

**COMMUNITY DEVELOPMENT BLOCK GRANT COMMISSION
MINUTES OF MARCH 25, 2009**

CALL TO ORDER

Chairman Draffkorn called the meeting to order at 8:15 a.m.

ROLL CALL/ATTENDANCE

Members Present: Sue Draffkorn (Chairman), Yvonne Barnes, Scott Breeden, Randy Donley, Carol Louise, Phil Bartman, Robert Miller, Robert Pierce, Joseph Powlowski, Rosemary Kurtz, Robert Martens and Kim Larson

Members Absent: Tina Hill, Barbara Wheeler, Mark Ruda, Ellen Hamilton and Craig Hubert

Staff Present: Dennis Sandquist, Director – Planning & Development; Jean Niemann, Community Development Coordinator, Faith Taylor, IDIS Coordinator and Pat Melone, CDBG Administrative Specialist.

APPROVAL OF MINUTES

Motion by Ms. Barnes seconded by Ms. Louise to approve the February 25, 2009 minutes Ms. Niemann said there was a correction to page 2, paragraph 5 of the minutes, "Approval of Consumer Credit Counseling motion.....," should have read, "Approval of Thresholds' motion...."; with the correction the minutes were approved on a unanimous voice vote.

PUBLIC PARTICIPATION

At 8:18 a.m. Ms. Draffkorn declared the Public Hearing on the Consolidated Annual Performance and Evaluation Report open. Ms. Niemann said this report is the year in review and is written yearly. She said we e-mailed the Commission that this report was available on the website and also sent out CDs to libraries. The CAPER requires a 15 day review period, which comes to a close on March 30th and it is due in HUD's office on the 31st. In this CAPER we were not able to report very many numbers for the people we helped because the projects were started later in the year due to HUD sanctions. With no members of the public present, Ms. Draffkorn declared the hearing closed at 8:22 a.m.

OLD BUSINESS

Review of Commissioners' Report for February, 2009: Ms. Taylor reviewed the report which has been streamlined as was discussed last month. After reviewing monthly activity, she pointed out that the 2006 HOME (Pheasant Roost) project – CAHMCO had two years to obligate that funding to a project, and did not, so it goes back into the line of credit. The Expenditure Summary was reviewed, and while the Draw Ratio shows 1.84, our HUD representative (who has access to "real time" reporting) informed us we are at 1.74, so we are making progress. Mr. Pierce asked when funding is returned to our line of credit, does it affect our draw down. Ms. Taylor said that when it goes back into the line of credit it closes the activity so it does not show they are not spending "open activity" funds. She intends to speak to HUD about what we can do with that money, whether we can roll it into the next round of HOME spending, or whether it actually goes back to the U.S. Treasury.

NEW BUSINESS

Status of Projects: Ms. Niemann said she wanted to update the Commission on what has been happening. Last year we had setbacks and hold on money because we needed to get elements into the Strategic Plan and also respond to some "findings." At the end of the year we were able to prepare and send out contracts for projects. Last year we had grant rounds for CDBG 2009 and 2008 Rollover funds. We usually get a letter from HUD in March with a contract attached. This contract is between the County of McHenry and HUD so the County can use the allocated funds. As this letter has not been received Ms. Niemann contacted our Field Representative at HUD who says things often move a little more slowly after a change in Administration, but the letter should be forthcoming. We wanted to

make sure that those people who know they had allocations coming did not start their projects ahead of time. She then sent a letter telling affected subrecipients that the funds have not yet been released by HUD and not to start work until they have a signed contract. The letter was then read to the Commission.

Another letter was sent to recipients of CDBG 2007 rollover, and 2007 and 2008 HOME whose projects were on the same Request for Release of Funds/Authority to use Grant Funds as other projects which were started before receiving their environmental clearance or contract. These projects are being reviewed by HUD and they asked us to not reimburse any project linked to the same document that cleared funds. This letter was also read to Commissioners.

Another problem concerns one agency with several projects. The contract that the County sent to them (after we had environmental clearance) had a blank for filling in the effective date of the contract. The agency received the contract after December 17th but filled in the date as December 1st, which pre-dates the authority to grant funds. These projects are also being reviewed by HUD.

Commission members asked for a timeframe for resolution to the situation. Mr. Sandquist said he would address this question. The 2007 rollover and 2008 program year projects – (that received the environmental review) and were found to be exempt are OK and can proceed - (mostly service and planning projects). Those items that were included in the request to use grant funds and either spent money prior to having a contract with the county or back-dated their contract will be reviewed by HUD at the regional office. The violation they incurred is slightly different because one did work without a contract with us and the other signed a contract in advance of the environmental clearance. There is a procedure for those who started without a contract to request a waiver. Once the regional office decides to give their support, documentation needs to be sent to D.C. The turn-around time for that is 90 days after it gets to D.C. Regarding the back-dated contracts, we are still waiting for HUD to decide what to do. Mr. Sandquist hopes the contracts can be voided so we can sign new contracts and then can incur costs. However, he is not sure HUD regional office views it that way. There are then the projects where everything is fine except for the fact they were included on the same authorization to use grant funds as the back dated contract and HUD views that entire paper chain as “faulty” at this point. It is his belief from talking with our Field Representative and the Environmental Officer that once they decide on the procedure for resolving the other projects – those that had contract dates that are out of order or did work before they had a contract, they will authorize us to make payments on the remaining projects. So it is not going to take the full 90 days to resolve. They want a comfort level and need to know we are going to resolve those issues and have a plan in place. They will then let us use the funds that have already been authorized. We have been in contact with the subrecipients and are trying to keep this moving forward.

