

**ST. CLOUD HOUSING & REDEVELOPMENT AUTHORITY
STUDY SESSION MEETING**

Wednesday, June 24, 2009

A Study Session was held on June 24, 2009, Conference Room One, City Hall, 400 2nd Street South, St. Cloud, Minnesota. Chair Nancy Gohman called the meeting to order at 5:31 p.m.

Roll call was taken. Commissioners present: Nancy Gohman, George Hontos, Joan Jaye, Bob Johnson, Mike Landy and Peter Ruth. Absent: John Pederson. Guests present: Tom Hodnefield, CPA, HLB Tautges Redpath, LTD. Staff present: Executive Director Bruce Thielman, Housing Director Louise Reis, Finance Director Karen Rizer, Development Director Cliff Knettel and Administrative Services Manager Sandy Hunter. Legal Counsel Jerry Von Korff was in attendance.

1. TIF Shortfall Agreements - Bruce Thielman, Executive Director, explained to the Board the provisions that were included in the New Flyer TIF plan. He stated in 2002 the commercial/industrial property tax structure for the State changed which decreased the taxes that were projected to be collected, and required the HRA to collect a short-fall payment from New Flyer on an annual basis. Karen Rizer, Finance Director, explained how this shortfall payment is not defined as tax increment, according to our consultant Ehlers & Associates, so technically the HRA could retain the shortfall amount for the City. Mr. Thielman said the district is set to decertify in 2009 and the amount projected to remain in the fund is somewhere around \$155,000 and the options are to retain the funds for just the City or return the money to the County for redistribution to the three taxing jurisdictions. Ms. Rizer said if these funds would be returned to the City there is always a chance, although it has never been challenged, that the State Auditor comes back and says the funds must be returned to the taxing jurisdictions.

Commissioner Johnson asked if the HRA TIF attorney, Bob Toftey, had been asked for an opinion. Mr. Thielman responded Mr. Toftey is of the opinion the funds should be given back to the jurisdictions. He said the decertification request will be brought to the Board at a future meeting, but since this shortfall agreement situation is a policy decision he and Ms. Rizer were looking for input from the HRA Board. After discussion, HRA Board members all agreed the requested action should be to return the funds to the County for distribution to the taxing jurisdictions.

2. Presentation by Tom Hodnefield, CPA for HLB Tautges Redpath, LTD (HLB) – Mr. Thielman introduced Mr. Hodnefield to review with the Board the results of the 2008 HRA external audit. Mr. Hodnefield said he had already met with the Board's Audit Committee to go over the details of the reports so unless there were specific questions he would only be highlighting the review. Ms. Rizer said the agenda for this meeting is only to review the reports with Mr. Hodnefield, ask questions or voice concerns, and then move for approval at the Regular 7:00 Board meeting if there were no unanswered concerns. Mr. Hodnefield that for the first time no findings were reported and his report to the HRA Board would focus on the Management Letter. He stated to the Board they should congratulate Ms. Rizer and her staff not only for not having any findings, but also for having done the financial statements internally for the first time saving the Agency around \$10,000.

Mr. Hodnefield began with the Executive Summary on page 2 of the letter, giving an explanation of Governmental Accounting Standards Board (GASB) 34 as presented in Statements 1 and 2 of the letter. He explained that how all funds are combined and shown in full accrual.

Discussion continued, led by Mr. Hodnefield, in the sections of the audit for economic development expenses and revenues and fund reserves. Commissioner Jaye asked if funds in reserve were restricted or unrestricted.

Ms. Rizer said she would print out a spreadsheet showing totally unrestricted dollars for the Board. Commissioner Hontos asked Ms. Rizer if she could include in her spreadsheet a history of past available cash and how it was spent to help the Board determine how much should remain in some of the funds, if any. Commissioner Johnson said he would like to see written policies to determine why numbers are what they are in regards to reserves and not just for the Common Bond Fund. Commissioners Landy and Jaye asked Ms. Rizer to also include a detailed history of the internal advances that have taken place.

[6:35 p.m. – Commissioner Johnson needed to leave.]

Discussion continued, led by Mr. Hodnefield on the sections of the audit pertaining to bond debt service, business park land valuation and taxation.

[6:45 p.m. – Commissioner Pederson joined.]

Commissioner Jaye questioned how the HRA financial statements fit into the City financials; whether or not the HRA has enhanced their financials. Jerry Von Korff, legal counsel, responded the HRA operations are not contributable to the City. Commissioner Jaye said she would like to hear from a presentation standpoint how the City presents the HRA. Ms. Rizer said she would talk to John Norman, City Finance Director, for an answer.

Mr. Hodnefield had answered questions as they arose regarding the financial statements throughout the meeting. He stated they have every reason to believe the statements are reliable, it is all good news, and there are no findings.

3. Regular Meeting Times – Mr. Thielman said the Board had mentioned at an earlier meeting they would like to see the meetings start at an earlier time so he wanted further discussion of what time would work for all of them. Commissioner Hontos said he had suggested this change because City Council and the Planning Commission now meet at 6:00 p.m. and it has worked for everyone and we should be consistent with them. Commissioner Landy said his only concern would be those wishing to speak at Public Hearings but if the Council has not heard any negatives comments he was fine with it. Mr. Thielman said staff's only concern would be if a study session is held prior to the regular meeting, could the Board meet at 4:00 or 4:30 if more than an hour is needed. Commissioner Ruth suggested holding the Study Session after the 7:00 p.m. meeting or part before and continue after if needed. Chair Gohman asked Mr. Thielman to make a recommendation and bring it back for discussion and/or approval at the July 22, 2009 meeting.

The meeting adjourned at 6:55 p.m.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos