



308 Second Ave. NE, Austin, MN 55912
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Website www.austinhra.org

REGULAR MEETING AGENDA

THURSDAY, OCTOBER 19, 2017 @ 4:30 PM

Please let Jon or Sherri know if you cannot attend this meeting.

Four Commissioners must be present to constitute a quorum.

1. **Roll Call.**
2. Approve **Meeting Minutes** of September 28, 2017.
3. Review **Accounts Payable**.
4. **Market Rate Housing:**
 - a. Courtyard – Motion to approve a change order for the roof project.
5. **Section 8:**
 - a. Motion to transfer funds from General Fund to Section 8 to cover admin. losses.
 - b. Resolution to update Section 8 Homeownership Policy.
6. **Executive Director Reports:**
 - a. Property Insurance – Discuss renewal with Housing Authority Insurance which changed the deductible from \$5,000 to 1% of each building's value for wind and hail only damage claims.
 - b. Health Insurance – Discuss premium increase and changing plans.
 - c. Discuss DEED childcare grant.
 - d. Motion to adopt revised wage schedule to adjust Assistant Finance Manager Position.
7. **Adjourn.**



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**MINUTES OF A REGULAR MEETING
OF THE HOUSING AND REDEVELOPMENT
AUTHORITY OF AUSTIN, MINNESOTA**

1.) Roll Call.

Date & Time: October 19, 2017 at 4:30 PM

Commissioners Present: Jerome McCarthy, Secretary
David Hagen
Marvin Repinski
Carole Granholm
Vernon Lippert

Commissioners Absent: Judy Enright, Chair
Janet Anderson, Vice-Chair

HRA staff Present: Jon Erichson, Executive Director
Sherri Detloff, Finance Director

There being a quorum, the meeting was called to order by Secretary McCarthy.

2.) Approval of Minutes.

It was moved by Commissioner Lippert and seconded by Commissioner Hagen to approve minutes of the regular meeting held on September 28, 2017. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

3.) Approval of Accounts Payable.

It was moved by Commissioner Lippert and seconded by Commissioner Hagen to authorize payment of the list of accounts payable. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

4.) Market Rate Housing:

a. Austin Courtyard – Motion to approve a change order for the roof project.

Allweather Roofing submitted change order #2 for tuck pointing the brick on the south side of Courtyard for \$2,428. The final cost of the re-roofing project was \$181,388. It was moved by Commissioner Repinski and seconded by Commissioner Lippert to approve the change order. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

5.) Section 8:

a. Motion to transfer funds from General Fund to Section 8 to cover admin. losses.

HUD has reduced its admin. fees for the Section 8 program which is currently 77% of a full per leased unit fee. These admin. fees are earned on a per unit month leased basis and are currently not enough to cover our costs to run this program. For the fiscal year ending 9/30/17 there was a loss of 20,535.77 that needs to be funded from the General Fund.

It was moved by Commissioner Hagen and seconded by Commissioner Lippert to approve the operating transfer from the General Fund to the Section 8 program for \$20,535.77 to cover this administrative loss. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

b. Resolution to update the Section 8 Homeownership Policy.

The Section 8 Home Ownership Program permits eligible participants with vouchers the option of purchasing a home with their Section 8 Assistance rather than renting. The current home ownership option is limited to 5% of the total Section 8 vouchers administered by the HRA while disabled families shall not be subject to the 5% limit. Staff is proposing that the limit be raised to 10% because of more participants interested in the program.

It was moved by Commissioner Hagen and seconded by Commissioner Repinski to raise the limit from 5% to 10% of voucher holders can be homeowners. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

5.) Executive Director Reports:

a. Property Insurance – Discuss renewal with Housing Authority Insurance which changed the deductible from \$5,000 to 1% of each building's value for wind and hail only damage claims.

