

WINNEBAGO COUNTY HOUSING AUTHORITY MINUTES

Wednesday, December 30, 2009

Marian Manor, 1:15 P.M.

COMMISSIONERS PRESENT: Mike Norton, Chairman
Patty Maehl, Vice Chairman
Rebecca Hackett
Karen Keller

STAFF PRESENT: Brad Masterson, Executive Director
Kim Lynch, Executive Assistant

OTHERS PRESENT: Craig Ubbelohde, President, Lutheran Homes of Oshkosh, Inc.

- 1.) Chairman Norton called the meeting to order at 1:20 p.m.
- 2.) Chairman Norton directed the Commissioners to review the minutes of the regularly scheduled board meeting held on November 24, 2009. There being no comments or questions, Ms. Hackett moved, seconded by Ms. Maehl, to approve the minutes of the November 24, 2009 meeting. Motion carried 4-0.

3.) **Finance**

a.) Accounts Payable

Chairman Norton inquired if there were any questions pertaining to the November accounts payable report that had been included in the packet. Mr. Masterson noted that the format of the report was a little different because of the new Marian Manor checking account. There is now a subtotal for the Marian Manor account, a subtotal for the COCC checking account and a report total that includes both accounts. Also, the first twelve payment listed on page two of the report are Section 8 landlord checks that continue to be paid out of the Local Funds.

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

a.) Old Business

Mr. Masterson summarized an OHA Board meeting item regarding a vacant house for sale on the same block as Court Tower. The OHA was considering purchasing the property for future redevelopment. The owner had been informed that if he did rent the house out, the OHA wouldn't be interested in purchasing the property due to the relocation costs that it would incur. If the unit remained vacant, the OHA may be interested in purchasing the property depending on funding. The decision on what to do with the property was up to the owner and the HA was only informing him of the HA's position. However, much of the money that the OHA had applied for to redevelop Court Tower was not realized. So, the OHA did not proceed with purchasing the property. The property owner and his attorney attended the OHA board meeting to discuss the situation because the property owner feels that he suffered from the HA's delay and the absence of a sale.

Chairman Norton asked Mr. Masterson to comment on the Pleasant Acres acquisition issue. Masterson stated that although the HA is interested in possibly acquiring the property, it is not in a position to move on it now. The HA will not know until possibly October 2010 if a tax credit investor can be found for the project and it appears that, for financial reasons, the County does not want to wait that long. Mr. Masterson will contact County Executive, Mark Harris, making it clear that it will be at least one year before the HA could move on the project if at all.

b.) Public Housing**i. Menasha Forty Family Renovations Update**

Mr. Masterson reported that the FAST Team foreman, Clint, has estimated that the interior work on the phase one units should be done by the end of January. A problem was encountered with the siding while the windows were being done. The siding is old and has become brittle and is cracking. The siding is looking rough enough that the HA will probably be looking at replacing the siding even though it was not in the original proposal. Bids have been advertised for roofing, air conditioners and front porches. There will be a meeting at the Menasha library for potential bidders for a walk through and discussion of what is required. Work on these items should be able to be started by March. These are the items that were targeted for use of the stimulus money.

ii. Annual PHA Plan and Strategic Five-Year Plan

Mr. Masterson distributed a Five Year Plan form and asked the commissioners to look it over and start thinking about what they would like to see in the plan. Even though the Board does have the ability to address changes to the Five Year Plan every year when the annual plan is done, it is simpler to leave it alone. So, it is best to have a comprehensive plan from the start. Masterson further explained that Public Housing can only be owned by a Housing Authority. Multi-family units can be owned in whole or in part by other entities. Technically, the Five Year Plan only applies to Public Housing. Agency Plan meetings will be held with the residents at all of the buildings, with the family unit residents and with community agencies. Chairman Norton inquired if the plan could incorporate a goal to have Public Housing in mixed income developments. Masterson explained that the HA currently does support efforts to develop mixed income housing, but the current priority is to take care of the Authority's older properties first before developing something else. As the Authority becomes more skilled in tax credit development, mixed income projects can be targeted.

c.) Assisted Housing**i. River Cities LLC – Tax Credit Sales and Construction Planning**

Mr. Masterson reported that the HA has not made much progress with the City of Omro regarding whether or not they are interested in building a new city garage now so that the HA can acquire the existing city garage rather than build a new garage for Foxview. Masterson stated that he was uncertain whether e-mails to Linda Kutchenriter, Omro City Administrator, regarding the issue were received. Circumstances would indicate that Omro would likely need to issue Build America Bonds to fund the building of a new garage. The Build America Bonds are scheduled to expire after 2010. The current city garage would lay out very well for the HA. The plans for the River Cities LLC project will be going to the state for approval by mid-January. Ms. van Houwelingen is working on a five page Due Diligence checklist with everything Stratford Capital Group needs to approve the deal. The one potential bump in the road is WHEDA's attorney who does the closings for the tax credit deals, left WHEDA and there is no one on the Job as of yet. Because it was known that this attorney would be leaving soon, WHEDA had already started the process of looking for a replacement. Masterson went on to explain that the Stratford Group has requested that a second reserve account beyond the bond reserve account be set up for them to draw their \$10,000 per year management fee from. Unfortunately, there is no money in the deal to do that. After some discussion, Stratford agreed to front \$334,000 for this account. After the first 36 months, the HA can take out the other \$124,000 in the account. Masterson went on to review the legal issues regarding the Omro well. The City of Omro has to have control of the well and adjacent land by DNR mandate. Protecting that water source means environmental issues and insurance protections would also have to be considered. If City of Omro

could agree to sign a long term capital lease of the building then tax credit proceeds could be used to fix up the building. Because it hasn't been determined if Omro will be building a new city garage, it is likely that renovations will start at Riverside. An "ideas" list will be distributed to the tenants to see what features are most important to them. Their feedback will be collected at the January resident meetings. The Authority has pursued an "Elderly Only" designation for both Foxview and Riverside. So, it is still expected that both buildings will be for residents 62 or older. Current residents who are under 62 years old are aware that they will not be able to stay and will have the option to transfer to another Authority building or utilize a Housing Choice Voucher.

There are two items that are a big cost struggle. One of the features on the renovation list is to replace the living room window with a patio door that will go out onto a balcony or porch. Proceeding with this item will mean the loss of a radiant heating fin tube that currently runs along that wall. Eliminating six feet of heating tube will result in not enough heat being produced to keep the unit warm. Options such as installing radiant floor heating are being explored. The other big ticket item is the parking garages. Building a multi-tiered parking garage at Riverside may be costly. The price range that the contractors are quoting is very wide and needs to be narrowed to see if the Authority will be able to afford to build the structure. If cost prohibits integrating a parking structure into the building, the options for garage building at Riverside are limited. If the garage has to be built on the north side of the building, it will be about as far away from the elevators as you can get and the south side of the building is on a slope and safe winter access would be difficult.

d.) Housing Choice Voucher Program Update

Mr. Masterson stated there is not much to report except that the Authority should be in much better shape in 2010 because the budget is already known. For January and February HUD will just be paying us based on history, but in March the Authority should receive a correction payment along with the Budget Authority for the remainder of the year. Chairman Norton inquired as to whether or not the Authority was thinking about closing the voucher program waiting list. Mr. Masterson said that was not being considered. Approximately 150 applicants have been invited to an intake session, but only about 60 have attended. Even though the Authority absorbed any port-ins and about 20 new contracts are in place for January, the program will still be about 20 short of the 413 eligible leases. Masterson reviewed the point and lottery system used to extend intake appointment invitations to applicants.

e.) NSP Activities

i. Single Family Homeownership

Masterson reminded the commissioners that the NSP activities target foreclosure properties and that the program falls under the jurisdiction of the WCHA Board. The Authority has closed on its first property, in Neenah, and has accepted an offer to sell it to one of the persons in the homebuyers program. The Authority owned the property for about 3 weeks and will arranged rehabilitation through a HOME loan that the new owner secured. Either NSP or HOME funds can be used to rehab a unit. However, if NSP money is used, that money will be tied up for several years and won't be available for re-use during that time. So, it makes more sense to use HOME money if it is available and a buyer is ready to take the unit. There are three or four other possible properties in the works. The State seems happy with the progress being made.

