

**MINUTES OF THE
SCHEDULED REGULAR MEETING OF THE COMMISSIONERS OF THE
HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA
HELD ON THE 26TH DAY OF NOVEMBER, 2019**

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 November, 2019.

Chair Talarico called the meeting to order and on roll call the following members were found to be present: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress. Commissioners Glumac and Cich were absent. The Chair declared a quorum present.

Also present were Jill A. Keppers, Executive Director; staff members Cindy Weiske, Carol Schultz, Lenelle Hrabik, Bridget Brine, Lynne Snyder, Rachel Downs, and Maureen Zupancich; Chris Virta, Legal Counsel; Jason Hale, City of Duluth/HRA Senior Housing Developer; Jeff Corey, Executive Director of One Roof Community Housing; Barb Findley, President of the King Manor Residents' Club; and Ann Abraham, Secretary of the King Manor Residents' Club.

SCHEDULED PUBLIC HEARINGS

Public Hearing regarding the HRA's proposed conveyance to MN-OZA the Esmond Building (formerly known as the Seaway Hotel) for redevelopment and which is located at 2001 West Superior Street, Duluth, Minnesota and legally described as Lots 321 and 323, Block 53, Duluth Proper Second Division, St. Louis County, Minnesota.

Chair Talarico opened the hearing at 3:32 P.M.
No comments were received.
Chair Talarico closed the hearing at 3:34 P.M.

UNFINISHED BUSINESS

None.

CONSENT AGENDA:

The following items were introduced by Commissioner Sipress:

MINUTES OF THE SCHEDULED REGULAR MEETING OF OCTOBER 29, 2019

**RESOLUTION NO. 4007-19
AUTHORIZING THE DIRECT CONTINGENT SALE OF LOTS 14 AND 15, BLOCK 2
HAWK RIDGE ESTATES FIRST ADDITION TO JUSTIN NICHOLAS SWAP AND
MEGAN LEE SWAP BY THE HOUSING AND REDEVELOPMENT AUTHORITY**

Commissioner Sipress moved the foregoing items be approved as introduced.
Commissioner Nephew seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress
Nays: None

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

DISCUSSION ITEMS

RESOLUTION AUTHORIZING AGREEMENT FOR ACQUISITION OF TAX FORFEIT PROPERTY IN THE CITY OF DULUTH FROM THE ST. LOUIS COUNTY LAND DEPARTMENT FOR ECOLIBRIUM 3

The Executive Director explained Ecolibrium 3 is interested in acquiring these lots for the purpose of affordable housing development. Commissioner Sipress asked if these four lots would be for two single family homes to be sold for home ownership. The Executive Director confirmed that was her understanding, and that these homes would be the panelized variety that Ecolibrium 3 has been working on for some time.

After the Executive Director answered commissioners' questions the following resolution was introduced by Commissioner Gilbert:

RESOLUTION NO. 4008-19 AUTHORIZING AGREEMENT FOR ACQUISITION OF TAX FORFEIT PROPERTY IN THE CITY OF DULUTH FROM THE ST. LOUIS COUNTY LAND DEPARTMENT FOR ECOLIBRIUM 3

Commissioner Gilbert moved that the foregoing resolution be approved as introduced.
Commissioner Sipress seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress
Nays: None

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

RESOLUTION APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA COMMISSIONER AND STAFF RELATIONSHIPS POLICY

The Executive Director noted that attached is the revised Commissioner and Staff Relationships Policy. It had been revised to address the concerns brought forward by commissioners and reviewed by internal general counsel.

Commissioner Sipress stated that he had spoken to the Executive Directors of two other public authorities who have no policy along these lines and thought it might be dangerous to have such a policy. He thought the policy could be simplified. He definitely agreed with a policy that states that board members will not direct staff, but he expressed concerns with the third bullet point under what commissioners and staff should not do – specifically prohibiting staff from going to commissioners with concerns about their supervisor unless they suspect wrong doing. He thought that since this is a board policy that it should address what board members should and should not do versus what staff should or should not do. Commissioner Nephew concurred with Commissioner Sipress' comments.

