

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, October 24, 2011, 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

Chairperson Garner called the meeting to order at 3:04 p.m. and declared that a quorum was present.

PRESENT: Commissioners Burruss, Butler, Karnes, Garner, Witten

ABSENT: Commissioner Boitnott, Smith

OFFICER PRESENT: Glenda Edwards, Secretary-Treasurer

ALSO PRESENT: Cathy Wells, VP of Resident Services and Administration; Earl Saunders, VP of Real Estate Management; Jackie Austin, VP of Finance/CFO; Roger Vest, VP of Real Estate Development; Helen Shampine, HCV Director; Joel Shank, Capital Improvements Director; Lydia Fuller, Resident Relations Coordinator; Katie Meyer, Executive Assistant; Nick Conte, Legal Counsel; David A. Bowers, Mayor, City of Roanoke; Anita Price, City Council Liaison; Vivian Guthrie, President, Bluestone Park Resident Council

Chairperson Garner welcomed everyone to today's meeting.

PRESENTATION

David A. Bowers, Mayor

Chairperson Garner stated that Mayor Bowers is delayed and will be making his presentation later in the meeting.

PUBLIC HEARING

To receive comments on the Fiscal Year 2012 Operating Budget.

Chairperson Garner asked if there were any comments regarding the Fiscal Year 2012 Operating Budget. There were none.

Chairperson Garner declared the Public Hearing closed at 3:06 p.m.

II. REPORTS

1. Financial Report

Chairperson Garner asked for the Financial Report.

Ms. Austin, RRHA VP of Finance/CFO, referred to page 23 of the Monthly Operations Report Finance Section and stated that Public Housing is reporting net income of approximately \$1,200,000. Dwelling revenues are approximately \$79,000 under budget projections due to several public housing sites falling below the 95% occupancy rate earlier in the year and Family Self-Sufficiency (FSS) escrow payments. Ms. Austin stated that several sites achieved 100% occupancy by the end of the 2011 Fiscal Year (FY). Total expenses are showing a favorable variance of \$883,000 primarily attributable to expense categories reporting positive variances. Administrative expenses are over budget \$116,000 which is mostly attributable to the pay-out of employee annual leave balances and legal fees that were higher than budget projections. Tenant Services is reporting a favorable variance of \$115,000 due to

budgeting for salary expense for one Family Self-Sufficiency (FSS) Coordinator to be paid out of the tenant services line item in the public housing sites; however, a new Public Housing FSS grant was awarded mid-year and expense has since been covered by the grant and also due to other expenses that were budgeted but not incurred during the Fiscal Year. Utilities expense is under budget \$529,000 due to the actual expenses being less than the budgeted amount. General expenses are \$86,000 under budget due to an increase that was budgeted for insurance premiums for which the actual cost was less than projected. Several sites have budgeted for replacement of equipment, capital items, betterments and additions in the operating budgets, expenses which were not realized by the end of the Fiscal Year. Ms. Austin stated that all of September invoices have not been process and the financial information is not 100% complete but will be finalized and reviewed in the annual audit.

The Central Office Cost Center (COCC) is reporting a difference in revenue over expenses of \$173,000 as shown on page 32. Total revenues are \$28,000 over budget primarily due to the service fee income that the Central Office has been able to bill to sites and programs exceeding the amount projected in the budget. Total expenses are showing a favorable variance of \$143,000, and administrative expenses are showing a positive variance of almost \$145,000 due to expenditures that have not been incurred to date. Ordinary maintenance is over budget \$19,000 due to the inspector's salary being budgeted in the capital fund but, when projects are funded from the Public Housing operations budget, inspections must also be funded from operations. The mechanism employed for that purpose is to fund the applicable inspector's salary amount from COCC and then bill the inspection service to the site in a fee-for-service arrangement.

The Section 8 program is reporting a difference in revenues over expenses of approximately \$26,000 as shown on page 33. Total revenues are approximately \$19,000 under budget due to administrative fees having been funded at an 83% proration by HUD. Total expenses are showing a favorable variance of approximately \$68,000, primarily attributable to positions that have not been filled due to funding constraints. General expenses are over budget due to the purchase of additional insurance after the budgeting process was completed.

Ms. Austin asked if there were any other questions.

