

**MINUTES OF THE
SCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 26th DAY OF APRIL, 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 26th day of April, 2016.

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

Also present were Jill A. Knutson-Kaske, Executive Director; staff members Carla Schneider, Maureen Zupancich, David Peterson, Lynne Snyder, Carol Schultz, and Jeff Haus; Dan Maddy, Legal Counsel; Barbara Findley and Anne Abraham, King Manor residents; John Heppelmann, Daniel Domenzain, and Linda Sellner, community members.

SCHEDULED PUBLIC HEARINGS

None.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The Executive Director explained that on today's Agenda, one of the Resolutions had been moved from the Consent Agenda to the Discussion Agenda. The following items were introduced by Commissioner Julsrud:

**MINUTES OF THE RESCHEDULED REGULAR MEETING OF
MARCH 30, 2016**

FINANCIAL REPORT FOR PERIOD ENDING MARCH 31, 2016

**RESOLUTION NO. 3660-16
RESOLUTION APPROVING CHANGES TO
HOUSING CHOICE VOUCHER (HCV)**

UTILITY ALLOWANCE SCHEDULE

RESOLUTION NO. 3661-16 RESOLUTION APPROVING CHANGES TO THE LOW RENT PUBLIC HOUSING UTILITY ALLOWANCE SCHEDULE FOR AMPS 6-7-8-9-10-12 – HOPE VI HOUSING PROGRAM

RESOLUTION NO. 3662-16 RESOLUTION APPROVING “NO CHANGE” STATUS FOR PUBLIC HOUSING UTILITY ALLOWANCE SCHEDULES

RESOLUTION NO. 3664-16 RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF LOT 18, BLOCK 2, HAWK RIDGE ESTATES FIRST ADDITION TO KEVIN R. CUNNIFF BY THE HOUSING AND REDEVELOPEMNT AUTHORITY

RESOLUTION NO. 3669-16 RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF LOT 1, BLOCK 4, HAWK RIDGE ESTATES FIRST ADDITION TO ERIC L. AND KATHERYN J. LAUER BY THE HOUSING AND REDEVELOPMENT AUTHORITY

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

Roll was called with the following results:

Ayes: Commissioners Boshey, 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 APPROVING PROPOSALS FOR PROJECT BASED SECTION 8 RENTAL ASSISTANCE PROGRAM

The Executive Director indicated that this Resolution related to the Garfield Square project, which was part of the overall plan for the Esmond redevelopment. Center City Housing has applied for 50 project based Section 8 vouchers. She reported that the Authority was allowed to set aside up to 20 percent of its vouchers to be project based,

and they were still under that percentage. She explained that the process included requesting permission from HUD, advertising the availability of the project based vouchers, and reviewing the applications. Center City has completed the application process and has been chosen to receive 50 vouchers for their supportive housing development. She indicated that when Center City applied for the vouchers, they applied for 50 efficiency units. Yesterday it was brought to her attention that as they developed their plans, they were now considering building one bedroom units instead of efficiency units. If they do change their bedroom mix in that way, the Housing Services department will need to make some adjustments to ensure it works within our budget authority, and that there was nothing further needed from HUD as far as approvals. After she stated that the Resolution as it stands would not need to be changed as it did not specify unit bedroom size, the following Resolution was introduced by Commissioner Julsrud:

**RESOLUTION NO. 3663-16
APPROVING PROPOSALS FOR PROJECT BASED
SECTION 8 RENTAL ASSISTANCE PROGRAM**

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

Roll was called with the following results:

Ayes: Commissioners Boshey, 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 AGREEMENT WITH GENERAL DRIVERS,
WAREHOUSEMEN, HELPERS AND INSIDE EMPLOYEES LOCAL 346
CONFIDENTIAL UNIT**

The Executive Director indicated that negotiations took place on April 1st with the Teamsters Confidential Unit and an agreement was reached that day between management and the union. She extended her appreciation to the union and the staff for their harmonious and positive handling of these negotiations, and she believed both management and the union were happy with the provisions of the contract. After she recommended this Resolution for approval, the following Resolution was introduced by Commissioner Talarico:

