

CITY OF MANISTEE HOUSING COMMISSION

Regular Meeting Minutes

April 27, 2010

The Regular Meeting of the City of Manistee Housing Commission was held on Tuesday, April 27, 2010 at the City Council Chambers at City Hall. The meeting was called to order at 4:05 p.m. by President Dale Priester.

Members Present: President Dale Priester, Vice-President Doug Parkes and Treasurer Elbert Purdom.

Members Present: Commissioner Donna Korzeniewski and Commissioner Harvey Good. Clint noted that Donna was out of town for training for work, and Harvey had a death in the family.

Also Present: Clinton McKinven-Copus, Executive Director/Commission Secretary; Brandon Jensen, Deputy Director and Lorna Perski, Housing Coordinator.

Approval of Minutes

There were no additions or corrections in the Regular Meeting Minutes of March 23, 2010. **Doug made a motion to approve the Regular Meeting Minutes of March 23, 2010.** Al seconded the motion. All members present voted in favor. Motion carried.

Amendments to the Agenda

There were no amendments to the agenda.

Old Business

There was no old business to discuss.

New Business

RFP 2010-3 Laundry Services 5-Year Contract – Brandon reported on the outcome of the RFP for Laundry Services. Two companies submitted bids: Automatic Apartment Laundries and Great Lakes Laundry. Great Lakes was the responsive bidder with a score of 294/300 and AAL was not responsive with a score of 0/300, CMHC Staff recommended that the board approve the Executive Director and CMHC President to initiate the contract outlined in RFP 2010-3 with Great Lakes Laundry with a beginning effective date of June 1, 2010. The cost per load would increase to \$1.00 and we would realize profits of 70% in the first year and 62% in the second year. With AAL we currently receive a 55% return. A card will be issued to each tenant that includes one free wash and dry. Al asked about the accounting for the laundry. Great Lakes Laundry will load \$2,000.00 at a time onto our machine. At the end of the month we forward to them what has been sold for the month, income should be about \$20,000.00 a year. The books currently show about \$5,300.79 and budgeted income was \$14,000.00. Al asked how we could possibly have an odd 79 cents. Clint said we will have to deal with how to get remaining

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money on current tenant laundry cards over to the new system. **Doug made a motion to approve RFP 2010-3 a 5-Year Contract for Laundry Services with Great Lakes Laundry.** The motion was seconded by Al. All members present voted in favor. Motion carried. President Priester recommended that the next time we review bidders, we include a resident in the review process.

Director's Report

Clint drew attention to the increasing occupancy of our units. Dale said the occupancy rate increase is impressive. Dale asked if we have potential applications for the vacant units. We have several new applications on hand for processing.

There is also a description of the items that were put together regarding the Financial Reports by Al and Clint.

Deputy Director's Report

Brandon reported that the Vine Street Development substantial completion date for the four units occurred on April 15, 2010. Brandon put together the first punch list with Lance Phillips of the Spicer Group and Roy Couch of Omega Construction. They should be completed for an anticipated turn over to CMHC on May 15, 2010. Landscaping and final grading has hit a snag because our excavator went out of business due to lack of business this winter.

The fence at Holly Court has been completed and anti-vandalism measures are being taken to ensure the fence's survival. Some road stone has been placed under the fence and additional pieces of fencing are being added. Children are crawling underneath the fence since that is easier than walking around it.

The Energy Performance Contract is now well underway. Lighting upgrades have taken place in approximately 90% of all Public Housing Units. Siemens and UCA the lighting contractor will be on site to finish lighting tomorrow and Thursday. At the beginning of May Century Terrace Exterior work will begin with power washing of the outside of the building. Water management with water closet, aerator and shower head installation will take place in the buildings near the end of May.

Debbie, Administrative Assistant talked to Brandon about the possibility of having a brochure to distribute to applicants. A copy is included in the commissioner packets. Brandon hopes distribute this informational brochure in the community as well.

Finances

Al addressed the financial reports. He said that when he became a commissioner we had three full time employees in the office and we now have seven people in the office, we have less open office hours, our accounting cost is in excess of \$40,000.00 and we don't have

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accurate books. He thinks we have to be better stewards of the money coming in. The software has been blamed for all the errors. There was a \$38,000.00 Petty Cash Entry in the books. Rector, Moffit and Lindsay made three entries to correct this simple Petty Cash error. Al no longer has any faith where our accountants are concerned. On the Financial Reports, the NOW Account shows that it has a \$430,000.00 balance and our bank reconciliation shows a balance of \$224,000.00. In the receivables we have the famous inner-fund for \$240,000.00 and as we discussed earlier it is a reduction of our cash base. Al said he doesn't like showing \$430,000.00 when we have \$224,000.00 in the bank. The undistributed debits on the balance sheet of \$13,000.00 is probably an expense that hasn't been distributed yet. Maybe we are being a little hard on them, but El thinks we are entitled to accurate information for \$40,000.00 in accounting fees. We could just get a quick books program and have some of our people do accounting that way. Al doesn't know if the accountants are incompetent or un-supervised, and he is very disappointed with the whole thing. We have to come to grips with what is going on.

Clint said in his conversation with the accountants they said the inner-fund was at \$38,000.00. Al said he had to point out to them that we don't have \$38,000.00 in Petty Cash, they didn't see that. Clint said we got a finding in the audit last year due to the number of journal entries they made. Doug asked if Brandy knows what she is doing. Al noted that she bills at \$100.00 per hour. Doug asked how it got so screwed up now if they have been doing accounting for three years.

The books went downhill since the time of the change to Tenmast Software. We are the only Housing Authority that Rector, Moffit and Lindsay do through Tenmast Software. Al has no confidence in the accounting and wonders how the board can make any meaningful decisions when we don't know where we are financially. Clint said we are putting correct information into Tenmast, but unfortunately there has been a mapping issue with the Tenmast System over the past year. Doug asked if other housing authorities are using or having problems with Tenmast.

Clint said the board had some issues with our former software HDS not having a general ledger on site, and felt that this was having two sets of books, one here and one at Housing Authority Accounting in Sparta, WI. When we changed to Yardi to have a general ledger, we lost our accountants in Sparta.

Doug said if we have proof that Tenmast has not performed as indicated, we should contact Bruce and get him involved in getting some money back from the company for software and accounting fees. Doug said he can't believe that any other housing authority has gone this long without financial statements.

Al asked is there are any submissions to HUD that need to be submitted. Clint said there are submissions and reports that have to be submitted to HUD by a Fee Accountant to be recognized by HUD. They also have to understand the HUD Systems and Financial Data Submissions which have their own quirks. Al asked if he could meet the requirements to make

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these submissions himself. Clint said the HUD recommends that you use certain accountants. Doug asked how we could even do a year-end-audit. Clint said at this point Dave Barrier has submitted information into the SAGIS System, the auditor will then come out and verify if the unaudited statement he submitted is correct. Doug said the auditor will come out and throw the information back on Clint's desk. Doug said as far as he is concerned the fault is the accountants regardless of the software. Does the accountant say we are not putting entries correctly into the software? Clint said the bottom line is, Tenmast doesn't know what is happening to information once it goes into their software.

Brandon said the checks are fact, and the LOCCS Draws carry as much importance as the checks issued, and they have to match up. These two pieces of fact conflict with each other. The grant sheets draw sheets created by Brandy reflect what we should draw monthly from our grants.

Tenmast has agreed to go back month by month to see if they can figure out what has occurred. They have tried to be helpful but the last date of good finances is May 2009.

Al asked how many checks we write in a month. Dale said approximately 60 checks are written per month. Al again asked Clint to get the information about the HUD Submission and the responsibilities of a Fee Accountant. Al mentioned Laskey Accounting and asked whether they could possibly be trained to make these submissions. The accounting costs are draining us currently. Doug mentioned that he has entered checks into Quick Books and all of our checks for the year should be able to be entered into that program in one day.

Dale asked how the checks could be different from the grant draws. Brandon said he is signing the Purchase Orders and that person cannot authorize the draws as well. Clint said the difference has occurred due to not having financial statements and trying to figure what exactly has to be drawn down and instead of going from the checks that were cut, the practice had been being informed by the accountant that this is what we need to draw from the grant. Brandon said the biggest issue came with the conflict between the 2009 Five Year Plan Submission to HUD. When they accepted the submission we had already revised the 2007 and 2008 Plans. That change did not get reflected, and two days after an invoice for Spicer came in for A & E Services at Vine Street. Brandon authorized payment from the 2008 Development Activities and Fees and Costs. This was also during the transition of Brandon taking over these line items and what happened was Clint made a draw in Fees & Costs that did not give Brandon that line amount. Brandy did not alter her budget sheet, so on her budget sheet, there were no funds in that line item. Instead of contacting us, she just put it in Dwelling Structures which you cannot do. We sent her an e-mail telling her to move it, which she did not do. So Brandon took the remainder of what was left in ARRA and made it up from another fund that was available. We drew this money 2½ times because of the errors. The money is now in our check book and the Capital Fund is overdrawn. Our check book is inflated by about \$5,000.00 due to these incorrect draws. Brandon is not sure if there is still conflict in the spreadsheet.

Brandon said if we take all of the checks we have on site we can recreate our chart of accounts. The grants should be done based on a simple formula, each line item has an account that is a

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hard and soft cost period. Doug said that we should re-imput the checks in the software from day one. Brandon said that he doesn't even trust the software to do that again. Clint said we don't trust Tenmast and we don't trust our accountants. We have been trying to straighten this out, and all it is doing is costing us a great deal of money. Brandon said the only way he can see us having solid facts is taking the information we have on hand and create good books.

Brandon said if we change Fee Accountants now we shouldn't go through the procurement process because this is clearly an emergency situation. Clint said if we go back to Rector, Moffit & Lindsay they are going to say the numbers are good. Al asked if he should have Laskey come over and look at the books and see what he can make of them. Dale said that Clint should contact the accountants tomorrow and ask them who their errs and omissions carrier is.

There was no additional business to discuss. **Dale made a motion to adjourn the meeting at 5:20 p.m.** Doug seconded the motion. All members voted in favor. Motion carried.



Dale Priester
President



Clinton McKinven-Copus
Executive Director
Commission Secretary