Chairperson Garner asked for the schedule for the audit and if there is any preliminary work taking place at this time. Ms. Austin stated that the Real Estate Assessment Center (REAC) submission is due to HUD by November 30, 2011 and is the primary focus at this time. The auditors typically make their first onsite visit during the second week in December, and data is currently being sent to the auditors electronically for their review in order to speed up the process.

Chairperson Garner asked for clarification of the inspector's salary expense. Ms. Austin stated that that the salary is being billed to COCC when the inspector performs inspection of a project paid for by a public housing site from its operating budget rather than the Capital Fund budget. The site is then billed for the inspection under a fee-for-service arrangement. Ms. Austin stated that during the budgeting process it is difficult to determine how much inspection work will be completed for projects funded from operating budgets, which causes the variance. Ms. Austin stated that there was not enough funds in the COCC budget to cover the inspector's salary; however, it is covered by service fee income.

Ms. Edwards, RRHA Executive Director, stated that if the inspector completes work for a project funded from the operating budget, the salary is charged to COCC and billed out to the site as a service fee.

Chairperson Garner asked if there were any other questions or comments.

There were none.

Chairperson Garner thanked Ms. Austin for her report.

2. Executive Director's Report

Chairperson Garner asked for the Executive Director's report.

Ms. Glenda Edwards referred to her written report in the Monthly Operations Report and highlighted the information regarding the 2012 Federal Budget - Offset of Operating Reserves. Ms. Edwards stated that the funding figures are shocking and are likely to be the reality, which means that RRHA will be operating public housing most of the year on reserve funds.

Commissioner Burruss asked how much RRHA has available in reserves. Ms. Edwards stated that HUD calculations are \$9,897,000.00 and asked Ms. Austin how much is available in an unrestricted fund that does not include tenant security deposits. Ms. Austin stated that she does not know the exact figure at this time. Ms. Edwards stated that she and her team estimated there is approximately \$6,000,000.00 in available reserves.

Commissioner Burruss stated that it appears that the adjustment will require use of \$4,200,000 of that \$6,000,000.00 which puts RRHA in a fairly precarious position and asked if RRHA will look at making some downsizing decisions during the course of the year. Ms. Edwards stated that RRHA is managing frugally and, while the plan is to

operate at less than 100% of Operating Fund formula eligibility in an attempt to maintain a reasonable reserve, there is also a likelihood that any remaining reserves will likely be subject to offset in the following year. Ms. Edwards stated that if RRHA had no reserves, RRHA would be receiving 100% funding this year.

Ms. Edwards stated that as positions have become vacant the need has been evaluated to ensure that RRHA is operating efficiently and with the right number of staff, and the plan is to continue to take that approach with each position that becomes vacant. In Ms. Edwards' opinion, Section 8 is currently operating with less than adequate staffing, and RRHA may be facing further staff reductions if Administrative Fees are funded at a 60% proration for this year. Ms. Edwards stated that the Section 8 department is in jeopardy of not having sufficient staff to meet HUD requirements to administer the program. Ms. Edwards stated that RRHA will have to use Administrative Reserves in the coming year to maintain sufficient staffing.

Ms. Edward stated that the review of the benefits package and changes that have been adopted, as well as savings on property and auto insurance premiums, will be helpful in weathering the financial challenges over the coming year and beyond. Sale of unused equipment and improvements in preventative maintenance to extend the useful life of equipment will also be helpful. Ms. Edwards stated that reserves were not built overnight and it takes years to build sufficient reserves to fund large scale renovations, so the impact from this year's reserve offset will be felt for years to come.

Chairperson Garner asked if HUD recognizes that housing authorities need to have some reserves and asked what HUD will allow. Ms. Edward stated that HUD is proposing to allow housing authorities of RRHA's size to keep 4 months of formula

operating expenses in reserves.

Commissioner Butler stated that in the real world the Board would be congratulating RRHA on all the cost cutting efforts; however, the longer it takes to spend down the reserves the more protracted the short funding will be. Ms. Edwards stated that it is a difficult situation, and RRHA has made responsible management decisions to strengthen the agency. Ms. Edwards stated that offset of reserve funds is a disincentive and the message to housing authorities is that spending quickly will pave the way to 100% funding. Ms. Edwards stated that there is no guarantee that housing authorities will be funded at 100% next year and, in her tenure at RRHA, only one year has been funded at 100% while in other years all housing authorities received funding prorated between 82%-95%. Ms. Edwards stated that she and other RRHA managers could make a case to spend funds quickly based on the disincentives created by this year's funding actions; however, RRHA continues to try to use resources wisely and frugally because that is what the taxpayers deserve.

