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

November 15, 2012

1.) Roll Call.

The regular meeting of the Housing & Redevelopment Authority of Austin was held November 15, 2012 at 3:30 PM at the HRA Office. Present were Commissioners Repinski, Boughton, Poshusta, Prenosil and Schlieve. There being a quorum, the meeting was called to order by Chairman Repinski.

Also present were future Executive Director Jon Erichson, HRA Staff Sherri Detloff, Karen Mattson, Gwen Volstad, Linda Grover and Cindy Dugstad. Also in attendance were John Garry from DCA and Holly Johnson new Director of the Hormel House.

2.) Approval of Minutes.

It was moved by Commissioner Poshusta and seconded by Commissioner Boughton to approve the minutes of the special meeting held at 2:30 PM on October 18, 2012. All present voted in favor thereof, none in opposition thereto. The Chairman declared the motion passed and carried.

It was moved by Commissioner Boughton and seconded by Commissioner Schlieve to approve the minutes of the regular meeting held at 3:30 PM on October 18, 2012. All present voted in favor thereof, none in opposition thereto. The Chairman declared the motion passed and carried.

3.) Approval of Accounts Payable.

After several questions on invoices, it was moved by Commissioner Poshusta and seconded by Commissioner Schlieve to authorize payment of the list of accounts payable. All present voted in favor of the motion, none in opposition thereto. The Chairman declared the motion passed and carried.

4.) Fiscal Year End 9/30/12 Financial Statements:

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

- a. **Public Housing.** Twin Towers, Pickett Place and Scattered Sites all had operating losses due to the loss of operating subsidy for 2012. It was also explained that Scattered Site losses included expenses that were incurred this fiscal year but income from the sale of the 2 houses in the Hormel Institute expansion area was included in last year's income. Detloff also explained line items that were over-budget at each of the three projects.

At Twin Towers some of the items that went over budget included extermination services for bed bugs, maintenance materials for additional storage curtains and window shades, extra painting of common areas and more plumbing repairs than usual.

At the Scattered Sites there were unanticipated legal expenses due to an employee termination issue, windows were replaced at some units and florescent lighting in all scattered site units was replaced. However, labor and benefits were under-budget because there was no maintenance person for a few months until a replacement was hired.

At Pickett Place over-budget items included extermination services for bed bugs, outlets in all units were replaced with tamper-proof outlets and the entry and office heaters needed repair.

- b. **Capital Fund Statement 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. Up-coming projects were also identified.

- c. **Market Rate Housing.** Austin Courtyard and Chauncey Apartments have positive cash flows with a combined debt service ratio of 114% which is above the required 105% as stated in the bond agreements. Detloff pointed out that rents have not been increased since October 1, 2010 because of refinancing Chauncey's bonds at a lower interest rate in 2010.

Expenses that went over-budget included fire alarm services which included replacing all smoke detectors at Austin Courtyard and the fire panel at Chauncey. An employee also had a large worker's compensation claim at Courtyard.

- d. **Section 8 Vouchers.** This program is split into two parts. Administrative funding supports salaries, benefits and other admin. costs to run the program. HUD gives HRA's a flat fee per unit per month to run the Section 8 program. Housing Assistance Payments (HAP) funding is used to pay landlords for participants' rental assistance.

Admin. Funding lost \$14,838 this year due to the training in of 2 new Section 8 employees. The balance left in the Admin. reserve account after this loss at fiscal year-end is \$20,391 which can be used for future admin. losses (if any) and can also be used to cover HAP losses.

HAP Funding lost \$14,669 this year due to HAP payments to landlords were higher than what the HRA receives from HUD. The balance left in the HAP reserve account after this loss at fiscal year-end is \$7,861. This reserve account is anticipated to be used up in December 2012.

- e. **General Fund.** The General Fund had a positive net income. This was mainly due to not utilizing the anticipated/budgeted operating transfer to the Section 8 program to cover losses. The Section 8 program had enough in reserves to cover the losses.
- f. **Housing Improvement Program.** There is a cash balance of \$160,421 left from funds committed by the General Fund which totaled \$250,000 over the last 2 years. So far the HRA has rehabilitated one house and is

currently for sale. See also the HIP update by Karen regarding an offer to purchase on this house.

Detloff also explained the MHFA loan account has depleted its funds. With no funds left in that account it is being merged with the HIP program so future loan activity going through MHFA will be shown in the HIP financial statements. More funds are being paid out in administering the MHFA loan program than admin. fees are being received from MHFA but we consider this a community service.

- g. **Transitional Housing.** Detloff reported that the Austin HRA should be receiving a \$35,000 grant from MHFA to cover the costs of siding and sidewalks that were replaced this summer. This project usually runs at a small loss or breaks even every year, this year it lost approx. \$2,500. Again, we consider this program a community service as it serves victims of abuse in 2 of the units.

5.) Executive Director reports:

- a. **Executive Director position - Salary and benefits offer to Jon Erichson.** Commissioner Poshusta was asked to speak about the negotiations that took place with Jon Erichson. The results of the negotiations were recapped on a memo to the Board.

Commissioner Prenosil expressed her concern about the hiring of the new Executive Director as a part time position instead of full time position as agreed upon when discussion first began last April. She stated the board agreed upon and voted that the position would be a full time position. Commissioner Prenosil also stated that back in April Jon Erichson's name was brought up at that time as a possible candidate.

In negotiations, Commissioner Boughton explained that initially Jon Erichson had said he would take the position as a full time position; however the persons involved in the negotiations had offered Jon the opportunity to go flex-time instead because of his future involvement with the Hormel Institute project. The Hormel Institute is very large community development project and that also is what the HRA is all about. We wanted to allow Jon the opportunity to fulfill the needs of both the HRA and the Port Authority in overseeing the Hormel Institute project.

It was moved by Commissioner Poshusta and seconded by Commissioner Schlieve to accept the negotiated agreement with Jon Erichson as the new Executive Director for the Austin HRA in a flex-time position, with the understanding the position will be revisited after one year. Commissioners Poshusta, Schlieve, Repinski and Boughton voted in favor of the motion, with Commissioner Prenosil voting against the motion. The Chairman declared the motion passed and carried.

- b. **Dinner of Recognition** - Commissioner Repinski suggested there be a Dinner of Recognition to be held in January as a thank you for the going-out of the current ED Jim Hurm and coming-in of the future ED Jon Erichson. All Commissioners agreed. Chair Repinski introduced Holly the ED of the Hormel House asked her to put a package together for this event to be held there.

6.) Any other business:

- a. **HIP report by Karen Mattson** - Karen Mattson reported that the HIP house has been completed and has been listed for \$78,000 with hopes of getting \$75,000 for the property. There is an offer on the table for \$74,900 with a possible closing in December. The costs to date were given to the Commissioners which amounted to \$96,192 with some additional expenses coming such as title work and paying the commission on the sale of the house to the realtor. The HRA will lose approx. \$25,000 on this house but Commissioner Poshusta said what it has done for the neighborhood has been great. Also it has been a good learning experience for the Riverland carpentry and electrical students.

It was moved by Commissioner Poshusta and seconded by Commissioner Repinski to accept the offer. All present voted in favor of the motion, none in opposition thereto. The Chairman declared the motion passed and carried.

Karen also reported helping someone out with a small loan for a water heater and helping someone coordinate putting a roof on his house. The Commissioners liked the idea of these smaller

projects to help people out. Commissioner Prenosil reiterated the program is for private homeowners and not rental property owners. Commissioner Poshusta asked of the possibility of a homeless shelter and if Karen was looking into that. Karen reported that the Salvation Army currently was pursuing the idea of a homeless shelter.

- b. **Transitional House - Resolution to accept deferred loan from MHFA.** Karen Mattson explained that the documents needed to accept this grant were originally signed in May, but need to be signed again with a new November date because closing has to occur within 90 days of these documents being signed. A motion was made by Commissioner Prenosil and seconded by Commissioner Schlieve to accept the deferred loan from MHFA for \$35,000. All present voted in favor of the motion, none in opposition thereto. The Chairman declared the motion passed and carried.
- c. **Southeast Service Coop - Voting Ballots for SESC Board Member** Ballots to elect a board member to the Southeast Service Coop (SESC) were distributed to the Commissioners for voting. SESC administers the health insurance for the HRA.
- d. **Other Business** - John Garry dropped by and mentioned Vision 2020 Downtown Austin a Destination Point is helping volunteers getting more dollars to local businesses.

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 Chairman declared the motion passed and carried. The meeting was adjourned at 5:00pm.

Marvin Repinski, Chair

SEAL

Marilyn Prenosil, Secretary