

CERTIFICATE OF APPROVAL OF MINUTES

MINUTES OF: June 27, 2017

APPROVED ON: July 25, 2017

W. Ealy

Chairperson

ATTEST:

James McInerick

Secretary

Sioux Falls Housing and Redevelopment Commission
Regular Meeting
630 S. Minnesota, Sioux Falls, SD
June 27, 2017

Present: William Earley, Jeremy Keckler, James Wiederrich, John Peckham and James Beddow

Others

Present: Karl Fulmer, Dianne Hovdestad, Vernon Kreun, Donna Rollag, Wayne Wagner
Keith Thompson, Les Kinstad, Brent Tucker and Pat Anderson (Argus Leader)

CALL TO ORDER/ROLL CALL

The meeting was called to order at 7:30 a.m. by Chairperson Earley.

APPROVAL OF MINUTES OF MAY 23, 2017 – Regular Meeting

Chairperson Earley called for a motion to approve the minutes of the May 23, 2017, Regular Meeting. Commissioner Peckham made a motion to approve the Minutes. Commissioner Wiederrich seconded the motion. The motion passed, Yeses, 5, Noes 0.

FINANCIAL REPORT (Vernon Kreun)

V. Kreun presented the SFHRC financials for the period ending May 31, 2017. He reviewed the Cash & Investments Statements with the Board. The net change is a gain of \$168,692. The increase in operating cash of \$168,692 resulted from receiving additional HAP funds from HUD in the amount of \$203,989.

Other Programs:

Shelter Plus Care: Two of the projects have two months of billable costs, \$48,483, that have not been submitted to HUD for reimbursement:

HOPWA and Bright Futures: both accounts are current.

All receivables are collectible.

Mod Rehab Projects: Prepaid Annual Contribution: There is \$698 due from HUD (net of three projects).

Public Housing: (Due To) SFHRC: (\$26,184) which is a decrease of \$822 from April 30, 2017.

Accounts receivable Occupied Tenants \$8,074

Prepaid rents Occupied Tenants \$1,863

South Sycamore Estates:

(Due To) SFHRC: \$37,066) a decrease of \$1,795 from April 30, 2017

Accounts receivable Occupied Tenants \$216

Prepaid rents Occupied Tenants \$211

Housing Choice Voucher:

Net Assets:

Net Restricted Position: Balance decrease \$164,964

This results in a Net Restricted Position of \$59,024

We received \$186,000 and \$17,989 in additional funds from HUD during May 2017.

Unrestricted Net Position: Balance decrease of \$50,016 (YTD loss)

May 2017 loss was \$2,173

Family Self-Sufficiency: There were no significant changes.

General Operating:

Assets: Cash – Vernon covered this in the Cash and Investments report.

Vernon explained the amount of \$260,889 due from other programs. There was a decrease of \$163,779 from April 30, 2017.

General Comments: The budget is at 67% of the annual YTD budget.

Other programs: Shelter Plus Care, HOPWA, Bright Futures, Mod Rehab and New Construction: The administrative fees collected of \$91,765 results in \$2,896 over budget. Future periods will reflect "under budget" balances due to annual fees of grants which have a maximum amount of eligible reimbursement.

Income Statement-Public Housing: Total revenue is at 151% of the budget; total expenses are at 49% of the budget. There is a YTD gain of \$61,882. Vernon stated we received additional insurance proceeds of \$16,445 and FY 2017 PHA capital grant funds of \$34,091. The variance is \$47,544.

Income Statement-South Sycamore Estates: Total revenue is at 64% of the budget; Total expenses are at 76%. There is a YTD gain of \$6,614 with a variance of (\$10,134). The building is 100% occupied. Vernon then listed the expenses for S Sycamore Estates. The maintenance contracts are over budget by \$2,813. Much of this is caused by "extraordinary Expenses" due to water damage and erosion of concrete walkways. Discussion followed. There is a YTD cash decrease from Operations of \$3,756 which is an increase in cash of \$1,548 from April 2017.

Income Statement-Housing Choice Voucher: The total revenue is at 65% and the total expenses are at 66%. The YTD Loss UNA is \$50,016. Vernon explained the funds transfer of \$164,964.

Income Statement: Family Self-Sufficiency: The total revenue is at 67% of the budget; expenses are at 63%. The YTD gain is \$3,052. The Special Needs fund has \$1,182 cash available and the SF Community Foundation Grant has \$6. The nonoperating expense resulted from the licensing agency's requirement to install additional direct-wired fire alarms. A grant from the South Dakota Dept. of Social Services, Div. of Childcare, in the amount of \$1,644, was received in June 2017 to help defray expenses for this fire-monitoring system.

Income Statement General Operating Fund: The total revenue is at 70% of the budget; total expenses are at 67%. There is a YTD gain of \$23,473 with a variance of \$13,404. The Admin and other YTD gain totals \$36,464. The total general operating fund is \$23,473.

Income Statement – Consolidated Fund: Total income is at 65% of the budget; total expenses are at 66%. The YTD gain is \$45,884; the YTD budget is at \$15,390 and the YTD variance is in the amount of \$30,494.

HCV OCCUPANCY REPORT (Dianne Hovdestad)

Dianne reviewed the Occupancy Report for June 2017. We have issued 115 vouchers in the past month. Of those issued, 70 tenants have leased up. The majority of those leasing up do so within 30 days of issuance. We only had five vouchers expire. The VASH vouchers have all been used, although there are some problems with tenants and case management needs to be more strictly enforced.