**RESOLUTION NO. 3665-16
AUTHORIZING AGREEMENT WITH GENERAL DRIVERS,**

**WAREHOUSEMEN, HELPERS AND INSIDE EMPLOYEES
LOCAL 346 CONFIDENTIAL UNIT**

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 Boshey, Cuneo, Glumac, Johnson, Julsrud, Rolle, and Talarico

Nays: None

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

RESOLUTION AWARDING CONTRACT FOR 2016 TRI-TOWERS EXTERIOR SEALANT REPLACEMENT

The Executive Director indicated that approval of this Resolution would award a contract for the replacement of Tri-Towers exterior sealant. The source of funds for this project would be from the 2014 Capital Funds grant. The low bidder withdrew their bid, so the contract would be awarded to Kaski, Inc., the second low bidder for \$55,225. After the Executive Director assured the Board that this was no relation to her, the following Resolution was introduced by Commissioner Glumac:

**RESOLUTION NO. 3666-16
RESOLUTION AWARDING CONTRACT FOR 2016 TRI-TOWERS
EXTERIOR SEALANT REPLACEMENT**

Commissioner Glumac 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, Glumac, Johnson, Julsrud, Rolle, and Talarico

Nays: None

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

RESOLUTION AWARDING CONTRACT FOR 2016 KING MANOR WINDOW REPLACEMENT

The Executive Director explained to Commissioners that the attached Resolution was replacing the one that had been included in the Board packet and contained blanks. This was done because the bid opening wasn't until yesterday, and they needed this Resolution approved at the April Board meeting because of an approaching HUD deadline to get the funds allocated which would put the Authority at risk of losing close to half a million dollars in capital fund money if the contract was not awarded. This project will be funded from the 2014 and 2015 capital fund grant, and the contract would be awarded to Kaski, Inc. with the low bid of \$675,145. The following Resolution was introduced by Commissioner Talarico:

RESOLUTION NO. 3667-16
RESOLUTION AWARDING CONTRACT FOR 2016
KING MANOR WINDOW REPLACEMENT

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 Boshey, Cuneo, Glumac, Johnson, Julsrud, Rolle, and Talarico

Nays: None

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

**RESOLUTION TERMINATING MEMORANDUM OF UNDERSTANDING FOR
HOMEOWNERSHIP DEVELOPMENT AT HARBOR HIGHLANDS**

The Chair requested that Legal Counsel explain the change to the Memorandum of Understanding for Homeownership at Harbor Highlands Resolution. Legal Counsel explained that he suggested that the "Now Therefore Be It Resolved" paragraph be changed to "Now Therefore Be It Resolved, that termination of the Memorandum of Understanding is authorized;" which would allow the staff to take action to terminate the agreement. The Chair indicated with the change, the intent was the same, and it was the consensus of the group at the Committee of the Whole, that this was an appropriate decision to make. The following Resolution was introduced by Commission Johnson:

RESOLUTION NO. 3670-16
RESOLUTION TERMINATING MEMORANDUM OF UNDERSTANDING FOR
HOMEOWNERSHIP DEVELOPMENT AT HARBOR HIGHLANDS

Commissioner Johnson moved that the foregoing Resolution be approved as introduced with the change in language. Commissioner Julsrud seconded the motion.

Commissioner Cuneo asked for a brief overview of the Committee of the Whole meeting. The Executive Director indicated the Authority needed to take additional time to determine what today's needs were for Harbor Highlands. She explained that MOU did not follow the TIF plan that was originally set forth, and the actual total development cost and the Authority's subsidy was increased from approximately \$61,000 per home to over \$83,000 per home. Also, they could not agree on a budget which was part of the MOU, and the phasing plan had changed. She indicated that by terminating this agreement, it did not prohibit the Authority from doing business on this site with One Roof in the future, but this gave the Authority time to make decisions about the remaining funds. Roll was called with the following results:

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

Nays: None

The Chair declared the motion carried and said Resolution approved as introduced and read with the change in language.

RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF LOTS 32 AND 33, BLOCK 4, HAWK RIDGE ESTATES FIRST ADDITION TO JOHN E. AND TIFFANY N. HEPPELMANN BY THE HOUSING AND REDEVELOPMENT AUTHORITY

The Executive Director explained that this Resolution had originally been on the Consent Agenda, but it was brought to her attention that these were two of the lots that had been discussed at a previous meeting as being potentially difficult to sell given the shape of the lots and set backs on the lots versus the size of the home to be built. The potential buyers have offered \$90,000 for these two lots, which was significantly less than if the lots were sold separately. She is recommending that this Resolution be tabled to allow staff time to develop a proposal for resetting the pricing on these lots, and discuss the impact on the TIF and the bond payment. After David Peterson, Development Coordinator, answered Commissioners' questions, Commissioner Talarico made a motion to table the following Resolution:

RESOLUTION NO. 3668-16
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF
LOTS 32 AND 33, BLOCK 4, HAWK RIDGE ESTATES FIRST ADDITION
TO JOHN E. AND TIFFANY N. HEPPELMANN BY THE
HOUSING AND REDEVELOPMENT AUTHORITY

Commissioner Talerico moved that the foregoing Resolution be tabled. Commissioner Cuneo seconded the motion.

Mr. Heppelman, the potential buyer of these two lots, explained the reasoning behind his \$90,000 offer and indicated that tabling the Resolution would push their construction schedule back a month.

The Executive Director indicated the intent was to ensure that no one comes back to the Authority stating they were treated differently than someone else. After discussion with the Chair and Legal Counsel regarding modifying the Resolution, Legal Counsel suggested that in the “Now, Therefore, Be It Resolved” paragraph, insert before the \$90,000, the phrase “for a price of not less than” \$90,000, which would authorize the Executive Director to either propose a higher price or enter into an agreement at \$90,000 after she takes other factors into consideration.

Commissioner Talarico withdrew his motion to table the Resolution. Commissioner Cuneo seconded the withdrawal of the motion.

After discussion between the Executive Director, the Chair, and Commissioners, the Executive Director indicated that they would develop a policy that would only impact the four lots that were potentially difficult to build on.

The following Resolution was introduced by Commission Glumac:

RESOLUTION NO. 3668-16
RESOLUTION AUTHORIZING THE DIRECT CONTINGENT SALE OF
LOTS 32 AND 33, BLOCK 4, HAWK RIDGE ESTATES FIRST ADDITION
TO JOHN E. AND TIFFANY N. HEPPELMANN BY THE
HOUSING AND REDEVELOPMENT AUTHORITY

Commissioner Glumac moved that the foregoing Resolution be approved as introduced with the addition of language. Commissioner Johnson seconded the motion.

Commissioner Johnson asked the Executive Director to come back to the Board with the staff analysis.

Roll was called with the following results:

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

Nays: None

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

read with the addition of language.

EMPLOYEE GRIEVANCE – STEP 3

The Executive Director explained to Commissioners that there was a class action Step 3 grievance before the Board today, and it was regarding an interpretation of the AFSCME union contract. The union was stating that management has violated Article 11.8 which was assigning out of class work included in the job descriptions for lead mechanics and maintenance mechanics. They were saying that under the standby provision employees who work standby scheduling should be paid at a minimum of a maintenance mechanic's rate of pay, and so, if a janitor worked on standby they should receive maintenance mechanic pay.

Jeff Haus, AFSCME union steward presenting the union's case, distributed an exhibit that had been changed from the one the Executive Director had previously received. He explained that janitors had been assigned out of class work on several dates. Standby work has normally been performed by mechanics and lead mechanics that were at a higher pay class than janitors. He stated that they were not contesting that management had the right to assign janitors to do the job, but if it's out of their class and it's the next class up, they deserve the next class pay. He pointed out that in the lead mechanic and maintenance mechanic job descriptions it stated that they were to assist in maintaining an after hours on-call response system and must be available to take emergency calls on a rotating basis, and basically standby was an after hours on-call response system. Standby employees respond to emergency calls for HRA residents, and no such description is in the janitor job description. He stated that management contended that they could assign anyone to standby, and the subject of out of class work had been discussed with management on March, 2015, December, 2015, and January 13, 2016. This grievance was filed on February 22nd. The union contends that the janitors should be paid mechanic's wages.

