MORRISTOWN HOUSING AUTHORITY  
BOARD OF COMMISSIONERS  
31 Early Street  
Morristown, NJ 07960  
Monday, August 3, 2015  
Commencing at 6:00 P.M.

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TRANSCRIPT

RE: Regular Open Public Meeting

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MEMBERS PRESENT:
MICHAEL A. CHERELLO, Chairman
DOROTHY HOLMAN, Vice-Chairman
MARION E. SALLY, Commissioner
MARY DOUGHERTY, Commissioner
FRANK VITOLO, Commissioner
JEANINE CRIPPEN, Commissioner

ALSO PRESENT:
ROY ROGERS, Executive Director
JEAN WASHINGTON, Accounts Manager
LIZETH TAVERAS, Administrative Specialist
AMY MORGAN, Gertrude & Co.
MICHAEL CARLON, Gertrude & Co.

APPEARANCES:
JOSEPH MANFREDI & ASSOCIATES, P.C.
50 Harrison Street
Hoboken, New Jersey 07030
BY: JOSEPH MANFREDI, ESQ.
Attorney for the Morristown Housing Authority

REPORTED BY:

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CHAIRMAN CHERELLO: I, Michael Cherello, chairperson of the Board of Commissioners of the Housing Authority of the Town of Morristown, presiding officer at this meeting hereby state it is now 6:04 in the evening on August 3rd, 2015, and we are convening at 31 Early Street, Morristown, New Jersey, and do hereby announce publicly that proper notice of this special meeting has been provided in accordance with the New Jersey Open Public Meetings Act.

Roll call, please.

(Roll call was taken with all members noted being present.)

CHAIRMAN CHERELLO: Pledge of allegiance to the flag.

(Flag was saluted.)

CHAIRMAN CHERELLO: We will now have a moment of silence.

(A moment of silence is observed.)

CHAIRMAN CHERELLO: At this time we will have our first public -- we're going to have our only public comment. This is a special meeting, only one public comment tonight. You can speak about whatever you'd like. It doesn't
have to be just on the special agenda. Does anyone have anything they'd like to bring up or mention?

Seeing none we will move on to the agenda for the special meeting. The first item, I guess our first -- do we want to take A and B together or separately for discussion?

MR. ROGERS: I've got them on the same bid. You have copies of them?

CHAIRMAN CHERELLO: Why don't we talk about them together since they're on the same page?

MR. ROGERS: The lowest bidder was bidder was $103,000 for the air conditioning at Ann Street, and $54,450 for the air conditioning at the residents center. Now, we have approximately $100,000 in the budget to do the air conditioning. And also at Manahan Village I should remind the board, or inform the board we were just notified by -- REAC wrote us up for having air conditioners in the windows of one window bedrooms at Manahan Village, and it's blocking the egress, and we have to get rid of them. And I'm going to be putting a letter out tomorrow to tell the residents that they can no
longer have an air conditioner in a one window
bedroom because of egress and fire code. So we
should address whether or not -- how much air
conditioning we want to replace, what do we want
to do at Manahan Village as far as that air
conditioning.

COMMISSIONER SALLY: I'm confused.

MR. ROGERS: There's several one window
bedrooms.

COMMISSIONER SALLY: I thought we were
discussing the bids for AC at 23 Clyde Potts
Drive and 29 Ann Street.

MR. ROGERS: Correct. But because of
the window problem at Manahan Village, I don't
know if I can recommend that we replace all this
air conditioning until we see what we want to do
with the one bedroom -- one window apartments at
Manahan Village.

COMMISSIONER SALLY: Most of the
apartments down there -- I think the biggest
problem is the three bedroom units, if I'm not
mistaken, there's one of the three bedrooms that
only has one window in that particular bedroom,
and the residents have been notified every year
that they cannot have an AC in that window
because it's only one window and there's no means of egress if something happened. And I think, Joe, you know we've sent letters, I don't know how many times. And REAC, if they have it in when REAC comes, then we definitely -- that's a life-threatening situation.

MR. ROGERS: And we got wrote up for it last time.

COMMISSIONER SALLY: And most of the residents, some won't put them in in the summertime, and the other 50 percent will do it, and they do it every year.

MR. ROGERS: But I'm going to have a weekly inspection to make sure they don't. But the only reason why I brought this up is because the housing authority has so much money in the capital fund, and before you make a decision on the air conditioning for Ann Street or the residents center you should be aware of another air conditioning problem that popped up. We're not responsible for it, I just want the board to be aware of it so there's no surprises.

COMMISSIONER SALLY: Okay.

COMMISSIONER DOUGHERTY: Thank you. So may I ask a question on these bids, please? So
all together we only have $100,000 in the budget?

MR. ROGERS: Right now, yes.

