

**MINUTES OF THE
SCHEDULED REGULAR MEETING
OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 25TH DAY OF APRIL, 2017**

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 April, 2017.

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

Also present were Jill A. Keppers, Executive Director; staff members Carla Schneider, Maureen Zupancich, David Peterson, Lynne Snyder, Pam Benson, Carol Schultz, and Gregg Arseneau; Chris Virta, Legal Counsel; Steve Ring, Duluth Police Department; Bill Arezzo, National Bank of Commerce; Barbara Findley, President of King Manor Residents Club, and Anne Abraham, Vice President of King Manor Residents Club; Roger Endres, President of Midtowne Manor II Residents Club; and Gloria Graff, President of Ramsey Manor Residents Club, and Liisa Varhalla, Secretary of Ramsey Manor Residents Club.

SCHEDULED PUBLIC HEARINGS

None.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The following items were introduced by Commissioner Talarico:

**MINUTES OF THE RESCHEDULED REGULAR MEETING OF
MARCH 30, 2017**

FINANCIAL REPORT FOR PERIOD ENDING MARCH 31 2017

**RESOLUTION NO. 3763-17
RESOLUTION AUTHORIZING BAD DEBT WRITE-OFFS**

RESOLUTION NO. 3764-17
RESOLUTION AUTHORIZING BAD DEBT WRITE-OFFS

RESOLUTION NO. 3766-17
RESOLUTION APPOINTING DIRECTORS TO GREAT LAKES
DEVELOPMENT DULUTH, INC. BOARD

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

Roll was called with the following results:

Ayes: Commissioners Johnson, Rolle, Scott, and Talarico

Nays: None

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

DISCUSSION ITEMS

RESOLUTION APPROVING THE ISSUANCE AND SALE OF A HEALTH CARE FACILITIES REVENUE REFUNDING NOTE, SERIES 2017 (BENEDICTINE HEALTH CENTER PROJECT)

The Executive Director explained that this Resolution approved the issuance and sale of this health care facilities revenue refunding note, and no public hearing was required since the maturity of the 2007 bonds was not being extended and the principal amount of the note was less than the outstanding principal on the 2007 bonds. If there were any questions Legal Counsel would be able to answer them. Legal Counsel mentioned that Bill Arezzo from National Bank of Commerce was present to also answer questions. He indicated no one was present from Benedictine Health Center because their Board meeting was at the same time as the Authority's Board meeting, but Bill was formerly on the Board of BHC and could speak to the borrower. Legal Counsel explained that this financing would result in approximately \$2,000,000 in savings to the borrower, and there was no debt service reserve. The Chair indicated that the Authority's function was to act as a conduit for the financing, which they have done many times in the past. The following Resolution was introduced by Commissioner Scott:

RESOLUTION NO. 3762-17
RESOLUTION APPROVING THE ISSUANCE AND SALE OF A HEALTH CARE FACILITIES REVENUE REFUNDING NOTE, SERIES 2017
(BENEDICTINE HEALTH CENTER PROJECT)

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

Roll was called with the following results:

Ayes: Commissioners Johnson, Rolle, Scott, and Talarico

Nays: None

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

RESOLUTION APPROVING AN AMENDMENT TO THE HARBOR HIGHLANDS COMMUNITY CENTER SUBLEASE BETWEEN THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MN AND THE DULUTH YMCA

The Executive Director explained that this Resolution approved an extension to the term of the YMCA's Harbor Highland's Community Center lease. The original term was set to expire on December 31, 2017, but the Executive Director recommended that it be extended until December 31, 2019. There was an endowment set up as part of HOPE VI to pay for the community center's operating expenses, and there are approximately two more years of funding remaining in that endowment. She explained that the operation of the center costs approximately \$35,000 per year, and the YMCA brings in \$60,000 in funding for their programs. In two years, when the endowment funds expire, then the YMCA would make a modified payment that would increase annually. Commissioner Johnson advised Commissioners that she was on the YMCA Board, so she indicated that she would abstain from voting on this Resolution. The following Resolution was introduced by Commissioner Scott:

RESOLUTION NO. 3765-17
RESOLUTION APPROVING AN AMENDMENT TO THE
HARBOR HIGHLANDS COMMUNITY CENTER SUBLEASE BETWEEN THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MN
AND THE DULUTH YMCA

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

Roll was called with the following results:

Ayes: Commissioners Rolle, Scott, and Talarico

Nays: None

Abstain: Commissioner Johnson

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

RESOLUTION APPROVING THE REVISIONS TO THE SACKETTE ADDITION HOUSING PROGRAM

RESOLUTION AUTHORIZING THE DIRECTOR TO ENTER INTO A CONTRACT FOR HOUSING DEVELOPMENT WITH EASY HOUSING OF DULUTH, INC. FOR THE CONSTRUCTION OF A HOME AND THE SALE OF FIVE ADDITIONAL LOTS IN THE SACKETTE SUBDIVISION

