

**COMMUNITY DEVELOPMENT BLOCK GRANT COMMISSION
MINUTES OF FEBRUARY 24, 2010**

CALL TO ORDER

Vice Chairman Pierce called the meeting to order at 8:22 a.m.

ROLL CALL/ATTENDANCE

Members Present: Scott Breeden, Tina Hill, Carol Louise, Mark Ruda, Robert Pierce, Lowell Cutsforth, Rosemary Kurtz, and Robert Martens

Members Absent: Sue Draffkorn (Chairman), Yvonne Barnes, Randy Donley, Barbara Wheeler, Phil Bartman, Robert Miller, Stanley Duda, Kimberly Larson and Craig Hubert

Staff Present: John Labaj, Deputy County Administrator, Dennis Sandquist, Director of Planning & Development; Maryanne Wanaski, Deputy Director/Principal Planner; Jean Niemann, Community Development Coordinator; Faith Taylor, IDIS Coordinator, Sarah Ciampi, CDBG Program Assistant and Pat Melone, CDBG Administrative Specialist

Others Present: Mary Lu Seidel, CAHMCO and Chris Cressler, Vice President of Development, Wally Pabien, Facilities Manager; and Nancy Hiatt, CEO and President; from Home of the Sparrow.

Commissioner Martens called the roll and stated a quorum was not present and therefore a binding vote could not be taken on any issue.

MINUTES

Minutes were not voted on due to an absence of a quorum.

PUBLIC PARTICIPATION

None

OLD BUSINESS

Location of March Commission Meeting: – Ms. Niemann stated we had previously said we would go to Pioneer Center in McHenry for the March meeting; however it is necessary for us to have a hearing on the CAPER (Consolidated Annual Performance and Evaluation Report) and would therefore be advisable to have the meeting in this building. A consensus of commissioners agreed.

Mr. Pierce referred to an article in this morning's newspaper that the City of Harvard would be giving \$300,000.00 to a car dealership to not relocate out of the City of Harvard, when the City had previously been given an allocation to fund the engineering portion of a project. Staff will research this and report to the Commission any findings.

NEW BUSINESS

Neighborhood Stabilization Program Update: - Staff distributed a package titled, McHenry County NSP, The Year in Review, prepared by CAHMCO. Ms. Seidel talked about the steps taken to get the program running and in compliance with HUD requirements. She also reviewed homes purchased for rehabilitation and re-sale or rental to LMI (low/moderate/income) families.

Ms. Taylor talked about the 25% set aside and the training that she and Ms. Ciampi had received on this. It was stated that P & D Committee had concerns regarding this set aside. Ms. Taylor will be sending out an e-mail to the P& D Committee clarifying this matter.

CDBG PY2009 – Home of the Sparrow Proposed Budget Amendment: Vice Chairman Pierce pointed out that as we did not have a quorum we could discuss the Budget Amendment but could not vote on it.

Ms. Hiatt said she would not be able to attend the March meeting, but her colleagues would – so she would like to go ahead with the discussion, a simple request for a no-cost budget amendment to the 2009 award of \$25,000.00. She referred to a package they provided (a copy was included in information given to commissioners) and asked for approval on this amendment. Staff is here to answer questions and listen to comments. She responded to various questions. There was discussion on the advisability of installing tankless hot water heaters which are more expensive to install but save money on operating costs. Ms. Ciampi stated HUD would approve of the tankless water heaters because the savings in maintenance and operating cost is in line with energy efficiency initiatives. Vice Chairman Pierce said let the minutes reflect that there was a consensus to support the approval of the proposed budget amendment, with Mr. Cutsforth suggesting caution on the tankless hot water issue. Home of the Sparrow will supply additional information to staff on this matter for report to the Commission.

Commissioner Information Series: HUD versus County Program Rules: Ms. Wanaski said she would like to make comments on the NSP program. Ms. Wanaski discussed the history of the CDBG Commission, summarizing the following:

History and Leveraging – The County first received CDBG funding in 1995. Prior funding was through the State. Our population triggered an application to the Federal Government HUD Grants; to become an Entitlement Community. Our first grant was approximately 1.2 million dollars. The following year the County received HOME at approximately \$378,000.00. The allocations have remained about the same. When the County first started (reading from their minutes) there were four initial specific goals for HUD funds - “to improve infrastructure, to eliminate any kind of blight on the public health/safety/welfare, conserve our housing stock and strengthen economic development, and support a full range of public services.” In regards to leveraging, there was no 20% match at the beginning. Staff reviewed different old minutes and found that between February and September 1996 the 20% match came about. Prior to that (1) leveraging was based on whatever an applicant could do and the more leveraging of outside monies, the higher the point system, the better the ranking and the more assurance that the project would be accepted and funded by the Commission. (2) The thought was that CDBG should not be sole source funding. This year staff will bring suggestions to the Commission related to leveraging practice and County rules

Caps – Caps in McHenry County are in your new Consolidated Five year Plan. Unless we choose to change them, these are the caps we imposed on ourselves. We can do a plan amendment – if you decide to make changes. Ms. Hill pointed out that two of the caps (Public Service – 15% and Planning/Administration 20%) are required by HUD and Ms. Wanaski confirmed that those two cannot be changed but others can. HUD wants us to look at economic development and presently we do not. That is something staff will bring to the Commission in the future.