Commissioner Butler asked if HUD asks RRHA to project when it will reach the 4 month reserve threshold in order for RRHA not to be shorted for the entire fiscal year. Ms. Edwards stated that HUD makes the calculation independent of any input from RRHA.

Commissioner Burruss stated that the operating subsidy amount for FY 2012 has already been determined. Ms. Edwards stated that Commissioner Burruss is correct that the Operating Fund eligibility has already been calculated by HUD, and all that remains is the question of the final amount of reduction to the Operating Subsidy which will likely be between the Senate budget bill amount of 56% and the House budget bill

amount of 80%. Ms. Edwards stated that if RRHA and other housing authorities have sufficient reserves remaining at the end of FY 2012, HUD could be inclined to take the same approach in the following year's budget; however, defining reserves over 4 months of formula expenses as excess reserves is a new concept introduced by HUD in February 2011 and could be changed next year.

Ms. Austin stated that HUD has taken the same approach with the Section 8 program in which reserves cannot exceed 2 and a half weeks. Ms. Austin stated that in the past RRHA could freely use reserves to fund the Public Housing program, but this year HUD has said that housing authorities cannot use reserves for capital items. One of the critical areas where RRHA needs to use the funds is to improve aging properties.

Ms. Edwards stated that the new Public Housing Assessment System (PHAS), which substantially changes the scoring system, was introduced mid-year, and the national associations are estimating that as many as half of currently non-troubled housing authorities will fall into troubled status after the first scoring with the new PHAS system. Ms. Edwards stated that variables can only be controlled when they are known, and introduction of the new PHAS system mid-year has hindered housing authorities due to not having sufficient time to take actions necessary to improve scores. Ms. Edwards stated that occupancy is counted twice, once as a measure over the entire year and the other as a snapshot of occupancy on September 30, 2011. Ms. Edwards stated that, since half the year was over before the new PHAS was introduced, RRHA could only achieve limited impact on the measure over the entire year but set a goal for all properties to achieve 100% occupancy by September 30, 2011, which would affect the year-end snapshot measure. Bluestone Park, Hunt Manor, Morningside Manor and

Lansdowne Park achieved 100% occupancy by September 30. Mr. Earl Saunders, RRHA VP of Real Estate Management, stated that this is the first time he recalls in his 34-year tenure at RRHA that Lansdowne Park has been at 100% occupancy.

Ms. Edwards stated that she hopes that RRHA will hold to a Standard Performer designation, but expects that that will be the best RRHA can do because of not knowing the standards of the new PHAS scoring until mid-year. Ms. Edwards stated that a significant amount of the scoring is based on information submitted by the finance department which is why RRHA changed the procedures regarding handling of charge-offs. Ms. Edwards stated that the previous occupancy standard was 95%, and the new PHAS standard is 98%. There is a 16 point scoring different between 98% and 96%.

Commissioner Burruss asked about the number of days to turn a unit. Ms. Edwards stated that the turnaround days affect the occupancy score, and the goal is 7 days. Ms. Edwards stated that one of the challenges is when a property manager contacts a prospective tenant on the 11th of the month, the prospective tenant may not have funds coming in until the first of the following month. HUD regulations state that RRHA has to give the prospective tenant a period of time to decide if they want the unit. Both holding the unit while the tenant decides and the time until move-in impact negatively on the turnaround time. Mr. Saunders stated that the condition of the unit when a tenant moves out also affects turnaround time.

Ms. Edwards stated that RRHA continues to work on the goal of fostering development of resident councils. She asked Ms. Lydia Fuller, RRHA Resident Relations Coordinator, to introduce a member of the newest resident council. Ms. Fuller introduced Ms. Vivian Guthrie, President of the Bluestone Park Resident Council that

was established in April 2010. The Board of Commissioners welcomed Ms. Guthrie.

