

MINUTES OF A REGULAR MEETING OF THE
COMMISSIONERS OF THE

CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

The Commissioners of the City of Roanoke Redevelopment and Housing Authority met for a regular session on Monday, April 30, 2018, in the offices of the City of Roanoke Redevelopment and Housing Authority, 2624 Salem Turnpike, NW, in the City of Roanoke, Virginia.

I. CALL TO ORDER – ROLL CALL

Chair Burruss called the meeting to order at 3:00 p.m. and declared that a quorum was present.

PRESENT:	Commissioners, Burruss, Garner, Karnes, Kepley, Smith
ABSENT:	Commissioners Anguiano, Witten
OFFICER PRESENT:	Mrs. Glenda Edwards Goh, Secretary-Treasurer
ALSO PRESENT:	Jackie Austin, VP of Finance/CFO; Kathy Beveridge, Housing Choice Voucher Director; David Bustamante, VP of Housing; Stephanie Cooperstein, Section 3 Coordinator; Betsy Crow, VP of Human Resources and Administration; Frederick Gusler, Director of Redevelopment and Revitalization; Crystal Hall, Community Support Services Director; Mark Loftis, Legal Counsel; Joel Shank, VP of Operations; Donald Jump, Certified Public Accountant, Jump, Perry and Company, LLP ; Michael Martin, BOST Representative; Kelly Martin, Executive Assistant

Chair Burruss welcomed everyone to today's meeting.

II. REPORTS

1. Financial Report

Chair Burruss stated that Mrs. Austin provided a Financial Narrative along with a Financial Report.

Chair Burruss asked if there were any comments or questions. There were none.

2. Executive Director's Report

Mrs. Goh informed the Board that the City of Roanoke Redevelopment & Housing Authority (RRHA) submitted a letter of interest for the Rental Assistance Demonstration Program (RAD), as authorized by the Board last month. RRHA has been notified by the U.S. Department of Housing and Urban Development (HUD) that RRHA is on the waiting list.

Mrs. Goh mentioned that RRHA has received donated books for the Book Rich Environments initiative. Ms. Hall and her team will create a plan for the distribution of 6,000 books. Mrs. Goh stated that the goal is a book for every child in RRHA housing programs.

Mrs. Goh informed the Board that there are no updates concerning the EnVision Center selection process at this time.

Mrs. Goh stated that RRHA had a HUD contractor performed Real Estate Assessment Center's (REAC) physical inspections at Villages at Lincoln and Lansdowne Park. The score for Villages at Lincoln was 77 and the score for Lansdowne was 67. RRHA has submitted several requests for Technical Reviews to HUD headquarters and one Database Adjustment Request to the HUD Richmond Field Office. She went on to say that these reviews, if successful, would recover 5.91 points for Villages at Lincoln and 14 points for Lansdowne. Mrs. Goh said inspector was the same as last year and noted that Commissioners may remember that RRHA went

through several rounds of appeals, resulting in RRHA receiving an additional 19 inspection score points. Mrs. Goh asked Mr. Bustamante to provide additional information.

Mr. Bustamante began by explaining that every REAC inspection is taken very seriously by the staff. He observed Ms. Richie at Villages at Lincoln and Ms. McCoy at Lansdowne Park preparing for these inspections. He stated that when RRHA receives scores that are not equal to the amount of preparation invested, it immediately raises red flags. He explained that it is the same red flags that were set off last year when RRHA had to go through the same process to get back 20 points. Unfortunately, since HUD does reverse auctions for REAC inspections, the inspectors get to bid on site locations based upon where they believe they would make the most money. Mr. Bustamante stated that if the inspector comes to Lansdowne, he inspects forty-eight units including the entire property in seven hours from 8:00 a.m. until 3:00 p.m. It is really difficult to score the units and property correctly given that timeframe; however, the inspector's explanation was that is the only way he makes money.

Mr. Bustamante informed the Board that he wanted to review with them the deductions at Villages at Lincoln, in order to illustrate some of the issues. He said that RRHA is appealing six points at Villages at Lincoln related to a trip hazard. Mr. Bustamante stated that, usually an inspector has a ruler that is set at $\frac{3}{4}$ inch and inserts that into a crack in the sidewalk to determine whether it meets the REAC definition of a trip hazard. Mr. Bustamante said that this inspector has never come with a ruler, measuring tape or anything; he determines trip hazards by eyesight. Mr. Shank went to the location with an engineer and measured the area identified as a trip hazard, and it

was less than $\frac{3}{4}$ inch. RRHA submitted a letter to HUD from the engineer indicating that this item did not constitute a trip hazard. While it may seem completely obvious that RRHA should get back these six points, RRHA is unfortunately appealing to the same people who train and approve the inspectors. Mrs. Goh added that the engineer who came out actually measured the crack and there is a photo with a measuring tape inserted in the crack, showing the measurement. She stated that this is how the inspector should have evaluated for trip hazards. Responding to Chair Burruss' question, Mr. Bustamante confirmed that inspectors are HUD contractors.