Commissioner Gilbert asked for clarification on the resolution. The Executive Director explained that the vote today was to approve this policy based on feedback from commissioners at the last meeting. Commissioner Sipress expanded that we have to be cognizant that we are a public authority versus a non-profit entity.

Commissioner Boshey commented that as the Resident Commissioner he is always careful with his relationship with staff and residents – distinguishing from when he is communicating with them as a board member versus as a resident. He wanted to ensure that he doesn't have a policy written where he can get in trouble for his communication with staff, because he talks to staff every day as a resident. The Executive Director and Chair Talarico stated that they appreciated Commissioner Boshey's service on the board.

After further discussion, the Chair asked the Commissioners if they would prefer to table this resolution. Commissioner Sipress agreed that perhaps this can be used as a working document and board members could bring forward comments. He pointed out bullet points on the policy that were "spot on" and should be included in some instruction to the board.

Commissioner Nephew agreed with Commissioner Sipress and also stated she would defer to Commissioner Boshey with regard to the section of the policy that specifically addresses resident commissioners. Commissioner Boshey said he is "ok" with the policy with regard to the resident commissioner section.

RESOLUTION NO. 4009-19
APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA COMMISSIONER AND STAFF RELATIONSHIPS POLICY

Commissioner Gilbert moved that Resolution 4009-19 be tabled.
Commissioner Nephew seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress

Nays: None

The Chair declared the motion tabled.

**RESOLUTION APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MINNESOTA POLICY ON SAFEGUARDING PERSONALLY
IDENTIFIABLE INFORMATION**

The Executive Director pointed out that attached was a new policy on safeguarding Personally Identifiable Information. During a recent HUD Monitoring Visit of the Continuum of Care program (CoC), it was determined that in order to remain in compliance with CoC program guidelines, HUD would like us to develop and implement certain policies. This particular policy complements our existing confidentiality policy, but takes it a step further.

The following resolution was introduced by Commissioner Sipress:

**RESOLUTION NO. 4010-19
APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA POLICY ON SAFEGUARDING PERSONALLY IDENTIFIABLE
INFORMATION**

Commissioner Sipress moved that the foregoing resolution be approved as introduced.
Commissioner Boshey seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MINNESOTA CONTINUUM OF CARE PROGRAM POLICIES AND
PROCEDURES GUIDEBOOK**

The Executive Director pointed out that attached was a new guidebook created for the CoC program. In the past the HRA utilized the HUD guidebook for this program and where the HUD guidebook was silent they followed the Section 8 administrative plan. HUD would prefer that the HRA create its own guidebook that incorporates or references these other resources. This will be helpful when there are changes in sub recipients to ensure all parties are aware of the requirements. Clarification was given by Lenelle Hrabik, Director of Rent Subsidy, that this was a compilation of all the policies and processes that are currently in place and being followed, as opposed to new policy or procedure development.

After answering Commissioners' questions, the following resolution was introduced by Commissioner Nephew:

**RESOLUTION NO. 4011-19
RESOLUTION APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MINNESOTA CONTINUUM OF CARE PROGRAM POLICIES AND
PROCEDURES GUIDEBOOK**

Commissioner Nephew moved that the foregoing resolution be approved as introduced.
Commissioner Gilbert seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY
OF DULUTH, MINNESOTA FINANCIAL MANAGEMENT SYSTEMS AND
INTERNAL CONTROLS POLICY**

The Executive Director explained that attached was a new policy on the HRA's financial management and internal controls. Even though the HRA is audited each year by a properly procured accounting firm who, as part of that audit, tests our financial management and internal controls, as part of the CoC monitoring visit HUD wanted to see a policy in writing that describes our practices. She stated that similar to the last resolution, these are not new procedures, they are just all now in one document.

The following resolution was introduced by Commissioner Boshey:

**RESOLUTION NO. 4012-19
APPROVING THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA FINANCIAL MANAGEMENT SYSTEMS AND INTERNAL CONTROLS
POLICY**

Commissioner Boshey moved that the foregoing resolution be approved as introduced.
Commissioner Sipress seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION AUTHORIZING AGREEMENT WITH AMERICAN FEDERATION OF
STATE, COUNTY, AND MUNICIPAL EMPLOYEES – LOCAL 66**

The Executive Director reported that negotiations wrapped up with the AFSCME bargaining unit. It took approximately 1 ½ days – which was excellent. The union has voted and approved the new terms, and they are now before the board to review and approve.

