

MINUTES OF SPECIAL MEETING
OF THE
HOUSING AUTHORITY OF THE CITY OF DURHAM
330 EAST MAIN STREET
DURHAM, NORTH CAROLINA
DECEMBER 21, 2009

PURPOSE: To discuss (1) A Personnel Matter and (2) The Board Consultant's Contract

AGENDA ITEM I

Call to Order

The special meeting was called to order by the Chairman, Thomas M. Niemann, at 11:00 a.m.

Present:

David J. Haley
Barbara F. Lofton
George K. Quick
John S. Ramsey
Isaac A. Robinson

Absent:

Paige A. Farrington (excused)

Staff Present:

Harrison Shannon
Jeff Causey
Brenda Edwards
Sabrina Sinegal

Also Present:

Eric Pristell, The Banks Law Firm

A quorum was present, and due notice had been published.

Commissioner Robinson made a motion to go into closed session to discuss a personnel matter, which motion was seconded by Commissioner Ramsey and unanimously carried by the board.

Commissioner Robinson made a motion to reconvene the special meeting, which motion was seconded by Commissioner Ramsey and unanimously carried by the board.

The chairman said no action was taken in closed session.

Board Consultant's Contract

Chairman Niemann said the final report from the board advisor was sent to the attorney on Friday, December 18, 2009, and this document can now be distributed to all members of the board (electronically and a hard copy delivered).

Chairman Niemann said he is considering proposing to the board that it move forward with the CEO search, and determine the involvement of TAG Associates in this process.

It was stated by Commissioner Robinson that a decision was made by the board that the CEO search would be a joint effort between TAG Associates and DHA's HR department. These two entities will discuss the tasks to be performed by each component.

Chairman Niemann summarized the discussion concerning the board consultant's contract as follows: (1) that the final report be distributed to all members of the board, (2) that the board consider moving forward with TAG on the CEO search, (3) that the board discuss with management its internal audit function, (4) that management has been tasked with bringing back to the board a recommendation on staffing up for the HCV program, and also look at what the board advisor is proposing, and (5) that the administration will be given instructions to bring back a recommendation on IT (how to get hands around the hardware component). He feels that a lot of this will come together between now and the next Finance Committee meeting.

Financial Aspects of the Board Advisor's Contract

Commissioner Ramsey asked the chief financial officer how the agency is going to fund the fees that are being proposed.

The chief financial officer said, "As it has been constructed up to this point, HUD has approved us to use Turnkey III funds related to the TAG contract (only authorized the initial \$68,000 for Task Order #1 which was the assessment that is being completed now). My assumption would be that the consulting fees be funded as follows: (1) continue to use Turnkey III funds for whichever Task Orders the board approves moving forward with or (2) look at non-federal sources. He said currently the Turnkey III fund has over \$2.1 million (\$68,000 was appropriated for Task Order #1, committed over \$1.7 million to be used for the Edgemont Elms redevelopment, and this leaves \$286,000 in Turnkey III cash). The proposed Task Orders total \$323,000, and is \$36,000 short if all of them are done. Conceivably, the HCV program improvements could have been charged to the HCV admin, but there are no reserves left in this program, and I would not recommend using these funds for the consultant's fee. The portfolio assessment probably could be charged to the AMPs which is \$80,000. It will be a question as to how much to pull down from Turnkey III, and what HUD would approve as far as pulling the balance of Turnkey funds down for the Task Orders."

Commissioner Ramsey said he was looking at this in three columns: (1) general management assistance (CEO, audit and IT, which would be approximately \$66,000; (2) second column (HCV which is \$152,000), and (3) other (finance and portfolio, which is another \$105,000. These columns could be prioritized (the first group being the high priority – CEO, audit, IT, and HCV is high priority; the third column would be the one that could be deferred the longest in terms of critical need. If you take the first two columns you are talking about \$220,000 (which remains in Turnkey III).

The chief financial officer said another issue is the IT Support Task Order which calls for an assessment of hardware/software. The administration has been sitting on a plan to move servers in-house pending the outcome of the TAG Assessment which would cost approximately \$70,000-\$80,000. If this task order is going to be done the chief finance officer needs to know whether to proceed with moving the servers in-house because the funding source is one of the capital fund program items from 2008, and these funds have to be obligated by June 2010.

Commissioner Robinson said, "In relationship to IT and the question mentioned about moving the servers in-house, if you would look at the agency's IT system and what it would need to do, would you say that anyone who looked at it and diagnosed what our needs are would recommend that the servers be moved in-house."

The chief financial officer said there are two schools of thought: (1) do all of your computing over the internet and try to outsource as much as you can, which is the model we use now (cautious about this and prefer to have some things in house like critical application servers). If Tenmast is changed out this decision would drive the server consideration. If you implement a web-based system it would not be much of a problem to have information off site and access it over the internet. There are still issues, but it is easier to develop redundancy plans. Tenmast is not a web-based system, and it puts a high load on the internet connections and this is where the agency's problem is.

Commissioner Quick said there were three systems mentioned by TAG Associates to possibly replace the agency's current Tenmast system. It was suggested that the administration possibly talk with TAG Associates to see if either of the firms mentioned is in close proximity to the agency and, if so, to schedule a meeting to talk with them to see what the agency needs to do.

Commissioner Quick said, "I think we have essentially decided that we are going to do away with Tenmast. The concern that I have and I think that was expressed is that we do not want to buy any hardware to make Tenmast work that could not also be used in support of the new system that we would ultimately bring in. We just need to try to move in some direction as quickly as possible to find out what we can do or what we need to do to get operating. The quicker we can get a system that provides us with quality and timely information the faster we can move this process forward."

After a lengthy discussion on the assessment of hardware/software, Commissioner Haley recommended that the administration proceed with the IT issue, to implement action and get recommendations back. He said, "I am comfortable Jeff knows the systems well enough to know what he is looking at."

The chief financial officer said, "Regardless of whether you stay with Tenmast or go with something else, you should be able to redeploy it and use the same hardware. The only question would be, if you were to go with something else that you ultimately decided to out source then you have sunk some money into hardware that you probably don't need and we could probably use it for some other purposes but might have to sell something off as well. That is the risk you take."

Commissioner Robinson said, "What I would like to do and maybe we could get our consultant to do this, is to come up with looking at our system and our needs, our level of operation, the kind of agency that we are what would the best case scenario for a system be, and once we do that we will be able to make a decision about what you are doing and whether or not that is going to fit into that. This is important because most agencies get stuck with systems that they have not thought through and really does not work for what their needs are. So, the questions that you are asking here are real important."

Commissioner Haley said, "I think our consultant is important because he can talk to other agencies our size – what are they buying, do they like it."

Chairman Niemann said, "We could consider moving forward today subject to HUD approval, moving forward with TAG on both the CEO assistance as well as assessing the IT, then the staff would bring back to the Finance and Audit Committee a couple to three weeks out, the HCV and the internal audit plans, because we have tasked them to move forward on taking the next step, internal audit, and actually bringing us back a recommendation on the HCV program. So, we can discuss this in committee then, I think, at our next board meeting we could put on an agenda item to discuss finance and portfolio and it deals with all seven of the Task Orders without having another special meeting or a work session and would include essentially all of the commissioners in that process."

Commissioner Ramsey said, "You said they are working on audit?"

Chairman Niemann said, "I think we have just asked Harrison to take the final report and to use that report to begin to make changes, and then bring back to audit/finance committee a recommendation relative to our board advisor and how they might be able to help us if necessary with that function."

Commissioner Haley said, "You mean we will start recommending today that we proceed with the Task Order for the CEO search and the IT function?"

Chairman Niemann said, "Yes, that is the only thing we'd be moving forward – those two Task Orders, IT and CEO assistance, subject to HUD approval, and TAG would know that they are to {comp}their services if it is not approved. The audit function, internal audit, we would have staff come back with a recommendation so we can make the

decision at committee. We can take it to committee and then bring a recommendation back to the board, for the next board meeting, if we were to move forward with TAG and they would help us on the internal audit.”

Commissioner Robinson made a motion to go into closed session to discuss an employee matter, which motion was seconded by Commissioner Quick and unanimously carried by the board.

Commissioner Robinson made a motion to reconvene the special meeting session, which motion was seconded by Commissioner Quick and unanimously carried by the board.

The chairman said no action was taken in closed session.

Task Order #2

Chairman Niemann said the board will try to phrase a motion around moving forward on TAG’s Task Order #2 and Task Order #6 subject to getting finalized scope of services with our CEO and the staff, so we are working collaboratively on both task orders, and get HUD approval.

Commissioner Quick made a motion to approve Task Order #2 (1. Contact individuals known to TAG who may be both interested and qualified for the position, 2. Review resumes submitted in response to formal advertisement and any other resumes presented by candidates through any outreach or recruitment, 3. Provide an overview of candidates that appear most qualified to meet the requirements of the Authority, 4. Conduct reference checks as required, and 5. Participate in the interview and selection process with Board of Commissioners) with the understanding that the tasks themselves will be distributed between DHA’s HR department and TAG Associates, and the two of them will determine that distribution, with HUD approval, which motion was seconded by Commissioner Haley and unanimously carried by the board.

Task Order #6

Commissioner Robinson made a motion to approve Task Order #6 (1. Perform a hardware assessment of the DHA IT system, in order to further identify and clarify hardware issues as they pertain to supporting IT functionality across the DHA, 2. Perform a software assessment of the DHA IT system, in order to further clarify software functionality at the Authority; further, pending outcome of task 2, to perform a review of alternative PHA software that might improve functionality across the DHA, and 3. Provide a written report of findings and recommendations aimed at improving overall IT functionality across the DHA) with the understanding that the task will be distributed between DHA staff and TAG Associates, subject to HUD approval, which motion was seconded by Commissioner Quick and unanimously carried by the board.

Chairman Niemann said the CEO was tasked on the HCV program to come back to committee, and the board has given him charge in the audit area.

Chairman Niemann said the board will move forward immediately on the CEO recruitment, but will continue to hold the CEO’s resignation, or the board needs to decide if it is going to accept his resignation at a certain date. He said he would advocate holding the resignation until the board starts the search, and maybe when it comes back the beginning of the year decide when it might accept the resignation with a date on it. The purpose for holding the resignation is to cover the board longer until it knows what the time frame might be for the new CEO, and maybe not have to use an interim. DHA will advertise for the CEO’s position immediately, and hold it and discuss with the CEO the date the board will discuss his resignation based on the first couple of weeks of recruitment.

The chairman said he would like for DHA’s HR department and TAG Associates to work together on the advertisement for the CEO’s position, and to make sure there is clarification with TAG that their moving forward is similar to the last contract, that we

don't have approval, so if they are going to provide input or have any available hours they are at risk until we are approved. We will make that perfectly clear.

Chairman Niemann suggested that the CEO and HR director discuss the CEO advertisement following the special meeting and determine what it thinks is best and move forward immediately.

There being no further business before the meeting, it was on motion duly made and seconded adjourned at 12:55 P.M.

Chairman

ATTEST:

(SEAL)

Secretary