Mr. Bustamante provided another example to the Board related to a graffiti citation at Lansdowne Park. He stated that HUD's protocol states that graffiti must be visible from thirty feet away, and it has to involve something that is obscene or some type of gang signs. The graffiti that the inspector cited Lansdowne for is in a basement. Mr. Bustamante said that not only could it not be seen from ten feet away, but someone would have to open an iron gate and walk down fifteen stairs to see it. He stated that, when RRHA staff accompanying the inspector questioned this, the inspector's response was for RRHA to appeal it. Mr. Bustamante said that RRHA has submitted appeals to HUD, including photos and references to HUD's protocol but, again, the individuals who are reviewing the appeal also trained and hired these inspectors.

Mr. Bustamante called the Board's attention to a picture of the sidewalk where the inspector said there were sharp edges on the ground and cited a health and safety issue. The inspector took a picture and indicated there was glass on the ground. RRHA staff picked up what was on the ground and showed it to the inspector explaining that it was pebbles and dirt, no glass. Mr. Bustamante said that the inspector still cited this as

sharp edges on the ground. He said the picture was sent to HUD, along with two signed statements from the manager and the maintenance personnel who accompanied the inspector, confirming there was no glass. Mr. Bustamante stated that RRHA is attempting to recover these points; however, he finds it frustrating when HUD inspection protocols are not applied by the inspector. He explained that RRHA sent a letter last year requesting that this inspector not be assigned to future inspections of RRHA properties; unfortunately, he is the only one who bid for the job, so he returned. Mr. Bustamante stated that the inspection said that if RRHA denied the only person who bid for the job to come onto the property instead of scoring a 67 they would score a zero. Mr. Bustamante said there is no way to prepare for inspections if RRHA staff is adhering to the HUD protocol but the inspector is going off protocol. Mr. Bustamante said that the Database Adjustment was sent to the HUD field office in Richmond and they recommended approval; however, it has been sent to HUD headquarters for final review and decision regarding approval.

Commissioner Karnes asked if the inspector is local to the Roanoke Valley. Mr. Bustamante replied that he believes he is not local to Roanoke but that he believes the inspector lives somewhere in Virginia. Vice Chair Garner asked for clarification on the bidding process and Mr. Bustamante's comment that this inspector is the only person who bid. Vice Chair Garner stated that he was surprised that only one inspector bid on this area, and he also asked Mr. Bustamante to review the outcome from last year. Mr. Bustamante replied that last year this inspector scored Lansdowne Park at fifty-one points and RRHA was able to get twenty points back. Even though this year's score is not as low, there are fourteen points that Mr. Bustamante believes should have never

been deducted in the first place, those are the point RRHA is appealing. Mr.

Bustamante said that he believes that this inspector is the only one who bids because he lives in a location that makes it easier for him to do the inspection in one day and then drive home. Other than that, he doesn't know why this individual would be the only one to bid. Mrs. Goh commented that she did send a letter last year requesting that he not be assigned again for inspections at RRHA, and she is not sure if that affected the interactions he had with the staff this year. She said that the inspector was very quick this time to say, "Just appeal it," rather than engage in any conversation with the staff about whether it was in fact a violation. She stated that it is frustrating because it takes resources to put together the appeals and, RRHA apparently has no avenue to avoid having this inspector assigned. Mrs. Goh felt that the inspector's behavior was unprofessional, particularly in some of his interactions with Mr. Bustamante.

Responding to Commissioner Kepley's inquiry as to whether the inspector is required to enter every unit, Mr. Bustamante replied that a percentage of units is inspected, based upon the total number of units in the development. At Lansdowne it is about 40 units, plus he has to inspect all the common areas, the central office building the Jobs-Plus area and the daycare. Mr. Bustamante said that one reason the inspector bid on this location may be because it is supposed to be a two day job; however, the inspector did the inspection from 8:00 a.m. to 3:00 p.m. and was able to go home the same day, resulting in one day of work but payment for a two day job.

Commissioner Kepley asked if there is anything tied to the inspection score in terms of funding. Mrs. Goh responded saying that it is one of the factors in the Public Housing Assessment System (PHAS), and there is a high performer bonus that is

available in the Capital Fund Program for high performing housing authorities. The score by itself does not determine if RRHA will be high performer or not but it is a one of the PHAS scoring indicators. Mrs. Goh pointed out other areas may be impacted if RRHA fails to maintain High Performer designation; for example, if the opportunity is provided to apply for the Moving to Work demonstration program, only High Performer authorities will be eligible to apply.

