

**MINUTES OF THE
RESCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 3rd DAY OF AUGUST, 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 3rd day of August, 2016.

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

Also present were Jill A. Knutson-Kaske, Executive Director; staff members Maureen Zupancich, David Peterson, Pam Benson, Lynne Snyder, Carol Schultz, and David Somppi; Dan Maddy, Legal Counsel; Barbara Findley and Anne Abraham, King Manor residents; and Scott Johnson and Catherine Schneeweis, St. Ann's Residence.

SCHEDULED PUBLIC HEARINGS

None.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The following items were introduced by Commissioner Julsrud:

**MINUTES OF THE SCHEDULED REGULAR MEETING OF
JUNE 28, 2016**

FINANCIAL REPORT FOR PERIOD ENDING JUNE 30, 2016

**RESOLUTION NO. 3689-16
AUTHORIZING HOUSING CHOICE VOUCHER PAYMENT STANDARDS**

**RESOLUTION NO. 3690-16
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. 3691-16
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. 3692-16
APPROVING A RENEWAL APPLICATION AND ADMINISTRATION
FOR THE SHELTER PLUS CARE PROGRAM WITH
HUMAN DEVELOPMENT CENTER THROUGH THE HUD NOFA**

**RESOLUTION NO. 3693-16
APPROVING A RENEWAL APPLICATION AND ADMINISTRATION
FOR THE SHELTER PLUS CARE PROGRAM WITH CHUM
THROUGH THE HUD NOFA**

**RESOLUTION NO. 3694-16
APPROVING A RENEWAL APPLICATION AND ADMINISTRATION
FOR THE SHELTER PLUS CARE PROGRAM WITH
NORTH SHORE HORIZONS THROUGH THE HUD SUPER NOFA**

**RESOLUTION NO. 3695-16
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 A CONTINUUM OF CARE THROUGH THE HUD NOFA**

**RESOLUTION NO. 3696-16
APPROVING A RENEWAL APPLICATION AND ADMINISTRATION FOR
THE COORDINATED ENTRY PROJECT WITH ST. LOUIS COUNTY
CONTINUUM OF CARE THROUGH THE HUD NOFA**

**RESOLUTION NO. 3698-16
RESOLUTION AUTHORIZING HRA OFFICIALS TO ENTER INTO AN
AGREEMENT WITH THE CITY OF DULUTH WHEREBY THE AUTHORITY
WILL OPERATE THE YEAR 2017 HOME SINGLE FAMILY
REHABILITATION PROGRAM AND ASSIST WITH
HOME MONITORING**

RESOLUTION NO. 3699-16
RESOLUTION AUTHORIZING HRA OF DULUTH TO MAKE AN
APPLICATION TO ADMINISTER AND OPERATE FISCAL YEAR 2017
COMMUNITY DEVELOPMENT BLOCK GRANT
REHABILITATION PROGRAM (CDBG)

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

Roll was called with the following results:

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

Nays: None

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

DISCUSSION ITEMS

RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST RELATING TO \$1,700,000 REVENUE BONDS, SERIES 2012A (ST. ANN'S HOME PROJECT)

The Executive Director asked that Commissioners consider the approval of this Resolution related to revenue bonds for the St. Ann's Home project. She explained that no new public hearing was required as this Resolution was only amending one of the documents. She indicated that Legal Counsel was available to answer any questions relating to the Resolution. The following Resolution was introduced by Commissioner Talarico:

RESOLUTION NO. 3697-16
RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A
FIRST SUPPLEMENTAL INDENTURE OF TRUST RELATING TO
\$1,700,000 REVENUE BONDS, SERIES 2012A (ST. ANN'S HOME PROJECT)

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, Julsrud, Rolle, and Talarico

Nays: None

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

The Chair explained that the next three Resolutions were related to the Coordinated Entry Coordinator position.

RESOLUTION APPROVING CREATION OF COORDINATED ENTRY COORDINATOR POSITION AND JOB DESCRIPTION FOR SAME

The Executive Director explained that the HRA would be assisting St. Louis County in the implementation of their mandate from the State and from HUD to have a coordinated entry system for housing the homeless. The HRA has been asked to house this position, and the position would be funded by HUD, St. Louis County, and the City of Duluth. The HRA's expected portion of funding for this position would be approximately \$6,000 over the first 18 months, and after that it was expected that the grants from the other funding sources would cover the expenses for the position. After the Executive Director indicated that it was reported at Labor/Management to the unions that this would be a contract position due to the grant funded nature of the position, which did not decrease the workforce within any of the unions, the following Resolution was introduced by Commissioner Julsrud:

**RESOLUTION NO. 3700-16
RESOLUTION APPROVING CREATION OF COORDINATED ENTRY
POSITION AND JOB DESCRIPTION FOR SAME**

Commissioner Julsrud 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, Julsrud, Rolle, and Talarico

