

OSHKOSH / WINNEBAGO COUNTY HOUSING AUTHORITY

JOINT MEETING MINUTES

Monday, December 23, 2013

Court Tower

3:30 P.M.

COMMISSIONERS PRESENT: Claude Benedict Jr., Chairman - OHA
Braxton Patterson, Vice Chairman - OHA
Sean Fitzgerald - OHA
Megan Leitz - OHA
Erin Plier (arrived during the accounts payable report) – OHA

Rebecca Hackett, Vice Chairman - WCHA
Tina Beahm - WCHA
Scott Waterworth - WCHA

STAFF PRESENT: Brad Masterson, Executive Director
Susan van Houwelingen, Deputy Director
Lee Franzen, Operations Manager
Kim Lynch, Executive Assistant

OTHERS PRESENT: None

1) **Call to Order: Roll Call**

Chairman Benedict called the meeting to order at 3:45 p.m.

2) **OHA Minutes of November 25, 2013**

Chairman Benedict directed the Oshkosh Housing Authority (OHA) Commissioners to review the minutes of the regularly scheduled Board Meeting of the Oshkosh Housing Authority held on November 25, 2013. There being no questions or comments, Mr. Fitzgerald moved, seconded by Mr. Patterson, to approve the minutes of the November 25, 2013 meeting as presented. Motion carried 4-0.

3) **WCHA Minutes of November 26, 2013**

Winnebago County Housing Authority (WCHA) Commissioners were directed to review the minutes of the regularly scheduled Board Meeting of the Winnebago County Housing Authority held on November 26, 2013. There being no questions or comments, Vice Chairman Hackett moved, seconded by Mr. Waterworth, to approve the minutes of the November 26, 2013 meeting as presented. Motion carried 3-0.

4) **Finance**

a.) **Accounts Payable**

Chairman Benedict inquired if there were any questions pertaining to the November accounts payable report. The payment to Badgerland Veterinary Clinic in the amount of \$735.00 is for testing and treatment of pets in connection with a flea infestation at one of the buildings. Tenants will reimburse the Authority for their portion of these fees if their pet tested positive for fleas. In the future, pets at all of the buildings will be tested. The payment to Primrose Custom Designs in the amount of \$153,000.00 is an owner direct purchase for the Court Tower renovations.

b.) Central Office Cost Center Budget (COCC)

Masterson stated the COCC budget is projected to have a loss in 2014. The budget doesn't include the \$120,000 developer fee for Mainview or any developer fee or other revenue that could be generated from the Lenox Lofts property. Any money that isn't a sure thing in 2014 was left out of the budget figures. Ms. van Houwelingen explained that Reserve money may need to be used to cover expenses until the tax credit and developer fee money come in. There is \$50,000 projected for Extraordinary Maintenance for roof repairs at Lenox Lofts due to the collapse. The management fee for the Section 8 Voucher program is not scheduled to be taken due to the lack of funds for that program. If funding levels go up, the fee will be taken. The Court Tower Asset Management fee will likely not be taken in 2014. First Sterling will get an Asset Management fee because of the tax credits. Asset Management fees are paid to the COCC if there is a positive cash flow. The management fee and the bookkeeping fee for Court Tower are scheduled to be taken. Administrative salaries are estimated to be down in 2014 due to the anticipate loss of one management position. The majority of the Contract Costs budgeted for 2014 are due to the Lenox building. After more is known regarding when expected revenue will come in, a revision will be presented to the boards. Masterson and van Houwelingen responded to questions regarding the COCC budget.

c.) Contract Renewals – Hawkins/ASH CPA's and HAB, Inc.

Masterson stated that the renewal contract has been signed for the Authority's CPA's, Hawkins/Ash. The contract rate went up about 2%. Ms. van Houwelingen explained the Authority relies on them for their expertise. They keep the Authority well informed on any HUD rule and regulation changes. The contract renewal with HAB, Inc. is for software support for the industry software the Authority uses. The support contract is a flat rate of about \$9,000 per year.

Masterson informed the Boards that a Low Loss Ratio Award was received from the Housing Authority Insurance Group (HAIG).

5) Report of the Executive Director**a.) Public Housing Program and Properties****▪ Capital Fund Annual Statements 2013 and 2014**

Masterson distributed and reviewed the Annual Statement/Performance and Evaluation Reports for the Capital Fund Financing Program for each of the housing authorities. The only change for the OHA is the \$80,000 for Collateralization of Debt Service. This is a loan from the Housing Authority to Tower Development that could be taken from Capital Fund in the future if it wasn't spent. As long as the item is on the form, dollars can be moved around from one category to another on the form. These figures are estimates since HUD has not released funding awards for 2014. There were no changes on the WCHA report. There will be resolutions later in the meeting to approve the 2014 Capital Fund Annual Statements.

