



Meeting Minutes

TRAVAUX INC. BOARD OF DIRECTORS

*Ken Barbeau, Acting President, Grady L. Crosby, Daniel
McCarthy, Eugene R. Guskowski, Atty. Kimberly Hurtado,
Eugene Manzanet, Ph.D., Joan Zepecki, and Karen Gotzler*

Thursday, February 13, 2025

3:00 PM

Convent Hill Community Room, First Floor
455 East Ogden, Milwaukee, WI

Call to Order

Meeting called to order at 3:00 p.m.

Roll Call

Present: 6 - McCarthy, Gotzler, Crosby, Guskowski, Zepecki, Barbeau

Excused: 2 - Manzanet, Hurtado

1. [T366](#) Approval of the minutes of the regular meeting held on January 9, 2025

Sponsors: THE CHAIR

Attachments: [Travaux Meeting Minutes for January 9, 2025](#)

A motion was made by Dan McCarthy, seconded by Karen Gotzler, that this Motion be APPROVED. This motion PREVAILED by the following vote:

Aye 6 - McCarthy Gotzler Crosby Guskowski Zepecki Barbeau

No 0

Excused 2 - Manzanet Hurtado

2. [T367](#) Presentation of the Public Housing Assessment System Recovery Agreement with the U.S. Department of Housing and Urban Development

Sponsors: THE CHAIR

Attachments: [HUD Letter to Board re PHAS Agreement and Plan](#)
[PHAS Recovery Agreement](#)
[PHAS Sustainability Plan](#)
[HACM Acknowledgement Letter to HUD re PHAS Agreement and Plan](#)

Ken Barbeau, Travaux’s Acting President, and Dena Hunt, HACM’s Chief Operating Officer – Real Estate and Public Housing, presented the Public Housing Assessment System Recovery Agreement and Sustainability Plan. Mr. Barbeau and Ms. Hunt explained that the Recovery Agreement applies to Public Housing and came about because HACM was designated as Troubled by HUD on April 19, 2024, based on a

failing 2023 Public Housing Assessment System score. The recent documents presented in the packets have two different components. The Recovery Agreement is based on regulation and is non-negotiable because it has specific metrics that HACM has to meet, taking place over the next two years, returning the agency to a standard performer.

Ms. Hunt stated that the second component of the agreement with HUD is the Sustainability Plan, which is a more detailed plan of action, a step-by-step of how the agency will get out of the Troubled status. The plan shows goals with more targeted deadlines broken down into further tasks. Ms. Hunt stated that this is a working document and would probably evolve throughout the process as staff continues to work through it. She continued that the Sustainability Plan is divided into four categories: Governance and Oversight, Financial Management, Physical Asset Management, and the Capital Fund, with different goals and timelines to meet in each of those components.

HACM's next steps are to continue working with a firm that is helping develop Standard Operating Procedures, to continue working with HUD to establish attainable deadlines as HACM reviews the draft of the Sustainability Plan, to seek and incorporate resident and community feedback into the draft document, and to assign the tasks to responsible parties – holding them accountable for meeting deadlines and goals. Commissioners discussed target accomplishment dates, and staff availability to accomplish the tasks.

Mr. Barbeau addressed what would pertain to Travaux regarding the Sustainability Plan, such as: the instrumentality language in the Bylaws and review of those Bylaws, some of the items related to the Physical Needs Assessment, and the Capital Funds, which are a shared responsibility between HACM and Travaux.

3. [T368](#)

Update on Financial Status

Sponsors: THE CHAIR

Brad Leak, HACM's Chief Financial Officer, explained that HACM discovered some financial irregularities. There has been some co-mingling of funds from the Section 8 Program to the Central Office Call Center (COCC). Mr. Leak stated that these acts were specific and intentional. The results were that Travaux's LLC properties were significantly impacted. PNC did not receive the appropriate amount of rent transactions, which has caused PNC to lose a significant amount of money.

Mr. Leak stated that after determining the reason for the unreconciled difference, HACM now has a correct general ledger of cash balances and shows an amount due from COCC to the Section 8 program. This will allow HACM to receive an unmodified audit opinion for the 2023 audited financial statements. However, the result of the correct entries reveals that HACM has significant cash and liquidity issues. HACM has been left with 1.1 million dollars worth of accounts payable for suppliers and is a total of 45 days in arrears. In addition, on the Travaux side, they are 15 days behind for payment to suppliers. Mr. Leak further explained that over the years, Travaux received a direct cash infusion from Berryland, Northlawn, and Southlawn to cover the costs of overhead, and now Travaux owes HACM a total of 8 million dollars.

Ken Barbeau, Travaux's Acting President, stated that immediate actions have been taken to reduce the organization's expenses and to stabilize the agency's financial position over the next few months: the workforce has been reduced by 20 people,

nonessential expenditures are being eliminated, independent credit card usage at development sites has been halted, and the agency instituted a hiring freeze in some areas. Staff are also being realigned to meet the agency needs and to serve the residents better. Directors discussed instrumentalities, Common Council President Perez's request for an opinion from the City Attorney's office regarding Travaux as an instrumentality, and further information regarding that opinion. Directors also requested several items be brought back to the Board at the March Board meeting:

- How many employees, including management, are still employed by Travaux
- Receipts for transactions made on Travaux's behalf
- Financial Statements for 2023
- Future Mtg: When the Sustainability Plan is final, what is Travaux responsible for
- HUD's Public & Indian Housing Notice re: instrumentalities