Nays: None

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

RESOLUTION AUTHORIZING THE ACCEPTANCE OF A GRANT FROM ST. LOUIS COUNTY FOR THE PURPOSE OF FUNDING THE COORDINATED ENTRY COORDINATOR AND ASSOCIATED PROGRAM COSTS

The Chair asked for a motion to approve this Resolution authorizing the HRA to accept a

grant from St. Louis County for the purpose of funding the Coordinated Entry Coordinator position approved in the previous Resolution. The following Resolution was introduced by Commissioner Julsrud:

RESOLUTION NO. 3701-16
RESOLUTION AUTHORIZING THE ACCEPTANCE OF A GRANT FROM
ST. LOUIS COUNTY FOR THE PURPOSE OF FUNDING THE
COORDINATED ENTRY COORDINATOR AND
ASSOCIATED PROGRAM COSTS

Commissioner Julsrud 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, Julsrud, Rolle, and Talarico

Nays: None

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

RESOLUTION AUTHORIZING THE ACCEPTANCE OF A GRANT FROM THE
CITY OF DULUTH FOR THE PURPOSE OF FUNDING THE COORDINATED
ENTRY COORDINATOR AND ASSOCIATED PROGRAM COSTS

The Chair asked for a motion to approve this Resolution authorizing the HRA to accept a grant from the City of Duluth for the purpose of funding the Coordinated Entry Coordinator position approved in the previous Resolution. The following Resolution was introduced by Commissioner Julsrud:

RESOLUTION NO. 3702-16
RESOLUTION AUTHORIZING THE ACCEPTANCE OF A GRANT FROM THE
CITY OF DULUTH FOR THE PURPOSE OF FUNDING THE COORDINATED
ENTRY COORDINATOR AND ASSOCIATED PROGRAM COSTS

Commissioner Julsrud 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, 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 PROGRAM FOR SINGLE-FAMILY HOME OWNERSHIP IN MORGAN PARK

The Executive Director explained that the approval of this Resolution would allow the Authority to proceed with developing a plan for a housing development in the Morgan Park neighborhood. She indicated they would work with the County to acquire tax forfeit land, work to put an infrastructure in place, and then set up a program for single-family homeownership similar to Hawk Ridge Estates. The Executive Director explained that if Commissioners approved moving forward with this plan, the steps that would be taken were in August the program would be developed, the plan would be submitted to the City Planning Commission for approval, and a public hearing would be advertised and held in September. They would bring Resolutions to approve the plan and to purchase the land to the HRA Board in September. In October they would approach the County regarding purchasing the land. She explained that currently 51 percent of the property in Morgan Park was rental property, and the resident groups they have met with have favored the idea of single-family home ownership. After answering Commissioners' questions, the following Resolution was introduced by Commissioner Talarico:

RESOLUTION NO. 3703-16
RESOLUTION AUTHORIZING THE DEVELOPMENT OF A PROGRAM
FOR SINGLE-FAMILY HOME OWNERSHIP IN MORGAN PARK

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, 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 DULUTH HRA SECURITY CAMERA AND ACCESS CONTROL SYSTEM REPLACEMENT

The Executive Director explained that approval of this Resolution would allow the HRA

to proceed with their security camera and access control system replacement according to the capital fund plan and in line with the Authority's strategic plan regarding enabling residents to feel safer in their living situations through increased security systems and the use of proven technologies. She reported that this was something that has scored high on resident surveys over the years. She explained to Commissioners that this contract wasn't awarded to Permar Security Services on the basis of lowest bid, but rather by being considered most qualified. A committee scored the bidders using a variety of criteria. After indicating that David Somppi, Procurement and Capital Improvement Manager, was available to answer any questions, the following Resolution was introduced by Commissioner Boshey:

RESOLUTION NO. 3704-16
RESOLUTION AWARDING CONTRACT FOR 2016 HRA SECURITY CAMERA
AND ACCESS CONTROL SYSTEM REPLACEMENT

Commissioner Boshey 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, Julsrud, Rolle, and Talarico

Nays: None

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

The Chair explained that the next four Resolutions related to Gateway Tower, and he asked Legal Counsel to give a brief overview on how these fit into the closing on Gateway Tower.