Ms. Taylor wanted to update the Commission on two items. First, the status of Thresholds changes to Rebecca Susan Apartments Project (CDBG 2008), brought before the Commission at the last meeting - we voted for that contingent on the fact they had received multiple bids. She responded to Commissioners by e-mail that they did receive multiple bids and went with the lowest responsible bidder. She wanted to bring this up in the meeting so that it would be recorded in the minutes of the meeting. Second, Habitat for Humanity wanted to use their funding to purchase two lots in Brookside Meadows instead of Turtle Crossing. The Commission recommended an approval to that. It went through P&D Committee who also recommended approval and it will go to County Board on April 9.

Ms. Niemann said on March 6 the County received a letter from Sean Donovan, who is the Secretary of the U.S. Department of Housing and Urban Development. It states that there is additional Community Development Block Grant funding and McHenry County will receive \$353,648.00 which is coming out of the American Recovery and Reinvestment Act of 2009. Also the Homelessness Prevention Fund will get just over half a million which is in addition to what they had, the Public Housing Capital fund will get \$51,000.00 and Section 8 Project Based Rental Assistance will get \$974,016.00. Also, awarded to the

state for tax credit assistance is just over \$94 million. Some of that money may be available to McHenry County.

Ms. Taylor said there is funding available for homeless prevention and rapid re-entry into housing and we would have to apply for that money – it is about half a million dollars. For CDBG additional dollars, we would have to amend the Action Plan for that program year, and we would have to do some administrative things for that. The new housing grant one for half a million, would require us to work closely with Continuum of Care. Tom Riley has scheduled a meeting to talk to us about this. The application would be similar to NSP (Neighborhood Stabilization Program). We would have to apply for it, change our Action Plan and fill out some forms. The Action Plan amendment for the additional CDBG dollars would be a lot easier than the new housing grant, but we will work on that and we will also be giving you status updates.

Ms. Niemann said in a recent letter HUD said that under the Recovery Act, priority should be given to projects that can award contracts based on bids within 120 days of grant agreement. Basically it is very similar to our usual CDBG process but we may have to move on it in a slightly different time span.

Ms. Taylor said HUD addressed some NSP concerns about everyone (not just our County) being able to administratively handle that program and being able to work quickly enough on it. She thinks that with each rollout of additional money, those additional concerns are there. We can certainly apply and see what their take is.

Ms. Larson asked if this is an instance where we can go back to some of the projects that were either under-funded or not funded at all and just ask them to re-apply. Ms. Niemann said we may be able to do that but need to research the exact steps and may have to publish a public notice and amend our plan. She is currently working on a “work-out” plan to get our spend-down from 1.74% to 1.5% by November 1st. There is a work-out handbook she went through and one of the items in there was to take money from projects that are not going or slow moving and re-assign the money to projects that can move more quickly.

Chairman Draffkorn asked if there was sufficient staff to handle this. Staff answered, “no.” Ms. Taylor said that a lot of organizations, cities and counties are looking to increase staff for the additional programs. NSP has a lot of organizations looking to add either consultants or staff. Ms. Draffkorn said that in order to get half a million we may need to get more staff. She asked if that would help. Ms. Niemann said Mr. Sandquist will address that question and said we are working on a relationship with the consultants so we would potentially have some money in a contract with a consultant to pull them in on certain items.

Mr. Sandquist said that when looking at the staffing levels there are two issues that come up. One, when looking at a one-time project, what happens to staff when we are back to our regular 1.3 million per year? Staff would have to be hired on a specific understanding that hiring is on a contract basis or a short-term grant funded position. The second issue, as previously pointed out, there are a lot of other communities looking to hire staff right now and to bring in people without the skills to do it right would not get us very far either. We are also looking within the department. Maryanne who is out on vacation at this time is going to be increasingly involved directly with CDBG and we are considering having a piece of her salary funded by CDBG Administration; so she can spend more time on this directly.

Ms. Kurtz asked if there had been any action on NSP and whether anything has actually started. Ms. Taylor said the funds have not been released, which goes back to what Ms. Niemann said earlier about a new Administration in Washington. We have done all of the environmental reviews and submitted our Request for Release of Funds for projects, but we don't know exactly when the release will be. There is a lot of prep work being done with our subrecipients.

Ms. Niemann said she had another update on a project. She received a letter from Douglas Martin, Deputy City Administrator for the City of McHenry stating that they will not be able to use 2009 project funding allocated for Hunterville Subdivision for the sanitary sewer project due to the total cost and financial constraints on the residents. She said those funds will now be in our line of credit and we will probably roll it over into the next grant round.

MEMBERS' COMMENTS, MISCELLANEOUS BUSINESS AND ANNOUNCEMENTS

Chairman Draffkorn said she had received an e-mail from Commissioner Ellen Hamilton who says she wants to resign from the Commission as she is going to be out of town too often. Staff will start the process for replacement.

ADJOURNMENT

Motion by Mr. Martens seconded by Mr. Bartman to adjourn the meeting. The motion carried on a unanimous voice vote.

Meeting adjourned at 8:52 a.m.