

**HOUSING AND REDEVELOPMENT AUTHORITY
OF ST. CLOUD, MINNESOTA
Regular Meeting Minutes
Wednesday, November 18, 2009**

Chair Nancy Gohman called the meeting to order at 6:00 p.m., Wednesday, November 18, 2009, City Hall Council Chambers, 400 2nd Street South, St. Cloud, MN. The pledge of allegiance was spoken, followed by roll call.

1. Roll Call – Commissioners present: Nancy Gohman, George Hontos, Joan Jaye, Bob Johnson, Mike Landy, John Pederson and Peter Ruth. Absent: none.

Consent Agenda:

2. Approval of Agenda – Commissioner Landy moved for approval of the consent agenda as presented; Commissioner Jaye seconded the motion. Agenda approved.

3. Approval of Minutes of Study Session, October 23, 2009 - approved.

4. Approval of Minutes of Study Session, October 28, 2009 - approved.

5. Approval of Minutes of Regular Meeting, October 28, 2009 – approved.

6. Financial Reports: Public Housing Fund, Capital Grant Program Fund, Germain Towers Fund, Northway Projects A&B Fund, Eastwood Apartments Fund, Housing Choice Vouchers Fund, and Central Office Cost Center Fund – informational only.

7. Suspension of Performance Increases for 2010 – Board agreed there would be no performance increases granted in 2010.

8. Change Order for Wilson Apartments Boiler Project – change order in the amount of \$12,054 to Weidner Mechanical for 3 isolation valves and the replacement of an air separator with air bleeders for the new boiler system approved.

9. Redemption of CDBG Homestead Property – Board concurred with Chair Gohman and Executive Director Bruce Thielman to redeem a homestead property, 1726 8th Avenue South, in the amount of \$12,026.56 used to pay back taxes which will be reimbursed to the HRA upon resale of the property.

Open Forum: There was no wishing to speak.

Old Business:

10. Resolution 2009-25 – Setting the Final Pay 2010 Levy – Commissioner Landy moved to set the final pay 2010 levy at \$530,000, approximately a 5% decrease of the amount suggested by staff. The requested amount will go to City Council for approval, and then to the County for certification.

11. Empire Apartments Discussion – Mr. Thielman gave a short history of the Empire Apartment building and its original usage as seniors only complex. He stated for the audience that the Board has had previous discussions about the location of the complex and the possibility of selling it. Mr. Thielman said

staff has looked into and found there are specific rules that would need to be followed as required by HUD concerning the rights of the current tenants.

Commissioner Hontos said he realized there would be obstacles but his preference would be for staff to pursue the options and move forward with an appraisal of the property.

Legal counsel, Jerry VonKorff, said there is a legal difference in the terms “construct” and “find new” when it comes to HUD guidelines that would need to be addressed. He said when proposing the idea to HUD rather than saying it would be for economic development the terms “Public Housing betterment” should be considered. Commissioner Pederson said he understood what Mr. VonKorff was saying, and that challenges would be involved, however, he also wanted to see the possibilities. He said the building is wearing out and it could very well be an advantage to tenants if a new housing unit(s) were found or built. Commissioner Pederson suggested rather than doing an appraisal of the property an RFP could be issued.

Commissioner Pederson moved for staff to work on an RFP regarding the redevelopment of the Empire Apartments site; Commissioner Landy seconded the motion, agreeing with Commissioner Pederson that it would be premature to have the property appraised.

Commissioner Ruth asked if there was the possibility of not adding any new tenants until an RFP was out and possibilities explored. Ms. Reis said under housing regulations she could not do this.

Commissioner Johnson said he thought it was a good idea to move forward with an RFP, but to keep in mind the HRA Board represents preservation and perhaps this could be tied into the RFP, as well as giving specific criteria in making tenants a first priority, if the building were to be sold or demolished.

Commissioner Hontos stated he was only asking for an exploratory RFP at this time. He said other communities have done this so he would like to see what the response would be for Empire as to demolishing or redeveloping it. Louise Reis, Housing Director, stated she would need to schedule a meeting with tenants to inform them of the possibilities. The Board agreed this would be necessary when the RFP goes out.

Commissioner Pederson asked to have the word “exploratory” added to his motion as requested by Commissioner Hontos; Commissioner Landy agreed to the change. All Commissioners voted in favor; the motion carried.

New Business:

12. Pest Infestation Policy – Ms. Reis explained the increase in the number of pest infestation cases in HRA owned properties and the cost involved in cleaning up the units infested. She said the policy clearly outlines that the HRA will only use chemical treatment applied by professional exterminators in eliminating the problem when pesticides are needed. Commissioner Johnson moved for approval of the policy as presented; Commissioner Hontos seconded the motion.

Ms. Reis said the biggest infestation problem at this time is bedbugs. She said the cost to treat units runs between \$450 and \$600 for a one-time treatment. Ms. Reis said this cost, along with the public health problems the infestation causes, is being dealt with as aggressively as possible by staff. Commissioner Pederson asked how this was being handled in the private sector. Chair Gohman responded landlords are paying the cost of the exterminations themselves in all the buildings she is familiar with due to the legal costs tied to the proof. Mr. VonKorff, who included a memo in the agenda packet outlining the nationwide problems with infestations, said the policy includes education of the cause and financial

impact, while still taking a proactive approach to the problem, hoping to address the issues prior to them occurring. The motion carried unanimously.

13. Housing Coalition Discussion – Mr. Thielman explained staff was not necessarily asking for any type of approval, but only giving the Board an overview of the operating problems being addressed at the Housing Coalition. He said Ms. Reis and Les Henson, Community Development Manager, have been involved in the past with the Coalition and most recently serving on a task force to discuss the future of the organization. Mr. Thielman said the Coalition is a complicated structure and one of the only organizations in Minnesota offering a wide range of services, including a homeless shelter, transitional housing and permanent tax credit housing. Of these, he stated the HRA staff is only experienced in tax credit management, so he was asking direction from the Board on the role they perceived the HRA should take.

Commissioner Hontos responded since at the present time the current structure of the HRA is unknown, he did not see a need for HRA staff to do anything with the Coalition. He made a motion to encourage staff to remain on the task force, but not to play an active role in any opportunities until the organization of the HRA is further solidified; Commissioner Landy seconded the motion.

Mr. Thielman said staff could do an analysis of what needs to be done to keep the organization viable. He said there may be property management fees possible through HUD or MHFA. Commissioner Landy said he would choose to see the process continued as is through a task force. Mr. Thielman said staff would continue to look at opportunities as they relate to the role and mission of the Agency.

Commissioner Johnson said he agreed with the motion in effort to resolve exactly what the issues are and to have all the groups come up with the best solution. He said he would want to see staff only participate on the task force and report back to the Board the analysis determined. Commissioner Hontos restated his motion of HRA staff only serving as experts on the task force and then communicate back to the Board, nothing further; HRA staff would not work on this in any manner other than as members of the task force. The motion carried unanimously.

14. Resolution 2009-26 - Approving an Escrow Agreement and Related Documents in Connection with The Authority's Multifamily Housing Revenue Bonds, Series 2002 (Sterling Heights Apartments Project), and Authorizing the Execution of the Escrow Agreement and Documents Relating Thereto – Mike Podawiltz, Podawiltz Development, explained his proposal for restructuring the debt for Sterling Heights Apartments of the St. Cloud Limited Partnership. He said the reason for the change is the lower interest rates available that will help ensure the stability of keeping the building affordable. Mr. Podawiltz requested permission to pay off the bond early to keep the building as affordable housing and maintain its sustainability.

Commissioner Landy questioned who would benefit from the low interest rates. Mr. Podawiltz responded that the owners benefit fiscally, but the tenants also benefit by the rents remaining low. Commissioner Landy moved for approval; Commissioner Jaye seconded the motion. All Commissioners voted in favor. The motion carried.

15. Board Meeting Video Streaming – Mr. Thielman stated the City uses this type of recording for their meetings and at the suggestion of a couple of Commissioners staff had checked into the HRA meetings also being recorded in the same manner. After a short discussion, Commissioner Pederson moved for approval; Commissioner Johnson seconded the motion. The motion carried unanimously.

16. Executive Director's Report - Mr. Thielman said the only addition to his report would be what a great meeting The Partnership had earlier in the day regarding regional economic development and he was glad some of the Commissioners could be there.

Open Discussion:

Commissioner Hontos commented that with the complications the Board had in getting the correct information for Item 9, in the future he hoped staff would be more careful in the accurateness and completeness in their reports. Mr. Thielman apologized for the mix-up and would be more detailed in the future, and that the staff appreciates hearing from the Board members in advance of the meeting in order to research and provide information prior to or at the meeting.

There being no further business, the meeting adjourned at 7:22 p.m.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos