

**MANISTEE HOUSING COMMISSION**  
**Regular Meeting Minutes**  
**May 25, 2010**

The regular meeting of the Manistee Housing Commission was held on May 25, 2010 at the City Council Chambers at City Hall. The meeting was called to order by President Dale Priester at 4:05 p.m.

Members Present: President Dale Priester, Vice-President Doug Parkes, Treasurer Elbert Purdom, Commissioner Donna Korzeniewski and Commissioner Harvey Good.

Members Absent: None

Also Present: George Saylor, CMHC Attorney, Clinton McKinven-Copus, Executive Director/Commission Secretary and Brandon Jensen, Deputy Director.

Approval of Minutes

There were no additions or corrections in the Regular Meeting Minutes of April 27, 2010 or the Special Meeting Minutes of May 10, 2010. **Donna made a motion to approve the Regular Minutes of April 27, 2010 and the Special Minutes of May 10, 2010 as written.** Harvey seconded the motion. All members voted in favor. Motion carried.

Amendments to the Agenda

There were no Amendments to the Agenda.

Finances

Treasurer Elbert Purdom talked about finances. At the special meeting Al brought up the fact that we previously had three and ½ employees and now we have seven. He reviewed the payroll break downs for Maintenance and Administration. Salaries for 2010 plus added payroll taxes and health insurance and come up with a staggering total for Administration and Maintenance Staff. Clint pointed out that part of the wages come from CFP Grants and from ROSS Grants. El inquired about a particular individual's health insurance cost of \$23,700.00. Clint reminded El that we couldn't discuss particular individual cases at public meetings, but that he was going to discuss staff layoff. Harvey asked if we were overstaffed in the office. Clint said we were appropriately staffed in the office. ROSS Grant coordinators are not included in the office staff. Every cost of their wages and benefits are covered through the ROSS grant and 15% of Clint's wages and benefits are covered due to over site of the ROSS Grant. There may be some errors in Rector and Reader's entries regarding ROSS Grant reimbursement and we are working to make sure all items from ROSS were entered correctly and reimbursed to CMHC. El said that we have discussed establishing accountability and he is not sure that we have job descriptions to determine if someone is efficient or not and that is what we have to work on. We are managing the tax payers money and it is our job to find out. El pulled these numbers together because we are burning through our cash and he would like to know where it is going. We had \$600,000.00 in cash when he came on the board. Some of this was recovery from the sale of assets from the former director. Clint said that \$170,000.00

## Regular Meeting Minutes

May 25, 2010

Page 2

of that amount went to creation of the new offices which were approved by the board. We have also used some of the funds updating scattered site units. Part of the funds were used for physical structure improvements, not just Administrative spending. What El said he wants to do is stop the outflow of money if possible. The new accountant thinks we do not need so much in reserves in the bank. Salaries are set from a national salary surveys. We cannot control the cost of health care or know what a person's health care cost would be when we hire them. Dale asked about the language in the Union Contract with regard to health insurance. Clint said they retained the health care they had previously which is a \$10.00 co-pay at the doctor, \$10/20 at the pharmacy, no deductible, no pay, full family, dental coverage, eye glass coverage 24/24/24. The contract covers any increases in cost of health insurance, which was 37% this year. Management changed to an HRA which has reduced the cost of that insurance. El said in the future we should set a cap on what we pay for each families insurance regardless of the family circumstances. We wanted to remove using arbitration from the union contract, so we left health insurance as is in order to get that concession. Doug asked if El had any suggestions of what to do. He said we need to establish accountability for our employees. El said the quality of life for our residents is number 1 and HUD compliance is number 2. We have also had lost production due to the accounting issues that are taking up a considerable amount of time.

### Old Business

At the May 10, 2010 Special Meeting the board voted to end the contract with our accountants Rector, Lindsay & Reader. George Saylor began with an explanation of the existing contract with Rector, Lindsay & Reader. One of the attachments is a HUD form. This contract was entered into for accounting services and there was a monthly stipend to be paid to them. At the time CMHC entered into an agreement with the accountants we were using Tenmast Software which is a huge problem. The accountants were aware that CMHC was using Tenmast Software and they are fairly inexperienced with working with housing authorities. When they entered into this contract they knew the software was Tenmast when they agree on the monthly stipend. We ran into a lot of problems that the accountants didn't anticipate. One of Tenmast's employees performed some training on the system for the accountants that was at our cost. There were a lot of things that the accountants were or were not doing in fulfilling their obligations under the contract. They sent a bill to the CMHC for \$7,300.00 which is half of what their legitimate charges are due to the difficulties encountered with Tenmast Software. George suggested that we are not obligated to pay this bill they knew we were using Tenmast Software and they are experts in the field. The other concern is that there are provisions in this agreement that talk about extra work, if you ask something additional of me then we need to change the agreement to reflect the new charges. There were some requests that CMHC made asking the accountants to take care of the accounting issues due to the software. There is also something called implied contract, if you tell me to do something a contract is implied. George Saylor's legal opinion is that we have significant cause to fight these additional charges. Beside the additional charges, if we are going to terminate them how much do we owe them. There are terminations for cause or terminations for default. A termination for convenience is your right to terminate for a reason or no reason at all. This termination is effective at the end of the next calendar month. A termination for cause occurs when they stop performing their