We are contacting 60 applicants every two weeks for the waiting list. Initial appointments are scheduled through the month of August.

FAMILY SELF SUFFICIENCY REPORT (Karl Fulmer)

Karl presented the Family Self-Sufficiency report. The program is still operating at near full capacity. Childcare numbers average five per night. He reviewed the charts for escrow deposits and balances. Discussion followed.

A motion was made by Commissioner Wiederrich to approve the monthly reports. Commissioner Keckler seconded the motion. The motion passed, Yeses, 5, Noes, 0.

AHS REPORT (Wayne Wagner)

Wayne provided an update on the status for Field of Dreams. The units will sell for approximately \$155,000 with an automatic \$10,000 down payment assistance from SDHDA. The completion date for the first set of units is October. Ten houses are being built for the Neighborhood Revitalization Program. Discussion followed.

Wayne updated the Commission on the status of Greenway and South Sycamore Estate. These are two separate tax credit funded rehab projects under development with Lloyd Companies. The LIHTC applications are due the end of August with a November announcement of awards. Remodeling will be done at South Sycamore Estates with staggered relocation of the tenants while the work is being done. The current plan is that the Greenway building will be torn down and a new 34-38-unit building will be built on the property. All tenants will be temporarily relocated with AHS assisting with relocation, packing, etc. A meeting will be scheduled with both resident groups in August and more information will be supplied to the residents at that time. Discussion followed.

Two houses have been purchased on West 7th Street which will be torn down and new houses built.

Commissioner Beddow made a motion to approve the AHS Report. Commissioner Wiederrich seconded the motion. The motion passed, Yeses, 5; Noes, 0.

AHS FINANCIALS (2ND Qtr. of FY 2017) (Vernon Kreun and Karl Fulmer)

Vernon said he and Karl discussed the frequency with which they will report the financial statements for Affordable Housing Solutions to the SFHRC Board. Karl thought such reporting should be done on a quarterly basis. Vernon reviewed the financials for the period ending March 31. April and May have not been presented to the AHS Board yet. The financials are similar to the Commission statements. He briefly discussed the YTD gains/losses for each project. The Consolidated account shows a YTD loss from operations in the amount of \$32,895 and a YTD loss of \$44,623 with a variance in the amount of \$109,579. Director Fulmer stated that much of the losses currently showing will be offset by management and development fees accrued by year's end. V. Kreun concurred.

Commissioner Peckham made a motion to approve the AHS Financial Report. Commissioner Beddow seconded the motion. The motion passed, Yeses, 5; Noes, 0.

HUD COMPLIANCE REVIEW - CHANGE - SEPTEMBER 11-14, 2017

HUD auditors will be here September 11-14, 2017. More policies will be revised in July and/or August.

EXECUTIVE DIRECTOR'S REPORT

- A. Section 8/HCV HUD held-reserves and funding levels: Karl reviewed charts sent from our HUD representative and her number figures.
- B. Lease-up Report: Includes AHS properties only. Karl stated he would like to maintain a 97% occupancy rate. Presently, we are over 98%. By the end of June our last vacant unit will be rented. Discussion followed. Karl will provide this report every month.
- C. South Sycamore Rehab Application (LIHTC): Discussed earlier in the meeting.
- D. FSS – United Way Funding Shortfall: We did receive funding from United Way; however, it was \$15,000 less than what was requested and \$7,500 less than last year. Cutbacks were made for other agencies also. Discussion followed regarding how to raise another \$1,500.
- E. Union Settlement: Karl informed the Board that the union settled for the number that was discussed at the last board meeting, a 1% increase and a lump sum settlement for all employees. The union rep and the staff rep realize we could be looking at lump sum settlements for at least another year until the federal budget funding changes. Discussion followed.

OTHER BUSINESS

- A. Hiring Audit Firm – FY 2017 – Brady Martz History and Pricing: Vernon had approached Karl suggesting locking in Brady Martz for the next three-to-five years. In 2013 we solicited bids from other accounting firms, Eide Bailey, Brady Martz and another company in Rapid City. Eide Bailey was significantly more expensive. Karl stated that Vernon is very pleased with Brady Martz, and that they are experienced about the housing industry. They rotate their staff, etc. Also, the SD Legislature is pleased with their performance; audits are approved within three-four days. Last year we extended their contract by one year. The question proposed to the Board is whether

we extend the Brady Martz contract for one, three or five years. Commissioner Keckler expressed his concern of keeping the same audit firm year-after-year. Director Fulmer and V. Kreun stated that many housing authorities use the same audit firm for several years or, at times, decades, running. Discussion followed.

A motion was made by Commissioner Beddow to request a quote for a three-year contract from Brady Martz. The motion was seconded by Commissioner Wiederrich. The motion passed Yeses, 5, Noes, 0.

- B. Adoption of FY 2018 Annual Plan: Dianne did all updates to the plan. Updated goals and objectives adopted by Commission were revised. Financial resources stayed the same since we didn't receive an updated budget until late. She also updated information about the Violence Against Women Act (VAWA). The plan must be submitted by July 18. Commissioner Wiedderich made a motion to approve the plan. Commissioner Beddow seconded the motion. The motion passed, Yeses, 5, Noes, 0.
- C. The next Commission meeting is scheduled for Tuesday, July 25, not Thursday, July 27. This was noted by the Board.

The meeting was adjourned at 8:35 a.m.