COMMISSIONER DOUGHERTY: And the need is for $157,000 and change.

MR. ROGERS: Correct.

COMMISSIONER DOUGHERTY: But the one need is for 29 Ann, which is residential, the one for Clyde Potts, is that for the residents center or for the residential areas?

MR. ROGERS: Residents center. Now, one of the -- another consideration is if we deferred the residents center until we get the money like in March or April, we can still get this done for the next air conditioning season at the residents center if you wanted to go ahead and do Ann Street. But that again, that's up to the board.

CHAIRMAN CHERELLO: I think no matter what we do, this air conditioning season is over with.

VICE CHAIRMAN HOLMAN: Pretty much.

CHAIRMAN CHERELLO: Basically we're talking about for next year.

VICE CHAIRMAN HOLMAN: And we're really
not responsible for Ann Street residents' air conditioning units.

    MR. ROGERS: This is for the common area.

    VICE CHAIRMAN HOLMAN: In the common area, yes. They want this, which is going to cost us an arm and leg to put this air conditioning unit in, because they don't want to use air conditioners in their apartments. So Ann Street does not have air conditioning in the hallway, and on one side you roast. So I don't see a point in us spending this kind of money to Ann Street when they can put air conditioners in their apartments. I understand they pay their bill, but this is a lot of money.

    CHAIRMAN CHERELLO: The only thing about the Ann Street air conditioning in the common areas is that it was there. We had it removed.

    COMMISSIONER SALLY: Yes, it was originally.

    CHAIRMAN CHERELLO: So we are talking about -- and again, I've had a conversation with the mayor and the business administrator, and they have pointed out the Ann Street air
conditioning unit problem to me, not that the
other things aren't a problem, they are, but
they have mentioned Ann Street on more than one
occasion. I understand, and that's -- we had a
problem with people propping their doors open
piggybacking off of our central air in the
common areas. That's something that if we did
it we'd have to address. They're not supposed
to do that. But I think the real rub here is
that it was built with air conditioning and it
was removed, which is totally different than
this building that common areas, for the
building next door, common areas were not air
conditioned right from the start.

VICE CHAIRMAN HOLMAN: Because the
buildings are much older.

CHAIRMAN CHERELLO: Yes, I agree with
you.

VICE CHAIRMAN OLMAN: It's not that
it's a big deal or big issue because the air
conditioner was removed from there, but if
you're going to accommodate one building, which
is a more modern building, than these two here,
that just outweighed -- one building outweighs
two buildings. These people here would like to
have central air in their lobby as well, which they don't have, and they won't be able to get. So why we going to invest this type of money in one building, because the mayor is saying these people need their air? I mean, put an air conditioner in your window.

CHAIRMAN CHERELLO: They have air conditioners in the windows here.

VICE CHAIRMAN HOLMAN: That's what they're doing here, so why can't Ann Street do the same thing.

CHAIRMAN CHERELLO: They have air conditioning in their apartments.

VICE CHAIRMAN HOLMAN: What if they don't want to use it, they want to get the air from outside?

CHAIRMAN CHERELLO: We're talking about the common hallways and areas.

VICE CHAIRMAN HOLMAN: I know you're talking the common areas. They want to sit and open their doors and get their air coming in, they don't have to pay that extra expense on their light bill. But the housing authority is paying it. And then you going to spend all this money to have it put in.
COMMISSIONER DOUGHERTY: I would say actually replaced. Correct? Because wasn't it the authority that ripped it out in the first place?

COMMISSIONER CRIPPEN: How long ago was that?

COMMISSIONER DOUGHERTY: I think we were putting in some new furnace, something couldn't fit.

CHAIRMAN CHERELLO: They ripped it out.

COMMISSIONER SALLY: They didn't rip it out during my time. It was broken. It was broke.

CHAIRMAN CHERELLO: It was before.

COMMISSIONER SALLY: If they ripped it out they did it --

CHAIRMAN CHERELLO: It's gone again, totally ripped out.

COMMISSIONER CRIPPEN: Is this also for the -- is it all common areas, meaning the room where the television is contained, hallway, community room, everything?

COMMISSIONER SALLY: Community has AC.

COMMISSIONER CRIPPEN: This is simply for the hallways?
CHAIRMAN CHERELLO: Hallways.

COMMISSIONER CRIPPEN: We don't think ventilation would accommodate, if we examine just ventilation, fans, circulation.

COMMISSIONER SALLY: I don't know. I think it's like anything else. It was there when people moved in originally in 1986, and it was there for a very long time. And people got spoiled. They got used to it. And when it got broke we looked at trying to fix it. It was so expensive at the time. And we had other issues that were more pressing that we didn't fix it. But it was there originally. And that's what happens. It wasn't in these two buildings, not that perhaps it shouldn't be at some point.

CHAIRMAN CHERELLO: No, and I think just as we're trying to find a solution to the hallways next door with some sort of, it wouldn't be air, but it will be some sort of fans in the hallways to move the air around. So it's not as if we're not looking for solutions for problems all the way around.

COMMISSIONER DOUGHERTY: Can I go back to the bid for a second? Mr. Rogers, how many bids were received, just the two?
MR. ROGERS: Two.

COMMISSIONER DOUGHERTY: And there's a substantial difference in the cost. Can you explain that a little bit? Is the Bill Leary company thinking it's a full replacement at the residents center but ACM thinking it's just a repair?

MR. ROGERS: No, we had a walk-through, and all bidders were aware what the scope of work was. All I can say is the highest bidder might have been very busy, and the bids at highest still get the work, it's okay, but I know the lowest bidder was in the ballpark of the pre-bid estimate.

COMMISSIONER CRIPPEN: Were there any time constraints placed on the bidder perhaps, the bids, because we concede this as a project that might get done this summer?

MR. ROGERS: Yes, I thought of that. What I was going to do after I get direction from the board that they want to pursue, I was going to go back, and with Mr. Manfredi's permission, and try to negotiate and say, okay, we don't need these put in before March 31, or something like that, how much could we save.
COMMISSIONER DOUGHERTY: And we're able to do that legally without going out to the second bidder also, you'll go to both?

MR. ROGERS: I'd have to get direction from Mr. Manfredi.

MR. MANFREDI: We'd have to rebid it with a different time frame on it because obviously it might affect the price dramatically.

CHAIRMAN CHERELLO: We'd probably have to do that anyway. I think when we look at it realistically, the cooling season is done. We could approve these bids tonight, and they're not going to be done until September, the end of September. So perhaps we want to think about just taking our time, doing a little bit more research, and seeing if we can get a better price.

MR. ROGERS: Would the board like me to rebid it?

COMMISSIONER DOUGHERTY: I would.

COMMISSIONER CRIPPEN: Especially since the price is so disparate.

MR. ROGERS: You might get more bidders because it's the end of the season.
COMMISSIONER CRIPPEN: And they might
bid more aggressively as well.

CHAIRMAN CHERELLO: Would everybody be
comfortable with an installation deadline of May
1st for next year as guidelines for this? Is
that reasonable?

COMMISSIONER DOUGHERTY: Do you think
that might push them to be less aggressive in
their pricing again because it's coming into the
spring market?

CHAIRMAN CHERELLO: Well, they would
have time to do it in the winter. That's all
I'm saying. I want to make sure it's in place
for next year no matter what we do, cooling
season. Some of these guys may say, I don't
have much work to do in the winter, I'll do it
in the winter.

MR. ROGERS: The one for the residents
center will have to be done before November 1st
or after April 1st or March 1st because it's up
on the roof.

CHAIRMAN CHERELLO: Okay.

MR. ROGERS: Have to have a crane and
stuff. But still, in my opinion we probably
will end up with more bidders and possibly a
more competitive bid if we were to rebid it. And if we rebid it even two weeks from now and say installation no later than May 1st, the contractor has a lot of flexibility.

COMMISSIONER DOUGHERTY: And Joe, as far as the bid threshold on these things, is it okay for us to do that, ignore these bids and go back out to bid because we change the scope?

MR. MANFREDI: We would have to reject the bid because the board has determined to change a material aspect of the bid, which is the time frame. We are allowed to change it, change the material aspect of it and rebid.

COMMISSIONER DOUGHERTY: Do we need a motion to reject these bids?

MR. MANFREDI: Yes, a motion to reject for a change of material term.

COMMISSIONER DOUGHERTY: Chair, I'll move to reject these bids on change of material term.

COMMISSIONER SALLY: I'll second.

CHAIRMAN CHERELLO: Okay. Any other discussion on this?

COMMISSIONER CRIPPEN: Not on the change of bid, but just to go back again to the
air conditioning, the $100,000 air conditioning unit at 29 Ann. If we are required, is there a -- Joe, do we know if there's any requirement to replace the in kind air conditioner that the building -- is there a legally binding reason for us to replace that air conditioner that the building was constructed with? I'm just giving my personal opinion. I mean, if the community room is air conditioned, I mean the hallways, I have not seen the lease, rules, regs, the hallway is not meant -- it's a place of public accommodation, but you don't want loitering. I don't understand the rationale about we need to air condition the hallways. I think ventilation of the hallways, this is my personal opinion, is sufficient. The community room has air conditioning. If the residents want to find a cool place to go, the community room they have access to. I don't understand the need for air conditioning the hallways. It's an operational cost on a monthly basis that we have to pay. It's a big chunk of change. I just don't see the benefit from it, whether it was my home or anyone else's home. You walk through the hallway and you exit the building. Just my
VICE CHAIRMAN HOLMAN: I feel the same way.

