

**HOUSING AND REDEVELOPMENT AUTHORITY
OF ST. CLOUD, MINNESOTA
Regular Meeting Minutes
Wednesday, March 25, 2009**

Chair Nancy Gohman called the meeting to order at 7:00 p.m., Wednesday, March 25, 2009. The meeting was held in the City Hall Council Chambers, 400 2nd Street South, St. Cloud, MN. The pledge of allegiance was spoken, followed by roll call.

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

Chair Gohman added Item 12 to the agenda titled “6 Month Review of the 2008 Workplan for the Executive Director”.

Consent Agenda:

2. Approval of Agenda – Commissioner Landy moved for approval of the consent items with the exception of Item 5; Commissioner Johnson also had a question on Item 5; Commissioner Jaye seconded the motion for approval.

3. Approval of Minutes of Study Session, February 25, 2009 - Approved as presented.

4. Approval of Minutes of Regular Meeting, February 25, 2009 – Approved as presented.

5. Approval of Resolution 2009-05 - Annual Contributions Contract for the Capital Fund Program – American Recovery and Reinvestment Act Formula Grant – Commissioner Landy moved for approval; Commissioner Johnson seconded the motion.

Commissioner Landy questioned if the money has been received. Executive Director Bruce Thielman responded the funds have electronically been allocated; however, nothing has been issued yet as to how the funds can be used. He said a physical needs assessment has been completed and staff will come back to the Board with recommendations as soon as they have direction on how they can be utilized.

Commissioner Johnson said he recognizing the \$500,000 has not yet been allocated to projects, however, there were forms in the board packet suggesting estimated costs. He said when the item is brought back to the Board he would appreciate a discussion of the individual allocations of estimated costs and the definitions of the lines on the forms that were distributed in the March packet.

Commissioner Pederson asked if this fund would be used for new projects plus the normal allocation. Mr. Thielman said this is correct. He said the additional funding is from President Obama’s stimulus plan. Commissioner Pederson asked if there were any current policies in place to assure the contracting of work would go to local or contractors within a specific radius. Mr. Thielman stated every effort is made to use local contractors. He added the stimulus package states everything needs to be made in America and staff are awaiting further explanation of what that means. Mr. Thielman said the money needs to be spent by the end of the year and HUD is encouraging us to use the funding within 90 days.

He said by 'made in America' staff was not sure if all parts and/or pieces had to be made here or only the final product.

Karen Rizer, Finance Director, said in answer to Commissioner Johnson's concerns with the allocations that there were errors in the HUD forms the Board had received. She said there is no money allowed for operations as it suggests. Ms. Rizer said in the past staff has budgeted as much as allowed by HUD for management improvements which can be used for training, security systems, personnel, etc. She said the budgeted amount is seldom all spent until the end and then is used for building improvements if not needed for any unknown emergencies. Ms. Rizer said the administration line questioned has been changed now that Project Based Accounting is being used. She said one of the requirements of HUD is that the management of the program, Housing Director Louise Reis, Project Manager Mike Haehn and any Finance Department staff costs for working the program cannot be billed as direct costs.

Commissioner Hontos said in Ms. Reis' memo under the background materials was a sentence stating the annual contributions contract was due to HUD by March 9th and he wondered what this was. Ms. Rizer said it internal paperwork needing submission each time an application is sent to HUD for any grants.

The motion carried unanimously to approve the Annual Contributions Contract for the Capital Fund Program in the amount of \$522,624.

6. Approval of Closing the Menasha TIF Fund, Northern Wire TIF Fund, and Homeless Resource Center Fund as of December 31, 2008 – approved.

Open Forum: There was no one wishing to speak.

Old Business:

7. 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 \$19,574.33 Loans in Connection with the River Crest Project – Ms. Rizer gave an explanation of the request stating it was basically a housekeeping item. She said there is still a chance that fees paid to Minnesota Housing Finance Agency for the application fees may be reimbursed. Ms. Rizer said if this happens the funds would be recognized as revenue in the current year they are received.

Commissioner Landy said he seemed to remember that any money the HRA had put into this project would be reimbursed by the first developers regardless if the project went forward or not. He said he would like the minutes reviewed on the subject.

Legal counsel Jerry Von Korff said he recalled a lengthy conversation regarding the topic and that it was a non-recourse note. Commissioner Johnson said he thought at the beginning of this project it was the HRA's intent to be the developer. Mr. Thielman responded this was correct.

Commissioner Pederson moved to table the motion until records could be reviewed; Commissioner Johnson seconded the motion. Commissioner Pederson suggested a policy should be made for future projects that developers pay all fees when a project goes forward or if it fails. He said he would like a discussion on this at some time.

Commissioner Landy asked if the current entity/LLC absorbed the project from the original entity that started the project. Mr. Von Korff suggested getting the Board members a memo showing who signed the original note with the timeline.

All Commissioners voted in favor to table until further information can be brought back. The motion carried.

8. A. Public Hearing to Hear Public Comment on the Proposed FY'09 Community Development Block Grant Program Budget – Les Henson, Community Development Manager, explained the requested action and gave a brief background of the application timeline and requested funding.

Chair Gohman opened the Public Hearing at 7:35 p.m. Mark Sakry, Director of the Boys and Girls Club, addressed the Board to explain the requests being made by his organization. The Public Hearing closed at 7:38 p.m.

8. B. Approval of Resolution 2009-07 - Recommending City Council Action Regarding a Community Development Block Grant (CDBG) Application and Budget for Fiscal Year 2009, and Regarding Revision of the 2008 CDBG Annual Plan for One Year Use of Funds in Anticipation of Additional CDBG Entitlement Funding Being Awarded, and Regarding a CDBG Application and Budget for Preliminary Obligations to Target Non-Profit-Capital Improvement Project for FY 2010 – Commissioner Johnson moved for approval; Commissioner Landy seconded the motion.

Commissioner Johnson asked if other projects were not being considered for 2009 that allowed this project which was in queue for 2010 to move forward one year. Mr. Henson responded no other projects were ready at this time.

Commissioner Hontos stated previous applications have shown other non-profit groups looking for help and asked if there were no additional this year. Mr. Henson said the number of applicants has been deteriorating, possibly due to the closing and reduced funding for many non-profits. He said the projects presented are the only ones that came forward during the application period. Commissioner Hontos asked if the City of St. Cloud had applied. Mr. Henson said the Parks Department and the City Engineer have inquired about funding but have not applied for any specific project to date. He said CDBG funds need to consider timeliness of spending so smaller projects are usually easier to fit into the plan requirements.

Commissioner Pederson questioned the total cost of the Casa Mia project. Mr. Henson said since the numbers were provided at the last Board meeting, a contractor had been brought in and the additional amount requested is included in this request, which includes being able to meet the prevailing wage requirements as required by CDBG. Commissioner Pederson said a large part of his concern is the prevailing wage requirement. He said this project alone would cost tax payers an additional 12% in order to meet this requirement and he would like to see the Board address this subject in the near future. The motion carried with all voting in favor.

New Business:

9. Items Relating to the Westwood Planned Unit Development (Meadows Edge Townhomes) – Cliff Knettel, Development Director, introduced the item and gave details of Board action results from the past two Board meetings. He said several changes were requested at the last meeting that is reflected in the current request.

A. Public hearing to Hear Public Comment to Consider an Amendment to the Program for an Affordable Single Family Housing Development in Westwood Planned Unit Development (Phase II) (the “Program”) – Chair Gohman opened the Public Hearing at 7:51 p.m. There being no one wishing to speak it was closed at 7:52 p.m.

B. Approval of Resolution 2009-08 - Approving an Amendment to the Housing Development

Project (Westwood Planned Unit Development) Phase II (Meadows Edge Townhomes) – voted with Item 9C and Item 9D.

C. Approval of Resolution 2009-09 - Approving the Modification to the Tax Increment Financing Plan for Tax Increment Financing District Number Forty-Three (Westwood Planned Unit Development), Phase II, as Proposed by The Housing and Redevelopment Authority in and for the City of St. Cloud, Minnesota (Meadows Edge Townhome) – voted with Item 9B and Item 9D.

D. Approval of Resolution 2009-10 - Authorizing the Execution of a Second Amendment to Contract for Housing Development with Lumber One, Avon Inc. Regarding Townhomes Project, Phase II (Westwood Planned Unit Development (Meadows Edge Townhomes).

Commissioner Landy moved for approval of Resolutions 2009-08, 2009-09 and 2009-10; Commissioner Johnson seconded the motion. Commissioners Gohman, Jaye, Johnson, Landy and Pederson moved in favor; Commissioner Hontos and Ruth voted against. The motion carried 5:2.

10. Approval of Resolution 2009-11 - Changes to the Common Bond Fund – Mr. Knettel went through changes made to the Common Bond Fund resolution as suggested by the Board. He said the highlights include the modification of changing from a simple majority vote based on the current Board size, allowing projects other than affordable housing, and changing the name of the fund to the Community Housing Fund. Commissioner Hontos made a motion for approval; Commissioner Johnson seconded the motion.

