

**MINUTES OF THE
SCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 27TH DAY OF SEPTEMBER, 2016**

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 27th day of September, 2016.

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

Also present were Jill A. Knutson-Kaske, Executive Director; staff members David Peterson, Lynne Snyder, Carol Schultz, Pam Benson, and Carla Schneider; Dan Maddy, Legal Counsel; and Barbara Findley, President of King Manor Residents Club, Anne Abraham, Vice President of King Manor Residents Club, James Buchanan, King Manor Residents Club.

SCHEDULED PUBLIC HEARINGS

None.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The following items were introduced by Commissioner Cuneo:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF
AUGUST 30, 2016**

FINANCIAL REPORT FOR PERIOD ENDING AUGUST 31, 2016

**RESOLUTION NO. 3715-16
AUTHORIZING HOUSING CHOICE VOUCHER PAYMENT STANDARDS**

**RESOLUTION NO. 3717-16
RESOLUTION AUTHORIZING BAD DEBT WRITE-OFFS**

RESOLUTION NO. 3718-16
RESOLUTION AUTHORIZING BAD DEBT WRITE-OFFS

Commissioner Cuneo 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, Cuneo, Johnson, Rolle, and Talarico

Nays: None

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

DISCUSSION ITEMS

RESOLUTION AUTHORIZING A CONTRACT FOR HOUSING DEVELOPMENT WITH GOLDBERG PROPERTIES OF DULUTH LP, A MINNESOTA PARTNERSHIP, (“GOLDBERG”) FOR THE CONSTRUCTION OF A MODEL HOME

The Chair explained that this Resolution had been taken off last month’s agenda by the Executive Director, and she then met with Mr. Goldberg. The Executive Director explained that this Resolution related to the construction of a model home at Hawk Ridge Estates. She indicated that in 2013 the HRA entered into a development agreement with Goldberg Properties. The agreement had been that if they would facilitate the building and sale of homes on 10 lots at Hawk Ridge, the HRA would help support the projects by paying construction interest up to a cap of \$16,000 and give a \$10,000 rebate on the price of each lot. Goldberg Properties has facilitated the building of five homes to date, and this Resolution was for house number six. She explained that the development agreement uses the term “model home,” but does not specify a specific length of time the home needed to be held as a model, so the program works more as a spec home arrangement. When the builder begins the building process, Goldberg Properties seeks a buyer. The sooner they find a buyer, the less construction interest the Authority would have to pay, and only one home of the first five homes has actually gone to the full allowed interest amount.

The Executive Director indicated that the each time the developer was ready to facilitate a new construction, the Authority amended the contract for housing development. She explained that if the Authority had a buyer interested in purchasing a lot that had already been committed to Goldberg Properties, Mr. Goldberg has been very flexible about selecting a different lot, and there also have been instances when he has had a buyer

already lined up, in which case he only received the discount on the lot and not the interest.

The Executive Director mentioned that she had met with Darrell Goldberg and they have discussed the program. He expressed an interest in building more homes after he has finished his 10 lots, and this was important because when we get to the end of the development the final few remaining lots may be the most difficult to sell. She indicated that having a person willing to finance the construction of a home without a buyer already lined up helps show potential customers what a house would look like on a particular site when it may otherwise be difficult to visualize.

After the Chair indicated that he believed that the agreement of paying up to \$16,000 construction interest per home should not be continued after the construction of his 10 homes, the following Resolution was introduced by Commissioner Talarico:

RESOLUTION NO. 3711-16
RESOLUTION AUTHORIZING A CONTRACT FOR
HOUSING DEVELOPMENT WITH GOLDBERG PROPERTIES
OF DULUTH LP, A MINNESOTA LIMITED PARTNERSHIP, (“GOLDBERG”)
FOR THE CONSTRUCTION OF A MODEL HOME

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

Roll was called with the following results:

Ayes: Commissioners Boshey, Cuneo, Johnson, Rolle, and Talarico

Nays: None

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

RESOLUTION OF APPRECIATION TO BRUCE JOHNSON

The Executive Director explained that there were going to be two retirements in October. She read the Resolution of Appreciation for Bruce Johnson into the minutes. The following Resolution was introduced by Commissioner Cuneo.