Housing Authority Insurance (HAI), our current property and liability insurance carrier, notified us at renewal that all Housing Authorities located in the Midwest, East coast and West Coast had their deductibles subjected to 1% of each building's value for wind or hail claims. We currently had a flat \$5,000 deductible which ended 9/30/17. The HRA has apartment buildings that are valued at \$12 million replacement cost which would mean a \$120,000 deductible per building if a wind or hail damage would occur. If it was for any other damage, then the \$5,000 deductible would be applied.

Staff went out for proposals from the League of MN Cities (LMC) Insurance Program and American Family Insurance which in the past we have had coverage with both carriers. The LMC quote was \$36,000+ more than HAI and American Family declined to quote citing that we had too many scattered sites “scattered” around town. Staff also indicates that the HRA currently has fund balances that could afford the deductible if a wind or hail event were to occur. Based on the increased cost of insurance for the lower deductible it would take approximately four years without a claim to make up the increased cost. It was the consensus of the Board to continue coverage with HAI.

b. Health Insurance – Discuss premium increase and changing plans.

The Austin HRA has employee insurance through the Southeast Minnesota Service Cooperative (SESC). Upon receiving our renewal package in September, it stated that our health insurance premiums were increasing 30%.

Based on this significant increase we looked at 2 other BC/BS VEBA plans that would reduce the premiums but would increase the deductible and maximum out-of pocket costs for employees. The other plans were summarized on an excel spreadsheet and input gained from employees. Employees realized there are huge increases to the HRA insurance costs and there was consensus to the following changes:

- 1.) Increase the co-pay rate on Single policies from 0% to 10% of the premium cost.
- 2.) Change from: Plan #833 with \$2,600 Single deductible & \$5,200 Family deductible with 100% Co-Insurance after deductible is met.
Change to: Plan #882 with \$2,700 Single deductible & \$5,400 Family Deductible with 80% Co-insurance after deductible is met up to a maximum out of pocket expenses for Singles of \$3,500 and Families \$6,500.

Changing plans would result in lower premiums.

- 3.) Increase the HRA’s contribution to employee’s VEBA accounts to help pay for the higher deductibles as follows:
Singles would increase from \$1,200/year to \$1,500/year.
Families would increase from \$2,400/year to \$3,000/year.

The Board was agreeable to all changes as outlined above. It was moved by Commissioner Repinski and seconded by Commissioner Lippert to implement the changes cited. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

c. Discuss DEED childcare grant.

Executive Director Erichson located on Minnesota Dept. of Economic Development's (DEED) website grant opportunities for expanding child care services within communities. ED Erichson has met with the Hormel Foundation and community members to brainstorm which child care facility could benefit from this grant that would score high on the application. It was the group's recommendation that Catherwood House would be the best choice for a grant application based on the fact that they are the only daycare that provides second shift child care and with the grant they would expand to 24 hour day care. In addition the building is in need of capital repair and without the improvements the facility would have to raise rates or look at future plans. Proposed grant funds would be used to repair the building and buy furniture to allow for 24 hour care.

A couple of years ago the Austin HRA had a \$25,000 commitment from the Hormel Foundation that was supposed to be used for the Crane Addition neighborhood but the HRA had trouble finding homeowners that would utilize these funds. ED Erichson asked the Hormel Foundation if we could use these funds towards this application as leverage dollars to which they were agreeable. It was moved by Commissioner Hagen and seconded by Commissioner Lippert to offer a Letter of Commitment for \$25,000, as a contribution by the HRA, to accompany an application to DEED. All present voted in favor thereof, none in opposition thereto. The motion was declared passed and carried.

c. Motion to adopt revised wage schedule to adjust Assistant Finance Manager Position.

ED Erichson presented a revised wage step schedule for the Assistance Finance Manger position. . The HRA will extend an offer based on the schedule. The Board approved the wage schedule.

7.) Adjourn:

There being no further business it was moved by Commissioner Hagen and seconded by Commissioner Repinski to adjourn the meeting. All present voted in favor of the motion, none in opposition thereto. The motion was passed and carried. The meeting was adjourned at 5:15 PM.

Judy Enright, Chair

SEAL

Jerome McCarthy, Secretary