MINUTES... REGULAR MEETING... NOVEMBER 12, 2024

The members of the Bethlehem Housing Authority met in a regular session on November 12, 2024, at 4:00 P.M. (IN PERSON MEETING). Those present and absent were as follows:

PRESENT

ABSENT

Mrs.Lindsey A. Clifton, Chairperson Mr. Rogelio Ortiz, Vice Chairperson Mrs. Iris Linares Ms. Rachel Leon Mr. J. Marc Rittle

Also present were: William W. Matz, Jr., Esq., Solicitor; John Ritter, Secretary-Treasurer; Diana Moreno, Assistant Secretary; Staff Members and members of the general public.

During the approval of the meeting minutes, Chairperson Clifton noted that two letters referenced in the Executive Director's Report were missing from the packet and had not been provided digitally. Mr. Rittle requested that all documents be sent electronically. Ms. Moreno clarified that she sends materials digitally and asked for clarification about the letters. Chairperson Clifton confirmed they related to reclaimed voucher funds and rent calculation protocols. Copies will be provided to the board of commissioners.

The Minutes of the <u>Regular Meeting</u> of October 14, 2024, were presented and approved. Mr. Rittle made a motion to accept the minutes of October 14, 2024. Mrs. Linares seconded the motion.

Roll Call: Ayes - Linares/Rittle/Leon/Clifton; Nays - None

Commissioner Rogelio Ortiz joined the meeting.

Mrs. Linares made a motion to approve the <u>Treasurer's report</u> for October listing 2024. Ms. Leon seconded the motion.

Roll Call: Ayes -Ortiz Linares/Rittle/Leon/Clifton; Nays - None

Under the Financial report, Mr. Snyder reported that the agency is currently in a financial shortfall, with projected expenditures nearing \$4.6 million. In November, they initially borrowed from the Central Office budget, which HUD allowed, before receiving additional funds from HUD a few days later. Current utilization stands at 399 participants, with five individuals seeking new housing. The target is to reach 405 participants. Monthly expenses are estimated at \$385,000 for the next year but rent increases could prolong the shortfall.

Mr. Snyder noted that income and expenditure are as expected, though utilities and maintenance costs are currently lower. However, with the heating season approaching, these costs are expected to rise due to increased service calls and related maintenance demands.

Mr. Rittle asked if the Section 8 program was still on track to reopen after this calendar year. Mr. Snyder responded that it depends on HUD confirming the agency is out of shortfall, as new vouchers cannot be issued until HUD is certain there are enough funds. Mr. Rittle inquired if the decision would still be made in December, and Mr. Snyder explained that it was uncertain, with a growing likelihood that it would be delayed until next year due to a nationwide issue.

He referenced recent situations in Roanoke, where 150 vouchers were retracted, and Detroit, which has not issued vouchers for the past year. Mr. Rittle acknowledged this and asked if he was estimating a 12-month timeframe, to which Mr. Snyder confirmed, noting that current spending is around \$380,000 per month. He stated that the funding for next year would remain the same, but any rent increases would keep the agency in shortfall.

Chairperson Clifton asked when potential rent increases typically come before the board, inquiring if it's tied to the financial or calendar year. Mr. Ritter clarified that rent is set through the lease agreement between the landlord and tenant, and the agency does not set the rental rate. Mr. Snyder explained that landlords request rent increases during their annual review, and the increase is determined based on whether it aligns with Fair Market Rent and payment standards.

Mr. Rittle asked if rent increases within Fair Market Rent (FMR) are ever denied. Ms. Snow explained during the annual tenant recertification if the landlord increases the rent. They use the agency RENTELLECT, is an online system that we use for rent reasonableness, which immediately informs them if the landlord's requested rent is acceptable. Mr. Rittle asked if RENTELLECT decides whether rent can be increased, and Ms. Snow explained that the landlord's requested rental increase information is entered into the RENTELLECT system, and it automatically tells us if it's approved or not. If it's not approved, they negotiate with landlords to ensure the tenant remains housed and the rent meets payment standards. Mr. Rittle acknowledged the complexity and suggested further discussion later. Chairperson Clifton noted the issue would be revisited under Miscellaneous Reports and Other Business.

