

Board Meeting Agenda
Fairmont Housing & Redevelopment Authority Board of Commissioner
Meeting

Date: Monday, September 13, 2021

Time: 12:00 PM

- I. Call to order, roll call: Commissioner Kopischke, Commissioner Olson, Commissioner Brau, Commissioner Determan, and Resident Commissioner Goerndt
- II. Approval of Agenda
- III. Approval of previous minutes
- IV. Approval of monthly bills report
- V. Open Forum: the open forum is a portion of the Board meeting where residents will be allowed to address the Board. Person must register with Executive Director 48 hours prior to the meet.
 - A. Schedule Guest: Peter Engstrom
- VI. Unfinished Business
 1. Forfeiture Property
 2. Low Interest Loan Program
 3. Property Purchase
- VII. New Business
 1. Flat Rent increase Resolution 225-2021
 2. 2022 Budget Approval Resolution 224-2021
 3. Hawkins Ash contract for 2022
 4. Smoke Free Property
- VIII. Closed Session
 1. Executive Directors Performance Evaluation

The session may be closed pursuant to Minn.Stat.13D.05 Subd. 3(a)

REGULAR MEETING OF THE HOUSING AND REDEVELOPMENT AUTHORITY
OF FAIRMONT, MN
August 9, 2021 – 12:00 P.M

A regular meeting of the Board of Directors was held on Monday, August 9, 2021, in the Friendship Village Conference Room. Members present: Commissioner Kopischke, Commissioner Determan, Commissioner Brau and Resident Commissioner Goerndt. Also present were: Executive Director Gail Diede, Councilman at Large Debra Foster and City Administrator Cathy Reynolds.

Commissioner Kopischke called the meeting to order at 12:00 pm with the consent agenda approved (Brau/Determan) Motion carried. Previous minutes approved. (Brau/Determan) motion carried. Monthly bills approved (Brau/Determan) motion carried.

Open Forum: the open forum is a portion of the Board meeting where residents will be allowed to address the Board. Persons must register with Gail Diede, Executive Director, 48 hours prior to the meeting. No request

Old Business consisted of:

1. Forfeiture Properties

Determan and Kopischke have driven by both properties. Determan asked about dollar limits we may have on rehab, concerned that we may uncover more than we had initially thought. Wondering also are these properties were winterized by anyone when all utilities were shut off in 2016.

Reynolds stated both properties, 724 1st St E and 506 1st St. E had utilities shut off 2016. Brau would like an inspector to go through the property with board and staff to give advice as well.

2. Low Interest Loan Program

3. Property Purchase

4. Letter of Understanding, to draft a letter if interested in forfeiture properties, with resolution to purchase one or both properties.

New Business consisted of:

1. CRMT Course for maintenance. This course will cover multiple topics handled by maintenance. Given my MMHA. Kopischke states maintenance needs to stay current on these topics. Motion by Brau. Second by Goerndt. Motion carried.

Informational:

1. Evaluation form, given to board members for ED review
2. Suggestions for scooters, directed ED to follow safety policy at this time. One scooter per tenant in entry way for safety until a policy can be put into place.

Respectfully submitted

Gail Diede

Gail Diede
Executive Director

Resolution # 225-2021
Flat Rent 2022
09-13-2021

BE IT RESOLVED by the Board of Directors of the Housing and Redevelopment Authority of Fairmont, approved to raise the flat rent to the following effective 1/1/2022 with recertification or interims.

| | Current Flat Rent | New Flat Rent |
|-----------|-------------------|---------------|
| 0 bedroom | \$387.00 | \$411.00 |
| 1 bedroom | \$446.00 | \$470.00 |
| 2 bedroom | \$587.00 | \$618.00 |

| | |
|---|------|
| Ronald Kopischke, Chairman of the Board | Date |
|---|------|

| | |
|--------------------------------|------|
| Gail Diede, Executive Director | Date |
|--------------------------------|------|

BOARD OF DIRECTORS MEETING September 13, 2021

| Bills Due | | UTILITIES | OTHERS |
|-----------------------------------|------------------|-----------------|--------------|
| City of Fairmont | Electric | \$ 14,902.84 | |
| Midcontinent | Cable | \$ 2,427.75 | |
| Matrix | Retirement | | \$ 1,671.95 |
| Medica | Health Insurance | | \$ 2,843.75 |
| Hawkins Ash | Mth acctg/budget | | \$ 438.00 |
| Ludkey | Deadbolts | | \$ 1,305.00 |
| Arbriter PLLC | Legal | | \$ 7,008.00 |
| Albin Acquisition | backgrounds | | \$ 40.00 |
| JH Larson | materials | | \$ 47.18 |
| Waste Systems | garbage | | \$ 2,417.76 |
| Verizon | cell phone | | \$ 150.58 |
| Boekett | materials | | \$ 744.50 |
| MN Energy | gas | \$ 122.65 | |
| Midcontinent | internet/phone | | \$ 205.62 |
| True Value | materials | | \$ 1,718.99 |
| Bomgaars | materials | | \$ 29.99 |
| HD Supply | materials | | \$ 205.54 |
| Star Group | materials | | \$ 115.81 |
| | | | |
| A-OK | Contract | | \$ 1,782.49 |
| Jetter Clean | build 13 | | \$ 225.00 |
| Plunketts | pest control | | \$ 400.00 |
| R S Cleaning | comm room | | \$ 840.00 |
| PC Janitorial | supplies | | \$ 100.39 |
| Dan Coquyt | labor | | \$ 83.25 |
| Cardmember Services | materials | | \$ 573.27 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | \$ 17,453.24 | \$ 22,947.07 |
| Bills paid prior to board meeting | | UTILITIES | OTHERS |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total Prepaid | | \$ - | \$ - |
| Extraordinary & Annual Bills: | | Total Utilities | \$ 17,453.24 |
| HDS | \$ 2,809.00 | Total Others | \$ 22,947.07 |
| | | | |
| | | | |
| | | | |
| | | | |
| Total non-regular bills | \$ 2,809.00 | | |
| Total regular bills | \$ 40,400.31 | Total Bills | \$ 43,209.31 |

Board Chair Signature: _____

2022 FLAT RENT NOTICE

HUD PIH Notice 2014-12 requires that all housing authorities bring their flat rents up to not less than 80% of the local area “Fair Market Rents” as published for the communities in which they are located. Flat rents were to go into effect by October of 2014. Please review the following and contact the office with any questions you may have.

| | Current Flat Rent | New Flat Rent |
|-----------|-------------------|---------------|
| 0 bedroom | \$387.00 | \$411.00 |
| 1 bedroom | \$446.00 | \$470.00 |
| 2 bedroom | \$587.00 | \$618.00 |

Flat rents will begin to take effect for recertifications or interims that take place on 1/1/2022 or later.

Resolution # 224-2021

Operating Budget 2022

BE IT RESOLVED by the Housing and Redevelopment Authority of Fairmont, that the Operating Budget for the fiscal year ending September 30, 2022, be adopted by the Board of Commissioners, and submitted to HUD for approval:

Further:

- A. That the proposed expenditures are necessary in the efficient and economical operation of the Housing Authority for the purpose of serving low-income families.
- B. That the financial plan is reasonable in that:
 - 1. It indicates a source of funding adequate to cover all proposed expenditures.
 - 2. It does not provide for federal funding in excess of that payable.
- C. That all proposed charges and expenditures will be consistent with provisions of law and annual contributions contract.

Dated:

Ronald Kopischke, Chairman of Board

Date

PHA Board Resolution
Approving Operating Budget

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 06/30/2022)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: **HRA of Fairmont, Minnesota**

PHA Code: **MN054**

PHA Fiscal Year Beginning: **10/01/2021**

Board Resolution Number: **09/13/2021**

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- ☒ Operating Budget approved by Board resolution on: **9/13/2021**
- ☐ Operating Budget submitted to HUD, if applicable, on:
- ☐ Operating Budget revision approved by Board resolution on:
- ☐ Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

| | | |
|---------------------------------|------------|-------------------|
| Print Board Chairperson's Name: | Signature: | Date: |
| Ronald Kopischke | | 09/13/2021 |

FAIRMONT HRA FEE SCHEDULE

The categories checked below are the ones for which services will be provided under this contract.

| | CAPITAL FUNDS AND PUBLIC <u>HOUSING</u> | BUSINESS ACTIVITY |
|-------------------------------|--|--------------------------------------|
| 1. Tenant Accounting | _____ | _____ |
| 2. Monthly Tenant Statements | _____ | _____ |
| 3. General Ledger Accounting | <u> X </u> | <u> X </u> |
| Monthly Accounting Fee | <u> \$ 335 </u> | <u> \$ 60 </u> |

There is an initial set up fee of \$225 for the first month of each of the financial statements for Public Housing and Capital Funds.

The following are additional services that we will provide (upon request) at the following rates:

| | |
|---|----------------------------------|
| 1. Consulting Services/Auditor Assistance | <u>\$120/hour</u> |
| 2. FDS Submission to REAC (annually) | <u>\$275/program</u> |
| 3. FDS Scoring Calculation | <u>Contact us for quote</u> |
| 4. Submission of Independent Audit Report to REAC | <u>\$85/hour</u> |
| 5. Management Discussion and Analysis (MD & A) | <u>\$500/report</u> |
| 6. Voucher Management System (VMS) HUD 52681B | <u>\$85/hour</u> |
| 7. New Grant Setup - Capital Funds | <u>\$225 per new grant</u> |
| 8. Payroll Services | <u>\$85/hour</u> |
| 9. New Program Setup | <u>\$235 per new program</u> |
| 10. Depreciation Schedules | <u>\$85/hour</u> |
| 11. Operating Subsidy | <u>\$200 per AMP</u> |
| 12. Operating Subsidy Computation Calculations | <u>\$85/hour</u> |
| 13. Budget Calculations | <u>\$85/hour</u> |
| 14. SAS 115 - Review Audited Financials | <u>Contact us for a quote</u> |
| 15. Tax Credit Consulting | <u>\$125 - 175/hour</u> |
| 16. Rural Development Reports | <u>\$125 each</u> |
| 17. GASB 68/75 Year-End Entry | <u>\$120/program up to \$480</u> |

**FAIRMONT HRA
12 MONTHS ENDING 09/30/2022**

9/9/2021

Maual Input
Formula
Do Not Change/No Info Necessary/Locked
Name of Projects
Family/Elderly
Scatter Site
Age/Year Built
Recently Rennovated
Units
Average Bedroom Size
Occupancy
of Turnovers

125

| REAC | HUD | Public Housing | |
|----------|--------|----------------|-------------------|
| | Fund # | | |
| Line | Acct. | Units | |
| No. | | | |
| Revenues | | 125 | 125 |
| | | AMP 1 | PH Project Totals |

Operating Receipts

| | | | | |
|-------|---------|--|---------|---------|
| | 3100 | Gross Potential Rents | 455,604 | 455,604 |
| | 3421 | Vacancy Loss | - | - |
| 70300 | 3420 | Net Dwelling Rental | 455,604 | 455,604 |
| 70400 | 3422 | Excess Utilities | 22,179 | 22,179 |
| 70400 | 3425 | Nondwelling Rental | 9,600 | 9,600 |
| 70500 | Total | Rental Income | 487,383 | 487,383 |
| 70600 | 3691 | Operating Subsidy | 287,987 | 287,987 |
| 70600 | 3440.01 | Capital Funds - Operations | - | - |
| 70600 | | FSS Grant | | - |
| 70600 | | HUD Admin Fees | | - |
| 70800 | | Other Govt. Grants - fill in type ex. ROSS, TANF | | - |
| 70800 | | Other Govt. Grants - fill in type | | - |
| 71100 | 3430 | Interest on General Fund Investments | 2,900 | 2,900 |
| 71400 | | Fraud Recovery | | - |
| 71500 | 3441 | Other Income | 34,668 | 34,668 |
| 71600 | 3690 | Gain or Loss on Sale of Capital Assets | | - |
| 72000 | | Investment Income Resticted | | - |
| Total | | Operating Income | 812,938 | 812,938 |

Please note that numbers/amounts may differ slightly due to rounding/formulas

Budget 1 of 17

| REAC | HUD | Public Housing | |
|---|--|----------------|-------------------|
| | Fund # | | |
| Line | Acct. | Units | 125 |
| No. | | | AMP 1 |
| Revenues | | | PH Project Totals |
| Operating Expenditures - Administration: | | | |
| 91100 | 4110 Administrative Salaries (Direct) | 77,802 | 77,802 |
| 91100 | 4110.1 Administrative Salaries (Front-Line) | - | - |
| 91100 | Administrative Salaries (CFP) | | - |
| 91200 | 4171 Auditing Fees | 3,250 | 3,250 |
| 91400 | 4120 Advertising & Marketing | 1,750 | 1,750 |
| 91500 | 4182 Employee Benefit Contributions (Direct) | 22,072 | 22,072 |
| 91500 | 4182.1 Employee Benefit Contributions (Front-Line) | - | - |
| 91600 | 4160 Office Expenses | 8,500 | 8,500 |
| 91700 | 4130 Legal Expense | 15,000 | 15,000 |
| 91800 | 4150 Travel | 1,250 | 1,250 |
| 91900 | 4140 Staff Training | 3,000 | 3,000 |
| 91900 | 4170 Accounting Fees | 3,816 | 3,816 |
| 91900 | 4180 Office Rent | - | - |
| 91900 | 4190 Other Sundry | 5,000 | 5,000 |
| Total | Administrative Expense | 141,440 | 141,440 |
| Tenant Services: | | | |
| 92100 | 4210 Salaries | - | - |
| 92200 | 4220 Recreation, Publications and Other Services | 1,500 | 1,500 |
| 92300 | 4282 Employee Benefit Contributions | - | - |
| 92400 | 4230 Contract Costs, Training and Other | 26,400 | 26,400 |
| Total | Tenant Services Expense | 27,900 | 27,900 |
| Utilities: | | | |
| 93100 | 4310 Water | 17,920 | 17,920 |
| 93200 | 4320 Electricity | 118,793 | 118,793 |
| 93300 | 4330 Gas | 3,700 | 3,700 |
| 93400 | 4340 Fuel | - | - |
| 93600 | 4390.01 Sewer | - | - |
| 93700 | 4390 Other Utilities Expense | 58,760 | 58,760 |
| Total | Utilities Expense | 199,173 | 199,173 |
| Ordinary Maintenance and Operations: | | | |
| 94100 | 4410 Labor (Direct) | 85,564 | 85,564 |
| 94200 | 4420 Materials | 56,000 | 56,000 |
| 94300-010 | 4431 Garbage & Trash Removal (see utilities) | - | - |
| 94300-020 | 4430.01 Heating & Cooling | 1,000 | 1,000 |
| 94300-030 | 4430.02 Snow Removal | 16,000 | 16,000 |
| 94300-040 | 4430.03 Elevator Maintenance | - | - |
| 94300-050 | 4430.04 Landscaping & Grounds | 5,000 | 5,000 |
| 94300-060 | 4430.05 Unit Turnaround | - | - |
| 94300-070 | 4430.06 Electrical | 1,100 | 1,100 |
| 94300-080 | 4430.07 Plumbing | 1,100 | 1,100 |
| 94300-090 | 4430.08 Extermination | 2,200 | 2,200 |
| 94300-100 | 4430.09 Janitorial | - | - |
| 94300-110 | 4430.10 Routine Contract Costs | 2,500 | 2,500 |
| 94300-120 | 4430.11 Miscellaneous Contracts | - | - |
| 94500 | 4433 Employee Benefit Contributions-Maint | 34,594 | 34,594 |
| 94000 Total | Ordinary Maintenance and Operating Expense | 205,058 | 205,058 |

Please note that numbers/amounts may differ slightly due to rounding/formulas

| REAC | HUD | | Public Housing | |
|-----------------------------------|---|-------|----------------|-------------------|
| | Fund # | | | |
| Line | Acct. | Units | 125 | 125 |
| No. | | | AMP 1 | PH Project Totals |
| Revenues | | | | |
| Protective Services: | | | | |
| 95100 | 4460 Labor | | | - |
| 95200 | 4480 Contract Costs | | - | - |
| 95300 | 4470 Materials | | | - |
| 95500 | 4482 Employee Benefits | | | - |
| 95000 Total | Protective Services Expense | | - | - |
| Insurance Expense: | | | | |
| 96110 | 4510.02 Property Insurance | | 41,000 | 41,000 |
| 96120 | 4510.03 Liability Insurance | | 5,632 | 5,632 |
| 96130 | 4510.01 Workers' Comp Insurance | | 5,259 | 5,259 |
| 96140 | 4510.00 Other Insurance | | 1,403 | 1,403 |
| 96100 Total | Insurance | | 53,294 | 53,294 |
| General Expense | | | | |
| 96200 | 4590 Other General Expenses | | - | - |
| 96210 | 4560 Compensated Absences | | - | - |
| 96300 | 4520 Payments in Lieu of Taxes | | 14,411 | 14,411 |
| | 4521 Negotiated PILOT | | | - |
| 96400 | 4570 Collection Losses | | 2,000 | 2,000 |
| 96800 | 4530 Terminal Leave Payments | | | - |
| 9600 Total | General Expense | | 16,411 | 16,411 |
| 96710 | Interest expense - Mort or Bonds | | - | - |
| 96720 | Interest expense - Notes | | - | - |
| 96730 | Amortization of Bond Issue cost | | - | - |
| 96700 Total | Total Interest Expense and Amortization Cost | | - | - |
| 96900 Total | Operating Expenditures | | 643,275 | 643,275 |
| Nonoperating Expenditures: | | | | |
| 97100 | 4610 Extraordinary Maintenance | | 15,000 | 15,000 |
| 97200 | 4620 Casualty Losses | | - | - |
| | Debt Payments - Principal | | | - |
| | Debt Payments - To Reserve | | | - |
| | Debt Payments - Overage | | | - |
| | Debt Service - Capital Funds | | | - |
| | Capital Expenditures - Operations | | - | - |
| Total | Nonoperating Expenditures | | 15,000 | 15,000 |
| Total | Total Expenditures | | 658,275 | 658,275 |
| | Allocated Overhead expenses | | - | - |
| | Cash Flow from Operations | | 154,662 | 154,662 |
| 1104 | 6010 Prior Period Adjustments | | | - |
| | Net Income (Loss) after Prior Period Adjustments | | 154,662 | 154,662 |
| | 4800 Subtract: Depreciation | | 117,797 | 117,797 |
| | Add: Capital Expenditures - Operations | | - | - |
| | Add: Debt Principal Payments | | - | - |
| | Net Income (Loss) to Balance Sheet | | 36,865 | 36,865 |

Please note that numbers/amounts may differ slightly due to rounding/formulas

September 9, 2021

Ms. Gail Diede
Fairmont HRA
500 Home Street
Fairmont, MN 56031

Dear Ms. Diede:

You have requested that we prepare the financial statements of the Fairmont HRA which comprise the annual and monthly statements of net position for the year ended September 30, 2022, and the related statements of activities and supplemental schedules (if applicable), and perform a compilation engagement with respect to those financial statements for the following programs of the HRA:

- Public Housing and Capital Funds
- Business Activity

These financial statements will not include a statement of cash flows and related notes to the financial statements.

In addition, the document we submit to you will include supplementary schedules. We will compile the supplementary information, but we will not audit or review such information, nor express an opinion, a conclusion, or provide any assurance on it.

You have also requested that we prepare the financial statements of the Fairmont HRA, as of and for the year ended September 30, 2022 in the form prescribed by HUD's Real Estate Assessment Center, in accordance with accounting principles generally accepted in the United States of America, and perform a compilation engagement with respect to those financial statements.

We are pleased to confirm our acceptance and our understanding of this compilation engagement by means of this letter.

Our Responsibilities

The objective of our engagement is to:

- a. Prepare financial statements in accordance with accounting principles generally accepted in the United States of America based on information provided by you; and
- b. Apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

Your Responsibilities

The compilation engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with accounting principles generally accepted in the United States of America and assist you in the presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARs:

- a. The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
- b. The preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America.
- c. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements.
- d. The prevention and detection of fraud.
- e. To ensure that the entity complies with the laws and regulations applicable to its activities.
- f. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- g. To provide us with:
 - i. Access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - ii. Additional information that we may request from you for the purpose of the compilation engagement.
 - iii. Unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation of your financial statements and all other nonattest services we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Our Report

As part of our engagement, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. There may be circumstances in which the report differs from the expected form and content.

Our report will disclose that the HRA's management has elected to omit the statement of cash flows and substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the statement of cash flows and omitted disclosures were to be included in the financial statements, they might influence the user's conclusions about the HRA's financial position, results of operations, and cash flows. Accordingly, the financial statements will not be designed for those who are not informed about such matters.

We will disclose that we are not independent in our compilation report.

You agree to include our accountant's compilation report in any document containing financial statements that indicates that we have performed a compilation engagement on such financial statements and, prior to inclusion of the report, to ask our permission to do so.

Other Relevant Information

As part of our engagement, we will also will perform bookkeeping services.

With respect to any nonattest services we perform,

At the end of each month, we agree to perform the following:

- Post client coded transactions to HRA's general ledger.
- Post adjusting or correcting journal entries to be reviewed and approved by the HRA's management.
- Reconcile checking and savings accounts with bank statements each month.
- Maintain prepaid, investment, and fixed asset subsidiary ledgers.

