
201 HOWELL AVENUE**

MINUTES

April 15, 2008

6:00 P.M.

Brooksville City Council met in special session with Mayor David Pugh, Vice Mayor Frankie Burnett and Council Members Joe Bernardini, Lara Bradburn and Richard E. Lewis present. Also present were Thomas S. Hogan, Jr., and Jennifer Rey, City Attorneys; T. Jennene Norman-Vacha, City Manager; Janice L. Peters, Deputy City Clerk; Steve Baumgartner, Finance Director; George Turner, Police Chief and Tim Mossgrove, Fire Chief. Members of the Brooksville Housing Authority Board present were Randy Woodruff, Chairman; James Brooks, Vice Chairman; Brian Adair; Cliff Manuel, Jr.; Yvette Taylor and Francine Ward, as well as their attorney, Mr. Luckey and Ronnie McLean, Executive Director. Members of the Hernando Today and Hernando Times were also present.

The meeting was called to order by Mayor Pugh.

BROOKSVILLE HOUSING AUTHORITY

Discussion of various issues between Brooksville City Council and Brooksville Housing Authority.

City Attorney Hogan advised Council not to get involved in any discussions of pending litigation.

Randy Woodruff, Brooksville Housing Authority Board Chairman, requested Ronnie McLean, Executive Director of the Brooksville Housing Authority review the report submitted to Council.

Mr. McLean read the "Executive Summary" into the record (Attachment A) and proceeded to give a brief overview of each section of the status report submitted.

FINANCES

Council Member Bradburn asked for a review of the rent structure and future plans.

Ronnie McLean indicated there is a total annual recertification in process and each resident's file is being thoroughly reviewed, which includes income verifications and background checks. They have also gone to a new system which details everything related to each file including when the file was reviewed and by whom. He stated that at the end of 2007 there was around \$50,000 in uncollected rents and indicated it would probably be another month before the recertification process is finished. Tenant statements are now being produced and those in arrears will be allowed to enter into a repayment agreement

Brenda Williams, HUD Consultant, stated the Housing Authority's rent structure needs to be revamped and reviewed HUD's requirements for rent. Currently HUD has a flat-rent structure and an income-based structure, which tenants can choose between; both are outdated and need to be revised by way of a market study which will be done within 12 months.

APPROVED BY BROOKSVILLE
CITY COUNCIL
ON 6/16/08 INITIALS [Signature]

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Mr. McLean indicated the Housing Authority is working on a social services plan for residents and is working in conjunction with Boy's & Girl's Club and the Department of Children and Family Services. Another step is working in conjunction with Career Central for the adult population and the last part of the project is to require residents to be in the program in order to live in the residence.

James Brooks, Brooksville Housing Authority Vice Chair, stated that there are no provisions to evict residents, once in, except for non-payment of rent. Discussions of the requirements of HUD concerning rent and the process for non-payment ensued.

Chairman Woodruff reviewed the current state of the audit review process and advised that letters and proposals have been issued seeking new accountants and auditors.

He indicated new policies are in place and there are now 4 accounts, which are required by HUD. One has been eliminated. Statements are being received for each account and the financials are going through a major overhaul. Mr. Manuel indicated the money has to be tracked separately and the goals are to streamline everything. Discussion continued of the operating budget and market analyses.

POLICIES AND PROCEDURES

Procurement guidelines policy is in place for over \$10,000. Under the MOA, which was passed last month, all contracts have to be approved by HUD.

BOARD TRAINING

Council Member Bradburn asked if the employment manual was in the process of being updated and employees being trained. Ronnie McLean indicated employees are given orientation and the manual.

Vice Mayor Burnett asked if the board and staff are communicating with residents concerning HUD rules and regulations. Yvette Taylor, resident of the Brooksville Housing Authority, indicated there are mechanisms in place at this time for resident notifications.