Legal Counsel explained that each of the following four Resolutions implemented one or more parts of the plan that was developed and the amended and restated development agreement that had been approved last year. He indicated the closing on Gateway could possibly be in August. The first of these Resolutions relates to the loan. The amended and restated development agreement anticipates that the Authority would sell the property, either by acquiring it and providing a quit claim deed or that the Authority would sell the property by assigning their rights under an option agreement. In either case, the Authority was going to finance the purchase price by making a loan in the amount of the existing loan and to the extent that the difference between the existing loan and \$1.4 million, so that the purchase price would be \$1.4 million. They have been looking at the best way to structure the loan and the assignment, and what they have decided was that they would assign the Authority's rights under the option they have, and

direct Gateway Tower to provide two deeds, one to the developer and one to the Authority. The developer would get building and grounds and the Authority would get the parking lot parcel. Rather than doing a new loan, the developer will be allowed to assume the existing loan, but the terms of the existing loan will be revised to be consistent with the amended and restated development agreement. He explained that there were a number of items in the amended and restated development agreement that the Authority wanted to confirm or continue after closing that would benefit the Authority, such as carrying out the development and redevelopment of the property, and allowing the Authority the opportunity to manage the property. He indicated they would take elements that hadn't been completed as of the closing from the amended and restated development agreement and put them into a contract for private development, which will be recorded as part of the closing. The fourth part, a parking easement, was also anticipated in the amended and restated development agreement. The Authority decided in May, 2015, that they wanted to hold onto the ownership of the most westerly portion of the property, which serves as the parking lot for Gateway Tower, for possible future development. The parking easement consistent with the development agreement states that the developer could use it for parking, they would be responsible for improving it as part of the project so that it was available as parking, they would be responsible for maintaining it, and they would be responsible for indemnifying the Authority and insuring the Authority from any liability. If the Authority ever decided they wanted to use that piece of property for redevelopment, they had the option to do that, but as part of the redevelopment, they would have to find the replacement parking. The Chair added that the fact they had received the nine percent tax credit was critical to allow all of this to occur. Commissioner Julsrud asked why the Authority might want the parking lot, and the Executive Director explained that the Authority had the right of first refusal in 15 years, and if the Authority's intent was to own Gateway Tower, they could purchase Gateway Tower and they would already own the parking lot, or if they decided to sell Gateway Tower, the Authority could sell the parking lot at that time. Her thought was to make sure the Authority would be fully indemnified and held harmless if anything happened on the parking lot during that time.

RESOLUTION APPROVING ASSUMPTION OF THE HRA'S GATEWAY TOWER LOAN

The Chair asked for a motion to approve this Resolution. The following Resolution was introduced by Commissioner Julsrud:

RESOLUTION NO. 3705-16 RESOLUTION APPROVING ASSUMPTION OF THE HRA'S GATEWAY TOWER LOAN

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 Boshey, Cuneo, Julsrud, Rolle, and Talarico

Nays: None

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

**RESOLUTION APPROVING EXERCISE AND PARTIAL ASSIGNMENT OF
OPTION AGREEMENT FOR GATEWAY TOWER**

The Chair asked for a motion to approve this Resolution. The following Resolution was introduced by Commissioner Julsrud:

**RESOLUTION NO. 3706-16
RESOLUTION APPROVING EXERCISE AND PARTIAL ASSIGNMENT
OF OPTION AGREEMENT FOR GATEWAY TOWER**

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 Boshey, Cuneo, Julsrud, Rolle, and Talarico

Nays: None

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

**RESOLUTION APPROVING CONTRACT FOR PRIVATE DEVELOPMENT
FOR GATEWAY TOWER**

The Chair asked for a motion to approve this Resolution. The following Resolution was introduced by Commissioner Julsrud:

**RESOLUTION NO. 3707-16
RESOLUTION APPROVING CONTRACT FOR PRIVATE DEVELOPMENT
FOR GATEWAY TOWER**

Commissioner Julsrud 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, Julsrud, Rolle, and Talarico

Nays: None

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

RESOLUTION APPROVING PARKING EASEMENT FOR GATEWAY TOWER

The Chair asked for a motion to approve this Resolution. The following Resolution was introduced by Commissioner Julsrud:

RESOLUTION NO. 3708-16

RESOLUTION APPROVING PARKING EASEMENT FOR GATEWAY TOWER

Commissioner Julsrud 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, 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 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 Business North did a piece on the Build Up Duluth program, and there were articles regarding the Duluth's Housing Indicator report and Minnesota Housing's visit to Duluth. She indicated that in Commissioners' green folders there was a handout regarding the Minnesota NAHRO conference that will be held at the DECC September 14-16. She mentioned that if any Commissioners were interested in attending, they should contact Carol Schultz. The Esmond report and the Rainbow Center calendar were also included in the green folders.

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 explained that the Duluth Housing Indicator has come out and reported that the average market rent had increased by 12 percent, but wages have only increased by four percent. The vacancy rate in Duluth was 3.3 percent, where a healthy rental market was five percent. The public housing vacancy was reported at 1.6 percent. Forty-five percent of Duluth's housing stock is over 75 years old. Also, MHFA was in Duluth to discuss making an impact with multiple programs. She reported that in July she had presented to the Housing for All Summit committee about establishing an affordable housing trust fund.

