

**HOUSING AND REDEVELOPMENT AUTHORITY
OF ST. CLOUD, MINNESOTA
Regular Meeting Minutes
Wednesday, April 22, 2009**

Chair Nancy Gohman called the meeting to order at 7:00 p.m., Wednesday, April 22, 2009. The meeting was held in the City Hall Council Chambers, 400 2nd Street South, St. Cloud, MN. The pledge of allegiance was followed by roll call.

1. Roll Call – Commissioners present: Nancy Gohman, George Hontos, Joan Jaye, Bob Johnson, Mike Landy and Peter Ruth. Absent: John Pederson

Executive Director Bruce Thielman presented and congratulated Mike Haehn, Project Manager, with a recognition plaque acknowledging 20 years of service with the HRA.

Consent Agenda:

2. Approval of Agenda – Commissioner Landy moved for approval of the agenda with the exception of Item 6. Commissioner Hontos requested to add two items under Open Discussion and also had questions on Item 6. Additions: 1. resident conversion to digital analog and, 2. the start of the regular board meeting time. Commissioner Landy moved for approval of the revised agenda except for Item 6; Commissioner Jaye seconded the motion. The motion carried.

3. Approval of Minutes of Regular Meeting, March 25, 2009 – approved as presented

4. Approval of Contract for Asbestos Removal – Wilson Apartments – contract bid approved with EnviroTech Remediation Service Inc. for the removal of asbestos from the boiler room in the amount of \$14,400.

5. Approval of Services Contract for Electrical Maintenance – 2-year bid proposal approved for the electrical maintenance service for all apartment units owned and managed by the HRA with Electrical Solutions Inc.

6. Approval of Lawn Maintenance Services Contract – Commissioner Landy asked if the lawn service determined when to mow or if the HRA decided. Louise Reis, Housing Director, stated the bid amount is based on one time per week, however, it is determined by the season and HRA staff. Commissioner Landy moved for approval; Commissioner Hontos seconded the motion. Commissioner Johnson questioned if caretakers mowed any of the properties. Ms. Reis responded a few years back it was decided to provide housing only for caretakers, and in doing this, the hours they would need to work per week was shortened. She said with the lesser hours the mowing could not be accomplished. Ms. Reis said it has proved more economical contracting the work than paying the caretakers. The motion to approve carried.

Open Forum: There was no one wishing to speak.

Old Business:

7. Hold a Public Hearing on the Approval of a Tax Increment Financing Plan for Tax Increment Redevelopment District Number Eighty-Six and the Approval of a Contract for Private Development with 5th Avenue Development, LLC. **[CANCELLED – RESCHEDULED FOR MAY 27, 2009 OR UNTIL FURTHER NOTICE]**

8. Approval of Resolution 2009-06 - Resolution of The Housing and Redevelopment Authority In and For the City of St. Cloud, Minnesota Forgiving \$50,000 and \$22,742.33 Loans in Connection with the River Crest Project. [tabled from March 28, 2009 meeting] – Karen Rizer, Finance Director, gave a background of the requested resolution from excerpts provided for Board members in their packets (10-12-05 minutes and 05-17-06 minutes) and questions answered from the March 28, 2009 meeting. She reiterated that the minutes clearly state the HRA was acting as the developer for the River Crest project at the time the loans were given. Ms. Rizer stated the loan was not made with any external parties, but strictly an internal borrowing function within the HRA. Commissioner Johnson moved for approval; Commissioner Jaye seconded the motion.

Commissioner Landy said he would like to exhaust the possibility of recovery of any of the funds prior to approval. Ms. Rizer responded costs from the City for the park dedication fees may be recovered, but her request for write off is strictly an internal debt write off on the loans that will not be repaid.

Commissioner Landy asked what the detriment would be in holding onto the debt for a short time period. Commissioner Jaye asked from an accounting standpoint the ramifications of leaving it on the Balance Sheet. Ms. Rizer said if left on the Balance Sheet the Common Bond Fund will be overstated by \$50,000 and the Housing Development Fund would be understated by \$50,000. She said the auditors would look at it as a management level comment in the Final Report.