## Regular Meeting Minutes

May 25, 2010

Page 3

duties under the contract. Our argument is that there should be termination for cause because they just weren't doing the job. George suggested that we terminate them, we gave them a notice of suspension of services. We need to prepare a document informing them that their services are no longer requested or desired due to the short comings in their performance, and we have been damaged by their failure to perform. CMHC will have extra fees that we need to pay to correct the problems. We have no intention of paying them for the extra services, however we would pay them for their regular monthly stipend pro-rated to May 10, 2010 and they will sign a release for any rights to additional compensation under the contract. Don't pay them anything unless they sign an agreement. George said to avoid any litigation as that would be much more costly. A fair compromise would be to pay them for the standard basic fees on the contract and they waive the additional charges. Technically Darrin had requested their audit packet from the end of the year which is contained within that last bill we received. We needed that packet for our auditor and requested that on May 10, 2010. When we terminate they still have to give us any information that they already have without any extra charge to us. Doug said that we should go back to the point that they actually gave us correct numbers. El said he should have been able to look at the financial statements and see what was paid, but that was not clear as they are somewhat buried throughout CFP and other grants. The contract was for \$950.00 per month. Doug said they were delinquent under the obligations under the contract, and we have no agreement to pay the \$7,300.00. **Doug made a motion to pay a pro-rated amount to Rector, Lindsay & Reader for regular monthly service through May 10, 2010, minus any fees we have already paid.** Donna seconded the motion. All members voted in favor. Motion carried.

We received a letter today from Darrin Vieth of Housing Authority Accounting Specialists, Inc. confirming their engagement as our new accounting firm. He noted that in the three years that have passed since we used their accounting firm our financial reports have become increasingly muddled and almost impossible to comprehend. He also noted that the PILOT was not calculated correctly for the past three years, and he found many deposits that were being recorded as in transit (not cleared by the bank) ranging from 4 to 12 months old. There is also concern that Capital Fund and ROSS Grants are not recorded accurately. In conclusion he indicates that he will provide accurate, clear and precise financial statements. This miscalculation of PILOT should be included in the letter to the former accountants.

### New Business

Brandon discussed RF 2010-02 for Elevator Service. Bidders included Schindler Elevator Corporation (our current contractor), Kone Elevator, ThyssenKrupp Elevator Corporation and Otis Elevator. Evaluation criteria for the four proposals were based on 6 criteria totaling 100 possible points. Schindler Elevator Corporation and Kone Elevator are two highly qualified service companies that come highly recommended by both of their references. The major difference in these two firms was the cost breakdown, with Schindler Elevator offering a more attractive monthly fee as opposed to Kone. If we go to 8 hour coverage instead of 24 hour it would cost about \$40.00 less per elevator car. It is the recommendation of the CMHC staff that the Board of Commissioners authorizes the Executive Director to initiate a contract for a one year period with 4 optional 1 year renewals (5 year maximum) with Schindler Elevator

## Regular Meeting Minutes

May 25, 2010

Page 4

Corporation, for complete elevator maintenance services at CMHC properties. **Elbert made a motion to award the RFP 2010-02 Elevator Service Contract to Schindler Elevator for a one year period with 4 optional one year renewals (5 year maximum).** Harvey seconded the motion. All members voted in favor. Schindler's cost cannot exceed 3% per year in the 4 optional one year renewals.

### Director's Report

Clint drew attention to the Occupancy Report which shows the occupancy rate percentage for each property. This is due to restructuring of the office, having some closed office hours and moving some of Lorna's workload over to Debbie to allow Lorna more time for new admissions. Dale asked how much time it takes to lease up a unit. Clint said a ball park figure could be 40-80 hours. Dale asked what the turnover rate is. The ROSS Grant has improved our move out rate with all of the new programs for tenants and inter-personal relationships with tenants. Upgrading of the buildings is something positive we hear from tenants as well.

### Deputy Director's Report

The Vine Street Development is at a stand-still right now. The reason is the plumbing inspector regarding the on demand hot water heater that has been installed. The water heater are undersized as they are for a one bedroom units, instead of a two bedroom. The architect that we had the problem with has been removed from the company. We have put low flow aerators and shower heads on which are in compliance with the Energy Performance Contract. Completion of the units should be in mid June pending the landscaping. The contractor went out of business this Winter. We have bids out for other area contractors, but it has delayed completion. Final inspections are taking place on Wednesday.

Energy Performance Contract Status lighting is complete in the buildings. Water upgrades have been postponed until the last week in July due to material shortages. The new face of Century Terrace is well underway and showing a lot of progress. Clint wants to be present for the meeting with Siemen's since there is a major impact on the calculation of our savings on the payment structure. There needs to be some compensation built in by Siemen's since we will not have the savings from water due to the delay in installation of water management items. We will also need to provide maintenance workers to work along with the water installation, since floors may not be in good condition when old toilets are removed from the Scattered Site Units. Brandon has informed maintenance workers of this issue. Clint did not get a chance to review the payment schedule of payment on the Energy Performance Contract. We will be forced to pay the leasing agent without the benefit of having the savings due to Siemen's lack of planning. The payment schedule which we signed has a payment due in June of \$30,000.00 - \$35,000.00. We also have a PILOT payment due in June of approximately that amount as well.

The exterior physical condition of Harborview has been improved by adding some stone for landscaping areas in front and we have updated the sign and lighting.

**Regular Meeting Minutes**

May 25, 2010

Page 5

Harvey asked about the installation of the new washers. They will be completed by June 3rd and tenants will have until June 11<sup>th</sup> to transfer money from their old card to the new card.

Public Comment

There were no public comments.

Communications

The ROSS Grant monthly report was included in communications.

Commissioner Reports

There were no commissioner comments or concerns.

A Personnel Committee will be formed to review personnel policies, benefits, compensation and organizational structure. El Purdom and Dale Priester will work on this committee with Clint. Clint would like to get the ROSS Grants corrected before this begins.

There was no further business to discuss, **Donna made a motion to adjourn the meeting at 5:32 p.m.** The motion was seconded by Doug. All members voted in favor. Motion carried.



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Dale Priester  
President



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Clinton McKinven-Copus  
Executive Director  
Commission Secretary