

**MINUTES OF THE
SCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 25TH DAY OF OCTOBER, 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 25th day of October, 2016.

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

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

SCHEDULED PUBLIC HEARINGS

None.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The following items were introduced by Commissioner Glumac:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF
SEPTEMBER 27, 2016**

FINANCIAL REPORT FOR PERIOD ENDING SEPTEMBER 30, 2016

**RESOLUTION NO. 3722-16
RESOLUTION AUTHORIZING ENTERING INTO A
PROFESSIONAL SERVICES AGREEMENT WITH
DULUTH LOCAL INITIATIVES SUPPORT CORPORATION**

RESOLUTION NO. 3723-16
RESOLUTION APPROVING EXTENDING THE CONTRACT FOR
GARBAGE REMOVAL AND RECYCLING SERVICES FOR
AMP 1 (SCATTERED SITES)

RESOLUTION NO. 3724-16
RESOLUTION APPROVING EXTENDING THE CONTRACT FOR
GARBAGE REMOVAL AND RECYCLING SERVICES FOR
HIGH RISES, HARBOR HIGHLANDS COMMUNITY CENTER,
AND THE ESMOND BUILDING

RESOLUTION NO. 3725-16
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE
OF LOT 8, BLOCK 4, HAWK RIDGE ESTATES FIRST ADDITION
TO SUSAN K. PILLSBURY BY THE
HOUSING AND REDEVELOPMENT AUTHORITY

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

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Johnson, Julsrud, Rolle, and Talarico

Nays: None

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

DISCUSSION ITEMS

RESOLUTION OF APPROVAL TO BORROW GENERAL OBLIGATION BOND FUNDS FROM THE MINNESOTA HOUSING FINANCE AGENCY FOR THE GRANDVIEW MANOR RENOVATION PROJECT

The Executive Director explained that approval of this Resolution would allow the Authority to borrow General Obligation Bond funds from MHFA for the Grandview Manor window project. These funds were applied for through the Publicly Owned Housing Program (POHP). This project was selected and then paid for out of the Authority's General Fund with the understanding that once the project was completed the Authority would be reimbursed with the POHP funds. These funds become a loan to the Authority with zero interest and would be forgiven after 20 years. The following Resolution was introduced by Commissioner Johnson:

RESOLUTION NO. 3721-16
APPROVAL TO BORROW GENERAL OBLIGATION BOND FUNDS
FROM MINNESOTA HOUSING FINANCE AGENCY FOR THE
GRANDVIEW MANOR RENOVATION PROJECT

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

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Johnson, Julsrud, Rolle, and Talarico

Nays: None

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

RESOLUTION AUTHORIZING ELEVATOR REPAIR AT THE ESMOND BUILDING

The Executive Director explained that approval of this Resolution would authorize the repair of the elevator at the Esmund building. She indicated that given that Garfield Square had not been funded in October, the Authority needed to complete repairs on the elevator in order to bring it into compliance with the Department of Labor and Industry inspection report. A separate competitive bid was not required since Minnesota Elevator Inc. (MEI) was an authorized vendor on the State agency contract list, and funds previously committed by Resolution to support the Esmond would be used to complete these repairs.

The Chair indicated that this money could be saved by taking the elevator out of service and anybody that had difficulty walking would not be able to use the upper floors. Commissioner Talarico asked if the Authority might then be fined by the State because of noncompliance with the ADA. Legal Counsel indicated that this probably would not happen in this particular instance. The Authority had been told by the architect that they could take the elevator out of service without violating the ADA because of the availability of accessible space on the first floor. The Director of Rehab reported that most of the handicapped people resided on the first floor, and they had put new handicap bathrooms on the second floor. Commissioner Johnson mentioned that if they were considering the salability of the building, keeping the elevator in compliance would probably be important to consider. The Chair indicated that it was his understanding that anyone interested in taking over the building would probably not use this elevator. The Director of Rehab stated that the only reason the State was allowing the elevator to stay in service was because it was manually operated so any change in ownership of the

building would require a new elevator.

