

**PORT JERVIS COMMUNITY DEVELOPMENT AGENCY  
(PJCD A)  
MEETING MINUTES  
WEDNESDAY, SEPTEMBER 25, 2013**

**1. ROLL CALL**

Chairman, Robert C. Ritchie, called the September meeting to order at 7:00 PM with the following members present:

Robert C. Ritchie, Chairman  
Carl V. Hendrick, Vice-Chairman  
Gerald Oney, Secretary/Treasurer  
Dean A. Aumick, Member  
Betsy Gardner, Member  
Marie Reeves, Member  
Robert Waligroski, Member

**Absent**

None

**Also present were:**

Victoria B. Campbell, PJCD A Counsel  
Kathleen Hendrickson, Executive Director  
Sally von Sauers, Program Administrator  
Beverly Felter, Family Services Coordinator  
Gary Weidelman, PJCD A Accountant

**From the Public**

Kelly Decker, Councilman-At-Large  
Robin Waizenegger, City Clerk-Treasurer  
David Bavoso, Private Citizen  
Richard K. Roberts, Private Citizen

**2. MINUTES**

A motion was made to approve the minutes of the August 28, 2013 meeting:

**Motion: Gerald Oney      2<sup>nd</sup>: Carl V. Hendrick      Abstentions: Dean A.  
Aumick and Marie Reeves   All in Favor**

**3. FINANCIALS**

**a. Administrative Bills**

PJCD A Director presented a list of the administrative bills to the members of the Board. These are the bills that will need to be paid between now and the next PJCD A Board meeting. Chairman Ritchie read the list of bills to be paid and copies were distributed to the Board. Total for the bills is \$32,950.87 including health insurance (\$3,228.86); monthly copier lease (\$50.42); dental insurance (\$101.15); office supplies (\$185.51); August and September payroll (\$15,595.10 and \$12,233.88) and HIA Home Inspections (\$1,500.00 @ \$300.00 for 9/30, 10/1, 10/8, 10/16, and 10/21). Member Waligroski asked if it is customary for the Board to pre-approve bills for the Housing Inspector. Sally von sauers explained that Mr. Obrotka is paid on a weekly basis and we secure approval by the Board in advance in order to ensure he gets his weekly payment. Along

with the bills was a list of revenues the Agency expects to receive to cover payment of the bills. These revenues include \$11,150.00 (Section 8); \$7,500 (Small Cities); and \$6,075.00 (Program Delivery) for a total of \$24,725.00. Member Gardner points out that the September payroll is dated 9/27 and, as such, should be deducted from the list. Chairman Ritchie then requested the Board decide which bills to approve. Member Waligroski stated that the new format, showing both expenses and revenues, is preferred over the previous format. PJCDA Director will now include both bills and expected revenues to pay those bills in the report to the Board each month. Member Aumick asked if the revenues were actual or estimated. Section 8 administration funds are electronically wired to our account on the first of each month along with funds for housing assistance payments. PJCDA Director then explained the process for requesting payment under the Small Cities program. These funds are approved and awarded. However, we must document our request for funds and submit to the NYS Homes & Community Renewal for each payment request. The process takes approximately 10-12 days for the money to arrive in the city's account and then a couple of more days for the city to remit payment to the CDA. There is \$5,000 which is in the Section 8 administration account at this time. Discussion followed.

A motion was made to pay the following bills with current funds that exist in the administration account:

- 1. Health insurance: \$3,228.86
  - 2. Konica Minolta Copier Lease: \$ 50.42
  - 3. Dental Insurance: \$ 101.15
  - 4. Staples-Office Supplies: \$ 185.51
  - 5. HIA Home Inspections: \$ 1,200.00
- \$4,765.94

**Motion: Betsy Gardner      2<sup>nd</sup>: Dean Aumick      All in Favor.**

**b. Financial Statement**

PJCDA Director then presented the financial statement for August 2013. Vice-Chairman recommended that the financial statement format be revised to show both actual payments in the month (against the Budget) and what expenses have accrued, such as Retirement and Disability which have not yet been paid. PJCDA Accountant Gary Weidelman then explained how the PJCDA books is based on a cash system (which is why you will see only bills that have actually been paid) versus an accrual system (where you will also see expenses as they accrue, whether paid or not). The accountant recommended we set up a system where we can start accruing expenses that have not been paid. Discussion followed.

Chairman Ritchie then suggested the Board hold off on the approval of the August financial statement and proceed with a briefing from our accountant, Gary Weidelman, who can advise the Board as to the current financial status of the Agency and what other funding avenues we can explore to catch us up on our bills. PJCDA Accountant advised he could brief the Board regarding the Agency's main source of funding which is the Section 8 program. We receive two (2) sources including HUD funds for housing assistance payments and funds for administration, which has been drastically cut due to the federal sequestration and is the primary cause of the Agency's cash flow problem. Currently, HUD is only paying 69% of the Agency's earned administrative fees. Until that situation is corrected in Washington

at the federal level, it will remain a problem for PJCDA as well as other housing agencies also impacted by the sequestration. Mr. Weidelman used a target figure of \$155,000 as the estimated annual revenue from the Section 8 program. As of the end of this fiscal year (September 30, 2013), Section 8 revenues and booked expenses are at a break-even point, i.e., \$168,000/\$169,000. Remaining expenses through to the end of the year, approximately \$30,000, must be paid out of other community development program sources including the Small Cities program. In years past, the Section 8 program was able to support the greater portion of the Agency's expenses. However, it can no longer do so. Chairman Ritchie asked how other housing agencies are handling the cutbacks and the accountant advised that they are struggling too. Discussion followed.

PJCDA attorney, Victoria Campbell, has been researching the HUD regulations to explore ways in which the Agency can identify untapped sources that will generate additional revenue for the CDA, specifically greater access to existing program income. Based on her research, Ms. Campbell determined that the Agency is not an eligible entity for de-federalization of program income funds, as discussed at previous meetings. However, the Agency is eligible for fees earned but never taken for loans that were processed over the last six (6) years, amounting to approximately \$112,000 in unclaimed income. Since 1993, the Agency has never taken its program income administration, upfront, at the time the loan is closed, which is what other agencies do. In practice, what the Agency has been doing is taking its fees out of the loan payments, thereby paying itself slowly over the 10, 20 or 30 year term of the loan. The Agency didn't take the funds upfront in the past because there was never a need to do so and it helped preserve the program income for lending. However, the method of administration distribution (20% for the HUD accounts and 18% for NYS accounts) has to be changed in order to ensure the Small Cities programs are paying its fair share of expenses.

Councilman-At-Large Kelly Decker asked how the Agency will be able to move forward with current staffing levels, i.e. 3 persons, with funds being cut as they are now. PJCDA Attorney advised that the CDA Director currently prepares grant applications on behalf of the City and the Agency will need to negotiate a fee for service or look into some sort of a restructuring of the Agency. PJCDA Accountant advised that this issue has been the ongoing problem at CDA. The Director was performing services for the City, such as grant writing, over many years and the Agency has never been compensated for those services. In the past, the Agency had administrative reserves to cover the cost of those services but those reserves do not exist anymore and some mechanism has to be put in place where the City compensates for services the Agency performs on behalf of the City, specifically the preparation of grants.

The topic of audit costs was also raised and the Accountant was asked by the Board about the reasonableness of the costs, compared to other Agencies, and the formula that was used to determine the Agency's share of the audit costs. Discussion followed. The Accountant then reviewed with the Board the functions he performs for the Agency. There was also lengthy discussion on revising the financial forms and converting the Agency accounting system from a cash basis to an accrual basis.