Commissioner Hontos questioned what dialog has taken place with MHFA. Mr. Thielman said he has talked with MHFA and he has met with the new developer, represented by Rick Klun, Center City Housing Corporation. He said with all the budget cuts to MN Housing and the fact that no one is liable for these costs other than the HRA it is doubtful any of the funds will be reimbursed. Mr. Thielman said from an accounting standpoint he would agree with Ms. Rizer to write it off and continue to pursue any recovery possible. Legal counsel, Jerry Von Korff, added that Ms. Rizer is strictly trying to balance the books and if any funds are received after the fact they will be dedicated to the fund.

Commissioner Hontos said he agreed with Commissioner Landy and also asked why the park dedication fees will not be reimbursed by the City. Mr. Thielman said the HRA sent a request by letter to the City Community Development Director and were told the City cannot refund the money since the project was not completed. Commissioner Hontos asked who actually owns the property. Mr. Thielman said the Brotts own the property and it is for sale. Commissioner Hontos asked who paid the \$3,168 park dedication fees. Mr. Thielman responded the HRA had paid it as a loan to themselves as the developer. Commissioner Hontos stated if the property has been rezoned, he still did not understand why the City would not reimburse the fees if requested. Mr. Thielman said he said he would forward the response he received. Commissioner Landy suggested requesting the fees again explaining in the request how the City would eventually receive the funds back once the lots are developed. He said if a second request does not work, a resolution should be considered by the HRA Board requesting the fees. Chair Gohman asked if the City was waiting for a new developer to come into play and then would refund the money to the HRA. Mr. Thielman responded he was unsure of how the internal policies of the City work, but he would communicate with City Planner, Matt Glaesman, and get back to the Board.

Commissioners Gohman, Jaye and Johnson voted for approval of the write-offs in Resolution 2006-19; Commissioners Hontos, Landy and Ruth voted against; Commissioner Pederson was absent. The vote failed.

New Business:

9. Downtown Council Update on the Buxton Study – Pegg Gustafson, Executive Director of the Downtown Council, gave an updated report on a study the HRA Board had approved in December 2008. With this report, Ms. Gustafson gave the board two handouts: a retail site assessment and a handout regarding the high technology initiative. Ms. Gustafson reported she would be attending an International Conference in Las Vegas in May where she would be meeting with at least the top 20 prospects found by Buxton as possibilities for St. Cloud in the technical field. She said 10 of these meetings are already scheduled. Ms. Gustafson said she also will be sharing the information, as part of their strategic action plan, in a roundtable discussion with commercial brokers and media in the area.

Commissioner Jaye said she was involved approximately 5 years ago in a similar study. She said she would like to hear after Ms. Gustafson returns from Vegas if these meetings give any indications as to what comes first, the retail or technology. Ms. Gustafson responded it comes down to ambiance and safety. She said it is similar to housing; will people live Downtown if they do not have the services they use on a regular basis. Commissioner Jaye said this has been talked about for years and would appreciate an update when Ms. Gustafson returns if at her meetings she learns any solid answers. Ms. Gustafson said she would report back, but she already could respond from the study that it shows over and over again, if the environment is not already there, companies will not be able to get the employees they are looking for. She said she will be talking with up to 310 restaurant/retail possibilities in Vegas and will question them as to what it takes for them to make it in a downtown area.

Commissioner Hontos stated he was not a huge supporter of this study and feels more concerned with the infrastructure and how to retain businesses Downtown. He added that he did not recall 5th Avenue included in the original study and understood from the 5th Avenue developers that they would be doing their own recruiting and studies. Ms. Gustafson said this is true and she only is using the 5th Avenue project as strictly an add-in to the mix of possibilities if a prospect is looking for Class A space or if they prefer a more historic core district. She said in regards to current Downtown businesses, she had two meetings earlier in the day to discuss removal of the parking meters and replace them with 2 hour parking to help current businesses. Ms. Gustafson said they also discussed employee parking.

Commissioner Johnson said he liked the psychographic profile approach of the Buxton group. He said it seemed more scientific and academically based, however, he feels there is a critical mass issue and would like to know how or if the Buxton group has addressed this. Commissioner Johnson stated he is not convinced that 6,000 employees downtown is enough to keep businesses, say selling computers or sports equipment, or, if the housing piece needs to be addressed first. Ms. Gustafson responded that Buxton felt there was a critical mass, but there is still plenty of room to grow, depending on what is considered. She said everyone is telling her “upscale, upscale”, however, the top 20 have said this is not the case. Commissioner Johnson said with the median income of St. Cloud being \$59,000 he does not see how having all upscale businesses can make it. Other Commissioners agreed.