The Executive Director indicated that according to the letter from the State the options were either take the elevator out of service if it was not repaired or that the Authority have the elevator fixed.

Legal Counsel indicated he wanted to clarify what he had previously said so it would not be misinterpreted. He was unaware the handicap bathrooms had been put on the second floor. He stated that they had the discussion early on in the project about taking the elevator out of service at that time. He didn't believe the Authority would be fined because he didn't believe there was a choice about repairing the elevators.

The Deputy Director indicated that they were going to have a discussion with MHFA about extending the operating subsidy regarding this issue and then discuss an extension with the elevator inspector. She believed that there were only two or three residents who relied on the elevator other than the population that resided on the first floor. If they were going to start attrition those could be the residents they have a discussion with to make sure they were safe and their needs were met.

Commissioner Julsrud made a motion to table the following Resolution:

**RESOLUTION NO. 3726-16
RESOLUTION AUTHORIZING ELEVATOR REPAIR
AT THE ESMOND BUILDING**

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

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Johnson, Julsrud, Rolle, and Talarico

Nays: None

The Chair declared the motion carried and said Resolution was tabled.

RESOLUTION AMENDING RESOLUTION NO. 3712-16 WHICH APPROVED, ON A PRELIMINARY BASIS, THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS FOR A PROJECT BY TERREX-HERITAGE AFFORDABLE; AUTHORIZING SUBMISSION OF AN APPLICATION FOR ALLOCATION OF BONDING AUTHORITY TO THE STATE OF MINNESOTA; AUTHORIZED PREPARATION OF A MULTIFAMILY HOUSING DEVELOPMENT PROGRAM; AND AUTHORIZED A PUBLIC HEARING

The Executive Director explained that approval of this Resolution would amend the amount of the bonding authority from \$5,500,000 to \$6,800,000 for the Terrex-Heritage Affordable project. The HRA originally approved the conduit bonding authority in August. Legal Counsel explained that issuance of this type of revenue bonds would not count against the Authority's \$10 million a year in bank qualified issuing authority. She indicated that the HRA has never issued this type of bond before. This type of bond is issued to for-profit developers, and in order to issue these bonds, the Authority would need to get an allocation of bond issuing authority from the State of Minnesota, which was why they were requesting to amend this Resolution to increase the bonding authority. She explained that what usually happened was the developer completes as much of the project as possible and this Resolution would allow them to incur costs, and then repay themselves when the tax exempt bond was issued. The developer was still obligated to pay the Authority's fee. The following Resolution was introduced by Commissioner Johnson:

RESOLUTION NO. 3727-16
RESOLUTION AMENDING RESOLUTION NO. 3712-16 WHICH APPROVED,
ON A PRELIMINARY BASIS, THE ISSUANCE OF MULTIFAMILY HOUSING
BONDS FOR A PROJECT BY TERREX-HERITAGE AFFORDABLE;
AUTHORIZING SUBMISSION OF AN APPLICATION FOR ALLOCATION OF
BONDING AUTHORITY TO THE STATE OF MINNESOTA;
AUTHORIZED PREPARATION OF A MULTIFAMILY HOUSING
DEVELOPMENT PROGRAM; AND AUTHORIZED A PUBLIC HEARING

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

Roll was called with the following results:

Ayes: Commissioners Cuneo, Glumac, Johnson, Julsrud, 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 included in the blue pages of the Board packet was an article regarding the Tenant Landlord Connection. The HRA is one of the funders for this program. In Commissioners' green folders was the response from property management to Mr. Buchanan, who spoke at the last meeting about the suggestion for

electronic signage for resident communication.

REPORTS OF COMMITTEES

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

Finance Committee: The Finance Committee had not met.

OPPORTUNITY FOR VISITORS TO BE HEARD

None.

BUSINESS BY COMMISSIONERS

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

Goal 1: The Executive Director, the Deputy Director, the Comptroller, and the Director of Development and Redevelopment had a conference call with Ehlers to discuss financing options for the Morgan Park development. The Executive Director continues to work with the Housing for All Summit Committee members on the possible establishment of an Affordable Housing Trust Fund.