Chairperson Clifton clarified that Mr. Snyder had explained if Section 8 rent remains stable, the shortfall may decrease, but if they were rent increases, it would prolong the shortfall. Mr. Snyder explained that rent increases are not standardized and can vary monthly, further complicating budgeting. Rent increases vary each month, making it difficult to predict as they are not consistent across the board. He also noted that changes in tenants' employment status could significantly impact the situation, as job losses would further affect the financial outlook.

Mr. Rittle made a motion to approve the Financial Report for November 2024. Ms. Leon seconded the motion.

Roll Call: Ayes - Ortiz/Linares/Rittle/Leon/Clifton; Nays - None

Nothing reported under Courtesy of the Floor.

Under Old Business, Deputy Executive Director's position, Mr. Ritter reported that several candidates were interviewed, and all performed well. He stated he would make a decision within the next few days. Chairperson Clifton inquired about the possibility of a second interview. Mr. Ritter mentioned the idea of a follow-up interview but indicated it would not involve all candidates.

Chairperson Clifton referenced prior email discussions suggesting board members might be invited to participate in a second round of interviews, consistent with the precedent set during the first round when there was only one mandatory candidate. However, she raised concerns about potential conflicts of interest that connect to Mr. Rittle.

11/12/2024 (4)

In conclusion, under Old Business, Chairperson Clifton addressed the Executive Director's formal evaluation. It was noted that this item was added to the agenda based on the minutes from the last meeting.

In previous discussions, it was agreed that the Executive Director's evaluation would follow the typical annual review cycle, which takes place in February/March, and would be part of the same Civil Service review process that applies to all other employees. She received documents from Ms. Moreno as a resource, and it was suggested that, as a board, additional questions could be included for the Executive Director's feedback and reflection, alongside the Civil Service evaluation tool. The intended process was for the self-assessment tool to be sent out in February, with review discussions scheduled for March.

Mr. Rittle sought clarity on whether the Executive Director's evaluation for 2024 was being waived, as February and March had passed, and whether it would instead be evaluated in March 2025, for the year 2024. Chairperson Clifton confirmed that, unless there was an issue, the evaluation would be pushed to March 2025. Mr. Rittle then asked whether the board was planning to conduct the evaluation now, due to oversight, and do it again in March, or bypass it for now and only conduct it in March. He recommended bypassing it for now, as March was approaching, and wanted to ensure this decision was clear.

Chairperson Clifton responded that having an updated set of bylaws to clarify these matters would be helpful. She mentioned that without clear bylaws or committee structure, implementing an evaluation process at this time might be challenging. The board had previously created a personnel Committee, but the bylaws lacked details on the committee's formation and responsibilities, so this issue would need further discussion. She suggested that to make any changes to the evaluation process, updated bylaws would be necessary.

Mr. Rittle suggested sticking with the original plan to conduct the evaluation in February/March using the self-assessment tool, ensuring the process was completed. He also recommended considering that the staffing committee was not a formal structure and that an evaluation committee could be created, changing from year to year if necessary. This would help establish a clearer precedent for conducting evaluations. Chairperson Clifton agreed with this approach.

Attorney Matz added that employees under Civil Service rules, including the Executive Director, must follow those rules, and any evaluation process outside of that framework could pose problems. Mr. Rittle confirmed that the Executive Director was subject to Civil Service rules, and Attorney Matz affirmed this.

Chairperson Clifton then raised the issue of bylaws again, emphasizing the need to clarify who should conduct the evaluation—whether it would be the full board, a subset of the board, or the board chairperson since no guidance currently existed. Attorney Matz acknowledged that the bylaws clearly needed to be revised to address this and other related issues.

Under Chairperson's report, Chairperson Clifton mentioned that the Lynfield Community Center Lease has been revised, is out for review and ready to be signed. Secondly, the Choice Neighborhood trip has been postponed but they're doing an early action site visit and Steering Committee meeting in its place.

11/12/2024 (3)

Mr. Ritter expressed discomfort with board involvement in the hiring process if there were any connections that could create the appearance of bias or favoritism. He suggested exploring alternative solutions, such as appointing a neutral board member. And explained that he spoke with our HUD representative, and the resolution is not feasible and has no bearing on the matter. He emphasized that the board should not be involved in the hiring of any positions below his level.