COMMISSIONER SALLY: Listening to what Commissioner Crippen had to say, it just dawned on me, we never really looked at like maybe fans up in the ceiling, maybe three or four down each long hallway on every floor. I think it might be --

COMMISSIONER CRIPPEN: I'm imagining if there was a preexisting air conditioning system, there's duct work throughout the building. Why not put roof fans on and pull ventilation through the building through the duct work?

CHAIRMAN CHERELLO: Without going too far off the reservation here, since we have a concern in the hallways, next door and probably here, can we look at the whole thing as far as -- because we talked about fans up there to move the air in those hallways in the upper floors especially. Can we kind of work the whole thing in together and see what air changers or air movers for the three units will do without -- and again, we don't want to go too far off here and go in a total different
direction. But perhaps that would take care of
the concern of some of the commissioners of
treating some residents unfairly, versus others
that if everyone were on the same -- what do you
think about that, Mr. Rogers?

MR. ROGERS: I would respectfully
suggest if the board would allow me to write a
change order or get a proposal from LAN
Associates, because they're the one that came up
with the specs for the air conditioners, and add
on a ventilation system using existing duct work
or -- but are you talking about -- I know you're
talking about Ann Street and 39?

VICE CHAIRMAN HOLMAN: This one as
well.

MR. ROGERS: And 31.

CHAIRMAN CHERELLO: This would be a bit
more -- I know we had a concern, and we were
even thinking of putting down the end of the
hallways some sort of whole house fan to move
the air. And again, not to go too far off, can
we -- let's just look at the whole ball of wax
and what all our options are.

MR. MANFREDI: Maybe the best way to
proceed, Mr. Chairman, is have Mr. Rogers with
LAN, do a feasibility study of the most effective way before we jump out to bids, because we have a little window here, and the board can determine what's the most cost effective method to proceed in.

CHAIRMAN CHERELLO: One thing I do want, I want to set a time on this.

COMMISSIONER CRIPPEN: I think the AC unit, that's a must do. Can they proceed separately on separate tracks?

CHAIRMAN CHERELLO: I think what we'd like to do is revisit the entire situation, and see what's what.

MR. ROGERS: Could be a combination air conditioning/ventilation system. If we went out to bid package like everybody, get a more competitive price.

CHAIRMAN CHERELLO: Let's set a time limit. I want to be able to tell people it will -- whatever we're going to do, whether it's ventilation or air conditioning, it's going to be done. We're not just punting this.

MR. ROGERS: I feel by the November board meeting I can give you guys all the detail you need.
CHAIRMAN CHERELLO: So then it's up to us. Let's shoot for that, and we will have all our options in place, and we can make an informed decision on -- and we will know what our monies are. Maybe for the $150,000 we can put ventilation in all three buildings. So that makes more sense. So let's just see what our options are, get a price, and then we can -- because this year is over with. There's nothing we can do now. This year is done.

COMMISSIONER VITOLO: So I missed -- the buildings in -- the individual rental units in the apartments do not have air conditioning?

MR. ROGERS: Yes, they do.

CHAIRMAN CHERELLO: They all have air or have the option to have air if they want. We're talking about -- Ann Street used to have air conditioning in the common areas. It was removed. These two buildings don't because they were put up before that. But they probably have a greater problem on the upper floors with no air movement. So to be fair to everybody, let's address it, all three buildings. And even if we have to put in at the end of the hallways whole house fans to move the air around, then we're
being fair, and we are addressing the needs.

COMMISSIONER VITOLO: This room we're sitting in doesn't have air conditioning?

CHAIRMAN CHERELLO: This room does.

The common areas in Ann Street has one of those Yamaha units, and next door has air in the community room.

COMMISSIONER CRIPPEN: All community rooms --

CHAIRMAN CHERELLO: All community rooms have air. The hallways don't. I think we're under a little bit of pressure to do something. Let's just back up. And not everybody will be happy, but again, this year is over with. So let's -- but we will have it done for next year.

COMMISSIONER SALLY: Very good.

COMMISSIONER DOUGHERTY: That was a great suggestion, Commissioner Crippen. Thank you.

CHAIRMAN CHERELLO: We have a motion and second to reject these bids, and to go in a different direction. Do we need a motion on just with the direction, Joe?

MR. MANFREDI: No, just a resolution to reject all bids.
CHAIRMAN CHERELLO: Can I have roll call, please, on the rejection?

(Roll call was taken with all voting in favor.)

MR. MANFREDI: Mr. Chair, let me ask also, so we have a clean legal record, if the board would consider another resolution to allow the executive director to commission LAN Engineering Associates to undertake a feasibility study for cooling the three buildings.

COMMISSIONER DOUGHERTY: Is there a cost to that?

CHAIRMAN CHERELLO: Not cooling in particular.

MR. MANFREDI: They're going to look at the options, ventilating.

CHAIRMAN CHERELLO:

Ventilating/cooling.

MR. MANFREDI: Yes.

COMMISSIONER VITOLO: I'll move it.

COMMISSIONER DOUGHERTY: I'll second it.

(Roll call was taken with all voting in favor.)
MR. MANFREDI: Thank you.

CHAIRMAN CHERELLO: Now we'll address -- Mr. Rogers, would you like to go over the snow removal equipment?

MR. ROGERS: Yes. And I have to apologize, I just realized that I gave my administrative assistant the wrong proposal to copy for you people. The proposal, you have got All County Rental there, and all the equipment, what this is, this is a John Deere tractor to remove snow off the sidewalks, and it's four-wheel drive, where we currently have a tractor that has two-wheel drive. And the board had authorized I guess last fall to buy snow removal equipment, and it was a Bobcat. I personally think a Bobcat is a little bit difficult to operate compared to the conventional tractor. And I discussed this with Mr. Pounder, and he agreed. And he and I went to a John Deere dealer and picked out a fully equipped tractor. And the one quote you have includes all the equipment we want. But we went to the New Jersey bidders list, and John Deere, and the quote you have is quoted at $16,746, and the quote I have is $15,900. And that's from
Power Place. I apologize for giving you the wrong bid. But the low bid is $15,900.

CHAIRMAN CHERELLO: This is really something that we approved last year, but we didn't purchase, and now we've picked a different model.

MR. ROGERS: And I'd like to get it before the snow season so everyone is comfortable with it.

COMMISSIONER DOUGHERTY: Can I ask who would be driving it?

MR. ROGERS: Well, the maintenance mechanics primarily. And we have three of those. And the primary use for this will be at Manahan Village because of all the sidewalks. And I think it will be a big improvement. You'll notice a big improvement in snow removal.

COMMISSIONER DOUGHERTY: Where will it be stored?

MR. ROGERS: It will be stored up here.

COMMISSIONER DOUGHERTY: Always here on our --

MR. ROGERS: Always stored here.

VICE CHAIRMAN HOLMAN: Are any of our vehicles not stored here overnight?
MR. ROGERS: Yes, once in a while I understand Mr. Pounder would drive the truck home so he can get back during snowstorms. But other than that, no vehicles go home.

CHAIRMAN CHERELLO: Does this piece of equipment have any other options available than snow blowing?

MR. ROGERS: Yes, I looked at all those, and you can get a snow brush, but the sidewalks are too narrow for that.

CHAIRMAN CHERELLO: It's primarily snow.

MR. ROGERS: Primarily snow, because we farm out the landscaping. I may address that one of these days. But right now --

CHAIRMAN CHERELLO: That's what I was thinking, if it were something that we also could get a pull-behind mower. Okay.

COMMISSIONER DOUGHERTY: That would make how many for us if we purchase it?

MR. ROGERS: Two tractors and two trucks, and I'm not sure how many snow blowers. What's unique about this again, because of all the sidewalks, it's got the blade that you can tilt. And otherwise if you get one with a conventional blade you can't use it.
CHAIRMAN CHERELLO: We do have the ability to move these around, so they can do Manahan Village, but if we need to clean up up here or Ann Street, we have ramps to get it in the truck or on a trailer?

MR. ROGERS: We'd just drive it.

CHAIRMAN CHERELLO: It has plates on it?

MR. ROGERS: I'll check into it.

CHAIRMAN CHERELLO: Just in case we want to clean up and want to bring it over to Ann Street.

MR. ROGERS: I'm not sure if we have a trailer.

COMMISSIONER DOUGHERTY: I'll move it.

CHAIRMAN CHERELLO: We have a motion. Do I have a second?

COMMISSIONER SALLY: Second.

CHAIRMAN CHERELLO: Discussion we had. Roll call, please.

(Roll call was taken with all voting in favor.)

CHAIRMAN CHERELLO: I don't know if we are going to make a presentation.

MR. ROGERS: With your permission I'd
like to introduce our accountants. This is Amy Morgan and Mike Carlon. And they're with our fee accounting firm. And they're here to answer any questions you may have on the budget that -- first of all, I'd like to give a summary. The way that the budgets are prepared, you have one for the state and you have one for HUD, and surprise, surprise, they're all different, but the bottom line is the same. But you couldn't even start to compare one budget to the other. The one for HUD is just a record that we maintain here, the one for the state we have to send in tomorrow morning. Has to be in 60 days before your fiscal year ends. And to summarize, I want -- I apologize, this is a very detailed budget. But you really -- the practice is you can't prepare it too early because you don't have the information to present the budget. If I prepared this in June and gave it to you, some of the information would be outdated. But I want the board to understand any item that is in this budget and the board decides they don't want to do, we don't do it. In other words, there may be a line item in here to let Mr. Rogers attend a conference in Los Angeles this
fall, the cost of $8,500. I would hope the
board would say, well, we're not going to do
that. And if you find -- my point is, if you
find something in this budget that you disagree
with, we can adjust the budget. We just can't
adjust the overall, but we can adjust line
items.

Also I want the board to be comfortable
with the fact that our revenue is close to the
same. We estimate that we're going to have a
$50,000, approximately $50,000 increase in our
reserves this year, and it looks like we're
going to have at least that if not more next
year.

COMMISSIONER DOUGHERTY: Why is that?

MR. ROGERS: Well, we're not operating
at a deficit, and a lot has to do with the board
has implemented this before I got here, a lot of
cost controls, and those are taking effect now.
We're getting rewarded for them.

COMMISSIONER DOUGHERTY: Terrific.

MR. ROGERS: And again, I want to
emphasize, I would appreciate the board would
approve the budget tonight, but if you have any
questions, if you want to take it home tonight
and tear it apart, I could provide answers. We have the fee accounting staff here tonight to answer any questions you may have, or if they want to give a summary.

COMMISSIONER DOUGHERTY: I'd appreciate a summary, just so I have a full understanding of the budget. There's a lot of blacked out areas throughout the budget. Can you help me understand why?

MR. CARLON: Just a couple things, just so you realize with the DCA budget this year, they went to a new format for this year. Basically they want the budget submitted on an Excel spread, a formatted Excel spread sheet that they provide. So they're looking for more consistencies. So some of the blacked out -- the blacked out items are really -- the blacked out areas are areas which may not apply.

MR. ROGERS: And they blacked them out?

MR. CARLON: Yes. So you can't put input in those spots.

COMMISSIONER DOUGHERTY: Come to F-5 for me, just, you've got net principal payments on debt service in lieu of depreciation blacked out. But then you've got -- that's just one
MS. MORGAN: The blacked out areas is just the way this template that the DCA has set up, it's the way they prepared the template. So that blacked out area is per the DCA and how they want it, so they blacked that area out. They don't want that information shown on F-5, the line you're talking about, they don't want it shown by program, they just want to see it in total. So if you look at that line item, you're talking about net principal, you'll see a number in the total column but nothing by program. And that's just how they want it shown.

COMMISSIONER DOUGHERTY: Okay. So that's pretty standard through the other pages also?

MS. MORGAN: Correct. Wherever you see the blacked out area is in the program detail. But they have something there for the total operations.

COMMISSIONER DOUGHERTY: Thank you.

MR. CARLON: Amy really did a lot of the detail on the budget. But just overall theory for us is we essentially started with the nine months that we currently have, the actual
nine months projected out the last three months
to try to get where you're going to be at the
end of the year, made some adjustments for
things that may not project out on a three month
basis, like for instance utilities, utilities
may be high in this month, so projecting it out
for four months may not make sense. A lot of
the detail was going over the salaries too, and
increases, and any people that were going to be
off salary, that weren't there last year, and
then we compare it to last year's budget, and
last year's actual audit, and then try to come
up with changes, and a lot of it was through
discussions with Roy.

MR. ROGERS: And Jean and I had a lot
of input into this. But I should make mention
of the fact the salaries we put in the budget
for two percent cost of living increase across
the board, and we allowed for a two and a half
percent merit increase, but that's just in there
so in case the board -- we had several
promotions this year, and so those people would
be getting a merit increase, but the merit
increase is based on performance, so not
everyone will get a merit increase. But I had
it in there so if the board decides to give
those -- I don't want to go into detail.

COMMISSIONER DOUGHERTY: So we don't go
over actually?

MR. ROGERS: So we don't go over.

CHAIRMAN CHERELLO: It's just proposed
numbers, and we pretty much pick the top number.
And we're not obligated to that. We can
certainly be below it.

MR. CARLON: Correct. You're not held
to anything.

COMMISSIONER DOUGHERTY: I know that
the audit is off of his recommendations, about
what we should do internally as an authority to
change. Does the budget do the same on the
recommendations in the budget to keep us online?

MR. CARLON: No, he's really going more
into procedurally, what you should do
procedurally, and how your changes should be
done procedurally with the audit. But here we
are just putting -- the DCA requires a budget so
they know where everyone is at. And they
compare the budget each year to where you were,
where you projected. They're really just
looking for informational. So we're not making
any recommendations, other than we have a cost here, and the cost may have been high last year for actual, and you may want to bring it down, or that the actual may have been higher than you have been budgeting each year, you may consider bringing it up.