RESOLUTION NO. 3713-16
RESOLUTION OF APPRECIATION TO BRUCE JOHNSON

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

Commissioner Johnson seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Boshey, Cuneo, Johnson, Rolle, and Talarico

Nays: None

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

RESOLUTION OF APPRECIATION TO KEVIN “HARLEY” JONES

The Executive Director read the Resolution of Appreciation for Kevin “Harley” Jones into the minutes. The following Resolution was introduced by Commissioner Boshey:

RESOLUTION NO. 3714-16 RESOLUTION OF APPRECIATION TO KEVIN “HARLEY” JONES

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

Roll was called with the following results:

Ayes: Commissioners Boshey, Cuneo, Johnson, Rolle, and Talarico

Nays: None

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

RESOLUTION AUTHORIZING CONVEYANCE OF PROPERTY FROM THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA (AUTHORITY) TO INDEPENDENT SCHOOL DISTRICT 709

The Executive Director explained to Commissioners that as part of the former acquisition-demolition program that the Authority was involved in with the City of Duluth, several structures had been demolished and the Authority still had ownership of some of the vacant lots. One of these lots, located at 3215 Elm Street near the Lincoln Park Middle School, is odd shaped and unlikely to ever have a house built on it. The Independent School District 709 is interested in purchasing this lot for directional signage and other school uses. After she indicated that the HRA would sell this lot to the school district for one dollar plus attorney’s fees, the following Resolution was introduced by

Commissioner Johnson:

RESOLUTION NO. 3716-16
RESOLUTION AUTHORIZING CONVEYANCE OF PROPERTY FROM THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
(AUTHORITY) TO INDEPENDENT SCHOOL DISTRICT 709

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

Roll was called with the following results:

Ayes: Commissioners Boshey, Cuneo, Johnson, Rolle, and Talarico

Nays: None

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

PHA BOARD RESOLUTION APPROVING OPERATING BUDGET

The Executive Director explained that this Resolution was approving the upcoming fiscal year budget. The Finance Committee had met on September 13th and reviewed each of the department budgets with HRA staff. There have been no changes made to the budget, except to change the formatting as requested by Commissioners at the Finance Committee meeting. The Executive Director indicated that Maureen Zupancich, Comptroller would answer any additional questions. After Commissioner Cuneo commented that the budget meeting had been helpful in understanding the budget, the following Resolution was introduced by Commissioner Johnson:

RESOLUTION NO. 3719-16
PHA BOARD RESOLUTION APPROVING OPERATING BUDGET

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

Roll was called with the following results:

Ayes: Commissioners Boshey, Cuneo, Johnson, Rolle, and Talarico

Nays: None

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

read.

RESOLUTION AWARDING CONTRACT FOR 2016 DULUTH HRA TRI TOWERS – KING MANOR – GRANDVIEW MANOR EMERGENCY GENERATOR REPLACEMENT PROJECT

The Executive Director indicated that this Resolution was a capital fund project included in the five year plan replacing the emergency generator for Tri Towers, King Manor, and Grandview Manor. She explained that one generator handled all three buildings and was housed at Tri Towers. The current generator is past its functional life. The following Resolution was introduced by Commissioner Johnson:

**RESOLUTION NO. 3720-16
RESOLUTION AWARDING CONTRACT FOR 2016 DULUTH HRA
TRI TOWERS – KING MANOR – GRANDVIEW MANOR
EMERGENCY GENERATOR REPLACEMENT PROJECT**

Commissioner Johnson moved that the foregoing Resolution be approved as introduced. Commissioner Boshey seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Boshey, Cuneo, Johnson, Rolle, and Talarico

Nays: None

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

COMMUNICATIONS/CORRESPONDENCE

The Executive Director mentioned that there were a couple of items that may be of interest to the Commissioners in the blue pages of the Board packet. She reported that there was an article relating to the housing shortages across Minnesota and the impact that will have on our opportunity to grow economically as a state, an article regarding the Kayak Bay development in Riverside, and an article on the phenomenon of the increase in homeless among Minnesota's elderly. She pointed out that in the Commissioners' green folders was an invitation to attend the Economic Development focus group as part of the Comprehensive Plan. They were also invited to attend the Housing focus group as part of the Comprehensive Plan on October 20th. The meetings were open to the public.

REPORTS OF COMMITTEES

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

Finance Committee: The Finance Committee met on the September 13th and Commissioner Johnson was impressed with the staff's knowledge of such a complex budget.

OPPORTUNITY FOR VISITORS TO BE HEARD

James Buchanan, a King Manor resident, thought it would be helpful if the Authority would provide electronic announcement boards in the high rise buildings to communicate with residents. The Chair indicated staff could look into this.

BUSINESS BY COMMISSIONERS

The Executive Director indicated that she would report on the dashboard highlights.

Goal 1: The Executive Director attended the vision committee meeting for the City's comprehensive plan, and she worked along with Commissioner Cuneo at the kick off event. She and Suzanne Kelly from City Planning worked a table collecting data about where the participants would like to live in Duluth. She also reported that the HRA tax levy was approved by the City Council.

