

MINUTES

COMMUNITY DEVELOPMENT AUTHORITY

PLAN COMMISSION OFFICES

Regular Meeting
Wednesday
January 15, 2014

I. CALL TO ORDER

The meeting was called to order by Vice Chairman Gene Maloney at 4:07 P.M.

II. ROLL CALL

Members Present

John Stangel
Gene Maloney
Emil Roth
Chris Able
Colin Braunel
Dennis Tienor

Members Excused

Jill Hennessey

Staff Present

David Less
Pauline Haelfrisch

III. APPROVAL OF MINUTES OF THE REGULAR NOVEMBER 13, 2013 MEETING

Vice Chairman Maloney asked if there were any corrections or additions to the minutes of the regular November 13, 2013 meeting. Vice Chairman Maloney asked for the minutes to reflect he was excused from the November 13, 2013 meeting as it was not recorded in the original minutes.

The following action was taken.

Motion by: Mr. Braunel

Moved that: the CDA approve the minutes as corrected for the November 13, 2013 regular meeting

Seconded by: Mr. Tienor

Upon vote: the motion was carried unanimously

IV. MANITOWOC HOUSING AUTHORITY BUSINESS

A. Financial Report and Approval of Monthly Expenditures

Pauline Haelfrisch reviewed the financial statements for December, 2013 and January, 2014 with the Board members. She also distributed a list of expenses for this time period and reviewed these with the Board.

Pauline explained that the reports were a little confusing as the Housing Authority had changed banks thus the numerous transfers from the money market and checking accounts.

Pauline also discussed with the Board members, the results of a hailstorm damage estimate she had requested. The adjuster had found quite a bit of damage; however after speaking with a local roofer who came to review the claim, a fair amount of it was superficial.

Pauline requested her current architect to get involved and speak with the insurance claims manager in regards to what action should be taken.

It was determined and agreed upon that the entire gutter guard for the building would be replaced. As for any other damage, it was determined that the Housing Authority would be paid with this claim. The Housing Authority would still be covered for any new damage that occurred provided it is not to any of the items on the current list. The insurance payment was \$22,815.76. The gutter guard estimate is \$13,498 and will be replaced in the Spring of 2014. This leaves roughly \$9,300 to be used with the HA's discretion. The full payment was deposited in the HA's checking account.

Pauline informed the Board members that the City's Building Inspection was requiring her to conduct another cross connection compliance inspection in regards to her hand held showers in the tenant apartments. Pauline requested the Housing Authority be relieved of this inspection due to the cost burden (approx. \$1900) and necessity of this procedure. The request was granted and the Housing Authority will now be put on a six or ten year list for compliance.

Pauline reported that the DirecTv package for the building was going up in 2014. The HA was able to add one more receiver to bring the total package up to 36 channels; however, it will now cost the tenants \$13.00 a month. Pauline also pointed out that the Housing Authority would only receive an extra \$80 a month over the invoice. In the past, the HA received approximately \$173 per month over invoice. There are currently 70 tenants using the DirecTv package.

The last thing Pauline informed the Board members was she received \$331 in dividends back from the property insurance carrier.

Pauline asked the Board members if there were any questions in regards to the financial statements.

After discussion, the following action was taken.

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| Motion by: Mr. Maloney | Seconded by: Mr. Roth |
| Moved that: the CDA approve and authorize payment of the December, 2013 and January, 2014 expenses | Upon vote: the motion was carried unanimously |

*Chairman John Stangel arrived at 4:12 p.m. and took over the meeting.

B. Rental Assistance Demonstration

Pauline stated to the Board members that she had attended a seminar put on by a representative from Baker-Tilly in regards to RAD. RAD is HUD's new brainchild for converting public housing to Section 8 housing.

Pauline read an excerpt to the Board explaining the reasoning behind this program. RAD allows public housing agencies to convert their current assistance to long term Section 8 contracts. Such contracts will allow owners to leverage millions of dollars in debt and equity to better address capital needs and preserve these affordable housing units. Public housing agencies would be free from antiquated HUD housing rules and

restrictions that hinder their ability to manage their housing.

Pauline explained her reservations on this new concept:

After speaking with her fellow directors, none of them seem in a hurry to jump on the bandwagon. Three of them will be retiring in the next five years and see no reason to change at this point. Two of them have reservations in regards to what happens after you convert.

There is also the matter that this idea is part of the Obama administration. If a new administration takes over, there is no guarantee they will move forward with this project.

John Finger from the HUD field office stated that he would be doing more trainings on this concept.

Pauline explained she would need a Board resolution to begin the process.

Much discussion was held in regards to this proposal and the Board members agreed that Pauline should stay informed, attend the meetings, and take a wait and see approach.

C. 2013 Capital Fund Project

Pauline informed the Board members that she would be starting the Capital Fund Project for the carpet/flooring for tenant apartments. Pauline's architect has drawn up diagrams of all the different apartment sizes. The project will be bid out on a per unit basis due to the number of different sizes.

Pauline felt the Board members should know that the architect took a sample of the floor tiles and had them tested. The sample tested positive for small amounts of asbestos in the mastic in the lowest layer of floor tile. It was decided the original tiles will be left in place and only the upper sheet goods will be removed. This has been done successfully in the past and Environmental Air confirmed that remediation is not necessary if the asbestos mastic does not become friable. The project is set to start the beginning of March.

D. Board Resolution Approval RE: Bank Conversion

Pauline explained to the Board members that HUD requires a resolution for the bank conversion that was already approved at the September board meeting.

E. Audit for FYE 6/30/2013

Pauline reported to the Board members some items in the audit.

Rental income increased due to full occupancy and increase in COLA that had been stagnant for the last three years.

Operating and capital grants were down this year from previous years due to the timing of the capital grant projects.

David Less stated the audit had no findings. It was a clean audit.

The following action was taken.

Motion by: Mr. Able

Moved that: the CDA approve the Manitowoc Housing Authority audit for FYE 6/30/13

Seconded by: Mr. Maloney

Upon vote: the motion was carried unanimously

F. Lakeshore Cap Proposal

Pauline informed the Board members that she was contacted by an employee of Lakeshore Cap inviting her to attend a meeting of the Housing Coalition. The meeting she attended consisted of members from: Hope House, DVC, Salvation Army, Lutheran Social Services, Probation and Parole, Catholic Charities, and Lakeshore Cap.

The attendees asked Pauline to give a brief synopsis of public housing and what members of the general public she serves. The members were very appreciative and asked informative questions. They proposed to her if she would be able to hold an apartment open for people that would need permanent housing quickly. Pauline explained the screening process and told them she would look into their request. Pauline stated that after speaking with her rep from her Field Office; she would not be able to grant their request. Since many of these organizations receive federal funds and would pay for the tenant's rent and security deposit, it would be considered a form of double dipping.

V. HOUSING ACTIVITIES

A. Project #3-93: Gospodarek; Request for Satisfaction and Assignment of New Mortgage

David Less stated this estate was finally settled. Kevin Stangel, an attorney for the estate asked if there would be a problem to have this mortgage signed over to the son. David did not think there would be a problem; however, he would have the matter brought up with the CDA in order to have a record of it.

David asked for a motion to authorize him to prepare the assignment and mortgage documents and execute these documents over to Douglas Gospodarek.

The following action was taken.

Motion by: Mr. Able
Moved that: the CDA authorize David Less to prepare and execute the assignment and mortgage documents for Project #3-93

Seconded by: Mr. Maloney
Upon vote: the motion was carried unanimously

VI. DOWNTOWN REDEVELOPMENT ACTIVITIES

A. Financial Report – Revolving Loan Program, 1/9/2014

Mr. Less reviewed the financial reports with the Board members for the revolving loan program. As of January 9, 2014 a total of \$728,652.17 in loan funds was available.

David reported he had a small issue with 8th & York which has been remedied. The check the owner had written for the November payment came back NSF. David reminded the Board members that the CDA had established a reserve account of \$25,000 for this loan. He did not have to access this account, but did serve her a late fee penalty. The owner is current at the present.

The following action was taken.

Motion by: Mr. Braunel
Moved that: the CDA accept the 1/09/14
financial reports and place on file

Seconded by: Mr. Able
Upon vote: the motion was carried
unanimously

David also wanted to make the Board members aware of the loan for John Hemken. That loan is paid in full to us. John and his wife filed for personal bankruptcy. This information is superfluous as the City was paid in full.

B. PC33-2013: Wisconsin Redevelopment; Housing Project at Former Mirro Plant #3- Utilization of Housing Revolving Loan Funds

David informed the Board members that there are some major hurdles yet to be resolved with this application. The application to the WI Housing and Economic Development Authority for low income tax credits is due by the end of this month.

The essential piece of this project is federal and state historic investment tax credits. The State, late last year approved a bill that was going to change the way it would allocate monies to certify historic structures. This bill was a significant move to show the State was interested in saving historic buildings.

Bob Lemke and Todd Hutchison are the principals with WI Redevelopment LLC. They are the same guys that redid the Manitowoc Hotel project. Bob hired a consultant out of Chicago that is an expert at getting buildings placed on the National Register. They submitted their research to the historical society in Madison and the SHPO came back to say that they don't think the building is historic enough. The SHPO asked what influence this industry had on the City.

David has contacted Leibham and Tittl; Justin Nickels was going to contact Mr. Draeger who is the state preservation officer. They would get a large group together to explain how important this project is and the significance of this building.

The project involves the old Mirro plant #3 located at Franklin St. and 24th and 25th Streets. The plan is the main floor would have parking and some common areas available to the tenants of the building. There would also be surface parking west of 25th Street. There would be forty units of rental housing all qualified income. There would be 1, 2, and 3 bedroom units located on Floors 2 thru 5 of the building.

David needs the CDA to approve the use of the existing balances in our various housing revolving loan fund accounts; CDBG, HOME, and HCRI. If this all comes together, and WHEDA does allocate the tax credits, then we would incorporate these amounts into the respective portions of the performa. Everything would have to be collateralized and have all the transactional documents in place. The CDA loans with a second mortgage would come behind a first mortgage that David would be proposing. The Industrial Development Corp. from the City would take on the project in the amount of \$300,000 from the Industrial Revolving Loan Fund programs. There would be a total of approximately \$550,000 of public monies into this project.

David requests that the CDA approve this loan as outlined and to authorize the Chair to sign a letter of support evidencing the commitment of dollars to the project.

Discussion was held and the following action was taken.

Motion by: Mr. Able

Moved that: the CDA approve using the existing balances in the City's various housing revolving loan fund accounts and authorize the Chair to sign a letter of support evidencing the commitment of dollars to the project.

Seconded by: Mr. Braunel

Upon vote: the motion was carried unanimously

VII. ADJOURNMENT

The meeting was adjourned at 5:17 P.M.

Respectfully submitted:

David Less,
Executive Director

DL/pmh