

**MINUTES OF THE
SCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 25TH DAY OF SEPTEMBER, 2018**

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 September, 2018.

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

Also present were Jill A. Keppers, Executive Director; staff members Maureen Zupancich, David Peterson, and Lynne Snyder; Mia Thibodeau, Fryberger Law Firm; Barb Findley, King Manor resident; Ann Abraham, Vice President, King Manor Residents Club; and Roger Endres, Midtowne Manor II Residents Club President; and Joe Boshey, visitor.

SCHEDULED PUBLIC HEARINGS

None.

UNFINISHED BUSINESS

The Executive Director indicated there was unfinished business. The minutes from the July 31st board meeting needed to be approved. The Vice-Chair asked if there was a motion to approve the minutes from the regular scheduled meeting of July 31, 2018. The following item was introduced by Commissioner Sipress:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF
JULY 31, 2018**

Commissioner Sipress moved that the foregoing Resolution be approved as introduced. Commissioner Talarico seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Boshey, Glumac, Johnson, Sipress, and Talarico

Nays: None

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

CONSENT AGENDA:

The following items were introduced by Commissioner Glumac:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF
AUGUST 28, 2018**

FINANCIAL REPORT FOR PERIOD ENDING AUGUST 31, 2018

**RESOLUTION NO. 3889-18
AUTHORIZING HOUSING CHOICE VOUCHER PAYMENT STANDARDS**

**RESOLUTION NO. 3891-18
RESOLUTION AUTHORIZING BAD DEBT WRITE-OFFS**

**RESOLUTION NO. 3992-18
RESOLUTION AUTHORIZING BAD DEBT WRITE-OFFS**

Commissioner Glumac moved that the foregoing Items A, B, C, D, and E be approved as introduced. Commissioner Boshey seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Boshey, Glumac, Johnson, Sipress, and Talarico

Nays: None

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

DISCUSSION ITEMS

PHA BOARD RESOLUTION APPROVING OPERATING BUDGET

The Executive Director explained that passing this Resolution would approve the Authority's Operating Budget for fiscal year 2019, and there have been no changes to this budget since it was presented at the Finance Committee meeting. The following Resolution was introduced by Commissioner Sipress:

RESOLUTION NO. 3890-18
PHA BOARD RESOLUTION APPROVING OPERATING BUDGET

Commissioner Sipress moved that the foregoing Resolution be approved as introduced. Commissioner Talarico seconded the motion.

Commissioner Glumac questioned passing this budget with the expenses being more than the revenue. The Executive Director answered Commissioner Glumac's question, and explained that it was not that the Authority did not have the funds, but that they would be using reserves in order to keep reserve balances at HUD recommended levels.

Roll was called with the following results:

Ayes: Commissioners Boshey, Glumac, Johnson, Sipress, and Talarico

Nays: None

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

AUTHORIZING AGREEMENT WITH RSM US LLP FOR AUDITING SERVICES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018

The Vice Chair indicated that there was a slight correction to this Resolution. The audit service's name should be corrected to read RSM US LLP, rather than RMS US LLP. The Executive Director explained that every five years the Authority would submit a RFP for audit services, which was based on qualifications, and not price. She noted for the record, they would be changing "RMS" to "RSM" in the Resolution. The team that scored these bids consisted of the Executive Director, the Deputy Director, and the Procurement and Capital Improvement Manager. They received six bids, and they found RSM US LLP to be the highest scoring firm. Their pricing only increased \$2,000 over the past agreement with a fixed price for the five years of this agreement. The following Resolution was introduced by Commissioner Glumac:

RESOLUTION NO. 3893-18
AUTHORIZING AGREEMENT WITH RSM US LLP FOR AUDITING SERVICES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018

WHEREAS, the Housing & Redevelopment Authority of Duluth, Minnesota (HRA) is required by the Single Audit Act and Subpart F of Title 2CFR Part 200 to conduct an annual audit of its financial statements and Federal awards; and

WHEREAS, in compliance with those requirements the HRA solicited proposals for auditing services and six such proposals were received; and

WHEREAS, a review committee comprised of HRA management and procurement staff evaluated the proposals for technical qualifications; and

WHEREAS, the review committee recommends the selection of RSM US LLP to provide audit services based on said review.