▪ Mainview Renovations Resume with Cash Flow Loans

Masterson stated the FAST crew is currently working in Menasha on the family unit renovations. Work at Mainview should be completed by the end of May 2014 except for whatever exterior work is going to be done such as the parking lot. Work at Mainview had been temporarily stopped due to cash flow challenges. The Housing Authority has received a \$618,000 loan/grant from FHLB. If the Authority maintains Mainview as affordable housing for at least 15 years, the loan will be forgiven and becomes a grant. Bank First National has agreed to loan the Agency \$618,000 until the funds from FHLB are received sometime in February. The Authority has also agreed to enter into a 15 year loan agreement with Bank First National to assist with the cash flow needs to keep

the project going until the Historic Tax Credits are sold. Masterson responded to questions regarding the Mainview renovations. Ms. van Houwelingen stated that the FAST crew is doing the snow removal at the five buildings, the group homes, Lenox, Cumberland Court and the driveways on Covington. Each property will be invoiced for the time and supplies used for snow removal at that property. Prices for snow removal through two or three other companies were checked. Properties will be invoiced at about \$5 below the other pricing.

▪ **Court Tower Transformation & Certificate of Substantial Completion**

• **Final Draw / Request for Equity / Leasing/ RCAC Update**

Masterson reported that inspections took place on Friday with the exception of the plumbing inspection. There were some small issues with the electric and fire alarms. At this time, there are only four units not spoken for. There is still a lot of touch up that needs to be done. The final draw meeting will be on January 8, 2014.

There was a conference call with Lakeland Care regarding the RCAC. Lakeland sent all of the documents that need to be completed. The Authority must have an RCAC certification to enter into a contract with Lakeland. An agreement with Winnebago County will also be necessary. All paperwork must be submitted within the next six months. Skilled nursing care will not be provided through the RCAC. The maximum amount of services that will be provided to a resident through the RCAC is 28 hours of service per week. Management will be meeting on Friday with a private person who has extensive experience in an RCAC. This person may be available to assist with getting the RCAC up and running as well as policy development. The Authority wants the RCAC license to be issued in the Authority's name. In the event of a change in service providers, then the Authority will not lose the license. Masterson and van Houwelingen responded to questions regarding RCAC.

▪ **Lenox Lofts Redevelopment – Note, Appraisal, Roof Claim, Historic Tax Credits**

Masterson stated the \$500,000 note on Lenox is due December 27, 2013. The bank has agreed to roll the note over, but an appraisal will need to be done. A letter may still be needed from the retailer interested in renting or buyer a portion of the property stating they will be willing to lease the space at a substantial amount to support the appraised value. A summary statement still needs to be sent to the State to get the historical designation for Lenox.

There has been a setback with the roof on the east end of the south building at Lenox Lofts. The winds and rain last week caused approximately a 12 foot by 30 foot portion of the roof to be picked up and pulled back. Then, this opening in the roof turned into about 1000 square feet of roof when some of the beams fell in and damaged some vertical posts. The estimated replacement cost of \$41,416.14 was received from the insurance company regarding the roof damage claim. Less depreciation puts the value below our \$25,000 deductible. Repair options are being pursued. Most of the other roofs are in good shape. There are only a few areas that are questionable.

▪ **Menasha Renovations Update**

Masterson stated that once the Sixth Street units are completed, there will be only eight units on Manitowoc Road left to renovate. The Manitowoc Road units will not be started until the FAST crew can devote enough time to keep going and complete the work.

- **Rental Assistance Demonstration (RAD) – Portfolio Applications OHA & WCHA**

Masterson stated both boards have already approved resolutions to send in applications for RAD conversion. However, it is unlikely that the applications will be able to go out by December 31, 2013. HUD's perception is that only about one-third of the applications sent in will be approved. The toughest hurdle to address is that the tax credit buyers, whoever will be holding the loan, have to sign off that they have looked at the proforma and are comfortable with it. They don't agree to be the lender or promise a rate. It's just for HUD to be assured that someone with financial acumen has reviewed it. There shouldn't be much issue with First Sterling, except that it may be difficult to find someone with the authority to sign it between now and the end of the year. Mainview does not yet have a lender identified or an owner who is behind the tax credits. Even though converting to RAD has its risks, enough benefits have been identified beyond the regulatory relief to make it worthwhile to apply.

The other hurdle is that there can only be one loan agreement under RAD, one for each Housing Authority. This is not a problem for the Winnebago County Housing Authority, but it will be an issue for the Oshkosh Housing Authority due to multiple investors.

- b.) **Housing Choice Voucher Program and Family Self-Sufficiency**

Ms. van Houwelingen stated that Jennifer, the FSS Coordinator, is doing an outstanding job with the Family Self-Sufficiency Program. An update from Jennifer indicated one of the participants has met all of their goals and is graduating from the program with \$14,000 in her escrow account. The participant is closing soon on a house through Habitat for Humanity. The program has been very successful with a total of about \$40,000 in the FSS escrow accounts and 27 participants in the program. The Authority's current obligation is a minimum of 22 participants in the program. There is no maximum participation limit for the program. Masterson and van Houwelingen responded to questions about the FSS and Voucher Programs.

Additional Voucher Program lotteries have been run and applicants continue to be processed. Program funding is not sufficient to support the 413 vouchers the Authority has. The Authority's target is to get 360 vouchers issued. Currently, only 69% of the program's admin fee is being funded by HUD. The program is running about a \$26,000 loss. Winnebago County Housing Authority Local Funds will need to be used to cover the deficit.

- c.) **Assisted Housing Program**

- **Cumberland Court Applications for LIHTC & Support Requests**

Masterson met with the architect selected for the Cumberland Court renovation project. There will be another meeting within the next week with the architect, McGann Construction and Nicole from Dimension Development to further discuss the details of the renovation project. Letters of Support requests have been sent out to elected officials as part of the tax credit application process. If the project is funded by 9% tax credits, the loans are front end loans that would be received in 2014. The Authority has contracted for a physical needs assessment, market study and appraisals. Masterson responded to questions regarding Cumberland Court.

- **Foxview Manor Covered Parking Plan**

Masterson has spoken to the owner and has left a message for the resident of the house adjacent to Foxview that the Authority wants to purchase. An appraisal will be done and an agreement negotiated with the owner pending the City of Omro's approval of the variance needed for garage construction on that land.

d.) Agency(s) Matters

- **Workman's Compensation Risk Assessment**

Ms. van Houwelingen and Mr. Franzen met with a compliance auditor from Society Insurance. Based on that audit, a letter has been received congratulating the Authority on its efforts. Everything is being done that should be. Ms. van Houwelingen and Franzen are focusing on several staff training sessions for 2014. The auditor offered information on resources offered through Society Insurance such as free videos on a variety of safety topics.

- **Information Technology – Resident Wireless, Employee Desktops & Support**

Masterson stated a proposed contract for wireless internet service has been developed for Marian Manor, Court Tower and Mainview. The Authority will be providing the minimum level of service. If a resident consistently uses more band width than the minimum level provides, the resident will be sent a letter informing them of their high usage and that they will need to pay for the extended level of service or reduce their amount of downloads. Each computer has a mac address through which usage can be tracked. A wireless adapter and a receiver will need to be installed on every third floor at each of the buildings along with some small wireless antennas. Cumberland Court will be able to get wireless service via a connection on top of the 9th Ave water tower.

The majority of the desktop computers for staff are still scheduled for replacement. Replacement costs are estimated to be about \$20,000. Masterson responded to questions regarding the computers.

- **Update on Executive Director Retirement and Pending Candidates**

Masterson stated the field of Executive Director candidates found to be most compatible with the search criteria has been narrowed down to three people. Interviews will be done at the beginning of January 2014. Masterson agreed to stay on until the end of January to finish up some projects that need to be wrapped up.

6.) Convene in Closed Session Under WIA Stat. § 19.85(1)(c) to consider promotion, compensation, and performance evaluations.

Masterson provided excerpts from the State on closed session law. In summary, all staff members are employees of the Oshkosh Housing Authority. Winnebago County Housing Authority has no employees. A Compensation worksheet was distributed for the commissioners' consideration. The information was reviewed and technical questions addressed. Mr. Paterson motioned that the OHA open meeting be adjourned and that the WCHA Board be allowed to stay and participate in the closed meeting. The motion was seconded by Ms. Leitz. Motion was carried 5-0. Ms. Hackett moved to adjourn the WCHA open meeting, seconded by Ms. Beahm. Motion carried 3-0. Mr. Patterson then motioned the OHA Board go into closed session under Wis. Stat. § 19.85(1)(c), seconded by Ms. Leitz. Motion carried 5-0. Ms. Hackett then motioned that the WCHA Board go into closed session under Wis. Stat. § 19.85(1)(c), seconded by Ms. Beahm. Motion carried 3-0. The meeting was moved into closed session at 5:00 p.m.

7.) Reconvene in Open Session – Roll Call

At 6:00 p.m., Mr. Patterson moved, seconded by Ms. Leitz, to close the closed session of the Oshkosh Housing Authority Board and move back into open session. Motion carried 5-0. Ms. Hackett moved, seconded by Ms. Beahm, to move the WCHA Board back into open session. Motion carried 3-0.