Goal 2: The Executive Director met with staff from City Planning and Development to discuss the Property Brothers proposal. The City was looking into developing a program similar to what the Executive Director had submitted where the HRA would work with the City and the County to establish a batch committee to assess the tax forfeit and condemned for human habitation homes within a specific geographic area and then incent local remodelers to help flip those homes to put them back on the tax rolls. It may also have an exterior renovation component similar to the Irving neighborhood project, which was a dollar for dollar match for exterior work.

Build Up Duluth closed on its first new construction in the Hillside, and there was one more home in the process of closing.

Goal 3: The Service Coordinator held a class on police and body cameras.

Goal 4: The Coordinated Entry Coordinator has met with agencies throughout St. Louis County, and she has also presented at the Affordable Housing Coalition.

Goal 5: The Executive Director reported that the King Manor window project that will add energy efficiency to the building was proceeding.

Goal 6: AFSCME approved the new Inspector job description, which will be posted and

the necessary equipment will be purchased. This position will work primarily with bed bug extermination in the Authority's public housing units. The Director of Housing Services answered Commissioners' questions regarding bed bugs and the impact this has on the housing budget.

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

REPORT OF EXECUTIVE DIRECTOR

The Executive Director reported that she, David Peterson, and Commissioner Johnson had attended the Housing Focus Group for the Comprehensive Plan. This was similar to the Economic Development Focus Group which she attended along with David Peterson, Commissioner Johnson, and Commissioner Cuneo.

The Gateway Tower project was moving forward and they have been reviewing documents and working with their partners to move toward closing.

The Executive Director mentioned that they had met with Ehlers regarding subdivision financing, and David Peterson was putting together some preliminary numbers for the Morgan Park development.

The Executive Director met with City Planning and Development staff regarding the Property Brothers, and they also discussed Hawk Ridge Estates and Build Up Duluth. They discussed the Authority's involvement in the LaSalle development in the Ramsey neighborhood, and the land that was still undeveloped at Harbor Highlands. She and David Peterson were considering putting out two RFP's for the two sections of land at Harbor Highlands that would let the developers create the design for the projects. After reviewing the proposals they would come to the Board and the City with a new plan.

The Executive Director updated the Board regarding RAD. She has spoken to Keith Hamre from the City regarding PILOT. This was the first hurdle that the Authority needed to overcome to make the numbers work for the RAD project. Keith has been communicating with the City Attorney, the County, and the State, but he has not received an answer yet on whether PILOT would transfer to private owners for RAD. She indicated that with all the hurdles the Authority has encountered it might be best to return the CHAP's to HUD. She explained that they have learned a lot about the RAD process and what may or may not actually work in a RAD conversion. She believes if the Authority now looked at their housing portfolio and looked at all the changes that have been made to the RAD program they could make a better decision about which properties RAD might work for or if RAD was right for public housing in Duluth.

The Executive Director indicated that she still wanted Keith to find out the answer regarding PILOT so that the Authority could continue moving forward, but she

mentioned she had not been successful in convincing the Minnesota NAHRO Legislative Committee that changing the Housing Infrastructure Bond and the GO Bond language to allow the support of RAD conversions was worthy of being on their legislative advocacy list. The Executive Director of Minnesota NAHRO has talked to the experts at the Homes for All group and they were not interested, as they thought this was a Duluth issue, and changing the language where a POHP could be transferred to a RAD project was not an issue they wanted to take on. She indicated that the Chicago partners were interested in helping the Authority put together a new RAD application if the Authority was still interested in the RAD program. She stated that if the Board wanted her to pursue the application she would, but she felt that the application was not written in a way that it could be made to work long term. The Chair indicated that he thought the Executive Director and the staff has done a good analysis.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel indicated that he has primarily been working on Gateway and he was hoping they would close in November. He and Chris Virta have also been working on the LaSalle project.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:15 P.M.

Chair

ATTEST:

Secretary

Scheduled Regular Meeting – October 25, 2016