

**MINUTES OF THE
SCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 25TH DAY OF JUNE, 2019**

The Commissioners of the Housing and Redevelopment Authority of Duluth, Minnesota, met in a Scheduled Regular Meeting in the Community Room located on the Second Floor of King Manor, 222 East Second Street, Duluth, Minnesota at 3:30 P.M. on the 25th day of June, 2019.

The Vice-Chair called the meeting to order and on roll call the following members were found to be present: Commissioners Cich, Gilbert, Glumac, and Nephew. Commissioners Boshey, Sipress, and Talarico were absent. The Vice-Chair declared a quorum present.

Also present were Jill A. Keppers, Executive Director; staff members Maureen Zupancich, Carol Schultz, Lenelle Hrabik, Cindy Weiske, and Lynne Snyder; Chris Virta and Dan Maddy, Legal Counsels; Barb Findley, President of King Manor Residents Club and Ann Abraham, Secretary of King Manor Residents Club; and Gloria Groff, President of Ramsey Manor Residents Club, Liisa Varhalla, Secretary of Ramsey Manor Residents Club, and Marion Anderson, Ramsey Manor resident.

SCHEDULED PUBLIC HEARINGS

The Vice-Chair indicated that there was a scheduled public hearing on the proposed Marshall School Project and the issuance of private activity bonds. Legal Counsel explained that the Authority has issued bonds on behalf of Marshall in the past, most recently in 2016, and North Shore Bank had been lender on that transaction also. The project is a partial roof replacement on their educational facilities in the amount of approximately \$485,000. The Executive Director reminded Commissioners that the Authority does conduit bonding, and the Authority will receive a one percent fee which will be put into the General Fund. The revised Resolution is attached and will be discussed as Item R of the agenda. Legal Counsel indicated that it was a very small change, removing the Assignment of Contracts section. The Vice-Chair asked if the Commissioners or the audience had any questions. The Vice-Chair closed the public hearing.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The following items were introduced by Commissioner Cich:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF
MAY 28, 2019**

FINANCIAL REPORT FOR PERIOD ENDING MAY 31, 2019

**RESOLUTION NO. 3948-19
AUTHORIZING THE ACCEPTANCE OF A GRANT FROM THE
CITY OF DULUTH FOR THE PURPOSE OF FUNDING THE
COORDINATED ENTRY COORDINATOR AND
ASSOCIATED PROGRAM COSTS**

**RESOLUTION NO. 3949-19
AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY OF
DULUTH, MN (AUTHORITY) TO SUBMIT ONE OR MORE RENEWAL
APPLICATION(S) IN PARTNERSHIP WITH CHUM FOR A RAPID
RE-HOUSING PROGRAM THROUGH ST. LOUIS COUNTY'S CONTINUUM
OF CARE THROUGH THE HUD NOFA**

**RESOLUTION NO. 3950-19
AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY OF
DULUTH, MN (AUTHORITY) ENTER INTO A CONTRACT AGREEMENT
WITH THE CITY OF DULUTH FOR ADMINISTRATION OF THE CITY'S
EMERGENCY SOLUTIONS GRANT (ESG) PROGRAM FLEX FUNDS**

**RESOLUTION NO. 3951-19
AUTHORIZING SUBMISSION OF AN APPLICATION FOR THE
FSS COORDINATOR GRANT**

**RESOLUTION NO. 3952-19
APPROVING A RENEWAL APPLICATION AND ADMINISTRATION FOR
THE SHELTER PLUS CARE PROGRAM WITH HUMAN DEVELOPMENT
CENTER THROUGH THE HUD NOFA**

**RESOLUTION NO. 3953-19
APPROVING A RENEWAL APPLICATION AND ADMINISTRATION FOR
THE SHELTER PLUS CARE PROGRAM WITH CHUM
THROUGH THE HUD NOFA**

RESOLUTION NO. 3954-19
AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MN (AUTHORITY) TO SUBMIT ONE OR MORE RENEWAL
APPLICATION(S) IN PARTNERSHIP WITH THE SALVATION ARMY FOR A
RAPID RE-HOUSING PROGRAM (TSA RRH I) THROUGH THE
ST. LOUIS COUNTY'S CONTINUUM OF CARE
THROUGH THE HUD NOFA

RESOLUTION NO. 3955-19
AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MN (AUTHORITY) TO SUBMIT ONE OR MORE RENEWAL
APPLICATION(S) IN PARTNERSHIP WITH THE SALVATION ARMY FOR A
RAPID RE-HOUSING PROGRAM (TSA RRH II) THROUGH
ST. LOUIS COUNTY'S CONTINUUM OF CARE
THROUGH THE HUD NOFA

