



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

HOUSING TRUST FUND ADVISORY BOARD

ALD. MICHAEL MURPHY, CHAIR

Bethany Sanchez, Vice-Chair

**ALD. BAUMAN, Cecelia Gore, James Hiller, Craig Kammholz, Vincent Lyles, Cathie Madden,
Brian Peters, Ray Schmidt, Mike Soika, Marcus White**

Staff Assistant, Terry MacDonald

Phone: (414)-286-2233; Fax: (414) 286-3456, E-mail: tmacdo@milwaukee.gov

File Specialist, Joanna Polanco, E-mail: jpolan@milwaukee.gov

Tuesday, October 9, 2007

1:30 PM

Room 301-A, City Hall

Meeting convened: 1:40 P.M.

1. Roll call

Present 8 - Murphy, Soika, Sanchez, Madden, Gore, Schmidt, Laurent and White

Excused 3 - Kammholz, Peters and Lyles

Also present: Tom Gartner-Assistant City Attorney, Jeff Osterman-Legislative Reference Bureau, Steve Mahan-Community Block Grant Director and Garry Werra-DOA-Community Block Grants Admin.

Ald. Murphy handed out (Exhibit 1) a copy of Mr. Van Alstine's letter of resignation as a member of the Housing Trust Fund Advisory Board. Ald. Murphy said that Mr. Van Alstine's resignation is based on a Board of Ethics response to his written request for an opinion relating to the possibility of a conflict-of-interest as a member of this board.

Ald. Murphy encouraged all the board members to submit a letter to the Ethics Board for an opinion.

Mr. Soika said that based on the Ethics Board response to Mr. Van Alstine request, they may all have to resign.

Ald. Murphy said he will ask Mr. Dwight Ellis the chairman of the Ethics Board and City Attorney to appear before this Board to give some clarification on the Ethics Board response.

Mr. Mahan said his office was not contacted by the Ethics Board regarding the recent opinion.

2. Approval of the minutes of the September 11, 2007 meeting

Mr. Soika moved approval of the minutes, Mr. Schmidt seconded. There were no objections.

3. Review and approval of the policies and procedures for the Housing Trust Fund

Mr. Mahan handed out an updated version of the Administrative Policies and Procedures for the City of Milwaukee Housing Trust Fund (Exhibit 2).

A motion was made by Mr. Schimidt and seconded by Mr. Laurent to approve the Administrative Policies and Procedures for the City of Milwaukee Housing Trust Fund. There were no objections.

4. Update on the status of the Housing Trust Fund applications

Ald. Murphy said the dead line for the applications is tomorrow Oct. 10, 2007, and asked Mr. Mahan for a status report on the applications.

Mr. Mahan said they received two applications so far and that both are very thorough. He said most of the applications will come in tomorrow.

Mr. Werra said that he estimates they will receive 12-15 applications tomorrow.

Ald. Murphy said that once the applications are received, the next step would be for the staff to review them to see if they meet the technical qualifications and then the applications will be submitted to the Housing Trust Fund Advisory Board Technical Review Subcommittee for review and recommendations.

Mr. Mahan replied that that is the process. He said the applications will be available on Thursday, Oct. 11, 2007, for the board members to pick up.

Ald. Murphy asked Mr. Mahan to send an e-mail to all the Housing Trust Fund Advisory Board (HTFAB) members with the names and dollar figures from all the applications received.

Mr. Soika asked if they could include in the e-mail the matching fund dollar amounts?

Mr. Mahan replied in the affirmative and said they will also include a brief narrative in the e-mail.

Ms. Madden said that she is interested in the demand and asked if they are keeping track of all the calls they have received, even those that have not applied.

Mr. Mahan replied that they don't consider all the calls as part of the demand and that they haven't kept track of every call.

Mr. Werra said that the calls he kept notes on are those who were in the process of writing their applications.

Ald. Murphy asked what is the time-line from the time the applications go to the Technical Review Subcommittee to when they will appear before the Housing Trust Fund Advisory Board?

Mr. Werra replied that the applications will go to the Technical Review Subcommittee some time between Oct. 17th and Oct. 31st.

