

CITY OF MANISTEE HOUSING COMMISSION

Regular Meeting

March 19, 2007

The Regular Meeting of the City of Manistee Housing Commission was held on Monday, March 19, 2007 in the Harborview Community Room. The meeting was called to order at 3:00 p.m. by President Dale Priester.

Members Present: President Dale Priester, Treasurer Elbert (Al) Purdom, Commissioner Donna Korzeniewski and Commissioner Harvey Good.

Members Absent: Vice-President Doug Parkes.

There were no additions or corrections to the minutes. **Al made a motion to approve the Regular Minutes of February 19, 2007.** Donna seconded the motion. All members voted in favor. Motion carried.

The following amendments were made to the agenda: Under Old Business following the Report from the Spicer Group – Bulletin #1 from Robert T. Cole, Payment Certification #1 from Robert T. Cole/Spicer and how to handle further Payment Certifications, and MERS Multiplier Resolution.

The February 2007 Bills and Disbursements were reviewed. Dale asked if Check #225 was the current year's PILT payment. Al asked about check #196. Clint noted that we switched carriers on our cell phones as we did not have good coverage with the previous carrier. **Al made a motion to approve the February 2007 Bills and Disbursements.** Donna seconded the motion. All members voted in favor. Motion carried.

The February 2007 Financial Statements were reviewed. Clinton noted that the third page, Budget Comparison, is very small print and may have it created on two pages for future meetings. The Budget Comparison reflects the first two months of 2007. The first variance is the difference between the month-to-date actual expenses and the month-to-date budget. The second variance is the difference between the year-to-date actual and the year-to-date budget. Next year we will be able to compare a Month in 2007 to the same Month in 2008. Al asked if we are supposed to get \$32,000 in our Operating Subsidy or is it \$27,000. When the Operating Subsidy was prepared, it was budgeted on figures that were provided by HUD at the time on a certain percentage. From what Clinton understands they are now going back to recalculate the subsidy at a higher percentage, and our funds will be readjusted. One of the changes in the budget reporting is we have begun to use CFP Funds to assist in Operating Funds. Small PHA's such as the Manistee Housing Commission are able to use their entire amount of CFP Funds for the year, to be drawn into Operating Funds. The Detroit Field Office prefers that we segregate those amounts and say how much we are going to use for General Administration purposes. We have begun to pull down the General Administration Fees on a monthly basis. You will see that reflected in the reduction in the amount of funds paid out as Administrative Salaries or Benefits. The next documents the Balance Sheet and the Income Statement include the CFP 05 and CFP 06 Funds. Clinton noted that we need to look at increasing revenue streams to bolster the Manistee Housing Commission. **The February 2007 Balance Sheets and Forms were accepted and placed on file.**

Communications

Regular Meeting Minutes

March 19, 2007

Page 2

The Century Terrace and Harborview March Newsletters are included in communications.

Reports of the Director

The Report of the Director Summary includes narratives information on all items other than the Aging Reports which will now be presented to the commission in July and December of each year.

Old Business

Report of the Spicer Group – Jeff Peltier reported on the site between the Century Terrace and Harborview Buildings. Jeff had a summary on the second page of his report from the EPA regarding contamination at the site. Pre-Development steps have been completed at the site. Jeff said “the property is valuable, it is just a matter of how it is used.” The down-side to the property is that there is an old building and contamination on the site. There has already been a lot of work done to clean up the site. Phase 1- a history and survey of the site has already been completed by T. Eftaxiadis, a consultant to the City of Manistee. There is potentially a Phase 2 process that we may need to go through. That would be part of the remedial action plan that would tell how we plan to deal with the site. At that point we need to understand what the costs are for acquiring, cleaning up and demolishing the property are. That will then work into the next plan of securing the deal. If we plan to have some retail spaces, and can get enough cash flow out of the site to make it worthwhile endeavor. He will also want to talk about some grants, partnerships and other options. Then we would need to take steps to secure the property.

T. Eftaxiadis was also in attendance at the meeting and noted that the property has been going through remediation for a number of years. The contamination under the building in the north central portion where the plating vats used to be. The contamination was caused by plating waste. It saturated the soil down to about 40 feet and got into the ground water and migrated toward the river. The State of Michigan Department of Environmental Quality has funded partial remediation of the soil and the ground water. About 1½ years ago they stopped remediation at the site because the contamination level had reached the point that they felt given the finances they had, they had done enough. There is some leftover contamination that would not inhibit construction and development of the property as long as some of the soils are not disturbed. T. Eftaxiadis recommends that we do some sampling of the soils at the site where the State did the remediation so we can decide whether we need to excavate soils or just rebuild over. This can be done through the EPA Grant that the City of Manistee has currently. Overall based on the data we have received we have not seen any major challenges to developing the property, just some due care obligations. The City Brownfield Authority has applied to the U.S. EPA for funding. If they get the grant, those funds can be used for this property. If we are going to have a mixed use development, offices, residential, retail, etc. That re-development can be done under the Brownfield Plan that the city can support through the U.S. EPA Grant. Some of the expenses associated with the re-development can then be reimbursed through a portion of the future tax revenue. Bottom line is this property can be re-developed for mixed use relatively easily with programs in place to help reimburse some of the expense.

Jeff noted that at this time he would need permission to go ahead and pull together the numbers for demolition costs, make a balance between the space we are creating and the amount

Regular Meeting Minutes

March 19, 2007

Page 3

of revenue that we can bring and tie in all the possible funding sources and see if this project is feasible. It would become a Housing Commission Property that would be leased out. Jeff thinks there is a never ending supply of funding sources available for this project.

Clint noted that if we determine that this is something that we want to do, we have funds under Consulting Fees in our CFP Funds. Once we receive reports of the viability of development of the property and its self-funding and perpetuation that will be critical in adjusting that to current economic situations.

Do we want to have Jeff come up with some numbers? The commission decided to wait until next month. In the mean time T. Eftaxidis asked if the City of Manistee could get permission from the owner to assess the remaining contaminating at the site. The work could then be performed along with some other sites in Manistee. Dale will check with the owner for permission.

Amendment #1 Bulletin for Robert T. Cole – Due to some unforeseen conditions, the Harborview Building is built very strange, not according to blue prints. Because of this there has to be a few changes made to the office remodeling project. Jeff Peltier explained the changes on the proposal and noted that we need to do #2, #6, #7, #8, #14 and #15, the rest is optional. He asked if we want to have the bar and sink in the conference room, the other proposals revolve around that. Even with the changes we are well below the projected budget amount. A formal change order will need to be signed by Clinton. **Harvey made a motion to approve all 15 items for change to the Harborview Office Remodeling in Amendment #1 Bulletin for Robert T. Cole.** The Roll Call Vote: President Priester – Yes, Treasurer Purdom – Yes, Commissioner Korzeniewski – Yes and Commissioner Good – Yes. Commissioners asked if the addition would put the project further behind. Jeff thought it may add two extra weeks.

Payment Certification from Robert T. Cole #1 was submitted for work completed for \$26,382.60 and was certified by Jeff Peltier of the Spicer Group for \$23,826.00. Jeff explained that he had issued with the mechanical systems. They were supposed to be 70% completed and Jeff approved it for 50% completed. Jeff feels that the contractor is still a little behind schedule. Clinton wanted to be sure that the board has given him authority to make these payments to the contractor. **Donna made a motion to give Clinton the authority to pay bills certified by Jeff Peltier to Robert T. Cole, as long as they stay within the budget accepted in the RFP and Bulletin #1.** Harvey seconded the motion. All members voted in favor. Motion carried.

Resolution #2007-3 Change in MERS Multiplier – In the negotiated contract with Steelworkers Union Local #14758-04 we agreed to the increase of our multiplier from 1.3% to 1.5% for MERS Retirement Plan. We could not increase this multiplier until we had signed copies of the contract in hand. We now have signed copies of the contract and can initiate the change. **Donna made a motion to accept Resolution #2007-3 Change in MERS Multiplier from 1.3% to 1.5% per the United Steelworkers Bargaining Agreement.** Harvey seconded the motion. All members voted in favor. Motion carried.

New Business

Clinton invited Jon Rose from the City of Manistee to be with us to speak regarding the Annual Inspections of our buildings. We are required by HUD to perform Annual Inspections

Regular Meeting Minutes

March 19, 2007

Page 4

of all of our units. In the past they have been performed by our Maintenance Department. Clint feels it is good to have someone outside of our staff perform these inspections. We had the Inspection Group in before the last HUD inspections in March and at that time they also trained Mark Niesen and Clinton to complete the standard inspections. At that time we began discussing the prospect of having Mark Niesen complete these yearly inspections for us. Currently our units are inspected every three years by Mark Niesen for the City of Manistee and the cost for the inspections over the three year period is \$4,580.00 (\$1,526.00 per year). John Rose has submitted a proposal to provide both the City Ordinance required inspections and yearly HUD inspections for \$3,500.00 per year for the existing 220 units. Any additional units added will require a fee adjustment. The Housing Commission will provide a tablet computer with inspection software and the cost of any training required for HUD inspections. The Housing Commission will be responsible to notify tenants of the upcoming inspections. The City of Manistee proposes an initial three year trial period for this program. If the Housing Commission wishes to pursue this proposal, it will then need to be approved by the City Council. **Donna made a motion to accept this proposal for the City of Manistee to inspect our units per the document dated March 13, 2007 from the City of Manistee.** Al seconded the motion. All members voted in favor. Motion carried.

