

**MINUTES OF THE
SCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 30th DAY OF JUNE, 2015**

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 30th day of June, 2015.

The Chair called the Meeting to order and on roll call the following members were found to be present: Commissioners Cuneo, Glumac, Reichert, Rolle, and Thomas. Commissioners Boshey and Johnson were absent. The Chair declared a quorum present.

Also present were Jill A. Knutson-Kaske, Executive Director; staff members Carla Schneider, Maureen Zupancich, Pam Benson, David Peterson, Lynne Snyder, and Carol Schultz; Dan Maddy, Legal Counsel; and Edie Bubli, Barbara Findley, and Ann Abraham, King Manor residents.

The Chair pointed out that there had been two items added to today's agenda.

SCHEDULED PUBLIC HEARING

None.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The following items were introduced by Commissioner Thomas:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF
MAY 26, 2015**

FINANCIAL REPORT FOR PERIOD ENDING MAY 31, 2015

**RESOLUTION NO. 3595-15
INTERNAL LOAN IN CONNECTION WITH THE
ROCKRIDGE APARTMENTS AND LAKESIDE ESTATES DEVELOPMENT**

TAX INCREMENT FINANCING DISTRICT

**RESOLUTION NO. 3597-15
RESOLUTION AWARDED CONTRACT FOR
ELEVATOR MAINTENANCE SERVICES**

**RESOLUTION NO. 3600-15
RESOLUTION AUTHORIZING APPLICATION TO THE
MINNESOTA HOUSING FINANCE AGENCY**

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

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Reichert, Rolle, and Thomas

Nays: None

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

DISCUSSION ITEMS

RESOLUTION OF APPRECIATION TO EDITH “JEANNIE” STENSON

The Executive Director read the Resolution into the minutes expressing the appreciation of the Commissioners and staff of the Authority to Jeannie’s dedication and service. The following Resolution was introduced by Commissioner Thomas:

**RESOLUTION NO. 3596-15
RESOLUTION OF APPRECIATION FOR
EDITH “JEANNIE” STENSON**

Commissioner Thomas moved that the foregoing Resolution be approved as introduced. Commissioner Cuneo seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Reichert, Rolle, and Thomas

Nays: None

The Chair declared the motion carried unanimously and said Resolution approved as

introduced and read, and he asked that Jeannie be given their thanks.

RESOLUTION APPROVING AND AUTHORIZING THE SUBMISSION OF THE 2015 FISCAL YEAR ANNUAL AND FIVE YEAR (2015-2019) AGENCY PLAN TO HUD

The Executive Director indicated that Carol Schultz, Special Projects Coordinator, would give a brief overview of the agency plan and answer any questions the Commissioners may have. The Executive Director explained that the Green Physical Needs Assessment was completed after the deadline for this submission, but they took into account energy saving methods, such as LED lighting, water conservation options, and energy efficient windows. She did report that they needed to balance their desire to move forward with energy conservation options with the needs of the Authority's aging structures such as the aging sewer lines. Carol reminded Commissioners that this Resolution was on the agenda every June, and was an annual requirement of HUD. She provided Commissioners with background of this requirement, and she explained that the City would be issuing a consistency certification with their consolidated plan, and that this plan only included the Authority's public housing and Section 8 voucher program. She indicated that the capital fund plan, the five year plan, and the annual plan used to be submitted at the same time, but the capital fund plan was now submitted at an earlier date, but it was still referenced in the agency plan and included in this Resolution. There was a public hearing held regarding the plan, as well as two resident advisory board meetings which included reviews of the capital fund plan. Carol provided a brief overview of the plan. After Carol answered Commissioners' questions, the following Resolution was introduced by Commissioner Thomas:

**RESOLUTION NO. 3598-15
RESOLUTION APPROVING AND AUTHORIZING THE SUBMISSION
OF THE 2015 FISCAL YEAR ANNUAL AND FIVE YEAR (2015-2019)
AGENCY PLAN TO HUD**

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

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Reichert, Rolle, and Thomas

Nays: None

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

RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF LOT 5, BLOCK 4, HAWK RIDGE ESTATES FIRST ADDITION TO JONATHON D. AND KYLE L. HEYESEN BY THE HOUSING AND REDEVELOPMENT AUTHORITY

The Executive Director explained that this Resolution had originally been included on the consent agenda, but it had been moved to the discussion agenda because there had been an error on the attached contingency documentation. On the original document it stated that the sale was contingent on the buyers obtaining the HRA's 55% offset on the lot price, but this was actually a 30% offset lot. The buyers were contacted and were of the understanding that this was a 30% offset area, and the purchase agreement was correct. The following Resolution was introduced by Commissioner Rolle:

**RESOLUTION NO. 3599-15
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF
LOT 5, BLOCK 4, HAWK RIDGE ESTATES FIRST ADDITION TO
JOHNATHON D. AND KYLE L. HEYESEN BY THE
HOUSING AND REDEVELOPMENT AUTHORITY**

Commissioner Rolle moved that the foregoing Resolution be approved as introduced. Commissioner Thomas seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Reichert, Rolle, and Thomas

Nays: None

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

CONSIDER RESOLUTION AWARDING CONTRACT FOR 2015 GRANDVIEW MANOR EXTERIOR IMPROVEMENTS AND WINDOW REPLACEMENT

The Executive Director explained regarding this Resolution that despite advertising and placing the project with the Builders' Exchange, there were only three companies who picked up bid packages for this project, and of those three companies, only one company, Amendola Builders Inc., submitted a bid. The bid was reasonable compared to the estimates provided by LHB. The estimates for the two projects, the windows and the exterior improvements, came in at \$475,758, but the actual bid came in \$11,000 less than that at \$474,640. She indicated that the Minnesota Housing Finance had approved the single source bid, and the Authority was recommending accepting the bid and moving forward with the project. After the Executive Director indicated a request for approval

for the sole source bid would be submitted to HUD if Commissioners approved this Resolution, the following Resolution was introduced by Commissioner Rolle:

RESOLUTION NO. 3601-15
RESOLUTION AWARDED CONTRACT FOR 2015
GRANDVIEW MANOR EXTERIOR IMPROVEMENTS
AND WINDOW REPLACEMENT

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

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Reichert, Rolle, and Thomas

Nays: None

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

The Chair explained that the next two Resolutions were new and had been added to today's agenda.

RESOLUTION AUTHORIZING SUBMISSION OF AN APPLICATION FOR THE FSS COORDINATOR GRANT

The Executive Director indicated that Pam Benson, Director of Housing Services, would provide a brief overview of the family self sufficiency program and answer any questions. Pam explained that this was a renewal of funding for the Family Self Sufficiency Coordinator position, which the Authority had received funding for beginning several years ago, and had agreed to provide a family self sufficiency program. The funding provided for one full time staff person. She mentioned that the Notice of Funding Availability had been received and that the Authority was eligible to apply for renewal after the Board packet had already been distributed. After Pam answered Commissioners' questions, the following Resolution was introduced by Commissioner Thomas:

RESOLUTION NO. 3602-15
AUTHORIZING SUBMISSION OF AN APPLICATION
FOR THE FSS COORDINATOR GRANT

Commissioner Thomas moved that the foregoing Resolution be approved as introduced. Commissioner Cuneo seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Reichert, Rolle, and Thomas

Nays: None

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

RESOLUTION AUTHORIZING AGREEMENT WITH CITY OF DULUTH FOR SECURITY SERVICES

The Executive Director explained that she had been contacted by the Duluth Police Department to advise the Authority that our security services contract would be expiring on July 31st. She explained that this contract also needed to be approved by the City Council prior to the contract's expiration. She had spoken with Officer Wick, and he agreed to renew the contract with no substantial changes. The Authority would use tax levy to pay the salary of one full time police officer. There would be an annual three percent increase, which was the annual increase in the previous 2010-2015 contract. The amount not exceed was \$63,760.08 for the first year. The following Resolution was introduced by Commissioner Glumac:

RESOLUTION NO. 3603-15 RESOLUTION AUTHORIZING AGREEMENT WITH CITY OF DULUTH FOR SECURITY SERVICES

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

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Reichert, Rolle, and Thomas

Nays: None

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

COMMUNICATIONS/CORRESPONDENCE

The Executive Director indicated that in the blue pages of the board packet were various articles including an article regarding the MN NAHRO scholarship recipient, an article

regarding the establishment of the Tenant Landlord Connection, and an article regarding the TIF proposal on the City Council's next agenda. Also included was the fourth quarter 2014 and first quarter 2015 Duluth LISC report.

REPORTS OF COMMITTEES

Rehab Advisory Committee: The Rehab Advisory Committee had not met.

Finance Committee: Commissioner Rolle indicated that the Finance Committee had met for a discussion regarding Harbor Highlands homeownership with representatives from One Roof. He explained that in the May Board minutes there had been a specific request asking Jeff Corey to provide information on real estate comps and a detailed budget which he stated would be brought back to the Commissioners if they would approve the Memorandum of Understanding. Commissioner Rolle explained that the Board had approved the Memorandum of Understanding. At the Finance Committee meeting Jeff Corey had provided an analysis of real estate comps. They also discussed the detailed budget, which was essentially the construction budget. Between the last Board meeting and the Finance Committee meeting there have been some changes. He indicated the buildings had increased in size from an average of approximately 1200 square feet to 1400 square feet, the designs were compatible with the other structures at Harbor Highlands, the cost of construction has continued to increase, and with the addition of the basements, costs could be extensive. Commissioner Rolle stated that they focused on the predevelopment loan, which was approved for \$24,000 to be used by One Roof for design, platting work, and other items necessary to be completed before construction could begin. Because of the rise in costs, the Finance Committee has directed that a portion of the predevelopment loan would be focused first on trying to understand exactly what the cost of the units was going to be, and at that point, One Roof would come back to the Board and Commissioners would make the decision whether to move forward.

OPPORTUNITY FOR VISITORS TO BE HEARD

None.

BUSINESS BY COMMISSIONERS

The Executive Director indicated that regarding the Board dashboard, there were several items that came up with a June 15th date. She reported that regarding Goal #2, she and staff have been participating in the advancing Lincoln Park revitalization group, and they have been working with Center City for additional housing options and Lincoln Park for residents that may have housing barriers. The City has provided \$200,000 excess TIF for the Irving neighborhood, however those funds needed to be matched. Lynne Snyder and the rehab staff were working with City officials and neighborhood advocates to develop a plan to make this happen. Time is of the essence as these funds need to be committed by

the end of the year. She explained that regarding Build Up Duluth, that designs were at the appraisers, and they were awaiting appraisal results, and David Peterson, Development Coordinator, was working with the builders so they would be ready to break ground as soon as the appraisals came back. The Executive Director indicated that regarding Goal #3, that Carol Schultz, Special Projects Coordinator, meets regularly with the resident advisory councils, and in 2014 they did a customer satisfaction survey, and this was something they needed to look at as a tool, and possibly repeat every three years. Because of the changes in the assisted living statutes and the comprehensive home care licensure, the 245D program, the Authority was finding it difficult to offer 24 hour assisted living type services, but as they moved forward with RAD they would be looking at service options at that point. Regarding Goal #5, the Green Physical Needs Assessment was nearly complete and the executive summary from EMG was in Commissioner's green folders. She pointed out that for 2015 they showed the costs to complete everything would \$6.8 million, and the amount of money received for 2015 was \$1.4 million in capital funds. She mentioned that they were working with Eco-Three, Comfort Systems, and Minnesota Power regarding renewable energy sources, and it did appear that in the future solar energy was a possibility. She commented that regarding Goal #7, that the Labor/Management Committee met last month and they have been doing additional electronic communication with staff regarding these meetings by putting them on the employee website.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director reported that she was happy to be with the Authority and her first week had been a whirlwind of activity. She and Rick had meetings with staff, key partners such as Center City, One Roof, LISC, DEDA, and the City planning department. They toured the public housing high rises, the two community centers, the Esmond Building where they met with tenants and staff, they met with Legal Counsel, and the law enforcement team. The second week she went to the Affordable Housing Coalition meeting where they had discussed the Gateway Tower project and the Pastoret Terrace project, both of which have direct support from the Authority in terms of project based vouchers and/or public housing. She reported the Tenant Landlord Connection was planned to be up and running by July 6th, and they were in the process of putting together their Board. The Harbor Highlands homeownership phase was also discussed and the Authority was playing a vital role in making that project happen. She spent time with David Peterson and toured Hawk Ridge Estates and the Build Up Duluth sites, along with the Morgan Park area, Point of Rocks, the supportive housing for residents with housing barriers, formerly known as the hardest to house, and other potential development sites. She indicated that last week she had attended the At Home in Duluth core group meeting and met with other stakeholders such as CHUM, LISC, Eco-Three, and One Roof. She also attended the community development meeting where Mary Pelofske, Housing Operations Supervisor, presented information on the Home Fund, and Lynne Snyder, Director of Rehabilitation and Real Estate, made a presentation with the Housing

Resource Connection. She indicated she attended the Riverside neighborhood meeting, and met with developer, Brad Johnson, to learn of his development ideas for that area. She was also able to introduce herself to City Councilor Fosle who was attending the meeting.

The Executive Director indicated that a sales agreement had been signed on another lot at Hawk Ridge Estates. She and David planned to discuss marketing and how to expedite those lot sales.

The Executive Director mentioned regarding the Gateway Tower project, that the tax credit application has been submitted, and they hoped to hear the results in October.

The Executive Director stated that regarding the Esmond Building, the annual report had been submitted to the Greater Minnesota Housing and the Authority was reimbursed \$25,000 for the first year of operating subsidy. Lynne Snyder was working with Sand Construction to get their architect to sign off on the exterior work that has been completed.

The Executive Director explained that regarding the Point of Rock, the TIF proposal had been tabled by the City Council. The developer, Aaron Schweiger, was putting together a labor agreement. In addition, City Council President, Emily Larson, wanted a second public hearing, since the first public hearing failed to appear on the electronic Council agenda online. On July 20th the City Council meeting will have both the public hearing and the TIF resolution for the Point of Rocks on their agenda.

The Executive Director indicated that regarding RAD, they were waiting to receive their commitment for housing assistance payments, and they planned on proceeding with an RFQ for a development partner.

The Executive Director reported that Harbor Highlands homeownership was moving forward as was reported by the Finance Committee Chair, Commissioner Rolle, and they were expecting budgets from One Roof. She explained that tomorrow she, Legal Counsel, and One Roof were meeting with the City to discuss platting of the area.

The Chair mentioned that Brad Johnson had been proposing his development plan for a long time, and nothing seemed to happen regarding this. He indicated that he hoped the Authority could find some way to jump start that development. David Peterson stated he had just met with Brad and they believe they have identified how the Authority could be the most help.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel reported that his efforts this month related to working on a number of the

matters that had already been discussed, including homeownership. He has been talking with Legal Counsel representing One Roof regarding several issues, and he would follow up with them after the meeting with the City, as they were concerned about the availability of building permits before the platting has occurred and other issues. He stressed to them that the Authority needed One Roof to prepare their budget in a way that was understandable to the HRA before this would proceed. He continues to work on issues in respect to Gateway Tower. He explained that regarding Matterhorn, in September, 2013 the Board had approved a possible refinancing of the Matterhorn project, which was a part of the HOPE VI developments, and the Authority then later approved a loan to the owner of the project to fund the application fee of \$26,000. The application has now been submitted and they were now in the process of working on the documentation for the loan, and he had received a number of subordination agreements. He reviewed the agreements and has concerns of whether the Authority was willing to agree to some of the terms and whether they could agree to some of the terms, because the Authority has obligations that are imposed because of the HOPE VI funding and the public housing on site that would prevent us to agree to some of terms. He will be working with staff to determine if the Authority would even agree to provide the consent that has been approved. He has also been working on a variety of matters and contract issues that have occurred in the past month.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:25 P.M.

Chair

ATTEST:

Secretary

Scheduled Regular Meeting – June 30, 2015