

**MINUTES OF THE
SCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 27th DAY OF OCTOBER, 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 27th day of October, 2015.

The Chair called the Meeting to order and on roll call the following members were found to be present: Commissioners Glumac, Johnson, Reichert, and Rolle. Commissioners Boshey, Cuneo, and Thomas 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, and Lynne Snyder; Dan Maddy, Legal Counsel; Bob Grytdahl, City of Duluth Human Rights; Willy Miller, Tri Towers Resident Club president; and Barbara Findley and Ann Abraham, King Manor residents.

UNFINISHED BUSINESS

None.

Commissioner Boshey arrived at 3:40 P.M.

CONSENT AGENDA:

The following items were introduced by Commissioner Glumac:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF
SEPTEMBER 29, 2015**

FINANCIAL REPORT FOR PERIOD ENDING SEPTEMBER 30, 2015

**RESOLUTION NO. 3623-15
AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MN (HRA) TO SUBMIT ONE OR MORE RENEWAL
APPLICATION(S) IN PARTNERSHIP WITH CHUM FOR A
RAPID RE-HOUSING PROGRAM THROUGH ST. LOUIS COUNTY'S
CONTINUUM OF CARE THROUGH THE HUD NOFA**

RESOLUTION NO. 3624-15
APPROVING A RENEWAL APPLICATION AND ADMINISTRATION FOR
THE SHELTER PLUS CARE PROGRAM WITH
HUMAN DEVELOPMENT CENTER THROUGH THE HUD NOFA

RESOLUTON NO. 3625-15
APPROVING A RENEWAL APPLICATION AND ADMINISTRATION
FOR THE SHELTER PLUS CARE PROGRAM WITH CHUM
THROUGH THE HUD NOFA

RESOLUTION NO. 3626-15
AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MN (HRA) TO SUBMIT ONE OR MORE RENEWAL
APPLICATION(S) IN PARTNERSHIP WITH THE
SALVATION ARMY FOR RAPID RE-HOUSING PROGRAM THROUGH
ST. LOUIS COUNTY'S CONTINUUM OF CARE THROUGH
THE HUD NOFA

RESOLUTION NO. 3627-15
APPROVING A RENEWAL APPLICATION AND ADMINISTRATION FOR
THE COORDINATED ENTRY PROJECT WITH ST. LOUIS COUNTY
CONTINUUM OF CARE THROUGH THE HUD NOFA

RESOLUTION NO. 3628-15
AUTHORIZING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MN (HRA) TO ENTER INTO A CONTRACT AGREEMENT
WITH THE CITY OF DULUTH FOR ADMINISTRATION OF THE CITY'S
EMERGENCY SOLUTIONS GRANT (ESG) PROGRAM FLEX FUNDS

RESOLUTION NO. 3630-15
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE
OF LOT 7, BLOCK 7, HAWK RIDGE ESTATES TO
PRESTON M. AND HEATHER A. HUMBARD
BY THE HOUSING AND REDEVELOPMENT AUTHORITY

RESOLUTION NO. 3631-15
APPROVING A RENEWAL APPLICATION AND ADMINISTRATION FOR
THE SHELTER PLUS CARE PROGRAM WITH NORTH SHORE HORIZONS
THROUGH THE HUD SUPER NOFA

Commissioner Glumac moved that the foregoing Items A, B, C, D, E, F, G, H, I, and J be approved as introduced. Commissioner Johnson seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Boshey, Glumac, Johnson, Reichert, and Rolle

Nays: None

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

DISCUSSION ITEMS

RESOLUTION OF APPRECIATION TO JOHN IVEY THOMAS

The Chair explained that Commissioner Thomas was not at today's Board meeting due to a health issue, and then read the Resolution of Appreciation to John Ivey Thomas. The following Resolution was introduced by Commissioner Rolle:

RESOLUTION NO. 3622-15 RESOLUTION OF APPRECIATION TO JOHN IVEY THOMAS

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

Roll was called with the following results:

Ayes: Commissioners Boshey, Glumac, Johnson, Reichert, and Rolle

Nays: None

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

The Chair explained that for the following Resolution he needed to recuse himself, and the only officer at today's Board meeting was the Chair of the Finance Committee, so the Chair asked Commissioner Rolle to chair the meeting for this Resolution.