Ms. Edwards asked the Board of Commissioners to look at their calendars for November and December to ensure enough Commissioners will be in attendance for a quorum for both meetings. She stated that a change in the Board meeting date would require a resolution to be brought before the Board. Commissioners indicated that the November meeting date was fine, and they would check schedules for December and let Ms. Edwards know before the November Board meeting.

Ms. Edwards stated that Mr. Nick Conte, RRHA Legal Counsel, has agreed to conduct ethics refresher training with the Board after one or more regular Board meetings, as the Commissioners had indicated that this type of training schedule would work best. Ms. Edwards asked the Commissioners to let her know when they would like to schedule the refresher sessions. Chairperson Garner stated that the remainder of 2011 is a busy time, and beginning the sessions in January would work better.

Commissioner Butler asked when the 2012 Board Meeting schedule will be brought before the Board. Ms. Edwards stated that it will be with the November 2011 Board meeting materials.

Ms. Edwards asked if there were any questions.

Chairperson Garner thanked Ms. Edwards for her report and asked if there were any other questions. There were none.

Chairperson Garner stated that Mayor Bowers is present and asked for the Mayor to make his presentation. Mayor Bowers thanked the Board for their time and stated that he would like to speak as Mayor and that he has presentation to make on behalf of Rebuilding Together-Roanoke.

Mayor Bowers thanked the Board of Commissioners for their service and stated that Roanoke City Council has entrusted the Board as the authority over RRHA, which does a good job for citizens and the poor by providing good and decent housing. Mayor Bowers stated that Ms. Anita Price is one of two City Council Liaisons and that she reports good things to Council. Mayor Bowers stated that he hopes that the new members of the Board of Commissioners have enjoyed their service over the last year or two and that it has been educational and fulfilling. Mayor Bowers stated that he hears good things about Ms. Edwards as well.

Mayor Bowers stated that Earl Saunders, in addition to being an executive with RRHA, also serves as President of Rebuilding Together and thanked Mr. Saunders for his service. Mayor Bowers stated that he is a co-founder of Rebuilding Together-Roanoke. At that time, Habitat for Humanity was building new homes and not renovating existing homes. Mayor Bowers stated that he and others heard of a national organization called Rebuilding Together and organized a Roanoke, Virginia chapter.

Mayor Bowers stated that in 1999 the first 4 homes were renovated and, over the last 11 or 12 years, Rebuilding Together has worked on over 400 homes in the Roanoke Valley. Mayor Bowers stated that Rebuilding Together is successful due to good partners like RRHA and thanked RRHA for the continued support and partnership.

Mayor Bowers presented Ms. Edwards with a plaque recognizing RRHA as a house sponsor for the successful Rebuilding Day in April 2011.

Mayor Bowers thanked the Board for their time and congratulated Ms. Vivian Guthrie as a newly elected resident council president and noted that someday she might become a City Council member.

3. Staff Reports – Helen Shampine

Chairperson Garner asked Ms. Helen Shampine, RRHA HCV Director, for her report.

Ms. Edwards stated that, given the funding issues regarding the Section 8 program that the Board has to be apprised of, she has asked Ms. Shampine to focus on the factors that make the Section 8 program financially precarious.

Ms. Shampine stated that Section 8 is designed to work with private owners throughout the Roanoke Valley and currently has approximately 600 owners who have stayed with RRHA through the hard times as well as the good times. RRHA appreciates the owners' partnership with RRHA because, without the owners, RRHA participants would have no places to live.

Ms. Shampine stated that the Section 8 program has become a very difficult program to manage over the past few years due to the fact that RRHA does not know what the funding will be until RRHA is well into the year. It was June 14, 2011 before RRHA knew what the funding amount would be for 2011. Ms. Shampine stated that the funding amount is retroactive back to the first of the calendar year, and RRHA has to balance out the remainder of the calendar year in order to assist families. Ms. Shampine stated that initially RRHA thought there would have to be a reduction in payment standards to avoid terminating participants. HUD allowed RRHA to use VASH reserve funding in order to keep payments standards the same.

Ms. Shampine stated that 2012 is only a few months away and RRHA has no clue what the funding will be for the calendar year. Ms. Shampine stated that RRHA will continue to implement cost saving measures; however, the results of cost saving

measures are not seen right away.

