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**MINUTES OF THE  
REGULAR BOARD MEETING OF THE  
BOARD OF COMMISSIONERS OF THE  
HOUSING AUTHORITY OF THE CITY OF FREEPORT  
NOVEMBER 9, 2017**

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The regular meeting of the Board of Commissioners of the Housing Authority of the City of Freeport was held on Thursday, November 9, 2017, at the Housing Authority of the City of Freeport Administrative Office in the Empowerment Center located at 1052 W. Galena Avenue, Freeport, Illinois at 12:00 p.m. Chair Jennifer Smith-Norman called the meeting to order at 12:00 p.m.

**ROLL CALL**

The following members were present and responded to roll call: Chair Jennifer Smith-Norman, Commissioner Greta Harrell, Commissioner Kim Boldt, and Commissioner Gwen Shirley.

**Members absent:** Vice Chair Newton, Commissioner Becker, and Commissioner Rhymer

**Also present:** Interim Director Babette Jamison-Varner, HACF Counsel Tim Horning, HACF Counsel Michael Phillips and Representatives from HUD, Mr. Daniel ~~Sherard~~ *Sherrod* and Ms. Lisa Rogers.

**PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was conducted.

**APPROVAL OF AGENDA**

Commissioner Boldt moved, second by Commissioner Shirley to approve the agenda for the November 9, 2017, regular meeting, as presented. On voice vote, the motion passed unanimously.

**APPROVAL OF PREVIOUS MINUTES – October 4, 2017, special**

Commissioner Shirley moved, second by Commissioner Boldt to approve the special meeting minutes of October 4, 2017, as presented. On voice vote, the motion passed unanimously.

**COMMUNICATIONS**

Chair Smith Norman introduced Commissioners Boldt and Shirley as they begin their terms on the Housing Authority Board. She also formally introduced the Interim Executive Director, Ms. Babette Jamison Varner

**REVIEW AND APPROVAL OF CLAIMS AND DEMANDS**

Chair Smith Norman suggested that the claims and demands be tabled until the next meeting.

Commissioner Boldt moved, second by Commissioner Shirley to approve tabling of the claims and demands for September 2017 and October 2017. On voice vote, the motion passed unanimously.

### **INTERIM CHIEF EXECUTIVE OFFICER'S REPORT**

Ms. Jamison Varner shared that the goal for HACF moving forward, is to build on the foundation of the organization and the hard work that has been done, as well as staying focused on the families being served. She shared that her goal is for HACF to regain its focus and to give honor to the people who have worked hard for this organization.

HACF has been in communication with several different organizations. She noted that she takes pride in the fact that HACF has established many solid partnerships throughout the community.

Ms. Jamison Varner announced that student programs have begun at Westview. These programs are being conducted in partnership with YMCA and Boys and Girls Club. Ms. Jamison Varner also informed the board that the new Family and Self Sufficiency Coordinator has been hired and began on October 3<sup>rd</sup>.

Ms. Jamison Varner shared that the restructuring process has begun with regard to RAD. A new property manager has been hired just for that project. Residential coordinators will be hired on at a later date.

In terms of the current staff, some restructuring has begun. Because we are still developing our Finance Department, one person has been repositioned to deal with accounts payable. We also have one staff person dedicated from maintenance who will focus on unit turnover and inspection. HACF is developing a communication process between tenant selection, unit turnover, and units filled.

HACF is focused on maintenance work orders. A maintenance team is focusing specifically on this function. In terms of the maintenance team, they have done a wonderful job of moving things forward.

In terms of tenant review, HACF is taking a closer look at recertifying while making sure we are in compliance with HUD requirements. Ms. Jamison Varner stated that she would be spending time on tenant selection and recertification to align the process.

Ms. Jamison Varner reported on Finance. She stated that she is working with SACS, the company that does HACF's financial reports. There are some things that HACF can tap into that we have not in the past. She stated that HACF now has a solid method of monitoring its finances. Ms. Jamison Varner would like to do a search for an Accounting Manager or Accounting Coordinator in the future.

Ms. Jamison Varner stated that, in order that payroll is done in a consistent and confidential manner, it will be outsourced. She has been working with a payroll person who is qualified in the payroll functions.

Ms. Jamison Verner stated that she is looking at HACF operations and public housing and at how things are done. She is looking at creating two positions. She would like to bring on a Housing Services Manager to be directly in charge of public housing functions when it comes to tenant selection. Also needed is an Administrative Assistant (coordinator) to maintain administrative functions within the organization.

In terms of the RAD conversion project. HACF has hired ~~Carrie Freitag~~ Kerri Freytag who is a skilled Property Manager with the necessary certifications. Ms. Tina Shenberger will be our Residential Assistant. Because of how the different housing programs are set up, there is a need to market to the public that Brewster and Hosmer are now affordable housing in the Freeport community. HACF has been working on the marketing and branding for the Brewster and Hosmer apartments and have begun working on a logo.

Ms. Jamison Varner highlighted the meetings that have been held over the past few weeks with the managing partners. At the last meeting, it was discussed that there was a transition period that HACF was going through. HACF was short-staffed and was trying to make adjustments while serving the tenants. Ms. Jamison Varner was able to sit down and show our managing partners the progress that HACF has made. She shared the great appreciation she has for the managing partners for giving HACF the opportunity to move forward. Ms. Jamison Varner noted that HACF is quickly moving forward, quickly re-staffing, and quickly restructuring.

## **OLD BUSINESS**

### **Rental Assistance Demonstration Project (RAD) Brewster/Hosmer Update**

Ms. Jamison Varner introduced Mr. Tim Horning and stated that in order to add clarity to what the RAD project is, Mr. Tim Horning would provide an update.

Mr. Horning provided a background on housing authorities. The purpose of housing is to provide decent, safe and sanitary housing for residents. Mr. Horning noted that most people don't understand how housing authorities are funded. Low-income housing is provided by the federal government through HUD. They provide three sources of funding: Tenant rent revenue which is 30 percent of income, operating fund, and capital. Operating and capital are both based on an appropriations model that fluctuates. HUD doesn't fund all of the operating or capital and there currently is a backlog.

The federal government has looked for ways to fix this problem. One way is called Rental Assistance Demonstration Project. RAD was passed by HUD in 2012. RAD is looking to address the capital needs of low-income public housing. In order to do this, public entities are allowed to convert their property to the project assistance model with the housing authority serving as a partner.

Mr. Horning has reviewed the documents related to RAD. He highlighted the Ownership Entity diagram. Although the housing authority no longer owns the buildings, it still owns the land. The housing Authority has leased only the buildings. The property has to remain with affordable housing for 15 years. Freeport RAD I Manager LLC is made up of four entities HACF, Brinshore, Maestro, and Freeport Development Corporation.

Freeport Development Corporation is related to the donation tax credit requiring the housing authority to deed the land to the nonprofit organization Freeport Development Corporation. The housing authority is a 51 percent owner of the Freeport RAD I Manager LLC to make sure that the housing authority has some control over the project.

Mr. Horning reviewed the resolution that was executed back in 2016. The housing authority will receive incentives. The housing can keep managing the property and will receive a managing fee. In addition, HUD allows a developer fee. The housing authority gets a portion of the development fee (35 percent of that development fee). The fee is issued at certain times as the project moves forward.

The operating agreement for Freeport RAD I Manager, LLC was also highlighted. The housing authority had to guarantee that things were done. He highlighted the indemnification agreement. Brinshore has agreed that if there were some financial issues, Brinshore would not come back to the housing authority for money.

HUD requires a RAD use agreement requiring that the property maintain the nature of affordable housing for the period of the RAD use agreement. For this particular project, that time is 20 years. The RAD use agreement requires that the owner accept the renewal of the HAP Project. There cannot be a transfer of ownership without the consent of HUD.

In order to do the notation tax credit, the HACF received a donation tax credit note for 3.2 million dollars.

Mr. Horning continued review of the donation tax credit and capital funds agreement. He highlighted IDHA and reviewed resident screening. He stated that the residents that were in Brewster and Hosmer before the property was converted get to stay and cannot be rescreened.

The management and compliance agreement was also reviewed. Maestro agrees to provide the housing authority with certain services including compliance services and consulting services.

Mr. Horning reviewed the purchase option and right of first refusal agreement giving the housing authority first option to take the property back as multi-family housing after the compliance period (15 years). A reserve account is used by the property to fix things.

Going forward, the housing authority has to separate themselves in talking about Brewster and Hosmer. Even still, the HACF has control with 51 percent.

## **NEW BUSINESS**

### **Approval of contract for counsel for HACF**

Commissioner Boldt moved, second by Commissioner Shirley to approve the contract for HACF Counsel, as presented. Roll call was as follows:

<b>Harrell:</b>	Aye	<b>Shirley:</b>	Aye
<b>Boldt:</b>	Aye	<b>Smith Norman:</b>	Aye

Chair Smith Norman declared the motion passed.

### **Approval of payroll consultant for HACF**

Ms. Jamison Varner shared that the HACF needed to move fast to take care of this fast. She is a certified payroll specialist.

Commissioner Boldt moved, second by Commissioner Shirley to approve the Payroll Consultant for HACF, as presented. Roll call was as follows:

<b>Boldt:</b>	Aye	<b>Smith Norman:</b>	Aye
<b>Shirley:</b>	Aye	<b>Harrell:</b>	Aye

Chair Smith Norman declared the motion passed.

## **PUBLIC COMMENTS**

Andra Taylor shared concerns about issues with his benefit plan. He also asked who the FOIA officer for the HACF is. He shared concerns about issues at Westview.

Roger Schulz shared concerns about addressing issues at Westview. He also asked about the FOIA Officer.

## **EXECUTIVE SESSION**

Commissioner Boldt moved, second by Commissioner Shirley to allow Mr. Mike Phillips, Mr. Tim Horning, Mr. Daniel ~~Sherard~~ *Sherrod*, and Ms. Lisa Rogers to attend the closed session meeting of the HACF Board of Commissioners. On voice vote, the motion passed unanimously.

At 1:07 p.m., Commissioner Shirley moved, second by Commissioner Boldt to enter into Executive Session for the purpose of the following:

The appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity as authorized by Section 2(C)(1) of the Illinois Open Meetings Act, as amended. [Codified as 5 ILCS 120/2(c)(1)]

Litigation, when an action against, affecting or on behalf of the particular public body has been filed and is pending before a court or administrative tribunal, or when the public body finds that an action is probable or imminent, in which case the basis for the finding shall be recorded

and entered into the minutes of the closed meeting, as authorized by Section 2(C)(11) of the Illinois Open Meetings Act, as amended. [Codified as 5ILCS 120/2(C)(11)]

Security procedures, school building safety and security, and the use of personnel and equipment to respond to an actual, a threatened, or a reasonably potential danger to the safety of employees, students, staff, the public, or public property as authorized by Section 2(C)(8) of the Illinois Open meetings Act, as amended. [Codified as 5 ILCS 120/2(C)(8)]

Professional ethics or performance when considered by an advisory body appointed to advise a licensing or regulatory agency on matters germane to the advisory body's field of competence as authorized by Section 2(C)(15) of the Illinois Open Meetings Act, as amended. [Codified as 5 ILCS 120/2(C)(15)].

On roll call, the following members voted:

<b>Shirley:</b>	Aye	<b>Harrell</b>	Aye
<b>Smith Norman:</b>	Aye	<b>Boldt:</b>	Aye

Chair Smith Norman declared the motion passed.

Chair Smith Norman stated that the Board would be returning to Open Session for possible action.

Members present: Shirley, Smith Norman, Harrell, Boldt.

**Also present were:** Ms. Babette Jamison Varner, Mr. Mike Phillips, Mr. Tim Horning, Mr. Daniel ~~Sherard~~ *Sherrod*, and Ms. Lisa Rogers.

### **Open Session**

At 1:50 p.m., Commissioner Boldt moved, second by Commissioner Shirley to return to open session. On voice vote, the motion passed unanimously

Members present: Smith Norman, Harrell, Boldt, Shirley.

**Also present were:** Ms. Babette Jamison Varner, Mr. Mike Phillips, Mr. Tim Horning, Mr. Daniel ~~Sherard~~ *Sherrod*, and Ms. Lisa Rogers.

### **POSSIBLE FINAL ACTION**

#### **Selection of Special Auditor**

Commissioner Boldt moved, second by Commissioner Shirley to approve tabling of the selection of special auditor. On voice vote, the motion passed unanimously.

**ADJOURNMENT**

There being no further business to be conducted at this special meeting of the Board of Commissioners of the Housing Authority of the City of Freeport, Commissioner Shirley moved, second by Commissioner Boldt to adjourn. The motion carried unanimously, and at 1:57 p.m., Chair Smith-Norman declared the meeting adjourned.

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

**ATTEST:**

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Greta Harrell  
Secretary Pro-Tem/Commissioner  
Housing Authority of the City of Freeport