10. Approval to Apply as Primary Grantee for the Homelessness Prevention and Rapid Re-Housing Program - Ms. Reis explained the program recently released from HUD. She said HUD is looking for a more regional approach and wants a central intake program for this population. Ms. Reis said much of the region is not staffed to accommodate the administration where as St. Cloud HRA is. She said the funds are intended to serve those with temporary financial assistance and/or services to help them gain housing stability. Ms. Reis stated as the primary grantee, the Agency would receive an administration

fee; however, she does not know the amount of the fee at this time. She said this will be determined by the State. Commissioner Hontos asked the liability for the Agency in administering these funds. Ms. Reis said she had been told by the State there would not be any liability, but she would be looking closely at the grant agreement once finalized.

Commissioner Hontos moved to go forward with the application, noting his concerns regarding liability. Legal counsel, Jerry Von Korff, said these concerns will be addressed in the agreements. Commissioner Landy seconded the motion. Ms. Reis apologized and said normally these details would be worked out prior to applying, but since the funding is stimulus money it is being pushed through faster. All those present voted in favor to apply; the motion carried.

11. Set a Public Hearing for May 27, 2009 to Hear Public Comment on the Sale of Two 19th Avenue North Residential Lots to Habitat for Humanity – Commissioner Johnson moved to set the public hearing; Commissioner Jaye seconded the motion. All those present voted in favor; the motion carried.

12 A. Approval of Resolution 2009-12 – A Grant Agreement with the HRA and Minnesota Housing Finance Agency for Neighborhood Stabilization Program Funds – Mr. Knettel gave a background of the grant received. He also pointed out the components of the NSP program. Mr. Knettel said he wanted to be clear that the funds are not geared toward low income persons and can be used for families of up to 120% county median income; 25% of the funds are designated to benefit lower than 50% county median incomes. He said another point he wanted to be clear on is that the properties have to be purchased at a discounted rate of 15% on average. Mr. Knettel said the funds can only be used for abandoned or foreclosed homes that the homebuyers must obtain a loan from a local non-traditional compliant lender, and the home buyer must attend a HUD certified homeownership program. He continued by going through the four activities proposed by MHFA and how the \$1.6 million can be used.

Commissioner Johnson moved for approval of Resolution 2009-12 and the Joint Powers Agreement stated in Item 12B; Commissioner Landy seconded the motion. All those present voted in favor; the motion carried.

B. Approval of Joint Powers Agreement between the St. Cloud HRA, Stearns County HRA, Benton County and Sherburne County to Administer Neighborhood Stabilization Program Funds – approved with Item 12A above.

13. Approval for Joint Powers Agreement with City of Big Lake to Administer Neighborhood Stabilization Program Contracts – Mr. Knettel explained the difference between this agreement and the one he had just described in Item 12. He said the City of Big Lake has not had an active CDBG program within the last two years so they were ineligible for administration of the funds. Mr. Knettel said Big Lake would be doing the majority of the work for their area, and the St. Cloud HRA would provide only the necessary reviews and sign-offs as needed. He said funds will be held at the Agency and administration fees will be charged to cover costs. Commissioner Landy moved for approval; Commissioner Hontos seconded the motion.

Commissioner Hontos asked what the implications would be for staff time committed to these Joint Powers Agreements in regards to other projects. Mr. Thielman responded it would be a new and different source of revenue for the Agency. Commissioner Hontos asked where the money for this staff time has been coming from and if this will be an overburden on staff time. Mr. Thielman responded it takes balance and be a management issue. Mr. Knettel said since much of time that was spent on housing development in past years is not going to be needed without new housing projects, it will give staff time to work on these agreements. He said they should not demand a large amount of staff time. Commissioner Jaye added to this comment that staff has worked on streamlining for the past few years

changing over to project based accounting, which is now implemented, and will free up staff time as well to work on the agreements. Commissioner Landy asked if any changes would be made to the budget. Ms. Rizer stated the amount is not large enough that this would be needed. All those present voted in favor; the motion carried.

14. Approval of Joint Powers Agreement with St. Cloud Technical College – Mr. Knettel explained this agreement was a companion project to the public hearing set earlier in the meeting to sell the two homes on 19th Avenue North to Habitat for Humanity. He said the agreement is for the remaining 3 parcels to be constructed by SCTC. Mr. Knettel stated the HRA would be the property owner and SCTC would be the general contractor. He said any profits would be shared with 40% of the proceeds going to SCTC and 60% going to the HRA. Commissioner Landy asked if there was any assurance to breaking even. Mr. Knettel responded there is no way to assure this, it would all depend on the market and sales price.