ii. Rental Development

Rental development is going slow because of the issues with the City of Oshkosh. The HA does not anticipate being able to close on any rental units in this quarter. WHEDA has turned back to the state \$4 million of its NSP money. This money is only available in five of the nine regions in the state and the HA is not in one of these regions. There

has also been another \$2 million recouped from non-performers none of which the HA intends to go after because the obligation deadline of August still would apply to funds not available until spring.

iii. Demolition and Redevelopment

There has been one property identified in Oshkosh that may merit demolition. Masterson would like to acquire the property and then sell the land so that adjacent properties could benefit from a backyard. Commissioners inquired as to money for foreclosure prevention and Masterson stated that funds separate from the NSP were sought by other agencies and are supporting some efforts in the community.

f.) Personnel:

i. Consideration of Cost of Living Adjustment

Mr. Masterson reviewed the decision by the OHA Board regarding cost of living adjustments for the OHA employees. Based on his research, Masterson reported cost of living increases in the mid-west for 2009 of 1.8% and 2.3%. Masterson also reminded Commissioners the agency had doubled the employee share of the health insurance premium for 2010. The OHA Board voted to give the employees a 3% cost of living increase. When queried, Masterson explained the step system currently in place for growth and longevity to which the cost of living adjustments are applied.

ii. Website Development Compensation

Masterson explained that compensation was paid out to the employee who developed the site based on time and a half for the after hours work. A proposal had been accepted and that was then adjusted to reflect additional work not identified in the original website design. It has not been determined how maintenance and updating of the site will be delegated or contracted.

- 5.) Mr. Masterson presented Resolution 567-09. This preliminary resolution authorizes the determination of need for a project, the financing thereof and other details relating thereto regarding the request of Lutheran Homes of Oshkosh. Ms. Maehl moved, seconded by Ms. Hackett to approve Resolution 567-09. Masterson said that asset management clearly provides for non-federal reserves, so the history of running bond issuances through the Oshkosh Elderly Housing Authority Board to isolate those accounts was no longer merited. That conclusion however has meant a new education process with housing revenue bond issues that previously were all shepherded by city officials. Masterson reviewed the multi-step process for issuing these double tax exempt bonds on behalf of Lutheran Homes of Oshkosh. This preliminary resolution is where the board calls for proposals from developers to build the needed housing. This is advertised in the newspaper, developers respond within the timetable available at which time respondents will present their proposals. From there the proposal will go to the local municipal government for their approval which in this case is the Town of Algoma and eventually the County Board. A resolution providing final authorization is anticipated in February for WCHA Board action after review of the bond purchase agreement and a number of other agreements. Mr. Craig Ubbelohde, President and CEO of Lutheran Homes of Oshkosh, Inc., was introduced and presented a brief history of Lutheran Homes of Oshkosh and some of the details of their proposal for a west-side campus. The new west-side campus will be built on Witzel Ave across from Wyldewood Baptist Church in the Town of Algoma. Fifty "beds" will be taken from the current Bethel Home location and moved to the new campus. Thirty of the beds will be all in one of three buildings and used for clients in rehab who will be returning to their own home. The remaining 20 beds will be split into ten beds in each of the two remaining buildings and will be for long-term care. All of the new beds will be private rooms with full bathrooms in each of the rooms. The new campus will be 77 acres including a wetland area. This project is not an expansion of nursing home beds in the community. After these beds have been moved to the new west-side campus, phase two of

the renovation will begin by rehabbing Bethel Home. Mr. Ubbelohde distributed statistical information and drawings of the layout of the new campus. Statistics are showing that there is a growing need for rehab services in the younger Medicare group. Masterson called the board's attention to page 3, paragraph 5a of the resolution which states that the bonds shall not incur any indebtedness on the HA. Following the presentation and any questions were addressed, the motion was carried 4-0.