The Executive Director stated that the AFSCME collective bargaining agreement was a document whose provisions were agreed on by both management and the union. Within this agreement there were timelines that were agreed upon, and the union and management were required to follow those timelines. Article 18, Step 1 requires that the union brings forward a grievance within 10 working days after the employee should have had knowledge of the first event giving rise to the grievance. The union had opportunities to speak to management or file a grievance regarding the rate of pay for standby scheduling when the schedule came out for January, when the meeting was held about standby pay on January 13th, or after the first janitor was paid for standby on January 15th. At the very latest, 10 working days from January 15th would have been February 1st. The union did not file a grievance until February 22nd, which was 14 working days past the requirement of the contract. During the Step 2 grievance meeting, Mr. Haus stated that he realized that Step 1 had been late. Since they did not file the

grievance in the manner required by the contract, the grievance must be denied. She indicated to Commissioners that she did include her Step 2 response to the union, even if the grievance was not denied due to timeliness, and that it could easily be denied on substance as well. The union has taken a position that was favorable to their members, and the Executive Director indicated that she could understand why they would attempt to do that, but they were wrong. Anyone can be assigned to standby scheduling, anyone can answer the phone, and everyone has “other duties as assigned” in their job descriptions. Under Article 7.9B, standby scheduling, it states the pay shall be one and a half times “their basic hourly rate.” This was further clarified in a maintenance meeting and in a memo which all maintenance staff signed. This was a clarification meeting that the union had requested, and which management agreed would be helpful to have a clarification memo regarding standby. This was done in hope that this would stop the grievances pertaining to standby, but it appears that was not the union’s intent. She mentioned that Mr. Haus stated that there was a history of maintenance and lead mechanics being the only ones who have done standby, but management would say there was no past practice because in the past the Director of Housing Services delegated the lead mechanics to fill out the standby schedule, and lead mechanics asked which mechanics and lead mechanics wished to be on the standby schedule. They did not offer the opportunity to janitors. In December they could not get enough people to volunteer to be standby, so the Director of Housing Services decided to assign people, and she could assign everyone, which had not been done before. She decided to assign in reverse order of hire out of respect to the union, and knowing that seniority was important, she went with the persons she thought would most appropriately be able to do the job, which have been the janitor staff. The Executive Director stated that her recommendation to the Board would be to deny the grievance based on the fact that it was not timely, and did not follow Article 18, Step 1.

The Chair asked for a motion to accept the Executive Director’s recommendation and deny the grievance as presented. Commissioner Talarico made a motion to deny the grievance. Commissioner Johnson seconded the motion.

Roll was called with the following results:

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

Nays: None

The Chair declared the motion carried.

COMMUNICATIONS/CORRESPONDENCE

The Executive Director mentioned that there were a couple of articles that may be of interest to the Commissioners in the blue pages of the Board packet. The Executive

Director indicated that in Commissioners' green folders was a response from staff, as requested at the last Board meeting, regarding a resident with concerns, who had an advocate speak on her behalf, the Esmond report, the Rainbow Center calendar, and a memo regarding the RAD conversion.

REPORTS OF COMMITTEES

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

Finance Committee: Commissioner Johnson indicated that there had been a Finance Committee meeting prior to the Board meeting and the annual audit had been reviewed with the auditors. It was reported that there were no findings. The Chair praised Maureen Zupancich, Comptroller, and staff for an audit with no findings even considering how complex the HRA's audit was. Maureen thanked other departments in the role they play in a successful audit.

OPPORTUNITY FOR VISITORS TO BE HEARD

None.

BUSINESS BY COMMISSIONERS

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

Goal 1: The Executive Director reported that the Affordable Housing Coalition indicated that rents have increased by \$100 a month and vacancies have decreased by 0.5 percent, and the Authority would be looking for more information as it becomes available. The Executive Director and staff members attended public finance training given by Ehlers in Hermantown.

Goal 2: David Peterson, Lynne Snyder, and the Executive Director continue to explore the "property brothers" idea and they were ready to present to the City on how the money might flow and recycle.