RESOLUTION NO. 3957-19
RESOLUTION AWARDDING CONTRACT FOR RAMSEY AND
KING MANOR DOOR REPLACEMENT AND TOILET REMODEL PROJECT

RESOLUTION NO. 3958-19
RESOLUTION AWARDDING CONTRACT FOR SCATTERED SITE HOMES
EXTERIOR IMPROVEMENT PROJECT

RESOLUTION NO. 3959-19
RESOLUTION AWARDDING CONTRACT FOR RAMSEY MANOR
WASTE DRAIN REPLACEMENT AND INTERIOR UPGRADE PROJECT

RESOLUTION NO. 3963-19
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF
LOT 24, BLOCK 2, HAWK RIDGE ESTATES FIRST ADDITION TO
ANDREA JOHNSON AND ROBERT A. JOHNSON BY THE
HOUSING AND REDEVELOPMENT AUTHORITY

RESOLUTION NO. 3964-19
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF
LOT 25, BLOCK 2, HAWK RIDGE FIRST ADDITION TO
ALAN LARSON AND AMY J. LARSON BY THE
HOUSING AND REDEVELOPMENT AUTHORITY

RESOLUTION NO. 3969-19
RESOLUTION AUTHORIZING THE EXTENSION OF LOANS MADE TO
NEW APOLLO APARTMENTS LIMITED PARTNERSHIP

FOR THE REHABILITATION OF THE SKINNER APARTMENTS

Commissioner Cich moved that the foregoing Items A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, and P be approved as introduced. Commissioner Gilbert seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Glumac, and Nephew

Nays: None

The Vice-Chair declared the motion carried and said items approved as introduced and read.

DISCUSSION ITEMS

RESOLUTION APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA APPLICATIONS PROCESSING PERSONNEL POLICY

The Executive Director explained that last month the Board requested that the Executive Director create a policy to address how personnel would be utilized in the future to avoid a slowdown in applications processing which negatively affects the Section 8 utilization rate. The following Resolution was introduced by Commissioner Nephew:

RESOLUTION NO. 3956-19 RESOLUTION APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA APPLICATIONS PROCESSING PERSONNEL POLICY

Commissioner Nephew moved that the foregoing Resolution be approved as introduced. Commissioner Gilbert seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Glumac, and Nephew

Nays: None

The Vice-Chair declared the motion carried and said Resolution approved as introduced and read.

RESOLUTION GIVING PRELIMINARY AND FINAL APPROVAL TO THE

ISSUANCE AND SALE OF A REVENUE NOTE, SERIES 2019 (THE MARSHALL SCHOOL PROJECT), IN THE AGGREGATE AMOUNT OF NOT TO EXCEED \$485,000 AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO

The following Resolution was introduced by Commissioner Gilbert:

**RESOLUTION NO. 3960-19
RESOLUTION GIVING PRELIMINARY AND FINAL APPROVAL TO THE
ISSUANCE AND SALE OF A REVENUE NOTE, SERIES 2019
(THE MARSHALL SCHOOL PROJECT) IN THE AGGREGATE AMOUNT OF
NOT TO EXCEED \$485,000 AND AUTHORIZING THE EXECUTION OF
DOCUMENTS RELATING THERETO**

Commissioner Gilbert moved that the foregoing Resolution be approved as introduced. Commissioner Nephew seconded the motion.

Legal Counsel explained the process of conduit bonding. The Executive Director answered questions.

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Glumac, and Nephew

Nays: None

The Vice-Chair declared the motion carried and said Resolution approved as introduced and read.

**RESOLUTION APPROVING AND AUTHORIZING THE SUBMISSION OF THE
2019 FISCAL YEAR ANNUAL AGENCY PLAN TO HUD**

The following Resolution was introduced by Commissioner Cich:

**RESOLUTION NO. 3961-19
RESOLUTION APPROVING AND AUTHORIZING THE SUBMISSION OF THE
2019 FISCAL YEAR ANNUAL AGENCY PLAN TO HUD**

Commissioner Cich moved that the foregoing Resolution be approved as introduced. Commissioner Gilbert seconded the motion.

The Executive Director explained that every year all housing and redevelopment authorities were required to submit an annual agency plan to HUD, and it is only related

to the Authority's public housing and Section 8 programs. As much information is included in the plan as possible to avoid any significant amendments. She indicated that as they move into repositioning and continue to look at the options of switching to a voucher platform, a significant amendment was likely and would come back to the Board at that time. Carol Schultz, Special Projects Coordinator, was in charge of collecting the data and worked with IT to look at the income of residents to ensure that there wasn't concentrations of poverty in the high rises. Carol Schultz explained that she would be adding a change to the payment standards for the voucher program which was a report item and not a policy issue. She also indicated in Commissioners' green folders was a list of Authority properties that were in excess of 75 years old in AMP 1 that was another attachment to the plan. This data was confidential. They have held a 45 day comment period, a public hearing, and they conducted a resident advisory board meeting with no negative comments.

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Glumac, and Nephew

Nays: None

The Vice-Chair declared the motion carried and said Resolution approved as introduced and read.

RESOLUTION APPROVING BORROWING OF GENERAL OBLIGATION BOND FUNDS FROM THE MINNESOTA HOUSING FINANCE AGENCY FOR THE RAMSEY MANOR PLUMBING RENOVATION PROJECT

The following Resolution was introduced by Commissioner Gilbert:

**RESOLUTION NO. 3962-19
RESOLUTION APPROVING BORROWING OF GENERAL OBLIGATION BOND FUNDS FROM THE MINNESOTA HOUSING FINANCE AGENCY FOR THE RAMSEY MANOR PLUMBING RENOVATION PROJECT**

Commissioner Gilbert moved that the foregoing Resolution be approved as introduced. Commissioner Nephew seconded the motion.

The Executive Director explained that this Resolution was written according to the required format by Minnesota Housing. Approval of this Resolution would accept the POHP (publicly owned housing program) general obligation bond funding. She indicated they have discussed at previous Board meetings the approximately \$900,000 that was awarded to the Authority for this Ramsey Manor waste line project. This Resolution is a "borrowing" Resolution required for Board approval to accept these POHP funds.

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Glumac, and Nephew

Nays: None

The Vice-Chair declared the motion carried and said Resolution approved as introduced and read.

RESOLUTION APPROVING MODIFICATIONS TO THE "BUILD UP DULUTH" HOUSING PROGRAM

The following Resolution was introduced by Commissioner Gilbert:

**RESOLUTION NO. 3965-19
RESOLUTION APPROVING MODIFICATIONS TO THE
"BUILD UP DULUTH" HOUSING PROGRAM**

Commissioner Gilbert moved that the foregoing Resolution be approved as introduced. Commissioner Nephew seconded the motion.

The Executive Director indicated that at the last Board meeting they had a discussion about the buyer of the house at 414 E 7th Street who was having problems with North Shore Bank getting financed with having the ten year deed restriction on the property for homeownership. She talked to North Shore Bank further and they indicated that the trouble was with the ability to sell the home on the secondary market. She asked what type of in-house products they had, and they indicated they would be willing to hold the loan in house, but it would be a variable interest rate-type mortgage that was not desirable to the buyer.

The Executive Director indicated what she was recommending modifying the Build Up Duluth program by taking out the 10-year home ownership deed restrictions. The program would require that buyers occupy the home as homeowners at closing, and sign a document saying that they were going to homestead the property. She recommended leaving language in place that requires 10 year home ownership to completely forgive any down payment assistance that may be offered to a new homeowner (10 percent per year for 10 years) that enters the program for new construction. The Executive Director and Commissioner Nephew answered Commissioners' questions.

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Glumac, and Nephew

Nays: None

The Vice-Chair declared the motion carried and said Resolution approved as introduced and read.

RESOLUTION APPROVING AMENDMENTS TO THE 2017 AND 2018 – 2022 CAPITAL FUND SPENDING PLANS

The following Resolution was introduced by Commissioner Nephew:

**RESOLUTION NO. 3966-19
RESOLUTION APPROVING AMENDMENTS TO THE 2017 AND
2018 – 2022 CAPITAL FUND SPENDING PLANS**

Commissioner Nephew moved that the foregoing Resolution be approved as introduced. Commissioner Gilbert seconded the motion.

The Executive Director mentioned that in Commissioners' green folders there was a packet of information titled Duluth HRA Capital Fund Program – Revised. She explained that the Board approves the five year plan and any amendments, and that last year they moved to a fixed five year plan rather than a rolling five year plan. They will bring amendments to the Board from time to time. This amendment adds projects to the scattered sites. The Director of Property Management and property management staff worked with the Procurement and Capital Improvement Manager on this document to show the Board where the funding was coming from for the capital projects and contracts. What the Commissioners are being asked to approve today is additions of projects to the scattered sites. Cindy Weiske, Director of Property Management, explained the capital fund program and how the funds were used.

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Glumac, and Nephew

Nays: None

The Vice-Chair declared the motion carried and said Resolution approved as introduced and read.

RESOLUTION AUTHORIZING THE ACQUISITION AND MODIFICATION OF TWO LOANS MADE BY WELLS FARGO TO HARBOR HIGHLANDS PHASE I, LLC AND THE MODIFICATION OF TWO LOANS MADE BY THE AUTHORITY TO HARBOR HIGHLANDS PHASE I, LLC

The following Resolution was introduced by Commissioner Cich:

RESOLUTION NO. 3967-19
RESOLUTION AUTHORIZING THE ACQUISITION AND MODIFICATION OF
TWO LOANS MADE BY WELLS FARGO TO HARBOR HIGHLANDS PHASE I,
LLC AND THE MODIFICATION OF TWO LOANS MADE BY THE
AUTHORITY TO HARBOR HIGHLANDS PHASE I, LLC

Commissioner Cich moved that the foregoing Resolution be approved as introduced. Commissioner Gilbert seconded the motion.

The Executive Director explained that the final two Resolutions, Items W and X, are related to moving forward with the purchase of Phase I at Harbor Highlands. Since the last Board meeting both Minnesota Housing Finance Agency and Greater Minnesota Housing Fund have moved forward with preliminary approvals from staff to move to committee. The Authority has also sent a request to HUD asking for their approval.

This plan has the Authority agreeing to a zero percent interest rate on its Second Mortgage Note, but moves up the maturity date by approximately five years to be co-terminus with the other loans in the project. It also rolls in all of the Authority's accumulated interest so far as well as the outstanding bridge note that was previously unsecured. The remainder of that bridge note will sit in fifth position.

Resolution 3967-19 authorizes the Authority to buy out the Wells Fargo loan and lays out the structure of the remaining debt in the project.

The second Resolution authorizes the Authority to assume ownership of Phase I through a combination of the Authority itself and Red Rock, LLC, of which the Authority was the sole member.

Legal Counsel mentioned that this had been laid out and discussed at the Committee of the Whole meeting, and that today they had received a letter of approval from MHFA. He reported that they have approval from MHFA and GMHF, and if they receive approval from the Board and HUD, they can move forward on this.

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Glumac, and Nephew

Nays: None

The Vice-Chair declared the motion carried and said Resolution approved as introduced

and read.

RESOLUTION AUTHORIZING THE ACQUISITION OF LIMITED LIABILITY COMPANY INTERESTS IN HARBOR HIGHLANDS PHASE I, LLC BY THE AUTHORITY AND BY RED ROCK LLC

The following Resolution was introduced by Commissioner Nephew:

**RESOLUTION NO. 3968-19
RESOLUTION AUTHORIZING THE ACQUISITION OF LIMITED LIABILITY COMPANY INTERESTS IN HARBOR HIGHLANDS PHASE I, LLC BY THE AUTHORITY AND BY RED ROCK LLC**

Commissioner Nephew moved that the foregoing Resolution be approved as introduced. Commissioner Gilbert seconded the motion.

The Executive Director and Legal Counsel answered questions regarding Red Rock, LLC.

Roll was called with the following results:

Ayes: Commissioners Cich, Gilbert, Glumac, and Nephew, Sipress

Nays: None

The Vice-Chair declared the motion carried and said Resolution approved as introduced and read.

COMMUNICATIONS/CORRESPONDENCE

The Executive Director mentioned that in Commissioners' green folders were the Lincoln Park and Rainbow Center schedules, the Esmond report, and an article on the Esmond redevelopment. There was also an article in the blue pages of the Board packet regarding the NAHRO scholarship recipient.

REPORTS OF COMMITTEES

Rehab Advisory Committee: The Rehab Advisory Committee did not meet.

Finance Committee: The Finance Committee did not meet.

OPPORTUNITY FOR VISITORS TO BE HEARD

None.

BUSINESS BY COMMISSIONERS

The Executive Director provided the Commissioners with a few highlights on the dashboard.

Goal 1:

They are moving towards closing on the 414 E. 7th Street house and are hoping to close on July 2nd. There was an open house at the 917 E. 10th Street house. One Roof called back regarding MLS with a price quote of \$1,000. She may call Commissioner Nephew to discuss if this was a reasonable amount.

There are a total of nine units funded and two in process for the exterior renovation program, and eight units in process, two single family and six rental units, for the other CDBG and revolving loan fund rehab program.

The capital fund was revised to include additional work on scattered site units.

In June they ran preliminary numbers related to the scattered site Section 18 disposition which would change the scattered sites from a public housing platform to a voucher platform. At this point it looks like it would more than double the revenue for scattered sites, not including capital fund. She received two sample RFPs from colleagues for consultants to help the Authority walk through this disposition process, so they can bring it to the Board and do some education so they will be fully informed on all the repositioning options available.

Regarding the Ramsey Manor waste line project, the low bid and borrowing resolution came to the Board today.

Goal 2:

Budgets were being discussed in June. In previous years budgets were not brought to the Board until September, but this year they are attempting to move up these timelines. She will be sending out a notice to schedule a Finance Committee in July to discuss the budgets and the tax levy, and she is hoping to have the budget and tax levy Resolutions to the Board at the July Board meeting. She indicated HUD has requested them earlier, and she would like to be able to present to the City Council a budget that has been approved by the HRA Board. The City Council used to have the Authority present the tax levy in the fall and then provide them with a budget presentation in November/December. Now the City Council wants both the budget and the tax levy presentation at the same time.

Goal 3:

In June, two lots were brought to the Board for purchase at Hawk Ridge Estates. In the last two days the Executive Director has contacted three more people who were interested in purchasing lots. That leaves approximately eight lots left.

The RFQ has closed for the Esmond and they received two responses. They have done some preliminary scoring, and they have sent supplementary questions to the two respondents. When those are received, the evaluation committee, which is comprised of the Executive Director, the Procurement and Capital Improvement Manager, and the Director of Rehab and Real Estate, will decide whether to bring them in for interviews. If they do have interviews they will be asking the Board if anyone was interested in participating as well as asking the City if they had representative that was interested in participating.

Goal 4:

The administrative assistant position was filled and the Executive Director has a contingent job offer out to a potential general counsel candidate.

Goal 5:

The Executive Director reported that in May and June they have worked with partners on completing paperwork required for the nine percent tax credit applications.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director reported that this month the Housing for All Summit had been held. She met with another City Council hopeful, Teresa O'Halloran-Johnson, and last month she met with Roz Randorf.

Locally the quality of life housing group met, and the Community Development Committee had its CAPER public hearing (Consolidated Annual Performance and Evaluation Report). The HRA reported on Rehab activities, tenant based rental assistance, emergency solutions grant, and coordinated entry. Also, the Executive Director presented at the Lincoln Park Business Group meeting on the status of the Esmond, she met with Eco3 and Community Action Duluth Executive Directors on partnerships, and she had a meeting with City staff on the Mayor's health and housing initiative.

Internally there was a Labor Management meeting, and they held the annual clean-up day. They also had bid openings on three large capital fund projects, and LHB status reports on all the operational projects.

Besides the Ramsey Manor waste line project that is moving towards closing, they also anticipate a launch call very soon for the Ramsey Manor window project, which is the next POHP project that they received approximately \$400,000 in funding for.

The Executive Director mentioned they had a Section 8 utilization meeting, and staff has been working closely with IT to monitor progress and determine what level of pulls from the waiting list were needed to get ahead. She also wrote the personnel policy to coincide with the Section 8 applications process, and they have a call with HUD at the end of the week to get further insight and options for increasing utilization.

The Executive Director and Rachel Downs, the Rent Subsidy Supervisor, went to HUD in the middle of June for a VASH meeting. VASHs are veteran's vouchers. The Governor would like to end homelessness for veterans in Minnesota by the end of the year, preferably by Veteran's Day. She suspects the Authority will be getting some pressure in the near future to add a preference to our waiting list for homeless veterans. She indicated that right now we prefer not to have preferences. They are difficult to manage. This might also give the Authority the opportunity to apply for more VASH vouchers if that becomes available from HUD.

Regarding the Build Up Duluth house at 917 East 10th Street, the Executive Director has decided to give it another month, and then she may come back to the Board to see if the price of \$280,000 needs to re-evaluated.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel reported he had been on vacation for the first part of the month, but now he has been working on the Harbor View Phase I documents, and will continue with that over the next month. They will be negotiating the price of the Wells Fargo loans and preparing amendments, and finishing the negotiations of the purchase agreement for the interests in the LLC. The Executive Director mentioned that Legal Counsel would also be looking at the contract with the City for the Housing Developer. The City wanted to bring that to the City Council by the middle of July.

OTHER BUSINESS

None.

ADJOURNMENT

Commissioner Nephew introduced the motion to adjourn the meeting. Commissioner Gilbert seconded the motion. There being no further business to come before the Board, the meeting was adjourned at 4:20 P.M.



Vice-Chair

ATTEST:



Secretary

Scheduled Regular Meeting – June 25, 2019