



Housing Authority of the City of Freeport

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Minutes of the Special Board Meeting of the Board of Commissioners of the Housing Authority of the City of Freeport January 30, 2017

The Special Board Meeting of the Board of Commissioners of the Housing Authority of the City of Freeport was held on Monday, January 30, 2017 at the HACF Administrative Office in the Empowerment Center located at 1052 W. Galena Avenue, Freeport, Illinois at 4:30 p.m. Interim Chair Smith-Norman called the meeting to order at 4:37pm. The following members were present in person at roll call: Interim Chair Jennifer Smith-Norman, Interim Vice-Chair Greta Harrell, Commissioner Roger Schulz, Commissioner Samuel Newton, Commissioner Don Beckington, and Commissioner Tiffany Nieman. Others present were Chief Executive Officer Larry Williams and Brinshore Development Senior Vice President Mr. Peter Levavi. On the phone those in attendance were Executive Assistant Mrs. Brenda Westfall, Executive Director of Maestro Community Development Corporation and of the City of Long Branch, Asbury Park and Red Bank Housing Authorities Mr. Tyrone Garrett and Special Counsel for Affordable Housing Attorney Carol Lockwood.

A motion was made by Commissioner Nieman to approve the agenda and the motion was seconded by Commissioner Newton. Interim Chair Smith-Norman declared the Motion carried by voice vote.

Appointment of Interim Legal Counsel Michael J. Phillips:

Discussion was held. Commissioner Nieman said Phillips was HACF previous general counsel. The concern is that Michael Phillips currently legally represents Freeport Township and City of Freeport. Due to a pending complaint, we are putting ourselves at risk if we also use Michael Phillips. Commissioner Schulz agrees and asked if we have any upcoming legal issues. Interim Chair Smith-Norman asked Phillips if there is a conflict of interest and he said no. She said we need someone now until HACF obtains permanent counsel. She asked Special Counsel Attorney Carol Lockwood to be interim. Attorney Carol Lockwood is in Rockford; she asked for a RFP. Interim Vice-Chair Harrell said she doesn't see an issue using Phillips temporarily until through a RFP we can obtain permanent counsel. Interim Chair Smith-Norman said she doesn't know any immediate legal needs but she would feel more comfortable if represented and wants counsel to review housing statutes and rules. Commissioner Schulz asked and Attorney Carol Lockwood confirmed she is special counsel for RAD along with Klein-Horning. Commissioner Schulz confirmed Attorney Carol Lockwood will provide legal services if HACF needs something regarding RAD. Attorney Carol Lockwood agreed and she serves as special counsel for the RAD phases. Interim Chair Smith-Norman asked Attorney Carol Lockwood if she can represent HACF now. Attorney Carol Lockwood responded Hinshaw and Culbertson is not retained as general corporate counsel and would need to do formalities of taking on a new client or new roles with a client. She explained this process varies firm to firm. Mr. Williams explained that HACF has an obligation to follow procurement regulations. We have compromised by having conversation with attorneys. Mr. Williams has retained an attorney. Michael Phillips is the attorney for the City of Freeport who responded to Mr. Williams' attorney. It is a conflict of interest for Michael Phillips to represent the HACF. Mr. Williams can speak on Michael Phillips previously as counsel because Mr. Williams was on the HACF board at that time. The contract with

Michael Phillips ended and we sought other counsel. There were some issues with performance including Michael Phillips was cited in the 2005 HACF Management Plan review. Mr. Williams states it is not in the best interest of the HACF to have Michael Phillips represent HACF. It is not the role of the board to prepare and issue the RFP. Mr. Williams will do it. Mr. Williams sent the template of the RFP to Interim Chair Smith-Norman. Interim Chair Smith-Norman said Mr. Williams didn't provide the RFP for Best, Vanderlaan & Harrington. Mr. Williams said if she is asking for BVH's response to the RFP, that it is not in the best interest of HACF to provide it because of preparing a current RFP for legal services. Commissioner Schultz said we should to a RFP for Phillips and Lockwood. He stated we are protected with Attorney Carol Lockwood representing for RAD right now. Mr. Williams said there is pending litigation currently. Interim Chair Smith-Norman is not at the Township Board meetings where Michael Phillips attends and represents Township. She asked the turnaround time for a RFP. Mr. Williams said usually one month and to clarify, HACF issues a RFP for any law firm to respond. A RFP is not issued to any specific entity. Commissioner Schulz asked if it is possible to issue the RFP with the current workload and get responses for the board meeting. Mr. Williams said the process is to issue the RFP for 30 days, he and staff will evaluate the responses and bring recommendations to the board. Interim Vice-Chair Harrell made a motion for the appointment of Michael J. Phillips as Interim Legal Counsel. Commissioner Newton seconded the motion. Roll call vote to appoint Michael J. Phillips as Interim Legal Counsel was held as follows:

Beckington	No	Schulz	No	Smith-Norman	Aye
Nieman	No	Newton	No	Harrell	Aye

Interim Chair Smith-Norman stated the motion did not pass.

Mr. Williams confirmed he will issue a RFP for legal services and provide the recommendation to Commissioners in the March Board Meeting. Commissioner Schulz will work with Mr. Williams to review the RFP responses.

Old Business:

Affordable Housing Discussion – RAD Update

Mr. Peter Levavi from Brinshore Development addressed the Board. Final documents were signed on December 30th. This was a great accomplishment. Hosmer 14th floor residents have moved; the floor is vacant and work has begun. HACF and Maestro are working together to relocate residents. Mr. Williams said residents have the option to use the moving company that HACF arranges or to move themselves. HACF pays the moving costs either to the resident or moving company. Mr. Peter Levavi explained the scope of work has changed overtime. There are \$650,000 of contingency funds for this reason. BCM is the general contractor; they are a related company to Brinshore and Brinshore prioritizes how to use the contingency funds. IHDA approved for the contingency funds to be used because since the November election, the equity market is unstable. The HAP (Housing Assistance Payment for Section 8) contract is effective February 1. HACF doesn't have an Administrative Plan for the Section 8 program. HUD and Winnebago County Housing Authority agreed for WCHA to provide the necessary services. The funding is now until January 2018. Peter said by then HACF staff will be ready to administer HAP contracts and change the Administrative Plan to administer HAP contracts. Mr. Williams explained previously HACF had 60 Section 8 vouchers but it made more sense to outsource to WCHA. HACF can take the necessary steps to be ready for this by January 2018. Mr. Peter Levavi said it was highly recommended to do be ready for the 21st century. The Resolution in New Business today is for WCHA to do rent reasonableness and inspections. WCHA Board has already passed the resolution. HUD requires a resolution to be passed by February 1. Mr. Peter Levavi has provided the operating budget and the fund sources and uses. Commissioner Schulz made a motion to approve Resolution 17-02. Interim Chair Smith-Norman asked what is Maestro's current role. Mr.

Tyrone Garrett responded that Maestro started with staff training and certifying qualified residents for the tax credit. Maestro is moving into oversight and compliance. They will review the files for compliance with Section 42. HACF needs to become experts in 12 to 24 months. Maestro is also the operating deficit guarantee. Mr. Williams noted that Maestro is also the Relocation Specialist. Commissioner Nieman is glad we have oversight because tax credits are dealing with the IRS; a mistake can cause loss of money. Interim Vice-Chair Harrell asked if we are screening residents. Mr. Williams said in converting to RAD, we are not re-screening current residents. They are grandfathered unless they are over-income in which the resident can move to other public housing or into the private market. Interim Chair Smith-Norman asked about the timeline. Mr. Peter Levavi said Hosmer must be completed this calendar year and in June or July we will start at Brewster. We must complete it by June 2018. Commissioner Schulz asked how RAD affects the five year plan. Mr. Williams said RAD is in the five year plan and we must do the five year plan for the public housing properties. Mr. Peter Levavi explained there are Replacement Reserves for \$485,000 and going forward \$298 per unit per year must be contributed to the replacement reserves. Once converted to RAD, the highrises have their own budget. Starting January 1, 2018 HACF receives Section 8 payments. Interim Chair Smith-Norman asked for a motion for Resolution 17-02 for Approval of the PBV Housing Assistance Payments Contract (Existing Housing) With Freeport RAD I, LLC for the Housing Authority of the City of Freeport Brewster and Hosmer High-rises. Commissioner Schulz made a motion. Commissioner Nieman seconded the motion. Roll call on Resolution 17-02 was held as follows:

Beckington	Aye	Schulz	Aye	Smith-Norman	Aye
Nieman	Aye	Newton	Aye	Harrell	Aye

Interim Chair Smith-Norman declared the motion passed.

New Business:

Resolution#17-01 Approval of Proposed Five-Year Capital Plan and 2017 Annual Capital Plan

Interim Chair Smith-Norman proposes to table Resolution 17-01 until the February 10 board meeting because she spoke to Judith Hartfield at HUD and the plan would be rejected by HUD because HACF used the wrong forms. Mr. Williams said we are in communication with HUD. The Five Year Plan is now late because the January board meeting was cancelled. Interim Chair Smith-Norman said that a qualified PHA needs to use the new forms. She provided Judith Hartfield's contact information to Mr. Williams. Interim Chair Smith-Norman has a lot of questions. Mr. Williams said the board has had the plan since December 14th board meeting to review it. Commissioner Schulz said he doesn't know what he is reviewing. Mr. Williams said there are deadlines to meet and there is a crossover of what the Executive Director is doing and what the board is doing. Under Mr. Williams' leadership, HACF does not submit late. Commissioner Nieman said there are consequences; HACF had to go through the Stop Loss process. Interim Chair Smith-Norman asked if we pass this on February 10 would there be loss of funds. Judith Hartfield said there would be no loss of funds and HACF would not be in trouble. Commissioner Schulz agreed to table it until February 10 unless needed. Mr. Williams said since there are new board members, there has been interference with work. HACF already missed the January 16th submission deadline. Commissioner Harrell said we didn't have time to discuss the PHA Plan and in the PHA Plan we shouldn't be recertifying residents. Mr. Williams said there is a crossover of the Executive Director's day-to-day and the board. Interim Vice-Chair Harrell made a motion to table Resolution 17-01 until the February 10 board meeting. Commissioner Schulz seconded the motion. Roll call on the motion to table Resolution 17-01 was held as follows:

Beckington	Aye	Schulz	Aye	Smith-Norman	Aye
Nieman	Aye	Newton	Aye	Harrell	Aye

Interim Chair Smith-Norman declared the motion passed.

Executive Session:

There was no Executive Session.

Other Business: None

Public Comment: None

Motion made by Commissioner Nieman and seconded by Commissioner Schulz to adjourn the meeting. Interim Chair Smith-Norman declared the motion passed. Meeting was adjourned at 5:40 pm.



Jennifer Smith-Norman
Interim Chair of the Board of Commissioners
of the Housing Authority of the City of Freeport

ATTEST:



Larry Williams, Chief Executive Officer
Ex Officio Secretary of Board of Commissioners
of the Housing Authority of the City of Freeport