NOW THEREFORE BE IT RESOLVED, that the HRA Board of Commissioners accepts the recommendation of RSM US LLP and authorizes the Executive Director to enter into an agreement with RSM US LLP to provide audit services for the fiscal year 2018 at a cost not to exceed \$47,000, with an option to renew for four subsequent years, subject to annual review.

_____ Ex. Dir.

September 25, 2018

STATEMENT OF PURPOSE:

The purpose of this resolution is to authorize an agreement with the firm of RSM US LLP to provide audit services for fiscal year 2018 at a cost not to exceed \$47,000. This proposal also provides, upon HRA review, an option to renew the agreement for fiscal years 2019 through 2022 at a cost of \$47,000 annually.

Commissioner Glumac moved that the foregoing Resolution be approved as introduced. Commissioner Talarico seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Boshey, Glumac, Johnson, Sipress, and Talarico

Nays: None

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

COMMUNICATIONS/CORRESPONDENCE

The Executive Director mentioned to Commissioners that in the blue pages of the Board packet were articles regarding Mayor Larson's budget, the City View Flats groundbreaking, and the potential demolition of the Kozy. In the Commissioners' green

folders were copies of the Rainbow Center and Lincoln Park Senior Center schedules, a report from the Harbor Highland's Community Center, and the Esmond report.

REPORTS OF COMMITTEES

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

Finance Committee: The Finance Committee met on August 31st to review the preliminary budget.

OPPORTUNITY FOR VISITORS TO BE HEARD

None.

BUSINESS BY COMMISSIONERS

The Executive Director indicated that she would briefly cover dashboard highlights.

Goal 1:

The Director of Development was meeting with two interested builders regarding the Build Up Duluth program. There are only three lots available at this time.

Comfort Systems of Duluth has been doing lateral line work, but when the homeowners aren't eligible for their loans, they have been sending them to the HRA, so the Authority's rehab department has been doing more emergency lateral line funding. They are still waiting for the environmental review to come back from the City to enroll an exterior rehab participant.

In September the Authority sent a proposed outline of a project for a rehab program to Chief Administrative Officer Montgomery and to Greater Minnesota Housing Fund. This has been sent to the City several times over the past several years. This project would be to acquire reasonably priced tax forfeit houses from the County, and the Authority would sell the properties to private builders to renovate the houses. This would get the properties back on the tax rolls. Commissioner Sipress asked questions regarding this proposed project, and indicated that it sounded similar to a project presented by Mayor Larson.

The Executive Director reminded Commissioners that they had discussed at a previous Board meeting, the opportunity to transition from public housing to vouchers for some of the scattered sites. HUD is offering a one to one voucher replacement for scattered sites when transitioned to vouchers in order to sustain these affordable units. The Authority is expecting some guidance from HUD on voluntary conversion. They will continue to

gather details, work with the legal counsel, and put together an application for HUD.

The Executive Director reminded Commissioners that the Authority had received \$960,000 award to redo the lateral lines at Ramsey Manor. In September the scope of work was expanded to include vertical cast iron risers, bathroom upgrades, and potential kitchen cabinet replacement. They are looking at the capital fund award to see if it could cover the additional associated costs. This will be brought to the Board with the five year plan.

Goal 3:

In September Greater Minnesota Housing Fund came to Duluth and toured Lincoln Park. The Executive Director was able to present to them the Authority's ideas and drawings for the Esmond. They were interested in the revitalization of Lincoln Park, and asked to be kept in the loop for funding streams. She was also able to use the opportunity to discuss the Authority's Phase I purchase at Harbor Highlands.

The Executive Director indicated that they have entered into a fee for service contract with One Roof. The Rehab Advisor was helping train one of One Roof's staff to do inspections.