Goal 2: The Executive Director reported that she was still waiting for a response from the City regarding the proposal she had sent to them in May regarding the rehab of tax forfeit and condemned for human habitation homes. The Executive Director, the Deputy Director, and the Director of the Rehab Department have been working with One Roof as part of the HRC to develop compliance parameters for the CDBG funded projects.

The Executive Director also met with NAHRO representatives to push for advocacy through the Homes for All campaign on allowing the Publicly Owned Housing Program funded projects to be eligible for RAD conversions.

Goal 3: There are no updates for Goal 3 at this time.

Goal 4: The Deputy Director continues to work with the Gateway Tower development team, and they are now hoping to close in October. She has submitted the Authority's tax credit management qualifications to the syndicator for their review. The Director of Rehab is also working with the Gateway development team on the lead project and the lead deferred loan to ensure it fits within the tax guidelines and the tax credit guidelines.

Goal 5: The Executive Director reported that the King Manor window project that will add energy efficiency to the building was proceeding. Also, the Board just approved awarding the contract for the new emergency generator that runs the emergency lighting

and elevators for Tri Towers, King Manor and Grandview.

Goal 6: The Deputy Director has met with senior management staff to implement succession planning forms to use with staff to determine their desires for movement within the agency. The AFSCME union has opened up their contract for negotiations beginning in the next three months. Also, they have cancelled their follow up meeting with management regarding the additional inspector position.

Goal 7: No update on Goal 7 at this time.

The Chair asked if it was correct that in Goal 2 the Executive Director had presented a proposal to the City in May regarding bringing together the County and the City to help the HRA engage local contractors in the rehab of tax forfeit and condemned for human habitation homes. The plan was to acquire tax forfeit property from the County for little to nothing, the City would contribute funds, and the Authority would sell that property to contractors for a \$25,000 zero interest mortgage, the contractors would use their own additional funds to rehab the house and then sell the property, and pay back the \$25,000 loan. That \$25,000 loan would then cover the Authority's costs and any legal fees, with remaining funds being used for additional blight removal. The Executive Director indicated that she has been asked by the City not to approach the County, because they wanted all requests for tax forfeit properties to come from the City. The City told the Executive Director that there was a five person MOU which she has not seen yet. The Chair suggested that the Authority change the process by going to the County directly, and he asked for any suggestions from the Commissioners. The Executive Director indicated she would be persistent, and Commissioners indicated that she should request a deadline for the response and copy the Commissioners.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director reported that she and the Deputy Director met with Jodi Slick from Eco3 regarding the possibility of collaborating on some resilient housing opportunities that may be available. Jodi indicated that she was looking for funds to do the construction and acquire approximately five lots.

The Executive Director and the Director of Rehab and Real Estate have been working on drafting new language to be used for compliance purposes for the Housing Resource Connection.

The Executive Director informed Commissioners that she been working with the Housing for All Summit Committee on the Affordable Housing Trust Fund.

The Executive Director mentioned that she and management staff have spent much of August and September preparing the agency budgets, and she was happy with the results

and the upcoming initiatives.

The Executive Director explained that since Councilor Sipress had not attended the budget committee presentation, he had some questions regarding the Authority's tax levy proposal. She drafted a memo with supporting documents to the Councilors to further explain the rationale for the increased levy funding even though the percentage had remained the same as previous years. She indicated that this was a good exercise to help her better anticipate what Councilors may expect to receive for the next year's budget and levy presentation. The tax levy was passed as presented.

The Executive Director reported that she had attended the Minnesota NAHRO Fall Conference in Duluth. David Peterson's presentation and tour of Hawk Ridge Estates and Build Up Duluth, and Rick Klun's presentation on the micro house at the conference showcased some of our local initiatives.

The Executive Director indicated that as part of the City's vision committee for the comp plan she was able to help staff a table at the kick-off event. She also had the opportunity to discuss ideas regarding the Esmond commercial space and various programs at the Housing and Redevelopment Authority with Councilor Howie Hanson.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel indicated that he had been doing quite a bit of work on Gateway and was looking at a closing in October. They were waiting for quite a few documents from the developer so they could do their final diligence and revise their documents to fit with the approvals they have received from Commissioners. On an ongoing basis, they have been working on items at Hawk Ridge relating to the sale of lots, easements that were needed for the sale of lots and other matters, and he has been working with the Deputy Director on construction issues.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:17 P.M.

Chair

ATTEST:

Secretary

Scheduled Regular Meeting – September 27, 2016