Commissioner Hontos complimented staff on the revised changes. He asked if the wording referring to the City's Comprehensive Plan should be change to the City Capital Improvement Plan (CIP). Mr. Knettel said the goal was to deal with the City's approved plans and would reflect program funds not specifics. Commissioner Landy said tying it to the CIP would not work because typically CIP projects are for the City's own purposes rather than neighborhood plans.

Commissioner Johnson said this constitutes significant change by moving from using a fund to provide affordable housing for people and by removing income restrictions. He said it should have clear criteria that he does not feel is given. Commissioner Johnson suggested said some type of measurement of merit should be set and that perhaps a super majority should be required rather than a simple majority. He requested an amendment to the motion for a super majority of at least 5:7 for approvals; Commissioner Ruth seconded the motion.

Mr. Von Korff responded the idea was his to go to a simple majority. Ms. Rizer and Mr. Thielman said they both were in favor of a 6:7 vote, however, after speaking with Mr. Von Korff regarding the simple majority's capability to comeback and overrule the requirement because it is public money they changed it to the simple majority. Discussion continued on how the fund was originally set up, history of the funds used, etc. Commissioner Jaye asked if there was a way to write in that the funds use should be determined at the annual planning meeting. Commissioner Johnson withdrew his amendment to the motion. Commissioner Landy agreed with Commissioner Jaye. Commissioner Johnson also agreed and requested staff look back over what has been done over time, specifically the past year, and to measure and monitor what has been done so it can be used for future planning. Commissioner Jaye stated that the Board has the goal of being the arm of the City to help the City meets its goals. She said the outcome of the strategic planning should be mirroring these goals and what Commissioner Johnson suggested could help achieve this.

All commissioners voted in favor of the original motion. Resolution 2009-11 was approved. (note change in Item 11below)

11. Executive Director's Report – Mr. Thielman requested to go back to Item 10 approving Resolution 2009-11. He asked if it would be appropriate to add language under the breakdown of the resolution, numbers 1 and 6, stating the HRA strategic plan would be used as a guide for using this fund. Commissioner Landy agreed and moved that the language be added that this discussion take place at all future HRA annual strategic planning sessions; Commissioner Jaye seconded the motion. All Commissioners agreed to the addition to Resolution 2009-11.

Mr. Thielman continued with his report. He said at the last Board meeting it was recommended that he meet with City staff regarding the HRA working with the City on Economic Development to see if there was a more efficient way for the two to work together on it. Mr. Thielman said he has met with City Administrator Mike Williams to discuss options. He said he and Mr. Knettel had put together and forwarded information regarding how much the HRA spends on economic development in comparison to other cities that are regional centers like St. Cloud, as well as, how much other cities in the surrounding area spend and how they handle economic development for their city. Mr. Thielman said staff is working on more data for the City that they will then look at internally. He said Mr. Knettel's department is very busy so he has been considering hiring an economic development consultant with budgeting that was set aside for the Housing Development Manager position held by Jeannette Bineham who recently terminated her employment with the Agency. Mr. Thielman said he is aware of a person available and also is working with a student intern from St. Cloud State University. Mr. Thielman said part of the stimulus plan includes funding for homelessness that staff has been looking into and will report back to the Board anything they can find. Commissioner Hontos asked if the funding set aside for the Housing Development Manager could be switched to Economic Development. Ms. Rizer said the position was in the Housing Development Fund and would need to stay there, however, she said there are dollars in other economic funds that could be used. She said the Housing Development Fund monies could be moved, but this would need prior Board approval. Ms. Rizer said there is approximately \$400,000 in the account, but there are several outstanding loans out; it has many receivables and liabilities against it.

Commissioner Hontos asked if staff has found any economic development money in any of the stimulus money. Mr. Thielman said Mr. Knettel and he keep their eyes open, but to date they have not heard anything from the Department of Energy or the Economic Development Agency. He said he would follow up with the representative tomorrow. Commissioner Hontos said even if it were from the planning standpoint and not necessarily shovel ready he would like to see staff look into it.

12. 6 Month Review of the 2008 Workplan for the Executive Director – statement read by Chair Gohman. “Closed meeting had been held prior to the regularly scheduled meeting on February 25, 2009 at 5:00 p.m. The Board discussed the criteria and the progress for the first six months of the 2008-2009 Workplan and has not yet completed our work.” There were no objections in adding this to the record.

There being no further business, the meeting adjourned at 8:34 p.m.

ATTEST:

Chair, Nancy Gohman

Secretary, George Hontos