4. [T369](#) Discussion of a potential amendment to the 2025 Travaux Board Meeting Schedule

Sponsors: THE CHAIR

Ken Barbeau, Travaux's Acting President, stated that the HACM Board has discussed how to better position Travaux to assist them. One thought was to change the date of the meeting. Director Karen Gotzler stated that the Travaux Board brings a set of unique skills and experiences that can be a strong asset for the HACM Board. Director Gotzler also pointed out that the Directors ask in-depth questions and it would be beneficial for the Travaux Board to meet prior to the HACM Board to review those items that directly impact Travaux's development activities and property management. The Travaux Board's report on any given item could be submitted to the HACM Board through meeting minutes, an executive summary, or a verbal update. Directors agreed to keep Thursday as the day of the week and the timeslot to be kept at 3 pm. Staff will provide a revised schedule at the next Board meeting.

5. [T370](#) Report from the President

Sponsors: THE CHAIR

- Attachments:**
- [Summary DNS Violations & Data Report](#)
 - [Rent Assistance Program Update](#)
 - [Monthly Recovery Report](#)
 - [Public Housing 12Mo Occupancy & 2 Mth Wrk Order Reports](#)
 - [Public Housing Occupancy & Work Order Reports](#)
 - [Affordable LLC - 12Mo Occupancy & 2 Mth Wrk Order Reports](#)
 - [Affordable LLC Occupancy & Work Order Reports](#)
 - [Market Rate -12Mo Occupancy & 2 Mth Wrk Order Reports](#)
 - [Market Rate Occupancy & Work Order Reports](#)

Michelle Ebben of Michael Best & Friedrich LLP gave an update on the purchase of 421 East Locust Street by Kinship MKE Inc. With the separation of a former staffer and a desire to move up the closing date, Kinship MKE, Inc. requested to amend two contingencies from the offer which stated, "the Buyer has no obligation to enter into an Owner's Representation Agreement with Travaux," and that "the delivery of an Owner's Representation Agreement is not a requirement for Closing." The attorneys for both parties agreed with the changes and the HACM Board approved the changes at their

February 12th meeting. The Travaux Board affirms the action taken by the HACM Board regarding Kinship MKE, Inc.'s request to amend the Offer to Purchase, and of Kinship's development on the corner of the Holton Terrace development footprint.

Alison Woznicki, Travaux's Vice President of Construction, gave an update on Victory Manor and the heating issues mentioned in previous Board meetings. Recently, a control board went out, which affected the service in 10 units. Space heaters were provided to those units until the control board could be repaired. Ms. Woznicki also provided an update on Southport, the company that provides heating and cooling maintenance services for Victory Manor. She stated that Southport charged \$35,000 for all service calls last year. In 2023 Southport proposed a maintenance contract to do annual services for \$35,000, but that did not include any emergency calls. To date, Southport continues to service the heating and air conditioning units at Victory Manor on an as-needed basis. President Barbeau informed the Board that staff continues to educate the residents on the system at Victory Manor and are tracking who is taking the monthly training.

Ms. Woznicki gave the Board an update on Travaux's modernization projects, stating that Highland Gardens is currently under construction with the elevator installation, and that ten dwelling units were renovated in the East tower. She continued with the Westlawn market rate townhomes, which have been turned over, except for Building 9, which she stated only needs the review of the punch list to be finalized. Regarding elevator work, Parklawn's lift should be done within April, and elevators for Mitchell Court and Lincoln Court are to begin installation in April 2025. Lastly, Travaux anticipates College Court's full modernization to begin in the later part of 2025. Travaux has also procured a contractor, Bureau Veritas, to conduct the Physical Needs Assessment of all of HACM's Public Housing properties.

Dena Hunt, HACM's Chief Operation Officer – Real Estate Operations and Public Housing, informed the Board that going forward, the format for the Rent Assistance Utilization Report will be changing. She gave a summary of the report, which was provided with the agenda. Ms. Hunt continued with an update on CVR Associates, Inc. stating that they are now fully staffed, and she continues to triage certain calls from HUD with excellent response times from CVR Associates, Inc. To further expedite the current participants, CVR Associates' call center continues to take calls and monitor them according to priorities based on urgency and needs, with a 1- to 2-day response time. Ms. Hunt did emphasize that CVR Associates, Inc. is backlogged with recertifications, which they inherited, however, they anticipate having those completed by May 31st, 2025. In the meantime, they also continue to do the 100% File Review.

Ms. Hunt also stated that the DNS Violations Report would be reassessed and presented in a different format that would efficiently display the accurate status of our organization. Ms. Hunt explained that HACM has a new Quality Control Coordinator appointed to centralize the workflow and improve tracking on the DNS Violations Report. In addition, a meeting has been scheduled with the Department of Neighborhood Services to go over how they track the violations and assess fines. Ms. Hunt is confident that the realignment of personnel and the greater understanding of the inspection processes, will also improve HACM's National Standards for Inspecting Real Estate (INSPIRE) score.

Adjournment

There being no further business, Director Zepecki made a motion to adjourn the

meeting at 5:33 p.m. Director Crosby seconded the motion. There being no objections, the motion carried.

Upon reasonable notice, efforts will be made to accommodate the needs of persons with disabilities through sign language interpreters or auxiliary aids. For additional information or to request this service, contact the Housing Authority ADA Coordinator, Marquette Treadway at 286-5100, (FAX) 286-3456, (TDD) 286-3504 or by writing to the Coordinator at 650 West Reservoir, Milwaukee, WI 53212.

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