Ms. Shampine stated that during the 2011 calendar year RRHA has processed 426 family requests to reduce their portion of the rent. Recertification occurs annually for all families and, as utility expenses increase and income decreases, Housing Assistance Payments (HAP) increase. Voucher portability also affects RRHA's HAP expenses. RRHA has 34 families who have ported out with a monthly cost of \$28,141.00 in HAP funds and \$1,100.00 in administrative fee funds paid to other agencies.

Ms. Shampine stated that RRHA had been absorbing portable families in order to lease up voucher allocations; however, RRHA now bills other agencies, rather than absorb the HAP, when a family relocates to the Roanoke area. Ms. Shampine stated that at this time RRHA is billing other agencies for 10 families and, unfortunately, the agencies are not as prompt in reimbursing for the HAP payments as RRHA is in paying other agencies. Ms. Shampine stated that she has had to send letters reminding these agencies of their obligations to pay RRHA in a timely manner.

Ms. Shampine stated that the last time vouchers were issued was in April 2011; however, there are special allocation vouchers such as the Veterans Affairs Supportive Housing (VASH) and the Family Unification Program (FUP). RRHA partners with the Salem VA in administering the VASH program for veterans at risk of homelessness and with the Roanoke City and County Departments of Social Services (DSS) in administering the FUP program for families who are at risk of losing their children or families who can be reunited if they have appropriate housing. Ms. Shampine stated that RRHA will continue to issue VASH and FUP vouchers until the full allocation is

issued. RRHA just received an additional 50 FUP vouchers and staff is working with Roanoke City and County DSS to get referrals for those families who would qualify.

Ms. Shampine stated that the Section 8 program is very difficult to manage as a result of not knowing funding allocations from HUD until midway through the year. RRHA loses administrative fees when vouchers cannot be issued because administrative fees are based on the number of leased vouchers. The program has had to reduce staffing due to funding issues. Ms. Shampine stated that the program is operating on a proration of approximately 80% for 2011 administrative fees.

Ms. Shampine asked if there were any questions.

Commissioner Karnes asked if the VASH program is fully utilized at this time. Ms. Shampine stated that RRHA currently has 50 VASH vouchers under lease. The Veterans Office is working with 10 additional families, and there is a lot of preliminary work to be done before they can be referred to RRHA.

Chairperson Garner asked about funding for the additional 50 vouchers. Ms. Shampine stated that the additional 50 FUP vouchers have funding allocated separately from regular HAP funding for the Housing Choice Voucher program.

Commissioner Burruss asked for the total number of vouchers allocated to RRHA including VASH and FUP and, of the 25% who request a reduction in rent, how many are granted a reduction. Ms. Shampine stated that the total number of vouchers is 1,726. Requests for reductions must be reviewed as mandated by HUD and the size of HAP payment is related to each participant's income. Generally, if a participant's income decreases, the participant's portion of the rent payment will also decrease, resulting in an increase in the HAP amount.

Commissioner Burruss stated that of the 1,726 vouchers approximately 426, or 25%, would have reduced participant rent payments. She asked whether requests have increased due to economic factors. Ms. Shampine stated all requests for reductions have to be processed and that RRHA's policy states that there are no interim review requirements for increases in rent. Ms. Shampine stated that the current economic times are hard for participants, resulting in increased requests.

Ms. Edwards stated that RRHA has not issued turnover vouchers since April 2011; however, monthly expenses have not decreased due to portability costs and participants qualifying for increased rental assistance payments.

Commissioner Burruss asked if RRHA is paying other housing authorities for participants who have ported to other areas. Ms. Shampine stated that 34 families have ported to other areas with a monthly expense of \$28,000.00 plus administrative fees.

Chairperson Garner asked for clarification of Ms. Shampine's statement that RRHA has accepted 10 vouchers ported from other areas and 4 are not paying on time. Ms. Shampine stated that Chairperson Garner understood correctly. Ms. Shampine stated that she has sent letters to all 10 housing authorities outlining the amount that is owed to RRHA and the reminding them of their responsibility for timely payment.

Commissioner Burruss asked if RRHA is paying any of the 4 housing authorities who are not paying RRHA. Ms. Shampine stated that RRHA has no families who have ported to those areas.