Commissioner Kepley asked if there was a minimum score for the physical inspections in order to be a high performer. Mrs. Goh explained that 90 is the PHAS score to achieve the High Performer designation. For physical inspection scores, property does not require reinspection for 3 years if it scores 90 or above, two years if it scores 80 to 89, and properties scoring below 80 require reinspection in one year. She stated that when the overall physical condition score is below 60, the housing authority is designated as physically troubled, which results in additional requirements from HUD. Commissioner Kepley commented it appears that inspectors would have financial incentive to score properties lower so they would require annual inspections. Mrs. Goh agreed that the scoring system would provide such a financial incentive.

Responding to Chair Burruss' question regarding who determines if it is a two day job, Mr. Bustamante said that HUD makes that determination; when HUD invites bids, next to the property the invitation will state how many days and the amount. This inspector has been at Lansdowne Park and Villages at Lincoln for the past two years. Mr. Bustamante mentioned that even with these lower scores, the Housing Authority is still designated High Performer in Public Housing and Section 8.

Chair Burruss acknowledged that it has been an incredibly busy few months for

Mrs. Goh and staff, getting a draft of the Agency Plan together, the audit, the Capital Fund Plan and the software. She stated that she wanted to acknowledge the staff and say that she appreciates all the hard work that is being done.

Chair Burruss asked if there were any other comments or questions. There were none.

3. Staff Reports

Chair Burruss asked if there were any Staff reports, comments or questions. There were none.

4. Committee Reports

Vice Chair Garner stated that the Audit Committee met on April 17, 2018. Mr. Donald Jump from Jump, Perry and Company, LLP, the outside auditors, will go over the audit today.

Chair Burruss asked if there were any other Committee reports. There were none.

5. Commissioner Comments

Chair Burruss asked if there were any Commissioner comments. There were none.

6. City Council Liaison Comments or Discussion

Chair Burruss asked if there were any City Council Liaison comments or discussion. There were none.

7. Residents or other community members to address the Board

Chair Burruss asked if there were any residents or community members who would like to address the Board. There were none.

III. **CONSENT AGENDA**

C-1 Minutes of the Regular Meeting of the Board of Commissioners held Monday, March 26, 2018.

RECOMMENDED ACTION: Dispense with the reading thereof and approve as recorded.

C-2 Monthly Operations Report for the month of March 2018.

RECOMMENDED ACTION: File as submitted

Vice Chair Garner introduced a motion to approve the Consent Agenda. The motion was seconded by Commissioner Karnes and upon roll call the following vote was recorded:

AYES: Commissioners Burruss, Garner, Karnes, Kepley, Smith

NAYS: None

Chair Burruss thereupon declared said motion carried as introduced.

IV. **REGULAR AGENDA**

1. Presentation of Audit Draft – Donald Jump, Jump, Perry and Company, LLP

Mr. Jump began a brief overview of the contents of the draft audit by referring the Commissioners to the table of contents. He pointed out that the Audit Draft is a seventy-two page report, and he would not be going over every page. He said that there are five reports that belong to the auditor: the Independent Auditor's report; the Independent Auditor's report on Internal Control of Financial Reporting; a report on Major Programs; a new report this year due to the close out of a grant, which is the report on the certification for Choice Neighborhoods Planning grant, which was finalized and HUD requires a separate report; and lastly, the agreed upon Procedures report that is the

auditors reviewing the REAC filing and making sure that it agrees with the financial statements. The first, he explained, is the report on the financial statement package in which the auditors look at the financial statements, the internal control of the financial statements, and other substantive information and offer their opinion on whether it reports appropriately in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) principles. Mr. Jump stated that, in the case of RRHA, it does and it is an unmodified and clean opinion, which is exactly the desired outcome.

Mr. Jump explained that the second audit, beginning with page 43 of the draft audit handout, focuses on internal control over the financial statements to ensure that the proper internal controls are in place so that the financial information that is provided is valid and appropriate. He said that on pages 45-46 is the report on compliance with major programs, and these programs are rotated on an annual basis so that over time every program is assessed. This year's major programs were Low Income Public Housing and the Capital Fund Program. In doing this examination, he said that HUD determines what areas of compliance are required for these grants. He stated that HUD wants to know that RRHA is not only complying with the program rules, but that the internal controls are in place. Once again, Mr. Jump said that he was happy to report that there were no findings.

Mr. Jump explained that the non-routine report, on page 53, is the Choice Neighborhoods Planning Grant, which has been finalized and closed out; HUD asks auditors to report specifically on that grant. He said that basically the report is saying that RRHA complied with HUD requirements and that all the money was spent

appropriately and in accordance with the grant rules. Mr. Jump stated that the last report explains that the auditors looked at the details of the financial statements to ensure that they are fully compliant, and determined that they are.