Chairperson Clifton stated that despite HUD's guidance against board involvement in hiring decisions below the Executive Director level, that practices in other housing authorities often allowed board participation. While she respects that the final decision is his, there seems to be some inconsistency. At times it appears that Mr. Ritter is open to the board's involvement and support, but at other times, he seems to sidestep it. That the intent, especially in passing the resolution, was to foster a collaborative relationship, and she'd like to ensure that remains the focus.

Attorney Matz advised discussing the candidates in an Executive Session to avoid airing potentially sensitive details in public. Chairperson Clifton agreed and suggested that the board proceed with the meeting agenda and then move into the Executive Session to discuss the candidates and any conflicts of interest.

Mr. Rittle expressed that he had no issue with sharing his perspective for the minutes. He noted that a precedent had been set when the board participated in one of the interviews, and therefore, the board should be allowed to attend the remaining interviews, unless there is a conflict of interest. He acknowledged that he had a conflict with at least one candidate and would not attend any of the interviews, but he was fine with that. He suggested identifying other conflicts and offering the opportunity to others, or considering appointing someone, such as Mrs. Linares, a long-standing board member, to attend. He emphasized the importance of maintaining consistency to ensure fairness to all candidates. He also stated that regardless of the HUD representative's opinion, since the board had been invited to one interview, that precedent should apply to the others.

Mr. Ritter responded that the reason the board was invited to the first interview was that if the candidate had accepted the job, the process would have been complete. Mr. Rittle clarified that the reason was the resolution, but Mr. Ritter reiterated that the process would have been done if the candidate had accepted. Mr. Rittle added that if it wasn't appropriate for the board to attend, then they should not have been invited to the first interview. However, if it was deemed appropriate, he felt the board should be allowed to attend the remaining interviews. Chairperson Clifton suggested that the matter be discussed further in the Executive Session. That the board could discuss the candidates and identify any potential conflicts of interest, allowing for appropriate planning regarding feedback and input. She acknowledged that conflicts might arise that make further board involvement unfeasible, but at least in the Executive Session, these issues could be discussed openly. Mr. Rittle says that he may not be able to attend.

Under the Old Business, Lynfield Community Center Lease, Chairperson Clifton confirmed that the draft had been sent to Mr. Ortiz for his team to review. Mr. Ortiz was unable to respond due to audio issues but nodded in agreement that the lease could be brought to the December board meeting for approval, with the hope of finalizing it by the end of the year.

11/12/2024 (5)

Mrs. Sara Satullo provided an update on the recent working groups, which were held at the end of October. These groups focused on the themes of opportunity, belonging, and connection. The working groups were designed to engage individuals who have not been attending the Steering Committee meetings. The goal was to provide input as strategies are developed for the final plan. The first session, held at the BHA offices, had a strong turnout and participation. The group discussed areas of success and areas for improvement within the neighborhood and community, which will guide the next round of meetings.

Additionally, the upcoming sessions will be held on December 9th and 10th. On December 9th, from 3:30–5:00 p.m., the opportunity working group will meet at Bethlehem City Hall. This group will focus on youth development, meaningful work, wealth opportunity, and housing. BHA staff and residents are encouraged to attend. On December 10th, the belonging working group, focusing on diversity and community connection, will meet from 9:00–10:30 a.m. at the library's second-floor room.

This session will explore ways to encourage multi-generational involvement, community support for seniors, and opportunities for residents to remain in and grow within the neighborhood. That afternoon, from 3:30–5:00 p.m., the connection working group will meet at the library, focusing on transportation, anchor institutions, and community integration through public transit, walking, hiking, schools, and community centers.

Also, the scheduled field trip had to be canceled due to staffing issues in Camden. However, they are pivoting to discuss an early action project at Stefko and Pembroke. Feedback is being sought on how to make Stefko Park more attractive and used by the community.

Chairperson Clifton suggested it would be helpful to share the working groups' dates with the entire board, as not all board members are on the Steering Committee, but some might want to participate in the group conversations as well as the staff. Mr. Ritter confirmed that the dates will be provided. Mrs. Satullo will be emailing the group dates to Ms. Moreno for distribution.