Ms. Shampine stated that of the 34 families that ported to other areas, 11 have HAP expenses of over \$1,000.00 and the highest is \$1,780.00 in Washington State. Ms. Shampine stated that \$1,780.00 would house 4 families here in Roanoke. Ms.

Shampine stated that RRHA is not currently allowing family ports to higher cost areas unless the receiving housing authority will absorb the voucher.

Commissioner Burruss asked if RRHA could have a policy to limit the amount of voucher portability. Ms. Shampine stated that HUD will only allow limitations on portability during times that a housing authority can demonstrate that funds are not available to support the cost.

Commissioner Burruss asked if housing authorities are given resources for rental assistance based on cost of living in their area. Ms. Shampine stated that administrative fees vary based on HUD's formula which takes into account cost of living. Ms. Edwards stated that HUD establishes fair market rent for all markets and housing authorities can establish payment standards between 90% and 110% of the fair market rent. Payment standards outside that range require HUD approval.

Commissioner Burruss stated that RRHA is allocated funding based on fair market rent in the Roanoke area and then participants can port to a much higher cost area, and RRHA cannot refuse the port. Ms. Edwards stated that Commissioner Burruss is correct, unless RRHA is in a shortfall situation where the funding RRHA is receiving would not cover the program's expenses through the calendar year. Ms. Edwards stated that housing authorities can absorb the porting vouchers. Ms. Shampine stated that she sent a letter to each of the housing authorities where participants have ported and asked if they would absorb the voucher. They all responded that they are in the same funding situation as RRHA and could not absorb the vouchers. However, Ms. Shampine stated that she just received notice that one housing authority is absorbing a porting voucher with a monthly expense of over

\$1,100.00 which is good news.

4. Committee Reports

Chairperson Garner asked for committee reports.

Commissioner Burruss stated that the Personnel Committee is reviewing RRHA's Grievance Policy, with assistance from Woods Rogers PLC.

Chairperson Garner asked if there was a report from the meeting of the Affiliates Committee. Mr. Roger Vest, RRHA VP of Real Estate Development, stated there was no report.

5. Commissioner Comments

Chairperson Garner asked if there were any Commissioner comments. There were none.

6. Residents or other community members to address the Board

Chairperson Garner asked if there were any residents or other 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, September 26, 2011.

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

C-2 Monthly Operations Report for the month of September 2011

RECOMMENDED ACTION: File as submitted

Commissioner Burruss introduced a motion to approve the Consent Agenda. The motion was seconded by Commissioner Butler and upon roll call the following vote

was recorded:

AYES: Commissioners Burruss, Butler, Karnes, Witten, Garner

NAYS: None

Chairperson Garner thereupon declared said motion carried as introduced.

IV. **REGULAR AGENDA**

1. Resolution No. 3671

Ms. Austin asked for approval of Resolution No. 3671 giving final approval of the Consolidated Operating Budget for fiscal year ending September 30, 2012.

Chairperson Garner asked if there were any other questions. There were none.

Commissioner Butler introduced Resolution No. 3671 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY GIVING FINAL APPROVAL TO THE CONSOLIDATED OPERATING BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2012

WHEREAS, The City of Roanoke Redevelopment and Housing Authority (RRHA) has prepared a Consolidated Operating Budget (Budget) for fiscal year ending September 30, 2012, covering the following programs: Public Housing, Section 8, Hackley, Private Management, Private Development, Jamison/Downing, CDBG/HOME, Homeownership Opportunities (HOP), ROSS Grant, City Activities, Capital Fund Grants/Bond Fund; and

WHEREAS, the Board of Commissioners having reviewed the Consolidated Operating Budget has determined that the budget presented is a fair representation of projected operating revenues and expenditures for fiscal year ending September 30, 2012.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that the Consolidated Operating Budget for the fiscal year ending September 30, 2012, with no revisions from the budget preliminarily approved by Resolution No. 3664 on September 26, 2011, is hereby given final approval.

The motion was seconded by Commissioner Burruss and upon roll call the

following vote was recorded:

AYES: Commissioners Burruss, Butler, Karnes, Witten, Garner

NAYS: None

Chairperson Garner thereupon declared said motion carried and Resolution No. 3671 adopted as introduced.