COMMISSIONER VITOLO: I have couple of specifics. We're showing a nearly 600 percent increase on F-2 in late fees, commissions, etcetera. What's that? We're doing $12,000 current year, you're projecting $68,000 for 2015? So 566 percent increase.

MS. MORGAN: That number we worked off of the way the actuals had -- taking the nine month number and annualizing it. We budgeted about that annualized amount. So that includes late fees, court, includes maintenance, and also got laundry in there.

COMMISSIONER VITOLO: I'm not asking about the laundry line. That's the next line. I'm wondering, have we not been collecting late fees? Is that the collection of late fees?

MR. MANFREDI: If I'm correct, we show those as a write-off, but then we collect them later on. Is that how you're showing it?
MR. CARLON: You're comparing it to the basically the current year, your adoptive budget, and that's essentially last year's budget. And then the proposed budget is the $80,000 that we are proposing. What Amy is saying is we're doing it more off of what you have been actually running for this current year. We're not exactly sure why last year's budget was so low.

COMMISSIONER VITOLLO: That's what I'm getting at.

CHAIRMAN CHERELLO: Why last year was only 12. We're not sure why it was 12. We had proposed I guess 80 the year -- last year and proposing 80 again. So we're sticking with the 80 figure, but we don't -- but realistically it was 12.

MR. CARLON: Last year's budget was 12. We're projecting more off of what you have actually incurred from nine months so far.

CHAIRMAN CHERELLO: Last year's budget was 12.

MR. ROGERS: This year, the current year budget was 12.

MS. MORGAN: The budget for the year
we're in right now is 12. I'd point out also
that I don't -- I didn't do the budget for last
year, but it almost seems like the numbers that
were budgeted, 12 and 58, were reversed.
Because when I look at the detail of your
records, the late fees, commissions and all
these fees that are being assessed, tends to be
the higher number, and income from the laundry
and vending tends to be the lower number. I'm
going to guess that --

CHAIRMAN CHERELLO: You're saying it
really should have been 68, not 12.

MS. MORGAN: Right. Maybe the numbers
last year in the budget were reversed when they
got inputted. I don't know the answer to that.

COMMISSIONER VITOLO: What is late
fees, commissions, etcetera?

MS. MORGAN: The tenants, if they pay
late, get assessed late fees. I know there's
some maintenance fees in there. Court, I guess
if they're not paying their rent, there's some
court fees they get assessed as well. So it's
primarily fees related to collecting the rent.
And there's also I guess maintenance. The
maintenance fees are if they damage their units,
and they get assessed a fee because you have to fix it.

COMMISSIONER SALLY: Then that 12 is about right.

COMMISSIONER VITOLO: What is the projected budget for next year for that line, 80?

MS. MORGAN: 80 is the proposed based upon me looking at --

COMMISSIONER CRIPPEN: You're saying we're going to collect $80,000 in late fees and legal fees from our residents? What's our late fee, $10.00?

COMMISSIONER SALLY: $30.

COMMISSIONER CRIPPEN: The number doesn't make sense.

COMMISSIONER SALLY: I would say 12 is probably more accurate for late fees, court costs.

MS. MORGAN: We worked off of what's in your -- the detailed account books and records. So there might be some other things that get posted there.

CHAIRMAN CHERELLO: Jean, does that $80,000 make sense to you?
MS. WASHINGTON: Yes, it does. The late fees are $30 a month, and goes up $5.00 every week you're late up through the 25th. So, yes.

COMMISSIONER CRIPPEN: And the residents actually pay that?

MR. MANFREDI: Unless they're going to get evicted they have to be pay it to be in possession.

COMMISSIONER VITOLO: Because we're enforcing it now, is that the difference?

MR. ROGERS: I think it was always enforced.

COMMISSIONER CRIPPEN: You can evict on late fees?

MR. MANFREDI: Not late fees alone.

MR. ROGERS: But a way to avoid late fees is because they're being evicted for some other reason and they may not pay the late fees. I'm surprised by the number of people who habitually pay late knowing they're going to have to pay the late fees. It comes natural for them.

CHAIRMAN CHERELLO: Jean, you think that's a realistic figure, $80,000?
MS. WASHINGTON: Yes, I do. Late fees are really -- court fees, maintenance fees, yes, I think it's fine.

MR. CARLON: I think the bigger, I don't want to say issue, but I think the problem was if the -- the $58,000 from the adopted budget from last year should have probably have been on the late fee line, and the 12 should have been -- what we're trying to say is 12 should have been on the laundry. If you flip those two around it makes a little more sense.

COMMISSIONER VITOLO: So the salaries and wages, this is F-4, it's the first line, salaries and wages, shows a reduction of 16 percent. Right? Top line. The first line.