8.) OHA Resolutions**a.) 969-13: Write Off Doubtful Accounts**

Masterson & van Houwelingen summarized the resolution stating the Authority writes off the doubtful accounts at the end of every fiscal year so the accounts do not diminish the Authority's score under HUD's financial criteria. Even though the accounts are written off, the Authority will still make efforts to collect the money. The money owed by Quirpo is from a retail tenant at Mainview that will also be written off. There being no further questions, Mr. Patterson moved, seconded by Mr. Fitzgerald, to approve Resolution 969-13. Motion was carried 5-0.

b.) 970-13: Approve Capital Fund Annual Statement 2014

Masterson stated the Capital Fund Statement was reviewed earlier in the meeting. There being no further questions, Mr. Fitzgerald moved, seconded by Ms. Leitz, to approve Resolution 970-13. Motion was carried 5-0.

c.) 971-13: Authorize Asset Manager Lee Franzen to Execute Contracts & Agreements

Masterson reviewed the resolution stating with his departure, another person needs to be able to sign contracts and agreements. After all questions were addressed, Mr. Fitzgerald moved, seconded by Ms. Plier, to approve Resolution 971-13. Motion was carried 5-0.

d.) 972-13: Approve Any Promotion or Compensation Considered in Closed Session

Mr. Fitzgerald made a motion, seconded by Mr. Patterson, to amend the resolution by splitting it into two parts. Part A to deal with management merit pay and Part B to deal with the appointment of the Deputy Director as Acting Executive Director. Motion carried 5-0. Mr. Fitzgerald motioned, seconded by Mr. Patterson, that Resolution 972-13A approve a 2% merit award for the Operations Manager, a 3% merit award for the Deputy Director and a 3% merit award for the Executive Director. Motion carried 5-0. Mr. Fitzgerald motioned, seconded by Mr. Patterson, that Resolution 972-13B approve the appointment of Deputy Director, Susan van Houwelingen, as Acting Executive Director effective January 01, 2014 until the effective date of hire of a new Executive Director. This appointment shall include a 6% wage increase for the duration of the appointment. Motion carried 5-0. The issue of vacation leave payout for Mr. Masterson will be tabled to the January meeting.

e.) 973-13: Approve Capital Fund Revised Annual Statement 2013

Masterson stated this resolution was not needed.

There being no further business for the Oshkosh Housing Authority, Chairman Benedict called for a motion to adjourn the OHA Board. Ms. Plier so moved, seconded by Mr. Fitzgerald. Motion carried 5-0. The OHA meeting adjourned at 6:20 p.m. Commissioners were invited to walk through the first floor newly renovated areas as they left.

9.) WCHA Resolutions**a.) 628-13: Write Off Doubtful Accounts**

Masterson and van Houwelingen summarized the resolution stating the Authority writes off the doubtful accounts at the end of every fiscal year so the accounts do not diminish the Authority's score under HUD's financial criteria. Even though the accounts are written off, the Authority will

still make efforts to collect the money. The money owed by Quirpo is from a retail tenant at Mainview that will also be written off. There being no further questions, Mr. Waterworth moved, seconded by Ms. Beahm to approve Resolution 628-13. Motion was carried 3-0.

b.) 629-13: Authorize Asset Manager Lee Franzen to Execute Contracts & Agreements

Masterson reviewed the resolution stating with his departure, another person needs to be able to sign contracts and agreements. There being no further questions, Mr. Waterworth moved, seconded by Ms. Beahm to approve Resolution 629-13. Motion was carried 3-0.

c.) 630-13: Approve Capital Fund Annual Statement 2014

Masterson stated the Capital Fund Statement was reviewed earlier in the meeting. There being no further questions, Mr. Waterworth moved, seconded by Ms. Beahm to approve Resolution 630-13. Motion was carried 3-0.

d.) 631-13: Approve Capital Fund Revised Annual Statement 2013

Masterson stated this resolution was not needed.

e.) 632-13: Approve Any Promotion or Compensation Considered in Closed Session

Being that management are employees of the Oshkosh Housing Authority and not the Winnebago County Housing Authority, the WCHA Board will defer to the OHA Board regarding the decision on promotions and compensation.

10.) Adjournment & Court Tower Tour

Before adjourning it was decided that the January 2014 board meetings will again be a joint board meeting to be held at 3:30 on January 27, 2014. Having completed their Agenda, Vice Chairman Hackett called for a motion to adjourn the meeting of the Winnebago County Housing Authority Board. Mr. Waterworth so moved, seconded by Ms. Beahm. Motion carried 3-0. The meeting adjourned at 6:25 p.m. Commissioners were invited to walk through the first floor newly renovated areas as they left.

Respectfully submitted,

Susan van Houwelingen
Acting Executive Director
Oshkosh Housing Authority &
Winnebago County Housing Authority

APPROVED _____