2. Resolution No. 3672

Ms. Cathy Wells, RRHA VP of Resident Services and Administration, asked for approval of Resolution No. 3672 authorizing the pick up of employee contribution to VRS for past service credit and to allow employees of the Roanoke Redevelopment and Housing Authority to purchase past service credit under the VRS Plan.

Chairperson Garner asked if there are any other required documents. Ms. Wells stated that there is additional paperwork that has to be completed and that Mr. Neal Keese with Woods Rogers PLC is assisting in processing those documents.

Chairperson Garner asked if there were any other questions. There were none.

Commissioner Karnes introduced Resolution No. 3672 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING THE PICK UP OF EMPLOYEE CONTRIBUTION TO VRS FOR PAST SERVICE CREDIT

WHEREAS, the Board of Commissioners, the governing body of the Roanoke Redevelopment and Housing Authority, has elected to participate in a defined benefit plan sponsored by the Virginia Retirement System (the "VRS Plan"), for the employees of the Roanoke Redevelopment and Housing Authority;

WHEREAS, the VRS Plan allows employees of the Roanoke Redevelopment and Housing Authority to elect to purchase past service credit under the VRS Plan;

WHEREAS, the Roanoke Redevelopment and Housing Authority desires to provide its employees with tax deferral pursuant to § 414(h) Internal Revenue Code with respect to their member contributions to the Virginia Retirement System, the State

Police Officers Retirement System and the Judicial Retirement System (collectively referred to as VRS) for the permissible purchase of past service credit by picking up member contributions to the VRS;

WHEREAS, the pick up is authorized under Virginia Code Section 51.1-142.2; as such Code has been or may be amended from time to time; and

WHEREAS, the VRS keeps track of such picked up member contributions and is prepared to treat such contributions as employee contributions for all purposes of VRS.

NOW, THEREFORE, IT IS HEREBY RESOLVED that effective the first pay day on or after the later of January 1, 2012 or the date the member executes a binding and irrevocable salary reduction election relating to the past service permitted to be purchased, the Roanoke Redevelopment and Housing Authority shall pick up all or a portion of the member contributions of its employees to VRS based on the terms of the salary reduction election, and such contributions shall be treated as employer contributions in determining tax treatment under the Internal Revenue Code of the United States; and it is further

RESOLVED, the binding salary reduction election to be executed by the member shall include the following: (1) the beginning and ending date of the election, (2) the amount of the salary reduction on a pay period by pay period basis, (3) the total amount of contribution expected to be involved, (4) a statement that the member may not receive the contributed amounts instead of having them paid by the Roanoke Redevelopment and Housing Authority to the VRS, and (5) an agreement that the member will not purchase the service credit through a lump sum payment during the period in which the salary reduction election is in effect, and it is further

RESOLVED, the member may revoke the salary reduction election only in the event of an unforeseeable emergency as that phrase is used and defined in IRC Section 457 and Treasury Regulation Section 1.457-2(h)(4) and if such a revocation is made, the member may not make a new salary reduction election during his period of employment, and it is further

RESOLVED that such contributions, although designated as member contributions, are to be made by the Roanoke Redevelopment and Housing Authority in lieu of member contributions; and it is further

RESOLVED that pick up member contributions shall be paid from the same source of funds as used in paying the wages to affected employees; and it is further

RESOLVED that member contributions made by the Roanoke Redevelopment and Housing Authority under the pick up arrangement shall be treated for all purposes other than income taxation, including but not limited to VRS benefits, in the same manner and to the same extent as member contributions made prior to the pick up arrangement; and it is further

RESOLVED that notwithstanding any contractual or other provisions, the wages of each member of VRS who is an employee of the Roanoke Redevelopment and Housing Authority shall be reduced by the amount of member contributions picked up by the Roanoke Redevelopment and Housing Authority on behalf of such employee pursuant to the foregoing resolutions.

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

AYES: Commissioners Burruss, Butler, Karnes, Witten, Garner

NAYS: None

Chairperson Garner thereupon declared said motion carried and Resolution No. 3672 adopted as introduced.

V. **ADJOURNMENT**

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

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

AYES: Commissioners Burruss, Butler, Karnes, Witten, Garner

NAYS: None

Chairperson Garner declared the meeting adjourned at 4:04 p.m.

Edward Garner, Chairperson

Glenda Edwards, Secretary-Treasurer