Mr. Jump asked the Commissioners to go to the management discussion and analysis report on page 6 which displays a summary of RRHA's assets, liabilities, and net position. He said that this is a valuable section to review because it shows a comparison from year to year and management comments on the comparison as to why certain things increase or decrease. Mr. Jump explained that the page lists total net position and three categories; Invested in Capital Assets lists restricted net position and unrestricted net position. He went on to say that the Invested in Capital Assets reflects RRHA's investment in infrastructure, all the hard assets of the Housing Authority, less any associated debt. Restricted Net Position is Housing Choice Vouchers (HCV) program monies and the remaining Net Position, approximately 15 million dollars, is unrestricted net position. Mr. Jump confirmed that the Housing Authority is in good stable financial position.

Mr. Jump stated that page 7 shows a brief summary of the activity of RRHA. He said that a change can be seen compared to last year, the biggest change in revenue is in the HUD operating grants, and the biggest part of that was the increase in the Section 8, the Housing Choice Voucher program. Mr. Jump pointed out a few other minor increases that can be viewed on page 8. Mr. Jump also pointed out equity adjustments on page 7 and stated that this is predominately a prior period adjustment. RRHA adopted GASB 75 this year which is simply a different way of accounting for other post-employment benefits, medical care for retirees. Mr. Jump explained that a firm does an

actuarial study to determine the net present value of the future cost of all RRHA's active and retired employees and, based on a calculation of future costs, they determine the amount of liability to be recorded. Mr. Jump said that the changes related to GASB 75 resulted in an adjustment to the liability as of the beginning of the year, which was roughly a half million dollar increase. He pointed out the detailed footnote on page 38, footnote 25, saying that it looks very similar to the pension footnote, detailing the assumptions and calculations that were done by the actuary to determine the liability.

Vice Chair Garner said he appreciates RRHA's professional relationship with Mr. Jump. He continued saying that he was impressed by the high esteem that auditors express toward RRHA management, particularly the finance staff, and noted that it is unusual to see a clean audit year after year, with very few adjustments, which is a tribute to the management here at RRHA. Mr. Jump stated that he would like to thank Mrs. Austin and her staff and the cooperation they give. He said the auditors come in and disrupt financial and operational activities and that the entire RRHA staff is very professional and cooperative, which helps the auditors do their job.

2. Consumer-Driven Health Benefits Presentation – Mike Martin, BOST Benefits

Ms. Crow explained why Mr. Martin was in attendance. She stated that Mike Martin with BOST Benefits is RRHA's new benefits broker and noted that this has been a challenging year regarding health insurance because of a 25 percent increase in premiums for renewal of current plans. She stated that RRHA of necessity must move toward consumer-driven health benefits and that is the focus of Mr. Martin's presentation today. Mr. Martin provided a little history about himself saying that he has been in the insurance business for about thirty years and, for the last twenty five years,

he has held some responsibility for a sector of RRHA's benefits. He said that health care is the second or third largest expenditures in running a public or private sector business. He stated that a 25 percent rate increase on The Local Choice plan would have major budget impact. Mr. Martin said he would provide an overview of why RRHA should embrace a move to a consumer-driven health model and how RRHA can design plans to adapt and change behavior relative to health care. He said that RRHA the rising cost of health care requires change at the individual member level. He stated that the old days of having the 250 dollar deductible and a couple thousand dollars out of pocket are quickly disappearing. Mr. Martin said that people have to learn how to get engaged in health care, understand how it works, and understand how to make different choices. Mr. Martin said that RRHA's premiums in The Local Choice are based approximately 41 percent on the claims experience of RRHA's employees. He explained that in order to help control premium increases, the cost of claims needs to decrease. He also noted that for active employees reaching 65 years of age, although RRHA cannot require them to leave the group health plan, it may be more financially advantageous for them to go on Medicare with either Medicare Advantage or a supplemental insurance plan. Mr. Martin pointed out that about 5 percent of the employee population ends up creating about 50 percent of the claims pool. He said that this highlights the importance of helping people engage in making better decisions, which will help lower those costs. He stated that this year is the first time RRHA is implementing a high deductible health plan and encouraging individuals to look at the math between staying on a traditional deductible and co-pay type of plan and moving to a high deductible plan. RRHA management has looked at the budget and are planning

to direct some funds into Health Savings Accounts (HSA) for people who choose the high deductible plan. Mr. Martin said at that point the individual owns the money. He explained that when individuals are spending their own money, the thought behind where they should go to receive care often changes. He said, for example do they go to the emergency room or do they use a telemedicine option and have an initial consultation with a doctor by phone. He said if they choose the telemedicine option, it does not add to the cost of claims. Mr. Martin said that the next step is effective education of employees. Mr. Martin said BOST has about 2,500 group clients nationally; he personally deals with approximately 300, including about 12-15 municipalities or school systems, public entities across Virginia. RRHA is one of the few that has a low deductible plan, and these plans are just becoming untenable from a financial perspective. He stated that the trend is not going to change anytime soon. He stated that a high deductible plan is not right for everyone, and RRHA will continue to offer a plan with a \$1,000 deductible. He continued saying that many people are initially afraid of high deductible plans because they fear being unable to manage a large, unanticipated medical expense. Mr. Martin stated that it is important to teach people how to get the money built up in their HSA accounts and make better decisions regarding how they access care. The other thing that Mr. Martin said was because of the effects of the healthcare reform Urgent Care Centers are popping up all over the Roanoke Valley, and people may view that as the best alternative to going to the emergency room; however, urgent care is actually more expensive than a visit to a primary care physician. He said that the long term goal over the next 3-5 years is to teach people to better manage care so that RRHA sees an impact on renewal rates.

Mr. Martin informed the Board that there were discussions this year regarding the possibility of leaving The Local Choice. He stated that, when a company leaves, there will be a subsequent charge for claims experience, which almost amounts to a penalty. Mr. Martin stated that, because that charge is an unknown, it was determined best for RRHA to stay in The Local Choice at this time. He explained that BOST would look at this situation each year to help determine the best timing. He stated that the current thinking is to build some reserves over the next 3 to 5 years to handle the subsequent charge before leaving The Local Choice.

Chair Burruss asked what thoughts Mr. Martin had concerning incentivizing the employees to join the high deductible. Mr. Martin stated that one incentive is by putting money into an HSA account and allowing the employee to match the amount. For example, he said, another company he works with implemented a high deductible plan and only 34 of 1,300 employees enrolled because they had not educated employees regarding the advantages of a high deductible plan paired with a HSA. He said he believes it is partially education, but he also believes that helping employees build their HAS accounts is also an important incentive.

Commissioner Kepley asked what the plan is to educate the employees. Mr. Martin said he and Ms. Crow will hold group meetings where they will educate employees about the plans. He stated that he and Ms. Crow will be available for questions following the meetings to help employees determine the best plan for them.

Mr. Martin explained that employees will be offered another benefit which will provide access to a service that will assist employees by reviewing billing for accuracy, and negotiating lower billing amounts and payment plans with medical providers. Mr.

Martin said that the savings on average is 25 to 50 percent. He provided an example of a client whose medical bill was negotiated down from \$5,000 to zero. Mr. Martin noted that HSA money is more flexible and can be used toward eye glasses, vision care or dental care, and allows them to make better decisions when shopping for health care. Responding to Chair Burruss' inquiry as to who provides the health advocacy service, Mr. Martin said that this service is provided by an independent company called Health Advocate.

Responding to Commissioner Kepley, Mr. Martin confirmed that HSA means Health Savings Account. He went on to say that many employees confuse HSAs with Flexible Spending Accounts (FSA). An FSA account is basically the employee putting his or her own money in an account but if the funds are not used, the employee loses the balance at the end of each year. The balance in an HAS can rollover from year to year. HSA funds are tax free as long as they are used for qualified expenses; however, there is a limit in how much someone can contribute each year. He stated that the maximum amount for family is \$6,900 and an individual is \$3450.

Responding to questions from Chair Burruss and Commissioner Kepley, Mr. Martin confirmed that HSA money is pre-tax dollars. He said that the idea is to encourage employees to not only take what RRHA contributes but that they contribute a little money of their own. The amount contributed by RRHA will depend on whether the employee has employee only, employee plus one or family coverage. Ms. Crow added that, essentially, RRHA will contribute the difference between the premiums of the two plans offered to HAS accounts for employees who choose the high deductible plan, resulting in approximately the same contribution from RRHA for either plan.

Vice Chair Garner asked what basis there is for anticipating that these changes will achieve the savings great enough to make this worthwhile to pursue. Ms. Crow said that, based on a projection of how many employees will choose each plan, she estimates that RRHA will incur an increase of approximately 10 percent rather than the 25 percent increase incurred if the current plans were renewed. Mrs. Goh stated after a great deal of consideration and number crunching, it appears that this is the direction all companies are being forced to move; therefore, RRHA is trying to incentivize the movement of employees to high deductible plan but also to help with the transition by establishing HSAs for employees. She stated that this is particularly important for employees with lower earnings, where a high deductible could have major financial impact. RRHA could reduce the costs further by not contributing to the HAS, but it seems like the investment now will help reduce claims experience in the future and, in the long term, that is the better move. She said that RRHA will be paying about as much for either plan that people choose. In return for that, management is hoping that the investment toward people moving to a high deductible plan will reduce RRHA's costs in the long run. Mr. Martin added that if RRHA does not make this move, there is a real question as to how many years of 25 percent increases the agency can afford. Mr. Martin reiterated that he believes RRHA will be in a much better financial situation in 3 to 5 years as a result of making these changes this year. Ms. Crow stated that, regarding education, the goal is not a one-time open enrollment event; rather, this is an ongoing every month education effort, with activities like lunch and learns to help employees learn how to control spending and how to shop around for the right service.