Goal 3: The Family Self Sufficiency Grant was submitted to HUD in April.

Goal 4: The Coordinated Entry team met with City and County staff, and some additional monetary commitments were found to fund a full time coordinated entry position at the HRA, however the County was now rethinking that plan.

Goal 5: The Executive Director mentioned that Carla has been working on closing out old capital fund grants. The Executive Director reported that she had attended the National NAHRO Legislative Conference in Washington D.C., and the Minnesota

delegation met with both Senators' aides and Representatives' aides from their respective districts. Their agenda had mainly focused on continuing the four percent tax credit, and making them permanent.

Goal 6: Negotiations with the Teamsters Confidential unit have been completed. A new front desk employee has started, and there were a couple of janitor positions to be filled.

Goal 7: There was nothing to update on Goal 7 at this time.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director indicated the At Home Development and HRC Executive Staff had met. There was also a meeting regarding development and RAD with City staff.

The Executive Director reported that Morgan Park had its first community meeting, and she and David Peterson may be on the May agenda as well.

The Executive Director reported that she had participated in the At Home planning process, which was similar to strategic planning, with the results to be presented at the next At Home in Duluth meeting.

David Peterson and the Executive Director met with the Chamber of Commerce FUSE group and they have been invited to be the scheduled speakers for the FUSE luncheon in January, 2017. This will give them an opportunity to educate young professionals about all the programs the HRA has to offer, and change the perception that the HRA was only for people with low incomes.

David Peterson and the Executive Director met with the LaSalle Group who is interested in creating a development in the Ramsey neighborhood. She originally thought this was going to be a senior development, but the plans are actually for a supportive living development. They have plans for a memory care unit, a veterans' traumatic brain injury unit, and housing with services for people who have experienced debilitating events such as strokes. The developers may be looking for bonding and TIF assistance from the Authority, in addition to parcel acquisition.

The Executive Director updated the Board regarding Garfield Square indicating that she anticipated the DEDA board would vote in May on the funding for the parcel that the Authority would then purchase for the project. At the May Board meeting there may be a Resolution to approve a contract for private development which would convey the land to Center City Housing for the purposes of developing Garfield Square for affordable, supportive housing. There should be no financial obligation for the Authority.

The Executive Director explained regarding the RAD memo in the green folders that in

March, Minnesota Housing told the Authority that they were mistaken when they informed the Authority that they could use projects that had received POPH funding for RAD conversion. When the Authority submitted their RAD grant applications, they had included properties that had received POPH funding. There is a 20 year time period that goes along with this funding which imposed a restriction on those properties to stay wholly publicly owned. She hopes to reach an agreement with the Minnesota Office of Management and Budget to write a waiver stating that RAD was still essentially a public purpose. Minnesota Housing stated they were not inclined to use the housing infrastructure bond funds as gap financing for RAD conversions. She reported that other states have carved out portions of their bond funds for RAD conversions. She also indicated that she would like the City to extend the payment in lieu of taxes cooperation agreement the Authority currently has with them to any of the RAD properties. She indicated that these hurdles could change the timeframe of the conversion, and she did not feel the Authority should be completing the environmental, architectural, and other necessary steps that were required, knowing that with these hurdles the project may not move forward. They would be calling to inform their transaction manager at HUD and HUD representatives in the Twin Cities of these issues, and discuss the next steps.

The Executive Director mentioned that tomorrow was Administrative Professionals' Day and she wanted to thank the Authority's support staff, Holly, Ted, Laurie, Christene, Eric and her executive assistant Chris Crandell.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel mentioned that their office was working closely with staff on Garfield Square, and he expects to bring a Resolution and an agreement to the Board in May, because the have tax credit application must be submitted in June. They have been working on the Ramsey development and hopefully will be bringing a contract to the Board next month. He reported that their office was working with staff on a policy to guide decisions by the Authority relating to the acquisition and disposition of tax forfeited and blighted property, and they were also working with staff to update and revise the Authority's trespass policy relating to guests of residents.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:45 P.M.

Chair

ATTEST:

Secretary

Scheduled Regular Meeting – April 26, 2016