Risks and Spend Down – HUD assesses us for risk and imposes penalties in relation to the 1.5% ratio. We don't do that to our subrecipients and that is something we might want to consider. Historically dates and time limits were in contracts. It is not evident when this stopped, but this program year will have termination and spend-down dates. Staff determined spend-down has been an issue and needs to be resolved. If any of the Commission would like to read any of the old minutes, please contact staff.

Ms. Wanaski said the program was started by John Labaj and former staff Maryann Taranowski. A risk assessment on spend-down was not done previously, because in the first three years of a program there is not a lot of history. We are working to fix this part of the program. At that time there was a subcommittee that supervised the Revolving Loan Fund. Mr. Labaj talked about the Fund and when we became an Entitlement County we were asked if we wanted HUD or the State to have oversight of the fund. We elected to have HUD do the oversight. As time went on and the funds revolved, losing their Federal identity, HUD told us we were on our own to operate the program. Ms. Wanaski said the subcommittee also looked at the ability for the CDBG Commission to have a like revolving fund of their own (somewhat similar to what we brought to you as an Emergency Contingency Fund) and they

channeled their program income into that and delegated those monies throughout the years. We need to be in compliance, so HUD looks at our Five Year Consolidated Plan to see what our programs are. These are the mandates – we need to be as close to them as possible. Mr. Labaj said at that time a match was a big thing with HUD, who wanted to see that local community funds were coming into the projects. Ms. Wanaski noted a project example from the past that leveraged 74% of funds, coming to CDBG for only 26%. She was asked if there was trouble with agencies meeting the 20% and responded that in the past two years there has been, particularly this last year, because a lot of their 20% comes from State funds and because the budget was so late. Ms. Hill said because the grants are usually not fully funded she would like to see proof of the hardship. Ms. Wanaski said we can go back to leveraging and base it on a point system and then look how we do the payout because as you know we do reimbursement. If agencies are leveraging very little CDBG money, we can offer that as an up-front cost. We can structure the program how the Commission would like - we can structure the items that we fund in the program differently, outside of the federal caps. We brought this to you today as part of your first educational series.

Ms. Ciampi said that the March topic is CHDO's. For April, we have been doing some research on HUD's preferred methods for meeting timeliness; how they suggest funding projects and selection of projects. Ms. Ciampi referenced the sub-committee as something the Commission would want to establish again. There is a group of commissioners working directly with staff vetting many different options to bring to the full Commission. Mr. Martens asked if we were to modify anything on this sheet, when would it take place. Staff informed him it would be before the CDBG funding round - summer to early fall is when we would be needing these modifications. The guaranteed modifications are changes to the contracts and changes to the applications. The not guaranteed changes would be the 20% match requirement and the caps. Ms. Ciampi said that yesterday she officially entered into a contract with HUD for CHDO technical assistance that we are getting. They are coming out the first or second week of March to do their assessment of CHDO A. CHDO B and C will be coming in for their assessment with staff in the future. Our goal was one CHDO in three years and we have three potential CHDOS in about five months. Ms. Ciampi said our CHDO's will actually start competing with each other. Ms. Wanaski said this competition will produce better units and more affordable units which is supply and demand and added if the Commission has any questions to please let staff know. She requested the minutes fully reflect the education information. Ms. Ciampi said all of this information will be posted on the web site.

Mr. Piercer referred to the Draw Down Report and asked why Planning & Development has nearly \$44,000.00 balance in 2006 HOME Program. Ms. Taylor said we were voted this amount in the funding round of 2006 HOME; however our Administration portion was not put on the Resolution that was brought through County Board at that time, so we have since put that through and have not spent it down because we had just finished spending the 2005 HOME and now we are starting the 2006 expenditure. We knew we had administrative funds but it was not put on the Resolution. She wanted to remind all that if we do not get an entitlement amount in any given year we still need to administer open projects, so we lag behind a little bit with administration funds, otherwise the County would have to pay for this to be overseen and historically we have always had money from previous years open. It was pointed out that HOME projects are monitored for thirty years.

Mr. Pierce then asked about the Housing Authority projects. Ms. Ciampi said she was going to meet with the Housing Authority on both their HOME and CDBG projects to review their work plan. The work plan is going to have a couple of aspects to it – it will identify why they are not spending the money and which contracts had funds frozen and which had not. We are working with them to evaluate their programs and to make better determinations on how they are spending their money. They don't have programmatic logic that is separating their emergency rehabilitation versus their regular rehabilitation, so that is part of their work plan requirements that the County is imposing on them.

Ms. Hill asked if meeting information would be mailed out. Ms. Ciampi said she would be putting all the information on the web site and put a link in the e-mail that goes out.

MEMBERS' COMMENTS, MISCELLANEOUS BUSINESS AND ANNOUNCEMENTS

Vice Chairman Pierce asked if there were any comments. Ms. Louise said she just wanted to thank the Commission for everything they have done for Family Alliance and also wanted to share that last week they had their accreditation review of their facility. They have been accredited for three years and at the review had to meet 1,600 standards, which they did with one minor recommendation. Commissioners offered their congratulations.

There was in depth discussion on by-laws pertaining to attendance and the need to have a quorum present. It was confirmed by staff that after three consecutive absences without prior notification that membership could be terminated. It was requested to have the minutes reflect the importance of attendance. The most recent by-laws will be made available to all commissioners for review and possible modification at the next meeting.

ADJOURNMENT

By a consensus of members at 9:40 a.m. it was agreed to adjourn.

DRAFT