Ms. Gore asked if they could keep track of all the calls, as to what kind of calls they are, so that the board members could get an idea of the needs out there that this board may need to address.

Mr. Werra replied that the only questions he received outside of the questions relating to the applications were on rent assistance and money to fix a property.

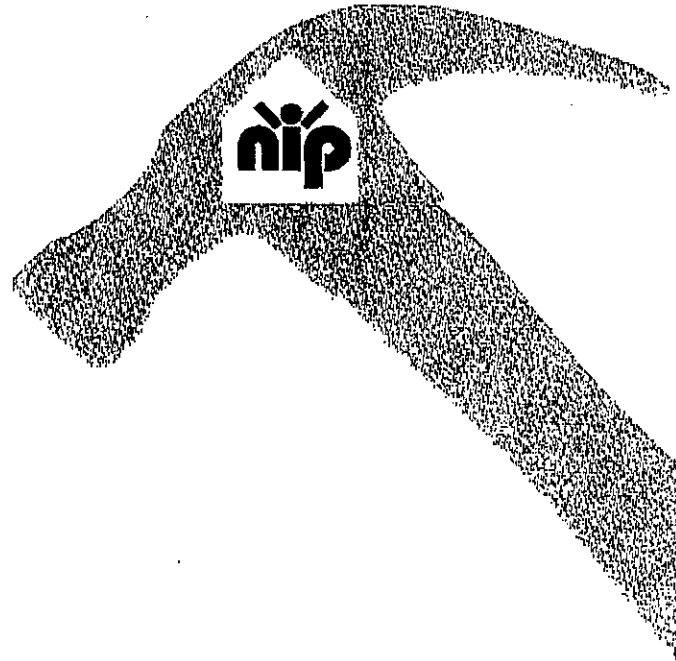
Mr. Mahan replied that they would keep track of every call from now on.

Meeting adjourned: 2:13 P.M.

Terry J. MacDonald
Staff Assistant

neighborhood improvement project

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milwaukee, wisconsin 53204
telephone (414) 643-7704
fax (414) 643-7938
nip@mccwi.org



October 8, 2007

Ald. Michael Murphy, Chair
Housing Trust Fund Advisory Board
200 E. Wells Street
Milwaukee, Wisconsin, 53202

Dear Ald. Murphy:

Based upon the (attached) decision of The Board of Ethics, City of Milwaukee, I must resign from the Housing Trust Fund Advisory Board (HTFAB). It was the ruling of the Board that my continued service as a member of the HTFAB will violate the City's Ethics Code so long as I continue to be employed by the Milwaukee Christian Center (MCC). As I have no imminent plans to terminate my employment with MCC, nor do I have any reason to believe that MCC will terminate my employment in the near future, it appears that the only recourse available is to resign.

I have chosen not to appeal this decision, in great part because the MCC has decided to submit an application to the HTFAB. Under this circumstance, it seems implausible to believe that a very real conflict of interest would not be created.

I am grateful to have been chosen to serve on the HTFAB and am proud to have served.

Sincerely,

Michael T. Van Alstine
Project Director

Cc: Bethany Sanchez, Vice Chair



CDBG



The Board of Ethics

September 20, 2007

Mr. Michael Van Alstine
Milwaukee Christian Center NIP
Project Director
1223 South 23rd Street
Milwaukee, WI 54204

Dear Mr. Van Alstine:

Thank you for your request for advisory opinion dated September 17, 2007. The City of Milwaukee Ethics Board met in closed session on Wednesday September 19, 2007 to discuss your request. The Ethics Board was sorry that you were not able to appear in person due to your illness. However, your very detailed request with extremely thoughtful questions and comments provided the Board with all information it felt was necessary to make a determination.

In your request, you stated that you have recently been appointed to serve on the Housing Trust Fund Advisory Board (HTFAB), filling the position designated for a non-profit developer. You further explained that in your official capacity with the HTFAB, you are involved in the review of loan/grant applications and the recommendation of Housing Trust Fund financial awards. Your particular concerns deal with the fact that you are employed by the Milwaukee Christian Center, Inc. (MCC), as the Project Director of the Neighborhood Improvement Project, which facilitates owner occupied rehabilitation in the City of Milwaukee. Further, you explained in your letter that MCC is the sole member of two Limited Liability Corporations: MCC-CHDO, LLC and MCC-Youthbuild, LLC and that both of these LLCs are engaged in the development of single-family homes for sale to income eligible owners occupants and that you have oversight responsibilities with each.

In your letter request you ask several questions regarding potential conflicts of interest between you as a member of the HTFAB and your employment as Project Director of the Neighborhood Improvement Project with MCC. Before addressing your specific questions, we must inform you that the Ethics Board has determined that because of the particular work of your employer and the express purposes and responsibilities of HTFAB, your continued service as a member of the HTFAB will violate the City's Ethics Code so long as you continue to be employed by MCC.

As indicated in your letter, MCC and/or its LLCs may (at some time in the future) apply for funds from the Housing Trust because of the nature of the work done by MCC.

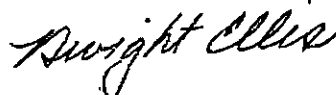
Your letter acknowledges that this situation would place you in a conflict of interest position (as regards that specific application). In the normal instance, the Ethics Code would require that you recuse yourself from any Board deliberations or actions regarding the application of your employer. Under Ethics Code section 303-5-2: "No official may use his or her public position to obtain financial gain or anything of substantial value for the official's private benefit or . . . for an organization with which he or she is associated."

However, as indicated in the italicized portion of your letter after the last question on page 2, you correctly note that your participation on applications of other organizations could also present the appearance of a conflict. In fact, the Ethics Board believes that because of the nature of the work done by MCC and its LLCs, every applicant for funds from the Housing Trust would be either a competitor of MCC (Harambee in your example) or a collaborator of MCC (NNH in your example). It is the belief of the Ethics Board (based upon the information submitted by you in your letter and the duties of the HTFAB as specified in the Municipal Code) that there is no possible way in which you could participate in deliberations or actions by the HTFAB without violating the Ethics Code. Ethics Code section 303-5-4 provides: "No official may intentionally use or disclose information gained in the course of or by reason of his or her official position or activities in any way that could result in the receipt of anything of value for himself or herself . . . or for any other person, if the information has not been communicated to the public or is not public information."

For the above reasons, the Ethics Board believes that the appropriate answer to each individual question posed in your letter is "No." If circumstances should change in that MCC and its LLCs would not ever be an applicant for funds from the Housing Trust or in competition or collaboration with other applicants or you are no longer employed by MCC or one of its LLCs, then the basis for this advisory opinion would change.

Thank you for bringing this matter to the attention of the Ethics Board. Your concern for maintaining the ethics of local government in the City of Milwaukee is appreciated. If you have any questions regarding this letter or the determination of the Ethics Board, please do not hesitate to contact the undersigned. If you believe for any reason that the facts and circumstances of your situation and letter are not correctly understood by the Ethics Board, please feel free to submit further information and evidence for the Board's reconsideration of your request.

Very truly yours,



Dwight Ellis, Chair
Ethics Board

Nmd.

Submitted via email
to Ethics Bd.

September 14, 2007

Ethics Board
City of Milwaukee
200 E. Wells Street, Room 205
Milwaukee, Wisconsin, 53202

Re: Advisory Opinion Request

Dear Ethics Board:

I was appointed to the Housing Trust Fund Advisory Board (HTFAB) filling the seat designated for a non-profit developer. As part of this board, I will be involved in the reviewing and recommending for funding grant/loan applicants for Housing Trust Fund awards.

I am employed by Milwaukee Christian Center, Inc. (MCC), as the Project Director of the Neighborhood Improvement Project, which does owner occupied rehabilitation in the City of Milwaukee. The MCC is also the sole member of two Limited Liability Corporations: MCC-CHDO, LLC and MCC-Youthbuild, LLC. Both of these LLC's are engaged in the development of single-family homes for sale to income eligible owner occupants. I have oversight responsibility for both programs.

The MCC and/or one of its LLC's may desire to apply for Housing Trust Funds. This would place me in a position where I could have a conflict of interest. I did not volunteer for the Technical Review sub-committee specifically for that reason.

The questions upon which an opinion is desired are as follows:

- May the MCC and/or one of its LLC's apply for Housing Trust Funds while I am a sitting board member?
- If so, may I represent the MCC and/or one of its LLC's, before the HTFAB?
- May I represent the MCC and/or one of its LLC's, before one of the HTFAB's sub-committees of which I am not a member?
- May I represent the MCC and/or one of its LLC's, before one of the HTFAB's sub-committees of which I am a member?
- I am not currently a member of any sub-committee; however, it is not unreasonable to assume that in the future there may be an expectation for all members to serve on a subcommittee.
- If the MCC and/or one of its LLC's submits an application to the HTFAB, may I participate in discussions about
 - the MCC application,

- competing applications in the same category,
 - applications in categories for which the MCC and/or one of its LLC's did not apply?
- If the MCC and/or one of its LLC's submits an application to the HTFAB, may I vote
 - on the MCC application,
 - on competing applications in the same category,
 - on applications in categories for which the MCC and/or one of its LLC's did not apply?
- If neither the MCC nor its LLC's, submit an application for funding in a particular funding cycle, how does it change the answers to the questions stated above?
-While on the face of it seems as if I should be able to participate fully, I can anticipate situations where the perception of favoritism could be levied. As an example, MCC has been a partner in proposals with Northcott Neighborhood House (NNH), but not Harambee. If both NNH and Harambee but not MCC, submit competing proposals, how does that affect my ability to participate as a HTFAB member.

I am aware of the Ethic Board meeting scheduled for September 19, 2007 at 9:00 am and intend to attend.

Sincerely,

Michael T. Van Alstine
Project Director

ADMINISTRATIVE POLICIES AND PROCEDURES FOR THE CITY OF MILWAUKEE
HOUSING TRUST FUND

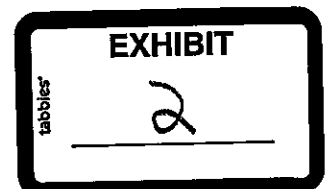
DEFINITIONS:

ZND	The City of Milwaukee Zoning, Neighborhood & Development Committee, or successor body.
HTFAB	The City of Milwaukee Housing Trust Advisory Board
HTF	As applicable, funds received by the City of Milwaukee from various sources that comprise the financing of the Housing Trust Fund.
CDGA	The City of Milwaukee Community Development Grants Administration.

GENERAL CRITERIA

The following criteria will apply to **all projects receiving HTF funds through the Community Development Grants Administration.**

1. **Acknowledgment of HTF Funding.** Contractor must acknowledge the receipt of grant funds in literature and promotional materials in one of the following manners:
 - a. Use of City of Milwaukee logo (obtainable from the City Clerk).
 - b. Inclusion of specific language as follows: "This project is funded in part through a City of Milwaukee Housing Trust Fund allocation".
2. **Equal Opportunity.** Contractor shall provide equal employment and promotional opportunities to all present and prospective employees without regard to race, religion, color, age, handicap, sex, national origin, sexual orientation, marital status, creed or ancestry. A policy of equal employment opportunity shall apply to all personnel transactions, including, but not limited to, recruitment, hiring, compensation, promotion, transfer, demotion, recall from lay-off and educational opportunity. Grantees shall maintain a positive, continuing affirmative action program to eliminate barriers to employment which have had the effect, although unintentional, of denying equal employment opportunities to the above groups. Contractor shall monitor certain key indicators to measure positive progress in this area such as minority composition of staff and boards of directors.
3. **Non-English Speaking Clienteles.** If Contractor serves a large non-English speaking population, it shall demonstrate how language needs are met, either by having translation capacity available or having multilingual staff.
4. **Board of Directors Membership.** If Contractor is a non-governmental entity, it shall maintain a board of directors of not fewer than five members. The Board of Directors is to be independent and separate from the paid staff (except for the chief executive officer may serve as a board member). Board members may not profit or benefit in any manner from HTF-funding and shall be subject to City of Milwaukee Conflict of Interest regulations.
5. **Participation by City Officials.** Contractor must disclose participation of elected or appointed city officials in their organizations.



6. Funded agencies must demonstrate that they are "financially viable". In other words, the agency would be able to maintain a minimal level of program activity even without funding administered through the Community Development Grants Administration. The Zoning, Neighborhoods & Development Committee will handle this on a case-by-case basis.
7. Continuing projects must meet various programmatic and financial quality standards in order to receive further funding.
8. **Reporting.** The Contractor agrees to submit reports as may be required by the CITY at such times as may be scheduled for submittal as described in the contract hereto. These data-collection instruments will be a part of CDGA's monitoring and evaluation of the Contractor's activities. Reimbursement requests will be held until specific report deadlines are met.
9. **One Year Fiscal Agency Rule.** Projects with fiscal agency arrangements must be able to deal with internal accounting policies and procedures in-house. An alternative to in-house fiscal management is an alternative source of funding to pay for a continued fiscal agency arrangement. If an agency needs to extend the fiscal relationship for more than one year, due to extenuating circumstances, approval must be obtained from the Zoning, Neighborhoods & Development Committee. Evidence of fiscal autonomy shall be provided to the office of the Community Development Grants Administration.
10. Applicant's principal organization or business address must be listed. Post office boxes are not acceptable except for legitimate security reasons surrounding the organization and its programs. Also unacceptable are home addresses and organizations or businesses located in residences or domiciles.

FISCAL PROCEDURES

1. **Ninety-Day Rule.** An award of funds remaining 90 days after award shall be subject to revocation by the Zoning, Neighborhoods & Development Committee if the grantee has not, within ninety days of the final approval of the award, provided all documentation necessary for contract execution.
2. **Timely Expenditure.** If Contractor has not expended or encumbered at least sixty percent of the contract amount prior to the beginning of the tenth month of the contract term, this Contract shall be subject to full or partial termination by the Zoning, Neighborhoods & Development Committee.
3. **Final Cost Report.** The final cost report for this Contract must be filed no later than 4:00 P.M. on the fifteenth day after the end of the contract term (e.g., for January 1 - December 31 contracts).
4. **Payment of Accrued Costs.** All accrued costs reported on the final cost report must be paid no later than the forty-fifth-day after the end of the contract term (e.g., for January 1 - December 31 contracts, not later than February 15 of the succeeding year). Accrued cost is any cost incurred (goods or services ordered, in transit, or received) but not yet paid and/or recorded as such on the financial records of the project.
5. **Fiscal Year Close Out.** Costs submitted to the City for reimbursement after the close out date of the close of the fiscal year, CDGA is authorized to charge the amount in question to the project's current year contract.
6. **Recovery of Unexpended Funds.** All budget balances remaining sixty days after the end of the contract term shall revert to the HTF.

7. **Method of payment.** Requests for Disbursement of Funds. The HTF operates on a reimbursement basis. All claimed costs must be paid before submission of reimbursement requests. Any act(s) of non-compliance will require the entire amount of HTF subsidy to be repaid to the HTF account. The CONTRACTOR may not request disbursement of funds under the agreement until the funds are needed for payment of eligible costs as determined by the HTFAB. Compensation and/or reimbursement for services required under this Contract shall be contingent upon each activity being reviewed for approval by the CDGA approving officer.
8. **Contract Extensions.** The HTFAB may recommend that ZND consider contract extensions based on the following criteria:
1. Groups which received funds out of cycle to finance individual programs as they are approved by Common Council Resolution. An extension will allow the project to operate at a full 12 month period.
 2. Groups which have met productivity goals and have extenuating circumstances.
 3. All work has been completed but final payment must be made.
 4. To pay a specific outstanding commitment or obligation which has been encumbered prior to the end of the fiscal year.

Encumbrances from previous CDBG years not liquidated by the end of the next CDBG year will be subject to review by the HTFAB/ ZND.

Extension requests must be submitted to the office of Community Development Grants Administration for approval, before the start of the new program fiscal year.

9. **Complaints.** The Director of the Community Development Grants Administration has the authority to hear appeals to all complaints involving administrative policies and procedures of all HTF funded programs administered by CDGA. Exceptions to administrative policies and procedures shall be granted only when in the opinion of the Director of the Community Development Grants Administration, extenuating circumstances prevented a project, an individual funded with grant funds, or a citizen from reasonably complying with the letter and intent of Administrative Policies and Procedures.

ADDITIONAL DEFINITIONS AND CRITERIA

Close Out - Expedient payment of all costs accrued through December 31*, preparation and submittal of final cost report to CDGA, and reconciliation of any variance between budgeted and actual costs. (*Unless an extension has been authorized by ZND, or a project contract specifies a termination date other than December 31.)

PROCUREMENT POLICIES

- A. **Procurement Procedures:** Proper procurement procedures must be followed in order to secure any goods and services to be purchased (or reimbursed) with City funds, including the selection of contractors, suppliers and related vendors. As such, City of Milwaukee funded housing production agencies must adhere to the following procurement procedures:
1. **Contracts and Purchase of Less than \$5,000** - An agency must document that it has contacted at least three bonafide sources and has selected the source that provides the most appropriate product, at a price most reasonable for the project.
 2. **Contracts and Purchases From \$5,000 to \$30,000** - Agencies must request proposals from at least three bonafide sources. Requests for proposals must be in writing and provide all contractors, vendors, and suppliers the same information and opportunity to "walk-through" a project, if appropriate. Additionally, copies of all bids received and a bid tabulation sheet that justifies contractor selection must be maintained for each project. In order for a bid to be acceptable, it must be from bonafide contractors, licensed in the City of Milwaukee, be signed and dated, and include a complete list of activities to be performed, and/or materials and services to be provided.
 3. **Contracts and Purchases Greater than \$30,000** All Requests for Proposals greater than \$20,000 must be advertised in either the Milwaukee Journal Sentinel or the Daily Reporter. Additionally, copies of all bids received and a bid tabulation sheet that justifies contractor selection must be maintained for each project. In order for a bid to be acceptable, it must be from bonafide contractors licensed in the City of Milwaukee, be signed and dated, and include a complete list of activities to be performed, and or materials and services to be provided. Failure to follow these procurement procedures will result in a Finding during a CDGA monitoring visit and will require the agency to "payback" all HTF funds disbursed using non-Federal funds.

Conflict of Interest Regulations Applicable to City of Milwaukee Housing Trust Fund

Persons Covered

1. Employees of the City of Milwaukee
2. Employees of the subrecipient organizations (Including Board members)
3. Agents of the City
4. Consultants of the City
5. Officers of the City
6. Elected officials of the City
7. Appointed officials of the City

No Persons (identified above)

- who exercise any functions or responsibilities with respect to HTF activities, or
- who have exercised any functions or responsibilities with respect to HTF activities, or
- who are in a position to participate in a decision making process, or
- who are in a position to gain inside information with regard to such activities.

Prohibition

- may obtain a *financial interest* from a HTF assisted activity, or
- obtain a *benefit* from a HTF assisted activity, or
- have a *financial interest* in any contract, subcontract, or agreement with respect to a HTF assisted activity, or with respect to the proceeds of the HTF assisted activity
- either for themselves, or
- those with whom they have business or immediate family ties,
- during their tenure or for one year thereafter.

Employees of both the City and Employees of Subrecipient Organizations that receive HTF funds:

Before any employee who exercises or has exercised any functions or responsibilities with respect to HTF activities, or who is in a position to participate in a decisionmaking process or gain inside information with regard to HTF activities, is permitted to avail himself or herself of a financial interest or benefit from programs funded with those grants, or is permitted to enter into any contract or agreement relating to such activities, the City, on behalf of the employee, is required to first seek an exception to the conflict of interest regulations .

City Employees & Board members: Any City employee who exercises or has exercised any functions or responsibilities with respect to HTF activities, or who is in a position to participate in a decisionmaking process or gain inside information with regard to HTF activities, and who wishes to participate in a program funded with HTF funds, should first seek a confidential advisory opinion from the Ethics Board. In order to seek an exception from the conflict-of-interest regulations, an employee or Board member must provide an opinion of the City Attorney that the relationship at issue does not violate state or local law.

Any other City Employee described above whose position involves activities related to a HTF funded program in which he or she wishes to participate should seek a confidential advisory opinion from the Ethics Board before participating in the program.