STATUS OF TROUBLED AGENCY DESIGNATION

Council Member Lewis, referencing Page 5 of 30, noticed programs and advised that estimated completion dates are near. He asked if all will be able to be done in the next few weeks. Ronnie McLean indicated they are all being addressed and noted that HUD sets the completion dates.

Mayor Pugh asked if HUD has given any feedback on the progress. Ms. Williams indicated a report should be received this week, which will be forwarded to City Council.

Council Member Lewis questioned the turnaround period for making vacant units available. Mr. McLean advised they try to have a 30-day turnaround and that the waiting list process is being revamped and followed.

Discussion followed of the MOA and date flexibility.

PROPERTY STATUS

City Attorney Hogan again advised Council not to discuss any pending or ongoing lawsuits.

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Council Member Lewis indicated there seems to be an ongoing problem of propane gas service to the Housing Authority and suggested looking into the possibility of installing natural gas.

Mayor Pugh pointed out that the garbage bill for the Housing Authority is \$10.00 more per month for garbage pickup than others in the City. This is an issue that was never formally received from anyone and suggested the City needed to know. He asked Director Baumgartner to explain.

Director Baumgartner indicated that in 2004 Director of Public Works Emory Pierce sent a letter to the Housing Authority stating that the law dictates a residential unit with four or more units is considered commercial, which does not pay the solid waste assessments. Hernando County said commercial is charged a tipping fee, unlike residential, which is not. He recommended they consider dumpsters. He also indicated it has to be picked up separately which adds to the cost because it has to be separated.

City Manager Norman-Vacha elaborated on the issue as well, which was discussed further.

Mayor Pugh's major concern is that he has not seen any correspondence indicating there are problems. Ms. Williams indicated that in some cities a representative of the Housing Authority is allowed to attend the City's staff meetings.

Ronnie McLean distributed a letter he received from HUD concerning the garbage pickup and the Payment in Lieu of Taxes (PILOT)

Mr. Manuel, referring to the Cooperative Agreement, asked if agreements with the Housing Authority for trash pickup, water, wastewater, etc., could be renegotiated. He suggested uniquely qualifying the Housing Authority for services. City Manager Norman-Vacha indicated there are always opportunities to address individual needs.

Council Member Lewis cited bond covenants which prohibit the waiving of fees or making of exceptions to any customers for services. He made comparisons between the Housing Authority and other apartment complexes in the City.

Director Baumgartner once again stated that payments received from the Housing Authority on the PILOT have only been the arrears, not their annual payment, since 1998. Mayor Pugh indicated this will be discussed further in a future meeting. It was suggested there be a meeting with the City of Brooksville, Brooksville Housing Authority and HUD.

Mayor Pugh read Paragraph 5(a) into the record:

"Furnish or cause to be furnished to the Local Authority and the tenants of such Project public services and facilities of the same character and to the same extent as are furnished from time to time without cost or charge to other dwellings and inhabitants in the Municipality."

He pointed out that it says nothing about residential.

Council Member Bradburn asked if the Housing Authority has had any discussions with the County concerning the duplication of services and consolidation with the County. James Brooks, Vice Chairman of the Housing Authority, indicated he had asked if Hernando County would be willing to take over the Housing Authority and they said "yes", but only if the trouble status is alleviated. Discussion followed.

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Ms. Williams suggested, and Council agreed, the Housing Authority put together a plan which includes a merger with Hernando County.

Vice Mayor Burnett reiterated that the only authority the City Council has is to appoint and remove board members.

PILOT AGREEMENT REVIEW

Discussion of PILOT Agreement between Brooksville City Council and Brooksville Housing Authority.

Attorney Jennifer Rey of the Hogan Law Firm elaborated on the 1969 agreement and the PILOT Agreement.