The Executive Director explained that the following two Resolutions were related. The first Resolution would approve revisions to the Sackette Addition housing program to allow the Authority to enter into a contract for housing development with a local builder for the construction of homes over a period of 24 months. The second Resolution would allow the Authority to enter into a contract for housing development with Easy Housing of Duluth, Inc. She explained that the Authority would receive the full purchase price for the lots, and would carry the construction interest for up to 12 months for a maximum of \$16,000 per home. Mr. Goldberg, the builder, has had a similar agreement with Authority at Hawk Ridge Estates, and has sold most those homes long before the \$16,000 maximum limit was reached. She indicated that with each of the lots there would also be an unbuildable wetland outlot included.

David Peterson, Director of Development and Redevelopment, answered Commissioners' questions and explained that currently Mr. Goldberg was planning on building single level empty nester homes, similar to homes already built in the development, and the Authority had final design approval.

The following Resolution was introduced by Commissioner Johnson:

RESOLUTION NO. 3768-17
RESOLUTION APPROVING THE REVISIONS TO THE
SACKETTE ADDITION HOUSING PROGRAM

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 Johnson, Rolle, Scott, and Talarico

Nays: None

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

The following Resolution was introduced by Commissioner Talarico:

RESOLUTION NO. 3767-17
RESOLUTION AUTHORIZING THE DIRECTOR TO ENTER INTO A
CONTRACT FOR HOUSING DEVELOPMENT WITH
EASY HOUSING OF DULUTH, INC. FOR THE CONSTRUCTION OF A
HOME AND THE SALE OF FIVE ADDITIONAL LOTS
IN THE SACKETTE ADDITION

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

Roll was called with the following results:

Ayes: Commissioners Johnson, Rolle, Scott, 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 was an article regarding Nettleton School and an article regarding building a taller Duluth in the blue pages of the Board packet this month. She also mentioned that included in Commissioners' green folders was the Esmond report and the Rainbow Center schedule.

REPORTS OF COMMITTEES

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

Finance Committee: Commissioner Johnson reported that there had been a Finance Committee meeting prior to the Board meeting to receive the auditors' report relating to the Authority's basic financial statements and compliance for the year ending September

30, 2016. The Chair praised the Comptroller and staff for an audit with no findings.

OPPORTUNITY FOR VISITORS TO BE HEARD

None.

BUSINESS BY COMMISSIONERS

The Executive Director indicated that she would go over the highlights of the dashboard for Commissioners.

The Executive Director reported that the RFP for the phase one of the environmental at Morgan Park had been completed, and the consultant selected was MSA.

The Executive Director indicated that there had been a meeting with One Roof to begin planning MHFA's Super RFP application for impact funds. The Authority was planning on requesting gap financing for Build Up Duluth homes as well as funding for exterior renovations for homes in the City's focus areas.

The Executive Director reported that she and the Deputy Director met with City staff to discuss the neighborhood revitalization pilot project, which had previously been referred to as Property Brothers. She indicated the City was shooting for a start date around June 1.

The Executive Director indicated that the City made an informal request that the Authority financially participate in the neighborhood revitalization pilot project in the amount of approximately \$300,000 per year. This would be discussed during the strategic planning process.

The Executive Director reported that the new Service Coordinator through Access North Center for Independent Living had started and her office was at Tri Towers.

The Executive Director explained that they have had discussions with One Roof regarding potential incentives for One Roof to build TIF eligible households at Hawk Ridge Estates to help it remain a mixed income development. They currently have three lots available for building.

The Executive Director reported that on April 1st the HRA assumed the management of Gateway Tower as a management consultant. The Authority has been working closely with Center City Housing Corporation staff regarding the construction. The Deputy Director and the Director of Housing Services have been spending much of their time at Gateway Tower involved with the transitioning of management during the construction there.

The Executive Director reminded Commissioners that there had been restructuring in the public housing department that had created four Maintenance Supervisor positions, and that these positions have now been filled.

REPORT OF EXECUTIVE DIRECTOR

The Executive Director mentioned that senior staff had met with Randy Lasky from Northspan for the purpose of getting staff input regarding the update of the strategic plan goals and preparing for the Board strategic planning session on May 2nd.

The Executive Director reported that the architect and engineering RFP review was underway. They had received four responses to the second RFP for a comprehensive firm, and she had hoped to have a Resolution for the Board in May. She thanked Commissioner Scott for his assistance with the process.

The Executive Director explained that the Director of Rehab and Real Estate, the Director of Development and Redevelopment and the Special Projects Administrator would be working on the MHFA application and reporting to the Executive Director so it could be determined if a consultant would be needed or if it could be prepared internally.