Commissioner Johnson moved for approval; Commissioner Landy seconded the motion. Commissioner Johnson asked how long homes were now on the market and if SCTC had enough students enrolling in the construction programs to get them built. Mr. Knettel said he was unsure of how long their homes were staying on the market, but if they could they would build 3 homes this year and have the student capacity to do so.

Commissioner Ruth questioned the meaning of the 40% under the HRA's duties, Attachment B(6), "upon sale of each house, HRA shall pay the College a sum equal to 40% of the sale proceeds, with a minimum payment to the college of \$10,000 for each completed house, whichever is greater." He said he was confused by the term proceeds as he understood this to mean the selling price less the realtor's commission. Mr. Knettel responded the 40% is of the proceeds and if there are no profit or proceeds there would be nothing to distribute. He apologized, saying the agreement should have been changed to read "maximum payment to the College is \$10,000," but must have been an oversight in the updated draft. Commissioner Hontos requested a clarification to what "net proceeds" means be added to the wording in the agreement.

Commissioner Johnson left his motion for approval with the understanding that the language in Item 6 would be changed and adding a clarification on the definition of proceeds to be the sale price minus the material and site preparation costs. All those present voted in favor; the motion carried.

15. Approval to Purchase Residential Property at 406 Raymond Avenue with Neighborhood Stabilization Program Funding – Les Henson, Community Development Manager, explained the location and property he was proposing the Agency purchase. He stated the property is vacant and has been foreclosed on. Mr. Henson said if a preliminary purchase agreement is made within the first three days of when the agent is notified a 15% discount is available to non-profits or units of government. He said after the three days, if there is no sale, the property will be made available to the public. Mr. Knettel added in order to be purchased with the NSP funds the purchase will also have to be 15% below the appraised value and this discount would be able to do that. Commissioner Hontos moved for approval; Commissioner Johnson seconded the motion. All those present voted in favor; the motion carried.

16. Executive Director's Report – Mr. Thielman gave highlights to his report. He said economic development has been picking up over the past two weeks and a couple of projects seem promising. Mr. Thielman said the 911 systems have not been updated for years and staff is searching for possible developers for the Dan Marsh site to use stimulus money for this project.

Mr. Thielman's report included the topic of allowing Section 8 Housing Choice Vouchers to be used for homeownership. He asked Board members if this was something they felt staff should continue to look into. Commissioner Landy asked what this would do the current voucher program. Ms. Reis said a

homeowner would have the voucher in the home for 15 years and at that time would need to return the voucher. She said there are many requirements with it so she did not feel it would be used often. Commissioner Johnson asked if this could help address the larger unit issue. Ms. Rizer responded other agencies have tried it and it was not the answer for this because a mortgage would be needed and the families at this time looking for larger housing units are not allowed by their religion to pay interest on loans. Ms. Reis said at this time she was just looking for direction from the Board. Commissioner Hontos said he would be interested in hearing further about it in a future study session. Mr. Thielman said this would be added to the list.

Open Discussion:

17. Resident Conversion to Digital Analog – Commissioner Hontos said he has received numerous questions from a resident regarding the conversion of analog to digital signals that will be needed by June 1, 2009. He said he knows that Ms. Reis and others have worked on this, are following up on it, and have spoke with this tenant, but would appreciate knowing residents needs are being met and closure is given to this issue. Commissioner Hontos gave staff the last email he received from this tenant. Mr. Thielman assured him it is being taken care of and staff will continue to reassure clients they will have the capability to switch when it happens.

18. Starting Time for the Regular Board Meetings – Commissioner Hontos asked if there could be any consideration to changing the starting time to 6:00 p.m. like City Council meetings. Mr. Thielman said this was brought up by staff at the Annual Meeting in January. He said staff is okay with it, however, if there is a study session then it would need to be set at 4:00 p.m. rather than 5:00 p.m. Commissioner Hontos said if there is a separate work session needed he did not see a problem with meeting a different day and time for it. Commissioner Johnson said he could only start meetings at 6:00 p.m. and if absolutely necessary occasionally could meet at 5:00 p.m. The Board requested the topic be discussed further at a study session.

There being no further business, the meeting adjourned at 9:07 p.m.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos