

Minutes
Special Meeting of the Board of Commissioners
Housing Authority of the City of Bridgeport
150 Highland Avenue, Bridgeport, CT 06604
Held on Friday, April 29, 2015 at 5:00 pm

Board of Commissioners present included:

Dulce Nieves
Rev. Sulton Stack, Jr.
Shanté T. Hanks
Janet Ortiz
James M. Brown – via conference call

Board of Commissioners absent: none

Others present included:

George L. Byers
Jodie Driscoll, Esquire, Berchem
Eva Miranda

At Roll Call, Dulce Nieves, Rev. Sulton Stack, Jr. and James Brown were present. There was a quorum.

The special meeting of the Board of Commissioners of the Housing Authority of the City of Bridgeport was called to order at 5:30p.m.

A. Executive Session: Personnel Matters and Pending Claims/Litigation

- Raymond Collette
- Iris Santiago

B. Agency Restructuring Plan

Executive Session:

Commissioner Stack made a motion to enter executive session regarding personnel matters and pending claims/litigation; Commissioner Brown seconded the motion.

Vote was all in favor.

Commissioner Ortiz arrived at 5:25pm.
Commissioner Hanks arrive at 5:40pm.

The board came out of executive session at 6:24pm.

Agency Restructuring Plan

Mr. Byers discussed the agency's financial position. He explained that previously a budget was presented to the Board indicating we had a positive cash flow. This information is not correct because every four weeks we have had significant problems making payroll and other expenses. The monthly amount of overspending is from \$185,000 to \$200,000. Every fourth week the agency is looking to withhold

payment on certain bills to assure we can cover payroll expenses. According to the evaluation, there is \$40,000 of the monthly overspending from the COCC every month. Another \$16,000 is for public housing. These amounts fluctuate, and have not been a part of the financial reports the Board has received. A budget will be attached to our request to make changes. The general ledger will show all purchase orders for the last two to three years. This is not new as it has been occurring during the last five to six years.

The Board approved pay increases for the Unions during the last contract. Executive Staff gave themselves payroll increases over the last thirteen months. This was based on the assumption that the Agency had more than enough resources to cover their expenses. Mr. Byers states that his position as Executive Director is uncovering the Agency's true net financial position. A few months ago authorization was requested to the Board to drawdown money from the reserves. The Commissioners were advised at the last meeting that \$800,000 was used to cover the aged payables. Good news is that we are spending less and trying to reduce expenses. Prior to his arrival, \$3 million was drawn down during these months of activity. Prior to that, another \$3 million were drawn down during two interim Executive Directors' terms. This reflects that they were not reporting the expenditures of the Agency. If we don't make reductions in the COCC, the Agency will be requesting the Board's approval for another draw down.

A review of the Directors' salaries was performed. Mr. Byers stated that the reality of the salary increases to certain Directors was not based on the true budget. The Authority's true budget is based on the monies coming in on a regular basis. The budget presented to the Board inflated the HUD subsidy and minimized what the actual expenses were. The software we are using in finance is screwed up and it does not reflect the true numbers. The best way to know where the Agency is, is to review all the actual purchase orders remaining and evaluate the general ledger entries to do a comparison of what was spent over the last three years. This will help to capture the Authority's true expenses.

HUD has indicated that before any changes are made, we have to present to the Board with financial information, explaining what is the financial benefit and the cost savings coming from the potential restructuring.

The Board will be presented with certain position changes. Mr. Byers stated that most of the activity will be in the Finance Department. We need an Assistant Finance Director. It is a demanding position and one person cannot handle the Finance Department. This is a large housing authority and the position will cover tax credits, instrumentalities and investment accounts. The Agency has many problems and we will be assessed brutally. The upgrading of the Finance Department will also include a Senior Financial Support Specialist; Accounts Receivable, Accounts Payable Support Specialist and Payroll.

Finance is a crucial component. The Agency's salary matrix has to be right sized. Most of the Directors are now at a lower rate consistent with the market rate. We need to negotiate the Executive Director's contract to assure it is no more than \$155,000.00 coming out of the federal programs. We need to set up a different arrangement where

compensation is set on the Agency's financial ability and discuss other types of arrangements to make him whole and satisfy contractual obligations. Most of the salary adjustments are with the Executive Staff. The Chief Operating Officer and the Section 8 Director will be combined. This person would be the Executive Director's right hand. When the contract from HUD is received we need to be financially sound.

Question: Who have you been discussing these changes? Response: With Steven Durham.

Question: What does Section 8 have to do with these changes? Response: Directors for Section 8 and Asset management are very talented, including Human Resources.

Commissioner Hanks commented that the HR Director is a consultant. She added that the consultant is a temporary employee and would not have an impact in her opinion on our permanent decisions. HR is one director. She did not realize we were eliminating so much.