- 6.) Mr. Masterson presented Resolution 568-09. This resolution approves the Winnebago County Housing Authority Annual Independent Audit FYE 06/30/2009. Masterson noted that there were no findings, but the segregation of duties issue will always be there because of the small size of the WCHA staff. There is also a supplemental bill in the amount of \$23,000 that was submitted by the audit firm requesting additional payment due to the amount of work that was necessary to complete the audits. The audit firm states they are willing to write off \$11,000 of the bill, but want the Authority to pay the remaining \$12,000. Neither Ms. van Houwelingen nor Mr. Masterson currently support the request and are still assessing the matter. Chairman Norton requested that the audit subject also be put on next month's agenda to allow additional time for questions because Ms. van Houwelingen was not able to attend today's meeting. Ms. Maehl moved, seconded by Chairman Norton to approve Resolution 568-09. Motion carried 4-0.

7.) **Discussion**

a.) Housing Software Update

Mr. Masterson reported that there has been a major re-write of the software program that the Authority uses. Now instead of ten different modules, there will be one control module, Encompass, that staff will log into and everything will be available through that one module. Management will set up access parameters for each staff person. Training will need to take place before staff can start using the new program. HAB will not be charging the Authority for this new update, despite the complete overhaul of the look.

b.) Planning for 2010 Construction, Renovations and Relocation

Mr. Masterson reported that the HA is looking at doing three different tax credit projects for 2010. The HA was approached by the City of Neenah about building workforce housing in the downtown area on a lot near the new Plexus building that the city of Neenah would like to see developed. Another office building is going to be built in that area and the city would like an apartment building there as well. During discussions in the recent weeks, it was determined that there are local Neenah investors that will consider buying the tax credits to build the apartments. Currently, the investors want to pursue development of a mixed income building. Changing, from an all low income building to just 20% low income units, works for the Authority too because funding would come through the 4% program at any time and not be subject to the competitive 9% process and timetable.

Chairman Norton inquired if Mr. Masterson would be willing to do a yearly presentation to the County Board regarding what the HA is doing and wants to do. Masterson stated that state law requires the HA to create an annual report and he is willing to do a presentation. Masterson would like to time the presentation to coincide with the approved budget.

Relocation is really the Court Tower project which is an OHA issue. The HA is still planning on applying for tax credits to replace Court Tower. The proposal has changed some in the last few months. Instead of replacing all 156 units all at once, the project may be split up into two applications. The first application would be to replace 108 units with new elderly units. A second application would be to replace the other 48 units in 2011 with handicap units. This would increase the number of investors who would be willing to look at each deal. This proposal would also break up our land acquisition burden because the HA would only need to

find three or four sites for the elderly buildings in 2010. The other seven or eight sites for the disabled units could be found in 2011.

c.) Affordable Housing News

Mr. Masterson called the Commissioners attention to the copy of the letter included in their packet from NAHRO on the jobs legislation indicating that there could be some additional money in the Capital Fund to help HA's to employ people. The other handout that was in the Commissioner's packets was from the Habitat for Humanity ReStore thanking us for the donation of cabinets, sinks, doors, etc. Since receiving the letter, the ReStore contacted the Authority and asked if remaining donations could be given to the Oshkosh store because the Appleton store was so full. The House and Senate have met in conference committee and have worked everything out so that they have an agreed upon bill. The compromises largely benefited HAs with no major shortfall for Authority programs. They are still working on trying to do something with the Housing Trust Fund. There should be enough money in the bill to fully fund the voucher program and pretty close to 100% of the operating subsidy.

Mr. Masterson informed the board that the OHA Board agreed to a distribution of merit pay up to 1% of total payroll. Most of the evaluations have been completed and Su and Brad will meet to figure out the amount of pay for each employee. Brad will prepare something for the Board regarding his work efforts in 2009 for them to use in considering a merit award for him. Training opportunities and when and how the boards will meet in the future were discussed. Masterson's opinion was that it would be better to put together a regional training session for Commissioners rather than pursuing national offerings. The Commissioners were advised as to where the training brochures were kept and were invited to look through them any time. Chairman Norton asked that future meetings not be scheduled the same day as the county board meetings.

- 8.) There being no further business or discussion, Chairman Norton called for a motion to adjourn. Ms. Maehl moved, seconded by Ms. Keller to adjourn the meeting. Motion carried 4-0. The meeting adjourned at 3:27 p.m.

Respectfully submitted,

BRAD J. MASTERSON
Executive Director
Winnebago County Housing Authority

APPROVED