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 tax forfeit and condemned for human habitation homes. She has been told that they were working on a five party MOU. She has asked for a draft, but a copy has not yet been provided.

Goal 3: The Executive Director mentioned that the security camera upgrade Resolution had been approved today. She indicated the Service Coordinator meets on a regular basis with tenants and the topic in June was "Hands only CPR" and in July it was "Self Defense for Seniors."

Goal 4: The Executive Director reported that she and Legal Counsel had met regarding the RFP for Harbor Highlands and how to make changes to the planned neighborhood development and move forward on Phase V. They have held interviews for the Coordinated Entry Coordinator position, and with today's approved Resolutions, they hope the new Coordinated Entry Coordinator will start in August.

Goal 5: The Executive Director indicated that they were looking at purchasing a new vehicle for the Section 8 inspector, and she was weighing the options on whether a hybrid vehicle would be the right choice, or if it would be better to buy a fuel efficient flex-fuel

vehicle. This would save approximately \$8,000 that could be put towards LED lighting or other energy saving equipment. She is interested in Commissioners' opinions.

Goal 6: The Executive Director reported that she and Carla Schneider met with the AFSCME union in order to change the Inspector job description by adding to it the certification to treat for bedbugs. They have been working towards adding a position to the workforce that would allow extermination to be done internally. They are in the process of getting the final comments to the union so the union can bring the matter to their members for voting.

Goal 7: The Executive Director stated that as budgets are being developed, she was exploring the possibility of adding a contract position in administration for marketing, development assistance, and other administrative support, with the tentative title of Communications Manager. This position could cover all of the strategies listed in Goal 7, as well as accomplish other needs as well.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director explained to Commissioners that in their green folders was a document entitled Furthering Housing Action Plan and Neighborhood Stabilization – What Does This Mean? This was included in response to Commissioner Julsrud's questions during the tax levy discussions at the previous Board meeting. The Executive Director indicated that the Authority's total line item was \$510,000 and this was essentially the Authority's development program, since the development program does not receive funds from HUD or the CDBG. She explained the individual budget line items for these funds.

The Executive Director mentioned that all departments were working on their budgets. She asked that all Commissioners include on their calendars the Finance Committee meeting on Tuesday, September 13th from 11:30 A.M. to 1:30 P.M. for the Authority's budget overview. The annual budget resolution will come to the Board at the September 27th Board meeting. She asked that Commissioners keep both of these dates available to have a good understanding of the budget and a quorum for the Board meeting.

The Executive Director reported that the Mayor has invited her and Commissioners Julsrud and Cuneo to be on the Vision Committee for the City's Comprehensive Plan.

The Executive Director informed Commissioners that Minnesota Housing Finance Agency's Single Family and Multi Family groups were in Duluth and they had met with Commissioner Tingerthal and others from MHFA regarding the single family development. She had the opportunity to take the Multi Family group on a tour which included the Esmond, and she was able to discuss the anticipated continuation of operating support.

The Executive Director reported that they had received a letter from the Minnesota Department of Labor and Industry regarding the Esmond Building's elevator. She indicated they are required to either fix the elevator or take it out of service. She has sent a letter requesting a delay in taking the elevator out of service until they learn whether Garfield Square will be funded, and keep it as a staff only operated elevator for that period. The estimate for the elevator repair is \$58,000. If Garfield Square isn't funded, they will proceed with fixing the elevator because the residents would be at the Esmond Building for at least one year longer than expected.

The Executive Director informed Commissioners that Minneapolis HUD came for a technical assistance visit. The Authority was able to give them feedback and ask questions they will research for us. They complemented and spoke highly of the HRA staff.

The Executive Director reported that the City had brought in HUD officials for Fair Housing training for the CDBG recipient organizations. Pam Benson and Mary Pelofske were asked to speak about the Section 8 program at the Indigenous People's Commission.

The Executive Director informed Commissioners that HUD had granted the Authority's RAD extension. She thought her first step would be to approach the City Council and ask if the City was interested in allowing the pilot before pursuing RAD any further.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel indicated that he has been working on a number of the initiatives that the Executive Director had mentioned. He has been working with Melissa Maloney from their firm closing lots at Hawk Ridge Estates, he has been working with Chris Virta on a TIF policy to provide guidance on when the Authority would or would not want to provide TIF for a project, and they have been working on a policy for when the Authority would act as the conduit for real estate transfers when assembling land for a particular public purpose. He reported he has been doing some work on Harbor Highlands and some on Gateway Tower. He was expecting to be quite busy with Gateway during the rest of August.

OTHER BUSINESS

The Chair indicated he hoped Commissioners had the Finance Committee date on their calendars.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at

4:35 P.M.

Chair

ATTEST:

Secretary

Rescheduled Regular Meeting – August 3, 2016