At the end of the year, we agree to perform the following services in addition to the monthly services:

- Prepare a trial balance based on the adjusted general ledger.
- Upon receipt of approval, we will file the electronic financial data schedules in the Real Estate Assessment Center (REAC).

With respect to any nonattest services we perform, we will not assume management responsibilities on behalf of the HRA. However, we will provide advice and recommendations to assist management of HRA in performing its responsibilities.

HRA's management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Our responsibilities and limitations of the engagement are as follows:

- We will perform the services in accordance with applicable professional standards.
- This engagement is limited to services previously outlined. Our firm, in its sole professional judgment, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding and approving journal entries.

If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

Angela Campbell is the engagement partner for the services specified in this letter. Her responsibilities include supervising Hawkins Ash CPAs, LLP's services performed as part of this engagement. Abraham Leis, Managing Partner, is responsible for signing or authorizing another qualified firm representative to sign the accountant's report.

With regard to the electronic dissemination of financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Our charges for services, plus out-of-pocket expenses, will be billed as work progresses and are payable on presentation. The out-of-pocket expenses will be separately stated on the invoice, and you will be responsible for any Section 274(n) limitations relating to meals and entertainment. Our services will be invoiced at our current billing rates. Work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. A service charge at the rate of 1% per month will accrue on any balance not paid within 30 days of the invoice date with a minimum charge of \$1.00 per month. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed your return(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

Should you offer a position to our staff assigned to this project, and our staff accepts employment with you or any of your subsidiaries, you agree to pay a finder's fee to Hawkins Ash CPAs, LLP an amount equal to 40% of the greater of a) our staff's annual compensation with Hawkins Ash CPAs, LLP or b) the annual compensation offered to our employee by you or any of your subsidiaries.

With respect to any services, work product, or other deliverables hereunder, or this engagement generally, our liability to the HRA will in no event exceed the fees that we receive for the portion of the work giving rise to the liability. The parties to this engagement agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation upon the written request of any party to the engagement. All mediations initiated as a result of this engagement shall be administered by the American Arbitration Association ("AAA"). The results of this mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation proceeding shall be shared equally by both parties.

Notwithstanding anything contained herein both Hawkins Ash CPAs, LLP and HRA agree that regardless of where the HRA is domiciled and regardless of where this Engagement Letter ("Agreement") is physically signed this Agreement shall have been deemed to have been entered into Hawkins Ash CPAs, LLP's office located in La Crosse County shall be the exclusive jurisdiction for resolving disputes related to this Agreement. This Agreement shall be interpreted and governed in accordance with the Laws of the state of Wisconsin.

Any litigation arising out of this engagement, except actions by us to enforce payment of our professional invoices, must be filed within one year from the completion of the engagement, notwithstanding any statutory provision to the contrary.

We shall not have any liability to the HRA for any special, consequential, incidental, punitive or exemplary damages or loss, including, but not limited to any lost profits, savings or business opportunity. We have the right to withdraw from this engagement, in our discretion, if you don't provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

In the unlikely event that circumstances occur which we, in our sole discretion, believe could create a conflict with either the ethical standards of our firm or the ethical standards of our profession in continuing our engagement, we may suspend our services until a satisfactory resolution can be achieved or we may resign from the engagement. We will notify you of such conflict as soon as practicable, and we will discuss with you any possible means of resolving them prior to suspending our services.

You agree to release, indemnify, defend, and hold us harmless from any liability or costs, including attorney's fees, resulting from management's knowing misrepresentations to us or resulting from any actions against us by third parties relying on the financial statements described herein except for our own intentional wrongdoing.

We look forward to a continued relationship with your organization, and we are available to discuss the contents of this letter or other professional services you may desire. If you request us to perform additional services not contemplated or described in this engagement letter, we will provide you with a separate agreement describing those additional services and fees.

Please sign and return a copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our engagement to prepare the financial statements described herein and to perform a compilation engagement with respect to those same financial statements, and our respective responsibilities.

Respectfully,

HAWKINS ASH CPAS, LLP

A handwritten signature in black ink, appearing to read 'Angela Campbell', written over a horizontal line.

Angela Campbell
Partner

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the Fairmont HRA:

By: _____

Title: _____

Date: _____