CHAIRMAN CHERELLO: We have Ms. Gross gone, which was $120,000.

COMMISSIONER VITOLO: So even with this, this includes a two percent cost of living adjustment?

MS. MORGAN: Correct.

COMMISSIONER VITOLO: We're still showing a 16.3 percent reduction. And then our friend Joe, why are we showing a 164 percent increase in legal fees. Is that just because --
what is that?

MR. ROGERS: Quite frankly, I took the accountants in that direction because we are still under budget, but I see we've got some personal non-former employee lawsuits, and we just have a lot of things pending. And I think we're addressing evictions and things like that in more timely manner right now, because we have this staff to stay on top of it. And we have a person on the accounting staff that has close to one year experience now, so a little bit more reactive, or offensive, whatever you want to say. But the bottom line is we're going to have a lot of legal expenses.

COMMISSIONER VITOLO: And travel, you joked about it before, travel shows up 123 percent.

COMMISSIONER DOUGHERTY: Increase?

COMMISSIONER VITOLO: Yes. What's that?

MR. ROGERS: I wanted to cover the bases again.

COMMISSIONER VITOLO: Does that include commissioner travel?

MR. ROGERS: Yes.
CHAIRMAN CHERELLO: I think it's primarily.

MR. ROGERS: I haven't cleared one dollar worth of travel yet.

COMMISSIONER VITOLO: So you're not going to Vegas?

MR. ROGERS: What it is, again, we're under budget for the projected year. And I didn't want to --

CHAIRMAN CHERELLO: We're saying with those increases we're still under budget?

MR. ROGERS: Yes.

CHAIRMAN CHERELLO: So we've figured those to be unrealistically high, and we're still under budget. Let me ask you this question, on the $80,000, if we only collected $40,000, that means then our true surplus --

MR. ROGERS: Goes down by $40,000.

CHAIRMAN CHERELLO: So if these other items held true, it would only be a $10,000 --

MR. ROGERS: That's why with this accounting firm they give us a monthly budget, a year-to-date comparison, so the board and I can make adjustments as we go along, rather than wait until the end of the year.
COMMISSIONER DOUGHERTY: That's great.

CHAIRMAN CHERELLO: So again, this is proposed. But it legally has to be adopted. And we're not -- we can't go over but we can certainly come under. Correct?

MR. ROGERS: Yes. We definitely can't go over.

MR. CARLON: I mean, you can go over. I mean, it's not -- if something happens you can go over obviously, but --

CHAIRMAN CHERELLO: It's far easier for us to stay under.

COMMISSIONER VITOLO: Without looking specific, I didn't see here, but what is our year over year change in rents collected for on the revenue side, what are we projecting for next year compared to this year for rents?

MS. MORGAN: That didn't change too much.

COMMISSIONER VITOLO: 4.7 percent?

F-4, about halfway down, is that --

MR. MORGAN: F-2, up at the top. Up at the top where it says rental fees, dwelling rental. The budget for this year is 2.3 -- it's up about $10,000.
COMMISSIONER VITOLO: That's even with those massive increases? Didn't we have those increments? That's with those massive increases?

CHAIRMAN CHERELLO: They really weren't massive.

COMMISSIONER VITOLO: So it was watered down.

MR. ROGERS: What happens is we only had 24 apartments that were affected. And what happens though, it looks like it's a big increase to our revenue, but HUD decreases the subsidy so it's not an increase.

COMMISSIONER VITOLO: They do that automatically?

MR. ROGERS: Yes.

CHAIRMAN CHERELLO: Also where we should pick up some money hopefully is we're going to have -- we lost a lot of rental money, which as we all know hopefully that problem is solved, we are going to have units online, so we should generate more money.

COMMISSIONER CRIPPEN: You mean due to vacancies?

CHAIRMAN CHERELLO: Yes. Hopefully the two month turnover rates are a thing of the
past, or longer as we know. We had some for six
or eight. So hopefully that's over with. Which
means we're going to generate more money.

COMMISSIONER VITOLO: Okay.

COMMISSIONER DOUGHERTY: I'll move

this.

COMMISSIONER SALLY: I'll second.

CHAIRMAN CHERELLO: Okay. Just so we
have a clear understanding on the questions,
we're moving both state -- federal and state at
the same time. Correct?

COMMISSIONER DOUGHERTY: Yes.

CHAIRMAN CHERELLO: I have a motion to

move and second. Roll call, please.

(Roll call was taken with all voting in

favor.)

CHAIRMAN CHERELLO: Having taken care

of everything, right, motion to adjourn.

COMMISSIONER DOUGHERTY: Moved.

COMMISSIONER SALLY: Second.

(Proceedings were adjourned.)