

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF COMMISSIONERS
OF THE MOLINE HOUSING AUTHORITY**

February 28, 2022

The regular meeting of the Board of Commissioners of the Moline Housing Authority was held at 5:30 PM in the Spring Valley Community Building located at 1150 41st Street, Moline, IL 61265.

Board members present were Chairperson Leslie Stange-Crotty, Vice-Chairperson Diane Fox, and Raegan Jones. Staff members present were Executive Director John Afoun and Recording Secretary Maria Nino. Board Counsel and Kat Williams were also in attendance.

1. **Call to Order:** Chairperson Stange-Crotty called the meeting to order at 5:30 p.m.
2. **Approval of the Minutes of the Regular Meeting of January 24, 2022:** Minutes of the Regular Meeting of January 24, 2022 were reviewed. Motion was made, and seconded, to approve the minutes of the Regular Meeting of January 24, 2022, as presented. All voting members present voting “aye”, none against; the Chairperson declared the motion carried.
3. **Executive Director’s Report:** Verbal report provided by Mr. John Afoun.

Mr. Afoun said that we do have our new fee accountant, Mr. Ronald Urlaub, in attendance. We will get to him at a later time in the meeting, but he wanted the record to reflect that.

a. Resolution #1005:

Resolution #1005 was to approve/authorize the Capital Fund Project – Overhang Roof Repair. All voting members present voting “aye”, none against, the Chairperson declared the motion carried unanimously.

Resolution #1006:

Resolution #1006 was to approve/authorize the Capital Fund Project – Site Work. All voting members present voting “aye”, none against, the Chairperson declared the motion carried unanimously.

Resolution #1007:

Resolution #1007 was to approve/authorize the Bad Debt Write Offs. All voting members present voting “aye”, none against, the Chairperson declared the motion carried unanimously.

Mr. Afoun stated that we appointed Mr. Ron Urlaub and company due to the board’s recommendation and he will present the budget. Mr. Urlaub then reviewed and explained the draft proposed operating budget in detail.

The COCC is kind of a different type of accounting concept. Currently we are following asset management by breaking up accounting for properties separately, but using indirect cost method plan. We take a bucket of indirect cost, split it up and make everyone pay a part of that. This is allowable, but we looked to see if we can do a fee for service basis. Think of it as a lot of apartments around town where it says “managed by.” We are setting MHA up like a management company. We are going to send them an invoice, they pay the fee. HUD sets the fee. He ran the numbers and what you notice is the COCC can actually

make a profit. As a management company or as a vendor what can we do with those profits? From a housing authority prospective we can do anything permitted by state law and our charter, things of that nature. We don't have to ask HUD for permission.

Right now, everything is totally restricted. If we switch to the other allocation we can pull some out. That indirect cost we used to split up, the business now has to pay it. If we have money left over it is de-federalized. The issue is when that payment gets made we are considered to be a vendor. The other bonus on here if you go see the COCC you can see the profits. The programs are break even and making a profit, but the biggest profit is on the COCC side. \$275,000 is what is showing. This is a one-time where we can pull half a year fees to start the business venture. We are actually pulling that money out of the federal program and giving it to the COCC. Next year COCC will have a bucket of money in there.

This happened in 2004 and they were one of the authors who wrote the guidance. What he wants to do is get this money into the COCC and the year after give it to the nonprofit as a strategic plan that way it is going to be protected. Even if they want to take it back it has been spent. This protects the money so it doesn't go back to HUD. If a program still needs money we can give it back to them. If we need to lower the fees, subsidize another program, those are the things we can do. Where if you look at the first four programs we have no flexibility. Mr. Afoun said this has been a standard practice in industry and believes the time has come and is in the best interest of MHA to go this route. Mr. Urlaub said this is the standard model in the industry. Under the Asset Management model this steps it forward a bit. This lays the foundation as we expand whether they be multi family or tax credits, they are used to seeing this management concept. It's been our recommendation to Mr. Afoun that we switch to this model. It actually makes it easier because we don't have to allocate costs as bad, it's a lot cleaner, and will help us create some nonfederal dollars.

Vice-Chairperson Fox asked if this is new or is the reason we haven't had it that the other fee accountant didn't do it for us? Mr. Afoun said about 15 years ago when this was introduced our old accountant did not want to go this way because he did not want to do the work involved. Chairperson Stange-Crotty asked what COCC means. Central Office Cost Center was Mr. Urlaub's response and that the management company is like a business. Chairperson Stange-Crotty asked if this is our budget and do we need to approve at the next meeting at which time we will start to get monthly accounting of what has been spent from you. We always had a percentage of the budget spent so we could remember. She hopes that we would continue that. Ron said their reports do have percentages, but it is based on a monthly basis where the goal is to have 100% spent or received.

- b. **Approval of Financial Report:** The Board reviewed the financial reports as presented. Mr. Urlaub reviewed the new format of the financial reports in detail and explained how things are read and should be interpreted.

Mr. Urlaub explained that If one of our programs is not doing very well what we would show is an operating transfer out of COCC budget and will come in to that program's budget as a transfer in. We don't cut costs or move costs, where it needs to be charged is where it gets charged, but I can move money around with the COCC.

Mr. Urlaub said he has an office staff of about 20 and about 300 housing authorities and works for HUD as well. He said all the programs are break even,

but the surplus the COCC will make can't be spent or moved until after the fiscal year is closed. That's kind of the road map for the next year. Now you have a way to monitor as long as you see it is close to the 100%, you know you are on the right path. Mr. Urlaub said things happen. This year unfortunately almost 95% of housing authority's, including us, are going to receive a reduction in subsidy.

When your rents go up you think that's a good thing, but your subsidy goes down. They counter each other. There is a tiny issue involved always with HUD, but when we calculated your subsidy for the upcoming calendar year it came in lower by \$103,000. That actually made the budget a little tighter than we had hoped for. Vice-Chairperson Fox said we kind of anticipated that, and Mr. Afoun agreed. Mr. Afoun said we have our job cut out for us. Based on this budget, lease up rate should be 230 for Section 8 and Public Housing should be at 98% leased.

Mr. Urlaub said when we start looking at the voucher program you have to be careful that sometimes the financial statements kind of mislead you. What do I mean by that? HUD gives us an obligation of funds. Do they send you that million dollars, no they don't. They only send what is needed. What they think is needed is what you spent last month or a couple months ago. We look at the bucket of money that is available, not just based off of last month's expenditures. We want to spend that money and try to help as many families that we can. HUD got in trouble because they cannot allow any nonfederal entity to accumulate unused funds. Twice a year they cut your funding based on your unspent funds. They are going to force you to spend down to zero and they cannot let you have a safety net. You are going to start seeing negative numbers. If you go to the Section 8 report there is negative \$4000. That's not a bad thing. We will get the money, as long as we do not over lease. The more we lease the more admin fee we get; the more admin fee we get the higher management fees we can charge which means more money in COCC. Mr. Afoun said based on that thinking we want to lease up to 230 units as a target. Mr. Urlaub said we are hoping to start spending about \$130,000 to \$135,000 per month. Now we are spending about \$110,000 in the HAP payment.

Chairperson Stange-Crotty asked if the \$20,000 we are going to hike it up is that half year or whole year. Mr. Urlaub responded that would be per month. He said the more we spend that is what HUD uses to fund you for next year. We want to use it to help as many families we can and therefore increase funding for next year. Chairperson Stange-Crotty said in our analysis of this community can we sustain that many vouchers? Mr. Afoun said the need is there, but the availability of housing is the issue and willingness of landlords to work with us is the issue. Mr. Afoun said we are confident that what is available will work with us. We are currently at 206, so there are about 30-35 vouchers. Vice-Chairperson Fox said you have plenty of time to find something, which could be up to 120 days. Once we increase utilization rate, we earn money and we also spend money so HUD won't take it away from us. Vice-Chairperson Fox asked do we have a statistic for how long it takes for the average person to get a Section 8 place. Mr. Afoun said that Mr. Urlaub has provided a way to track the success rate.

Chairperson Stange-Crotty said she appreciates Mr. Urlaub coming here and that he makes her feel very confident with everything. He said he always likes to meet the client. Mr. Afoun said we are very pleased to have him onboard. Mr. Urlaub said you guys do a really good job and he is pleased to be working with us and kind of expand their services and help us out.

- c. **Section 8 Report:** The Board reviewed the Section 8 Report as presented
- d. **Public Housing Report:** The Board reviewed the Public Housing Report as presented. There was a report for each AMP as well as one showing the information for both AMPs combined. This report gives a data analysis to track and report the statistics to the Board.

Pest control and the report showing reasons for tenants vacating their unit as well as reasons for application denials were reviewed.

Vice-Chairperson Fox asked about the apartment that was burned. Mr. Afoun responded the insurance company has done an assessment. We asked HUD to take it offline, but they haven't responded yet. The contractor is here and working at this time.

- e. **Development/Maintenance Reports:** The Board reviewed the Capital Funds & Maintenance Progress Report, which showed current and future projects. The report also addressed work orders which had all been completed for the month.

Mr. Afoun talked about the two projects that are out for bid currently and that the outstanding funds for CFP is what we plan to use for all the projects we currently have going on and will hopefully be able to afford all the projects we are wanting to accomplish with what is there currently as well as what we anticipate receiving.

- f. **FSS Report:** Mr. Afoun gave an update on the program including the number of people who have signed up to date. Mr. Afoun also stated that one of the participants has been able to escrow a sizeable amount of money and we want to celebrate.

Mr. Afoun explained the difference between FSS and ROSS programs. ROSS is to help residents age in place and provide support.

- 4. **Resident Advisory Board (RAB) Report:** Verbal report provided by Ms. Kat Williams.

Ms. Williams said the RAB has not really been able to coordinate anything since a lot of them have been sick at one point or another. She is working on trying to work on a way to communicate between themselves even when people are sick.

Mr. Afoun said that we are trying to get additional RAB members.

- 5. **Any other business that may come before the Board including comments from the general public:**

Vice-Chairperson Fox talked about the San Diego, California conference she attended in January 2022. She said this was probably the best conference she has ever been to for both location and speakers. She got a lot of information on how Mr. Afoun can do his job better. She brought back a phone number from one speaker to give to Mr. Afoun. The speaker had been sexually abused as a child and now trains police departments and housing authorities on what to watch for and what to say if a child would come up to a person working here and tell us something like that. Mr. Afoun said something close to that is the ROSS program. Vice-Chairperson Fox said the speaker was excellent and highly recommends her.

Chairperson Stange-Crotty thanked Vice-Chairperson Fox for going and representing us and sharing the information. Vice-Chairperson Fox then passed around photos from San Diego to share with the commissioners.

6. Adjournment:

There being no further business, a motion was made, and seconded, to adjourn the meeting. All voting members present voting "aye", none against; the Chairperson declared the meeting adjourned at 6:37 P.M.

Leslie Stange-Crotty, Chairperson