



308 Second Ave. NE, Austin, MN 55912
Phone 507-433-1866 Fax 507-433-8317
Website www.austinhra.org

REGULAR MEETING AGENDA

THURSDAY, NOVEMBER 20, 2014 @ 4:30 PM

Please let 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 October 16, 2014.
3. Review **Accounts Payable.**
4. **Section 8 and Bridges program:**
 - a. Section 8 – Resolution to add Zero Income Procedures to the Section 8 Administrative Policy.
 - b. Bridges program – Resolution to adopt Applicant Preference Criteria.
5. **Health Insurance:**
 - a. Employee Wellness Program.
 - b. Opt-out of HRA Health Insurance plan option for employees. Motion to adopt revised language in Health Insurance section in Personnel Policy.
6. **Financial Statements for fiscal year end 9/30/2014:**
 - a. Public Housing - Capital Grant Fund projects.
 - b. Public Housing – Twin Towers, Scattered Sites and Pickett Place.
 - c. Market Rate Housing – Austin Courtyard and Chauncey Apts.
 - d. Section 8 Vouchers including motion to transfer funds from GF to S8 to cover Admin. shortfall.
 - e. General Fund.
 - f. Community Housing Improvement Program.
 - g. Transitional Housing.
7. **Executive Director Reports:**
 - a. Contract for audit services with CliftonLarsonAllen.
 - b. Salary Adjustment for employee due to re-allocation of job duties.
8. **Adjourn.**



308 Second Ave. NE, Austin, MN 55912
Phone 507-433-1866 Fax 507-433-8317
Website www.austinhra.org

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

1.) Roll Call.

Date & Time: November 20, 2014 at 4:30 PM

Commissioners Present: Judy Enright, Chair
Janet Anderson, Secretary
Joyce Poshusta, Vice-Chair
Roger Boughton
Shirley Schlieve
Jerry McCarthy

Commissioners Absent: Marvin Repinski

HRA staff Present: Sherri Detloff, Finance Director
Julie Ackland, Section 8 Specialist

There being a quorum, the meeting was called to order by Chair Enright.

2.) Approval of Minutes.

It was moved by Commissioner McCarthy and seconded by Commissioner Boughton to approve the minutes of the regular meeting on October 16, 2014. All present voted in favor thereof, none in opposition thereto. The Chair declared the motion passed and carried.

3.) Approval of Accounts Payable.

Finance Director Detloff added the following invoices to the list of accounts payable: JD Driver for \$95,295.00 and Brian Larson Drywall for \$2,694.60. It was moved by Commissioner Boughton and seconded by Commissioner Schlieve to authorize payment of the list of accounts payable. All present voted in favor thereof, none in opposition thereto. The Chair declared the motion passed and carried.

4.) Section 8 and Bridges Programs:

a. Section 8 – Resolution to add Zero Income Procedures to the Section 8

Administrative Policy.

Section 8 Specialist Julie Ackland explained there are residents on the program that have zero income and are reviewed annually. When a resident starts receiving income, some fail to notify the HRA that they now have income which is a requirement. It would be difficult for a tenant to live on zero income for an extended period of time; therefore, the following zero income procedures wish to be added to the Section 8 Admin. Policy to detect fraud faster.

9.5 Zero Income Procedures:

When a resident or family reports zero income the following procedures will be followed:

- A. Resident will be required to be reviewed quarterly.
- B. Zero Income Worksheet will be completed quarterly.
- C. Verification of food stamps and cash assistance will be completed with Department of Human Services.
- D. If a household has been at zero income for six months each adult will be required to sign IRS form 4506-T so that the HRA may request a copy of the last income tax return to verify household income.

(The IRS Form 4506-T is a Request for Transcript of Tax Return form. This form is used when people want to receive a transcript of their tax return or other tax records. People can also use this form to request that a third-party receive a copy of their tax return as well.)

The following Resolution was introduced by Commissioner Anderson and seconded by Commissioner Poshusta to add above said procedures:

RESOLUTION #553 RESOLUTION TO ADD ZERO INCOME PROCEDURES TO THE AUSTIN HRA'S SECTION 8 ADMIN. POLICY

All present voted in favor of the resolution, none in opposition thereto, the Chair declared the resolution passed and adopted.

b. Bridges Program – Resolution to adopt applicant preference criteria.

Section 8 Specialist Julie Ackland administers the Bridges Program. The Austin HRA has 5 vouchers to provide housing assistance for residents that have chronic and persistent mental illness. The intent of this program is to provide housing assistance faster to this population until they can transition to other permanent housing programs. This voucher is used as a “Bridge” between programs. Currently there are no preferences for applicants on the waiting list, it is sorted by date of application only. In order to address those who have the greatest need for housing, the following preferences are proposed:

1. People who are homeless will be given first preference.
2. People who are in residential facilities will be given second preference.
3. People who are rent burdened, paying at least 50% of their income for housing, will be given third preference.
4. Date of application would be the fourth preference.