Commissioner Sipress asked for clarification on the 1% each year on the grid and the ½% off the grid for those in pay status. The Executive Director also explained that management brought

forward the offer to raise our lowest paid employees either up a step or provide an extra 1% in order assist them in covering the rising health care premium costs.

After answering Commissioners' questions, the following resolution was introduced by Commissioner Nephew:

**RESOLUTION NO. 4013-19
AUTHORIZING AGREEMENT WITH AMERICAN FEDERATION OF STATE,
COUNTY, AND MUNICIPAL EMPLOYEES – LOCAL 66**

Commissioner Nephew moved that the foregoing resolution be approved as introduced. Commissioner Sipress seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 33,
AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR**

The Executive Director pointed out that a copy of the TIF plan was in Commissioners' green folders. Also, a different page 8 was included – Maureen Zupancich had made comments to Jason Hale who had to relay those to Ehlers. It was just received back, therefore, included in Commissioners' folders. She then introduced Jason Hale, Senior Housing Developer, and asked him to report on the project and TIF district to Commissioners.

Jason explained that the next two resolutions relate to the Decker Dwellings project, a 42-unit affordable housing development on Decker Road. This first one is approving the TIF plan to assist the district. This project will have nine project based voucher, 50% of the units will be offered at 50% of Area Median Income (AMI) or less and the overall project will income average at 60% AMI or less. There will be several amenities including on-site parking for all the residents.

He reviewed the map and location of the project and the district. He explained that the funding for this project was contingent on additional local match funding. The city had already pledged \$275,000 in CDBG. This TIF would bring in an additional \$480,000 and meet that requirement.

This is a 15 year district. It will be 15 years or \$480,000 whichever comes first. Then the district will be closed. If approved by the board it still must have a public hearing at the City Council meeting and subsequent be approved by the city council.

Jeff Corey, Executive Director of One Roof Community Housing, explained the process of income averaging to Commissioners, and stated that it is intended to be family housing. Jason Hale explained the bedroom and unit size mix to Commissioners, and Jeff Corey thanked the HRA for their support of this project and for acting so quickly due to the nature of this project's process.

After answering Commissioners' questions, the following resolution was introduced by Commissioner Sipress:

**RESOLUTION NO. 4014-19
ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 33, AND
ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR**

Commissioner Sipress moved that the foregoing resolution be approved as introduced.
Commissioner Nephew seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION AUTHORIZING DEVELOPMENT AGREEMENT RELATING TO THE
DECKER DWELLINGS DEVELOPMENT**

The following resolution was introduced by Commissioner Nephew:

**RESOLUTION NO. 4015-19
AUTHORIZING DEVELOPMENT AGREEMENT RELATING TO THE DECKER
DWELLINGS DEVELOPMENT**

Commissioner Nephew moved that the foregoing resolution be approved as introduced.
Commissioner Sipress seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress

Nays: None

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

**RESOLUTION WAIVING THE RIGHT OF FIRST REFUSAL FOR THE PURCHASE
OF THE GREYSOLON PLAZA**

The Executive Director reported that this last resolution is related to the sale of the Greysolon Plaza. Sherman and Associates is selling this property. As a condition of some of the financing from MHFA in the project, Sherman is required to offer a right of first refusal to a local government or non-profit agency. The buyer is Orbach Affordable Housing Solutions, LLC out of New Jersey. She states that she believes it will remain affordable housing as a contingency in the offer is that HUD approves the assignment of the HAP contract connected to the building.

After answering Commissioners' questions, the following resolution was introduced by Commissioner Boshey:

**RESOLUTION NO. 4016-19
WAIVING THE RIGHT OF FIRST REFUSAL FOR THE PURCHASE OF THE
GREYSOLON PLAZA**

Commissioner Boshey moved that the foregoing resolution be approved as introduced. Commissioner Gilbert seconded the motion.

