

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Tuesday, May 19, 2009

Marian Manor, 3:00 P.M.

COMMISSIONERS PRESENT: Mike Norton, Chairman
 Karen Keller
 Rebecca Hackett

STAFF PRESENT: Brad Masterson, Executive Director
 Su van Houwelingen, Business Manager
 Kim Lynch, Executive Assistant

OTHERS PRESENT: None

- 1.) Chairman Norton called the meeting to order at 3:05 p.m.

Chairman Norton announced that it was time for the annual election of officers for the Board of Commissioners of the Winnebago County Housing Authority. Unless there were any objections from the board members present, Chairman Norton requested to postpone the elections until the June meeting because two of the board members were not present at this meeting. There being no objections, the election of officers will be postponed until the June Board meeting.

- 2.) Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled board meeting held on April 21, 2009. There being no questions or corrections, Ms. Hackett moved, seconded by Chairman Norton, to approve the minutes of the April 21, 2009 meeting. Motion carried 3-0.

- 3.) **Finance**

a.) Accounts Payable

Chairman Norton inquired if there were any questions pertaining to the April accounts payable report that had been included in the packet. Mr. Masterson noted that the accounts payable report was explained to the new OHA Board commissioner in yesterday's meeting.

b.) Exploring Transfer of Accounting Duties

Ms. van Houwelingen explained that she just today got the March financials from HABCO which is somewhat disappointing. Mr. Masterson reminded the Board that they had previously approved an Operations Manager position which has not yet been filled due to tight budget constraints. Kim has started helping with some accounting tasks which is going well. If more of Kim's time could be freed up, Kim could take over more of Tom's tasks which would in turn enable Tom to take over some of Ms. van Houwelingen's duties. Ms. van Houwelingen would then be able to take on the Operations Manager's position for which Masterson said she is especially well suited. Two things, both having to do with software, affect this scenario. The first thing is being able to take applications online so HA staff would no longer have to enter all the data. Applicants could enter their data on the website and it would automatically load into the HA's database. This would virtually save the equivalent of a full time position and allow job tasks to be shifted among other staff positions. The other thing happening with software is the issue of timely financial reporting. HUD is continually compressing the timetable under which the HA needs to know information and make decisions. The HA is not getting the financial information soon enough because HABCO is not able to deliver it quickly enough. However, the general ledger is in HABCO's office in La Crosse making it impossible for Ms. van Houwelingen to even go into our system and get current account information and reports. HABCO has agreed to act as a consultant to answer questions Ms. van Houwelingen may

have if it is decided to bring the financials back in house. There has been savings by contracting out this function, but it has started to become an impediment to prompt decision-making. If the financials are brought back in house, there would be shifts in workload to those no longer entering application to free up Kim and Tom with perhaps a part-time person helping out. This is still all in the exploratory stage, but Ms. Van Houwelingen was going to follow-up with HABCO. By attending a recent training, the HA earned \$750 in credits which are expect to be used to acquire the I Apply program.

4.) **Report of the Executive Director**

a.) **Old Business**

i. **Central Office Relocation**

Mr. Masterson reported that requests for bids went out for the heating and air conditioning system and for asbestos abatement at the Masonic Temple. There was no problem with the asbestos bids. There appears to be less asbestos present than originally thought. Most of the steam heating pipes in the building are not insulated. So, there isn't a big problem there. That leaves the kitchen floor, the basement and the boiler room. There is only about \$11,000 worth of abatement work. If the HA proceeds with acquiring the building, the abatement work could be started relatively quickly. However, the bid for the heating and air conditioning system came in at \$429,000 plus, which was nearly \$100,000 over the target. Mr. Masterson stated that he met with Gartman Mechanical who worked up the specs with the architect. The system design guideline is only the first floor and basement initially, but the design has to be compatible with expansion to the second, third and fourth floors and mezzanines as needed in the future. This future capacity is having some effect on price, but not much. The costs are stretched by the amount of equipment needed. Two million btu's of heat and 140 tons of cooling are needed. Gartman's bid indicate that this bid could be pared down but that would diminish potential early use of the basement perhaps by an interested caterer. If the basement kitchen space is going to be used, those costs will need to be incurred. The larger challenge is that Gartman drew up the specs with a measure to meet current code for fresh air ventilation and that is a part of the building that is the down side. No one knows when the last time was that the ventilator was run. The shaft on the fan seized. The system itself has tunnels under the basement floor and there are all kinds of dampers down there and actuators that have been semi disassembled and again have not been used for decades. The city is not likely to let us occupy those spaces without fresh air delivery. The bottom line is that the entire plan needs to be reworked with the architect and the engineer to try to cost effectively address the fresh air exchange. This will delay any move into the building by early summer. If the heating and ventilation costs aren't pared down by \$70,000 - \$100,000, it will make the windows, doors and electrical work all the more difficult to accomplish. Considering other locations has not been ruled out if a more economical system can't be designed. A few companies showed some interest in bidding the job, but Gartman Mechanical was the only bid that was received. Mr. Masterson responded to a budgetary question by explaining that the plan was to use \$300,000 in Capital Fund money and then perhaps borrow up to \$300,000 in a long term note to be paid off during the life of the new equipment. The furnishings would be paid for out with agency Local Funds.

ii. **Neighborhood Preservation Program Training**

Mr. Masterson announced that, as of today, the HA has been awarded NSP funds in the amount of 1.2 million dollars. There was training recently in Stevens Point regarding how this effort will be implemented. The training began and ended with the

quote "We're building this airplane as we learn how to fly." All of the rules are not known yet and additional training is likely. As discussed previously, contracts were supposed to have been out already, but still are not. Once out, the HA will in turn issue contracts with the cities of Oshkosh, Neenah and Menasha where they will agree to spend the funds in accordance with the grants and hold the HA harmless, etc. The HA will be advertising for a realtor and an appraiser willing to work at a reduced fee with the HA on the project. The bulk of the funds will go to the HA and the City of Oshkosh to purchase foreclosed properties, fix them up and sell them to homeowners. The rest of the money will go to purchasing properties with deteriorated houses, demolish the houses and donate the land to Habitat For Humanity. The biggest news from the meeting was that the NSP money cannot be used in conjunction with Community Block Grant or HOME money due to a conflict in the rules. Block Grant and HOME money require that a property be purchased at market value. The NSP money requires a minimum of a 5% discount with an overall average minimum discount of 15%. Because of this, the Home Buyer Program clients will not be able to pick out the property and have the HA use NSP money to fix it up for them. The HA will have to buy properties at the discounted price, fix them up and then hope a buyer can be found that wants that particular property. The HA is not allowed to make a profit on any of the deals, but it can take a loss. Currently HUD has authorized that the NSP money can be spent and re-spent for five years. A big concern is that the banks are starting to be able to move some of these house and may not be willing to take a 15% discount on the properties.

b.) Public Housing

i. Menasha Forty Family Renovations

Mr. Masterson reported that the remodeling plans are ready to submit to the City of Menasha. Demolition has started on a vacant unit. Garages will be put up by the HA FAST team. Regarding disposition of the larger newer single family homes, once HUD authorizes the disposal from PH inventory, they must be sold.

c.) Assisted Housing

i. River Cities LLC

Mr. Masterson reported that both tax credit applications for Court Tower and Foxview and Riverside were successful. The newspapers only quoted the value of the tax credits for one year. So, the actual awards were for ten times that amount.

▪ Tax Credit Award \$6.5 Million

The award for Foxview and Riverside was for \$6,494,000. As we speak, there is a meeting going on in Madison with a potential interested investor. It appears there are very few deals that will get done despite the stimulus money. TCAP money will be used to cover gaps in financing. Those that received tax credits last year were not able to sell them because the market fell apart. Because of that, in the stimulus legislation, congress provided that the states, who allocate the tax credits, could grant or loan up to 40% of last year's tax credits to last year's deals or this year's deals as gap financing. WHEDA released their guidance on this yesterday. It is two different processes to apply depending on whether the application is for a loan or a grant.

▪ Five Percent Reservation Fee Due May 28

Mr. Masterson further explained that WHEDA notified the HA on May 8, 2009 about the tax credit award. Unfortunately, WHEDA sent a memo out shortly thereafter indicating that they would need a 5% reservation fee, which is 5% of one years tax credits, in cash, by May 28, 2009 to hold the credits until such time River Cities LLC finds an investor. This amount translates to about \$32,470 and is non-refundable.

- **Investor's Letter of Intent and 2.5% Fee due July 8**

Another 2.5% non-refundable fee of \$16,236, as well as a letter of intent from the investor, is then due to WHEDA by July 8, 2009. Then at closing time with the investor, another 2.5% would be due. This brings the total money sent to WHEDA to about \$64,942. The fees are non-refundable and while a promising investor is in the picture, nothing has been locked in yet. Unfortunately, the picture for Court Tower is much less bright. WHEDA is asking for everything from drawings to construction and loan schedules, a completed project, presented to them on a very short time table to get the loan or grant money. The deadlines used to be 120 days and now WHEDA has pushed it to 60 days. GAP financing will probably not be necessary for this deal if it goes through with the current interested investor. Presumably, if WHEDA does not back off on these time tables, and the current investor deal falls through, then a new application could be sent in for the next round. The fourth round of application was cancelled, but may need to be opened back up again due to such tight time tables.

Before moving to the next topic, Mr. Masterson noted that the check for \$6,000 made out to Mirsberger on the accounts payable report was for a dump trailer that was purchased for the FAST Team to haul dirt and cabinets and doors and such. Ms. van Houwelingen commented that the HA has already gotten its monies worth out of the trailer and invited the commissioners to drive around the Marian Manor building to look at the new landscaping that was done. Staff pitched in to get the work done and it looks very nice. Mr. Masterson explained that a deck for a grill will also be added.

Late last year when HERA, the Housing and Economic Recovery Act, was passed, Congress realized that it had problems with the borrowing industry because they had written all of those sub-prime loans and gotten people into bad situations. So, as part of the language of that bill, congress now requires a substantial amount of requirements for anyone who is writing mortgages. These requirements will essentially stop the Housing Authority from doing the Home Ownership Program because the home buyers sign a mortgage with the HA for the down payment and rehab money. It will do the same thing to the city and Advocap. So, Mr. Masterson wrote a letter to Rep. Gordon Hintz informing him of the situation and asking him to work to get this repealed soon. The legislation is to go into effect January 01, 2010. Rep. Hintz responded back confirming that both state and federal officials were working on an effective change.

Because of the down turn in the economy, Mary Bach, the Home Buyer Specialist, had the opportunity to work with the High School home builder program. When the high school program couldn't get the funding it needed, it looked to the city and the HA to help. The High School program is now finishing a house on Oxford Street in Oshkosh.

d.) Housing Vouchers

i. HUD Funding Update

Mr. Masterson reported that a notice has been received from HUD on Friday explaining that the HA will be getting a small amount of money for the next four months, \$40,000 per month, and only a little more the following three months, \$70,000 per month. Over \$120,000 a month is needed to cover the subsidy payments to landlords. It may have been that HUD did not count the OHA vouchers that were transferred to the WCHA in its allocation calculations for next year. The federal fiscal year which was October 2007 through September 2008 is the funding window that was used. This hurt the agency to begin with because the HA was winding down in 2007 and over issuing in 2008. So, this is a bad time table for the HA anyway. Then HUD may not have use the OHA vouchers in its calculations. HUD says there is enough money in net restricted assets and that the HA should use that money, but because the HA is

currently over issued, that money is already being accessed. This can be appealed under HUD's local impact waiver, but this appears to be a HUD error. Therefore, the HA doesn't feel

it should have to go through the lengthy appeals process. Ms. van Houwelingen is trying to work with HUD to get this resolved as she projects a \$70,000 to \$80,000 shortfall for the program.

- 5.) Mr. Masterson presented Resolution 555-09. This resolution approves the write-off of doubtful accounts in the amount of \$3,354.08. Ms. van Houwelingen explained how and why the money is written off. Ms. Hackett moved, seconded by Ms. Keller to approve Resolution 555-09. Motion carried 3-0.
- 6.) Mr. Masterson presented Resolution 556-09. This resolution adopts the annually revised utility allowance schedule for 2009. Ms. van Houwelingen explained that the utility allowance schedule is recalculated every year per HUD guidelines. The new schedule will become effective June 01, 2009 at the annual recertification of a tenant. Ms. Hackett moved, seconded by Ms. Keller to approve Resolution 556-09. Motion carried 3-0

7.) **Discussion**

a.) HUD Proposed Budget for 2010

Mr. Masterson called the commissioners attention to the NAHO handout, Direct News: Washington Update. This 2010 Budget Proposal is probably pretty close to what will be approved. It's modestly good news, although it is preliminary. The state doesn't fund much for housing programs, but acts as a conduit for housing money. WHEDA employees are not state employees. They are a housing authority just like we are.

b.) Rep. Petri's Grants & Programs Conference

Mr. Masterson reported that when Petri's staff asked HUD who they should have speak about Public Housing at the conference, HUD recommended Mr. Masterson. So, Brad will lead a panel on Public Housing at Petri's Grant & Programs Conference. There will be many topics discussed. The HA will pay the fee for any commissioner who would like to attend the conference. Mr. Masterson then called the commissioners attention to the CLPHA news release that was included in their packets. Congress allocated \$995,000,000 nationally, for "green", energy efficient, innovative redevelopment projects that would be competitively awarded. Unfortunately, HUD put out guidelines last week listing two criteria which would eliminate both the OHA and the WCHA from competing for the money in round one. CLPHA has issues with the criteria as well. Masterson has sent letters to Senators Kohl and Feingold and Rep. Petri in support of CLPHA's position on certain threshold funding criteria for stimulus funds and asking them to work to resolve this issue as it negatively impacts both the OHA and the WCHA.

c.) Commissioner Orientation, Workshop & Tour

Mr. Masterson stated that he is preparing a commissioner orientation training for the two new commissioners which will include a 90 minute power point presentation with audio on asset management for commissioners. The presentation could be made broader and a little more in depth and open to all of the commissioners. A tour of the properties could also be included if there is interest. Feedback from the commissioners was requested. Some of the commissioners expressed interest in doing a tour of the properties. The first or second Tuesday afternoon or any Thursday afternoon seems to work well for most commissioners.

- 8.) Chairman Norton informed the board that he and Chairman Benedict met with Mr. Masterson and finalized merit pay for Mr. Masterson. There being no further business or discussion, Chairman Norton called for a motion to adjourn. Ms. Hackett moved, seconded by Ms. Keller to adjourn the meeting. Motion carried 3-0. The Meeting adjourned at 4:32 p.m.

Respectfully submitted,

BRAD J. MASTERSON
Executive Director
Winnebago County Housing Authority

APPROVED