

**MINUTES OF THE
RESCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 30th DAY OF MARCH, 2016**

The Commissioners of the Housing and Redevelopment Authority of Duluth, Minnesota, met in a Rescheduled 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 March, 2016.

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

Also present were Jill A. Knutson-Kaske, Executive Director; staff members Carla Schneider, Maureen Zupancich, David Peterson, Pam Benson, Carol Schultz, Diane Martin, Gregg Arseneau, Jeff Haus, Paul Ostezeski, John Moore, and Mike Britton; Dan Maddy, Legal Counsel; Jason Loons, AFSCME; and Barbara Findley and Anne Abraham, King Manor residents; Craig Tusher and Tom Johnson, Grandview Manor residents; and Jeannie Stenson, Kathy Ostazeski, Reyna Crow, Lisa Herthel, and Linda Sellner, community members.

SCHEDULED PUBLIC HEARINGS

None.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The following items were introduced by Commissioner Johnson:

**MINUTES OF THE RESCHEDULED REGULAR MEETING OF
MARCH 1, 2016**

FINANCIAL REPORT FOR PERIOD ENDING FEBRUARY 29, 2016

**RESOLUTION NO. 3653-16
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE
OF LOT 5, BLOCK 5, HAWK RIDGE ESTATES**

**TO JEREMY R. AND SARA L. HENRIKSEN
BY THE HOUSING AND REDEVELOPMENT AUTHORITY**

**RESOLUTION NO. 3654-16
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE
OF LOT 7, BLOCK 2, SACKETTE ADDITION
TO CURTIS A. AND KELLY N. WALCZAK
BY THE HOUSING AND REDEVELOPMENT AUTHORITY**

**RESOLUTION NO. 3655-16
AUTHORIZING SUBMISSION OF AN APPLICATION
FOR THE FSS COORDINATOR GRANT**

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

Commissioner Talarico mentioned that for the record that his name had been misspelled in the “also present” section of the minutes of March 1, 2016.

Roll was called with the following results:

Ayes: Commissioners Johnson, Julsrud, Rolle, and Talarico

Nays: None

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

DISCUSSION ITEMS

RESOLUTION AUTHORIZING BAD DEBT WRITE-OFFS

The Executive Director explained that the Authority writes off bad debt twice a year, and these Resolutions were generally placed on the Consent Agenda, but since there were new Commissioners she decided to put them on the Discussion Agenda, and Maureen Zupancich, the Comptroller, briefly explained the process and answered any questions. Maureen stated that twice a year they would write off the balances of public housing tenants who had moved and not made a payment on their remaining balance within three months of their move out. The Minnesota State Statute allows the Authority to submit the balances due for these tenants to the Minnesota Department of Revenue to be claimed against any of their lottery winnings, rental rebates, or state income tax refunds as long as there is a debt owed to a federal agency, and because they received federal assistance, it can be collected by the State of Minnesota through the revenue recapture process. The requests for revenue recapture are submitted 14 days after the final statement if no

payment has been made, and then the Authority writes off the bad debts twice a year at the end of March and the end of September. After Commissioners' questions were answered, the following Resolution was introduced by Commissioner Julsrud:

RESOLUTION NO. 3656-16
RESOLUTION AUTHORIZING BAD DEBT WRITE-OFFS

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

Roll was called with the following results:

Ayes: Commissioners Johnson, Julsrud, Rolle, and Talarico

Nays: None

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

RESOLUTION AUTHORIZING BAD DEBT WRITE-OFFS

The Executive Director explained that this Resolution was similar to the bad debt write-off Resolution that had just been approved, but was specifically for the Esmond Building. The following Resolution was introduced by Commissioner Talarico:

RESOLUTION NO. 3657-16
RESOLUTION AUTHORIZING BAD DEBT WRITE-OFFS

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

Roll was called with the following results:

Ayes: Commissioners Johnson, Julsrud, Rolle, and Talarico

Nays: None

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

RESOLUTION AUTHORIZING THE DEVELOPMENT OF A HOPE VI PUBLIC HOUSING REPLACEMENT UNIT THROUGH THE PURCHASE OF REAL PROPERTY

The Executive Director stated that this Resolution was for the purchase of a HOPE VI public housing replacement unit with housing replacement funds. She explained that a replacement Resolution was attached to today's agenda due to an error. The house is located on Winona Street instead of Willow Street. She also indicated that the house number should be 419 West Winona, not 409. The following Resolution was introduced by Commissioner Julsrud:

RESOLUTION NO. 3658-16
RESOLUTION AUTHORIZING THE DEVELOPMENT OF A HOPE VI
PUBLIC HOUSING REPLACEMENT UNIT THROUGH THE
PURCHASE OF REAL PROPERTY

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

Roll was called with the following results:

Ayes: Commissioners Johnson, Julsrud, Rolle, and Talarico

Nays: None

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

**RESOLUTION AUTHORIZING AGREEMENT WITH GENERAL DRIVERS,
WAREHOUSEMEN, HELPERS AND INSIDE EMPLOYEES LOCAL 346
SUPERVISORY UNIT**

The Chair explained to Commissioners that this Resolution has just been added to today's agenda, so if they wanted to review the Resolution further, they it could be tabled. He explained that he had met with the Executive Director and she, the Deputy Director, and the union believe this was a sound agreement. After the Executive Director mentioned that the HRA works with three different bargaining units, the Teamsters Supervisory unit, the Teamsters Confidential unit, and the AFSCME union, the following Resolution was introduced by Commissioner Julsrud:

RESOLUTION NO. 3659-16
AUTHORIZING AGREEMENT WITH GENERAL DRIVERS,
WAREHOUSEMEN, HELPERS AND INSIDE EMPLOYEES
LOCAL 346 SUPERVISORY UNIT

Commissioner Julsrud moved that the foregoing Resolution be approved as introduced.

Commissioner Talarico seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Johnson, Julsrud, Rolle, and Talarico

Nays: None

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

EMPLOYEE GRIEVANCE – STEP 3

The Executive Director explained to Commissioners that in the Grievance process Step 1 is with the immediate supervisor. If it is not resolved, Step 2 comes before the Executive Director, and if it was still not resolved, Step 3 comes before the Board of Commissioners. Paul Ostazeski was present with his union representatives. They will go first to present their case. She indicated that the union was alleging that management has violated Paragraph 17.2 of the collective bargaining agreement which states that disciplinary action may be imposed upon an employee only for just cause. They were also stating that management violated Article 2 of the collective bargaining agreement which states that one of management's rights was to discipline employees for legitimate reasons. The union will be arguing that management did not have just cause for the discipline and would like the discipline removed from the file and the suspension be paid back to the employee.

Jason Loons introduced himself as a field representative for AFSCME Council 5. He stated that it has been their contention all along that the discipline that was imposed was excessive. They feel that the two week suspension with loss of wages, and exclusion from overtime was substantial.

Paul Ostazeski introduced himself, indicating he was a lead mechanic and one of the boiler operators. He has been the chief boiler operator and he has had his chief boiler license for 15 years, and boiler operator for 24 years.

Paul provided the background information to the event that lead to his discipline.

On January 6, 2016 he was in the boiler room and Grandview Manor and noticed that the log book had no entry for that day and was unsure if anyone was covering, he entered the temperatures in the log, and left off his initials so it wouldn't be an official entry. He was asked by other maintenance staff if he had logged the boilers and replied he hadn't because he wasn't allowed to do that. He was asked to meet with management and he admitted he had made the entry in the log as a note of the boilers running normally, and

by not initialing the note he believed there had been no statute violation. He did not remember telling other maintenance staff that he had not logged the boilers. He explained that there had always been notes entered in the log books by contractors and other non-licensed employees in the past. He stated he was here today to lessen the impacts of this discipline. He stated he has been a loyal employee and a hard worker. He also had other information available he would like the Board to consider if they had questions.

Jeannie Stenson, a retired employee from the HRA, spoke favorably about Paul and her previous working relationship and experience with him. Craig Tusher and Tom Johnson, residents of Grandview Manor, spoke about Paul's character and their favorable relationship with Paul, and his concern for the safety of the residents.

Jason Loons, made his closing statement indicating that they felt the discipline was excessive. He stated that they would like to move forward with this, acknowledge the discipline, and remove the exclusion from overtime.

The Executive Director asked for clarification if Paul and the union were asking management to remove the overtime exclusion for the one year and leave the rest as is. She asked Jason to be clear because it was her understanding they were originally asking that the discipline be removed from the file and the grievant be made whole, but today he was just asking that the overtime ban be lifted. Paul stated he did not want to worry about being fired over a future miscommunication. Jason stated that two weeks suspension was a huge discipline, they were willing to move past that and acknowledge the discipline, but being excluded from overtime for a year was a principal part of his job duties. He indicated that this was a hardship for Paul and they would like to get this resolved and moved forward today.

Commissioner Talarico asked Paul and the union if it would be acceptable to put a notation in the file that stated the alleged violation was a miscommunication so that it would be cleared up from Paul's standpoint so they wouldn't be looking back at it as a deliberate action. The Chair asked that (so there would be total understanding of where management stood) the Board hear both sides of the story.

The Executive Director expressed that she had appreciated the comments today, and no one would say that Paul didn't work hard for the HRA, does his very best, and has great skills. The reason he was not fired was because the HRA valued these qualities. She stated that this was the first she had heard that the union would be satisfied with the two weeks suspension staying in place, and acknowledging the discipline which would stay in the file, with the adjustment of lifting of the overtime suspension. She had already agreed to lift that overtime suspension after six months if there was no further discipline. If they would like her to proceed reading her whole statement into the record she would do that, but she would be more than happy to meet the union with the resolution of the

grievance. She believes that building good relationships with staff and the union outweigh four additional months of overtime disqualification. If the union was comfortable with settling this grievance only a two month overtime disqualification (which is where we are at today), she was willing to stipulate to that. For the sake of moving forward, if Commissioners and union would agree, they would adjust the discipline to be the two weeks suspension and the two month disqualification of overtime.

Legal Counsel explained to the Board that in Step 3 of the grievance process they may agree with the grievant, they may agree with the staff, they may consider the penalty imposed, or something in between.

Commissioner Julsrud indicated that she supported the Executive Director's position that six months was a reasonable suspension of overtime, and she supported the position she had taken in the letter, and not the position the Executive Director was taking today.

Jason and Paul asked for a caucus.

Jason proposed that management eliminate the overtime restriction.

Commissioner Julsrud moved to support the Executive Director's proposal as presented to the Board to have the suspension of overtime lifted after six months through July 20, 2016, the disciplinary note would stay in his personnel file, and the two week discipline would stay in the file. Commissioner Johnson seconded the motion.

Commissioner Talarico indicated he could not support this, and recommended that the six months be reduced to two months suspension of overtime. He moved to reduce the six months to two months suspension of overtime.

The Chair asked three times if there was a second to this motion. The Chair declared the motion dies for lack of a second.

The Chair asked if there was any more discussion on the motion before the Board. Roll was called with the following results:

Ayes: Commissioners Johnson, Julsrud, and Rolle

Nays: Commissioner Talarico

The Chair declared the motion carried.

COMMUNICATIONS/CORRESPONDENCE

The Executive Director mentioned that items of interest in the blue pages of the Board packet included information on the Pastoret Building, know as the Kozy. The Authority will be watching the City and the County regarding their plans for this building. The Executive Direction mentioned that in Commissioners' green folders was an overview of the Minnesota NAHRO Spring Conference, and if any Commissioners were interested in attending, please let her know.

REPORTS OF COMMITTEES

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

Finance Committee: Commissioner Johnson indicated that there had not been a Finance Committee meeting.

OPPORTUNITY FOR VISITORS TO BE HEARD

Reyna Crow explained that she was a disabled member of the community and had accompanied Lisa Herthel to give her moral support. Lisa asked her to present her concerns on her behalf. Lisa is a HRA scattered site resident, and has had a problem with a neighbor who she has claimed has been harassing, stalking and threatening her. She brought the documentation to Reyna and she assisted her in petitioning for an order of harassment which the judge signed, finding the neighbor guilty. Reyna advised her to ask for a reasonable accommodation and be transferred to a different unit. There has been no response from the HRA regarding her request for reasonable accommodation. Now she has been told that the HRA was initiating eviction proceedings against the neighbor, which wasn't the relief Lisa had requested. Lisa is now experiencing threats and false allegations made to the police department by the neighbor, and she was concerned about retaliation. The remedy she needed was a transfer, so Lisa would like to ask the Board to intervene on her behalf to grant the remedy of a transfer she sought, and additionally request that she be placed at the top of the waiting list. Pam Benson, Director of Housing Services, indicated she would provide the Board with a response explaining the circumstances. She explained to the new Commissioners that they were heavily regulated by HUD and Fair Housing regarding the steps to be taken, and she would outline the steps for the next Board meeting.

BUSINESS BY COMMISSIONERS

The Executive Director explained that she would briefly update the dashboard.

Goal 1: They have met with the City and the County to look at project parameters that would support ongoing funding for rehab or blight removal. Ehlers is doing training in April in Hermantown on TIF and abatement.

Goal 2: They have met with the St. Louis County land department staff and their deputy director to discuss acquiring property at a reduced rate for the purposes of correcting blight under the statute. She was hopeful that this would carry forward with the Build Up Duluth and the Property Brothers projects. The Property Brothers project was ready to move to the next phase which was to develop the program. She and David Peterson, Development Coordinator, met to discuss guidelines to present to the City for feedback.

Goal 3: The capital needs surveys were mailed in March to get feedback regarding residents' needs in the public housing units. Carla Schneider, Deputy Director, worked with property managers to complete and submit the required capital fund documents to HUD.

Goal 4: The Coordinated Entry team comprised of the Executive Director, the Deputy Director, the Director of Housing Services, and the Housing Services Supervisor met with City and County staff to determine commitment levels and funding needs for the Coordinated Entry coordinator position. The HRA is looking to contract for this grant position in June and perhaps make it permanent at a later date, depending on funding stability. Gateway is moving forward, and so are discussions with community partners regarding Morgan Park development.

Goal 5: The Executive Director reported that the capital fund plans were sent to HUD this month. As far as advocacy, she and Carol Schultz, Special Projects Coordinator, attended Duluth and St. Louis County Days in St. Paul and met with State Senators and Representatives. She also spent time with the City and County officials and the Authority's trade partners such as the Minnesota Housing Partnership. The Authority is supporting the Homes for All campaign and will hopefully be able to access Publicly Owned Housing Program funds from Minnesota Housing after this session.

Goal 6: Negotiations with the Teamsters Supervisory unit have been completed, and they will begin negotiations with the Teamsters Confidential bargaining unit on Friday. They have interviewed for a janitor position and a steno position. She reported that they have had several grievances that they were working through. Regarding wellness, the step challenge was completed in March, with six participants from the HRA.

Goal 7: The Executive Director reported that the finance department created a report listing all of the Authority's websites, expiration dates, domain name fees, hosting fees, and support fees to assist in the process of consolidation.

The Chair gave a brief overview to the Board of the Authority's involvement with the Esmond Building. He explained that he had asked for an update of the financials of the Esmond, and would be requesting this periodically, as this could have a substantial impact on the Authority's general fund. Maureen Zupancich, Comptroller, distributed the

Esmond Building financial information, and she provided explanations regarding the funding sources from MHFA, GMHF, and the HRA, the categories where the funds were spent, the funding gaps, and the projections. She also provided the budget and additional Authority pledges for the current fiscal year, showing how much of the \$350,000 the Authority was contributing to the operation of the Esmond Building and in which categories we were contributing it, the actuals for October through February, the anticipated for March through September, the final estimates for 2016, and what was believed will happen in 2017. Carla Schneider commented that they were working on an additional funding source with the GRH that might begin in fiscal year 2017, which would help to partially cover funds for the front desk staff.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director welcomed the Board's newest Commissioner, Michael Talarico.

The Executive Director reported lead testing at Gateway Tower has been completed and results should be available soon.

Gateway Tower and Garfield Square projects were moving forward, and Legal Counsel was working with the City Legal Counsel on the agreements to complete the land acquisition for affordable supportive developments.

The Executive Director and Pam Benson, Director of Housing Services attended a Garfield Square planning meeting. She explained that Garfield Square is the development which will be built in Lincoln Park to provide the Esmond residents a better housing choice.

MHFA, who had previously told the HRA that the POHP bond money that was previously received would not be an issue for a RAD conversion, was now telling the Authority they were mistaken. They now believe that RAD projects could not proceed with properties that had previously received the POHP funding. Development partners' attorneys and MHFA attorneys were attempting to resolve that issue. In addition, MHFA was giving indications that they were not inclined to use housing infrastructure bonds as gap financing for public housing RAD conversions, so this will be something that the Executive Director will look into.

RAD stakeholder meetings were held in March.

The Executive Director mentioned that the Authority was looking into creating a position at the HRA to manage coordinated entry. They will be working with the union, and hopefully they will be agreeable with the Authority contracting for this position until such time when it was known if the funding would be stable and ongoing.

The Executive Director indicated that there would be a need to schedule a Committee of the Whole meeting in April regarding Harbor Highlands homeownership. There needs to be a discussion about what to do as far as development of the existing on the site.

The Executive Director explained that At Home in Duluth was conducting a strategic planning process that she was taking part in. She indicated that At Home in Duluth has reached a point where they needed to refocus and decide what their purpose was and where they wanted to focus their efforts.

The Executive Director indicated that a Finance Committee meeting in April needed to be scheduled in April to review the audit.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel mentioned that their office was working closely with staff on Garfield Square, and an agreement has been circulated under which the property would be acquired by the Authority and conveyed to Center City or a development entity put in place. They have also worked closely with staff on issues related to the Sackette development. He explained, regarding Build Up Duluth, that there were some projects likely to occur in the Ramsey neighborhood where the Authority had acquired property for the Charlie Bell development. They were also working closely with staff on a policy to help guide decisions by the agency relating to the acquisition and disposition of tax forfeited and blighted properties.

He also indicated that he needed to report on litigation, but he saw no reason to go to closed session. He gave a brief report on the Authority's latest litigation filed by AFSCME Council 5, and indicated that the Authority would be responding to the complaint.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 5:35 P.M.

Chair

ATTEST:

Secretary

Rescheduled Regular Meeting – March 30, 2016