Roll was called with the following results:

Ayes: Commissioners Talarico, Boshey, Gilbert, Nephew, and Sipress

Nays: None

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

COMMUNICATIONS/CORRESPONDENCE

The Executive Director reported that in Commissioners' green folders were the schedules for the Lincoln Park and Rainbow Centers. Several housing-related articles were also included in the board packet. Additionally, there has been a lot of press recently on housing related topics. Those articles are included in the board packet.

OTHER BUSINESS

None.

REPORTS OF COMMITTEES

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

Finance Committee: The Finance Committee had not met.

BUSINESS BY COMMISSIONERS

Board Dashboard

The Executive Director reviewed the dashboard with Commissioners and commented on progress on the strategic plan goals.

Goal 1 –

- The Re-Build Duluth Program has been launched. The Executive Director hopes to be part of the evaluation committee for applications.
- Repositioning launch meeting with the HRA's procured consultants is scheduled for early December.

Goal 2 –

- The Service Coordinator position advertisement has closed. Scoring of applicants will commence in the coming week.
- Met with Community Action Duluth on the next steps and feasibility of the potential contractor training program. The Executive Director has been asked to attend the CAD Board meeting in December to discuss this potential program. She is working with General Counsel to determine if Great Lakes Development can be utilized to start this potential feeder to the City's workforce development trades program.

Goal 3 –

- Two lots were brought to the board today for purchase agreement approval for Hawk Ridge Estates. The Authority did get one lot back, so seven lots remain to be sold.
- Contracts are in place for our development team to begin work on Harbor Highlands Phase V.
- Legal Counsel is working on the development agreement for MN-OZA related to the Esmond building project.

Goal 5 –

- Legislative session planning continues for both Homes For All and MN NAHRO.

Appoint Nominating Committee for 2020 Officers (Chair, Vice-Chair, and Secretary)

The Executive Director reported that it is the time of year to look forward to the annual meeting and selection of officers. Commissioner Cich has volunteered to serve as the nominating committee unless Chair Talarico would like to appoint another commissioner or there are any other volunteers.

Chair Talarico appointed Commissioner Cich as the nominating committee.

REPORT OF THE EXECUTIVE DIRECTOR

The Executive Director reported that Harbor Highlands Phase I continues with negotiations. The Authority has made it clear from the beginning that the business deal needs to stay the same. This is creating some discourse among the partners. Additionally, although HUD has said they are going to approve the deal, they haven't sent the official letter. Dan Maddy is working with HUD legal to gather the info they are requesting.

The Executive Director continues to work with Community Action Duluth on a contractor training program. She hopes it can be developed so it can start this spring. Additionally, she hopes this can be a feeder program to the trades program the city is trying to get going.

Lt. Governor Flanagan came to town. The HRA hosted her along with Representative Liz Olson at Ramsey Manor. Tenants were gathered to ask questions, and Commissioner Boshey presented her with a blanket and wild rice as is tradition in the Native American Community. The staff at Ramsey Manor did a great job getting the building and refreshments ready on such short notice.

The Executive Director participated in the Salvation Army luncheon, LISC QOL Housing meeting, the regular city housing development meeting, and the Mayor's Housing Task Force. She also participated in LISC's opportunity zone meeting to discuss their socially conscious investing strategies.

Rebuild Duluth was kicked off by Mayor Larson and the HRA was part of that press conference and will likely be part of the evaluation committee for applicants.

Internally this month there were AFSCME negotiations, Safety Committee, the United Way kick off, and annual all-staff safety training.

Commissioners and leadership met to develop a “Why” statement to help lead the organization. The managers and supervisors met subsequently to discuss embedding the why statement throughout the organization.

Additionally, legal counsel has been working on the Decker Dwellings development agreement and MN-OZA development agreement.

Finally, she reported that staff have been working on the new policies and manual that came before the board today, and since the repositioning launch meeting is set for the first week of December, the Executive Director and staff are gathering due diligence documents related to that kick-off.

REPORT OF LEGAL COUNSEL: MONTHLY ACTIVITIES


Chris Virta reported that the primary legal activities this month were related to the Harbor Highlands Phase I purchase and the Development Agreements for the Decker Dwellings project and the Esmond project.

ADJOURNMENT

There being no further business to come before the Board, the Chair declared the meeting adjourned at 4:35 P.M.


Chair

ATTEST:


Secretary

Next Scheduled Regular Meeting – January 28, 2020