After reviewing numbers for the PILOT submitted by HUD she referred to Supreme Court Cases which state that Municipalities which have Housing Authorities that own property for the specific purpose of low income housing are tax exempt and you cannot apply Ad Valorem taxation. There is also a limitation on special assessments, referring to the sanitation "extra fee" issue. Because the Housing Authority residents do not pay the solid waste assessment based on the tax exempt requirement for low income housing, there are two provisions, both in U.S. Code and in Florida Statutes that address payment in lieu of taxes (PILOT's).

Under the U.S. Code, the Brooksville Housing Authority is required to have a Cooperative Agreement with the local Council in order to obtain Federal funding. So the contract is not with HUD but with the Housing Authority.

She indicated there are some options for figuring the PILOT. In the agreement it states:

"Each such annual Payment in Lieu of Taxes shall be made after the end of the fiscal year established for such Project and shall be in an amount equal to either (i) ten percent (10%) of the Shelter Rent actually collected but in no event to exceed ten percent (10%) of the Shelter Rent charged by the Local Authority in respect to such Project during such fiscal year or (ii) the amount permitted to be paid by applicable state law in effect on the date such payment is made, whichever amount is the lower."

She indicated that under Florida Statutes there is no prescribed payment method and states the City is not required to enter into an agreement for the payment, but the U.S. Code does require it in the Cooperative Agreement.

With that in mind, and referring to the steps previously taken to agree to waive or renegotiate the agreement, she indicated there are no default provisions in the agreement or stipulations as to what to do if the Housing Authority gets into financial difficulty and no provisions for dialogue relative to shelter rents, what is being charged and collected and no accounting provision to provide reporting back to the City in the agreement, all of which need to be considered.

In regards to negotiating a new agreement she advised that the current agreement needs to be taken into account and a determination made as to what will happen with the situation under the existing agreement while a new agreement is being renegotiated. She also advised that HUD Regulations and Florida Statutes will need to be taken into account, but clarified that the Cooperative Agreement is between the Housing Authority and City Council, not HUD. It is the City Council's discretion as to what to do with the Agreement and it must be Council who requests the renegotiation of the Agreement.

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Mayor Pugh advised Council should move forward to amend the agreement, which was the consensus of all.

Mr. Manuel advised the letter has not been reviewed by the Housing Authority Board and recommended it be tabled until it is reviewed by the Housing Authority Board.

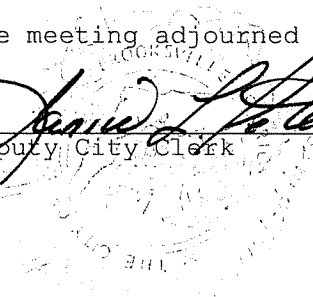
Council concurred to direct the board to move forward to process a new agreement which was discussed in detail.

ADJOURNMENT

There being no further discussions, the meeting adjourned at 8:30 p.m.



Mayor


Deputy City Clerk

Executive Summary

Financial Reports:

The BHA Board of Commissioners approved the Fiscal Year 2008 Operating Budget on March 26, 2008. Included in this submission is a copy of the HUD approved Capital Fund Budget and a close out income and expense report for both Operating and Capital Fund Budgets.

Policies and Procedures:

The BHA Board of Commissioners approved a revised Procurement Policy on January 15, 2008. The Procurement Policy includes guidelines for procuring professional services contracts. In addition, included in this submission is a copy of the BHA Personnel Manual that includes policies for employees.

Board Training:

The BHA Board of Commissioners received 16 hours of board training on March 18, 19, 25 and 26, 2008. Included in this submission is the training syllabus and training modules.

Status of Troubled Agency Designation:

On November 30, 2007 HUD notified the BHA that it has been designated troubled based on an on-site review that was conducted August-September 2007. Based on this review, HUD prepared a Memorandum of Agreement that includes a broad range of corrective actions and strategies to assist the HA to return to an acceptable level of performance. Included in this submission is a copy of the Memorandum of Agreement and correspondence concerning troubled agency designation. The Memorandum of Agreement was adopted by the BHA Board of Commissioner on March 26, 2008.