Chairperson Clifton concluded her report by reminding the board about the PHADA Conference in Miami, January 5th-8th, 2025. She noted that Ms. Moreno had emailed board members regarding attendance and emphasized the need to review calendars and provide a definite response to Ms. Moreno promptly.

Mrs. Linares shared that during a recent Lanta bus meeting, they discussed a 5-10-year plan involving improvements to the Stefko Boulevard and Washington Avenue corridors. The plan includes providing transportation options for residents once the project begins. Chairperson Clifton noted that Lanta representatives had been attending Steering Committee meetings and participating in the early action planning process.

Mrs. Satullo confirmed that Lanta is already involved in the early action project, particularly in the Stefko corridor, where they are working on upgrades. Short-term improvements include adding shelters at stations, with coordination between Lanta's work and the ongoing project. Looking ahead, Lanta's 5–7-year plan also includes transformative actions to improve transit linkage. Sara emphasized that Lanta has been a valuable partner in these efforts, collaborating closely on engineering and construction to better serve the community.

11/12/2024 (6)

Under the Executive Director's report, Mr. Ritter reported that the monthly drug and criminal meeting is scheduled for November 13th at 10:00 a.m. in the Monocacy Conference room. Additionally, the holiday luncheon is planned for December 13th at 12:30 p.m. and will be held at the Steel Club in Hellertown.

Nothing reported under Committee Reports, Scholarship Committee.

Under Committee Reports, Resident Advisory Committee, Chairperson Clifton asked Mr. Ortiz if he has any critical information to email it due to virtual audio problems.

Nothing to report under Resident Council.

Under Resolutions, Annual Audit, Mr. Steven Kutsuflakis, partner at Barbacane Thornton Company, introduced himself and his team, including Ryan Malloy, Senior Accountant, who has worked on the authority's audit for three years. He provided an overview of the audit process, highlighting that the audit for the past year was completed by his team, which also included other staff members. A one-page summary of the audit results was distributed for review, and Mr. Kutsuflakis emphasized the timeline: the audit started in July, with finalization in October. They followed generally accepted auditing standards, HUD requirements, and federal guidance for federal grants.

Additionally, he explained that the authority's financial statements were reviewed and approved by Mr. Snyder before the audit was finalized. The audit process involved evaluating internal controls and testing key financial cycles such as receipts, disbursements, and payroll. Other tests included analytical reviews, examining prior trends, budgets, invoices, and confirming third-party balances. He noted that their main objective was to provide an opinion on the fairness of the financial statements, including the Financial Data Schedule submitted to HUD. This year, they tested compliance with the Section 8 Housing Choice Voucher program, which is rotated annually under the Uniform Grant Guidance. They reviewed tenant eligibility, waitlist status, admissions policies, and reporting.

The audit resulted in an unmodified (clean) opinion on the financial statements and on compliance with the Housing Choice Voucher program. The authority spent \$13 million on federal funds across three programs, such as Capital Fund, Public Housing and Section 8 with \$5.4 million allocated to Section 8. No deficiencies in internal controls were reported. The authority's year-end cash and investment balance was approximately \$14.2 million, with an overall net position of \$38.7 million, marking a \$582,000 increase from the previous year.

A new change in the report was the implementation of GASB 96, which required accounting for subscription-based IT arrangements as liabilities and intangible assets. Mr. Kutsuflakis acknowledged the authority's helpfulness during the audit, particularly with the remote audit process, and expressed gratitude for the prompt responses from Mr. Snyder and his team.

Mr. Rittle thanked Mr. Kutsuflakis for the summary and for being present, expressing appreciation for the new practice of having the audit presentation. Chairperson Clifton noted that Mr. Rittle had requested this format last year. Mr. Kutsuflakis shared that it was a common practice for many authorities to do this.

Mr. Rittle then asked about the net position increase, specifically regarding the three programs mentioned. He inquired if the increase was tied to one particular program. Mr. Kutsuflakis explained that the increase in net position is distributed across multiple programs. He clarified that some of the increase is related to the central office, and that the audit report includes a breakdown of activity by program in the Financial Data Schedule (FDS), which outlines the performance of each program for the year.

RESOLUTION NO. 2601 - APPROVING THE ANNUAL AUDIT OF FISCAL YEAR ENDING 3/31/12024.