RESOLUTION AUTHORIZING HOUSING CHOICE VOUCHER PAYMENT STANDARDS

Commissioner Rolle indicated that there were favorable proposed payment adjustments being made for Duluth and St. Louis County, Cook County, and Lake County. The following Resolution was introduced by Commissioner Boshey:

RESOLUTION NO. 3629-15

RESOLUTION AUTHORIZING HOUSING CHOICE VOUCHER PAYMENT STANDARDS

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

Roll was called with the following results:

Ayes: Commissioners Boshey, Glumac, Johnson, and Rolle

Nays: None

Abstain: Commissioner Reichert

Commissioner Rolle declared the motion carried and said Resolution approved as introduced and read.

Chair Reichert returned to chairing the meeting.

COMMUNICATIONS/CORRESPONDENCE

The Executive Director pointed out that she included a page discussing the Lead the Way-PHA Governance and Financial Management free web based training for Board members in Commissioners' green folders. Also included in Commissioners' green folders was the September Esmond board report. She explained that there had been an owners' meeting for the Esmond, which they were going to start scheduling on a regular basis, and they will provide the Authority with quarterly reports. She reminded Commissioners that she had reported last month that they did have a resident who was dealing with psychiatric issues and lost control and did some significant damage to the building. Including that incident, there were 15 police and emergency calls to the Esmond in September. Six of them were medical, one of them was a false alarm, and two were self initiated check ins. This left only five police calls at the Esmond for the month of September. This is a significant decrease of calls which can be attributed to front desk management by Center City Housing. The Executive Director indicated that in the blue pages of the Board packet was the LISC quarterly report related to the grant they received from the HRA in the last fiscal year. There was also an article from the News Tribune regarding housing issues that were discussed by the at-large council candidates at their forum.

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 Chair announced that Commissioner Thomas had resigned from the Board, and since he was the Vice-Chair, the Board would need a new Vice-Chair to replace him. He indicated that he had asked Commissioner Johnson to serve as a nominating committee of one, and provide a nomination for Vice-Chair at the November meeting so that Board could vote on the nomination.

The Executive Director reviewed the dashboard highlights for Commissioners. In connection with Goals #1 and #2, the Executive Director indicated that she has begun meeting with the City of Duluth, DEDA, and LISC regarding the rehabbing of existing housing stock, specifically those that have been condemned for human habitation. She explained that they were in the very beginning stages of this plan and they were hoping to combine resources to leverage additional funds for the project.

The Executive Director explained that regarding Goal #2, the City has allocated other funds for blight removal. She invited Commissioners to a groundbreaking for the first Build Up Duluth house on Friday, November 6th at 12:30 P.M. at the Calzion Construction site at 412 East 7th Street. She reported that the Esmond exterior was being painted, she was working with the rehab department to decide what should be done with the exterior stairwell, and she had met with the three artists and provided them with leases, and they should be moving into the commercial spaces in the next few weeks.

There were no changes in Goal #3 this month.

Regarding Goal #4, David Peterson, Development Coordinator, has completed the wetlands delineation for the Morgan Park tax forfeit land, and he and the Executive Director have been discussing future projects. She indicated that she considered scheduling a Meeting of the Whole in the near future to discuss development.

In regards to Goal #5, the Executive Director explained that they were still working with Eco3 and the NDRC grant for potential solar funding or for some Monopath cold climate homes to potentially be built on the Harbor Highlands site. This application would be submitted this month. She mentioned that the Authority has signed partnership agreements with the City for projects including the Esmond, rehab, and the medical district.

There were no changes for Goals #6 and #7 from last month. The health fair and open enrollment for health and flexible spending account benefits will take place at the beginning of November.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director reported that the Gateway Tower nine percent tax credit application was awarded at \$1.4 million, and this was the largest award in greater Minnesota history for a single project. She congratulated Carla Schneider, Deputy Director, and staff on all their effort on the Gateway Tower application. After Carla answered Commissioners questions, she explained that in addition to the tax credit award, MHFA has awarded the Gateway project three other loans, two of which were zero percent interest non-amortizing loans for 30 years, and a low and moderate income loan, which was an amortizing loan expected to close around five percent, plus the CDBG that has already been secured and the \$500,000 from Greater Minnesota Housing Fund that came in last year, for a total of approximately \$17 million.

The Executive Director reported that they had received three development partner proposals for the RAD RFQ, which have not been scored yet.

The Executive Director mentioned that the Joint Powers Enterprise had met and set the rates for health and dental insurance. The dental premiums would stay the same for 2016, and there would be a four percent decrease in the health insurance premiums for 2016.

The Executive Director indicated that she and David had met with DEDA, the City, and LISC regarding the condemned for human habitation potential rehab program, and they also met with the Greater Downtown Council and their realtor regarding the potential for housing in the old Maurices' space where student housing might be an option.

The Executive Director explained that the National Disaster Resiliency Competition (NDRC) has become a focus of some planning because the Esmond building was being considered as a redevelopment activity for the application. It was being proposed to use some of the NDRC funds to repay the HRA as well as assist with the replacement housing and some of the redevelopment for the building. She still fully anticipated that even with this funding they would need to plan on covering the operating expenses for year four.

The Executive Director met with the City who was interested in the HRA playing a greater role in the Coordinated Entry program. Pam Benson, Director of Housing Services, will be determining the funding necessary to accomplish this.

The Executive Director, along with Carla and Maureen, met with Jeff Corey from One

Roof to discuss the best way to proceed with homeownership at Harbor Highlands. She indicated that given everyone's limited resources and the high cost of construction, they were considering combining Phase 1 and Phase 2, so instead of five units there would be seven units, and One Roof would bring the subsidy they received from MHFA to the table right away, so the per unit subsidy would be less. She explained to Jeff that he needed to finalize their proposal, bids, budget, and drawings before bringing his plan back to the Finance Committee.

The Executive Director reported that she and others from the housing community had the opportunity to meet with Senator Franken on October 10th to discuss the affordable, work force, and market rate housing needs of the City.

The Executive Director reported that she and Legal Counsel were working with Scott Vesterstein on the Matterhorn refinancing. She has not yet heard whether MHFA or GMHF would accept the Authority's offer to drop the interest rate to one percent after the option period. Originally, we had offered to drop it to two and one-half percent, but if they had accepted that, they wanted payments from cash flow, so it was thought a lower interest rate was the better option.

The Executive Director mentioned she had attended the National NAHRO Conference in Los Angeles where she met others from the national housing community, and she learned more about RAD and Affirmatively Furthering Fair Housing.

The Executive Director indicated she and Lynne Snyder, Director of Rehab and Real Estate, had picked paint colors for the Esmond, and she had met with staff at the Esmond. She, Carla, and Lynne had an owner's meeting with Center City and CHUM, and they were proceeding with the artist space, and they were also making some headway cleaning up the appliance shop's appearance.

The Executive Director congratulated Pam Benson and Shelby Soumis, Housing Manager, on having no findings on the Phase II audit at Harbor Highlands.

The Executive Director mentioned that she, several staff members, and the Board Chair had attended the One Roof's fundraiser.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel reported that he had primarily been working on the Matterhorn refinancing this month. He had also worked on Gateway and some issues on Build Up Duluth. In connection with Matterhorn, he has continued to have discussions with the lender's lawyer regarding the terms of the subordination agreement that had been requested, and it was his understanding that they were conveying his message to HUD. He indicated that there were a couple of issues that he and MHFA did not agree with HUD on, and they

were hoping that HUD would relent. He had discussions with GMHF and MHFA regarding changes to the Authority's loan. The staff he had been talking with was willing to advocate to their agencies that they had signed the subordinations and entered into an extension of their loans. He explained that their loans were going to come due before the Authority's, and they were being asked to extend their loans out for an additional 35 years, which was a HUD requirement. Regarding Gateway there is going to be much work to do, and they planned to have the developer do as much as possible. He indicated that regarding Build Up Duluth, he and David planned to meet with staff to brainstorm regarding the banks' reaction, which was that they were looking at this as a second loan, so even though this was essentially a forgivable loan and money to improve the property, the secondary market was not treating these the same way they have treated other down payment assistance loans that the Authority has made in the past.

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 27, 2015