Vice Chair Garner asked whether there is a tax ramification relative to the tax-

free account if a person decides to retire. Mr. Martin said that when employees leave RRHA, their HSA accounts continues to be available to them, and they can continue to spend that money as long as they spend it on qualified medical expenses, which includes long-term care premiums. Chair Burruss commented that she believes RRHA is overdue in making this change. She said that this option was available in her last 6 years of work, and she had several years with low medical expenses; then her situation changed suddenly, and a nice nest egg, pre-tax dollars, to help with the expenses.

Chair Burruss asked for confirmation that RRHA cannot move the 65 year old employees to Medicare. Mr. Martin replied that RRHA cannot require active employees of any age to leave the health plan; however, with the right education they could go from paying deductibles and copays to paying nothing. He explained that Medicare Part A automatically kicks in but they do not have to choose Part B if they are on a group medical plan. If they are on a group plan they can continue to stay on a group plan. He said they can enroll in Part B and go on a supplement plan with no penalty and by moving on to a supplement they can save themselves significant dollars.

Commissioner Kepley asked if the educational training will include diet, exercise and risky behaviors. Ms. Crow said that RRHA is part of CommonHealth which is a wellness program of The Local Choice. She stated that health screenings are held every two years and a wellness fair every year. She said that wellness is a big part of employees controlling their own healthcare costs.

Responding to Chair Burruss' request for confirmation that urgent care is more expensive than going to the Primary Care Physician (PCP), Mr. Martin confirmed and noted that the average PCP visit is around \$100, while the average Urgent Care visit is

around \$140. He stated that, obviously, an emergency room visit is the worst case at an average cost of about \$1,400.

Mrs. Goh commented that these two presentations today highlight what, besides software, Mrs. Austin and Ms. Crow have been devoting their time to for the past few months, while Mr. Bustamante's earlier discussion of REAC inspections illustrates where he has been devoting significant energy. She stated that she wanted to say that she appreciates the fact that the Housing Authority has good people on the job to manage these tasks and try to keep RRHA on the right track.

3. Resolution No. 3954

Mr. Shank introduced Resolution No. 3954, requesting the Board's approval to award a contract for replacement of heat pumps for Villages at Lincoln, phase 2 of the work that started last year. He said there are ninety-six units in this phase. RRHA received three bids as a result of solicitation and Russell's Remodeling gave the low bid. He clarified that it works out to be roughly \$4,200 per unit for replacement of heat pumps, which includes the inside unit, refrigerant tubing and everything. He stated that this is a Capital Fund Program expense.

Commissioner Smith introduced a motion to approve Resolution No. 3954 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AWARDING A CONTRACT FOR REPLACEMENT OF HEAT PUMPS FOR VILLAGES AT LINCOLN, PHASE 2, UNDER CAPITAL FUND PROGRAM (CFP) GRANT NUMBER VA36P01150117

WHEREAS, the City of Roanoke Redevelopment and Housing Authority (RRHA) has been awarded a grant from the Department of Housing and Urban Development (HUD) Capital Fund Program (CFP), grant number VA36P01150117 in the amount of \$2,066,639.00; and

WHEREAS, HVAC Upgrades for Villages at Lincoln was included on the Annual Statement detailing the planned use of CFP grant number VA36P01150117, which was approved by the RRHA Board of Commissioners by Resolution 3920 on May 22, 2017; and

WHEREAS, RRHA needs a qualified contractor to complete Replacement of Heat Pumps for Villages At Lincoln, Phase 2; and

WHEREAS, RRHA issued an Invitation for Bid on March 11, 2018, with bids being due on April 3, 2018; and

WHEREAS, RRHA received three (3) responsive bids to the invitation, which were opened for consideration, such bids being as follow:

<u>Bidder</u>	<u>Total Bid Amount</u>
Central Builders, Inc.	\$433,433.00
Russell's Remodeling, LLC (Self-certified as Section 3 Business Concern)	\$403,700.00
S. J. Conner & Sons, Inc. (Self-certified as Section 3 Business Concern)	\$462,198.48

WHEREAS, HUD regulations at 24 CFR 135.1 state that "section 3 of the Housing and Urban Development Act of 1968 (12 U. S. C. 1701u) (section 3) directs that employment and other economic opportunities generated by certain HUD financial assistance shall to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed to business concerns which provide economic opportunities to low- and very low-income persons."; and

WHEREAS, Russell's Remodeling, LLC self-certified as a Section 3 Business Concern and submitted the low bid; and

WHEREAS, the allowable HUD Section 3 preference is not a determining factor in the procurement; and

WHEREAS, the amount of the bid submitted by Russell's Remodeling, LLC was determined to be fair and reasonable for the work specified when compared to the amount of the independent cost estimate based on R S Means Cost Data, for the project; and

WHEREAS, review, evaluation, and confirmation of bid documentation has been completed, and Russell's Remodeling, LLC has been found to be capable and in all other respects acceptable to RRHA; and

WHEREAS, the Vice President of Operations recommends an award to Russell's Remodeling, LLC; and

WHEREAS, the Executive Director has determined that this procurement complies with RRHA's Procurement Policy and that it is in the best interests of RRHA to accept such bid and execute an appropriate contract.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that:

1. The bid submitted by Russell's Remodeling, LLC be and hereby is accepted;
2. The Executive Director be and hereby is authorized and directed to execute a standard contract for construction, which by reference is inclusive of all plans, specifications, addenda and related project documents, between and RRHA for the fixed price of \$403,700.00.
3. The Executive Director be and hereby is authorized to take such other actions as may be necessary to fulfill the intent of this Resolution.

The motion was seconded by Vice Chair Garner and upon roll call the following vote was recorded:

AYES: Commissioners Burruss, Garner, Karnes, Kepley, Smith

NAYS: None

Chair Burruss thereupon declared said motion carried as introduced.

4. Resolution No. 3955

Mrs. Goh introduced Resolution No. 3955, requesting the Board's approval to authorize the transfer of certain parcels of real property in the Hotel Roanoke and Conference Center. RRHA was the owner of record, serving a necessary function related to some of the financing. At this time this is no longer needed. She said that RRHA has been asked to transfer the property, at the request of the City, the City Council has adopted a similar resolution prior to this Board being asked to consider

today's resolution. Mr. Loftis explained that the reason for this transaction was due to the way the deal was structured, stating the City could not put money directly into the project. Instead, the City provided \$3 million for RRHA to serve as a conduit by purchasing these parcels of land from the Virginia Tech Foundation. Mr. Loftis stated that RRHA has held title since then but, at this point, there is no further need, and the City's resolution authorizing RRHA to transfer the property back expressly says that the 3 million dollars will not have to be repaid.

Responding to Commissioner Kepley's inquiry as to specific location of the parcels, Mr. Loftis said the parking lot near Williamson Road and the conference center parcel. Mr. Loftis confirmed that RRHA owns the parcels and stated that there are lease agreements in place for both of those properties, with the money paid to RRHA flowing back to the City. This transfer eliminate the need for lease payments to RRHA and will allow the parties to have a direct agreement.

Commissioner Smith introduced a motion to approve Resolution No. 3955 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING THE TRANSFER OF CERTAIN PARCELS OF REAL PROPERTY IN THE HOTEL ROANOKE & CONFERENCE CENTER PROJECT

WHEREAS, the Virginia Tech Real Estate Foundation, Inc., a Virginia nonstock corporation ("VT Foundation"), acquired certain real property, together with improvements thereon, situated in the City of Roanoke, consisting of The Hotel Roanoke and adjacent parcels of land (the "Property"), by Deed of Gift from Virginia Holding Company, dated December 27, 1989, and recorded in the Clerk's Office of the Circuit Court for the City of Roanoke, Virginia at Deed Book 1614, Page 1058; and

WHEREAS, the General Assembly created the Hotel Roanoke Conference Commission, a body corporate created by Chapter 440 of the 1991 Acts of Assembly ("Commission"), for the purpose of establishing and operating a publicly owned conference center in the City of Roanoke adjacent to a renovated Hotel Roanoke based

on the need for such Commission as declared by resolution by the City of Roanoke and Virginia Polytechnic Institute and State University; and

WHEREAS, the City of Roanoke Redevelopment and Housing Authority (“RRHA”) played a role in the development, financing, and implementation of the development and construction of the conference center and the renovated Hotel Roanoke (“Project”) as set out below; and

WHEREAS, as a part of the Project, RRHA acquired (i) three (3) parcels of real estate situated in the City of Roanoke and bearing Official Tax Map Nos. 3013601, 3013602, and 3013502 (the “Parking Lot Parcels”); and (ii) a parcel of real estate situated in the City of Roanoke and bearing Official Tax Map No. 3013503 (the “Conference Center Parcel”); by special warranty deed from VT Foundation dated September 29, 1993, and recorded in the Clerk’s Office of the Circuit Court of the City of Roanoke, Virginia in Deed Book 1694, Page 121 (“RRHA Deed”) for the sum of Three Million (\$3,000,000) Dollars, as more particularly described in a Contract of Sale between VT Foundation and RRHA dated as of June 14, 1993 (“Contract”); and

WHEREAS, the Parking Lot Parcels and the Conference Center Parcel were portions of the Property acquired by VT Foundation; and

WHEREAS, the funds which RRHA used to acquire the Parking Lot Parcels and the Conference Center Parcel were funds provided to RRHA by the City of Roanoke; and

WHEREAS, RRHA entered into a Parking Lot Lease between RRHA, as Landlord, and the Commission and Hotel Roanoke, L.L.C., a Virginia limited liability company, as Tenants, dated November 8, 1993, for the use of the Parking Lot Parcels in conjunction with the conference center to be constructed and the Hotel Roanoke to be renovated for a term of fifty (50) years (“Parking Lot Lease”); and

WHEREAS, RRHA entered into a Lease between RRHA, as Landlord, and the Commission, as Tenant, dated November 8, 1993, for the use of the Conference Center Parcel for the construction, development, and operation of a conference center for a term of fifty (50) years (“Conference Center Lease”); and

WHEREAS, VT Foundation conveyed the retained portion of the Property, as described in the Contract, to H.R. Foundation, Inc., a Virginia corporation (“HR Foundation”), by deed dated October 27, 1993, and recorded in the Clerk’s Office of the Circuit Court of the City of Roanoke, Virginia at Deed Book 1698, Page 510; and

WHEREAS, through the collaborative efforts of the City of Roanoke, RRHA, VT Foundation, HR Foundation, and the Commission, The Hotel Roanoke, and the Hotel Roanoke Conference Center have been operating for more than twenty (20) years; and

WHEREAS, the Foundation and the Commission are in the process of realigning their various operational agreements and relationships to benefit the future operation,

management, and development of The Hotel Roanoke and Hotel Roanoke Conference Center facilities; and

WHEREAS, HR Foundation and the Commission have requested RRHA to (i) terminate the Parking Lot Lease and transfer the Parking Lot Parcels to HR Foundation; and (ii) terminate the Conference Center Lease and transfer the Conference Center Parcel to the Commission; and

WHEREAS, HR Foundation and the Commission concur that it would be beneficial to the future operations, management, and development of The Hotel Roanoke and Hotel Roanoke Conference Center facilities to take such actions; and

WHEREAS, the Contract and the RRHA Deed include a restrictive covenant that requires RRHA to obtain the prior consents of the City and VT Foundation to any transfer of the Parking Lot Parcels and/or the Conference Center Parcel; and

WHEREAS, the Council of the City of Roanoke adopted a Resolution on February 5, 2018 consenting to the transfer of the Conference Center Parcel from RRHA to the Commission, and the transfer of the Parking Lot Parcels from RRHA to the HR Foundation; and

WHEREAS, the resolution adopted by the Council of the City of Roanoke on February 5, 2018, specifically acknowledges “that RRHA has no remaining obligation to repay funds previously contributed by the City to RRHA for the purpose of the acquisition of the Parking Lot Parcels and the Conference Center Parcel by RRHA”; and

WHEREAS, the VT Foundation adopted a resolution, effective March 20, 2018, consenting to the transfer of the Conference Center Parcel from RRHA to the Commission, and the transfer of the Parking Lot Parcels to the HR Foundation; and

WHEREAS, continued ownership of the Parking Lot Parcels and the Conference Center Parcel by RRHA is no longer necessary to ensure the success of the Project; and

WHEREAS, the termination of the Parking Lot Lease and the Conference Center Lease, the transfer of the Parking Lot Parcels to the HR Foundation, and the transfer of the Conference Center Parcel to the Commission will assist in the realignment of operations of The Hotel Roanoke and Hotel Roanoke Conference Center;

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that:

1. The RRHA Board of Commissioners approves (i) the transfer of the Parking Lot Parcels to the HR Foundation; and (ii) the transfer of the Conference Center Parcel to the Commission.

- 2. The Executive Director, or her designee, is authorized and directed to execute such documents, and to take such other appropriate actions as may be necessary, to effectuate (i) the transfer of the transfer of the Parking Lot Parcels to the HR Foundation; and (ii) the transfer of the Conference Center Parcel to the Commission.

The motion was seconded by Vice Chair Garner and upon roll call the following vote was recorded:

AYES: Commissioners Burruss, Garner, Karnes, Kepley, Smith
 NAYS: None

Chair Burruss thereupon declared said motion carried as introduced.

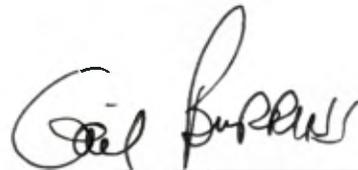
V. ADJOURNMENT

There being no further business to come before the Board, Commissioner Karnes moved that the meeting be adjourned.

The motion was seconded by Commissioner Smith and upon roll call the following vote was recorded:

AYES: Commissioners Burruss, Garner, Karnes, Kepley, Smith
 NAYS: None

Chair Burruss declared the meeting adjourned at 4:13 p.m.



Gail Burruss, Chair



Glenda Edwards Goh, Secretary-Treasurer