Ms. Leon made a motion to approve the annual audit for the fiscal year ending 3/31/2024. Mr. Ortiz seconded the motion.

Roll Call: Ayes - Ortiz/Linares/Rittle/Leon/Clifton; Nays - None

Chairperson Clifton expressed appreciation and thanked Mr. Snyder and the staff for their efforts in ensuring the audit process went smoothly. She also acknowledged the uniqueness of the electronic off-site audit model used, noting it as an asset. Mr. Kutsuflakis responded that they audit several authorities with a March 31st fiscal year end, and BHA was the first to complete the audit. He mentioned that most authorities typically meet the deadline of December 31st. Mr. Rittle agreed, commenting that this was indeed a positive outcome.

<u>RESOLUTION NO. 2602</u> - APPROVING THE 2025-2027 BARGAINING AGREEMENT WITH TEAMSTERS LOCAL NO. 773.

Mrs. Linares made a motion to approve the 2025-2027 Bargaining Agreement with Teamsters Local No. 773. Mr. Rittle seconded the motion.

Roll Call: Ayes - Ortiz/Linares/Rittle/Leon/Clifton; Nays - None

Mr. Ritter reported that negotiations went well, with two meetings being sufficient to reach a settlement. Chairperson Clifton noted that the agreement appeared reasonable and balanced for both parties, reflecting a healthy working relationship. Mr. Rittle inquired about the percentage wage increase from the previous year. Mr. Ritter responded that it was approximately 3.5%, adding that typically the first two years of an agreement have consistent increases. Mr. Rittle thanked Mr. Ritter for the detailed report.

RESOLUTION NO. 2603 - APPROVING THE PURCHASE OF AN SUV.

Mr. Rittle made a motion to approve the purchase of an SUV. Mrs. Linares seconded the motion.

Roll Call: Ayes - Ortiz/Linares/Rittle/Leon/Clifton; Nays - None

Chairperson Clifton inquired whether the purchase was a replacement or an addition, to which Mr. Ritter confirmed it was an addition. Mr. Rittle asked if the purchase was related to the new deputy executive director, and Mr. Ritter affirmed.

Under New Business and Miscellaneous Reports and other business, nothing reported.

11/12/2024 (8)

Under Public Comments, Ms. Hargrove, a Section 8 tenant, expressed concerns about apartment inspections conducted by the third-party company, McCreight. Mr. Ritter and Mrs. Snow committed to addressing her concerns and following up with her directly. Mr. Rittle thanked Ms. Hargrove for attending the meeting to voice her concerns.

Chairperson Clifton initiated requested a motion to enter the Executive Session. Ms. Leon made a motion. Several members, including Mr. Rittle and Ms. Leon, raised scheduling conflicts and suggested deferring the Executive Session to the next meeting or holding it virtually. It was clarified that the purpose of the session was to address the Deputy Executive Director interviews and potential board member participation concerning conflicts of interest. Mr. Ritter stated that interviews have been conducted and there maybe possibly be one or two candidates for a second interview. Ultimately, the board agreed to resolve the matter via group email to accommodate members' availability. Chairperson Clifton confirmed this approach and stated that she would follow up with Mr. Ritter to finalize the process.

Chairperson Clifton noted that the next regular board meeting will be held on Monday, December 9, 2024, at 4:00 P.M. at the Monocacy Tower, community room. There being no further business to transact, Chairperson Clifton declared the meeting adjourned.

John Ritter
Executive Director

RESOLUTION NO. 2601 APPROVING THE AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING MARCH 31, 2024

Chairperson Clifton introduced the following resolution:

WHEREAS the Bethlehem Housing Authority (BHA) has received the audited financial statements for the fiscal year ending March 31, 2024, as prepared by Barbacane Thornton and Company; and

WHEREAS the audit indicates there are no findings or recommendations, as detailed on page 80 and 81 of the report, and the condensed financial information on page 7 reflects an increase in Total Assets and Deferred Outflow of Resources by \$959,168 compared to March 31, 2023, alongside an increase in Total Liabilities and Deferred Inflows of Resources by \$376,367, resulting in a Total Net Position increase of \$582,80; and

WHEREAS the statements of revenues and expenses, found on page 8, show a revenue increase of \$883,805 for FY 2024 over FY 2023, primarily due to increased tenant rent and investment income, and an expense increase of \$1,509,033, with significant increases in administration and maintenance and housing assistance payments; and

WHEREAS prior concerns regarding the risk to BHA's investments due to FDIC limits have been largely mitigated, with nearly 90% of the total investments of \$10,598,026 now safeguarded, and only a small portion remaining at risk in certificates of deposit;

WHEREAS the Bethlehem Housing Authority has complied with all policies and procedures prescribed by the DHUD.

BE IT RESOLVED that the Board of Commissioners of the Bethlehem Housing Authority hereby approves the audited financial statements for the fiscal year ending March 31, 2024, as an accurate reflection of BHA's financial position; and

BE IT FURTHER RESOLVED that this approval be recorded in the minutes of the Board meeting held on November 12, 2024, where Steven Kutsuflakis, CPA and Partner at Barbacane Thornton and Company, will be available for any questions regarding the audit.

Mr. Rittle moved, seconded Mrs. Linares, that the foregoing resolution be adopted as read, and upon roll call, the "Ayes" and "Nays" were as follows:

AYES

NAYS

Mrs. Lindsey A. Clifton Mr. Rogelio Ortiz Mrs. Iris Linares Mr. J. Marc Rittle NONE

Ms. Rachel Leon

The Chairman thereupon declared said motion carried and said resolution adopted as Resolution No. 2601 of 2024.

RESOLUTION NO. 2602 APPROVING OF THE 2025 – 2027 BARGAINING AGREEMENT WITH TEAMSTERS LOCAL NO. 773

Chairperson Clifton introduced the following resolution:

WHEREAS the Bethlehem Housing Authority (BHA) has engaged in bargaining sessions with Teamsters Local No. 773, representing the maintenance department, and

WHEREAS the parties have reached a tentative agreement subject to ratification by the Union members; and

WHEREAS BHA and the Union have resolved minor language items and reached an agreement on the economic proposals;

WHEREAS the Bethlehem Housing Authority has complied with all policies and procedures prescribed by the DHUD.

BE IT RESOLVED that the Bethlehem Housing Authority hereby approves the tentative agreement with Teamsters Local No. 773, which will be presented to the Board for final approval at the November 12th, 2024 meeting.

BE IT FURTHER RESOLVED that the Board expresses its appreciation for the pre-bargaining input received, which greatly assisted in formulating a strategy that led to this equitable agreement.

Mrs. Linares moved, seconded Mr. Rittle, that the foregoing resolution be adopted as read, and upon roll call, the "Ayes" and "Nays" were as follows:

NONE

<u>AYES</u> <u>NAYS</u>

Mrs. Lindsey Clifton Mr. Rogelio Ortiz Mrs. Iris Linares

Mr. J. Marc Rittle

Ms. Rachel Leon

The Chairman thereupon declared said motion carried and said resolution adopted as Resolution No. 2602 of 2024.

RESOLUTION NO. 2603 APPROVING THE PURCHASE OF AN SUV

Chairperson Clifton introduced the following resolution:

WHEREAS the Bethlehem Housing Authority (BHA) has identified a need to purchase one (1) SUV to support its operations and enhance staff efficiency in fulfilling organizational responsibilities; and

WHEREAS the bid submitted by Whitmoyer Auto Group, Mount Joy, PA includes a 2024 Ford Escape at a price of \$31,875.00, a reputable vendor with a history of providing reliable vehicles to BHA meeting the specifications and requirements established by BHA for operational use;

WHEREAS the Bethlehem Housing Authority has complied with all policies and procedures prescribed by the DHUD.

BE IT RESOLVED that the Board of Commissioners of the Bethlehem Housing Authority hereby approves the purchase of the 2024 Ford Escape from Whitmoyer Auto Group for \$31,875.00; and

Mr. Rittle moved, seconded Mrs. Linares, that the foregoing resolution be adopted as read, and upon roll call, the "Ayes" and "Nays" were as follows:

<u>AYES</u>

<u>NAYS</u>

Mrs. Lindsey Clifton Mr. Rogelio Ortiz Mrs. Iris Linares Mr. J. Marc Rittle Ms. Rachel Leon NONE

The Chairman thereupon declared said motion carried and said resolution adopted as Resolution No. 2603 of 2024.