Question: Why is the salary for the Chief of Security increasing? Response: He has not been fairly compensated for the work he does. He is on call 24 hours a day taking care of elevators and fires. He needs an assistant.

Mr. Byers explained the purpose for the adjustments in salaries.

Question: How are we eliminating and increasing at the same time and giving promotions? It appears to be the same actions taken by Mr. Jimmy Miller and Ms. Sharon Ebert and she does not feel comfortable. Response: Promotions are when you receive a salary increase. It is not an increase in salary. The screen before you is showing salary adjustments which include the taxes.

Questions: Are we giving promotions to certain individuals because we are fearful they will leave? Response: No. If we do not have e.g. Finance at \$120,000, we will not only lose the person but we will not be able to attract anyone else because we are a troubled Agency. There are employees who will not go anywhere; but there other folks who can literally go somewhere else within the next couple of weeks.

Question: You cannot predict the future. Why start paying someone more with the idea they may leave? If they decide to leave wait to increase the salary to entice them to stay,

Mr. Byers pointed out the new salary ranges. The salary ranges were reduced. For example, one Director's salary was reduced from \$120,000 to \$105,000.

Commissioner Ortiz understood that the Executive Director would decrease his salary and disperse it. Response: Not in theory. He is asking a decrease in his salary because he has asked others for a decrease. He is trying to get all these salaries in line to literally determine what it will cost the Housing Authority to show HUD.

Commissioner Stack added that the board has not been informed in the last five years how much the salaries were reducing the income. He would ask the question and a response was never provided.

Commissioner Ortiz questioned if it was legal to ask someone to sign a one year contract: Response: It would not be wise to do it.

Mr. Byers repeated that part of our dilemma is that we are a troubled Agency. HUD Boston will want to know how we are going to ensure we will keep the Directors of Section 8, Asset Management and other Directors because when an Agency becomes troubled, it is very difficult to hire qualified personnel. The Section 8 Director is committed to staying here for three years. Why three years? Mr. Byers stated he needs some people he can depend on to help put this together no matter what occurs within the next 18 months. In this process we are embedding a recovery system. What can really hurt in the middle of recovery is if we have a seasoned director leave. Without a plan it will be difficult to fill the position.

We have many challenges to face. The retirement matching fund has been eliminated because we are using public housing funds to continue functioning. HUD Boston is going to mandate that the Board and the Executive Director put together a balanced budget. We will have a lower budget due to the repayment agreements to HUD and monies borrowed from the AMPs. We will have to generate enough money in reductions in this budget to show how we are going to pay back. The only way we can do it is to have a reasonable reduction and a growth strategy. We will have to be very aggressive.

In the Finance we need to move the department and professionalize it. People have not been doing the work according to HUD standards. We need a new organizational chart and new job descriptions. We have put a solicitation out to do some out sourcing to help us with the cleanup work. This will be brought to the Board for approval.

HUD regional office will be doing an assessment of the Agency. They want to see a plan. We have a software issue that is feeding into our problem and we need to convert to a new system. We will also have a request for a new payroll system, ADP. We will obtain a fully blown out software conversion plan which will be tied in to staff training. There are two dilemmas. The 2009 information that was in the AS400 system was not properly converted. It is probably feeding into some of the reconciliation problems. There is a tremendous amount of monies coming into the Agency and we have not seen where the money has gone.

In addition the department job descriptions have been completed. Talks were held with the Union explaining the conversion. They were concerned because this meant losing union members and positions into possibly non union positions, salary exempt with no overtime. We will find a way to work with the union and provide employee training to convert into the system.

Commissioner Ortiz left at this point (7:20pm.).

Mr. Byers stated he will present to the board a narrative on the adjustment being made that need to take place. HUD regional office may want to move forward with what we have primarily because the COCC is spending too much money. We need to make adjustments with the executive salaries. New persons coming in will not be hired at the

same level. We have to reduce our overall spending by \$700,000. This should give us enough cushion to build the reserve in the COCC.

Mr. Byers commented that whatever position we will be in, we need to recover the Agency. With the challenges before us, we do not have the luxury to be indecisive. He will talk to HUD to bring in NAN McKay because he has no trust in the Finance Department. We have much work to be done.

Question: You have no confidence in anyone in the Finance Department? Response: I have no confidence in the software system. The employees in this department are trainable. We need the right team to train them. We also need to look at the aged payables. Mr. Byers added that every piece of financial information given to the Board for the past year has been false. The reality is that the culture of the Agency has to change. His biggest concern is if fraud took place.

ADJOURNMENT: (7:48pm)

Motion was made by Commissioner Stack; seconded by Commissioner Hacks.

The vote was as follows: All in favor.

Attest:



Secretary