Goal 4:

The Executive Director reported that she and Executive Directors from the Hibbing and Two Harbors HRAs served as the interview committee to interview for the position of Deputy Director. Six applications had been received, the committee interviewed three candidates based on qualifications. Using the hiring policy, a non-decision maker did the internet searches, and they unanimously decided to offer the position to an internal applicant. The Executive Director announced that Maureen Zupancich was the highest scoring applicant, and she was offered and accepted the position of Deputy Director.

Commissioner Scott has resigned from the Board citing too many personal commitments now that he has retired, so the Executive Director has reached out to the Chair and the Mayor regarding seeking a replacement. She indicated if Commissioners had any suggestions to ask the person to fill out an application on the City of Duluth's website, or let her know so she can forward the names to the Mayor.

Goal 5:

I.T. has been looking at the Authority's domain and hosting renewals for our websites. He continues to work with rehab to market products, and they have also developed a postcard mailer to help qualified residents take advantage of the rehab programs.

The Executive Director reported that the creation of an annual report has been delayed due to the urgent needs in human resources, and this goal will be moved to 2019.

In September the Executive Director attended the Lt. Governor's forum at the DECC, she met with Representatives Schultz and Olsen at the Life House reception, the tax levy was presented to the City Council, and she was supposed to meet with the new City Councilor Arik Forsman, but he had to reschedule.

The Executive Director and Director of Rent Subsidy attended the Department of Human Services award presentation to our partners at Life House.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director reported that they had worked with the AFSCME union creating a letter of understanding to change contract language with regard to the boiler monitoring. AFSCME voted and passed these changes, so a new process which allows maintenance employees to test for their boiler licenses and become part of the boiler monitoring rotation will be implemented.

The Executive Director indicated that the budget was presented to the Finance Committee, and she and the Deputy Director presented the FY 19 budget and tax levy to the City Council. The tax levy passed at last night's City Council meeting.

The Executive Director and the Property Manager at Harbor Highlands met with D. W. Jones and gave them a tour of Harbor Highlands. They do anticipate a proposal from D. W. Jones for the management of the Harbor Highlands property. The Executive Director is working with the owners of the phases to help move this along. There is one other management company that may be interested in providing a proposal, but she is waiting for direction from the owner entities before giving out information regarding the finances of Harbor Highlands.

The Executive Director and the Director of Rent Subsidy attended a reception at Life House for their award presentation from the Department of Human Services. They received the Commissioner's Circle of Excellence Award.

The Minnesota NAHRO conference was held in Duluth in September. The Executive Director was involved as a NAHRO Board member, and introduced the Mayor, she gave a speech on the work of the scholarship committee, and helped coordinate the outstanding service award.

The Executive Director met with Jodi Slick from Eco3. They are asking for a potential memorandum of understanding to help get the word out about the exterior renovation funds available through the HRA rehab department. The City is apparently looking for

something along those lines for the CDBG contract to move forward.

The City has changed the way they “count” units for HUD, so this has changed the Authority’s 2017 CDBG award. The Authority has been working through their requirements. Commissioner Glumac asked for clarification regarding this, so the Executive Director provided background information.

The Teamsters Supervisory Unit has opened their contract negotiations and they have met. The Teamsters Confidential Unit has opened their contract negotiations, but a date has not yet been set to meet.

The Executive Director indicated that they would be having a Great Lakes Development Duluth meeting after the HRA Board meeting, and David Peterson will be discussing future development.

The Executive Director informed Commissioners that she had met with Chief Administrative Officer David Montgomery and he shed light on why the Authority has had some barriers at the City regarding development. She indicated she would like to schedule a Committee of the Whole meeting to discuss this and decide how the Board would like the Authority to move forward regarding development.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Mia Thibodeau from the Fryberger Law firm reported that there was no report except that Matt Hanka continues to be busy with tenant work. The Executive Director reported that Chris Virta was working on the Harbor Highlands Phase I acquisition and there has been continuing work on the charter school lease revenue bonds.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:05 P.M.

Vice-Chair

ATTEST:

Secretary

Scheduled Regular Meeting – September 25, 2018