Engagement of an Independent Public Auditor – Clinton received four proposals in response to our RFQ/RFP for Independent Public Auditor. The recommendation by the audit committee composed of Elbert Purdom, Doug Parkes, Bruce Gockerman and Clinton McKinven-Copus is to engage Asher & Company, LTD of Philadelphia, PA. Asher & Company is a HUD approved auditor and had performed audits on multiple public housing authorities. Al noted that the auditor prices they looked at ranged from \$6,800.00 to \$24,000.00. One thing that was appealing to Al was along with their references they include some unusual things they were able to do. Successfully advise this authority on the implementation of the vacancy rule and increased their subsidy by over a million dollars. In several cases they show where they have saved people money and gave them some positive suggestions for change. The firm that came in at \$6,800.00 had too small of a staff and if they had anyone missing may have problems with meeting a deadline. **Al made a motion that we engage Asher & Company, LTD of Philadelphia, PA as our auditors at \$10,500.00 for the first year with increases listed in the fee schedule for additional years.** Donna seconded the motion. All members voted in favor. Motion carried.

Engagement of Fee Accountant – We only received two proposals in response to the RFQ/RFP for fee accounting services; Rayfield Consulting and PHA Finance, Inc. Both firms met the requirements, including the required use of the Yardi System and have the ability to provide CMHC with excellent service. The monthly costs for each firm are similar \$900.00 per month for Rayfield and \$800.00 per month for PHA Finance. However there is a significant difference between the two firms for the cost of year-end preparation. With Rayfield Consultants the majority of year-end work is included with one additional \$500.00 fee for preparation of the next fiscal year budget. PHA Finance proposal includes an annual charge of \$5,800.00 for the same services. Clinton also noted that we have developed a positive working relationship with CMHC staff and Rayfield Consultants and recommends we remain with them. **Harvey made a motion that we hire Rayfield Consulting as our Fee Accountant.** Al seconded the motion. All members voted in favor. Motion carried.

Personnel Changes – Clinton plans with the consent of the Commissioners to transition the Administrative Clerk position to a direct hire rather than a position filled by Manpower

Regular Meeting Minutes

March 19, 2007

Page 5

personnel. The Administrative Clerk position is an integral part of the efficient and effective management of the Housing Commission. The position has allowed us to increase open office hours for tenants to every day. Clinton included the difference between the direct hire cost and the Manpower cost per hour. It is \$4.43 per hour cost over the Manpower cost. The total annual cost is \$9,214.00. The wage per hour would be \$9.75. Donna asked if we have a job description for this employee. Clinton explained to commissioners the job responsibilities of each office employee. **Al made a motion to change the temporary Administrative Clerk position to a direct hire position.** Donna seconded the motion. All members voted in favor. Motion carried.

Public Comment

Ann Richardson a resident of Century Terrace has requested to be added to the agenda for next months meeting. Ann said that there are problems being voiced by residents with the portion of the population over 80 being able to attend meetings.

Bob Pefley of Harborview asked when the noise of the construction would be over. Clinton said when he talked to the construction supervisor last week, most of the noisy construction is over with the exception of the heating to be completed yet.

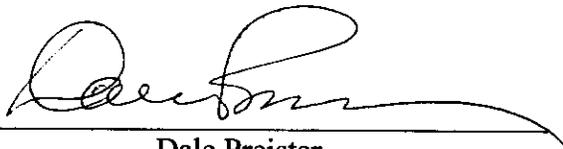
Louree Samenski of Century Terrace thanked the Manistee Housing Commission for the new chairs for the sun room and the table and chairs for the lounge.

Commissioner Comments & Concerns

Dale Priester noted that he will be going off to Oklahoma City to attend the HARRG underwriting meeting. It is the company that provide insurance for the Housing Commission. Dale hopes that his attendance will be of value to the Housing Commission.

There being no further business, **Dale made a motion to adjourn the meeting at 4:18 p.m.** Donna seconded the motion. All members voted in favor. Motion carried.

Commissioners moved to the Harborview Construction Site to view the work in progress for the new offices.



Dale Preister
President



Clinton McKinven-Copus
Executive Director
Secretary