The following Resolution was introduced by Commissioner Boughton and seconded by Commissioner McCarthy to add above said preferences for the Bridges Program:

RESOLUTION #554
RESOLUTION TO ADOPT WAITING LIST PREFERENCES
FOR THE AUSTIN HRA'S BRIDGES PROGRAM

All present voted in favor of the resolution, none in opposition thereto, the Chair declared the resolution passed and adopted.

5.) Health Insurance:

a. Employee Wellness Program.

The Southeast Service Coop (SESC) has funding available to promote wellness initiatives for our employees. The Austin HRA's eligibility amount is \$3,050.00. Julie Ackland will be the Wellness Coordinator. Employees were surveyed to determine areas of interest and based on this survey, the following incentives are being proposed:

- Participate in the purchase of fitbits for our employees. Fitbit's are a fitness tracker that allows the wearer to monitor their activities. It tracks vital statistics, monitor steps, provides heart rate info, exercise intensity, calories burned and quality of sleep.
The estimated cost is \$90/unit - the HRA would pay 80% and the employee 20%. Purchase 14 units with HRA contributing 80% of cost for a total of \$1,008.00.
- Participate in a fitness club membership. The HRA would contribute up to a maximum of \$20.00/month with the payment not to exceed the employees cost. In order to qualify for reimbursement the employee would be required to use the facility 12 times per month. We have estimated 8 employees that may utilize this for a total cost of \$1,920.00 (8 employees x 12months x \$20/mo.).

Total estimated budget for these 2 incentives is \$2,928.00 and that is if all 8 employees meet their fitness goals. After six months we will update the budget numbers to ensure that the program is matching the eligibility amount.

It was moved by Commissioner Anderson and seconded by Commissioner Enright to adopt the above Employee Wellness Program. All present voted in favor thereof, none in opposition thereto. The Chair declared the motion passed and carried.

b. Health Insurance – Opt-out of HRA Health Insurance Plan option for employees. Motion to adopt revised language in Personnel Policy.

At the October Board meeting, Commissioners were presented with the idea of offering a cash incentive of \$250/month to employees that wish to opt-out of participating in the HRA's health insurance plan provided that the employee shows proof of health insurance coverage elsewhere. The Commissioners were given page 8 which is the Health Insurance section in the Personnel Policy to which language was added to reflect this option.

It was moved by Commissioner McCarthy and seconded by Commissioner Boughton to adopt the revised Section 4.1 Health Insurance in the Personnel Policy as presented. All present voted in favor thereof, none in opposition thereto. The Chair declared the motion passed and carried.

Additionally, when the General Fund budget for FYE 9/30/15 was adopted in August, there was a line item for Executive Director allowance for health insurance for \$8,800 which was the single premium annual cost with an anticipated 5% increase at that time. The budget was passed with the support of the idea but a proposal would be firmed up and presented at a future meeting. Now with the adoption of the Opt-out language, the Board felt it was appropriate to extend this opt-out offer to the Executive Director for the same dollar amount so all employees were compensated equally, even though this would be a special arrangement as Jon Erichson is considered part-time and would normally not be eligible for health insurance benefits.

6.) Financial Statements for fiscal year end (FYE) 9/30/14.

Finance Director Sherri Detloff presented the following fiscal year-end financial statements for all the projects and programs the Austin HRA owns or operates.

- a. **Capital Fund Projects for Public Housing.** The Capital Fund Statement for the major capital improvement projects for Public Housing are given to Commissioners monthly. Commissioners were asked if they had any questions about any of the projects including future projects not yet started. They wanted to know the timeline on the Twin Towers Window Project. That project cannot be bid until MHFA awards the GO Bond funding of which we submitted an application for approx. \$1.2 million. That award would be combined with our capital funds totaling \$521,038 to perform this project all at one time. MHFA will announce the funding awards at the end of January 2015.
- b. **Public Housing.** Twin Towers, Scattered Sites and Pickett Place all had small Net Operating Incomes before inter-project transfers occurred even though we had 82% pro-ration for 2013 HUD operating subsidy and 89% pro-ration for 2014 HUD operating subsidy. There were inadequate cash reserves and accounts receivables to cover current liabilities for the Scattered Sites last year which caused a negative excess cash calculation in REAC. It was recommended that the Twin Towers and Pickett Place transfer \$150,000 to Scattered Sites so there would be excess cash to maximize REAC points for that project's

financial submission this year. A motion was made by Commissioner Anderson and seconded by Commission McCarthy to authorize an operating transfer for \$150,000. After the transfers occurred Twin Towers and Pickett Place both showed Net Losses but there is a large balance in cash reserve accounts for each building.

- c. **Market Rate Housing.** Austin Courtyard and Chauncey Apartments have positive cash flows with a combined debt service ratio of 118% which is above the required 105% as stated in the bond agreements.
- d. **Section 8 Rental Assistance Vouchers.** This program is comprised of two parts – Administrative Funding and Housing Assistance Payments (HAP) funding. HUD gives HRA's an Admin. fee per leased unit per month to run the Section 8 program which supports salaries, benefits and other admin. costs. HAP funding is used to pay landlords for participants' rental assistance.

Admin. Funding lost \$48,244.58 this fiscal year due to HUD pro-rating the 2013 admin. fee by 69% and the 2014 admin. fee by 79% of normal fees. There was no balance in the Admin. reserve account at FYE 9/30/13 so we have to absorb admin. losses of \$48,244.58 for this fiscal year by other means. It does not matter to HUD how an HRA covers admin. losses.

HAP Funding broke even with a net gain of \$21.77. There was no balance in the HAP reserve account at FYE 9/30/13 so this \$21.77 will show as a surplus in HAP reserve at FYE 9/30/14. HUD guidelines state that an HRA cannot spend in excess of their HAP funding even though we may have other funds available to cover any losses.

1.) Motion to Transfer funds from the General Fund to the Section 8 Program.

In March 2014 the Board authorized a \$20,442.00 Admin. transfer from the General Fund to cover losses from 10/1/13 through 2/28/14 and in September 2014 the Board authorized another \$20,422.00 to cover losses from 3/31/14 through 7/31/14 this leaves a balance of \$7,380.58 that would need to be transferred to cover losses from 8/1/14 through 9/30/14. This was an anticipated loss based on HUD's pro-ration and the HRA had budgeted \$50,000 in the General Fund for FYE 2014 to cover these losses.

It was moved by Commissioner Boughton and seconded by Commissioner Poshusta to approve the operating transfer from the General Fund to the Section 8 program totaling \$7,380.58 to cover the last 2 months of Admin. losses. All present voted in favor thereof, none in opposition thereto. The Chair declared the motion passed and carried.

- e. **General Fund.** The General Fund had net income of \$19,800.
- f. **Community Housing Improvement Program (CHIP).** There are 3 programs that flow through the CHIP financial statement, they are: CHIP Loans, MHFA Loans and DEED's SCDP Grant for the Crane Neighborhood. The \$25,000 Hormel Foundation Grant was already received this FYE in conjunction with the SCDP Grant even though homeowner improvement projects have not started yet. There are 15 CHIP loans outstanding for

\$45,497 to low-income qualified homeowners that took advantage of the HRA's 2% interest rate. Karen also facilitated 4 MHFA Loans totaling \$118,871. If a loan was determined to be too high for the HRA to fund, then a MHFA loan would be used instead for the owner's home improvement project.

- g. **Transitional Housing.** The transitional house is a 4-plex and 2 units are used by the Crime Victim's Resource center and 2 units are rented out by the HRA on a permanent basis to make the building cash flow. This project usually breaks even every year but this year there was a loss of \$4,601.78. No staff time is charged to this project. There is a deferred loan against this project at 0% interest from MHFA for purchasing it and rehabbing it.

7.) Executive Director Reports.

a. Contract for audit services with CliftonLarsonAllen.

Finance Director Sherri Detloff has received Clifton-Larson-Allen's (CLA) contract for auditing services and performing the REAC attestation required for the HUD audit submission which is done by Detloff via a secure internet connection. Their fee for the audit this year is \$17,700 which is a 3% increase or \$500 more than last year. Their fee for the REAC attestation is \$835 which is a \$5 increase over last year. A fee comparison was done with HAB, our software provider, a few years ago and was found that CLA's price was not out of line. HAB is based in LaCrosse, WI and also has an auditing department that is very familiar with HUD regulations.

The HRA has employed Clifton Larson Allen for many years due to the fact that our audit rolls into the City's annual audit and if we did not use the same auditors, the City would end up paying a few thousand dollars more to have our numbers verified by their auditor.

It was moved by Commissioner Anderson and seconded by Commissioner McCarthy to sign the contract for auditing services with Clifton Larson Allen. All present voted in favor of the motion, none in opposition thereto. The Chair declared the motion passed and carried.

b. Salary adjustment for employee due to re-allocation of job duties.

To address the vacancy issue at Twin Towers, Sheryl Monson (Section 8 Specialist) has taken over the leasing-up of apartments at Twin Towers. This is estimated to take 50% of her time for these new duties. For the past two years with new employees being trained, Section 8 has had 2 full time staff where before that time it was 1-1/2 employees. In switching Sheryl over to 50% Public Housing it has now gotten back to the 1-1/2 employee rate which will greatly help the admin. loss in the Section 8 program. Sheryl started doing the Twin Towers lease-ups October 20th and has rented 17 apartments since that time with all move-ins occurring before 11/30/14.

As in other instances where employees cross over between two different job classifications, it is proposed to pay 50% at the Section 8 Specialist rate and 50% at the Public Housing Property Manager rate at Step C her current step. This blended rate would be \$20.60 per hour with that rate starting 10/20/14.

It was moved by Commissioner Boughton and seconded by Commissioner Poshusta to adjust Sheryl's rate of pay as recommended. All present voted in favor of the motion, none in opposition thereto. The Chair declared the motion passed and adopted.

8.) Adjourn:

There being no further business it was moved by Commissioner Boughton and seconded by Commissioner Poshusta 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 5:45 PM.

SEAL

Judy Enright, Chair

Janet Anderson, Secretary