After the last Board meeting, the Executive Director and Chad Nagorski from the Duluth Police Department spoke at the Rainbow Center about security and safety at the HRA high rises. She reinforced that new and improved cameras had been installed in all the buildings and it was key for residents to report the date, time, and location of any activity that needed to be looked into.

The Executive Director mentioned that at the last Board meeting members of the Ramsey Manor Residents Club had voiced concern about the behaviors occurring at Ramsey Manor and she would update the Board regarding this. The Property Manager for King Manor, Grandview Manor, and King Manor called 911 and requested extra security during that weekend. In addition, a contract was signed with Securitas Security Services from April 5th through April 24th for security services for six to eight hours per night on random nights and times. The cost for this was approximately \$2,400.

Saturday night after the Board meeting the back entrance door latch was broken for the third time. The Property Manager reviewed video and saw that a non-resident had done the damage to the latch. Police were contacted and they reviewed the video, took pictures, and completed a report. The Property Manager was on site most of the day walking the floors and talking to residents until the door was fixed and the building was secure. The back door has been modified to be "Exit Only" and all tenants and visitors would be required to show picture ID and guests would be required to show picture ID and be accompanied by residents of the building when security was present.

The Property Manager and maintenance discussed residents' concerns regarding the stairwell. There had been no incidents since March.

A meeting was held with the Property Manager, Officer Ring, and the Director of Housing Services to discuss security issues and concerns at Ramsey Manor. Monitoring at Ramsey Manor has been increased and several "knock and talks" to gather information from residents have been conducted. Time spent reviewing security footage has been increased and has been beneficial in identifying problem areas throughout the building. The Duluth Police Department obtained a search warrant for one of the units at Ramsey and traces of drugs and drug paraphernalia were found. Two residents identified as problem residents contributing to the majority of the outside traffic and problems in the building were in the process of eviction.

The Residents Club requested that they be able to continue locking the community room and bathroom at night and unlocking them in the morning.

The Executive Director had a meeting with the Duluth Police Department to discuss all the high rises, the frequent 911 calls, suspicious activities, and ways the Authority could help the City in the battle against opiates and other drugs.

Commissioner Scott asked the visitors from Ramsey Manor if they still had concerns for their safety. They stated that they would like the security for a longer period of time. The Executive Director indicated that they were looking into options to fund security. The Director of Housing Services addressed some of the Board's questions and concerns, and she explained that the contract for security was for a longer length of time than two weeks. She also pointed out that police presence has been more effective in the past than security companies. Officer Ring also addressed some of the Commissioners' questions. The Chair thanked staff and Officer Ring for their work on this matter.

The Executive Director indicated that there were a few other items she wanted to inform the Board about.

The Executive Director explained that the Authority's CDBG contract with the City has been frozen since February when the City dissolved the Housing Resource Connection. This has made it difficult to continue HRA projects, because the City only wants the Authority to continue with projects that had already been in progress unless we do a fee for service with One Roof. They were also told that the CDBG contract would be cut by \$60,000 which forced a position to be eliminated from the Rehab Department. This individual would be able to exercise their bumping rights within the union so no one would lose their job as a result of this cut. The City also stated that they would not be issuing any 2017 CDBG contracts, which would have started April 1st, until the Federal government had a budget. This could also affect some of the Authority's other programs.

The Executive Director stated that she was informed that HUD was not supporting the placement of lead money in the Gateway Tower project. This has created a \$714,000 loss of funding, not including the Healthy Homes funds, in the Gateway project. The City had thought they had HUD approval last summer when they submitted the work plans and received the extension on the lead grant that included the Gateway units. However, there has been turnover in HUD's Grant Technical Support person and also that person's supervisor, who are saying that Gateway does not meet the spirit or mission of the lead grant funding. The City attorneys, the Gateway attorney, and the Authority's Legal Counsel have been working on a strategy to appeal this decision. She explained that they were in communication with the Gateway funders, and they have scheduled a conference call including GMHF, MHFA, and other parties involved. The Authority's current loan agreement on the Gateway project stated that the Authority was only obligated to make the loan if the City provided the funding. However, \$714,000 is a large gap in finding, and she indicated that the City was going to argue that they had approval last August when HUD received the work plan, they knew the number of units the Authority had tested, and they had extended the grant that included the Gateway Tower units. In the meantime, Gateway is at risk of not having enough funds to finish the project, and she expected to have discussions with both the state and local sources about available funding.

The Executive Director stated that she was looking forward to the meeting with Commissioners on May 2nd to go over strategic planning goals.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES

Legal Counsel indicated that he had nothing new to report other than what has already been discussed.

OTHER BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:20 P.M.

Chair

ATTEST:

Secretary

Scheduled Regular Meeting – April 25, 2017